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Effect of Information Technology on the Quality of Accounting Information system and Its impact on the Quality of Accounting Information Systems and the entire Accounting Line of Works

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ABSTRACT

Purpose: This study aims to explain the influence of information technology (functionality, ease of use, and compatibility of technology that adhere to accounting information system) on the quality of accounting information system (reliability, timeliness, flexibility, usefulness and sophistication)

Design/ Methodology/Approach: This study used $\alpha = 0.05$ to test each hypothesis. This study is scheduled to be conducted in university, institute and polytechnic in Bandung. The research methodology used in this study is also described in this paper. The analysis was done using content analysis.

Findings: Results of the investigation had shown that information technology has a substantial influence on Accounting Information Systems and the general accounting line of work and was therefore concluded that accounting line of work has changed from what it used to be before now to a line of works that developed in alliance with the trend in technical improvement and a globalized structure.

Originality/Value: There is a great call for prompt and concerted efforts on several fronts in order to find ways of coping with the growing degree of window dressing account, the malady of accounting noise and fraud skyrocketing syndrome in the business and the non-business world due to non-adhering to tenets of information technology when carrying out an accounting line of works

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INTRODUCTION

The antiquity and improvement of the accounting line of work are as old as evolution and advancement of vocation. The accounting profession helped to untold several important phases of olden times that have made man's stay on earth worthwhile. Certified public accountants endowed with the skill of lettering, partook in the improvement of currency and financial transactions developed double-entry accounting that intricate the Italian Renaissance set aside a lot of industrialized upheaval discoverers and industrialists after an insolvency, assisted to improve self-reliance trendy resources flea market essential in lieu of Western free enterprise, in addition to crucial information uprising that is transmuting a universal economy. Prior to the advent of computers, information expertise was before now, done manually, (Williamson, 1996). The only technologies available then were the manual typewriter and later the non-card reader (NCR) 299 and 399 with the use of the NRC machines, (Solomon, 2003). The input facilities were the punch cards and the punch papers tapes. The function includes the updating of ledger cards which was common in commercial industrial and industrial offices only. Information management in the public sector for example secretariat works in government ministries, was done through the use of typewriters while communication was done through the post and telegraph department. Considerably, developments in supercomputer machinery obligated the insatiable enthusiasm of commercial ventures to have authentic statistics about their activities. Material possessions remained recurrently ancillary otherwise advanced by day-to-day maneuvers in addition to assets controlling. Primeval material possessions existed grounded on the principle of the economics of scale in establishments concern, (Wusen, 2000). Pooled physical equipment becomes cheaper than devoted apparatuses even though they were not easy to activate and preserve except by highly skilled personnel.

Economic globalization began in the 1990s has pushed global competition (Bentley & Whitten, 2008). This competition creates new business environment that requires companies to be more responsive to problems and opportunities exist (Turban et al, 2008). To succeed in the competition, companies must be able to adapt to it (Turban et al., 2008). Adaptability in the competition will

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have a major impact on the increasing value of information for the company, where this information can be the basis for the development of products and

Services in the company (Laudon & Laudon, 2005). Information is the result of data processing that gives meaning and benefits (Azhar Susanto, 2008). Data that has been processed and arranged so that it can give meaning to the user is called information (Romney et al, 2009). Furthermore O'Brien & Marakas (2010) revealed that information is data that is used by companies as a basis for decision-making, where the data are raw facts which may represent measurements or observations of objects and events that are then transformed into useful information for decision makers. A similar point was expressed by Stair & Reynolds (2010) who stated that data consists of raw facts that are processed and organized to become

Information, while information is a set of facts that is processed based on certain way so that it gives an added value for the company. Accounting is an information system that identifies, records, and communicates the economic events of an organization to the users (Weygandt, 2008). Accounting is a system that collects and processes (analyzes, calculates and records) financial information about an organization and also reports that information to decision makers (Libby & Robert, 2008). Therefore, business transaction or accounting is basically the selection of all economic activities into activities that relate only to a business organization; other economic activities that are not related to it are excluded (Azhar Susanto, 2008). The business transaction is then put into a form (on a piece of paper or on computer screen) so that it becomes documents or data to be further processed into information or accounting information, (Hurt, 2008).

