Asian Journal of Business and Accounting

Vision

To be a top-tier and a well-cited business and accounting journal in Asia

Mission

An academic journal that aims to advance knowledge in the business and accounting disciplines, to narrow the gap between theory and practice, and to set direction for policy initiatives in Asia
Chief Editor
Che Ruhana Isa
Department of Accounting
Faculty of Business and Accountancy
University of Malaya
Email: cruhana@um.edu.my

Deputy Chief Editor
Suhana Mohezar
Department of Operations and Management Information Systems
Faculty of Business and Accountancy
University of Malaya
Email: suhanamohezar@um.edu.my

Managing Editors
Noor Sharoja Sapiei
Department of Accounting
Faculty of Business and Accountancy
University of Malaya
Email: noorsharoja@um.edu.my

Tey Lian Seng
Department of Business Policy and Strategy
Faculty of Business and Accountancy
University of Malaya
Email: teyls@um.edu.my

Yeong Wai Chung
Department of Operations and Management Information Systems
Faculty of Business and Accountancy
University of Malaya
Email: yeongwc@um.edu.my

Khaw Lee Hwei
Department of Finance and Banking
Faculty of Business and Accountancy
University of Malaya
Email: karren@um.edu.my
Associate Editors

Anna A. Che Azmi  
Department of Accounting  
Faculty of Business and Accountancy  
University of Malaya  
Email: annaazriati@um.edu.my

Ghazali Musa  
Department of Business Policy and Strategy  
Faculty of Business and Accountancy  
University of Malaya  
Email: ghazalimz@um.edu.my

Jahangir Mohd Ali  
La Trobe Business School  
La Trobe University  
SS123 Melbourne, Australia  
Email: m.ali@latrobe.edu.au

Mohd Nazari Ismail  
Department of Business Policy and Strategy  
Faculty of Business and Accountancy  
University of Malaya  
Email: mdnazari@um.edu.my

Ong Fon Sim  
Faculty of Arts and Social Sciences  
University of Nottingham  
Malaysia Campus  
Email: FonSim.Ong@nottingham.edu.my

Susela Devi K. Suppiah  
Department of Accounting  
Sunway University Business School  
Sunway University  
Bandar Sunway, Selangor  
Email: suselas@sunway.edu.my

Sharifah Faridah Syed Alwi  
Brunel Business School  
Brunel University  
Uxbridge, Middlesex, UB8 3PH  
United Kingdom  
Email: sharifah.alwi@brunel.ac.uk

Helen Samujh  
 Wakaito Management School  
University of Wakaito  
Hamilton, 3240  
New Zealand  
Email: rhsamujh@wakaito.ac.nz

Mansor Md. Isa  
Department of Finance and Banking  
Faculty of Business and Accountancy  
University of Malaya  
Email: mansor.isa@gmail.com

Noor Akma Mohd Salleh  
Department of Operations and Management Information Systems  
Faculty of Business and Accountancy  
University of Malaya  
Email: akmasalleh@um.edu.my

Rubi Ahmad  
Department of Finance and Banking  
Faculty of Business and Accountancy  
University of Malaya  
Email: rubi@um.edu.my

Salima Paul  
Faculty of Business  
University of Plymouth  
Plymouth, Devon, PL4 8AA  
United Kingdom  
Email: salima.paul@plymouth.ac.uk

Sharmila Jayasingam  
Department of Business Policy and Strategy  
Faculty of Business and Accountancy  
University of Malaya  
Email: sharmila@um.edu.my

T. Ramayah  
School of Management  
Universiti Sains Malaysia  
Malaysia  
Email: ramayah@usm.my
Suhaiza Hanim Mohd Zailani  
Department of Operations and Management Information Systems 
Faculty of Business and Accountancy 
University of Malaya 
Email: shmz@um.edu.my

Yusniza Kamarulzaman  
Department of Marketing 
Faculty of Business and Accountancy 
University of Malaya 
Email: yusniza@um.edu.my

Zakiah Saleh  
Department of Accounting 
Faculty of Business and Accountancy 
University of Malaya 
Email: zaihahs@um.edu.my

International Advisory Board

Fang Lee Cooke  
Department of Management 
Monash University, Caulfield 
Australia 
Email: Fang.Cooke@monash.edu

Felix Mavondo  
Department of Marketing 
Monash University, Clayton 
Australia 
Email: Felix.Mavondo@monash.edu

James Y.L. Thong  
School of Business and Management 
Hong Kong University of Science and Technology 
Hong Kong 
Email: jithong@ust.hk

Jane E. Klobas  
Doctor of Business Administration Programme 
University of Liverpool Online 
United Kingdom 
Email: jane.klobas@online.liverpool.ac.uk

Jens Hagendorff Martin  
University of Edinburgh Business School 
University of Edinburgh 
United Kingdom 
Email: jens.hagendorff@ed.ac.uk

John S. Edwards  
Aston Business School 
Aston University 
United Kingdom 
Email: j.s.edwards@aston.ac.uk

Lee D. Parker  
School of Accounting 
RMIT University, Melbourne 
Australia 
Email: lee.parker@rmit.edu.au

Mark Harcourt  
Waikato Management School 
University of Waikato, Hamilton 
New Zealand 
Email: mark@waikato.ac.nz

Michael Skully  
Department of Accounting and Finance 
Monash University, Caulfield 
Australia 
Email: Michael.Skully@monash.edu

Prashant Palvia  
Bryan School of Business and Economics 
University of North Carolina at Greensboro 
United States of America 
Email: pcpalvia@uncg.edu
S. Ghon Rhee
Shidler College of Business
University of Hawaii
United States of America
Email: rheesg@hawaii.edu

