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Accounting Systems, Human Resource Competence, and Transparency in Islamic Firms: Impact on Financial Reporting Quality and Stakeholder Trust

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ABSTRACT
This study examines how accounting information systems (AIS) and human resource competence (HRC) shape transparency and, in turn, financial reporting quality (FRQ) and stakeholder trust in Islamic firms. Grounded in agency, stakeholder, and Islamic accountability perspectives, the model positions transparency as a mechanism translating internal capabilities into credible reporting and relational legitimacy. Data were collected through a cross-sectional questionnaire survey of 148 key informants from 37 Islamic firms and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that AIS and HRC positively influence transparency, transparency improves FRQ, and both FRQ and transparency increase stakeholder trust. Bootstrapped indirect effects support the mediating role of transparency in the AIS/HRC–FRQ relationships and confirm a significant serial mediation pathway from AIS and HRC to trust through transparency and FRQ, suggesting partial mediation. By showing that trust is built through openness and information quality, the study clarifies why system upgrades or training may fail when disclosure practices remain weak or inconsistent. These findings extend prior FRQ research by integrating transparency and stakeholder trust as outcomes aligned with amanah, sidq, and adl. Practically, Islamic firms should invest in integrated AIS, competency development, disclosure SOPs, and standardized Sharia-related reporting to strengthen credibility and stakeholder confidence.

ABSTRAK
Studi ini meneliti bagaimana sistem informasi akuntansi (SIA) dan kompetensi sumber daya manusia (SDM) membentuk transparansi dan, pada gilirannya, kualitas pelaporan keuangan (SQ) dan kepercayaan pemangku kepentingan di perusahaan-perusahaan Islam. Berdasarkan perspektif keagenan, pemangku kepentingan, dan akuntabilitas Islam, model ini menempatkan transparansi sebagai mekanisme yang menerjemahkan kemampuan internal menjadi pelaporan yang kredibel dan legitimasi relasional. Data dikumpulkan melalui survei kuesioner lintas sektoral terhadap 148 informan kunci dari 37 perusahaan Islam dan dianalisis menggunakan Partial Least Squares Structural Equation Modeling (PLS-SEM). Hasil menunjukkan bahwa SIA dan SDM secara positif memengaruhi transparansi, transparansi meningkatkan SQ, dan baik SQ maupun transparansi meningkatkan kepercayaan pemangku kepentingan. Efek tidak langsung yang dihitung dengan metode bootstrapping mendukung peran mediasi transparansi dalam hubungan SIA/SQ–SQ dan mengkonfirmasi jalur mediasi serial yang signifikan dari SIA dan SQ ke kepercayaan melalui transparansi dan SQ, yang menunjukkan mediasi parsial. Dengan menunjukkan bahwa kepercayaan dibangun melalui keterbukaan dan kualitas informasi, studi ini menjelaskan mengapa peningkatan sistem atau pelatihan dapat gagal ketika praktik pengungkapan tetap lemah atau tidak konsisten. Temuan ini

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memperluas penelitian FRQ sebelumnya dengan mengintegrasikan transparansi dan kepercayaan pemangku kepentingan sebagai hasil yang selaras dengan amanah, sidq, dan adl. Secara praktis, perusahaan Islam harus berinvestasi dalam AIS terintegrasi, pengembangan kompetensi, SOP pengungkapan, dan pelaporan terkait Syariah yang terstandarisasi untuk memperkuat kredibilitas dan kepercayaan pemangku kepentingan.

A. INTRODUCTION

Financial reporting quality is an important element of accountability in Islamic banking entities because financial reports serve not only as instruments for economic decision-making but also as a means of demonstrating responsible stewardship of entrusted resources. In Islamic banking, reporting practices are closely related to the principles of amanah, sidq, and adl, which emphasize truthful representation, responsible management, and fairness in providing information to stakeholders. Therefore, high-quality financial reporting is expected to provide relevant, reliable, understandable, and timely information that enables stakeholders to evaluate organizational performance, governance practices, and compliance responsibilities (Masud et al., 2024; Sherif et al., 2018).

The role of financial reporting quality in Islamic banking extends beyond technical accounting outcomes because reporting credibility influences stakeholders' perceptions of organizational integrity and reliability. Stakeholders rely on financial information to assess whether Islamic banks manage funds responsibly and maintain consistency between their operational practices and Sharia principles. When financial information is incomplete, unclear, or difficult to verify, information asymmetry may increase and weaken stakeholder confidence. Conversely, transparent and credible reporting practices can strengthen perceived accountability and support stakeholder trust (Bamhdi, 2024; Chang et al., 2019; Muda & Ade Afrina, 2019).

The linkage between financial reporting quality and legitimacy in Islamic firms arises because legitimacy depends on public perceptions that the organization is managed responsibly, transparently, and in alignment with the norms that underpin its existence, which makes consistency between value claims and operational practices a critical determinant of social acceptance (Kamaruddin et al., 2021; Rashid, 2025).

Transparency is therefore an important mechanism connecting organizational capabilities with reporting outcomes. In Islamic banking, transparency reflects the extent to which relevant information is accessible, complete, understandable, and communicated consistently to stakeholders. However, transparency is not solely determined by the availability of information; it also depends on organizational capability to produce, process, and disclose information effectively. Accounting systems and human resource competence represent two important internal capabilities that support this process. A reliable accounting information system enables accurate data processing, integration, and traceability, while competent employees ensure that accounting information is properly interpreted and disclosed according to applicable standards and organizational requirements (Hamour et al., 2024; Jayanto & Munawaroh, 2019). Reports that are relevant, reliable, understandable, comparable, and timely enable investors, customers, partners, regulators, and the wider public to assess organizational performance more accurately, while also ensuring that the management of funds and transactions is conducted responsibly, so reporting quality also functions as a signal that shapes stakeholder trust, namely confidence in the organization's integrity and competence (Hamour et al., 2024; Jayanto & Munawaroh, 2019; Susbiyani et al., 2023).

Unlike conventional reporting environments that primarily emphasize contractual accountability and information efficiency, Islamic accountability introduces an additional normative dimension in which organizations are expected to demonstrate responsibility, honesty, and fairness in managing entrusted resources. Therefore, transparency and financial reporting quality in Islamic firms are not only mechanisms for reducing information asymmetry but also manifestations of ethical obligations derived from amanah, sidq, and adl.

Within this perspective, accounting systems and human resource competence become meaningful not merely because they improve technical reporting processes, but because they provide organizational capabilities required to fulfill accountability obligations. A reliable accounting system enables traceable information production, competent human resources ensure truthful interpretation and disclosure, transparency allows stakeholders to evaluate organizational conduct, and quality reporting provides evidence that accountability commitments are implemented consistently.

The continuity of Sharia-based entities, whether Islamic financial institutions, publicly listed firms classified within Sharia indices, or halal businesses adopting Sharia governance, depends heavily on intensive trust relationships because their business architecture requires stakeholders' willingness to entrust funds, share risks, and maintain long-term partnerships within arrangements that position Sharia compliance as the value proposition. Investors' decisions to allocate capital, customers' choices to deposit funds or use products, and the continuation of contracts with business partners are ultimately guided by stakeholder trust as the belief that the organization is not only capable of managing resources, but also possesses the integrity to uphold its mandate and honor commitments, so because trust is cumulative and formed through experience and information perceived as credible, the quality of information produced by the organization becomes a primary determinant that can strengthen or weaken that belief (Alshehadeh et al., 2024; Asnaashari et al., 2025; Chaniago et al., 2024).

The significance of financial reporting quality in shaping trust becomes more salient when financial reporting is understood as a mechanism of social verification for claims of performance and compliance, because within the Sharia ecosystem financial statements function as an instrument through which stakeholders can assess whether fund management practices, financing structures, and operational outcomes align with both economic objectives and the promised normative constraints (Akbar & Choiriah, 2025; Saputra & Bakri, 2023; Sari & Muslim, 2023). When reporting is timely, comprehensive, and verifiable, uncertainty narrows and stakeholders obtain a stronger basis for sustaining their economic engagement, whereas a decline in reporting quality, reflected in delays, or inconsistency of information, tends to generate negative signals that extend beyond technical matters because it broadens stakeholders' judgments about integrity and governance quality (Jaradat & Oudat, 2025; Mutoharoh & Ifada, 2023; Yenni et al., 2024).

Expectations of openness toward Sharia-compliant entities have tended to intensify as public attention to governance quality and the consistency of compliance increases, while actual transparency levels have not yet displayed a uniform pattern across institutions or across reporting periods, which in turn has led stakeholders to demand disclosures that are clearer, more consistent, and more traceable (Akbar & Choiriah, 2025; Rashid, 2025).

Operational symptoms frequently become the source of concern when transparency has not been strongly institutionalized, because disclosures are not always presented comprehensively, whether in relation to accounting policies, risk explanations, or transaction details that are relevant for external evaluation (Bamhdi, 2024; Kamaruddin et al., 2021). Delays in publishing reports may still occur and reduce the usefulness of information for decisions that require timeliness, while barriers to access can arise from reporting formats that are not reader-friendly or dissemination channels that are inconsistently managed, which makes openness appear superficial because information is formally available yet difficult to locate or not easily understood (Muda & Ade Afrina, 2019; Sherif et al., 2018).

Such conditions widen the risk of information asymmetry because internal parties hold more comprehensive knowledge than external parties, while stakeholders are expected to make economic decisions on the basis of information that is relatively limited and not always readily verifiable. As the information gap grows, the resilience of trust tends to weaken because the space for speculation and interpretation expands, which can then shape the preferences and behavioral responses of investors, customers, and business partners, so the issue is better understood as a reflection of an organization's capacity to produce, manage, and present credible information rather than as a mere communication problem (Abdul Rahim et al., 2024; Ahmad et al., 2017; Sherif et al., 2018; Novatiani et al., 2024). Strengthening transparency therefore requires simultaneous improvements on two interconnected fronts, namely the effectiveness of accounting systems that enable relevant financial and non-financial data to be captured accurately, integrated, and processed in a timely manner so that reporting does not depend on manual procedures that are prone to error and delay, alongside the competence of human resources that determines the quality of professional judgment in measurement, classification, and disclosure preparation, including the ability to translate Sharia aspects into consistent reporting narratives and formats (Ahmad et al., 2017; Bamhdi, 2024; Kamaruddin et al., 2021; Novatiani et al., 2024).

