



## The Impact of Technology on Accounting in Small and Medium-Sized Businesses in the State of Telangana

Dr.P.Rama Krishna<sup>1</sup>, Dr.A.V.VSiva Prasad<sup>2</sup>, M.Sambasiva Rao<sup>3</sup>, Y.K.Naga Lakshmi<sup>4</sup>, N. Satish Kumar<sup>5</sup>  
Associate Professeor<sup>12</sup>/Assistant Professor<sup>345</sup>,  
Mail Id : get2ramakrishna@gmail.com, Mail Id : arrjasiva@gmail.com ,  
Mail id : sivarao234@gmail.com , Mail Id : laxmi.yasa32@gmail.com, Mail Id : satish2036@gmail.com,  
Department of MBA,  
Swarna Bharati Institute of Science and Technology (SBIT),  
Pakabanda Street,Khammam TS, India-507002.

### ABSTRACT

*The impact of information technology in accounting is playing a major role in small and medium enterprises information technology has been the prevailing impact to businesses and around the world .It is now given stretching from the perspective of technology and it is benefits as to whether it can be effective, that is improving small and medium enterprises performance, where many if not most of businesses implementation include competitive advantage, reduction in human errors. Companies in telangana state have different reasons for frequent improvement of technology to existing technologies used in the companies. an system application practices company outlined that using technology to maximize your business productivity creates the platform to realize true business success business productivity and information technology ensures organizations have the tools to overcome the challenges of executing on strategy every day and prospering in present global scenario..*

*Small and medium enterprises business firms implements technology because it enables the company to keep up with other small and medium enterprises business firms in throughout the world. And technology allows businesses to improve their communication processes. The use of emails and other websites can help companies improve communication with customer.. This helps in maintaining competitive advantage and business owners can use technology to reduce business costs. And it helps in automating back office functions, for example record of book keeping, accounting and payroll. Technology can also be used to create secure environments for maintaining sensitive business or customer information. in global scenario*

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### INTRODUCTION

The increasing business competition has seen many developments in how business conducts its daily business activities and how their strategies have changed due to the introduction of technology in business activities. This has affected many businesses and has led to intense



business competitions locally, internationally and globally. Such were as a result of business competitions, diversification and the change in business markets and of which have been affected or impacted by technological advancements sources.

These days the technology have made some business to go out of business due to failure to adopt of technology in the field of accounting sources. Good adoption of such technology by business has seen major improvements into operations. Technology in the field of accounting has imported a series of parties including auditors, financial managers, operational staff, bankers, investors and many more. Technology have transformed many firms in professional services industries. Technology has advanced in a variety of areas which including processes, computer hardware, program languages and data constructs sources.

Computer devices have forever transformed the way companies conduct business. Software packages have also improved traditional operations and production processes. The biggest impact technology has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions. Paper ledgers, manual spreadsheet and hand written financial statements have all been translated into computer systems that can quickly present individual transactions into financial reports.

### **NEED FOR THE STUDY**

Accounting information technology are improvements in technology in the field of accounting which were designed to help in the management and control of topics related to firm's economic- financial area. Technology have opened up the possibility of generating and using accounting information from a strategic view point. The technologies in the field of accounting have allowed instant access to services, data and news as well as financial and non-financial information to aid business operations. Information highway which has been created by new forms of communication and access to data has redefined the business communication. Global computer networks and telecommunications equipment allow access to all type of business information at a press of a button.

There are opportunity advantages created by the knowledge of the system and there are some types of advancements such as spread-sheets and accounting software applications skills are



now essential. New developments such as e-commerce have enhanced the level of decision makers of the information technology knowledge and experience. Such developments and good utilization have increased job opportunities sources.

There is a relationship between accounting information systems and performance measures and investments in such technology proves to be time saving in trips to and dealing with banks, administration and other business activities. Firm's costs are reduced; productivity is increased when such innovations are properly used. A firm's open culture to introduction to new AIS leads to a more holistic view of it and a greater flexibility and dynamism in organizational search for improved results. Studies have been carried out about the impact of information technology on a company's productivity and obtained results that have led to the so-called productivity paradox. This states that firms adopting information technology innovations do not seem to experiment significant increase in their financial performance as productivity gains are translated into benefits to customers. However firms may suffer from productivity decrease due to the competition from their it adopting counterparts.

