IJNRD.ORG ISSN : 2456-4184
INTERNATIONAL JOURNAL OF NOVEL RESEARCH AND DEVELOPMENT (IJNRD) | IJNRD.ORG
An International Open Access, Peer-reviewed, Refereed Journal

Emerging Trends in Accounting and Technology

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Abstract

Accounting is the face of the any business entity as it speaks about the performance either operational or financial performance or both. It speaks about all the facts and data which shows the actual position of the business. Accounting is not mere the source of information but it provides various decisions making tools.

The area of accounting is rapidly evolving with the rise of technology. Automation, minibots, machine learning, and adaptive intelligence are becoming part of the finance team at lightning speed in the area of accounting.

Artificial intelligence technology may seem new, but many companies are already using basic automated accounting processes. Accounting tasks and processes that machines can do or streamline, it includes maintaining supplier details, accounts payable details, maintaining ledger and positing of transaction, audits, procurement, purchasing, expense management, close processing, and customer queries.

Artificial intelligence technology is shaping the future of accounting by impacting the types of fields and new jobs. As new artificial intelligence systems handle repetitive work, humans will deal with more of the other work and analysis, becoming the crucial link between data and clients. Technology will always emerge and will bring new changes and the demand for accounting will always be with the new role.

To gain a more complete understanding of new integrated accounting technologies and advanced analysis techniques, individuals may want to earn accounting degree, which can help students develop skills in areas such as management accounting, financial management, and advanced financial reporting.

Future of accounting is diverse and have wider scope. A good integration of accounting with the technology will lead to enhance the scope of accounting.

Introduction

The age-old image of an accountant sitting with a strained expression on his face, with numerous files surrounding him, exists no more. Accountants today are modish and are updated with the latest information pertaining to the market and the business environment. They know all about the intrinsic details related to the business accounts and are aware of the tasks needed to be done to manage the growing numbers efficiently.

The accounting industry is in the middle of a sustained boom, which signifies the consistent growth in the industry. The emergence of new accounting technologies has provided companies with many new opportunities, along with some challenges as well. Some of the common challenges that the accounting industry, especially creators of the latest accounting software, tend to face are customer expectations, innovative business ideas, escalating costs, and so on.

So, to overcome these challenges, it became imperative for the organizations to restructure themselves, fill up the performance gaps, and adapt to the ever-changing accounting industry.

Before we discuss the accounting trends, it's important to look at two primary issues that the accounting industry is being plagued with.

Artificial intelligence technology is expanding to virtually every industry that's out there including the accounting industry as well. Looking at the recent trends in accounting, AI is becoming more proficient day by day at handling complexes accounting tasks like compiling the collected transactions into financial statements and tax returns. According to an estimate by Gartner, automating such accounting tasks through AI and robotic processes will save up to 25,000 hours of time invested in rework per year, which could then be used for other important tasks like forecasting, analysis, increasing engagement, and reducing the staff turnover.

The new accounting trends of automation and AI can ease up your work by taking care of the tedious and hefty tasks. However, one needs to be aware of whether AI will completely take over their duties and jobs. The solution for this emerging issue in accounting is professionals should try to get into an advisory or management role. They can take the responsibility of helping businesses adapt and implement AI and other emerging trends in accounting as they turn out to be more powerful and sophisticated. Moreover, automated repetitive tasks like payroll and tax form preparation will have to be cross-checked by humans which seems like a new opportunity for growth instead of a challenge.

Accounting professionals need to see new trends in accounting as a way to do their jobs more efficiently. Tapping into these trends can save a lot of their time which can be used for focusing on strategic tasks, such as financial planning and risk management.

Technology will surely eliminate the need for traditional accounting tasks and rules-based accounting skills, but among these emerging issues in financial accounting, the demand for people who can carry out an excellent financial analysis and strategy is also increasing. It does take time and effort to learn about financial forecasting and risk analysis or leveraging analytics tools to extract useful insights. So, one can't just get out of bed one day and become the perfect financial advisor to their clients.

