



E-Accounting: Technological Legerdemain for the Future Management

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Abstract: *Decisions regarding the building of technical IT architecture should be closely linked to decisions made in designing the IT organization that should be linked to the organizational design of the company itself. . E-Accounting is new development in field of accounting. In an electronic accounting system, source documents and accounting records exist in digital form instead of on paper. E-Accounting might just be the beginning of a new era where world would be extending its arms to India with perspective that “India is the place which can deliver the best”. Traditionally, research in Information Systems has focused on the study of information processing, on computer systems security and on the development of new systems; leaving for study the relationship between IT and accounting. E-accounting helps businesses keep their financial data and accounting software in a safe, secure environment, allowing real time access to authorized users, irrespective of their location or compounding platform. This paper discusses the prospects and problems of E- Accounting with accomplished reviews of several experiences of academics.*

Keywords: *E- Accounting, Enterprise resource planning, Technological association, Challenges*

I. INTRODUCTION

As the business world is changing at a faster and faster pace against globalization, huge IT investments and the rapid pace of technological change in combination with escalating costs of research and development, the role of information technology (IT) has shifted over the last decades to become an important part of how companies manage and control their resources. Organizations are responding in different ways and at different rates to the wide range of IT based opportunities and pressures. Decisions regarding the building of technical IT architecture should be closely linked to decisions made in designing the IT organization that should be linked to the organizational design of the company itself. As a result, “Information technology plays a critical role in modern business, especially regarding the accounting function”. IT have radically transformed the nature of business and accounting practice. “The initial interest in the

relationships between accounting and information technology was gradually taken for granted; accounting was simply not possible without information technology, and the assumption appears to be that information technology is the platform for accounting data and it allow certain sophisticated queries to be performed”. Thus, IT and accounting systems would be a major component of accounting research. “While it is widely acknowledged that IT plays an important role (and increasingly so) in the field of accounting, the relationship between IT and accounting has been studied relatively little”.

There has been a constant growth in the use of information and communication technology in business to support the exchange of data and information within and between organizations. New technologies, like the Internet and mobile solutions, have provided new business opportunities and operations. Accounting to IFAC

(2002:1) e-business is believed to have a significant impact also on accounting systems, through changing business processes. The introduction of the Internet has revolutionized the process of business automation. Revolution is all about transformation for the good. E-Accounting is new development in field of accounting. In an electronic accounting system, source documents and accounting records exist in digital form instead of on paper. E-Accounting might just be the beginning of a new era where world would be extending its arms to India with perspective that "India is the place which can deliver the best". So e-Accounting has visited India with a rainbow of opportunities.

II. Research Methodology

Fundamental philosophical assumptions about the nature of reality, knowledge and human behaviour underlie any research and influence the researcher's notion of acceptable research methods. In recent years, management accounting research conducted within the positivist and functionalist paradigms has shown increasing recognition of the need to complement established quantitative methods with a greater or lesser element of qualitative, case study-based research. The research methodology is based on the secondary data which include compilation of research article of the experts in the field and reflections of the various books, publications and information available through the internet. The approach of the research is exploratory in nature.

III. LITERATURE REVIEW

E-accounting is a term originally coined by Joanie Mann at InsynQ one of the founders of the ASP industry, and was introduced in 1998 along with InsynQ's hosted QuickBooks offerings under the banner of InsynQ Accounting Solutions, and later CPAASP.

If one tries to define e-accounting, it can be defined as the application of online and internet technologies to the business accounting function. Similar to e-mail, being an electronic version of traditional mail, e-accounting is "electronic enablement" of accounting and accounting processes which are more traditionally manual and paper-based. E-accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based/internet based accounting tools such as: digital tool kits, various internet resources, international web-based materials, institute and company database which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making. This discussion implies the e-accounting can also be viewed as online accounting.

