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## **Adopting Information Communication Technology on Accounting System in Business Organization**

**By**

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### **Abstract**

*ICT aids accounting stems in a variety of ways ranging from flexibility in data, ease of information accessibility and reduced operational cost at a time. But due to evolution of technologies, the amount of using information communication device has been an issue to firms. The aim of the research is to point out the usefulness of adopting information communication technology on accounting system. The study used exploratory research based on secondary data majorly on documentary materials and recommended that despite the challenges of ICT, companies should adopt the use of electronics means of carrying out transactions and invest in ICT in order to operate competitively.*

**Keywords:** Information, Communication, Technology, Accounting, Information system.



## **Introduction**

Automation of auditing and the benefit of specialise auditing device has replace information technology for many task, this has replaced the formation of audit teams. Gogan, Applegate and Nolan (1995) observed that the use of enhanced way to give knowledge to many group of organisation has empower expert work. The computerized apparatus have better the functions of accounting in organisations especially the time which accountants used to prepare their reports.

## **Statement of the Problem**

Although information apparatus has brought change in business organisations, it has been observed that there is obstacle in the magnitude of its consequences and performance and due to evolution of technologies, the use of information communication technology has been an issue. Although computerized accounting system has enhanced the functions of accounting in many organisations, ICT has improved and enhanced quality in job delivery (Ali, Abbas & Reza, 2013). Yet, these computer software comes in different languages that are not easily understood and the obstacle to settle to the frequent replacement of its directional change is a call for concern.

## **Objective of the Study**



Despite the problem stated above, the study aimed at pointing out the usefulness of adopting information communication technology on accounting system.

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## **Literature Review**

### **Information communication technology:**

Choo & Shahryar (2013) defined information technology as an apparatus that can complement management operations in organisation. This means that information technology is a type of electronic technology for the objective of communication. This explained that it is the function to translate information. On a broader outlook, Information Communication Technology (ICT) stretched out from information technology (IT). It stressed the unified communication and integration of telecommunication, computer and firms software which enable firms to access, accumulate, convey and change information (Patrick, Anthony & Yaw, 2013).

### **ICT and Accounting System**

Dumitru, Dumitru & Glavan (2010) noted that an accounting information is a computerized process for tracking accounting activities in collaboration with information apparatus resource. The results or report can be useful in the organisation or outside the organization by any interested persons. Therefore, accounting system and accounting information system can be swapped because they are designed for the same task.

### **Adopting Information and Communication Technology on Accounting System**

Eija, (2011) noted that infrastructure has been a challenge while considering setting up an information technology system. This is because, the infrastructure include IT experts that will design, setup and preserve the

system and also train others. An organization that is unable to provide benefits of adopting the information technology. The staff and other employees need to be trained to make use of the new technology. If the employees lack the required skills and qualifications, implementing the information technology will be difficult. One thing is to train the employees to boost their qualifications, another thing is for the employees to adopt to changes or make a positive response. If they are not willing to change or are unresponsive, the aim of adopting the new system will failed. Another issue is top management of an organization, if they are rigid the adoption of the new system its implementation will become irrelevant, therefore the top management need to persuade the lower level of its personnel (Trancis, 2013).

### **Accounting Information System (AIS)**

Osayameh (1999) assert that accounting information system is the processing and storage of accounting information that can be use for decision making. This information is a computer based for maintaining accounting work in collaboration with the resources of computer apparatus (Denning, 1971).

Six (6) elements that has to do with a typical accounting information system is compose of the following as noted by (Bunch,1979).

- i. People – the apparatus.
- ii. Procedure and instruction – methodology of processing and retrieving data.

- iii. Data – it is the information of the organization gotten from its business practices.
- iv. Software – are the programs to process the data.
- v. Information Technology Infrastructure – the device that can be use to work on the system.
- vi. Internal Control – activities used as security to guard the data.

### **Accounting Information Users**

Bennetly (1981) noted that accounting information assist users to make good financial decision. The information are categorize into two; internal and external.

**1. The Internal Users:** are also categorized into two they include the primary internal users and the secondary internal users.

A. The primary internal users are:

- i. Owners: they analyze the profitability and viability of investment to determine the course of action.
- ii. Management: the assess the organization's performance and its position and take corrective action to improve the results.
- iii. Employee – because of job security, an employee assess a company's profit and problem with regard to his or her remuneration.

B. The secondary internal users are:

- i. Regulatory authorities: it is expected that accounting information are disclosed according to rules and regulations so

as to protect the stakeholders. The regulatory bodies ensure that these are achieved.

