

Transformational Leadership as an Avenue to Securing Accounting Information Systems

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Abstract

The intersection of leadership theory and security in the context of Accounting Information Systems (AIS) is not well understood. Though effective leadership's effect on generalized Information Systems has been studied extensively (Almeida, Yoshikuni, Dwevedi and Larieira, 2020; Guhr, Labek, Breitner, 2017), the domain of AIS remains elusive. The important distinction between AIS and generalized IS revolves around the sensitivity of the data itself. While IS can contain a broad array of data, from the least sensitive to mission critical, AIS is exclusively occupied by data of the highest importance. This extended abstract is the genesis of a proposal to study the relationship between transformational leadership (Burns, 1998) and security within AIS. A case study in a financial firm is proposed that would facilitate such an exploration.

Introduction

The Equifax data breach of 2017 was one of the more notorious attacks on a financial system in recent memory. Social security numbers, driver's license numbers, home addresses as well as other sensitive data were exposed. This misfeasance left 147 million customers severely vulnerable (Page, 2023). According to Equifax, a single individual was responsible for the data breach due to lack of communication and the proper patch of the application (Page, 2023). In late 2022 and early 2023, paltry settlement checks were distributed to the millions of people affected by this breach.

The CEO of Equifax, Richard Smith, was forced to resign two weeks after the incident (Page, 2023). Richard Smith and many other Equifax executives were aware of the gaping hole in the security of customers' sensitive information and failed to initiate the changes needed. Leaders are the gateway to secure accounting information systems. Strong Leadership is a means for improving effective implementation of Accounting Information Systems (AIS) (Sajady, Dastgir, & Nejad, 2008; Fitriati & Mulyani, 2015) and the quality of the AIS (Fitrios, Susanto, Soemantri and Suharman, 2018). Leadership also has an impact on the internal control systems of AIS procedures (Sajady, et. al, 2008).

AIS is an integral part of businesses (Toth, 2012) and firms rely on the effectiveness of AIS for their overall business success (Boochholdt, 1999; Otley, 1980; Carolina, 2015). However, there are other factors that impact the effectiveness of the implementation of AIS and their security other than the system itself (Sajady, et. al, 2008; Carolina, 2015; Toth, 2012; Fitrios, et. al, 2018). Organizational culture, organizational commitment, quality systems and leadership are four factors that resonate through the literature about effective AIS (Carolina, 2015; Fitrios, et al. 2018) Keeping AIS and data secure is an ongoing challenge for organizations (Wilkin and Chenhall, 2010).

Leaders facilitate the connection of AIS through the implementation of such systems. They impact the process of the implementation and effectiveness of accounting information systems, and provide guidance on the overall security of such systems. This is of particular importance within AIS as the data stored in these systems are always of the highly sensitive type. In the context of the domain of this proposed research, leadership is defined as "a process whereby an individual influences a group of individuals to achieve a common goal" (Northouse, 2018, p.43). Furthermore, leadership has the following parts: it is a system; it involves influence from the leader to the followers; it occurs in a group setting; and it encompasses the fulfillment of shared goals.

Not much literature exists on the impact of leadership on the implementation of security in AIS. This paper aims to fill that gap. The majority of research pertains to leadership and securing information

systems. Studies suggest that leaders can influence the security of information systems (Almeida, Yoshikuni, Dwevedi and Larieira, 2020; Guhr, Labek, Breitner, 2017) and transformational leaders (Guhr, et. al, 2019) are the means for secure information systems through policy requirements (Choi, 2016). The distinction in this research is that it focuses on the specific subset of information systems, AIS. Indeed, AIS contains exclusively sensitive data therefore the need for strong leadership is the most critical in AIS settings. Additionally, strong leadership as well as other factors contribute to the implementation and the security of AIS (Wilkin, et al, 2010). Security of accounting information systems remains a top issue for accountants in firms of all sizes (AICIS, 2015) and such systems are not accompanied by a control system (Dechow & Mouritsen, 2005).

This extended abstract is the genesis of a proposal to study the relationship between transformational leadership (Burns, 1998) and security within AIS. A case study in a financial firm is proposed that would facilitate such an exploration. A research instrument based on transformational leadership is under construction that would form the theoretical framework by which the study would be carried out. The four main constructs that make up the theory of transformational leadership (Burns, 1998) will form the basis for this instrument. These constructs are idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Burns, 1998). Idealized influence describes leaders who are exemplary role models for associates. Inspirational motivation describes leaders who motivate followers to commit to the vision of the organization. Leaders with inspirational motivation encourage team spirit to reach goals of the organization. Intellectual stimulation describes leaders who encourage innovation and creativity through challenging the normal beliefs or views of a group. Individual consideration describes leaders who act as coaches and advisors to the followers.

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