E- Accounting concept is adopted at international level. There are large number of companies who started e-accounting. The International Accounting Standards Board is also in favour of e-accounting. It is developing new standards which can be utilized for e-Accounting at international level. The International Federation of Accountants is searching all the tools of e-accounting for quality accounting education and its development. There are long list of international accounting organizations, which is supporting e-accounting. Such list includes- The UK's Financial Reporting Review Panel, The UK and Irish Auditing Practices Board, American Accounting Association (AAA), Association of Chartered Certified Accountants, Accounting Education foundation of Nova Scotia. It is to say that all major institution and organization are in the favour of e-accounting.

All major accounting relating to General ledger Book keeping and maintenance, MIS Cash

Management, Account Payable and Receivables, Billing Payroll, Budgeting Management of Records Asset, Management Detailed financial analysis, Collection management, Credit management, Generation of financial reports, Financial statements are totally online. Company's all accounting project can be easily outsources by e-accounting system.

E-accounting can be recognized by certain characteristics which lead to efficient accounting process. They are Multi-user access, Multi-site access, a single/multiple, shared database(s), Zero system administration for end-users, Very economical to provide service to large number of clients and Enhancements and fixes continuously developed and installed by service provider.

The impact of modern information technologies in companies is broad and manifested in the most varied ways. Integrated systems, such as ERP systems, Internet, Intranet, and so on, walk hand in hand with the most recent developments in company know-how. Some of these technologies, with their widespread use, especially the Internet, have altered the way companies work and their accounting organization. "Prior to the emergence of this environment, the presence of IT in the organization has typically taken the form of specific computer application systems, such as accounts payable and financial reporting systems, which either automate specific operational procedures or support certain managerial processes". It is usually argued that the first use of an information system was in relation to Information Technology roles in Accounting.

Constantly growing and changing field of information technology has a significant impact on the roles of executives at all levels of business organizations. Nowadays research within

management accounting and information systems is coming alive with the advent of integrated information systems such as enterprise resource planning (ERP) systems. In this

Context, "information management has emerged as the most common brief name for the management of the use of information technology in an organization".

The new information and communication technologies represent a vector of development and an important component of the formal information system is represented by computerized information. The possibilities for sharing and exchanging information among those involved may lead to informal cognitive networks, like electronic discussion boards, and can reinforce relationships with economic partners (idea and knowledge exchanges, for example). However, electronic information seems to continue to suffer from its abstract and artificial character and from the greater trust, often attributed to less impersonal communications. And, it is unrealistic to think that an information system, whatever it may be, can always supply the decision maker with relevant and timely information. The decision maker would have to know in advance which information would be needed, when this type of prediction is, by definition, impossible within complex problem solving.

Nevertheless, IT represents a precious assistance in the search for and treatment of information needed in the decision making process. Currently, the manner in which accountants can potentially add value to economic entities and society is undergoing a metamorphosis. Many traditional accounting tasks dealing with recording and processing of accounting transactions can be reliably automated. Thus, accountants add little

incremental value to organizations in this regard anymore. Rather, an accountant's worth is now reflected in higher-order critical-thinking skills, such as designing business processes, developing e-business models, providing independent assurance, and integrating strategic knowledge. Accordingly to the rapid evolution of IT represents both an opportunity and a potential risk for the accountant. By avoiding the potential risk the accountants can use the new IT to enhance his role within the organization. Prior to the 1960s the accountant was perceived as a bookkeeper whose primary responsibility was ensuring that records were kept. The accountant fought a constant battle against the failure of record.

During the 1960s the accountant was able to respond to manager's requests for reports on the business activities. Computers provided a more efficient means of keeping the books, and they afforded the accountant quick access to financial information for reporting purposes. Next, the 1970s brought both IT developments and manager's increase demand for more information about the business. Management information systems were developed to support the new accountant's role. However, the new management information systems generated all the information without regard to its relevance and the accountant was forced to become the interpreter of information, and to deal with the problem of information overload. So we have a "paradoxical situation that, although there is an abundance of information available, it is often difficult to obtain useful, relevant information when it is needed".

