

# **IMPLEMENTING CHANGING TECHNOLOGIES IN ACCOUNTING AND FINANCE SECTOR**

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## **Abstract**

An increase in Information Technology has opened new doors of opportunity in the business management. Also, the systems are accurate and help the top management in strategic decision making. Policymakers use cloud computing system to evaluate different techniques of finance and accounting. The accounting system has proven to be integrated with the traditional method of accounting. The competition in the business environment has increased and therefore helped in strategic planning. Secondary data was used to analyze finance technology on organizational performance. The result of the research is that the implementation of finance technology has a significant impact on the organizational performance.

**Keywords:** *Financial system, accounting, Information Technology.*

## **Background**

Finance systems measure the numbers and transactions of organizations. The performance of the firm is measured through the transactions like sales, purchases, assets, and liabilities. These systems help organizations evaluate the past information, present condition, and forecast the future. As per Ghasemi, et al. (2011) the definition of accounting is the idea to classify, summarize, and record in form of money. Information technology has changed the way processes work in an accounting system thereby the financial and accounting system has been adopting technological changes. Audit and knowledge sharing are two fundamental keys of accounting.

The growth of information technology has modified the way accounting works. Software automates the traditional ledgers and processes of financial management. Companies choose accounting packages according to their size and the number of employees using the system. Large corporation choose larger network that is interconnected with several different departments within the organization ( Taiwo, 2016). Information technology has proved to be significantly efficient in the finance department. With shorter lead time, the reports generated are accurate and efficient.

The technological implication has transformed the accounting system and organizational performance (Francis, 2013). The decisions of accounts and finance departments need to be made after keeping in view the information and communication technology. The decisions made through the systems are relevant and competitive to stay on top of the other companies. Accounting information is provided in a timely manner and enables to make analysis accurately. Growth and survival in the business market is today a challenge. However, Information and communication technology plays an integral role and help sustain the business (Ali, Abbas & Reza, 2013). According to a study, Gartner (2010) states that even when the world witnessed slowdown in the year 2009, the It industry's spending reached \$3,4trillion in 2010. The industry will see more changes in the future and the processes will see continuous updates in the processes (Keller & Gracht, 2014).

## **Research Questions**

While conducting the research there were certain aspects of the study that needed to be focused upon. The questions that were generated for better understanding the implication of information technology in accounting and finance. The research questions are:

1. What are the technologies and tool used in process of accounting and finance?
2. What impact doe technology has on the accounting and finance processes and how does it affect the productivity?
3. Does technological implementation improve the quality of output?

## **Research Objectives**

To meet the criteria of the research there is a need to define aims and objectives of the research.

The objectives are as follows:

1. To study the impact of technology in the finance and accounting sector.
2. To assess the advantage of technology in finance processes.
3. To recognize challenges while implementing finance related technology.

## **Literature Review**

Fordham & Hamilton (2019) investigated about “Accounting Information Technology in Small Businesses “. As per their study, that small businesses adopted computerized accounting system for accuracy. 90% of the small businesses are using general software rather than specialized integrated systems. The study suggests that owners should explore and work on integrating changes in their software.

Taiwo (2016) explored the effects of information and communication technology (ICT) on accounting information systems and organizational performance. The research concluded that ICT boosts the performance of the organization and creates reliable accounting information.

Further, the positive impact of the ICT can only be seen if it's implemented and adopted accurately. The study uses secondary data along with Pearson's correlation and SPSS. A sample size of 20 people was taken. The results indicated a positive significance between ICT systems and organizational performance.

Clancy & Collins (2013) inquired about "CAPITAL BUDGETING ". The aim of the study was to analyze the changes in the recent years. The secondary method of data collection was used in which 110 studies were evaluated. The research implicated that the size has an impact on the financial reporting quality. Also, the result of the research presented that the structure of the organization and performance measurement can deform finances. Additionally, personal differences between employees can influence decisions.

The impact of Information Technology on modern accounting systems is a paper studied by Ghasemi, et al. (2011). The study reviews the effects of information technology on the finance department. However, the study states that the main impact is to keep track of the records and maintain a database of financial transactions. The paper has inquired about aspects of IT and concluded that it saves time for the accountants. Individual reports are created and available quickly for decision making to the top management.

Lim (2013) inquired about the impact of Information Technology on accounting systems. In today's world, information systems have occupied great interest among business owners. The paper discusses aspects of accounting and its processes. Finance is a crucial factor in business and improves the speed and accuracy. Information technology adapts to new changes and helps the company evolve with time.

Watts, et al. (2014) studied about a newly implemented modern management accounting system in a manufacturing firm. Contemporary accounting systems acknowledged is TQM, BSC, and JIT. The research plans to determine the usefulness and relevance of the management system in the accounts department. An interview was conducted with accounting and finance professionals in a multi-national manufacturing firm that recently implemented a new system. The results of the study showed some elements in the system were deactivated because of its irrelevance. However, relevance has a connection with implementation. Planning and training are crucial elements when implementing management systems.