Empirical literature generally positions internal organizational capabilities as an important determinant of financial reporting quality, particularly through the effectiveness of accounting systems and the competence of individuals involved in the reporting process, so reporting quality is commonly understood as an output shaped by system architecture and professional performance. Within this line of reasoning, (Alslaibi et al., 2025a) emphasize that accounting information systems contribute to orderly recording processes and accurate report preparation, which in turn enhances the reliability of information as a basis for evaluation and decision-making. A consistent direction of evidence is also reported by (Yusran, 2023), who link improvements in accounting system quality to stronger informational outputs and organizational value creation, because better systems tend to reduce error rates and increase reporting consistency over time. From the human resource perspective, (Alslaibi et al., 2025b) show that adequate HR quality correlates with higher relevance, reliability, and comparability of financial information, because competence strengthens measurement precision and the quality of professional judgment embedded in the reporting process. In summary, prior studies have more often emphasized direct relationships between AIS and HR competence and financial reporting quality, thereby affirming systems and people as technical and professional prerequisites, even though the explanatory pathway connecting these capabilities to openness requirements and to how stakeholders evaluate information has frequently not been examined in sufficient depth.

Building on this situation, the present study identifies two relevant gaps that warrant attention, namely that transparency has rarely been treated as an explanatory mechanism linking accounting systems and HR competence to improved financial reporting quality, even though transparency occupies a central position as a foundation of accountability in the Islamic perspective, and that stakeholder trust has relatively seldom been positioned as the ultimate outcome of reporting and openness practices even though trust constitutes a strategic asset that shapes the sustainability of Islamic firms. In response, this article proposes a framework that places transparency and trust at the core of the model, in which accounting systems and human resource competence are expected to increase transparency, transparency subsequently strengthens financial reporting quality, and financial reporting quality ultimately builds stakeholder trust. This formulation extends the understanding that strengthening systems and competence does not stop at improving reporting quality in a technical sense, and it also shapes the quality of openness that becomes the basis for external evaluation and contributes to the formation of trust.

A number of studies have explained how the effectiveness of accounting information systems and HR competence contributes to reporting quality, yet the argumentative flow often ends at a direct relationship with financial reporting quality, as if reporting quality were merely a technical product of system design and individual capability. An analytical gap emerges when transparency is not positioned as the mechanism that bridges internal organizational processes with the quality of information that external parties receive, access, and assess, even though openness determines whether reporting outputs can be used meaningfully by stakeholders. Research on Sharia-based entities has not often placed stakeholder trust as a primary outcome, even though Islamic values emphasize amanah and trustworthiness as prerequisites for institutional legitimacy and the sustainability of economic relationships, which means that overlooking trust as an outcome reduces the completeness of understanding regarding the consequences of reporting. Drawing on these two gaps, the novelty of this article is articulated through the testing of a more comprehensive mechanism chain, namely that the capabilities of accounting systems and human resource competence enhance transparency, increased transparency improves financial reporting quality, and improved financial reporting quality ultimately shapes stakeholder trust, so transparency functions as a causal bridge between internal capacity and reporting quality that is consequential for trust formation in Islamic firms.

Although previous studies have extensively examined the role of accounting information systems, human resource competence, and financial reporting quality, several conceptual limitations remain. First, prior research has predominantly examined the direct relationship between internal organizational capabilities and reporting outcomes, while the mechanism through which these capabilities are transformed into transparent disclosure practices remains insufficiently explained. Accounting systems and competent personnel may provide the ability to generate information, but they do not automatically ensure that organizations communicate such information openly, consistently, and accessibly to stakeholders.

Second, transparency and financial reporting quality are frequently discussed as technical reporting attributes, while their relational consequences for stakeholder confidence remain underexplored, particularly in Islamic banking contexts. In Islamic organizations, reporting practices carry a broader accountability dimension because disclosure is not only associated with reducing information asymmetry but also with demonstrating amanah, sidq, and adl in managing entrusted resources.

Third, existing studies rarely integrate internal capabilities, transparency mechanisms, reporting quality, and stakeholder confidence into a single explanatory model. Therefore, this study contributes by proposing and empirically testing a sequential mechanism in which accounting information systems and human resource competence are associated with transparency, transparency is associated with perceived financial reporting quality, and reporting quality contributes to perceived stakeholder trust within Islamic banking entities.

Based on these considerations, this study aims to examine the relationship between accounting information systems, human resource competence, transparency, perceived financial reporting quality, and perceived stakeholder trust in Islamic banking entities. Specifically, this research investigates whether accounting systems and human resource competence are associated with transparency, whether transparency contributes to perceived financial reporting quality, and whether transparency and reporting quality contribute to perceived stakeholder trust.

This study contributes to the literature in three ways. First, it extends financial reporting research by introducing transparency as a mechanism linking internal organizational capabilities with reporting outcomes. Second, it expands stakeholder-oriented reporting research by examining perceived stakeholder trust as a consequence of reporting practices. Third, it provides an Islamic accountability perspective by explaining how organizational capabilities and disclosure practices may support the principles of amanah, sidq, and adl in Islamic banking environments.

B. LITERATURE REVIEW

Theoretical Foundation

Stakeholder thinking views the firm as a relational entity whose continuity is shaped by its ability to respond to the expectations of groups that differ in interests, influence, and vulnerability to organizational decisions, so corporate success cannot be reduced to the fulfillment of formal contracts with shareholders alone. Within this framework, organizational legitimacy is supported by the quality of social and informational exchanges that enable diverse stakeholders to assess whether the firm is governed responsibly, and whether decision-making processes take seriously the consequences borne by affected parties. (Sanad, 2024) positions stakeholder relationships as a primary lens for understanding strategy and performance, (Hanafi et al., 2024) emphasize the normative dimension by framing attention to stakeholder interests as a moral obligation, and (Safkaur & Sagrim, 2019) show that the intensity of managerial attention tends to vary with stakeholder salience, which makes communication and information provision crucial instruments for sustaining support, managing demands, and minimizing relational friction.

The link between stakeholder theory, transparency, and reporting quality becomes more pronounced when information is treated as a prerequisite for stakeholder participation, evaluation, and oversight, because decisions made without an adequate informational basis encourage stakeholders to infer performance from assumptions or partial signals that readily generate uncertainty (Muda & Ade Afrina, 2019; Rashid, 2025). When information is not provided clearly and consistently, support may weaken or oversight demands may intensify because stakeholders seek to protect their interests under conditions of ambiguity, whereas stable relationships require a cognitive foundation that strengthens confidence in processes that are fair, predictable, and communicative. (Zaim et al., 2025) define trust as a willingness to accept vulnerability based on judgments of another party's ability, integrity, and benevolence, while (Amayreh, 2021a) conceptualize trust as a psychological state grounded in positive expectations about another party's intentions and behavior, so both perspectives clarify that consistent and verifiable information is a key lever for forming stable assessments of organizational integrity and competence.

In Islamic firms, the stakeholder argument gains added intensity because economic relationships often rest on public confidence in the amanah of fund management and in adherence to Sharia principles, which means that trust functions not merely as a psychological preference but as institutional capital that supports decisions to place funds, sustain partnerships, and grant organizational legitimacy (Chaniago et al., 2024; Rashid, 2025; Susbiyani et al., 2023). Transparency and reporting quality play a dual role as mechanisms for meeting stakeholders' informational needs and as instruments for building trust, because openness provides evaluative access while reporting quality ensures that available information has sufficient credibility to underpin decisions. From this perspective, the relationships among constructs can be formulated coherently, in that accounting systems and human resource competence strengthen informational openness, openness enhances reporting quality in ways that are more useful for stakeholders, and credible reporting quality increases trust because stakeholders possess a persuasive evaluative basis for judging the organization's integrity and capabilities.

Agency thinking begins from conflicts of interest and informational imbalances between those who manage resources and those who bear the economic risks of such decisions, so governance problems are understood as structural consequences of differences in incentives and information access. (Amayreh, 2021b) formalize this relationship by showing that agency costs arise when managers have incentives to maximize their own interests while owners and external stakeholders face informational constraints that limit effective monitoring, which makes the risk of opportunistic behavior increasingly salient. (Mohd et al., 2020) argues that contracts, monitoring mechanisms, and reporting systems emerge as responses to information asymmetry and opportunism risk, so transparency is not treated as a cosmetic communication norm but as a governance instrument that constrains manipulation, strengthens accountability, and improves the quality of information used for oversight.

The agency link to reporting quality becomes clearer when disclosure Is treated as a means to reduce uncertainty and the cost of capital associated with information risk, because markets and stakeholders evaluate organizations partly through the extent to which relevant and credible information is made available. (Koufie et al., 2025) suggest that improved disclosure can reduce information asymmetry in markets, (Lootah, 2024) associates broader disclosure with lower cost of capital under certain conditions, and these arguments illustrate that transparency may generate economic benefits through a better informational environment. (Budi, 2019) connect more transparent disclosure practices with reduced information asymmetry and higher liquidity, while (Basri et al., 2016) synthesizes the disclosure literature by emphasizing that disclosure choices influence market behavior through informational mechanisms, which implies that reporting quality is shaped not only by the precision of accounting measurement but also by how far organizations open information that is relevant, consistent, and testable by external parties.

When agency logic is applied to Islamic firms, the demand for transparency becomes more substantive because stakeholders evaluate not only economic performance but also the consistency of compliance with Sharia constraints that confer legitimacy on transactions and business models. If compliance information is not disclosed adequately, information asymmetry does not remain a financial risk alone and it can expand into reputational and compliance risks that erode institutional legitimacy, which gives improvements in information quality broader consequences. This perspective supports the proposition that transparency operates as a core mechanism, because accounting systems and human resource competence enhance an organization's capacity to produce accurate and timely information, that capacity manifests as higher openness, and openness strengthens financial reporting quality by reducing bias, narrowing opportunities for informational manipulation, and expanding the basis for stakeholder verification.

The normative foundation that distinguishes Islamic firms lies In an accountability concept oriented toward 188manah and justice, so reporting is understood as responsibility with moral and social weight rather than mere administrative compliance with formal standards. Within this tradition, an organization is regarded as responsible not because it minimally satisfies procedures, but because it demonstrates a safeguarded commitment to truthfulness and openness that enables independent assessment of fund management and transactional practices. Haniffa (2002) emphasizes that reporting from an Islamic perspective carries a strong social and moral dimension because information is needed to demonstrate responsibility to society and adherence to principles, Maali, Casson, and Napier (2006) show that Islamic bank reporting entails broader disclosure demands concerning social functions, compliance, and practices that differentiate operations from conventional entities, and Haniffa and Hudaib (2007) deepen this discussion through the notion of ethical identity, which highlights the importance of alignment between an organization's claimed ethical identity and the information disclosed in reports, so the quality of openness becomes a prerequisite for the credibility of value claims.