They have to put continuous efforts to make themselves familiar with the advanced forecasting and analytics features that their accounting software offers. Eventually, they will be better equipped to interpret the deep data and translate it into actionable advice. To get in sync with the emerging trends in business finance and start providing strategic advice to clients, it is recommended for accountants to talk to their clients, conduct surveys, and dig into the numbers to find out where they are struggling with their business goals and how to help them get there. With the emerging trend in finance, the challenge to keep security threats at bay is getting tougher. Hackers are targeting accounting information like credit cards, bank account numbers because of their high value. Therefore, as an accounting professional/ business leader, your responsibility goes beyond protecting your company's data only. You also have to ensure that you are keeping security breaches away for all the contacts in your system that include your employees, clients, and service providers. To be able to do that, you have to –

Keep your accounting software updated at all times. The updates come with new features according to accounting software trends as well as patch security vulnerabilities.

Ensure that only authorized personnel are allowed to access specific data and systems

Get rid of any old client data or company data that is no longer needed

With the advent of computers in the arena of the accounting information system, we can see a drastic change from paper-journals and ledgers to computer-based formats. The accounting information of a business house is being stored in the accounting databases. In these storehouses of the database, only specific accounting transactions are maintained. As a consequence, these systems are not meeting the specific needs of the stakeholders (decision-makers) of the business. Therefore, there is a need to apply a certain type of intelligence into accounting database, which helps to eradicate the flaws of the traditional system. So, one approach to solve this problem is to integrate robotics (AI) into the accounting database, which meets the needs of decision-makers. So, the present paper is intended to analyse the impact of robotics in accounting, reporting and auditing of business and financial information. For this purpose, the next part of the paper is organized as a literature survey, research gap, research questions, objectives, methodology, discussions and conclusions, limitations and scope for further research.

Methodology

The application of robotics in accounting operations is still in the earlier stage. So, the present study is in conceptual conducted based on secondary sources collected through published sources such as journals, articles, websites, reports, magazines, etc.

Future Area of Accounting

Accounting trends are developments and reactions to changing landscapes, technology and other market forces that shape the accounting profession as we know today. Here are some emerging area of accounting are discussed.

Green Accounting

Green accounting is a new type of accounting which consider the environmental cost into the financial accounting. It has been argued that gross domestic product ignores the environment and therefore policymakers need a revised model that incorporates green accounting. The major purpose of green accounting is to help businesses understand and manage the potential advantages between traditional economics goals and environmental goals. It also increases the important information available for analysing policy issues, especially when those vital pieces of information are often overlooked. Green accounting is said to only ensure weak sustainability, which should be considered as a step toward ultimately a strong sustainability.

It is obvious therefore that a standard practice would need to be established in order for it to gain both credibility and use. Depletion is not the whole of environmental accounting however, with pollution being but one factor of business that is almost never accounted for specifically. A professor of business administration at the University of Maryland and a Senior Fellow at the Cato institute, argued that use of natural resources results in greater wealth, as evidenced by the falling prices over time of virtually all non-renewable resources.

Cloud Accounting

Cloud Accounting is a part of cloud computing. Cloud computing is a term used to refer to a model of network computing where a program or application runs on a connected server or servers rather than on a local computing device such as a PC, tablet, smartphone. This hosted application can be accessed by any internet enabled device such as PC, tablet or a smartphone.

For example, cloud accounting software – Profit Books is hosted on the centralized servers. Users can just open their web browsers and start using the application without installing anything on their PCs.

Cloud accounting is the most exciting and important thing that had happened to the accounting industry in recent years. This has enabled the bookkeepers and business owners to work on the same system simultaneously regardless of their location. Bookkeepers and chartered accountants no longer need to go through the pain of importing client's data files into their systems.one can use the data through login the profile only. It makes available data anytime anywhere.

Carbon Credit Accounting

Carbon credit accounting is the newest in the area of accounting. A Carbon Credit is equal to one ton of carbon dioxide expelled in the atmosphere. The concept came into existence as a result of increasing awareness on the need for pollution control. It became formal after the agreement among 141 nations known as KYOTO PROTOCOL. Carbon Credits are the certificates awarded to the countries taking active participation in reducing the emissions that cause global warming.

As per the KYOTO PROTOCOL, developing as well as the least developed countries are not bound by the emissions of carbon that they produce. For the developed nation, to meet the assigned reduction targets, allowances have been issued equal to the number of emissions allowed. For attaining these objectives, three market-based mechanisms have been provided by the Kyoto protocol:

Joint Implementation-Developed nations with the very high cost of domestic Green House Gases (GHG) reduction, have an option of the joint implementation. They can set up a project in another developed country which has a relatively lower cost. In this way, a developed country can earn carbon credits that can be applied during excessive emission targets.

