

The Effects of Information Technology on the Accounting System

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Abstract: *The purpose of this research is to investigate the influence of information technology on the accounting information system (AIS) in businesses and to assess the role of information technology in improving the quality and performance of accounting transactions in a transparent and safe manner. The researchers examine several resources and associated literature on the influence of information technology on the accounting profession in order to identify the key effects, improve the development of these technologies in order to strengthen the AIS, and eliminate mistakes in this system. The researchers conclude that information technology innovation aided in the development of corporate accounting systems, improved business performance, and aided in the emergence of cloud accounting; however, one of the most significant disadvantages of using information technologies in AISs is the lack of standardised technologies used in all systems. Companies are typically picky in selecting technologies that suit their business, which reduces the transparency of AIS results. As a result, they recommend that all companies invest a portion of their profits in developing software for accounting systems, developing human resources, and training accountants for important accounting software, and they must use accounting software efficiently and effectively to obtain the greatest level of benefits from this software in order to overcome the disadvantages of information technology implementation in an AIS.*

Keywords: Accounting system, Audit, Decision making, E-system, Information Technology, Security

I. INTRODUCTION

The account system is one of the most pivotal foundations for the success of any establishment, since the correct beach effective perpetration of the account system helps to ameliorate the establishment's profitable effectiveness, exclude redundant charges, and lessen the troubles that the organisation may encounter (Kamal, 2015.p. 13). As a result, the account system's growth coincided with the constant development of commercial operation, and the emergence and rapid-fire development of information technologies had a significant influence on the company's account system and its effectiveness (Cavallas and Ittner, 2003.p. 247) Due to shy perpetration or detainments by accountants, the account system continues to defy several challenges (Rahman teal., 2017.p. 9). As a result, it was needed to increase the collaboration between information technology and the account system in order to achieve success. The optimal moment in the company's account system deployment.

1.1 PROBLEM OF RESEARCH

The concern is that this research concentrates on the influence of information technology on the accounting system. The following is a summary of the research:

1. Does information technology aid in the efficiency and effectiveness of accounting transactions?
2. Is information technology secure enough to reliably journalize accounting transactions?

1.2 OBJECTIVES OF THE STUDY

The following are the primary aims of this study:

1. Provide a thorough hypothetical overview of the issue under consideration, with an emphasis on topics in corporations such as general and accounting disclosures.
2. Investigate the influence of information technology on accounting information systems (AIS) in businesses.

3. Achieve suitable research results comprising of the topic addressed and the conclusions of this investigation in an appropriate \sway

1.3 SIGNIFICANCE OF RESEARCH

The significance of this exploration arises from the explanation of the influence of information technologies on the account system and the function of information technologies in perfecting the effectiveness and effectiveness of accountants' capacities. likewise, this exploration might give scholars with a new standpoint on the significance of information technology. thesis of Investigation Grounded on the exploration content and aims, the following are the primary suppositions of this study

- thesis 1 An assessment of information technology designed to reduce the time and cost of sale journalizing.
- thesis 2 Information technology can ameliorate account book security. The Purpose of the Study The exploration is subject to the following constraints
- Time gauges the times 1990 to 2013.
- Scientific perspective the influence of information technology on counting systems.

II. LITERATURE REVIEW

A. Information Technology

The operation of data storehouse, processing, distribution, and exploitation by computers and telecommunications networks is appertained to as information technology (Hamlen teal., 2010.p. 40). This may also be described as anything that provides data or perceived information in any visual format via any multimedia allocation process (Ghasemi, 2011.p. 114). It's intended for directors to prop executive labour force in their everyday tasks and decision-making in the environment of the assiduity. Computers for counting systems were created around 1880. (Smith and Weingart, 1999.p. 841).

B. The AIS Ideas

An information system is a network of connected branches that collect, process, store, transfigure, and distribute data. collaborative planning, decision- timber, and information running (Dandaloo and Rufai, 2013.p. 656), (Al- Dalai, 2015.p. 442). As a result, computers may ameliorate the performance of data collection, reclamation, storehouse, transmission, and delivery in information systems (Moscone teal., 1999.p. 285). The AIS is an intertwined resource in the realm of information and technology. As a result of its function in creating secure fiscal information for decision-making reasons, it's vital to businesses (Salehi teal., 2010.p. 25).

III. TYPES OF INFORMATION ACCOUNTING SYSTEMS

In general, businesses use three types of IT systems: unautomated systems, IT systems, and computer systems. systems (Ballade and Ballade, 2008. p. 91). (Ballade and Ballade, 2008. p. 91).