Currently, processors are easy to manipulate for the required results. Databases are established by business and non-business organizations to produce and preserve vital information for their activities. Most current technologies include the Internet and E-mail. These came to globalize the world and have given rise to E-commerce, E-banking, etc. Rather than written and faxing a letter to someone, why not e-mail, the letter so that it arrives immediately? Or why not log onto the Internet, to carry out certain accounting problems. Recently, it is good to note that the International Journal of Scientific and Technology Research organization closed down its website in order to

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install advanced technologies in a quest to improve on the qualities of services and research papers anchored by the organization. Solomon (2003), opined that the problems of winding up of companies liquidations of firms, impoverishment resulting from poor accounting ethics, the window dressing of accounting information, characterized by accounting noise have perpetuated reams, whims, and caprices of the economic and accounting systems. Furthermore, in this globalized system, the business world is thriving home-based businesses, multinational companies, and even the government sectors are vibrant. Hence, larger and larger data are evolved and processed and some transactions often required access to processed data from several files to provide management with the information it needs for decision making. As a result, there is a significant need for a system that can integrate multiple files speedily.

The use of information technology has begun to use computer as a tool of data processing (EDP = Electronic Data Processing), so that the speed and accuracy of processing get better (Azhar Susanto, 2008). EDP is the use of computer technology to carry out a processing of transaction data in one organization. EDP is a fundamental application for accounting information system in any organization. Along with the development of computer technology, which is more widely known by the public, the term Data Processing (DP) now has the same meaning as EDP (Bodnar & Hopwood, 2006). Information system is developed to support the business activities at all levels of the organization. Therefore, the information system must be accepted and used by all employees in the organization (Laudon & Laudon, 2005). The users of an enterprise information system consist of internal and external users. Internal users of the information system will use the information as a basis for decision making (Azhar Susanto, 2004).

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THEORETICAL FRAMEWORK

Information Technology and Quality of Accounting Information system

The quality of accounting information system is influenced by information technology, business strategy, and organizational culture (Romney & Steinbart, 2009). Meanwhile, according to Laudon & Laudon (2012), the effectiveness of the use of information system requires an understanding of the organization, management, and information technology. Turban et al. (2008) revealed that information technology is a collection of computing systems used by the organization. Furthermore, Turban et al. (2008) stated that information technology refers to part of an information system consisting of hardware, software, databases, networks and other electronic devices. Information technology is a physical component that consists of hardware, software, and networks, which form the system information (Huber et al., 2008, Stair & Reynolds, 2010, Laudon & Laudon 2012). Components of information technology interact to collect, process, store, and provide the information needed to support the decision of an organization (Bentley & Whitten, 2008). Information technology has been able to reduce the steps in the accounting cycle (Hurt, 2008). While Bagranoff (2010) stated that information technology serves as a tool, in which the components of multiple systems integrate each other. Subsequently, Bagranoff (2010) revealed that information technology consists of five components that can support the successful implementation of accounting information system.