Zhang & Yang (2019) researched about Financial Technology. In the study, the finance technology proved to create a way to reduce poverty. The study is for economical development. Concept and technological innovation are of great importance. Therefore, the findings of the study are that there are many management systems that can help in financial development. Countries should personalize the systems as per their own economic requirements.

Prawirasasra (2018) studied about the financial technology in Indonesia. Information technology and financial services when combined together form financial technology. Companies use the technology for relevance and accuracy. Indonesia has seen an economic rise due to its shift in technology. The technological progress has guided them towards successful financial practices. However, the shift has created new challenges. Hence, the financial technology has been upgrading itself and reducing risks from the environment.

Treleaven et al. (2019) studied the block chain technology in finance. The model explains that the blocks help better transactions and gives support to financial services in an organization. Furthermore, the new technology can be challenging as it has an enormous impact on the way

finance work in the system. The evolving enormous change will help develop a transform the accounting system.

Hendriske et al. (2019) explains about the strategic coupling between finance, technology, and the state. Fintech challenges have increased the focus of many institutions to rethink the way finance system works. The link between economics and finance is focused in the research. \the study further explains how fintech offers a new area for development and progress. Many systems are difficult but proper training will help in exploring new and easy methods of finance and accounting.

Butcher (2020) in his research named Evolving finance technology, explains the use of technology and the advancement of the system. The business scenario today revolves around the idea of cloud computing. Many organizations have adopted the computing tool. |the cloud computing integrates aspects of finance and work towards the business process. The computing enables access, ease of use, and reliability of data. Finance technology has enhanced and developed several aspects of business and its operation. Similarly, finance too is a department that has information technology inculcated in it.

Currie (2018) investigated on the topic “Financializing and Information Technology”. The study presented the ten years of revolution in the finance industry. The study also predicted further change in the coming years. However, the need for intellectual capital will also rise. Nevertheless, the basic concepts of the method will remain the same but the way of doing things will be easier and simpler. As witnessed by many professionals the changes in the recent years have made the industry work one edge in the market. Even though keeping a competitive advantage is a challenging task companies still invest in systems to stay on top of the game.



## **Research Design**

Research design has 4 types that are descriptive, co relational, experimental, and causal. Descriptive research means to describe the present scenario and work on it. Describing scenarios and having a detail analysis of the situation is descriptive idea of research. Correlation research aims to find a connection between two or more variables. Experimental research means when a variable is observed and kept as dependent and independent factors. Causal research means to observe the effect of one variable on another.

## **Research Approach**

There are two types of research approaches that are usually used for collecting data. Quantitative and qualitative are used for research purposes. The idea is to find out the relationship between dependent and independent variables. In the quantitative exploration, the data goes through numerical, statistical, and computational values. The testing of software and the result through numeric data are evaluated and interpreted. Approach to research can be quantitative, qualitative, or mixed. Data are collected through organized questionnaires in quantitative approach, while qualitative information is obtained through open-ended questionnaires, observations, or interviews. The blended technique is used when it is not possible to investigate the response of the study from a quantitative or qualitative perspective. In this study, the research is based on a quantitative approach.

## **Types of Data**

The data is of two types which are primary and secondary data. The primary data is the data collected directly from the target audience. In the secondary data, the analysis is done through already existing data. Primary data have many forms and types. There are many ways of collecting primary data. However, secondary data is already present and a researcher needs permission to access the type of data or usually the data is available on online platforms.

## **Data Collection Method**

For quantitative data, a questionnaire is used. There is a scalable range in which the data is recorded. However, for qualitative methods interviews, focus groups, observations, and oral histories are common methods. A researcher can use a combination of both the methods.

## **Data Analysis Method**

Big Data Analytics software like Eviews, SPSS and Smart PLS is used for analysis of data. There is a huge range of software available. Researchers select the software which is the most convenient for them to use and then use it as a tool for analysis. In this research, PLS-SEM technique is used to test the hypothesis via SMART PLS software. The reason of using PLS-SEM is that it has vast potential for the SEM based researches (Hair et al., 2011). Researchers across the disciplines have appreciated its ability to model factors and composites that make it a favorable method for research, also can be used for prediction purposes (Henseler et al., 2016).

## **Sampling Plan**

The sampling plan is to gather data from an industry and study its financial technology. The number in their financial reports would easily show their organization performance. Furthermore, the stock exchange report can also be used to gather data and work on the samples. Analyzing profits would give more understanding of the system used and the impact of the system. The sampling plan is different for every research as per the nature and type of study.

## **Ethical Implications**

While research is being conducted, there are some major rules and regulations on ethical grounds that need to be acknowledged and implemented at any cost. These ethical implications are of special concern as they involve critical points through which they are created. However, this rule must be followed when research is being conducted:

1. Information that can be misleading should be avoided at any cost. The information provided must be authentic and reliable.
2. Personal information of the respondent must be kept a secret and should not be revealed in the research.
3. Information that can create conflicts among a group or is biased should not be written in the research. The research should be unbiased and not attack someone's beliefs and feelings.
4. The level of confidentiality should be maintained throughout the study.
5. Individual names and responses should not share without consent.



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