# An Investigation on the Effects of Digitalization on the Management and Accounting Practices

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**Abstract:** *The advent of computer technology and the Internet has significantly facilitated business operations and established new benchmarks for the expansion of the accounting industry. The transmission of financial data is facilitated through the integration of digital information technology with conventional financial accounting processes. Simultaneously, the utilization of network technology enhances the efficiency of the financial accounting process for businesses, substantially augments accounting task efficiency, and affords accountants additional time and energy to evaluate financial information for firms. Nevertheless, the adoption of Internet technology in financial accounting has given rise to additional challenges. The article focuses on the topic of monetary bookkeeping. Firstly, it provides a concise history of financial accounting and the Internet. Secondly, it analyses the pros and cons of integrating financial accounting and network technology, as well as the modifications in accounting work methods and its features in a networked environment. Lastly, it proposes strategies to address the challenges of monetary bookkeeping during the current "Internet" era. Finally, the recommended actions aim to enhance the professional skills of financial personnel in order to address the challenges of financial bookkeeping in the era of "Internet".*

**Keywords:** Internet, Financial accounting, Management, Role mechanism

## I. INTRODUCTION

The advent of the Internet has brought significant benefits to financial management in enterprises, expanding its reach and allowing for thorough oversight of the entire financial management process. In the age of the Internet, corporate financial management creates more data and demands quick data transmission. Business must recognize the importance of financial and accounting management in order to innovate their operational framework and effectively address the demands of contemporary progress.

Furthermore, it is imperative for enterprises to enhance the distribution of financial information and broaden the administration of financial accounting information to optimize the operational setting and enhance the efficiency of firm financial management. Enterprises must prioritize the digitalization and automation of financial accounting management to effectively align with the current development trends and actively drive company growth. This is a crucial foundation for financial management in the Internet era and an unavoidable trend in the market economy. It not only enhances the market competitiveness of enterprises but also enables the implementation of scientific management by financial and accounting departments. This lays a strong groundwork for the efficient development of financial accounting.

## II. REVIEW OF LITERATURE

Financial accounting is a subset of business accounting that, together with management accounting, forms the two main subsets of business accounting. Financial accounting is commonly known as "traditional accounting" because it follows the traditional practice of maintaining manual accounting records. It is also referred to as "external reporting accounting" because its main focus is on meeting the information needs of external stakeholders for decision-making and financial reporting purposes. Financial accounting is the process of systematically and comprehensively tracking and monitoring the financial transactions of a business. The main objective of financial accounting is to furnish economic data regarding the financial status and profitability of the firm to external investors, creditors, and pertinent government bodies that hold an economic stake in the enterprise (refer to Figure 2). Financial accounting is essential for effective enterprise management as it provides valuable information to decision-makers through various accounting procedures. It actively contributes to the decision-making process and enhances the overall management of the enterprise. Therefore, financial accounting is crucial and indispensable for the growth and success of businesses.

The Internet originated as a vast worldwide network composed of various comparable protocols during the 1960s and 1970s. The Internet's expansion gained momentum in tandem with the economy, and during the 1980s and 1990s, it reached a state of maturity, becoming increasingly advanced and gradually extending its reach across the globe. During the early development of the Internet, significant changes occurred almost every decade. The inception of the Internet commenced.

## III. DISCUSSION AND FINDINGS

An accounting information system (AIS) refers to a comprehensive system that integrates all accounting data. AIS, or Accounting Information Systems, is a significant use of computer technology in the field of accounting. It represents a crucial shift from manual bookkeeping to automated accounting practices, marking a substantial reform in the industry. Computers are important to the functioning of an accounting information system. The primary function of the accounting information system is to gather relevant data from the front-end business process that align with the accounting criteria. Subsequently, it carries out accounting processing on these data, finalizes the accounting process, generates accounting information, and ultimately, managers utilize this accounting information to inform their business decisions. Analysis and arrangement of the role mechanism of the AIS Financial integration within the industry AIS is a comprehensive accounting information system that facilitates the seamless integration of financial operations within a corporation. This platform and tool effectively facilitate the integration of firm finances by using various advanced computer technologies, hence streamlining financial operations within businesses. This platform enables firms to acquire not only financial analysis data but also direct management-related information from their business data. Managers can utilize this business-side information for more comprehensive analysis. The primary goal of the flexible financial integration The purpose of AIS is to enhance the flexibility of financial integration, improve the system's ability to adapt and scale to external requirements, reduce the time and cost of redevelopment, and achieve this through the incorporation of flexible input and data structure, flexible data flow, flexible business process, and flexible data output. This objective is founded on the issues of inflexible accounting, inflexible management, and inflexible business procedures in the application procedure.

Data Structure Design and Input Flexibility In conventional industry and finance, the development of information structure configuration in AIS typically involves specifying database tables and fields. This means that the default design of the later data set table remains unchanged.