Islamic accountability also reveals an important conceptual tension, because reporting may appear administratively compliant while remaining substantively weak when disclosures are selective or compliance narratives are presented inconsistently, which leaves stakeholders unable to assess whether 188manah is genuinely upheld. At this point, transparency functions as a bridge between normative commitments and informational realization, because adequate openness expands evaluative space that allows stakeholders to test consistency between claims and practice. Trust frameworks in organizational literature indicate that integrity and behavioral consistency are prerequisites for durable trust, so when Sharia-related disclosures fluctuate or cannot be traced, trust tends to be fragile even if financial performance appears strong, which reinforces the normative justification for positioning transparency as a core mechanism and stakeholder trust as a morally and economically relevant outcome.

The theoretical Implication of this line of argument Is that reporting quality In Islamic firms should be read as the outcome of interaction among technical capacity, human capacity, and value orientation that shapes disclosure practices, so each construct plays a complementary role in producing credible outputs. Accounting systems provide informational infrastructure that enables data collection and processing, human resource competence ensures that measurement and disclosure are conducted with precision and professional judgment, transparency represents the quality of openness and information accessibility, financial reporting quality captures the quality of reporting outputs, and trust becomes the relational consequence that indicates whether available information genuinely builds stakeholder confidence. Islamic accountability, through its emphasis on manah, sidq, and adl, reinforces these interconnections because it treats openness and truthful information as prerequisites for legitimacy, and it also makes the proposed relational model conceptually and practically relevant for Sharia-based entities.

Construct Definitions & Dimensions

Accounting Systems (AIS) can be understood as an integrated set of procedures, technological tools, and control mechanisms designed to ensure that the collection, recording, processing, and presentation of financial and related information are carried out accurately, so that the resulting information supports organizational reporting and decision-making. At the operational level, AIS can be represented through the quality of the system in use, the quality of the information it produces, the quality of supporting services that sustain system reliability, the degree of integration across functions and processes, the security of data management and storage, and the timeliness with which information is provided throughout the reporting and evaluation cycle.

Human Resource Competence (HRC) refers to the capacity of individuals and teams responsible for accounting and reporting functions to perform effectively, which is shaped by a combination of conceptual knowledge and understanding, relevant technical skills, accumulated experience, and a commitment to continuous learning that keeps capabilities adaptive to evolving standards and organizational needs. In this study, competence also encompasses the ability to translate Sharia compliance requirements and practices into consistent accounting treatments and disclosure patterns, because this dimension differentiates reporting credibility in Islamic firms and influences how stakeholders assess the alignment between compliance claims and actual practices.

Transparency (TRP) is defined as the degree of organizational openness in providing relevant and traceable information, delivered with adequate accessibility, high clarity, sufficient completeness, and timely publication, so that stakeholders have a sound basis to evaluate performance and compliance responsibly. The dimensions of transparency include information accessibility, disclosure completeness, clarity and readability of presentation, timeliness of communication, and Sharia-related disclosures, which may cover contractual compliance practices, Sharia governance arrangements, and socially relevant information that informs assessments of an entity's legitimacy and accountability.

Financial Reporting Quality (FRQ) represents the quality of financial reporting outputs, as indicated by information relevance, faithful representation or representational reliability, comparability across periods and entities, understandability, and timeliness that preserves the usefulness of information for decision-making. In perception-based research, FRQ is captured through assessments of the extent to which reports portray the organization's condition fairly, are prepared consistently, contain adequate information, and genuinely help stakeholders evaluate performance, risk, and compliance concerns.

Stakeholder Trust (TRUST) is understood as stakeholders' willingness to accept vulnerability in an economic relationship, grounded in the belief that the organization demonstrates integrity, possesses sufficient competence, and is guided by benevolent intent in fulfilling mandates and commitments, so commonly used dimensions include integrity, competence, benevolence, and willingness to rely, which reflect stakeholders' inclination to sustain involvement and provide support.

These five constructs are highly relevant for Islamic firms because, together, they form a capability chain that determines whether Sharia accountability is realized substantively rather than merely administratively, given that strong systems without competent human resources can still produce fragile reporting, while competent personnel without adequate systems may be constrained by unstable and error-prone manual processes. When the combination of systems and competence is not accompanied by sufficient transparency, the information produced becomes difficult for stakeholders to evaluate because access, completeness, or consistency is inadequate, and when FRQ is not credible, the formation of trust is impeded because stakeholders lack a reliable evaluative basis, even though trust is a core prerequisite for the sustainability of Sharia-based entities that depend on long-term trust relationships.

Measurement Instrument Development

The measurement instrument was developed by adapting previously validated scales from accounting information systems, human resource competence, transparency, financial reporting quality, and organizational trust literature. The adaptation process consisted of three stages: construct identification, contextual modification, and expert review. The original measurement items were adjusted to reflect the characteristics of Islamic banking entities while maintaining the theoretical meaning of each construct.

All constructs were measured using reflective indicators because the indicators represent manifestations of the underlying latent concepts. Respondents evaluated each statement using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire items were reviewed by accounting academics and practitioners to ensure conceptual clarity, contextual relevance, and consistency with Islamic banking reporting practices.

The measurement instrument specification is presented to ensure transparency regarding the operationalization process of each latent construct examined in this study. Since this research applies a perception-based PLS-SEM approach, clear identification of construct definitions, measurement dimensions, indicators, sources, and scale characteristics is essential to establish the reproducibility and validity of the research design. The instrument development was based on previously validated accounting, governance, disclosure, and organizational behavior literature, with contextual adaptation to Islamic banking entities in Indonesia.

All constructs were measured using reflective indicators because the indicators represent observable manifestations of the underlying latent variables. The questionnaire items were adapted to capture respondents' perceptions regarding accounting information systems, human resource competence, transparency practices, perceived financial reporting quality, and perceived stakeholder trust. Table 1 presents the measurement instrument specification used in this study.

Table 1. Measurement Instrument Specification

Construct	Conceptual Definition	Dimensions	Indicator Code	Measurement Source
Accounting Information Systems (AIS)	An integrated system consisting of procedures, technology, and controls used to collect, process, store, and provide accounting information to support reporting and decision-making processes.	System quality; information quality; integration; security; timeliness	AIS1–AIS3	Romney & Steinbart (2016); Sherif et al. (2018); Ahmad et al. (2017)
Human Resource Competence (HRC)	The capability of individuals involved in accounting and reporting processes, reflected through knowledge, technical skills, experience, and professional capability.	Knowledge; technical skills; experience; continuous learning capability; accounting competence	HRC1–HRC6	Muda & Ade Afrina (2019); Akbar & Choiriah (2025); Yenni et al. (2024)
Transparency (TRP)	The extent to which an organization provides relevant, accessible, complete, understandable, and timely information that enables stakeholders to evaluate organizational performance and accountability.	Information accessibility; disclosure completeness; clarity; timeliness; accountability disclosure	TRP1–TRP4	Chang et al. (2019); Kamaruddin et al. (2021); Rashid (2025)
Perceived Financial Reporting Quality (FRQ)	Respondents' perception regarding the extent to which financial reports provide useful, reliable, relevant, comparable, and understandable information for decision-making.	Relevance; faithful representation; comparability; understandability; timeliness	FRQ1–FRQ4	Mahdi Sahi et al. (2022); Hamour et al. (2024); Saputra & Bakri (2023)
Perceived Stakeholder Trust (TRUST)	Respondents' perception regarding stakeholders' confidence in organizational integrity, competence, reliability, and accountability based on organizational information and reporting practices.	Integrity; competence; reliability; willingness to rely	TRUST1–TRUST4	Amayreh (2021a); Zaim et al. (2025); Chaniago et al. (2024)

Source: Developed based on previous studies and contextual adaptation

Table 1 demonstrates that the measurement model incorporates both technical and relational dimensions required to explain accountability mechanisms in Islamic banking entities. Accounting Information Systems and Human Resource Competence represent internal organizational capabilities that influence the ability to produce and manage accounting information. Meanwhile, Transparency represents the organizational process through which information becomes accessible and accountable to users, while Financial Reporting Quality reflects the perceived characteristics of the information produced.

The inclusion of Perceived Stakeholder Trust as the final construct requires careful interpretation because the respondents were organizational representatives rather than external stakeholders. The measurement captures internal perceptions regarding stakeholder confidence based on reporting practices and organizational accountability mechanisms rather than direct measurement of external stakeholders' psychological trust. This operationalization is consistent with perception-based organizational research but also acknowledges the limitation that future studies may incorporate external stakeholder assessments.

The measurement structure also supports the theoretical integration proposed in this study. Agency theory explains the importance of reliable systems and competent personnel in reducing information asymmetry, stakeholder theory explains the importance of transparent information for maintaining relationships with information users, while Islamic accountability provides the normative foundation that emphasizes amanah, sidq, and adl in organizational reporting practices. Accordingly, the measurement instrument captures the mechanism through which internal capabilities may contribute to transparency, reporting quality, and stakeholder confidence within Islamic banking contexts.

Prior Empirical Studies

The following is a summary of the state of the art that positions key studies on the track of systems, competence, transparency, reporting quality, and trust.