### **IMPORTANCE OF THE STUDY**

The research was expected to benefit individual and corporate staff who might be ignorant than others might be. As personal computers have become standard office equipment, the staff can utilize accounting software as replacement for standard paper ledgers and loose-leaf binders.

Accountants appreciate the software more often for example; spreadsheet programs are highly efficient at enhancing accountant's calculations and reporting. There are accounting programs in the market in prices; this makes them to be very popular with small businesses. Paying bills, recording transactions and reporting are daily tasks which can be done using the software. This helps the program by keeping all data organized and in a centralized location. Thus the research enhances the understanding of the relationship between market factors, accounting software's and programs and increased output or production levels.



## OBJECTIVES OF THE STUDY

- 1) To identify and investigate the software's that may be used by staff due to technology
- 2) To analyze the importance of technology when making decisions
- 3) To explain the effect of technology to staff for development.
- 4) To highlight how the dynamics in the current economic environment have contributed to technological changes
- 5) To analyze activities that management of a technologically distressed firm may undertake to conceal technical difficulties in the company.

## SIGNIFICANCE OF THE STUDY

The purpose of the study is to critical analyzing the impact of technology on productivity and performance. The study will also unveil the influence of information technology on the efficiency of accounting information system in telangana state. In addition the study will cover the relationship between technology and performance.

## RESEARCH METHODOLOGY

- a) **Collection of the data**, Primary data- Primary data is data observed or collected directly through physical distribution of questionnaires and the questionnaires will be dropped at respondents, work places. Secondary data-Secondary data is collected from the different companies of various places.
- b) **Presentation of the data**  
Data will be presented using pie charts, bar graphs and tables generated by Microsoft Excel.
- c) **Analysis of the data**  
This encompasses various ways in which both primary data from the questionnaires and secondary data for case studies was analyzed.

## LIMITATIONS OF THE STUDY

The study will be conducted on telagana state companies which are considered to be using high technology. These companies which will be around telagana state.



## ANALYSIS OF THE DATA

**Response Rate** In this research, the sample consisted of accounting departments of firms from different industries such as Retail, Accounting, Service and Manufacturing industries. The distribution of responses was as shown below.

**Table 1:** Responded Rate

Total questionnaires issued	50
Total returned	45
Total unreturned	5
Percentage response	90%

Source of Data: Primary Data

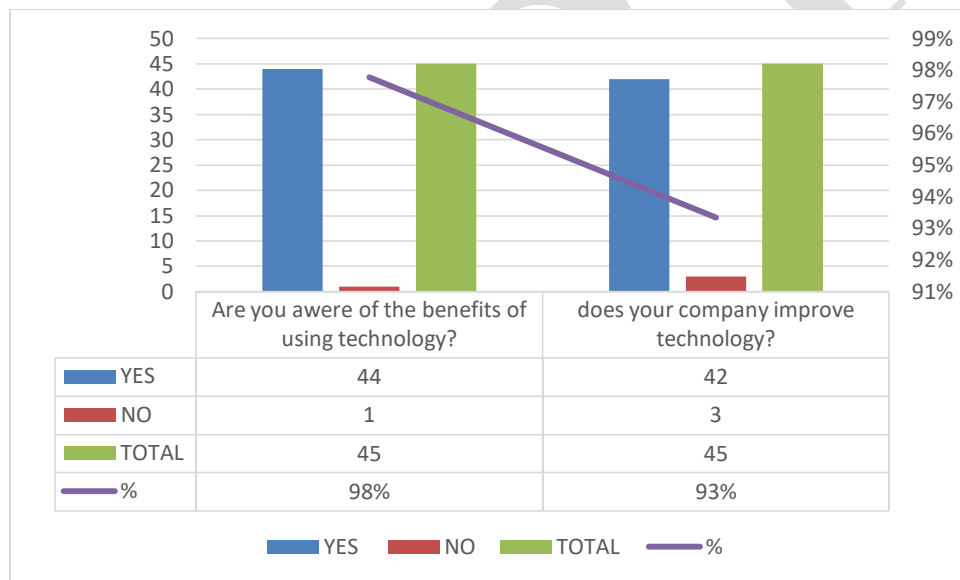
Fifty questionnaires were distributed to respondents, but out of fifty questionnaires forty five questionnaires were collected from different respondents, meaning the response rate was 90% which could have been attributed to physical distribution.

