THE EFFECTS OF ACCOUNTING MANAGEMENT RISK AT MERCANTILE BANKS IN KUNMING CITY OF CHINA

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Abstract

This study undertakes a comprehensive examination of the impact of Accounting Professional Competence, Supervision, and Operation on Accounting Risk Management within the banking sector of Kunming. By delving into these critical aspects, the research furnishes a localized comprehension of accounting risk management dynamics. Through this lens, it seeks to bolster economic stability while offering valuable insights with relevance to broader domains such as accounting, finance, and risk management, tailored to the unique socioeconomic landscape of the region. Utilizing a quantitative methodology, data are gathered from Kunming City's banks through questionnaires. The research outcomes reveal significant relationships between Accounting Professional Competence, Supervision, Operation, and Accounting Management Risk within Kunming banks. The findings hold the potential to inform strategic interventions aimed at fortifying accounting risk management practices, thereby contributing to the resilience and efficiency of the banking sector in the region.

Keywords: Accounting Professional Competence; Accounting Supervision; Accounting Operation; Accounting Management Risk

Abstrak

Kajian ini menjalankan pemeriksaan menyeluruh terhadap kesan Kecekapan Profesional Perakaunan, Penyeliaan dan Operasi terhadap Pengurusan Risiko Perakaunan dalam sektor perbankan bandar Kunming, China. Dengan mendalami aspek kritikal ini, penyelidikan memberikan pemahaman setempat mengenai dinamik pengurusan risiko perakaunan. Melalui lensa ini, ia berusaha untuk memperkukuh kestabilan ekonomi sambil menawarkan pandangan berharga yang berkaitan dengan domain yang lebih luas seperti perakaunan, kewangan dan pengurusan risiko, yang disesuaikan dengan landskap sosioekonomi yang unik di rantau ini. Menggunakan metodologi kuantitatif, data dikumpulkan dari bank bandar Kunming melalui soal selidik. Hasil penyelidikan mendedahkan hubungan yang signifikan antara Kecekapan Profesional Perakaunan, Penyeliaan, Operasi dan Risiko Pengurusan Perakaunan dalam bank Kunming. Penemuan ini berpotensi untuk memaklumkan intervensi strategik yang bertujuan untuk memperkukuh amalan pengurusan risiko perakaunan, sekali gus menyumbang kepada daya tahan dan kecekapan sektor perbankan di rantau ini.

Katakunci: Kecekapan Profesional Perakaunan; Penyeliaan Perakaunan; Operasi Perakaunan; Risiko Pengurusan Perakaunan

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At this point, I am deeply moved that my postgraduate study in UUM has come to an end.

Entering the campus again after many years of work, my life has a feeling of "not listening to things outside the window and only reading sage books". I am grateful to UUM and especially to my mentor Dr. Danilah binti Salleh for her careful guidance. From the topic selection, structural framework, research ideas, research programs until the writing of the paper, I cannot leave Dr. Danilah binti Salleh's careful guidance and help. I would also like to thank all the lecturers of COB for their kind guidance. I would like to thank all the students for helping me in my daily study and accompanying me during my master's degree.

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CHAPTER ONE

INTRODUCTION

1.1 Research Background

Within the ever-changing framework of the global financial system, banks are essential to preserving economic stability and promoting expansion. Due to the very nature of banking operations, institutions are subject to a wide range of risks, such as credit concerns and market volatility. Accounting Risk Management (ARM) is a crucial component that is at the forefront of protecting the financial stability of banks. At present, the financial industry is facing a rapidly changing environment. As the core institution of the financial system, banks play an important role (Douglas, 2008). However, with the trend of financial globalization and integration of international financial markets (Zatsarinnyi et al., 2017; Stezhko et al., 2020), bank's management accounting is faced with increasingly complex and diversified risks (Aripin et al., 2023).

Proper risk management by banks is crucial for financial stability (Van Echelpoel et al., 2020), and risk management is conducive to maintaining the bank's reputation and fulfilling its social responsibility (Kuo et al., 2021). Therefore, banks have always been an indispensable part of our society, which mainly reflects the role of monetary policy and the maintenance of normal currency circulation in society. Meanwhile, because of the nationalization of the banks,, risks are further increased (Berger et al., 2017). In order to ensure financial stability, China Banking and Insurance Regulatory Commission (CBRC) strengthens the control over banks, to reduce system risk (Tarullo, 2019).