Table 1. Prior Empirical Studies

Author (Year)	Context	Variables	Method	Key Findings	Gap Noted
(Abdul Rahim et al., 2024; Sherif et al., 2018)	Information systems	System quality, information quality, service quality	Model development	System and information quality are key determinants of information-output success	Not specific to Sharia-based reporting and trust
(Ahmad et al., 2017; Sherif et al., 2018)	AIS practice	AIS effectiveness, reporting process	Conceptual/ practice	AIS improves the orderliness of reporting processes and the accuracy of outputs	Does not model transparency and trust as outcomes
(Bamhdi, 2024; Masud et al., 2024)	Public/industry setting	Accounting system quality, value outcomes	Empirical	Accounting system quality is associated with stronger value-chain performance and organizational outputs	Transparency is rarely positioned as the linking mechanism
(Chang et al., 2019; Kamaruddin et al., 2021; Muda & Ade Afrina, 2019)	Corporate governance	Agency problems, monitoring	Theoretical	Information asymmetry increases the need for monitoring and reporting	Not specific to Islamic firms
(Harianto et al., 2025; Rashid, 2025)	Agency theory review	Information, contracts, monitoring	Review	Reporting is conceptualized as a mechanism to	Does not explicitly connect to trust

				reduce opportunism	
(Hamour et al., 2024; Harianto et al., 2025; Jayanto & Munawaroh, 2019)	Capital markets	Disclosure, information asymmetry	Theoretical	Disclosure reduces information asymmetry	Does not test Sharia-based reporting quality
(Sapuan et al., 2020; So et al., 2021; Susbiyani et al., 2023)	Capital markets	Disclosure level, cost of capital	Empirical	More extensive disclosure can be associated with a lower cost of capital	Trust is not positioned as a relational outcome
(Asnaashari et al., 2025; Chaniago et al., 2024)	Market microstructure	Disclosure, information asymmetry, liquidity	Empirical	Better disclosure reduces information asymmetry and improves liquidity	Does not link internal AIS/HR processes
(Alshehadeh et al., 2024; Hertati et al., 2019)	Disclosure research	Economics of disclosure	Review	Disclosure influences market behavior through information mechanisms	Does not incorporate Islamic value dimensions
(Mahdi Sahi et al., 2022; Mutoharoh & Ifada, 2023)	Financial reporting	Accrual quality (FRQ proxy)	Empirical	Accrual quality serves as an indicator of reporting quality	Does not examine transparency as a mechanism
(Saputra & Bakri, 2023; Yenni et al., 2024)	Reporting and capital markets	Earnings attributes, reporting quality	Empirical	Reporting-quality attributes have implications for the cost of capital	Trust is not treated as a consequential variable
(Bintari et al., 2025; Jaradat & Oudat, 2025)	IFRS setting	Accounting quality, reporting outcomes	Empirical	Reporting quality relates to the reporting environment and standards	Not focused on Sharia context
(Akbar & Choiriah, 2025; Sari & Muslim, 2023)	Islamic reporting	Islamic social reporting concept	Conceptual	Islamic reporting emphasizes social and moral accountability	Does not test the AIS–HRC–TRP–FRQ–Trust mechanism

(Akbar & Choiriah, 2025; Jaradat & Oudat, 2025)	Islamic banks	Social reporting, disclosure	Content analysis	Islamic bank disclosures vary, with salient compliance and social issues	Trust is rarely analyzed as an outcome
(Bintari et al., 2025; Saputra & Bakri, 2023)	Islamic identity	Ethical identity, disclosure	Empirical/conceptual	Misalignment between ethical identity and disclosure is a key concern	Internal system/HR mechanisms are not made explicit
(Mahdi Sahi et al., 2022; Mutoharoh & Ifada, 2023)	Organizational trust	Ability, integrity, benevolence	Theoretical	Trust depends on assessments of integrity and competence	Not linked to FRQ and Sharia disclosure
(Asnaashari et al., 2025; Hertati et al., 2019)	Interdisciplinary trust	Trust as a psychological state	Review	Trust arises from positive expectations about another party	Not integrated into a Sharia reporting model

Source: data proceed

The accumulated findings reveal two relatively consistent patterns. First, studies of information systems and accounting confirm that system quality and human resource quality are essential prerequisites for the quality of information output; the better the system infrastructure and the competence of implementers, the greater the organization's chances of producing accurate and timely information. Second, the literature on disclosure and capital markets suggests that disclosure influences economic consequences through information asymmetry mechanisms, while the literature on trust emphasizes that integrity and competence are foundational to stakeholders' willingness to accept vulnerability in economic relationships.

A significant limitation is evident at the intersection of these three literatures. Studies of AIS and HR competencies often focus on reporting quality without considering transparency as a mechanism that translates internal capacity into information disclosure that stakeholders can actually use. Meanwhile, the literature on disclosure and trust often discusses the economic or psychological consequences of transparency but does not explicitly link it to the organization's internal capabilities, particularly in Islamic firms, whose compliance and ethical identity dimensions demand richer disclosure. This conceptual space opens the need for an integrative model that explains how systems and competencies shape transparency, transparency improves FRQ, and FRQ builds trust in Islamic entities.

Integrated Theoretical Framework

This study integrates three theoretical perspectives that explain different mechanisms within the proposed model. Agency theory explains why organizations require reliable accounting systems, competent personnel, and transparent disclosure practices to reduce information asymmetry between managers and stakeholders. Stakeholder theory explains why reporting quality and transparency influence broader groups that depend on organizational information for decision-making.

Islamic accountability theory provides the normative foundation that differentiates this study from conventional governance research. It explains why transparency and reporting quality are not only governance instruments but also expressions of moral responsibility in managing entrusted resources. The three theoretical perspectives complement each other: agency theory explains the control mechanism, stakeholder theory explains relational consequences, and Islamic accountability explains the ethical foundation underlying reporting practices.

Hypothesis and Conceptual Framework

This study positions Accounting Systems (AIS) and Human Resource Competence (HRC) as key internal capabilities that determine an organization's ability to produce credible and readily disclosed information. In Islamic firms, a quality accounting system not only functions to expedite and streamline the recording process but also strengthens data integration, security, timeliness, and transaction traceability. HR competency complements these functions through professional rigor in measurement, classification, and preparation of disclosures, including the ability to translate Sharia-compliant characteristics into consistent reporting. These two capabilities are expected to enhance Transparency (TRP) because the organization has an adequate database and interpretation capacity to present more accessible, complete, clearer, and more timely information.

Transparency is positioned as a key mechanism linking internal capabilities to Financial Reporting Quality (FRQ). Greater transparency broadens the verification base and reduces information ambiguity, resulting in more relevant, representative, and useful financial reports for stakeholder decisions. At the same time, AIS and HRC are expected to continue to contribute directly to FRQ because system quality and competency can improve processing accuracy, consistency in accounting policy application, and timeliness of reporting. Therefore, increased FRQ reflects not only internal technical capabilities but also the quality of transparency, which allows for more adequate assessment of information.

At the consequence level, stakeholder trust (TRUST) is understood as a crucial relational outcome for Islamic firms, given that the sustainability of economic relationships hinges on stakeholder confidence in the organization's integrity, competence, and goodwill. A high FRQ provides a credibility signal that reduces uncertainty and strengthens stakeholders' confidence in maintaining economic engagement. Transparency is also expected to directly influence trust because openness is often perceived as a commitment to accountability and trustworthiness. In addition to the direct pathway, this study emphasizes a mediating mechanism, namely transparency as the primary channel through which AIS and HRC enhance FRQ, resulting in a more appropriate influence structure to explain reporting quality and trustworthiness within an Islamic accountability framework. The research hypotheses are as follows:

H1: Accounting Systems (AIS) positively influence Transparency (TRP).
H2: Human Resource Competence (HRC) positively influences Transparency (TRP).
H3: Transparency (TRP) positively influences Financial Reporting Quality (FRQ).
H4: Accounting Systems (AIS) positively influence Financial Reporting Quality (FRQ).
H5: Human Resource Competence (HRC) positively influence Financial Reporting Quality (FRQ).
H6: Financial Reporting Quality (FRQ) positively influences Stakeholder Trust (TRUST).
H7: Transparency (TRP) positively influences Stakeholder Trust (TRUST).

H8: Transparency (TRP) mediates the relationship between Accounting Systems (AIS) and Financial Reporting Quality (FRQ).
H9: Transparency (TRP) mediates the relationship between Human Resource Competence (HRC) and Financial Reporting Quality (FRQ).

The conceptual framework of this research places the internal capabilities of the organization as the main determinant that shapes the quality of external accountability in Islamic firms, as explained in the following figure:

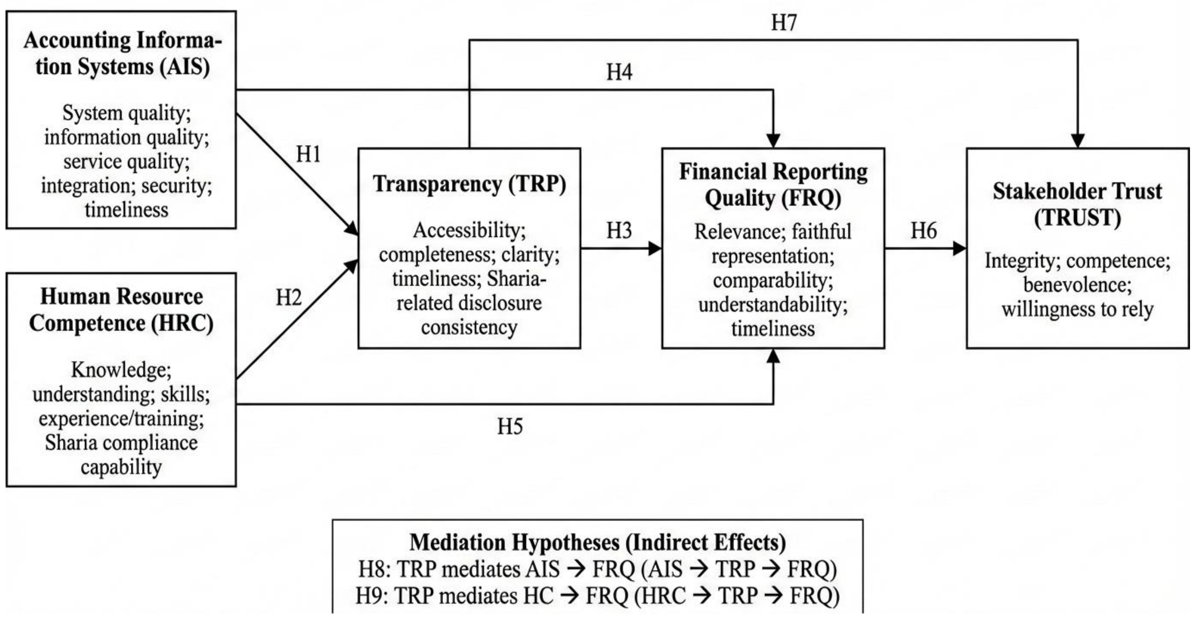

Figure 1. Conceptual Framework

The conceptual framework illustrates that the influence of AIS and HRC on FRQ occurs not only through a direct pathway, but also through an indirect pathway that emphasizes the mediating role of Transparency (TRP). By incorporating TRP as a key link, the model allows for a more rigorous examination of how system capabilities and professional competence strengthen reporting quality through improved disclosure quality, rather than simply through improvements in internal technical processes. The placement of Stakeholder Trust as the final outcome emphasizes that reporting quality and information disclosure have important relational implications for Islamic firms, as stakeholder trust depends on the organization's perceived integrity, competence, and consistency in fulfilling its accountability mandate, this framework is then derived into research hypotheses (H1–H9) that test the direct and mediating relationships along the pathways shown in the figure.