**Data Presentation**-Presentation of primary data from the questionnaire was analyzed as given below.

Awareness and benefit of technology in regards to awareness of technology, the research uncovered that a lot of companies are aware of technology. All these companies we researched from have implemented and are using technology. 98% companies' implemented technology because of the benefits derived from the technology as shown in diagram.

The research also revealed that 93% of the companies constantly update their technology in order to be able to keep up in the industry. Technology is mostly updated to improve efficiency, increase productivity and to constantly increase the benefits of technology. The table shows that technology is mostly updated for competitive advantages

**Figure 1: Awareness and benefits of technology**



Source of Data. Primary Data.

The four following benefits shown in the table are the most common which a lot of companies implemented technology for. As seen above more companies use technology to improve speed and accuracy as compared to the other benefits of technology.

**Table 2: Awareness and benefits of technology**

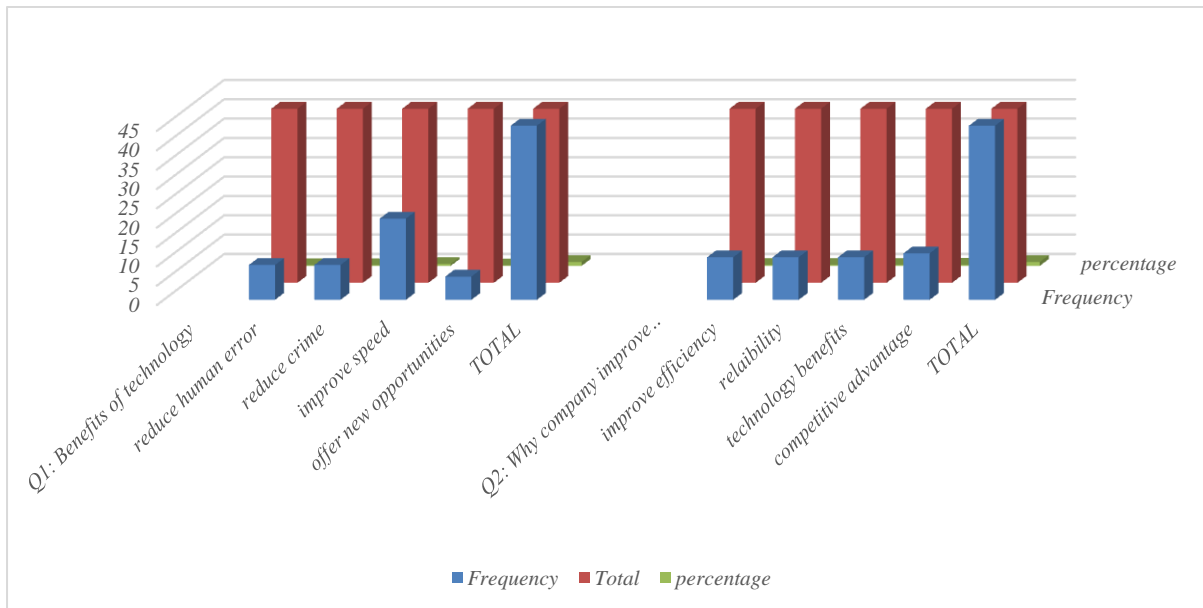


<b><i>Q1: Benefits of technology</i></b>	<i>Frequency</i>	<i>total</i>	<i>percentage</i>
<i>reduce human error</i>	9	45	20%
<i>reduce crime</i>	9	45	20%
<i>improve speed</i>	21	45	47%
<i>offer new opportunities</i>	6	45	13%
<b><i>TOTAL</i></b>	45	45	100%
<b><i>Q2: why company improve technology</i></b>			
<i>improve efficiency</i>	11	45	24%
<i>reliability</i>	11	45	24%
<i>technology benefits</i>	11	45	24%
<i>competitive advantage</i>	12	45	27%
<b><i>TOTAL</i></b>	45	45	100%

### Source of Data. Primary Data

Management ensures that they implement technology based on the benefits they want to achieve. Respondents suggested that 47% companies implement technology to improve its speed for better performance and productivity. About 20% respondents suggested that companies implement technology to reduce human error and reduce crime. Theft of information from the company can be costly to the company and so that is why companies implement to reduce crime. 13% suggested that it is implemented to offer new opportunities to the company to stay in competition with other companies.

**Figure2: Awareness and benefits of technology**



Source of Data: Primary Data.

