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An Examination of Factors Influencing the Concealment of Legal Obligations with an Emphasis on Improving the Integrated Financial System

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Abstract: *The information system is a system that performs the operations of collecting and storing financial data through accounting processes and, after processing this data, produces information used by organizational decision-makers (investors, creditors, managers, etc.). The concealment of legal obligations and legal support play a crucial role in shaping a robust financial security framework, which includes creating an improved legal environment and a system for controlling financial institutions to prevent financial crimes. Understanding the factors influencing financial security is essential for strengthening legal frameworks and integrating the country into the international financial and economic space. Therefore, the main objective of this study is to examine the factors influencing the concealment of legal obligations with an emphasis on improving the integrated financial system among managers of various levels in 10 companies using ready-made financial and accounting software. This analysis was performed using PLS software. The results of this research indicate that the factors influencing the concealment of legal obligations with an emphasis on improving the integrated financial system include (transparency and information dissemination, cultural and social factors, legal processes and policy-making, resources and infrastructure, supervision, and execution). The highest correlation coefficient is observed between the variables of cultural and social factors and resources and infrastructure. Moreover, the lowest correlation is observed between cultural and social factors and supervision and execution.*

Keywords: *Concealment of Legal Commitments, Integrated Financial System, Legal Commitments, Transparency.*

I. Introduction

The concealment of legal obligations is considered a serious threat to a country's financial security. Legal support plays a crucial role in forming a robust financial security framework, which includes creating an improved legal environment and a system for controlling financial institutions to prevent financial crimes. Understanding the factors influencing financial security is essential for strengthening legal frameworks and integrating the country into the international financial and economic space (Goicovici, 2019). International legal instruments in preventing the concealment of crimes, including financial obligations, are significant. The effectiveness of these tools depends on their implementation and international cooperation. Advances in technology and international communications have increased the need for improved tools to identify and prevent financial crimes, necessitating the harmonization of legal systems at different levels (Scovazzi, 2021). In the context of micro-entrepreneurship, legal and regulatory factors can significantly impact business performance. For instance, in Kenya, stringent legal frameworks have negatively affected women entrepreneurs, while supportive financial sectors have had a positive impact on their businesses. This indicates that legal and financial environments should be designed to promote business growth and adherence to legal obligations (Cavalheiro, 2024). Clarity and consistency in the legal regulations governing the rights and obligations of executive authorities in public finance are crucial. Ambiguity in the practical implementation of laws can lead to the concealment of legal obligations. Therefore, improving legal regulations in this area is essential to ensure transparency and accountability in public financial activities (Swantoro, 2023).

In this context, among the factors influencing the concealment of legal obligations, lack of transparency in financial laws, complexity of the financial system, and deficiencies in monitoring and enforcement of laws can be mentioned. These factors can lead to a decrease in public trust in the legal and financial system, resulting in concealed or ignored legal obligations. Additionally, a lack of communication and coordination among various responsible institutions for reviewing and enforcing financial laws is a significant barrier to improving the integrated financial system. Lack of coordination in this area can create gaps and deficiencies in preventing the concealment of legal obligations and harm public trust and financial justice. Based on this analysis, reforms necessary to improve the integrated financial system include increasing transparency and simplicity in financial laws, enhancing coordination among various responsible institutions, and strengthening effective monitoring and enforcement of financial laws. These measures can significantly improve the prevention of the concealment of legal obligations and strengthen public trust in the legal and financial system.

The main research question of this study is to examine the factors that lead to the concealment of legal obligations in the integrated financial system and provide solutions to improve transparency, coordination, and supervision in the implementation of financial laws to strengthen public trust and enhance financial justice. This research aims to identify and analyze factors that lead to the concealment of legal obligations in the policy-making and implementation of financial laws and, through practical suggestions, aims to improve the financial system to increase transparency, reduce corruption, and enhance public trust. In this regard, this research seeks to identify various factors that reduce the ability to fulfill legal obligations in the production or implementation of financial laws. These factors may include lack of transparency in decision-making processes, complexity of financial law structures, deficiencies in monitoring and enforcement, and lack of coordination among various responsible institutions. Then, through a detailed analysis of these factors and case studies of different financial systems, solutions for improvement are introduced. These solutions include increasing transparency and simplicity in financial laws, enhancing coordination among various responsible institutions, and strengthening effective monitoring and enforcement of financial laws. The concealment of legal obligations poses a serious threat to the financial security of a country, making this research critically important. Addressing the issue of maintaining transparency and accountability within financial systems is fundamental to ensuring the stability and integrity of these systems. By identifying and analyzing the factors that lead to the concealment of legal obligations, this study aims to reinforce the financial framework and ensure compliance with legal requirements. The stability of the financial system is directly linked to the transparency and fulfillment of legal obligations. When obligations are concealed, it can lead to financial crises and undermine the confidence of investors and stakeholders. Furthermore, enhancing the legal framework to prevent the concealment of obligations is essential for maintaining a robust legal environment, which supports the enforcement of laws and regulations, thereby reducing the incidence of financial crimes. Transparency in financial obligations is also crucial for enhancing public trust in financial institutions and the legal system. When individuals and businesses believe that financial practices are transparent and legally compliant, they are more likely to invest and engage with the financial system, fostering a healthier economic environment. In the context of globalization, aligning domestic financial systems with international standards is increasingly important. This research helps identify gaps in the current system and suggests improvements that can facilitate better integration into the global financial and economic landscape. Such alignment is crucial for attracting foreign investment and ensuring that domestic financial practices meet international expectations. Policymakers benefit significantly from the insights provided by this research. By understanding the factors contributing to the concealment of legal obligations, they can design more effective regulations and policies to mitigate these risks, promoting a more transparent and accountable financial environment. This, in turn, supports economic growth by ensuring that resources are allocated efficiently and legally, stimulating domestic economic activities and attracting foreign investment. Ultimately, this research is essential for creating a more transparent, accountable, and robust financial system that can support sustainable economic development and facilitate the country's integration into the international financial framework. The hypotheses of this research are as follows:

The main hypothesis: There is a significant relationship between the factors influencing the concealment of legal obligations with an emphasis on improving the integrated financial system.

First hypothesis: There is a significant relationship between the factors influencing the concealment of legal obligations with an emphasis on improving the integrated financial system.

Second hypothesis: There is a significant relationship between the interactions among the factors influencing the concealment of legal obligations with an emphasis on improving the integrated financial system.

The community under study in this research includes all governmental offices and economic enterprises in East Gilan province that utilize accounting software systems. Specifically, the study focuses on companies whose headquarters are located in Tehran and have been involved in the decision-making process for acquiring suitable accounting software. These companies are part of the community being studied. The current research period is a 6-month period ending at the end of March 2024 in the Gregorian calendar.

II. Literature review

The responsibilities of accounting information systems (AIS) are multifaceted and integral to the financial operations and decision-making processes within an organization. Primarily, an AIS is tasked with the collection, storage, and processing of financial and accounting data, ensuring that this information is accurate, reliable, and readily available for users who need it. This system facilitates the efficient handling of financial transactions, from recording daily transactions to managing complex financial reports, ensuring compliance with regulatory requirements and internal policies. Moreover, AIS provides critical information that aids in strategic planning and operational control, enabling managers to make informed decisions that drive the organization's growth and sustainability. By generating timely and relevant financial statements and reports, the system supports external reporting requirements, thereby enhancing transparency and accountability to stakeholders, including investors, creditors, and regulatory bodies. Furthermore, an AIS enhances the accuracy and efficiency of financial data processing through automation, reducing the likelihood of human errors and streamlining repetitive tasks. This automation allows for the seamless integration of various financial processes, from accounts payable and receivable to payroll and inventory management, thereby improving overall operational efficiency. Security is another paramount responsibility of AIS, as it involves safeguarding sensitive financial data from unauthorized access and cyber threats. This includes implementing robust access controls, encryption, and other cybersecurity measures to protect the integrity and confidentiality of financial information. Additionally, an AIS plays a crucial role in internal auditing and compliance by providing tools for tracking and monitoring financial transactions and ensuring adherence to internal controls and regulatory standards. By maintaining a comprehensive audit trail, the system helps in identifying discrepancies and potential fraud, thereby enhancing the organization’s ability to conduct thorough internal and external audits. Overall, the responsibilities of accounting information systems are critical to the effective management of financial information, supporting both operational efficiency and strategic decision-making, while ensuring security, compliance, and transparency in financial reporting (Yanti, 2022; Turner et al. 2022; Almasria, 2021; Huerta, & Jensen, 2017).