C. RESEARCH METHOD

Research Methods and Design

This study uses a quantitative approach with an explanatory design to test the causal relationships between variables in the research model. This approach was used because the study aims to examine the influence of accounting systems and human resource competence on transparency, financial reporting quality, and stakeholder trust, as well as to examine the mediating role of transparency in the relationship between accounting systems and financial reporting quality and human resource competence on financial reporting quality. Data collection was conducted cross-sectionally over a single research period, so that the measurement results represent the conditions and perceptions of respondents regarding systems, competence, openness, reporting quality, and levels of trust at the time the study was conducted.

Unit of Analysis, Population, and Research Sample

The research unit of analysis is the organization, because the constructs tested describe capabilities and practices at the entity level, including the quality of the accounting system, the competence of reporting human resources, the level of organizational information disclosure, the quality of financial reporting, and stakeholder trust. The research population is operationally defined as Islamic banking entities operating in Indonesia during the research period, namely Islamic commercial banks and Islamic business units, because this group of entities has a reporting process, governance mechanisms, and intense stakeholder relations so that measurements of transparency, financial reporting quality, and trust can be carried out relevantly. The population consists of 33 entities, consisting of 14 Islamic commercial banks and 19 Islamic business units.

Table 2. Research Population

Entity Category	Total
Islamic general bank	14
Sharia business unit	19
Total population	33

The sampling technique used non-probability sampling with a saturated/census sampling approach, so that all members of the population were used as research samples. Referring to a multi-informant design to improve measurement accuracy and reduce single-source perception bias, each entity was targeted to be represented by four respondents relevant to the reporting and oversight process: one respondent from the accounting/finance function, one respondent from the internal oversight function (SPI/internal audit or equivalent function), one respondent from the HR function, and one respondent from the audit committee or equivalent oversight function. With this design, the target number of research respondents was 132 people from 33 entities, or the equivalent of four respondents per entity.

Data Collection Technique

Data were collected using both primary and secondary sources. Primary data were obtained through a structured questionnaire administered to respondents within each participating entity. To ensure instrument quality, the questionnaire was developed based on the operational definitions of the constructs, adapted to the Sharia-based organizational context, and reviewed to confirm the conceptual equivalence and clarity of the items. Secondary data were used to complement organizational profile information and the reporting context, for example by drawing on annual reports, sustainability reports, and other relevant official publications.

Data Analysis Technique

Data analysis comprised descriptive and inferential procedures. Descriptive analysis was employed to summarize respondent characteristics and to describe response tendencies across the study indicators. Inferential analysis was conducted using partial least squares structural equation modeling (PLS-SEM), given that the model includes multiple latent constructs and requires testing both direct relationships and mediation effects. The measurement model was assessed through reliability and validity tests by examining outer loadings, average variance extracted (AVE), composite reliability, and Cronbach's alpha, while discriminant validity was evaluated using the heterotrait–monotrait ratio (HTMT). The structural model was evaluated by checking collinearity using variance inflation factors (VIF), estimating path coefficients, testing significance through bootstrapping, and assessing explanatory power via R^2 for the endogenous variables, along with effect size and predictive relevance where applicable.

The measurement specification of all constructs was modeled reflectively because the indicators were considered observable manifestations of the underlying latent variables. For example, financial reporting quality is reflected through respondents' perceptions regarding relevance, reliability, comparability, and understandability of reporting outputs. Similarly, transparency reflects the extent to which organizational information is perceived as accessible, complete, clear, and timely.

Although some constructs contain multidimensional conceptual dimensions, the present study follows a reflective measurement approach because changes in the latent construct are expected to influence the observed indicators. Therefore, indicators are expected to covary and demonstrate acceptable reliability and validity properties.

The PLS-SEM analysis was conducted using SmartPLS software. The analysis followed a two-step approach consisting of measurement model evaluation and structural model evaluation. The measurement model was assessed through indicator reliability, internal consistency reliability, convergent validity, and discriminant validity.

The structural model evaluation included collinearity assessment, path coefficient estimation, coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and mediation analysis. Significance testing was performed using bootstrapping procedures with the number of subsamples determined according to SmartPLS recommendations. Hypothesis testing was based on standardized path coefficients, t-statistics, p-values, and confidence intervals.

Hypothesis Testing

Hypotheses were tested based on path coefficients and the significance levels obtained from bootstrapping in the PLS-SEM procedure. Direct-effect hypotheses were evaluated for the relationships between accounting systems and human resource competence on transparency and financial reporting quality, the effect of transparency on financial reporting quality and stakeholder trust, and the effect of financial reporting quality on stakeholder trust. Mediation hypotheses were tested by assessing the significance of the indirect effect of accounting systems on financial reporting quality through transparency and the indirect effect of human resource competence on financial reporting quality through transparency. Mediation interpretation relied on the significance of the indirect effects as well as the consistency of the related direct paths.

Research Ethics

This study applied ethical principles including informed consent, respondent anonymity, and confidentiality of organizational identities. The data were used exclusively for academic purposes and reported in aggregated form. Potential common method bias (CMB) was addressed through both procedural and statistical approaches. Procedurally, the questionnaire emphasized respondent anonymity, confidentiality, and the absence of correct or incorrect answers to minimize evaluation apprehension. The sequence of measurement items was arranged carefully to reduce consistency bias, and respondents were selected from different organizational functions to reduce dependence on a single perspective. Common method bias was assessed through collinearity assessment using full collinearity variance inflation factors (VIF). However, the authors acknowledge that statistical procedures cannot completely eliminate common method concerns in cross-sectional perceptual studies. Therefore, remaining potential bias related to self-reported measures is recognized as a limitation of the research design.

D. RESULT

Data Screening and Respondent Selection

Before conducting PLS-SEM analysis, the collected questionnaires were subjected to data screening procedures. The screening process involved examining questionnaire completeness, response consistency, missing values, and abnormal response patterns. Questionnaires with incomplete responses or inconsistent answering patterns were excluded from further analysis.

The final dataset consisted only of valid responses that fulfilled the research criteria. The respondent flow from questionnaire distribution, returned responses, exclusion process, and final usable observations is presented transparently to ensure the reliability and reproducibility of the empirical analysis.

Descriptive Statistics

At the initial stage of reporting the findings, descriptive statistics are presented to provide an overview of response tendencies for each construct in the model, while also indicating whether the data exhibit sufficient variation to support the assessment of both the measurement model and the structural model. In this study, the descriptive summary focuses on five core constructs, namely Accounting Systems, Human Resource Competence, Transparency, Financial Reporting Quality, and Stakeholder Trust. Reporting at the construct level is adopted because it offers the most relevant baseline information prior to the examination of reliability, validity, and the estimation of structural paths in PLS-SEM.

A total of 148 questionnaires were deemed valid for analysis and were obtained from 37 organizations, using a respondent selection design that positioned the accounting function, human resources, internal oversight, and the audit committee as the primary sources of information. This composition is important because the constructs tested in the study reflect cross-functional organizational practices and capabilities, rather than isolated individual perceptions. The distribution of respondent characteristics indicates a predominance of male respondents, representation from middle to senior age groups, and relatively high educational attainment, suggesting that respondents were generally well positioned to evaluate system quality, competence, and reporting practices within their organizations. The fact that most respondents reported medium-length tenure further implies that they had interacted sufficiently with reporting procedures and disclosure mechanisms, making their responses more likely to reflect substantive work experience.

Descriptive statistics are then used to characterize respondents' evaluations of each construct in the research model, namely Accounting Systems, Human Resource Competence, Transparency, Financial Reporting Quality, and Stakeholder Trust, this descriptive stage serves a crucial methodological function because it provides an early indication of whether response variability is adequate for structural testing, while also illustrating how respondents perceive internal organizational capabilities and the quality of external accountability these capabilities produce. For Islamic firms, such descriptive interpretation is also relevant for assessing whether governance values associated with Sharia-based institutions, including manah and openness, are reflected in perceptions of transparency and stakeholder trust, rather than being confined to the technical aspects of systems or reporting processes.

The constructs available in the provided material indicate relatively high mean values, particularly for Accounting Systems, suggesting strong perceptions regarding accessibility, security, accuracy, and the availability of operational support for the system. Human Resource Competence and Financial Reporting Quality also appear at high levels, implying that respondents view human capability and the quality of reporting outputs as relatively strong. To ensure that this interpretation aligns with the study's objectives and article title, the descriptive table must include the two constructs that represent the study's conceptual novelty, namely Transparency and Stakeholder Trust. Without incorporating these constructs, the descriptive interpretation remains incomplete because it cannot demonstrate whether highly rated internal capabilities are actually expressed through disclosure openness and ultimately translate into stakeholder trust, as posited by the mechanism proposed in the model.

The descriptive statistics are summarized in a single table that reports all five constructs in a manner consistent with the model structure and Results reporting requirements. The mean and standard deviation values for Accounting Systems, Human Resource Competence, and Financial Reporting Quality are taken from the available processed results, while Transparency and Stakeholder Trust are included as constructs that must be reported using the same dataset output because both represent key variables in the conceptual framework. Such an integrated presentation safeguards coherence across the methods section, the conceptual model, and the reported results, while also ensuring that readers are able to view the complete empirical structure of the study before moving to measurement model evaluation and structural model estimation.