• Manually operated system

This is the beginning of the accounting system. Computers have replaced certain paper records with electronic processing structures of computer records where this system employs papers and books printed on paper (Li, 2013. p. 96). An unautomated system is labour-intensive and relies on human effort. Because of human processing, the manual method is prone to mistakes.

• Transaction system based on computers

In their AISs, businesses employ many sorts of information technology. Because of advancements in information technology, a computer-based payment system was created (Li, 2013: 97). Accounting data are kept separate from other processing data in this system. At this time, the effort is increasingly separated in order to retain the AIS's integrity.

The main difference between information processing and manual system processing is that the accountant will enter the text as the foundation of the transaction on the computer screen, which may then be processed automatically. There are several advantages of a machine transaction system, thus transactions may be delivered to specified accounts easily\and avoided by logging; Complete transaction records may be written and examined at any time; Internal

reviews and change checks may be used to avoid and monitor errors, and the creation of a wide range of reports can be employed. Accounting services are available on the market. Corporate accounting application components make up these modules. A plugin or stand-alone module may be included in a basic accounting kit. Most of the time, though, it comprises of more than one module.

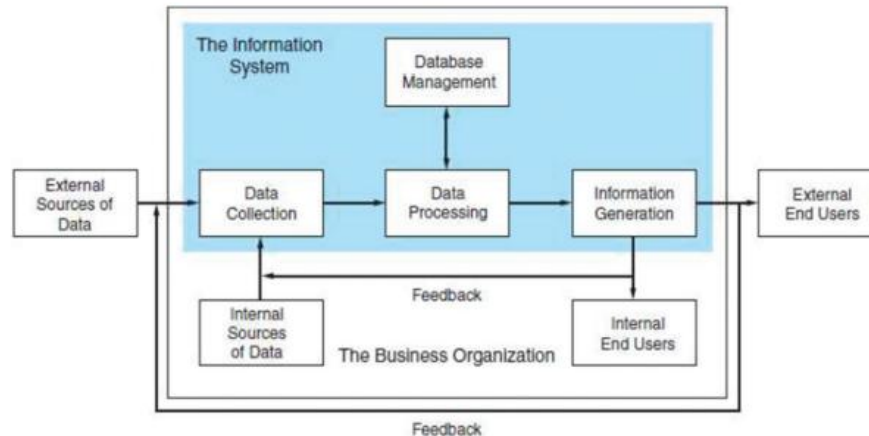


Fig. 1. Model of general accounting information system

• **Database management systems**

This reduces inefficiencies and information overload. Accounting process business management differs from quantitative database systems like enterprise resource planning (ERP) solutions. This tool collects both financial and non-financial data and maintains it in a database (Al-Dalai, 2015. p. 444). The advantages of this strategy include market comprehension rather than only accounting; assistance in reducing organisational inefficiencies; and elimination of data duplication.

- Second, protecting a company's assets assures data dependability, waste reduction, and reduced chance of robbery or fraud. The control principle is very well recognised.
- The third purpose is to align the organization's operational and human characteristics. This is another name for the idea of consistency.
- Finally, to adapt to increases in transaction volume and organisational changes, the versatility hypothesis is named.

IV. THE ACCOUNTING PROCEDURE

Figure 2 depicts the typical accounting process speed. The four main steps are the evaluation of Sales, outcomes documentation, and document processing are all examples of tasks. This is a balanced approach that guarantees the processes can be employed both manually and technically.



Fig. 2. Process of accounting

The first step is to examine transactions, comprehend their financial features, and distinguish between recordable and unrecordable transactions (Hall, 2018. p. 93). This step evaluates the purchase based on how it affects the account balance. Source papers such as bills, instructions, and controls are important at this phase. The second phase is the transaction effect. By recording, transactions are documented. These diary notes are how an accountant captures the impact of simple and complex transactions (al-Dalai, 2015. p. 443). All Journals keep track of commercial transactions in a chronological order. The transaction dates, sums involved, and individual accounts impacted by the transactions are all displayed. The transaction is sometimes detailed in depth. The following are some of the records that have been discovered. The third stage is totalling the impacts of the transaction, placing the journal entries into the ledger, and planning a trial balance (Emeka-Nwokeji, 2012. p. 87).

All relevant goods must be included and classified when analysing purchases and keeping them in a journal. This is accomplished by transferring all journal entries to the appropriate accounts in the bookkeeping system. Both accounts are maintained. directory is a book. The invoice book is a type of notebook. The next step is to determine the total amount of each account. Typically, a check balance is scheduled after the account balances have been determined. A test balance lists each account with a debit or credit balance (Galani et al., 2010. p. 419).