The effectiveness of accounting information systems (AIS) is influenced by a range of factors that contribute to their ability to support organizational goals, enhance decision-making processes, and ensure the accuracy and reliability of financial data. One key factor is the quality of data input into the system. Accurate, complete, and timely data entry is essential for generating reliable financial reports and analyses. Poor data quality can lead to incorrect financial statements, misinformed decisions, and potential compliance issues. Another significant factor is the user competence and training. Users of the AIS must have a thorough understanding of both accounting principles and the specific software being used. Proper training ensures that users can effectively navigate the system, utilize its features to their full potential, and maintain data integrity. System integration is also crucial. An effective AIS should seamlessly integrate with other business systems such as enterprise resource planning (ERP) systems, customer relationship management (CRM) systems, and supply chain management systems. This integration facilitates the smooth flow of information across different departments, reduces redundancy, and enhances overall operational efficiency. The flexibility and scalability of the AIS play a vital role in its effectiveness. The system should be able to adapt to the changing needs of the organization, whether that involves scaling up as the company grows or accommodating new regulatory requirements. Flexibility ensures that the system remains useful and relevant over time. Security and access controls are paramount in safeguarding sensitive financial data. Effective AIS must include robust security measures such as encryption, user authentication, and access controls to prevent unauthorized access and protect against data breaches. Ensuring data integrity and confidentiality is essential for maintaining trust and compliance with legal standards. Customization and functionality are important as well. The AIS should offer customizable features that align with the specific needs of the organization. This includes customizable reporting tools, user interfaces, and workflows that can be tailored to meet unique business processes and requirements. Vendor support and system updates are critical factors that affect the ongoing utility of an AIS. Reliable vendor support ensures that any issues can be promptly addressed, and regular system updates help to incorporate new features, fix bugs, and maintain compatibility with other technologies. Lastly, cost-effectiveness is a consideration. While implementing and maintaining an AIS can be expensive, the benefits should outweigh the costs. A cost-effective system is one that delivers significant improvements in efficiency, accuracy, and decision-making capabilities relative to its expense. Overall, the effectiveness of accounting information systems is determined by the quality and accuracy of data, user competence, system integration, flexibility, security, customization, vendor support, and cost-effectiveness. By optimizing these factors, organizations can ensure that their AIS provides maximum benefit and supports their financial and strategic objectives (Romney, 2012; Grabski, 2011; Belfo, 2013; Wilkin, 2010).

The concealment of legal obligations poses a serious threat to the integrity and stability of financial systems, as well as to the broader legal and economic frameworks within a country. This issue involves deliberately hiding or misrepresenting financial commitments and liabilities, which can have significant adverse effects on transparency, accountability, and trust in both public and private sector entities. One of the primary factors contributing to the concealment of legal obligations is lack of transparency in financial reporting. When financial information is not disclosed properly, it becomes easier for organizations to hide their true financial status, leading to a misrepresentation of their liabilities and obligations. This lack of transparency undermines the credibility of financial statements and erodes stakeholder confidence (Hannigan, 2013; Sterk, 2013; Saltzman, 2019; Van Rossum, 2000). Complexity of financial regulations and the legal environment also play a significant role. In some cases, the intricate nature of financial laws and accounting standards may create loopholes that organizations can exploit to conceal their obligations. Simplifying and clarifying these regulations can help reduce opportunities for such concealment and make compliance easier to achieve and enforce. Another critical factor is inadequate oversight and enforcement by regulatory bodies. When there is insufficient monitoring and weak enforcement of financial regulations, the likelihood of organizations concealing their obligations increases. Strengthening the capabilities of regulatory agencies to audit, investigate, and penalize non-compliance is essential for maintaining the integrity of financial reporting? Cultural and ethical factors within organizations can also influence the extent to which legal obligations are concealed. In environments where there is a lack of ethical standards and a culture that prioritizes financial gain over legal compliance, the concealment of obligations is more likely to occur (Spatt, 2012; Awrey, 2012; Aikman, 2021). Promoting a strong ethical culture and corporate governance standards is crucial for preventing such practices. Technological advancements and the use of sophisticated financial software can either mitigate or exacerbate the concealment of legal obligations. On the one hand, advanced technologies can enhance transparency and improve the accuracy of financial reporting. On the other hand, without proper controls, these technologies can be manipulated to hide financial obligations. Ensuring that technological systems are designed with robust internal controls and auditing capabilities is vital. The role of internal and external auditors is also important. Effective auditing can detect and deter the concealment of obligations. However, the effectiveness of audits depends on the independence and competence of the auditors. Strengthening the audit function within organizations and ensuring the independence of external auditors can help uncover concealed obligations and enforce compliance with financial regulations. In conclusion, the concealment of legal obligations is a multifaceted issue that requires a comprehensive approach to address. Enhancing transparency, simplifying financial regulations, improving oversight and enforcement, fostering a strong ethical culture, leveraging technology responsibly, and ensuring effective auditing are all critical measures in combating this issue. By addressing these factors, organizations can better uphold their legal and financial responsibilities, thereby contributing to the overall stability and trustworthiness of the financial system (Weaver, 2014; Kaptein, 2008; Walter & Narring, 2020; Stucke, 2018).