The flow of data items in a typical Adaptable Information Stream (AIS) is rigid and unchangeable. While the conventional inflexible AIS enables the transfer of data items among papers, vouchers, and reports, this transfer is predetermined and does not offer users the ability to customize it. For example, certain data problems are included exclusively in upstream documents and not in downstream documents. Nevertheless, managers are required to include these data elements in downstream documents for the purpose of management, and administrators must also include these data elements in downstream documents for management purposes. Configuring the system's workflow for these extended data items becomes challenging when the additional data items are absent in the upstream and downstream documents. Develop a framework for adaptable business processes In the traditional inflexible business finance framework, business clients are unable to modify business processes according to their specific requirements. Additionally, the integration of business and financial cycles can establish financial indicators based on business needs, but cannot optimize business processes based on the financial indicators of enterprises. Furthermore, the configuration of business cycles can only achieve a one-way business cycle of A-B-C, limiting the flexibility of business processes. The conventional inflexible business process framework is inadequate to handle the intricacy of the diverse business requirements of modern firms. Customization of business processes is a major aspect of business process design in flexible AIS.

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Business process customisation is the act of offering a pre-established business process model to aid users in tailoring the operation to meet their specific needs. This enables users to achieve the dynamic integration of processes or dynamic definitions without the need to alter the source code, hence enhancing the adaptability of the financial system's business processes. The versatility of customizing business processes is evident in the following components and the entire operational process. The adaptable AIS offers users the ability to customize business processes and establishes a strong link between business process management and the AIS for financial integration.

Flexible Data Output Design The flexible data output design in the AIS for financial integration in the flexible industry prioritizes the user's capacity to customize the content and format of the information output. As previously stated, the manager has the freedom to select the desired content and format for the final financial accounting reports and management accounting reports. Additionally, users have the ability to customize the report format and content to cater to the specific requirements of managers, in case the predefined items in the system template do not align with their actual needs. For instance, the structure of the four frequently employed financial statement formats is largely standardized. The adaptable AIS supports a customizable report function that allows users to design the format, content, sources, calculations, and processing techniques of reports. This is done by utilizing the provided templates and integrating them with the actual situation of the unit and department. The system's definition will automatically generate the user's requested reports. The user has the ability to modify the initial report design or construct a new report in response to changing requirements, without making any changes to the accounting information system itself. The core of the design of data output flexibility is in the execution of the custom report function and the specific design method for integrating a company's financial data on the internet.

Significance of Execution Embracing the "Internet" and reconfiguring the accounting process to dismantle the "information silo" are undeniably essential for achieving the integration of organizations' finances and operations. Integrating business and finance can assist improve the interaction between the two and address the issue of information isolation among different departments as the group's operation grows and expands. The finance department plays a crucial role in providing prompt and accurate information on business operations and offering effective assistance in the group's internal decision-making and control processes. This is done with the aim of achieving a symbiotic relationship between finance and the overall business objectives, where finance drives the business and also supports its operations. The successful implementation of the "two-wheel drive" approach in finance and business is crucial for the seamless integration of these two domains. The reformation of the accounting process is essential for integrating finance and business in the group's business process reorganization. The subsequent depiction outlines the trajectory of a company's implementation process, wherein a financial sharing platform is employed to establish a connection between business and finance, so empowering managers. A corporation use the financial sharing platform to achieve the convergence of business and finance, hence enhancing management capabilities. A company's financial sharing center is a unified accounting platform that is based on front-end business pull-through. A vast quantity of data resources are gathered and inputted into the data platform instantaneously to save the information. The data stored is extracted, summarized, allocated, offset, consolidated, and turned into caliber. Additional front-end processes encompass payment processing, invoicing management, reconciliation procedures, and various other tasks. By restructuring the financial process, a company's internal financial sharing center platform streamlined the entire process and consolidated crucial information, establishing a strong data infrastructure for the group's subsequent monthly reconciliation and data management analysis. This enhancement significantly improved the efficiency and timeliness of data provision.

The stored data is extracted, aggregated, apportioned, offset, consolidated, transformed, and then aggregated and shown through the management dimension. Additionally, it addresses the challenges of expensive labor and limited value creation for businesses operating under a decentralized financial management model. In addition, the sharing center has the capability to generate two sets of financial and management reports that are derived from the business structure. The operating budget execution report may be generated instantly after industry and finance are merged, enabling the group to closely monitor the precise implementation of the budget in real time. This would greatly assist group managers and decision-makers.


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## IV. CONCLUSION

Effective financial accounting management is crucial for businesses and serves as the cornerstone of enterprise development, especially in the digital age. To keep up with the evolving demands of the times, businesses must enhance the innovation of their financial accounting management approach. Nevertheless, the management concept has not been timely revised, resulting in challenges in aligning certain organizations' financial accounting management practices with the demands of the digital age. Enterprises should prioritize and intensify their efforts to enhance and expand the field of financial accounting management. This can be achieved by strengthening the development of information technology and addressing specific challenges. By doing so, enterprises can achieve new advancements and improve the overall level of financial accounting management.

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