

# Impact of information system on accounting practice essay

[Business](#), [Accounting](#)



Information has been an important factor in decision making process. In recent times, people and organizations try their best to acquire information in a timely manner to aid them as they battle to manage their businesses. The increasing complexity of the society especially, as is manifested in social, political and economic institutions, has necessitated the more, man's quest for more relevant information on a more regular basis.

The processing of facts that can be traced back to thousand years ago. Every financial manager has been concerned with the processing of facts or data, about his businesses operation so as to provide the most accurate and timely information to management. In order to provide this accurate and timely information to management, financial manager continuously sought more improved means of processing data. With the advent of industrial revolution, the need for faster, more efficient and also other methods of processing data became apparent. To satisfy these needs, various types of automated devices were introduced into the business world.

Of these, electric computer is the most efficient and foremost as well as the fastest, and most sophisticated device built by man Charles Babbage, an English Mathematician, designed the first mechanical calculation machines that incorporated the concept of input, Processing, and output in its design. The machines were the difference and analytical engines. The difference engine was originally designed for working out tables of logarithm, it was based on the concept of difference of polynomials, the more complex machine, it was a general ' purpose information processing machine, which has the input, output and processing units. The analytical engine closely

resembled modern computer in the following ways. One part of the machine known as the mill was dedicated to calculations (similar to the arithmetic unit of the modern computer central processing unit CPU) (b) It had a part that ensures that all operations were carried out in correct control unit of the modern (CPU) c. It had a series of cogs that ensured that numbers were not presented to the mill until they were required for calculation this is equivalent to the storage unit in the present day computers. (d) Babbage's engine had a part that could be identified as input and output.

A computer may be defined as an electronic machine that accepts data as input, processes the data and information as output it also stores data and information which can be retrieved in the future. The use of computers is becoming diverse and wide-spread in all sectors of our society. At schools, homes hospitals, offices, banks etc. computers are used for one purpose or the other. Information and communication technology (ICT) which is synonymous with computerization is that technology which aids activates such as creation, storage, processing and communication of information. Accounting is an art of recording, identifying, classifying, summarizing, in a systematic manner and in terms of money, transactions and events which are in part list of financial character and communicating the results to the users. This project therefore is to x-ray or highlight the impact of this information communication technology on accounting practices in Nigeria. 1.

1 STATEMENT OF PROBLEMS Over the years, accounting as a practice deals with source documents from various transactions. These documents in the form of information has created some challenges in the accounting

profession and they are mostly centered on how to provide timely and accurate information to meet the needs of end users of these accounting information. In view of this, as organizations grow in size and volume in its transactions and operations, the challenge of storage, retrieval and communication of accounting information becomes so noticeable and causes several organizations to improve the way accounting transactions are captured, stored and processed by the use of information systems.

Therefore, this study is to ascertain sufficient facts as to whether or not the introduction of information systems in organizations offer more credible alternative method for effective accounting practice and to know the extent to which information system affects accounting practices either positively or negatively.

**1. 2 OBJECTIVES OF THE STUDY MAIN OBJECTIVES** The aim of this research is to do the following; 1. To know the extent to which information system affects accounting practices either positively or negatively. 2. To ascertain the extent to which the introduction of information systems in organizations offer more credible alternative method for effective accounting practice.

**SPECIFIC OBJECTIVES** 1. To determine what is accounting practice and what it entails. 2.

To identify the definition of information system. 3. To identify previous systems that were in place. 4. To determine the impact of previous systems on accounting practice. 5.

To identify current information systems used as alternatives to the previous systems. 6. To determine the negative impact of the systems in terms of timeliness and accuracy.

7. To ascertain the positive impact of the systems in terms of timeliness and accuracy. 8. To identify the contributions of information system in dealing with the accounting problems of storage, retrieval and communication of accounting information. 1.

3 RESEARCH QUESTIONS As the research progresses to the end, certain questions will be answered to enable users deduce the right conclusion and achieve the objectives. These are the main questions, 1. How do you assess the development information system in accounting practice within this time period? 2. Is the impact of information system on accounting practices either positive or negative? . Does the introduction of information systems in organizations offer more credible alternative method for effective accounting practice? Other Questions 1. What involves accounting practice? 2.

What previous systems were in place in terms of accounting practice? 3.

What was the impact of previous systems on accounting practice? 4. What is information systems as used accounting practice? 5.

What information systems are used as alternatives to the previous systems or methods? 6. Are there benefits of the current information systems on accounting practice? 7. What were the negative and positive impact of the systems in terms of timeliness and accuracy? 8. What are the contributions of information systems in dealing with the accounting problems of storage,

retrieval and communication of accounting information? 1. 4 SIGNIFICANCE OF STUDY The content of this research is very beneficial in the sense that it would assist all organizations that practice accounting to make decision as to the use of information system in the accounting practice. It will help them make a choice to either use information system in the practice of accounting or to use other methods or systems based on the outcome of the study.

It would also assist stakeholders of organizations to know the pros and cons of information systems used in accounting practice by comparing the cost and benefits. To students and academicians, the research will serve as references and useful resources in class assignments and academic work. 1.

5 SCOPE OF THE STUDY The scope of this project work will be limited only to Ghana and the area of coverage will be the greater Accra region, that is, the research work will not be extended to other countries of the world. The study will be carried out in private institutions where accounting is practiced as part of their business either in the sale and purchase of goods or the provision of services. Also the information system used in accounting practice will be examined. 1.

6 LIMITATION OF THE STUDY This project work was limited by some inherent problems usually associate with research. they are: (a) CONFIDENTIALITY: This is one of the factors that limited the research work as some key personnel of the organization visited reserved certain points to themselves without supplying some vital information. b) FINANCE: This is another factor that limited the research work. There are more places that I ought to have

visited and gathered some information but inadequacy of finance hindered me.

(c) TIME: The time firm allowed for this research work was short that I could not afford exhausting the topic hence the need for further studies. (d) LOW LITERACY LEVEL: This made it extremely difficult for many people especially, the junior staff of the organization visited to understand and appreciate the essence of the research questions so as to answer them in a way that could be meaningful. 1.

FORMULATION OF HYPOTHESIS A hypothesis is simply a stated claim or assumption about a population or its characteristics which on the bases of experimental findings may be true and accepted or not true and rejected. In the light of the above, and within the limit of this study, the null hypothesis will be denoted with  $H_0$ , while the alternative hypothesis will be denoted with  $H_1$  and would read as follows. (1)  $H_0$ : Information and communication technology has not greatly improved accounting practices in Nigeria.  $H_1$ : Information and communication technology has greatly improved accounting practices in Nigeria. 2)  $H_0$ : Information and communication Technology did not make the storage, retrieval and communication of accounting information timely and accurate.  $H_1$ : information and communication technology did make the storage, retrieval and communication of accounting information faster and efficient.

(3)  $H_0$ : Information and communication technology did not in any way increase the volume of accounting information that can be stored at any

given time. HI: Information and communication technology has greatly increased the volume of accounting information that can be stored at any given time.