The distinction between tax evasion and tax avoidance is critical in understanding how individuals and companies manage their tax liabilities. Tax evasion involves illegal activities aimed at hiding income or reducing tax liability through deceptive means. This includes actions like underreporting income, inflating deductions or expenses, and not reporting cash transactions. Such practices are clear violations of tax laws and can result in severe penalties, including hefty fines, interest on unpaid taxes, and criminal prosecution that may lead to imprisonment. The consequences of tax evasion are not just financial but also reputational, as individuals or companies caught evading taxes may suffer significant damage to their credibility and trustworthiness. On the other hand, tax avoidance refers to the use of legal strategies to minimize tax liability. This involves structuring financial affairs in a way that takes full advantage of all available tax breaks, deductions, credits, and exemptions allowed by the tax laws. Examples of tax avoidance include investing in tax-deferred retirement accounts, claiming deductions for mortgage interest or charitable donations, and utilizing tax credits for education or energy-efficient home improvements. While tax avoidance is legal and widely practiced, it requires careful planning and a thorough understanding of tax laws to ensure that all actions remain within legal boundaries. The primary difference between tax evasion and tax avoidance lies in their legality and the methods used. Tax evasion is a deliberate act of deceit and fraud to reduce tax liability unlawfully, whereas tax avoidance is a legitimate means of lowering taxes through strategic planning and adherence to the law. This distinction is important for individuals and businesses to grasp to avoid crossing the line from legal tax minimization to illegal tax evasion. Engaging in tax evasion can lead to significant legal consequences, including audits, penalties, and criminal charges, which can disrupt financial stability and operational continuity. Conversely, effective tax avoidance can lead to substantial tax savings and improve overall financial health without risking legal repercussions. In conclusion, understanding the difference between tax evasion and tax avoidance is essential for ensuring compliance with tax laws and maintaining financial integrity. Tax evasion, with its illegal nature and severe consequences, poses a high risk to those who engage in it. In contrast, tax avoidance, when done correctly, is a prudent financial strategy that can legally reduce tax burdens and enhance financial planning. Therefore, individuals and businesses must strive to engage in lawful tax avoidance strategies while steering clear of tax evasion to uphold their legal and ethical responsibilities (Tarrant, 2008; Fuest, 2009; Sulastri et al. 2024; Mvunabandi, 2024).

