

Information technology and its significance

[Technology](#)



Information technology, the accounting field was revolutionized by giving significant advantages in terms of efficiency and timeliness. Accounting works today can now be done with more speed and accuracy through the use of Information technologies (Between, Garcia, Irene, James, 2013). Since the emergence of IT in the modern society, there are already people who have predicted that IT will contribute some significant effects in the accounting profession. According to Bob Elliot, Information Technology is changing everything.

IT continues to evolve and change as modern society develops (Hollander, Deana & Creighton 1996). IT is also transforming the ways on how businesses develop and it also changes the problems that managers are facing today (B. Elliott, cited by Hollander, Deana & Creighton 1996).

Technology continuous to change the business culture and in today's 21st century accountants will perform in new and exciting ways provided by these technologies (Hollander, Deana ; Creighton 1996). However there are also considerations regarding this transformation in the accounting field.

IT will not be able to completely change the nature of accounting unless it is effectively utilized to enhance the traditional accounting process (Hollander, Deana ; Creighton 1996). As Pigskin's idea points out, professionals who can create and add value will have a profound impact on shaping the future (p. 3, cited by Hollander Deana & Creighton 1996). Statement of the Problem

This paper seeks to answer the following problems: How is Information Technology (IT) used in Accounting and what are the different ways?

What are manual and computerized accounting and their differences? What are the advantages of the computerized accounting over the manual system? Significance of the Study The purpose of this study is to know the significance of Information technology in the field of Accounting in today's globalize world. DISCUSSION Effects of IT in the Accounting Work Information technology (IT) has changed the accounting department for the better (Swanker). Today, IT is already present and is used widely in the business field, specifically in accounting offices (Swanker, 2006).

The following are the positive effects of IT in the Accounting Work: Speed is the most important characteristic of IT. The use of various technologies results to faster and more accurate performances. Technologies are mainly composed of hardware and software and these two must be always compatible for the accountant's specific works in order to deliver the best performance. In order for technologies to be more effective as far as speed is concerned, the system of accounting should have always backup systems for the technologies that are being used (Swanker, 2006).

Accuracy in recording and reporting financial information are greatly valued and the improvement of accuracy in the accounting work can be done through the use of information technologies (IT). Accuracy means less errors and more precision and correctness (dictionary. Mom). Technology has this positive effect in the accounting applications because it provides very few errors in calculating financial information which is a very helpful tool for accountants today (Swanker, 2006). Flexibility is also another positive effect of IT. Flexible technology is needed also in the Accounting department.

Being flexible is to adapt to accommodate changes and these kinds of technologies help accountants in taxation purposes and other accounting needs that change often. Technology must be flexible enough to catch up or to adapt to changes in the business environment (Swanker, 2006). The most used advantage of IT in the accounting work is "working in the cloud" or simply means working in the internet where information can be accessed anywhere in the world. Whether accountants are in the offices or in their homes, they can access information anywhere they may be (Swanker, 2006).

According to Deane Dickson (2008), the emergence of the internet also gave way to the rise of e-commerce or electronic commerce wherein customers or buyers all over the world can access directly to the company sites to purchase their desired products. These have affected some business organizations and have given new orientations for the accounting profession in capturing and processing data and information to support economic decisions of a firm. Different Ways in Using IT in Accounting today, one will find it hard to use pencil and paper alone in doing a worksheet.

The presence of modern day technologies, from the calculator to the fast computers of today, made the life of accountants trouble-free (Swanker, 2011). There are many ways in using IT in Accounting, First, is through the use of Equipment. The existence of computers, printers, scanners and faxes has renovated the accounting world. These different kinds of equipment made our work faster and more accurate. The use of papers and pencils are now just an option (Swanker, 2011). Second, is through the use of software programs. Software programs like the spreadsheet aids accountants in calculations, recording transactions and reporting.

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The program keeps all data systematize and in compact location (Swanker, 2011). According to Deane Dickson (2008), another example of this is a variety of computerized accounting packages which can be used by every type of firms. These software will enable to update simultaneously different accounting oodles and also enable the reliability, timeliness and improved quality of making financial statements. Third, is through the internet wherein information can now be shared. Research can also be supervised and taxes can be filled online (Swanker, 2011). IT can also be used in terms of security.

Only the authorized person can have an access to confidential information because a password is available. Using security software, a lost computer can be tracked and retrieval of data can also be done (Swanker, 2011).

Lastly, IT is also used in education. The program usually includes the typical accounting concepts and IT. The accountant today must be innovative to be relevant. Accountants who are also professors also make use of technologies in teaching young emerging professionals (Swanker, 2011). Manual and Computerized Accounting Systems Accounting is widely used in every business even before the Industrial age.

People record the transactions more manually. But because of the introduction of technology, people now do accounting in a computerized manner. Manual and computerized accounting arise from the evolution of the accounting in the history. On one hand, Manual accounting uses Journals and ledgers to record the financial information by the accountants (Vitae, 2007). This system is also called Traditional Accounting System since it is the original way of doing accounting. Accountants need to be accurate and careful in putting the information into the physical books.