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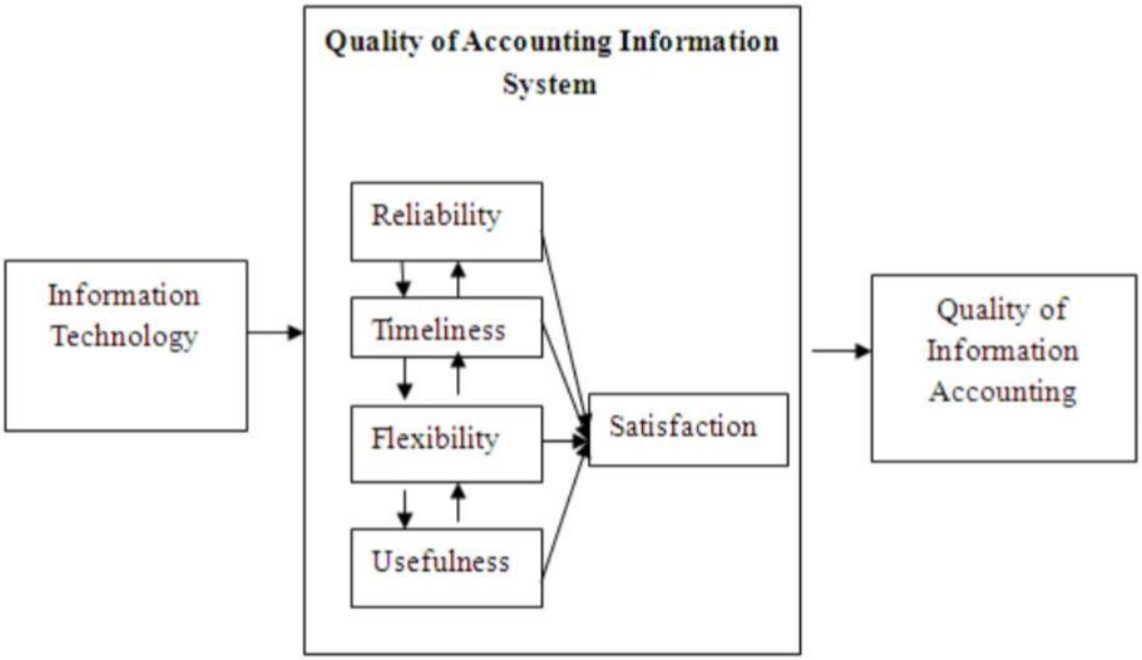
Theoretical Framework Model



METHODOLOGY

Survey research design was applied in this exploration. To achieve the purpose of the study, the research design employed was basically through the oral interview with accounting professionals and other scholars as well as the use of the questionnaire. The research objects are the information technology, the quality of accounting information system, and the quality of accounting information. The population in this study consists of university, institute and polytechnic in Bandung. Observation unit is composed of personnel involved in the implementation of accounting, namely accounting staff and accounting manager. Samples were taken at random with a random sampling technique.

This study uses primary data collected by distributing questionnaires to each respondent in University, Institute and Polytechnic. The data obtained were then tested for validity and reliability, so that the data is valid for processing. The data then were analyzed descriptively to describe the characteristics of each variable. Data will be analyzed by using path analysis with consideration of the pattern of correlative relationships between variables and recursive causality.

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T statistic is used to test the significance of the effect of each independent variable on the dependent variable. From the test results, then we compare the t value with the table value of t at 95% confidence level ($\alpha = 0.05$) with the decision criteria: If $t \leq$ t table: Ho is accepted and Ha is rejected, and If t count > t table: H0 is rejected and Ha is accepted. Each hypothesis will be tested through statistical t-test: Ho is rejected if $t >$ t critical, $\alpha = 0.05$ level.

FINDINGS

This study revealed that there is rapid and changing growth in computers as an instrument of information technology and the accounting line of work today like time past. All the respondents asserted to this fact. Secondly, the emergence of information technology has not only increased reliability and efficiency, but also helped in curbing various maladies like the fraud of the accounting line of works. Henceforth, Information Technology significantly increases the quality of Accounting Information Systems and the overall accounting work.

FUTURE RESEARCH SCOPE

Ensuing the outcomes of the investigation, there is a boundless demand for rapid besides intensive efforts on several fronts in order to find ways of dealing with the increasing notch of hole-in-the-wall dressing records due to creative accounting, the disorder of accounting clamor and deception shoot up disorder in the business and the non-business world due to non-adhering to creeds of information technology when carrying out an accounting line of works, these necessitated future exploration into these areas in order proffer solutions to the problems. It was consequently suggested that the accounting line of work will be greatly enhanced if information technology is allowed to penetrate and dominate accounting practices and operations through continuous research and development on Accounting Information Systems.

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CONCLUSION

The model developed in this study may explain the effect of information technology on the quality of accounting information system and the quality of accounting information. This model is able to predict whether the possible dimensions and indicators of adequate information technology have been applied in accounting information system. The results are then in particular will show the dimensions of any accounting information system which are major causes of weak information technology in higher education. In the new era, accounting reporting standards would need to be more robots if not aggressive, to secure the goals of accountability and transparency. The challenges for the profession of the future is how to retain the detectable tastes, of its past rooted in character and integrity, while keeping faith with the phenomenal and mind-boggling changes of the present, so that the quality of accounting information system can be better.

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