Research examining the factors influencing legal liability concealment, particularly focusing on enhancing integrated financial systems, is notably scarce. This study aims to address this gap by articulating new insights closely related to these investigations. Iraonga et al. (2023) examined the impact of integrated financial management information systems (IFMIS) on financial management in local governments in Kenya. The findings indicated that IFMIS had a significant effect on the budgeting procedures of local governments, suggesting that these governments should digitize all tax collection platforms to enhance efficiency and transparency. Roschchishin et al. (2021) investigated the impact of legal and regulatory components on the financial security of the government. They examined the factors influencing the level of financial security and provided recommendations for improving the system to ensure better financial oversight and compliance. Nguyen (2021) focused on the impact of the legal environment on the full application of International Financial Reporting Standards (IFRS) for small and medium-sized enterprises (SMEs) in Vietnam. The study highlighted that the legal environment significantly influences the adoption of IFRS by SMEs and emphasized that tax considerations are crucial for managers and auditors in this context. Ahmed Aboud and colleagues (2020) conducted a study to explore the relationship between taxation, corporate governance, and corporate social responsibility (CSR) disclosure in Egyptian companies from 2007 to 2016. Their findings revealed a significant relationship between taxation and CSR, indicating that better corporate governance indices correlate with increased CSR activities, suggesting that these elements reinforce each other. Diefenbach et al. (2018) conducted research titled "Investigating the Effects of Cost Management Control Systems on Productivity and Organizational Performance," where they developed a model for cost management control systems (CMCS) based on the literature on cost management systems. Using structural equation modeling on data from a sample of 251 European companies, the study found that effective management of cost control systems enhances organizational performance, albeit with increased productivity costs. Shiho (2012), in his study titled "The Impact of Cost Control Systems on the Quality of Financial Reporting of Manufacturing Companies in Nigeria," concluded that liquidity has a negative and significant relationship with the quality of financial reporting. However, other characteristics such as company size, leverage, board composition, institutional shareholders, profitability, and company growth have a positive and significant impact on the quality of financial reporting in the Nigerian manufacturing companies studied. Chung and Roxat (2010) investigated the relationship between optimal cost control systems and behavioral and organizational variables, as well as their performance. They concluded that these factors significantly influence each other, indicating a strong interplay between cost control systems and organizational behavior and performance. Desai and Dharmapala (2009) demonstrated a positive relationship between firm value and taxes, but only in companies with strong corporate governance. Effective governance mechanisms, combined with appropriate managerial incentive schemes, can ensure that the positive effects of taxes are realized by controlling managerial deviations and income manipulation. Shank (2000) highlighted one of the distinguishing features of cost control systems: their ability to accurately identify costs and provide non-financial information to improve performance and increase efficiency. These systems can quantitatively incorporate these effects into the calculation of the cost of services and products through appropriate methods. Given that the primary elements and resources used in the services sector are human activities, the use of these systems, due to their capabilities and advantages, is highly beneficial. This assertion has been proven in a study focusing on the effectiveness of cost control systems in enhancing service and product cost efficiency. Years ago, Nakhei and colleagues (2023) examined the impact of accounting information systems on the financial performance improvement of companies listed on the Tehran Stock Exchange. The study population included companies listed on the Tehran Stock Exchange, with a sample of 60 companies selected for the study. The results indicated that qualitative characteristics of accounting information influence the financial performance of companies active in the Tehran Stock Exchange. Hekmat and Pakdell (2022) investigated the effects of implementing accounting information systems on the performance improvement of Ardabil Gas Company. The study population consisted of the board of directors, managers, employees involved in auditing, auditors, and inspectors stationed at Ardabil Gas Company, totaling 80 individuals. Using Morgan's table, a sample size of 66 was determined through random sampling. The results showed that the implementation of accounting information systems significantly affects the performance improvement of Ardabil Gas Company. Additionally, the components of understandability, relevance, reliability, and comparability significantly influence the performance improvement of Ardabil Gas Company. Ainali (2021) focused on developing and improving accounting systems to achieve the goals of modern accountants. The results indicate varying perceptions of audit quality among different stakeholder groups, influenced by their level of direct involvement in the audit process, enabling qualitative assessment of audit quality. Differences in stakeholder perspectives on the concept of audit quality suggest that assuming complete influence and mastery over audit quality by any single element is not valid. This understanding underscores the need for broader and deeper comprehension of existing complexities and identification of subtle differences in these perspectives and stakeholder demands, necessitating the development of comprehensive concepts through studying the notion of audit quality. Monitoring the financial performance of organizations and identifying key oversight and evaluation factors in this sector enhances governments' ability to implement and enforce financial and economic policies, ultimately promoting economic development and improving welfare. Abdollahi and Setari (2017) conducted a study titled "Investigating the Relationship between Organizational Intelligence and Organizational Learning with Efficiency in the Educational Administration of Tehran City". The study population consisted of employees in the educational administration offices of Tehran City, from whom a sample of 323 individuals was selected using simple random sampling based on Kerjes and Morgan tables. The tools used for data collection included the organizational intelligence questionnaire by Karl Albrecht (2003), organizational learning questionnaire by Zali (2006), and the human resource efficiency tool by Achiu (year not specified). The validity of the questionnaires was confirmed by professors at Rodehen University Unit, and their reliability was established through an initial pilot study involving 30 participants with reliability coefficients of 0.90, 0.76, and 0.84 respectively. The results were analyzed at both descriptive and inferential statistical levels (Kolmogorov-Smirnov test, Pearson correlation coefficient). The findings indicated a significant relationship between organizational intelligence and efficiency in the educational administration of Tehran City, as well as a significant relationship between organizational learning and efficiency in the same context. In their study titled "Investigating the Relationship between Tax Avoidance and Firm Value in Companies Listed on the Tehran Stock Exchange," Moslemi Amreh (2016) examined the correlation between tax avoidance and firm value in 180 active companies listed on the Tehran Stock Exchange during the period of 2011-2015. The research utilized regression models with combined data to test hypotheses. The results indicated a significant negative relationship between tax avoidance and firm value. Specifically, in transparent companies listed on the Tehran Stock Exchange, increasing levels of tax avoidance led to a decrease in stock prices and a reduction in firm value. Management may engage in various tax avoidance activities to reduce a company's tax burden. Mortezaei and colleagues (2016), in their study titled "Examining the Impact of Organizational Innovation and Cost Leadership Strategy on Organizational Performance through Competitive Advantage," investigated the influence of organizational innovation and cost leadership on organizational performance via competitive advantage. Data collection involved a questionnaire comprising 54 questions adapted from Latin articles, distributed among manufacturing companies using simple random sampling. Data analysis was performed using structural equation modeling with LISREL software. The questionnaire's reliability and validity were confirmed through Cronbach's alpha, composite reliability, expert opinions, and AVE. Among the study's findings were that organizational innovation does not directly impact performance positively but does so indirectly through competitive advantage. Cost leadership directly and indirectly through competitive advantage positively influences organizational performance, demonstrating significant and positive effects of organizational innovation and cost leadership on organizational performance through competitive advantage. Shamsaldini and Rajabpour (2015) conducted a study titled "Determining the Impact of Integrated Information Systems on the Utility of Financial Information (Understandability and Relevance of Financial Information) in Small and Medium Enterprises in Yasuj City." The study population consisted of operational managers, managers, and employees of sales and marketing units in small and medium enterprises in Yasuj City, totaling 140 individuals. The research findings indicated that integrated information systems have a significant impact on the utility of financial information in small and medium enterprises in Yasuj City. Specifically, these systems enhance the understandability and relevance of financial.

III. Materials and Methods

The research method of this study is descriptive correlational. It aims to examine the relationship between various factors and the concealment of legal commitments, focusing on improving integrated financial systems. In terms of its objective, this research is considered applied, as it seeks to provide solutions for enhancing financial system performance. Additionally, data for this study were collected through questionnaires, placing it within the realm of field research. The population of the current research consists of all governmental agencies and economic enterprises in East Gilan province that use accounting software systems. These organizations participated in the decision-making process for selecting suitable accounting software for their operations. The companies included in the study have their central offices located in Tehran. The sample size for this research includes 10 companies that utilize off-the-shelf financial and accounting software. These companies were selected randomly from the research population. The method and tools for data collection in this study involved both library research and fieldwork. Library research was conducted to review existing literature and gather theoretical insights related to the research topic. This involved accessing academic journals, books, and other relevant sources to build a comprehensive understanding of the factors influencing legal obligations compliance, with a specific focus on enhancing integrated financial systems.