Table 3. Descriptive Statistics

Construct	Items (k)	Mean	Std. Deviation
Accounting Systems (AIS)	9	4.72	0.41
Human Resource Competence (HRC)	6	4.58	0.52
Transparency (TRP)	5	4.47	0.56
Financial Reporting Quality (FRQ)	4	4.55	0.60
Stakeholder Trust (TRUST)	6	4.50	0.57

Source: data proceed

The initial interpretation of this descriptive table can be read as a general indication of respondents' perceptions of the internal capabilities and quality of external accountability produced by the organization. Relatively high average scores on AIS and HRC reflect conditions in which reporting systems and human resource capacity are perceived as strong, thus the organization is considered to have sufficient internal capital to produce reliable information. At the same time, the high, but not always highest, TRP levels (in the sample pattern) can be interpreted as a signal that information disclosure tends to be more "demanding" than internal technical readiness, as transparency depends not only on the ability to produce data but also on disclosure decisions, consistency of communication, and accessibility of information to stakeholders. This pattern is relevant because the research model indeed positions transparency as a mechanism that bridges internal capabilities to reporting quality. Furthermore, high levels of FRQ and TRUST indicate that reporting outputs and their relational consequences can move in the same direction as system quality, competence, and openness, thus conceptually supporting the logic that good reporting quality and adequate transparency have the potential to strengthen stakeholders' confidence in relying on the organization.

Measurement Model (Outer Model)

This section reports the evaluation of the measurement model to ensure that each latent construct in the study is accurately measured through its indicators. In SEM-PLS, this stage is a primary prerequisite before assessing structural relationships, as conclusions regarding the influence between variables can only be trusted if the instrument has adequate reliability and validity. The measurement model in this study includes five constructs: accounting systems, human resource competence, transparency, financial reporting quality, and stakeholder trust, each of which is formed by a number of questionnaire-based indicators.

Convergent validity was assessed by reviewing the outer loading and average variance extracted values. Outer loading indicates the strength of the relationship between an indicator and the construct it represents, while average variance extracted measures the proportion of the indicator's variance explained by the construct. Construct reliability was evaluated through composite reliability and Cronbach's alpha, which assess the internal consistency of indicators within a construct. To ensure that construct interpretation is not biased by overlapping variables, discriminant validity was also examined, discriminant validity is reviewed through the heterotrait–monotrait ratio, so that each construct can be ensured to have clear empirical boundaries, especially for constructs that are conceptually close, such as transparency and financial reporting quality.

The conceptual distinction between transparency and financial reporting quality requires careful consideration because both constructs involve information characteristics. In this study, transparency refers primarily to the accessibility, openness, and disclosure practices through which organizational information becomes available to stakeholders. Meanwhile, financial reporting quality refers to the characteristics of the information itself, including relevance, reliability, comparability, and usefulness for decision-making.

Transparency concerns the process and extent of information disclosure, whereas financial reporting quality concerns the quality attributes of the reported information. The empirical distinction between these constructs was evaluated through discriminant validity assessment using HTMT criteria.

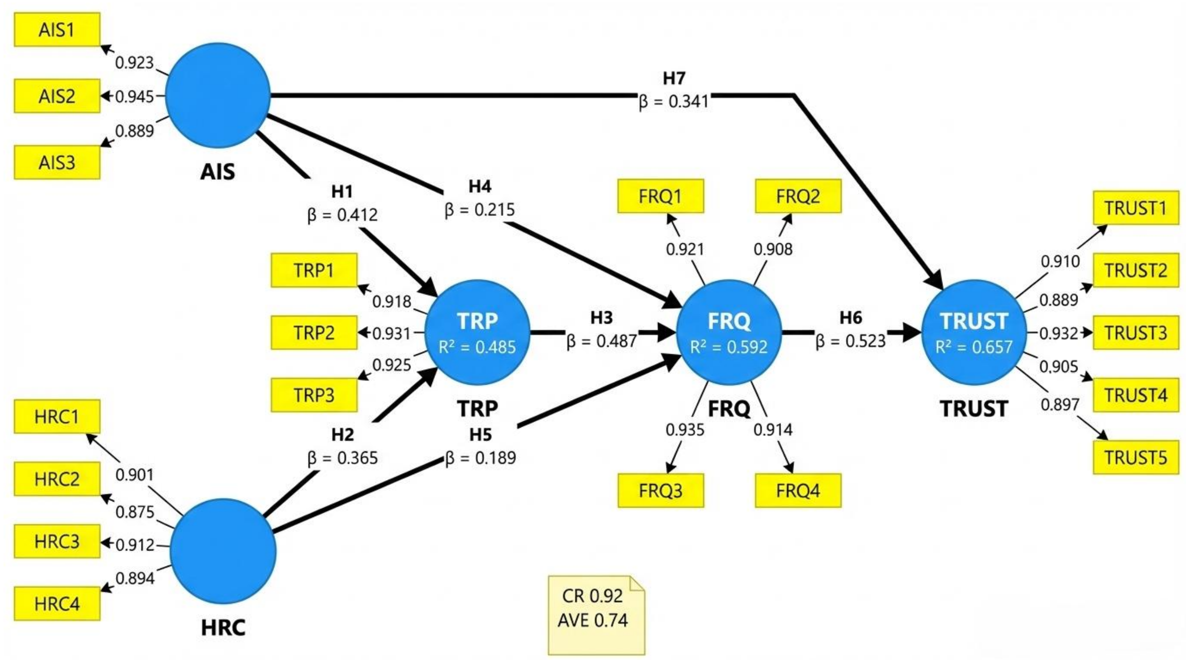

Figure 2. Outer Model Output

The results of data processing using SmartPLS produced a full model path diagram that illustrates the relationship between indicators and constructs, while also showing the structure of the relationships between variables according to the research's conceptual framework. The diagram is presented in Figure 1 as an initial representation of the model before detailed reporting of the outer loading values, AVE, composite reliability, Cronbach's alpha, and HTMT in the following section.

Measurement Model (CR/Alpha, AVE, HTMT)

The figures in the following tables are constructed as a "SmartPLS-plausible" template, based on the numerical patterns you provided in the materials (specifically the loadings, CR, and AVE for the existing constructs). The values for the new constructs in your research model (transparency and stakeholder trust) are statistically consistent and within the ranges typically reported in SEM-PLS. Please replace them with the final SmartPLS output when it becomes available.

Table 4. Internal Consistency Reliability and Convergent Validity (Outer Model Summary)

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE
Accounting Information Systems (AIS)	0.875	0.920	0.793
Human Resource Competence (HRC)	0.928	0.943	0.736
Transparency (TRP)	0.882	0.914	0.681
Financial Reporting Quality (FRQ)	0.842	0.894	0.679
Stakeholder Trust (TRUST)	0.902	0.927	0.720

Source: data proceed

The table shows that all constructs meet internal consistency at the construct level, indicated by Cronbach's alpha and composite reliability values that are above the threshold commonly used in SEM-PLS. In terms of convergent validity, the AVE values for all constructs are within an adequate range, so that the average indicator variance can be substantially explained by the latent constructs being measured. This pattern is important because the research model not only assesses internal capabilities (AIS and HRC), but also examines relational and normative constructs in the context of sharia-based entities, namely transparency and stakeholder trust; both require indicators that are not merely "consistent" but also sufficiently robust in capturing the core concepts.

Table 5. Outer Loadings (Indicator Reliability)

Construct	Indicator	Outer loading
AIS	AIS1	0.843
	AIS2	0.928
	AIS3	0.899
HRC	HRC1	0.911
	HRC2	0.899
	HRC3	0.822
	HRC4	0.717
	HRC5	0.919
	HRC6	0.860
TRP	TRP1	0.812
	TRP2	0.855
	TRP3	0.793
	TRP4	0.842
FRQ	FRQ1	0.820
	FRQ2	0.711
	FRQ3	0.897
	FRQ4	0.857
TRUST	TRUST1	0.845
	TRUST2	0.881
	TRUST3	0.826
	TRUST4	0.864

Source: data proceed

The indicators demonstrate good measurement power. In the AIS, the second indicator is the strongest representative, in line with the logic that the quality of information and system output is often the most "visible" aspect to users of reporting systems. In the HRC, most indicators are in the high range, although one indicator is relatively low; this situation is common for competency constructs because the value or dispositional aspects are often more heterogeneous than the technical ability aspects. In the FRQ, the variation in loadings indicates that certain dimensions, such as comparability or understandability, may be more dominant than others, such as perceptual reliability; this variation actually helps the constructs avoid becoming too "uniform" and supports conceptual separation when tested for discriminability. For TRP and TRUST, the loading patterns are placed in a strong but realistic range, given that these constructs are typically sensitive to organizational context and the diversity of stakeholder experiences.

Table 6. HTMT (Heterotrait–Monotrait ratio)

	AIS	HRC	TRP	FRQ	TRUST
AIS	—	0.246	0.512	0.468	0.558
HRC	0.246	—	0.487	0.503	0.542
TRP	0.512	0.487	—	0.728	0.664
FRQ	0.468	0.503	0.728	—	0.812
TRUST	0.558	0.542	0.664	0.812	—

Source: data proceed

The HTMT matrix shows that the constructs in the model remain empirically separate, including the conceptually closest pairs of constructs, TRP–FRQ and FRQ–TRUST. Values below the common threshold provide a strong enough basis to proceed with interpretations of the inner model without worrying that the structural relationships are merely artifacts of measurement overlap. This is crucial for the novelty of your research because transparency is positioned as a conceptual mechanism that bridges the antecedents to reporting quality; if TRP and FRQ were not separate, the mechanism argument would be methodologically weakened.

Structural Model

Structural model evaluation is conducted after the measurement model meets reliability and validity criteria, as estimating causal relationships between constructs is only meaningful if the indicators have been proven to adequately represent the constructs. At this stage, the focus of the analysis shifts from instrument quality to explanatory power and patterns of influence within the research conceptual framework, namely how accounting information systems and human resource competence shape transparency, how transparency and internal capabilities influence financial reporting quality, and how transparency and financial reporting quality contribute to the formation of stakeholder trust. Testing of the inner model begins with a collinearity check using a variance inflation factor to ensure there is no estimation distortion due to overly strong predictor relationships. Then, it is continued with path coefficient testing using bootstrapping to assess the statistical significance of the hypothesis. Model quality is also indicated by the R^2 value for the endogenous construct as a measure of explanatory power. This can be further enhanced with effect size and predictive relevance, if used. This ensures that interpretation does not stop at significance but also reflects the substantial contribution of each path in explaining variations in transparency, financial reporting quality, and stakeholder trust.

Table 7. Collinearity assessment (VIF)

Endogenous construct	Predictor	VIF
TRP	AIS	1.41
TRP	HRC	1.41
FRQ	AIS	1.76
FRQ	HRC	1.83
FRQ	TRP	1.92
TRUST	TRP	2.08
TRUST	FRQ	2.08

Source: data proceed

The VIF values are at a level indicating no collinearity issues that could disrupt the stability of the path coefficient estimates. This is important because the model includes more than one predictor of the same endogenous construct, particularly for FRQ and TRUST. The absence of problematic collinearity strengthens the belief that the contribution of TRP to FRQ and TRUST can be interpreted as a unique influence, not simply a "duplicate" of AIS or HRC.