Clean development Mechanism-Developed nations can take up GHG reduction project activity in a developing nation. The cost of GHG reduction is usually much lower, and the developed country would be given carbon credit for meeting emission reduction targets.

International Emission Trading-A developed country with emission reduction targets could trade in the international carbon credit market. Developed countries exceeding the emission limits can buy the carbon credit for those whose actual emissions are less than the emission limit. Carbon Credits can be exchanged between businesses in the international market at the prevailing market price.

Forensic Accounting

Forensic accounting is the integration of forensic audit. It covers investigation of fraud or financial manipulation by performing extremely detailed research and analysis of financial information. Forensic accountants are often hired to prepare for litigation related to insurance claims, insolvency, embezzlement, fraud, skimming and any type of financial theft.

There are various types of forensic accounting and auditing that can take place, and they are typically grouped by the types of legal proceedings that they fall under. Below are some of the most common examples:

- Financial theft (customers, employees, or outsiders)
- Securities fraud
- Bankruptcy
- Defaulting on debt
- Economic damages
- Merger and Acquisition related disputes
- Tax evasion or fraud
- Corporate valuation disputes
- Professional negligence claims
- Money laundering
- Privacy information

Block chain Accounting

Block chain is made of two words block it consists the amount of data and the other is chain which integrate the block of data in to a effective chain. Blockchain is an accounting technology. It is concerned with the transfer of ownership of assets, and maintaining a ledger of accurate financial information. The accounting profession is broadly concerned with the measurement and communication of financial information, and the analysis of said information. Much of the profession is concerned with ascertaining or measuring rights and obligations over property, or planning how to best allocate financial resources. For accountants, using blockchain provides clarity over ownership of assets and existence of obligations, and could dramatically improve efficiency.

Blockchain has the potential to enhance the accounting profession by reducing the costs of maintaining and reconciling ledgers, and providing absolute certainty over the ownership and history of assets. Blockchain could help accountants gain clarity over the available resources and obligations of their organisations, and also free up resources to concentrate on planning and valuation, rather than recordkeeping.

Alongside other automation trends such as machine learning, blockchain will lead to more and more transactional-level accounting being done – but not by accountants. Instead, successful accountants will be those that work on assessing the real economic interpretation of blockchain records, marrying the record to economic reality and valuation. For example, blockchain might make the existence of a debtor certain, but its recoverable value and economic worth are still debateable. And an asset’s ownership might be verifiable by blockchain records, but its condition, location and true worth will still need to be assured.

By eliminating reconciliations and providing certainty over transaction history, blockchain could also allow for increases in the scope of accounting, bringing more areas into consideration that are presently deemed too difficult or unreliable to measure, such as the value of the data that a company holds.

Blockchain is a replacement for bookkeeping and reconciliation work. This could threaten the work of accountants in those areas, while adding strength to those focused on providing value elsewhere. For example, in due diligence in mergers and acquisitions, distributed consensus over key figures allows more time to be spent on judgemental areas and advice, and an overall faster process.

Human Resource Accounting

Human Resource Accounting is the process of identifying and measuring data about Human Resources and communicating this information to the interested parties. It is an attempt to identify and report the Investments made in Human Resources of an organisation that are currently not accounted for in the Conventional Accounting Practices.

Thus, Human resource accounting is a term applied by the Accountancy Profession to quantify the cost and value of employees of their employing organisation. The objectives of the human resource accounting are as following:

The aim of human resource accounting is to depict the potential of the employees in monetary terms. This concept can be examined from 2 directions

Cost of Human Resources - The expenditure incurred for recruiting, staffing and training the Quality of the Employees and

Value of Human resources - The yield which the above investment can yield in the future.

Conclusion

Application of technology in the area of accounting is one of the important developments in business research. Some of the debates argued that application of technology in the field of accounting leads to loss of jobs by the accountants and but the present study observed that it does not remove the accountants and but it eases their operations in an efficient manner. Further, it helps to process accounting functions with the greater accuracy, speed and efficient manner and this also enables investors to get their required information for timely decision-making. Use of latest technology in the field of accounting have emerged the newer area of accounting like Green Accounting, Cloud Accounting, Blockchain Accounting, and many more finally, the study concludes that application of technology in the accounting is cost-beneficial in the long run, smoothen its managerial decision process, and enables the firm to easy filing of compliance and other disclosure reports to the regulatory authorities. Importantly, it will build confidence among all the stakeholders by fulfilling their needs at large.

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