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Appendix

The effects of Accounting Management Risk at Mercantile Banks in City Kunming of China

Dear Sir/Madam,

I have a Master's degree in Accounting from UUM. I am conducting research on accounting management risk of mercantile banks in Kunming City, Yunnan Province. This study will provide suggestions for the management of mercantile banks. Therefore, I hope you can choose your answer according to your own understanding and sincerity. The results of the survey will be used for academic reports only, and the information is confidential.

Thank you very much for taking the time to answer your cooperation and willingness, and thank you first.

Investigator Information

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Supervisor Name: Dr. Danilah binti Salleh

Description:

The questionnaire is divided into two parts (Part A and Part B). Please answer all questions in all sections to the best of your ability. Your answers are very important to this study and this questionnaire is for academic purposes only and is strictly confidential.

Part A

Demographic Information

The following information is strictly confidential and will only be used for research purpose. I will be grateful if you could kindly fill the required information. Please read the following statements and **TICK (   )** in the box.

1. Gender:

(1) Male (2) Female

2. Age group:

(1) Under 40 years old (2) Over 40 years old

3.Working experience:

(1) Within 5 years (2) 6-10 years (3) 11 years or more

Part B

INTRODUCTION

Please carefully recall your accounting work in this bank and use it to fill in the content of this questionnaire! There is no right or wrong answer to the questions in this section. Each question is divided into five levels: "Strongly disagree", "Disagree", "Neutrality", "Agree ", "Couldn't agree more", which represent 1 to 5 points respectively. Please choose truthfully and tick (√) in the corresponding box, thank you very much for your answer!

Couldn't agree more	Agree	Neutrality	Disagree	Strongly Disagree
5	4	3	2	1

Accounting Professional Competence

NO	Issues	1	2	3	4	5
A&PC1	I think it's very important for accountants to have a combination of skills, qualities, and a sense of responsibility					
A&PC2	I believe that the implementation of systems in strict accordance with the duties					
A&PC3	I think accountants have enough expertise and skills					
A&PC4	I think accountants have an sense of risk					

Accounting Supervision

NO	Issues	1	2	3	4	5
A&S1	I think the system and procedure of accounting supervision is comprehensive and reasonable					
A&S2	I think the strength of accounting supervision and inspection is very strong					

A&S3	I believe the punitive force of accounting supervision and inspection is sufficient					

Accounting Operation

NO	Issues	1	2	3	4	5
A&O1	I think the daily reconciliation is in line with the norms					
A&O2	I believe that settlement note completion and note compliance comply with the rules and regulations.					
A&O3	I think the computer operation is in compliance with the norms					
A&O4	I think the bank is well coordinated and operates efficiently.					
A&O5	I think the quality of the financial statements is reliable					

Accounting Management Risk

NO	Issues	1	2	3	4	5
A&MR1	I think the bank accountants will consciously follow the ethics of the profession					
A&MR2	I think the bank accounting risk is under control					
A&MR3	I think bank accounting is less risky					
A&MR4	I think the bank's got to be up to code.					
A&MR5	I think banks are strict about risk management and will continue to optimise and improve					

SPSS Analyses

Table 4.1 *IV Cronbach's α Test Results*

Variable	Dimension	Measurement item	Cronbach's Alpha	Overall Coefficient
Accounting Professional Competence	4	175	.805	
Accounting Supervision	3	175	.706	0.868
Accounting Operation	5	175	.765	

Table 4.2 *DV Cronbach's α Test Results*

Variable	Dimension	Sample	Cronbach's Alpha
A&MR	5	175	.837

Table 4.3 *KMO and Bartlett 's test Results*

KMO and Bartlett 's test Results			
		IV	DV
	KMO	.888	.840
Bartlett Sphelicity Test	Approximate chi square	772.013	349.305
	df	66	10
	p	.000	.000