The final process is to evaluate the accounts, which involves record correction, review, and closure of the financial statements (Grabski et al., 2011. p. 54). Many change entries will be documented and displayed that are acceptable for the timeframe. Following that, the check equilibrium is repopulated. The check balance data is then used to create financial statements (Haug et al., 2011. p. 172). The report includes a financial statement, an income statement, a cash flow report, and remarks. The final process is to close the books.

Today, most organisations employ computers and electronic technologies in their accounting systems; computers enabled the corporation to quantify millions of transactions each second (Jameel, 2018. p. 198). The time it takes to accomplish the task manually is significantly less than the time it takes to use automated systems.

Furthermore, all four procedures are the same. The main difference is that in manual procedures, the accountant estimates and checks the records manually, whereas solely the computer examines the records. The data are processed and entered into a computerised system, which automatically measures the balances. The reality is that robots cannot reason, and this is the accountant's obligation (Li, 2013. p. 100). The accountant's work is merely the first two actions in the computerised accounting process. The accountant just needs to examine the transactions and report on their outcomes. The machine must do critical computations.

A. Competitive Advantages

Businesses may keep their competitors' competitive advantages by utilising IT resources (Abadi et al., 2013. p. 2410). IT can be used to create and distinguish new and improved items from those already on the market. The installation of IT systems within the firm will result in cost savings. This can increase worker productivity while lowering overhead costs. Businesses should incorporate IT into their products, too, making shifting systems, or items impossible \for consumers.

Efficiency in the economy

Accounting costs were greatly reduced thanks to IT services (Thabit et al., 2016: 40). Within a single site, Using IT resources, numerous tasks may be combined. Economic productivity can be achieved by moving high-cost operations to an online platform. Organizations can also provide a less expensive online e-mail service instead of a live customer care call. Recycling, remote working alternatives, and economic connectedness might all result in cost reductions (Jameel and Ahmed, 2018: 44).

B. Better Instruments

Another way to track technological advancement in firms is through their information processing systems. The availability of offices with computers, printers, routers, faxes, or other inventive technology provides a competitive \advantage over those who do not. Nonetheless, in today's market, fundamental technologies such as PCs may be purchased at reasonable prices (Li, 2013: 101).

C. Accounting Process Software Applications

From a business standpoint, software is an inconsequential commodity. This is a collection of programmes or processes linked to systems. Accounting software, auditing software, word processing software, multimedia software, and electronic data interchange are examples of common business software.

Word processing software

The following is an example of a software application. This also enables editing, saving, and printing of textual data. Accountants and other organisations utilise word processing applications to transmit information. They use word processing software to design papers, billings, and memoranda.

Computer graphics software

This application generates images, graphs, and charts from the data given to help users better grasp the problem (Hamlen et al., 2010: 44). It is also used to report financial information. Electronic data interchange (EDI) is the exchange of business information in a standard format between computer-processed businesses. Because two or more entities are participating, it is an interagency effort. There is no human agent to accept or authorise transactions in the EDI system.

Agility

Flexible technology is crucial in accounting departments. Accounting systems must be able to react to changes in company processes. Accounting related information technology gives options for transformation adaption. Certain systems can increase the entity's transaction volume.

Reduced consumption of paper

Accounting methods in paper envelopes and accounts decrease the need for books. It lowers expenses while alleviating the entity's environmental worries regarding the usage of trees and paper.

V. CONCLUSION

The researchers might draw the following conclusions based on the linked literature and past studies: • The use of information technology to simplify accounting procedures and decrease accountant work began more than 140 years ago.

- Information technology is one of the most significant foundations on which the company relies for managing its operations and arranging its accounts. Innovation in information technology has aided in the creation of corporate accounting systems, increased business performance, and aided in the birth of cloud accounting.
- The application of information technology has resulted in better accounting procedure simplicity while increasing efficiency and effectiveness.

Opportunities for businesses to extend their commercial transactions and boost public trust in them.

- The use of information technology processes in the AIS helped to the reduction of unintentional mistakes, and hence to the advancement of the auditing profession.
- The successful use of information technology led to the effective flow of information, which facilitated management choices and increased the company's capacity to accomplish strategic and commercial goals.
- The use of information technologies in AISs will not make them defect-free, but will make them capable of development and constant update.
- One of the most significant disadvantages of using information technologies in AISs is the absence of standardised technologies utilised in all systems, since corporations are typically selective in selecting technologies that fit their activities, reducing the transparency of AIS outputs.

According to the study's findings, the researchers advocate the following: • The use of information technology in accounting should be encouraged. International standards set by relevant professional organisations are used to determine this.

- Businesses should invest a portion of their revenues in creating accounting software, developing human resources, and training accountants for critical accounting software. Accounting software must be used properly and effectively by all businesses in order to maximise the benefits of this software and avoid the difficulties of implementing information technology in an AIS.

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