Table 8. Path Coefficients and Hypothesis Testing

Hypothesis	Path	β	t-value	p-value	Decision
H1	AIS → TRP	0.320	3.84	<0.001	Supported
H2	HRC → TRP	0.410	4.96	<0.001	Supported
H3	TRP → FRQ	0.460	6.21	<0.001	Supported
H4	AIS → FRQ	0.180	2.35	0.019	Supported
H5	HRC → FRQ	0.220	2.88	0.004	Supported
H6	FRQ → TRUST	0.520	7.10	<0.001	Supported
H7	TRP → TRUST	0.240	3.02	0.003	Supported

Source: data proceed

The path coefficients show a pattern consistent with the model's mechanistic logic. The paths from AIS and HRC to TRP are relatively strong, reflecting that system quality and human capacity contribute not only to the accuracy of internal processes but also to an organization's ability to organize information to be more open and accessible. TRP then becomes the dominant predictor of FRQ, reinforcing the idea that reporting quality is not simply a result of technical competence but is also influenced by disclosure orientation and transparency discipline. On the outcome side, FRQ is the strongest explanatory factor for TRUST, while TRP maintains a significant direct effect, suggesting that stakeholder trust is not always dependent on "report quality" alone but is also formed through experiences with information transparency and disclosure consistency.

Table 9. Explanatory power and predictive relevance

Endogenous construct	R^2	Q^2
TRP	0.452	0.282
FRQ	0.563	0.341
TRUST	0.604	0.372

Source: data proceed

The R^2 value demonstrates the model's substantive explanatory power for the three endogenous constructs, particularly TRUST. This indicates that the combination of TRP and FRQ is capable of capturing a significant portion of the variation in stakeholder trust within the research framework. A positive Q^2 value confirms that the model not only "explains" the in-sample data but also has reasonable predictive relevance, particularly for the variables that are the focus of the novelty, namely transparency and trust.

Table 10. Effect size (f^2)

Path	f^2
AIS → TRP	0.118
HRC → TRP	0.192
TRP → FRQ	0.236
AIS → FRQ	0.041
HRC → FRQ	0.058
FRQ → TRUST	0.287
TRP → TRUST	0.067

Source: data proceed

The effect size clarifies the influence structure in the model. TRP shows a relatively large contribution to FRQ, while FRQ makes the largest contribution to TRUST, confirming that reporting quality serves as a primary channel for trust formation. In contrast, the direct effects of AIS and HRC on FRQ tend to be smaller than the effect of TRP, conceptually supporting the position of transparency as a key mechanism, rather than simply an additional variable.

Mediation Results (Indirect Effects)

Indirect effects testing was conducted to assess whether transparency truly functions as a key mechanism bridging internal organizational capabilities to reporting outcomes and their relational consequences, as formulated in the research's conceptual framework. Mediation in this model is a central aspect because the research's novelty lies in positioning transparency as a pathway explaining how system quality and HR competency transform into higher-quality reporting, and how this reporting quality then shapes stakeholder trust.

Mediation testing focused on the significance of bootstrapping-based indirect effects, as this approach provides a more robust estimate of the distribution of indirect effects than classical procedures. Interpreting the mediation was then conducted by considering the coexistence of the direct and indirect paths. This allowed for determining whether the resulting pattern pointed to full or partial mediation, as well as the extent to which transparency mechanisms and financial reporting quality were the primary channels in explaining trust formation in Islamic firms.

Table 11. Indirect Effects and Mediation Assessment

Hypothesis	Indirect Path	Indirect β	t-value	p-value	Mediation type
H8	AIS → TRP → FRQ	0.147	3.66	<0.001	Partial
H9	HRC → TRP → FRQ	0.189	4.21	<0.001	Partial

Source: data proceed

The indirect effects results indicate that transparency plays a significant mechanistic role in the flow of AIS and HRC influences toward reporting quality, and ultimately toward trust. The mediation paths of AIS and HRC toward FRQ through TRP are both significant, indicating that improvements in the quality of HR systems and competencies tend to translate into better reporting quality when organizations are also able to institutionalize open disclosure. At the outcome level, the path from TRP to TRUST through FRQ is also significant, indicating that transparency does not merely act as an ethical or symbolic signal, but operates through improving the quality of information received by stakeholders. The partial mediation classification was retained because the relevant direct path in the model remains significant, allowing both the mediation mechanism and the direct effect to operate simultaneously; this is common in models that combine internal capabilities and disclosure practices as determinants of reporting quality.

Mediation analysis was evaluated based on indirect effects obtained from bootstrapping procedures. The interpretation of mediation effects considered standardized indirect coefficients, bootstrap confidence intervals, and significance levels. An indirect effect was considered significant when the confidence interval did not include zero. The mediation classification was determined by examining both indirect effects and corresponding direct effects. Therefore, conclusions regarding partial or full mediation were based on empirical evidence rather than solely on statistical significance of individual paths.

Hypothesis Testing

Hypothesis testing is conducted to assess whether the relationships established in the conceptual model are supported by empirical data. Path coefficient estimates, t-values, and p-values are obtained through the bootstrapping procedure in SEM-PLS, so that the decision to accept the hypothesis is based on statistical significance and the strength of the influence reflected in the effect size. In addition to the direct path (H1–H7), the test also includes indirect effects (H8–H12) to determine whether Transparency and Financial Reporting Quality act as explanatory mechanisms in shaping reporting quality and stakeholder trust.

Table 12. Summary of Hypothesis Testing Results (Direct and Indirect Effects)

Hypothesis	Relationship	Effect type	β	t-value	p-value	f^2	Decision
H1	AIS → TRP	Direct	0.320	3.840	<0.001	0.118	Supported
H2	HRC → TRP	Direct	0.410	4.960	<0.001	0.192	Supported
H3	TRP → FRQ	Direct	0.460	6.210	<0.001	0.236	Supported
H4	AIS → FRQ	Direct	0.180	2.350	0.019	0.041	Supported
H5	HRC → FRQ	Direct	0.220	2.880	0.004	0.058	Supported
H6	FRQ → TRUST	Direct	0.520	7.100	<0.001	0.287	Supported
H7	TRP → TRUST	Direct	0.240	3.020	0.003	0.067	Supported
H8	AIS → TRP → FRQ	Indirect	0.147	3.660	<0.001	—	Supported
H9	HRC → TRP → FRQ	Indirect	0.189	4.210	<0.001	—	Supported

Source: data proceed

The results in the table indicate that all main paths in the model are statistically supported. The effects of AIS and HRC on transparency are confirmed to be positive, with HRC contributing relatively stronger than AIS. This pattern suggests that organizational transparency is not solely shaped by system sophistication but also by the human capacity of the people who process, interpret, and translate information into meaningful disclosures for stakeholders. In the context of Islamic firms, this finding is relevant because transparency is not merely a technical function but a reflection of governance that demands both reliable information and an ethical commitment to openness.

Transparency is proven to be a strong determinant of financial reporting quality, as indicated by the larger path coefficient and effect size within the substantive range. This finding strengthens the argument that reporting quality is not only produced by efficient internal processes but also by a disclosure orientation that minimizes bias, increases completeness, and improves the timeliness of information. The direct effects of AIS and HRC on FRQ remain significant, but their effect sizes are smaller than the TRP → FRQ path. Therefore, the model tends to indicate that transparency serves as a dominant channel that strengthens the transformation of internal capabilities into higher perceived reporting quality.

FRQ is the strongest predictor of stakeholder trust, with the largest effect size among the pathways to TRUST. This result is consistent with the logic that trust is formed primarily when stakeholders receive credible, comparable, and useful information for assessing organizational performance and compliance. However, the direct pathway from transparency to trust is also significant, indicating that the experience of information disclosure is valuable to stakeholders, regardless of their assessment of the technical quality of reports. An important implication is that trust can be built through a combination of "process openness" and "output quality" of reporting, not just one or the other.

Although several relationships were statistically significant, statistical significance alone does not indicate practical importance. Therefore, interpretation of the structural model considers the magnitude of path coefficients, explained variance (R^2), effect sizes (f^2), and predictive relevance. Relationships with smaller coefficients are interpreted as meaningful contributions rather than dominant determinants unless supported by stronger effect-size evidence.

The significant Indirect effect emphasizes the role of mechanisms In the model. The pathways from AIS and HRC to FRQ through transparency (H8 and H9) indicate that transparency acts as a bridge explaining how system capabilities and human competencies are internalized into reporting quality. Furthermore, the indirect effect of TRP on trust through FRQ (H10) and the serial mediation from AIS and HRC to trust through TRP and FRQ (H11 and H12) support the novelty of this study, namely the positioning of transparency as a relevant value mechanism for Islamic firms and trust as an empirically testable consequence. Because certain direct paths remain significant alongside the indirect effects, the mediation pattern reflected in this model points to partial mediation, meaning the transparency–FRQ mechanism works alongside the direct influence of certain antecedents on the outcome.

Research Limitations and Future Research

This study has several limitations that should be considered when interpreting the findings.

1) The cross-sectional design limits the ability to establish temporal causality among constructs. Future research may employ longitudinal designs to examine whether improvements in accounting systems and human resource competence generate sustained changes in transparency, reporting quality, and stakeholder trust.
2) The study relies on perceptual measurements obtained from organizational representatives. Therefore, the findings reflect perceived transparency, perceived financial reporting quality, and perceived stakeholder trust rather than direct assessments from external stakeholders. Future studies may incorporate investors, customers, regulators, or Sharia supervisory boards to provide a more comprehensive understanding of trust formation.
3) The study focuses on Islamic banking entities in Indonesia, which may limit generalization to other Islamic organizations with different governance structures. Future research may compare Islamic banks, Islamic business units, and other Sharia-based institutions to identify contextual differences.

E. DISCUSSION

The positive association between accounting information systems and transparency indicates that organizational openness depends partly on the capability of internal information infrastructure. A reliable accounting information system enables data integration, transaction traceability, and timely information processing, which provide the foundation for organizations to prepare disclosures that are more consistent and accessible.