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They are doing it from analyzing the transactions, Journalizing it manually using paper and pen, posting the entries Difference between Manual and Computerized Accounting Manual and computerized accountings are systems of analyzing, recording, classifying, and summarizing financial information. They are helpful to many businesses. Also, both have the same concept of accounting but have different manner of doing the tasks. Manual accounting differs from computerized accounting by means of speed, accuracy, costs, and back-ups. SPEED traditional and computerized accounting.

With the use of accounting programs, accountant can enter the data once, save it, and then know the results immediately without waiting for many days. Information can be gathered in a short span of time (Swanker, S. (n. D.). Instead of doing the recording by use of pen and paper that consumes a lot of time including the analyzing of data, accountants can easily do the accounting by using the accounting software. ACCURACY In manual system, transactions are Journalized by the accountants in a book, debit and credit are footed manually, and trial balance and financial statements are manually compiled.

If mistakes happen, a lot of time is needed to correct them. This lessens the ability of the results to be precise. With the use of accounting programs, the problem is eliminated as long as the data that are being entered are accurate. Efficiency occurs when a computer software is applied to the process (Swanker, S. (n. D.). COSTS The use of paper and pen in manual system is cheaper that the use of computer, footwear, printer and other expenditures that are related to the computerized accounting system.

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Manual accounting can be useful to small businesses since simpler tasks are being done (Swanker, S. N. D.). But as the businesses grow, more transactions are being recorded and the need of efficiency and speed is being required. Although computerized accountings requirement is not as cheap as in the manual system, using these things could help a business in a lot of ways. It is not also a problem for the management if they cost a lot because more alternatives are available now and more people are knowledgeable in using the most of them. BACK- UPS The danger of losing a data in a manual system is almost possible if not taken carefully.

Books and outputs need to be done again if they are damaged. Making copies of the original ones could be expensive and time-consuming.

Computerized accounting system is more flexible since many back-ups for the works could be used such as the flash drives, CDC, external drives, and the like. Online sites and mail could also be used. Because of these, data can be retrieved easily if anything happens (Swanker, S. (n. D. . The Advantages of Manual vs.. Computerized Accounting In a manual accounting system, each transaction is entered into the system individually by the accountant or bookkeeper.

While in a computerized accounting system, transactions are only entered into the program once and all accounts are updated as required. The following are the advantages of a computerized accounting over a manual system: Speed and Accuracy Computerized accounting programs with built-in error detection promote speed. But sometimes, it is simpler to cross-check Journal ledgers in a manual system (Francis, K. A. (2012). End-of-period

reports Computerized accounting packages will sort out the information we need.

However, manual accounting takes more time, but it can help the bookkeeper to comprehend Information for a certain period of time can be gathered immediately with a computerized accounting system. On the other hand, manual systems can take more time to locate the information from each book and assemble it into a report (Francis, K. A. (2012). Accuracy An absence of a decimal point or addition of too many zeros can significantly alter the accuracy of a financial report. In contrast to that, computerized accounting yester are designed to reduce the existence of such mistakes as they perform the suitable calculations (Henderson, H.

J. , 2012). Automation Bulky and time consuming manual processes are eliminated through the use of computerized accounting systems. Through this, businesses can also share information with (Henderson, H. J. , 2012).

Compatibility Various businesses can easily share information with the implementation of a computerized accounting system (Henderson, H. J. ,

2012). III. SUMMARY AND CONCLUSION Today, the significance of Information Technology (IT) in the Accounting field is already a matter of great importance in regards with providing advantages in the Accounting work such as efficiency and timeliness.

Through the use of Information technologies, Accountants can now do their Jobs with more speed and accuracy. IT has already changed the field of Accounting for the better through providing positive effects such as Speed, which is the most important characteristic of IT; Accuracy, which provides

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less errors and more precision in their works; and Flexibility, which helps Accountants adapt easily to changes in the business atmospheres. Also, Accountants are able to enjoy using Information technologies through the use of Equipments, such as computers and printers; Software Programs, such as the spreadsheet which provides easy calculation of data; Internet, which gives Accountants every opportunity to be connected and to communicate with their c- workers anytime and anywhere; and through Education, wherein Accountant Professors today also makes us of technologies to support and improve their teaching strategies for the benefit of the emerging young professionals.

Information Technology also gave rise to the emergence of Computerized Accounting in our days modern times and also resulted to the improvement of the Manual Accounting System. In the past, Accountants only used the Manual system in doing and accomplishing their specific Jobs because during their times, technologies are not yet well developed. Today, modern day Accountants already makes us of the Computerized Accounting system because of the emergence of technologies all over the world which affected almost every profession in every modern society. However, this doesn't mean that the manual system is already declining.