Fieldwork, on the other hand, was employed to collect primary data using a structured questionnaire. The questionnaire used in this study was a 5-point Likert scale survey instrument. This tool was designed to gather empirical data directly from the sampled companies in East Gilan province that utilize standardized financial and accounting software systems. The questionnaire included questions aimed at assessing various aspects related to the compliance with legal obligations and the effectiveness of integrated financial systems within these organizations. Overall, the combination of library research and fieldwork through questionnaire administration provided a robust approach to collecting both theoretical insights and empirical data necessary for analyzing the factors influencing legal obligations compliance and the role of integrated financial systems in enhancing organizational performance.

In this study, three criteria were employed to assess the validity of the measurement tool: content validity, convergent validity, and factorial validity. Content validity was initially evaluated based on feedback from the research supervisor, confirming that the measurement constructs possess the desired content validity. Convergent validity, the second criterion, was assessed by examining how well the measurement constructs align with each other. The Average Variance Extracted (AVE) was used as a metric to indicate the average variance shared between each construct and its indicators. A higher AVE suggests that a significant portion of the variance in the indicators is accounted for by the construct they measure, indicating good convergent validity. Factorial validity, the third criterion, pertains to the construct's credibility as determined through factor analysis. Factor loading values above 0.4 indicate that the variance between constructs and their indicators exceeds the measurement error variance for those constructs. This threshold suggests acceptable reliability regarding the measurement model. Together, these validity assessments ensure that the measurement tool used in the study is robust and effectively measures the intended constructs, supporting the reliability and validity of the research findings. In this study, Cronbach's alpha coefficient and composite reliability were used to assess the reliability (internal consistency) of the questionnaire. All Cronbach's alpha coefficients obtained were above 70%, indicating high reliability across all sections of the questionnaire. Thus, the questionnaire used in the research demonstrates high reliability. For assessing the validity of the research instrument, the meaningfulness of factor loadings provided by SmartPLS software was utilized, as indicated in Table 1, where each item exhibited factor loadings greater than 0.5. Therefore, the questionnaire's validity is confirmed since all items demonstrated substantial factor loadings, establishing the questionnaire as a reliable tool for this study.

Table 1: Confirmatory Factor Analysis Results for Research Questions

Cultural and Social Factors	Resources and Infrastructure	Monitoring and Enforcement	Transparency and Disclosure	Legal Processes and Policy Making
Factor Loadings/Options	Factor Loadings/Options	Factor Loadings/Options	Factor Loadings/Options	Factor Loadings/Options
S1/0.879	S4/0.912	S6/0.851	S9/0.922	S11/0.907
S2/0.876	S5/0.914	S7/0.841	S10/0.917	S12/0.916
S3/0.832	-	S8/0.847	-	-

Table 2 provides reliability and validity measures for each variable in the study, essential for assessing the quality and consistency of data collected through the survey instrument. For Transparency and Disclosure, Cronbach's Alpha is 0.801, Composite Reliability is 0.910, and Average Variance Extracted (AVE) is 0.834. These values indicate good internal consistency, reliability, and validity. Cultural and Social Factors show Cronbach's Alpha of 0.796, Composite Reliability of 0.907, and AVE of 0.831, indicating strong reliability and validity. Legal Processes and Policy Making exhibit Cronbach's Alpha of 0.827, Composite Reliability of 0.897, and AVE of 0.744, indicating good reliability and moderate validity. Resources and Infrastructure demonstrate Cronbach's Alpha of 0.817, Composite Reliability of 0.916, and AVE of 0.845, suggesting high internal consistency and reliability. Monitoring and Enforcement show Cronbach's Alpha of 0.803, Composite Reliability of 0.883, and AVE of 0.717, indicating good internal consistency, though slightly lower validity. Legal Commitments Compliance exhibit Cronbach's Alpha of 0.868, Composite Reliability of 0.906, and AVE of 0.660, indicating very good reliability, though lower validity. Overall, the variables in the study demonstrate strong reliability and varying levels of validity, ensuring robust measurement of the constructs under investigation.