Table 4.5 *Descriptive Analysis of Variables*

Variable	Dimension	N	M	Standard Deviation
Accounting Professional Competence	Quality of accounting	175	2.94	.996
	Strength of implementation of responsibilities	175	3.19	.828
	Professional skills for accountants	175	2.96	.783
	Accounting risk awareness	175	2.82	.885
Accounting Supervision	Accounting supervision and inspection	175	3.15	.730
	Accounting supervision strength	175	3.09	.866
	Accounting risk rectification	175	3.11	.847
Accounting Operation	Accounting	175	3.47	.856
	Accounting Payment Settlement	175	3.30	1.002
	Computer system operations	175	3.17	.831
	Accounting Operation	175	3.35	.947
	Reliable financial statements	175	3.07	.735
Accounting Management Risk	Professional ethics	175	3.29	.817
	Risk manageability	175	3.16	.921
	Risk factor	175	3.30	.879
	Risk management compliance	175	3.22	.885
	Improvements in risk management	175	3.09	.811
M			3.157	

Table 4.6 *Pearson Correlation Test (r)*

Pearson Correlation					
		A&PC	A&S	A&O	A&MR
A&PC		1			
	Sig.		.000	.000	.000
A&S		.610**	1		
	Sig.	.000		.000	.000
A&O		.529**	.514**	1	
	Sig.	.000	.000		.000
A&MR		.695**	.561**	.593**	1
	Sig.	.000	.000	.000	

** Correlation is significant at the 0.00 level

A&PC = Accounting Professional Competence, A&S = Accounting Supervision, A&O = Accounting Operation, A&MR = Accounting Management Risk.

Table 4.7 *Analysis of ANOVA*

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	p-value
Regression	44.349	33	14.783	73.694	.000b
Residual	34.303	171	.201		
Total	78.652	174			

a . IV: Accounting Management Risk

b . Predictor：(Constant), Accounting Professional Competence, Accounting Supervision, .ccounting Operation

Table 4.8 *Analysis of variance of regression equation of accounting management risk*

	Non-standardised Coefficients B	Standard error	Standardised Coefficient Beta	t	VIF
(Constant)	.460	.200		2.297	
Accounting Professional Competence	.455	0.66	.467	6.950	1.772
Accounting Supervision	.139	.069	.134	2.010	1.733
Accounting Operation	0.295	.066	.277	4.459	1.511
R^2		.564			
Adjusted R^2		0.556			
F		*73.694*			
P		0.023			

DV: Accounting Management Risk

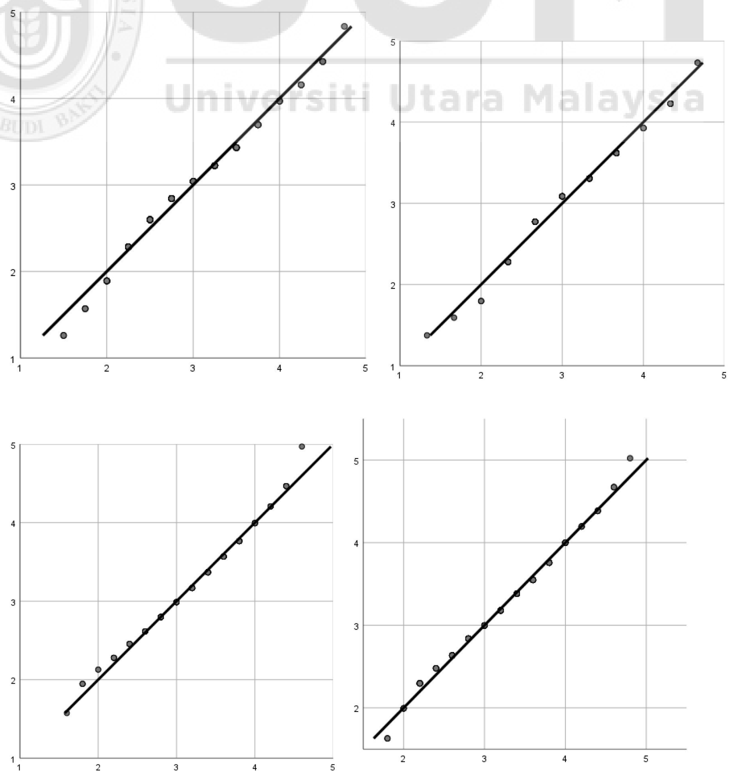

Figure 4.1 The measured values of ecological Q-Q