

## Professional Studies Assignment

“ **Information Technology has had considerable impact on the working**

**environment of accountants** ”

*UK accountancy faces big changes*  
(The Times, Jan 27, 2000 p34)

*Personality is bottom line for accountants* (Sunday Times, August 2, 1998 p12)

*Recent developments in Internet technology will have a profound affect on the role of management accounting systems – internal support, auditing, and control*  
(Institute of Management Accountants, Sep 1997)

*Accountants need wider skills* **WORKING BRIEFS.** (Financial Times, May 31, 2001, p8)

### Introduction

During the course of this essay, I will outline what types of changes Information Technology has caused, and what benefits and drawbacks these have brought about. Many organizations these days have high expectations of their workforce. For an accountant, these expectations are no different. I shall prove this by investigating exactly what companies expect from today's accounting graduate.

### Types of Information Technology Changes

*The Internet, is a global computer network connecting governments, companies, universities, and many other networks and users.* (Hutchinson's Multimedia Encyclopedia 2001 09/11/2001).

The Internet allows us to send data electronically to computers in different continents, in seconds. Accountants are able to receive all copies of receipts, invoices, credit notes and books of accounts, over Electronic Mail.

*'Closer to clients, accountants will be able to offer a personalized cashbook accounting service to their clients over the Internet with eCash'* ([www.tsoftware.co.uk](http://www.tsoftware.co.uk) 13/11/2001). This new device can allow the accountant to directly put the data from the cashbook directly into the accounting package.

*'In recent years, software companies have been developing a wide spectrum of accounting software packages and currently there are well over 100 accounting software packages on the market ranging from simple cheque-book programs to powerful modular systems.'* (Industrial Management & Data Systems, Hamid Tavakolian, 1995 Volume: 95, Number: 10, pg 19 – 24)

It would certainly appear that today's accountant, or accounting firm is drawn towards the use of the Internet. This could encourage a paperless environment. The use of Electronic Data Interchange to aid auditing requirements, has lead to the expansion of E-Commerce. The downside being, when transmitting data across a LAN, MAN, WAN or the Internet, data could be intercepted by third parties (hackers, competing companies, police, etc.). Using the articles as proof, it suggests that the major cause of increased Technological usage is due to the birth of the Internet. If the use of Internet technology increases at the current rates, then mature members of staff with limited I.T. skills, must be trained and development to keep up with the changes. Ultimately, if these

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advances continue at the current rate, the accounting environment, may find itself being replaced by machines/computers.

*'Electronic Data Interchange, or EDI, is the electronic exchange of business data. Using a standard format, EDI provides a method of transmitting business data from one computer to another, without the need to re-key data. This electronic link can result in more effective business transactions.'* ([www.seagate.com/support/edi/whatised.html#EDI,09/11/01](http://www.seagate.com/support/edi/whatised.html#EDI,09/11/01)). It is a system for managing business - to - business transactions such as invoicing and ordering; to eliminate the wastefulness of paper based transaction systems.

## **E-Commerce**

*'A term used to describe the interchange of commodities between nations or individuals, electronically (over a modem).'*  
([www.highlatitude.com](http://www.highlatitude.com), 10/11/01)

The main technological change in the accounting environment is the publishing of the Internet, and the improvement in today's systems. A less obvious change would be the capability of today's accounting software.

*'Sage Instant Accounting is a totally integrated system; it records all your financial transactions, updates your ledgers automatically, holds customer, supplier and product records, prints invoices and produces financial reports. Ideal for sole traders or start-ups. No prior knowledge of accounts or technology needed. Do your bookkeeping in hours instead of days.'*

(<http://www.sage.ie/products/accounting/instantacc/default.asp>, 12/11/01)

An advanced accounting software package, like Sage, also comes with an upgrade feature allowing you to download the most recent additions to the package. As the data is now digital, you are able to produce reports at the click of a button.

Providing all the data is correct to begin with, this method of accounting is far quicker and more effective, than doing the same in writing or on a more basic accounting package.

## **Skills**

It appears that a person with a great deal of technological & accounting knowledge (with the correct ambition) would be ideally suited to the role of tomorrow's accountant, but what else do they need?

*'To be a successful accountant today requires an impressive range of skills," says Reed Accountancy Personnel's director, David Callaghan. "In addition to the technical demands of the profession there is a growing need for commercial awareness and the ability to communicate well with non-finance managers."'* (Sunday Times (London, England), August 2, 1998 p12)

*'Budding accountants will need to become good communicators, have a commercial view of the whole business organisation and be strong on systems and processes. There will be more emphasis on multi-skilling'* (Article CJ75152821, The Financial Times, May 31, 2001 p8)

This article further goes on to say, *'The more hats they can wear, the more marketable they are, and they can therefore demand a higher salary.'*

It appears that today's recruits should almost be hard-nosed and competitive, whilst being able to work in a team and socialize with colleagues. Here is great demand for accountants, but there is also enormous competition.

*'Perhaps the real message from these contrasting views is that the accountancy profession is so large now that there are opportunities for almost every conceivable personality type. And if the demand does increase, as Pitts believes it, opportunities will open up to candidates with ever more diverse backgrounds.'*

(Management in action – people in organizations, Manchester Open Learning, pg 158)

## **Conclusion**

It is evident that companies today, prefer to employ more skillful, intellectual and spirited accountants. Gone are the days of just the required qualifications. The biggest change in I.T. over the last five years is the vast development of the Internet and its related uses. A parallel change is the improvement in software packages and its combination with Internet technology.