Sidney John Gray
University of Sydney Business School
University of Sydney
Australia
Email: sid.gray@sydney.edu.au

T.C. Melewar
The Business School
Middlesex University, London
United Kingdom
Email: t.c.melewar@mdx.ac.uk

Wu Wann Yih
Institute of International Management
National Cheng Kung University, Taiwan
Taiwan
Email: wanyi@mail.ncku.edu.tw

Zahirul Hoque
La Trobe Business School
La Trobe University, Bundoora
Australia
Email: z.hoque@latrobe.edu.au
Editors’ Note

The Asian Journal of Business Accounting (AJBA) is proud to present the first issue of Volume 13 for 2020. In this issue, we present ten papers that demonstrate an array of challenges faced by businesses. The authors, comprising both local and international scholars are from Iran, Thailand, Indonesia, Libya, Malaysia, Australia and Jordan.

Global financial crises have been a pervasive phenomenon throughout history, with information asymmetry being one of the causes. In this issue, the first paper by Aflatooni and Khazaei examines whether firms’ leverage deviation (i.e., actual leverage minus target leverage), and firms’ leverage adjustment speed are influenced by information asymmetry. The magnitude of the world’s financial crisis has also accelerated the need for the accounting sector to reform the audit reporting model used. In the second paper, Pratoomsuwan and Yolrabil examine the effects of key audit matter (KAM) disclosures in auditors’ reports, and their impact on auditors’ legal exposure in cases of fraud and error misstatements. The third paper which examines the reporting model is written by Dovi and Goerdano. They disclosed that both the weak and strong warning messages are successful in reducing the framing effect bias of auditors during their decision making process.

After a series of global financial crises, there has also been much discussions on the importance of earnings quality. Under unfavourable economic conditions, companies are under an increasing pressure to employ earnings management strategies to report higher profits as a means of ensuring investors’ confidence. Realising the pertinence of this phenomenon, the subsequent paper by Abd Alhadi, Senik, Johari and Suhaimi Nahar looks into the role of investor protection as a moderator on the relationship between ownership structure and earnings quality, after and before, the implementation of the International Financial Reporting Standards (IFRS).

The complexities and the volatilities of the global environment have also pressured companies to terminate their complacent approach, and to look for more innovative tools that can help them to stay sustainable. For this purpose, firms may supplement their standard financial accounting and reporting with some elements of social accounting. In the fifth paper, Al-Sartawi develops a new disclosure index based on the Shariah perspective in relation to the corporate social responsibility (CSR)
engagement of the Islamic financial institutions in the Gulf Cooperation Council countries. In the paper following this, Azhar conducts a longitudinal case study which analyses the institutionalisation of the high performance culture of one subsidiary of a Malaysian government-linked company. It had recently undertaken a business re-engineering exercise to improve its financial performance. Within the context of Jordan, Albloush, Al-Utaibi, Taha, Nassoura and Abuhussein show that even though *Wasta* has been institutionalised in the hiring and promotion process of companies in the Arab countries, it has a negative effect on employees’ performance. The negative impact, however, could be reduced with the provision of equal training opportunities. Today’s world recognises the close link between technology usage and firm performance, especially in the digital age. Thus, the eighth paper by Cheah and Tajudeen investigate the use and impact of artificial intelligence (AI)-based accounting software among organisations in Malaysia. As AI appears to be the catalyst of the industry revolution 4.0, firms have no choice but to adopt this technology in order to sustain themselves.

The small and medium scale businesses is the sector most affected by the uncertain economic environment. The subsequent lock down, due to the recent COVID-19, for example, has caused disruptions in the supply chain of SMEs due to the lack of or minimal business operations allowed. Although it is imperative for these SMEs to be supported by the government, perhaps, it is time that they learn to develop their innovative capabilities so as to stay competitive. In the next paper, Indriastuti, Kasuma, Zainurrosalamia, Darma, and Sawangchai assert on the importance of innovativeness as a means to reap the benefits derived from producing acculturative products. Innovativeness is found to help the Sarong *Samarinda* business operators to gain sales and revenues. Linked to that is the issue of unemployment which has become a major issue throughout the world during the economic downturn, where businesses had to lay-off employees. To battle unemployment, entrepreneurship may be the weapon that could help address the issue. This practice may help to overcome unemployment as well as create new employment opportunities for others. The importance of entrepreneurship has led Abdul Khalid, Jabar, Hasim, and Jamaris to investigate the factors affecting entrepreneurial intentions among technology and engineering students.

The papers presented in this issue show that businesses throughout the world are currently operating within a chaotic and uncertain
environment, which threatens their sustainability. With the volatile, un-
certain, complex and ambiguous environment, businesses are threatened
by the possibility of disruptions in productions and supply chains. They
are also vulnerable to the sharp contractions of the financial market,
thereby leading to an uncertain financial, regulatory and legal aftermath.
Consequently, businesses are required to be agile, flexible and resilient.
It is believed that the ideas and recommendations offered in this issue
could serve as important guidelines for firms to respond to the emerging
risks. As a note of conclusion, we also take this opportunity to thank the
Malaysian Accountancy Research and Education Foundation as well as
the Malaysian Ministry of Higher Education for the financial support
provided thus far. We also wish to express our appreciations to the
members of the editorial and advisory boards as well as the reviewers
for their time and effort put into AJBA.

Happy reading!

Che Ruhana Isa
Chief Editor

Suhana Mohezar
Deputy Chief Editor
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