**Impact of technology on productivity and performance** Technology has a lot of impact on productivity and performance of employees and of the company in the industry. Technology improves speed and accuracy of the operations such that productivity is more fast and accurate. From the data collected 46.7% of the companies stated that technology improves the speed and accuracy of their operations as compared to doing it manually. Also the data revealed that technology reduces crime in the company which improves performance of the company. Also it reduces human errors which save costs as mistakes and errors require time and funds to fix them. Technology also offers new business opportunities because of its versatility, as 20% of the companies stated that if these new business opportunities succeed this tends to increase revenue and increases the company's market share.

The research also revealed that companies use technology as a competitive advantage. This means that it boosts the company's performance in the industry. 84.4% of these companies stated that technology have impacted its performance through this. With the increase in speed and accuracy companies can now produce more products and efficiently thus being able to get a larger market share. Also the more efficient the product or service is, the company is able to get a larger market share or is able to perform better than its competitors 93% companies stated that technology helps to sustain the company's position in the industry,





such that if it is the leader. It can maintain that position for a long time. This is done through updating technology frequently. As technology is updated so will be the benefits obtained from it. These companies see technology as an important factor for business survival. The state that it makes communication easier which promotes growth through globalization.

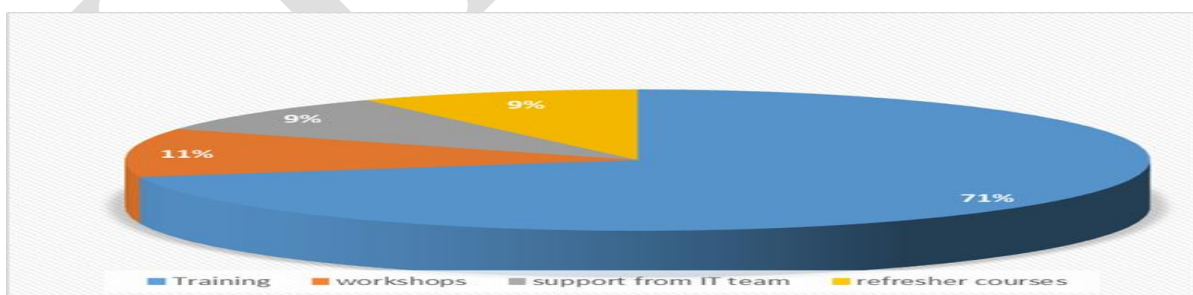
The research also revealed that in order for technology to be able to impact the company's performance, employees are an important factor. Without their support this objective will not be attained

Companies empower their employees through refresher courses and workshops. Also support from the IT team is important and training of employees. Empowering employees to be well equipped with technology enables the company or firm to achieve its goals faster as staff exactly what is needed of them from using technology in the company.

#### What the companies do to empower employees to use technology effectively:

FACTORS	frequency	TOTAL	Percentage
Training	32	45	71%
workshops	5	45	11%
support from IT team	4	45	9%
refresher courses	4	45	9%

#### Source of Data: Primary Data



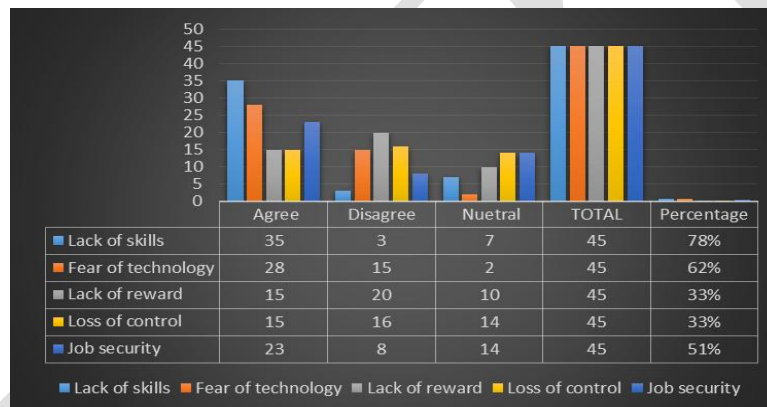
Giving relevant skills to employees ensure management and staff are in line to what is required of them by top management. As seen from the table below 71% of the companies use training to make sure employees use technology efficiently. This gives an idea of how much effort the company is doing to ensure staff members are well equipped with the advancement in technology used by the company on a daily bases. 11% use workshops to alert management and staff members on coming updates of software's and systems used in



the company, 9% rely on the support from the IT team to give light on the use of software's and systems implemented in the company and 9% companies uses refresher courses which are short training programs on technology that has been updated. This type of employee empowerment keeps member staff updated on the skills they need to operate the updated system or technology

From the research it was found that there are factors that are considered to be reasons why employees find it difficult to back up the implementation of technology in the company. In analyzing different industries like service, manufacturing, a number of factors were used to examine the different industries. The factors below were used. 35 of 45 (78%) respondents suggested that lack of skills is the leading fact why employees find it hard to back up the implementation of technology. Respondents also highlighted fear of technology as the next factor that affects employee willingness to back up technology. About 62% of the respondents pointed out this factor.