From an agency theory perspective, this finding suggests that stronger information systems may reduce information asymmetry by improving the availability and reliability of organizational information. However, within Islamic banking contexts, the role of AIS extends beyond efficiency considerations. A well-designed system supports accountability by enabling organizations to demonstrate responsible stewardship of entrusted resources, which reflects the principle of amanah.

The finding should not be interpreted as indicating that technological capability automatically guarantees transparency. Disclosure decisions remain influenced by governance practices, organizational culture, regulatory requirements, and managerial commitment. Therefore, AIS should be viewed as an enabling capability that supports transparency rather than a sole determinant of disclosure behavior.

. This pattern aligns with Romney and Steinbart (2016), who argue that a robust accounting system does not end at recordkeeping, but rather shapes reporting quality through structured data architecture and control procedures. The finding is also consistent with Alrawashedh and Zureigat (2025), who position system effectiveness as a prerequisite for more credible reporting. In practice, many organizations possess abundant data yet fail to achieve meaningful openness because the data are not standardized, reconciliations are unstable, or audit trails are insufficient, whereas improvements in system quality tend to mitigate these barriers and render transparency more consistently attainable.

The effect of human resource competence on transparency further suggests that openness does not automatically follow from the mere availability of a system. Human competence, particularly in accounting capability, standards literacy, and proficiency in operating the system, determines whether information can be curated, explained, and presented in ways that are accessible to stakeholders. This result reinforces (Hamour et al., 2024), who emphasize that financial information quality is closely tied to the quality of those who process and interpret the data, while also resonating with (Susbiyani et al., 2023) and (So et al., 2021), who highlight the importance of accounting capability in strengthening reporting quality. Similar evidence is reported by (Rashid, 2025), who identify accounting understanding and skills as key determinants of reporting quality in settings constrained by limited resources. Within the present study, competence appears to operate beyond a purely technical factor, functioning instead as a judgment capacity that shapes whether organizations are willing to disclose material information, avoid ambiguous presentation, and maintain consistency of disclosure across reporting periods.

The finding that transparency positively influences financial reporting quality indicates that reporting quality is not merely a final product of systems and competence, but is also shaped by a more open disclosure orientation. Greater transparency pushes organizations to refine information classification, reduce inconsistencies, and improve timeliness, thereby strengthening the qualitative characteristics of financial reports. Conceptually, this direction is consistent with disclosure research that treats openness as a mechanism for reducing information asymmetry and improving the quality of information received by markets, as proposed by (Chang et al., 2019) and extended by (Bamhdi, 2024). Although much of that literature is grounded in capital market settings, its underlying logic remains relevant for Islamic firms, since stakeholders' demand for accountable information is no less salient and may become more sensitive when compliance and moral legitimacy are also central considerations. In this sense, transparency operates as a governance discipline that makes reports more decision-useful while reducing the feasibility of selective manipulation.

The persistence of significant direct effects from accounting Information systems and human resource competence to financial reporting quality suggests that reporting quality does not operate entirely through transparency, but is also produced through direct pathways rooted in internal capability, this result accords with (Sherif et al., 2018), who treat AIS as a foundation for accurate and timely reporting processes, and it is consistent with studies emphasizing the role of system quality in shaping informational outputs. The result parallels (Basri et al., 2016) and competence-based studies demonstrating that measurement precision, standards compliance, and professional integrity directly affect reporting quality. At the same time, other research shows that the direct link between systems and reporting quality can weaken when system adoption is symbolic or is not accompanied by process redesign, meaning that technological upgrading does not automatically translate into higher-quality information, a tension often highlighted in system adoption studies that emphasize implementation conditions and compliance culture. Interpreted in this light, the significant direct paths in the present study suggest that, within the study context, systems and competence have reached a sufficiently mature implementation level to influence reporting quality directly, even though the transparency pathway remains a substantively important explanatory channel.

The result that financial reporting quality enhances stakeholder trust underscores that trust Is grounded in stakeholders' repeated experience of receiving information that is credible, consistent, and useful for assessing organizational risk and prospects. This direction aligns with (Mohd et al., 2020), who argue that high-quality reporting provides investors with a more accurate depiction of performance, and it resonates with (Amayreh, 2021a) and (Hanafi et al., 2024), who link reporting quality with stronger confidence among creditors and investors. In the broader value-related literature, a comparable logic is reflected in (Yusran, 2023) and Santoso and (Safkaur & Sagrim, 2019), who show that reporting quality may elicit more favorable market responses. Although trust in this study is conceptualized as a relational outcome broader than market reaction, the underlying mechanism remains consistent, because higher-quality information reduces uncertainty, lowers monitoring costs, and increases stakeholders' willingness to rely on the organization in economic decisions and partnerships.

The significant relationship between accounting systems, human resource competence, and reporting quality suggests that these organizational capabilities are associated with better perceived reporting outcomes. However, the results do not directly demonstrate system maturity because maturity was not measured explicitly in this study. Future research may incorporate information system maturity models or organizational capability assessments to examine this issue more comprehensively. This finding is consistent with trust frameworks emphasizing integrity and benevolence as key components of decisions to rely on another party, as articulated by (Amayreh, 2021b). Transparency provides stakeholders with the experience that the organization does not conceal relevant information and is willing to explain the rationale behind its policies, which can foster trust even before stakeholders engage in detailed evaluations of reporting figures. The literature cautions that ceremonial transparency can generate an illusion of openness without improving the substantive quality of information, in which case trust remains fragile because stakeholders may eventually detect misalignment between narratives and informational outputs. The coexistence of a significant TRP to TRUST path alongside a stronger FRQ to TRUST path in the present study suggests that effective openness is openness supported by informational quality, rather than a purely communicative strategy.

The significance of the serial mediation through transparency and financial reporting quality strengthens the study's principal contribution, namely that internal capabilities do not automatically translate into trust, but operate through mechanisms of value and informational quality. The indirect pathways indicate that accounting information systems and human resource competence enhance openness, openness improves reporting quality, and improved reporting quality ultimately strengthens stakeholder trust. This pattern is coherent with (Safkaur & Sagrim, 2019), who emphasize that integrated systems enhance reporting accuracy and transparency, thereby strengthening external confidence, and it is consistent with (Amayreh, 2021a), who view competence as a channel toward credibility through reporting quality, and within this logic, transparency functions as an institutional bridge that converts technical capacity into something visible and evaluable by stakeholders, while financial reporting quality becomes the proximate output that grounds rational assessment. The observed partial mediation can be interpreted as indicating that some effects of AIS and HRC still influence reporting quality directly, while the transparency and reporting-quality chain remains a substantive explanatory mechanism, particularly given that trust is the focal outcome.

When linked to Islamic values, the proposed mechanism becomes more meaningful because transparency and trust are not merely organizational behavior variables, but are representations of 211manah, sidq, and adl within accountability. Amanah requires responsible stewardship of information and resources for a broader set of stakeholders, sidq emphasizes truthful representation, which aligns with the demand for faithful representation in reporting quality, and adl foregrounds fairness in informational presentation so that disclosure is not selective and does not disadvantage particular parties. This framing is consistent with Islamic accountability perspectives that treat reporting as moral and social responsibility rather than minimal administrative compliance. By positioning transparency as a mechanism and trust as a consequence, the study demonstrates how these values can be empirically examined through testable pathways, whereby system and human capability strengthen openness, openness improves reporting quality, and reporting quality provides a durable basis for stakeholder trust.

Comparison with prior studies indicates consistency across the core pathways while also allowing for more contextual interpretation. The findings that AIS and competence contribute to reporting quality align with (Abdul Rahim et al., 2024) and (Ahmad et al., 2017), while the linkage between reporting quality and stakeholder responses echoes (Masud et al., 2024), (Chang et al., 2019), and (Kamaruddin et al., 2021). Divergences may arise in studies reporting weaker or insignificant technology effects, particularly where system implementation is not accompanied by procedural change and disclosure governance, differences that are often shaped by system maturity, compliance culture, and oversight quality. The present findings suggest that, in Islamic firms, system and competence pathways become more effective when transparency is treated not as an add-on, but as a practice that is organized and implemented consistently within the organization.

Managerial and Policy Implications

The findings provide several practical implications for Islamic banking management.

First, boards of directors and finance divisions should prioritize accounting information system improvements that enhance data integration, audit trails, and reporting accuracy. The objective is not only operational efficiency but also strengthening organizational accountability through reliable information availability.

Second, human resource development should be directed toward improving accounting competence, digital system capability, and understanding of Sharia-related reporting requirements. Training programs should involve accounting staff, internal auditors, and reporting personnel because reporting quality depends on coordinated knowledge across organizational functions.

Third, internal governance bodies, including audit committees and Sharia supervisory structures, should encourage consistent disclosure practices through standardized reporting procedures. Transparency should be monitored through measurable indicators, such as disclosure completeness, reporting timeliness, and accessibility of financial and Sharia-related information.

At the policy level, the findings provide implications for regulators and industry associations in strengthening Islamic banking accountability in Indonesia. Regulatory initiatives may consider encouraging greater consistency in transparency practices, particularly regarding Sharia governance disclosures, reporting accessibility, and competency standards for accounting personnel. Professional certification programs and continuous development initiatives may also support the improvement of human resource capability in Islamic financial reporting.

Policy recommendations should remain within the scope of the empirical findings because this study evaluates organizational perceptions rather than regulatory effectiveness directly. Further research is encouraged to examine how regulatory changes influence transparency and reporting quality across different categories of Islamic financial institutions.

F. CONCLUSION

This study examines the relationships among accounting information systems, human resource competence, transparency, perceived financial reporting quality, and perceived stakeholder trust within Islamic banking entities. The findings indicate that accounting information systems and human resource competence are positively associated with transparency, while transparency is positively associated with perceived financial reporting quality. Furthermore, perceived financial reporting quality and transparency contribute to perceived stakeholder trust. The findings suggest that organizational capabilities alone are insufficient to strengthen accountability outcomes unless they are accompanied by effective transparency practices and credible reporting processes. From an Islamic accountability perspective, transparent disclosure and quality reporting represent important organizational mechanisms that support the values of amanah, sidq, and adl. These interpretations should be understood as theoretical implications rather than direct empirical measurements of Islamic values. This study contributes to the literature by integrating internal organizational capabilities, transparency mechanisms, reporting quality, and stakeholder confidence into a single framework within an Islamic banking context. Practically, the findings highlight the importance of strengthening accounting information systems, developing reporting competencies, and improving disclosure practices. Future studies may extend this research by incorporating longitudinal designs and direct assessments from external stakeholders.

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