Hand in hand of IT for Accounting Management:

1. To put information close to accountants.

2. To improve the capacity of accounting research and extension specialists to organize, store, retrieve and accounting information exchange.

3. To evolve mechanism of information sharing.

4. To develop accounting database for easy access and data base decision making.

5. Access to the storehouse of information is easy.

6. Accounting data will be available universally.

Traditionally, research in Information Systems has focused on the study of information processing, on computer systems security and on the development of new systems; leaving for study the relationship between IT and accounting. Even those studies that have, in some way, covered this relationship fall short due to their focus on outdated tools. Also research on management accounting and integrated information systems has evolved across a number of different lines of research. Some place heavier emphasis on the management accounting side, while others emphasize the information systems side. Nonetheless, to be able to understand emerging technologies and anticipate their effects on accounting, we must begin to understand the effects of the most up-to-date technologies.

Advantages of e-accounting:

Timely, accurate financial and accounting information is vital for organizations hoping to maintain a niche over the competitors in the market. In a fast paced world, the clients need to have control over financial data to know their 24*7 financial positions, from any geographical location. How is this possible.... through e-accounting? E-accounting helps businesses keep their financial data and accounting software in a safe, secure environment, allowing real time access to

authorized users, irrespective of their location or compounding platform. This is possible due to an Application Software hosted on a remote but safe and secure environment by and ASP (Application Service Provider) that allows access to users of financial information with different levels of permission and password. In this regard, main benefits of e-accounting can be listed as below.

1. No need of in-house bookkeepers' training and expertise.
2. No problems with employee turnover, vacations, sick leave and absenteeism.
3. No communication difficulties between the accountant and business owner or organization due to load/work pressure.
4. The business organization can concentrate on the revenue side of business, and spend as little time as necessary on the accounting and payroll function.
5. The accounting function receives attention only when a critical need arises. No time wastage.
6. No Payroll related costs, FICA, workers compensation, unemployment, vacation/sick benefits, health insurance benefits, and many other expenses.
7. Cost saving on office space (rent for additional offices)
8. Save time and money, the cost is low (in some cases: free).
9. Gain greater control of finances by moving from paper records to computerized accounting software.
10. Transactions that affect the company's bank account can be sent automatically to the online accounting application.

11. They are portable. The company can access its documents from almost any computer with a broadband connection.

12. If the company's computer crashes, its documents are still safe on the server.

Problems in e-accounting:

1. Data security – All the data of the company resides on a remote server: however, a backup can be taken regularly.
2. Speed – Most of the currently available online office suites require a high broadband Internet connection.
3. Lacks some features available on the offline office suites: but this is progressively becoming available (MS LIVE, Google online-Suite, Thinkfree, Zoho Office, Internet Office. Biz and e Desk Online).
4. A network connection (usually Internet access) is required to send and receive changes. That is, internet dependence makes it more difficult to work offline.

From above criticism, it can be said that today, where information can be compromised and distributed, global firms need to be cent-percent assured that their theft. Being professionals, Indian Chartered Accountants should be absolutely confident about the work process, ensure service integrity, observe professional ethics and generate trust and confidence in the client for striking a lasting business relationship.

IV. CONCLUSION

The companies are having high levels of investment in information technology. The area of sales/marketing was found to use laptops more

significantly than the other areas due to the nature of their activities, notably the greater need to work beyond the confines of the company. Many of the documents with accounting information used in the areas studied are produced locally, almost always with computer support. Lastly, this study found a decentralization of tasks traditionally centralized in accounting department. Today accounting and IT are inseparable. Accountants use sophisticated management accounting techniques are clearly dependent of IT existence. The configuration choices made in IT implementation are powerful in what enable. The benefits for accounting from IT materialize only in uncertain ways and only after long implementations.

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