- ii. Creditors: these are suppliers or lenders such as banks, the credit terms are set by creditors according to how they assess customer's financial health. Therefore, they determine the credit worthiness of organizations.
  - iii. Customers: they patronize the organization products or services and assess the financial position of the organization supplies this enable them maintain a stable supply.
  - iv. Tax Authorities: the credibility of tax return is determine by the tax authorities.
  - v. Investors: before investors entrust any financial resources to a firm, they analyze the feasibility of investment so as to be sure they make a reasonable return on investment.
2. **External Users:** Remi (2006) noted that external users has to do with transmitted accounting information which are in the form of financial statements. While Pandey (1991) assert that the uses of financial statements is to take care of the needs of different firms in order to help in financial decisions.

### **The integrity of accounting information:**

Because of the importance of accounting information to individuals who uses it in making decisions, the underlisted are the three (3) primary ways to enhanced its integrity:

- i. Institutional factors such as: standards for preparation, integral control structure and auditing.
- ii. Professional organizations: the professional accounting organization play different roles in portraying the quality of accounting information.
- iii. Personal competition and ethical behaviour of the accountant himself.

These qualities ensure that the users of accounting information rely on the information to be a good representation of what its represent.

Other qualities of a good accounting information are; it must be reliable, unbroken, complete and accurate, unimpaired and trustworthy.

### **ICT and Customer Satisfaction**

The adoption of information communication technology has change the environment of businesses all over the world. Its application to businesses has determined changes in Nigeria businesses. It application affects business operations and pare ways for improvement in the life of customers and the public at large. It is on this note that Amartey (2007) observed that customers of business companies expect to paid attention and get prompt and reliable information, respect, quick and reliable feed back.

Li (2008) is of the view that five (5) feelings understood by customers that are satisfactory. They are;

- i. Satisfaction – this means that the good or service can be recognise.





- ii. Surprise – that is, the products or service make the customer unexpectedly pleased.
- iii. Contents – that the product or service can give customers favourable experience.
- iv. Novelty – that the product or service can give customers an exciting experience.
- v. Relieved – that the product or service can remove people's negative state.

Earlier, Spath and Fahrnich (2007) observed that customers satisfaction is assess based on the stages of their relationship life-cycle which has to do with the different stages. It complements the normal measures of a company's performance not only on the industry but also on shareholders, investors, government and buyers of the products or services.

### **Empirical Review**

Various studies have been carried out which are similar to this study, among which are:

James (2013) carried out a research on the effect of information communication technology on secretaries' performance in contemporary organization. The study concluded that firm performance depend on how the devices are put into practice. That to implement the technologies successfully, firms need to prevail financial difficulties with getting new and untried devices.

While Argre (1999) suggested in his study that the implementation of information technology will be more functional than a centralised and formalised plan and added that information system assisted in coordinating information action less costly. It is obvious that from these studies, information technology were given consideration.

## **Supported Theory**

### **Technology Acceptance Model (TAM)**

TAM came from Ajzen and Fishbein's Theory of Reason Actions (TRA). That belief and attitude are related to individual's intentions to perform. It stated that attitude toward behaviour is ascertain by behavioural acceptance on consequences of the acts and the effective assessment of the consequences on an individual. TAM, developed by Davis in 1989 is a model that addressed the problem of how to take and engage a technology. The specific variable used are; perceived usefulness and perceived ease of use. They were hypothesized to be determinants of user acceptance. User's behavioural intentions determine actual technology acceptance. Behavioural intentions will be controlled by the user's disposition towards technology. The model proved that perceived usefulness and perceived ease of use are beliefs that lead to pleasing disposition and intentions to accept and use technology.

### **Theory of Diffusion of Innovation**

The theory developed by Rogers. It state that any information on inn ovation can be transmitted through some channels at certain period of time. He

asserts that different people possessed different level of willingness to adopt innovation therefore he observed that certain part of the population that adopts any innovation is normally distributed over a period of time. The DOI theory therefore emphasis on how new ideas are distributed and adopted within a certain population and also explain how communication channel and leaders opinion is portray and embrace adoption in human population

### **Findings**

The world is advancing, therefore electronics, organizations are encourage to remain in business by accepting device and involving computers in their operations. To get to a more competitive position, organizations are expected to harmonise ICT investments with sufficient use of these technologies. Information technology is pertinent and unavoidable in accounting system. It has a way of proving transparent and honest dealing in organization's operation with customers, partners and outsiders which will lead to the success of such organization. The efficient of accounting practice and increase in productivity is as a result of information communication technology. Organizations are expected to adopt technology and involve computers in their practice. ICT is universal, its usage cannot just be limited to certain group of organizations.

### **Conclusion and Recommendation**

As accounting system is being computerized, accountant are expected to gain the skills of the apparatus. A computerized accounting system enable it users retrieve accounting data quickly, information can be kept confidential

by the use of security watchword provided by the programs. Therefore despite the challenges of ICT, companies should adopt the use of electronics means of carrying out transactions and invest in ICT in order to operate competitively.

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