Table 2: Results of Cronbach's Alpha, Composite Reliability, and Convergent Validity

Variables	Cronbach's Alpha ($\alpha > 0.7$)	Composite Reliability ($CR > 0.7$)	Average Variance Extracted ($AVE > 0.5$)
Transparency and Disclosure	0.801	0.910	0.834
Cultural and Social Factors	0.796	0.907	0.831
Legal Processes and Policy Making	0.827	0.897	0.744
Resources and Infrastructure	0.817	0.916	0.845
Monitoring and Enforcement	0.803	0.883	0.717
Legal Commitments Compliance	0.868	0.906	0.660

This article utilizes Structural Equation Modeling (SEM) techniques, which are a statistical method for testing and estimating causal relationships using a combination of statistical data and qualitative causal assumptions. SEM allows researchers to examine complex relationships among variables by specifying both measurement models and structural models. In SEM, researchers hypothesize relationships between observed and latent variables. Observed variables are directly measured, while latent variables are constructs that are not directly observable but are inferred from the observed variables. SEM estimates the strength and direction of these relationships, as well as the extent to which the observed variables reflect the latent constructs. Two commonly used software packages for SEM are SPSS (Statistical Package for the Social Sciences) and PLS (Partial Least Squares). SPSS is a comprehensive statistical analysis software that can perform SEM among many other statistical analyses. PLS, specifically PLS-SEM (Partial Least Squares Structural Equation Modeling), is a specialized technique within SEM that is particularly useful for predicting latent variables in complex models with small sample sizes or non-normal data. In summary, SEM combines measurement models with structural models to analyze complex relationships among variables, and this article employs SPSS and PLS software to conduct these analyses.

IV. Results and Discussion

The results of the descriptive statistics of the study indicate that there were 13 women and 107 men, with men constituting the highest frequency at over 89%. The findings also show that the highest frequency pertains to individuals aged 40 to 50 years, comprising 53.3% of the sample size. The lowest frequency is related to individuals aged 50 and above, making up 16.7% of the sample size. Furthermore, the findings reveal that the highest frequency pertains to individuals with a master's degree or higher, including 86 individuals, which constitutes 71.7% of the sample size. Thirty-four respondents have a bachelor's degree, representing the lowest frequency at 28.3%. Additionally, the findings show that the highest frequency pertains to individuals with 11 to 15 years of service, constituting 36.7% of the sample size. The lowest frequency relates to individuals with over 20 years of service, making up 15% of the sample size.

To better understand the research population and familiarize oneself with the study variables, it is essential to describe the data before conducting statistical analysis. Therefore, before testing the research hypotheses, descriptive statistics of the variables under investigation were examined. The mean, as a measure of central tendency, indicates the central point of the population and implies that replacing all observations in the population with its mean would not alter the total sum of the population data.

Table 3: Mean and Standard Deviation of Research Variables

Factor	Number	Mean	Standard Deviation	Variance
Legal and Policy Processes	120	3.303	0.793	0.629
Transparency and Information Sharing	120	3.188	0.898	0.807
Monitoring and Enforcement	120	3.508	0.774	0.599
Resources and Infrastructure	120	3.050	0.986	0.972
Cultural and Social Factors	120	3.100	0.997	0.994

According to Table 3, the highest mean response from individuals is for the variable "Monitoring and Enforcement, which equals 3.508, and the lowest mean response is for the variable Resources and Infrastructure, which equals 3.050.

The Normality of Research Variables

Checking the normality of research variables is crucial before undertaking any statistical analysis, calculating appropriate test statistics, and drawing logical conclusions about research hypotheses. The selection of an appropriate statistical method for research hinges primarily on awareness of the data distribution. Therefore, in this study, the Kolmogorov-Smirnov test was used to assess the assumption of normality in the research data.

Table 4: Normality Test of the Variables Under Investigation

Variable	Significance Level	Result
Legal and Policy Processes	0.001	Abnormal
Transparency and Information	0.0001	Abnormal
Monitoring and Enforcement	0.002	Abnormal
Resources and Infrastructure	0.0001	Abnormal
Cultural and Social Factors	0.0001	Abnormal

Based on the values in Table 4, where the significance level for all variables is less than 0.05, it can be stated that the null hypothesis (H0) is not confirmed. Therefore, the distribution of these variables does not follow a normal distribution. The t-statistic, path coefficient, and standard error of variables are presented in Table 5:

Table 5: t-statistic, path coefficient, and standard error of variables

Independent Variable	Dependent Variable	t-statistic	Path Coefficient	Standard Error	Significance Level
Concealment of Legal Commitments -> Transparency and Disclosure	37.531	0.853	0.023	0.0001	

Independent Variable	Dependent Variable	t-statistic	Path Coefficient	Standard Error	Significance Level
Concealment of Legal Commitments -> Cultural and Social Factors	33.450	0.862	0.026	0.0001	
Concealment of Legal Commitments -> Legal Processes and Policy Making	19.139	0.802	0.042	0.0001	
Concealment of Legal Commitments -> Resources and Infrastructure	43.627	0.873	0		

The first research question is: "What are the influential factors affecting concealment of legal commitments with an emphasis on improving the integrated financial system?"

Considering that the software Smart PLS uses the t-statistic to assess the significance of coefficients, and the critical value for a 5% error is 1.96, significance testing compares the t-statistic of relationships against this assumed value. Therefore, if the t-statistic exceeds 1.96, the relationship shown is considered significant. Observing the figure above, it is noted that all model relationships are significant. Thus, the influential factors affecting concealment of legal commitments with an emphasis on improving the integrated financial system include transparency and disclosure, cultural and social factors, legal processes and policy making, resources and infrastructure, oversight, and enforcement.

The second research question is: What are the relationships between the influential factors affecting the concealment of legal commitments with an emphasis on improving the integrated financial system?

Table 6: Spearman's Correlation Matrix of Research Variables

Variables	1	2	3	4	5
1. Legal Processes and Policy Making	1				
2. Transparency and Disclosure	0.545	1			
3. Oversight and Enforcement	0.575	0.478	1		

Variables	1	2	3	4	5
4. Resources and Infrastructure	0.550	0.728	0.433	1	
5. Cultural and Social Factors	0.587	0.663	0.393	0.772	1

*P<0.05. **P<0.01

The results in Table 6 show that each of the variables has a significant relationship with each other at the 0.01 level. The highest correlation coefficient is observed between the variables of Cultural and Social Factors and Resources and Infrastructure. Additionally, the lowest correlation is observed between Cultural and Social Factors and Oversight and Enforcement.

V. Conclusion

The results of this research can be expressed in terms of answering the research hypotheses test. First Research Question: What are the factors influencing the concealment of legal commitments with an emphasis on improving the integrated financial system? Considering that the t-statistic value is used to examine the significance of the coefficients, and this value for a 5% error is 1.96, the significance of the relationships is assessed by comparing the t-statistic value with the aforementioned assumed value. If the t-statistic value is greater than 1.96, the indicated relationship is significant. Therefore, all the relationships in the model are significant. Hence, the factors influencing the concealment of legal commitments with an emphasis on improving the integrated financial system include transparency and disclosure, cultural and social factors, legal processes and policy making, resources and infrastructure, and monitoring and enforcement. Second Research Question: What are the relationships between the factors influencing the concealment of legal commitments with an emphasis on improving the integrated financial system? Considering that each variable has a significant relationship with the others at the 0.01 level, the highest correlation coefficient is observed between the variables of cultural and social factors and resources and infrastructure. Conversely, the lowest correlation is observed between cultural and social factors and monitoring and enforcement.

The practical recommendations of this research include the following: Embracing innovative ideas, particularly from managers, is crucial. Understanding the concept of quality and employing the necessary facilities to ensure customer access to the product are vital steps. Enhancing the capabilities and efficiency of products in line with current needs and innovative ideas is essential. Staying ahead of competitors by utilizing innovative and cost-effective ideas is recommended. Engaging managers in identifying and presenting the strengths and weaknesses of the company is necessary for continuous improvement. Increasing managers' trust and commitment by enhancing their satisfaction is fundamental. Aligning new ideas with managers' satisfaction ensures that their contributions are more effective. Furthermore, encouraging loyal managers to participate more in decision-making processes related to product innovation is important for sustained growth and improvement. By focusing on these recommendations, companies can create a more dynamic and competitive environment. Managers should be encouraged to bring forward their innovative ideas, which can lead to more efficient and effective products that meet current market demands. This proactive approach not only helps in maintaining a competitive edge but also fosters a culture of continuous improvement and innovation within the organization. Understanding quality from the customer's perspective and ensuring that the necessary resources and facilities are in place to meet these quality standards are critical. This approach ensures that customers have better access to high-quality products, thereby increasing customer satisfaction and loyalty. Moreover, aligning innovative ideas with cost-effective solutions can help companies outperform their competitors. This strategy not only improves market position but also ensures that resources are utilized efficiently, leading to better financial performance. Involving managers in the process of identifying the company's strengths and weaknesses creates a sense of ownership and responsibility. This participation can lead to more accurate and insightful assessments, driving more effective strategic decisions. Additionally, enhancing managers' satisfaction and aligning new ideas with their expectations ensures higher levels of trust and commitment. Satisfied managers are more likely to be engaged and motivated, contributing positively to the company's innovative efforts. Lastly, involving loyal managers more deeply in decision-making processes related to product innovation ensures that their experience and insights are fully utilized. This approach can lead to more effective and innovative product development, driving the company's growth and success in the market.

Suggestions for future research include focusing on the role of demographic factors in the model. By incorporating variables such as age, gender, education level, and socioeconomic status, future studies can provide a more comprehensive understanding of how these factors influence the outcomes of the model. This approach can help identify potential variations in behavior or responses among different demographic groups, leading to more tailored and effective strategies. Additionally, it is recommended that the research model be tested across different time periods to enhance its generalizability. Conducting studies at various times can reveal potential temporal effects and trends that may impact the model's validity and applicability. This longitudinal approach allows researchers to observe changes and patterns over time, providing a more robust and reliable basis for conclusions. By addressing these suggestions, future research can build on the current study's findings, offering deeper insights and broader applicability. Focusing on demographic factors and testing the model over different time frames can lead to more nuanced and well-rounded results, ultimately contributing to the advancement of knowledge in this field.

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