#### **Factors affecting staff's willingness to support technology implementation**



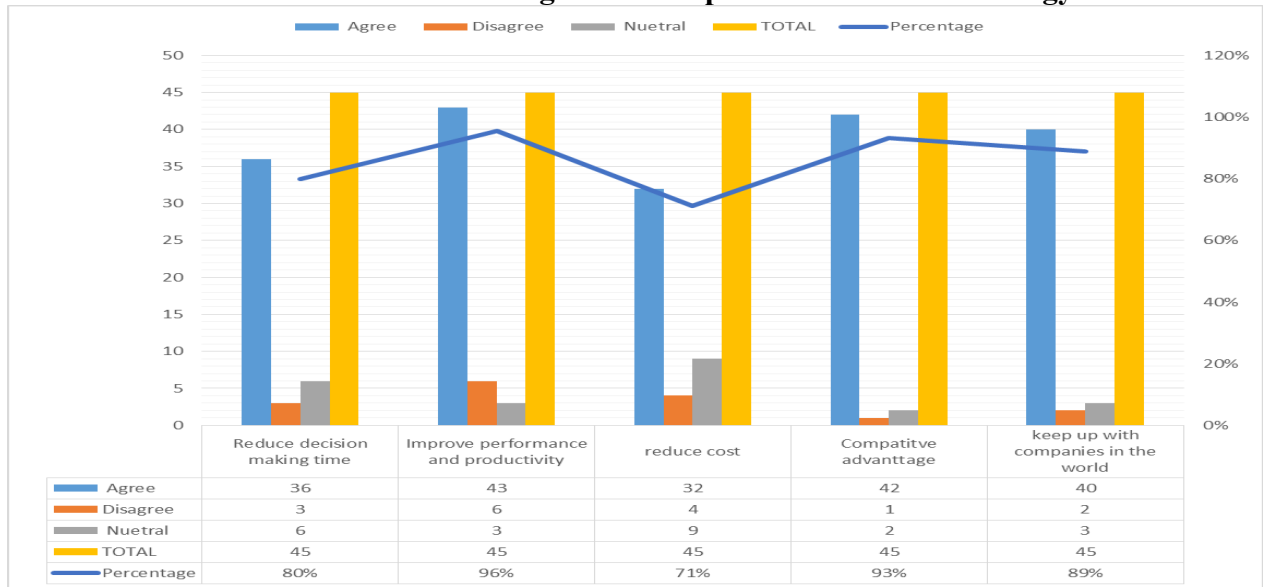
#### **Source Data: Primary Data**

The data points out that most of the respondents believe that lack of reward and loss of control are not the strong factors that makes employees find it hard to back up technology implementation. About 33% of the respondents agree with the lack of reward and loss of control which is less than those that disagree. In short most of the respondents do not believe that lack of reward and loss of control is factors that add up to the unwillingness of staff to back up IT implementation. The third factor respondents believe influence the unwillingness of staff is the worry of job security, about 51% responded to this factor.

From our primary data we examined management's reasons for implementing technology on five factors in the different industries in Telangana state. The factors are listed below in the graph chart. Management implement technology when there will be so benefit attached to it so that they do not find themselves implementing a system that will prove costly for the company. So management becomes so focused on the reasons why technology is implemented.



### Factors that determine management's implementation of technology



#### Source of Data: Primary Data

Respondents pointed out that management implement technology due to all of these factors and they are factors that management put thorough consideration on. 43 of 45(96%) respondents suggested that management implement IT to improve performance and productivity to its business and daily operations. The second most important factor was competitive advantage of the firm or business to compete with other companies in the industry, about 93% suggested this factor. 89% pointed out that management implement IT so that it enable them to keep up with other companies in the world, 80% suggested that it's because of the ability of IT to reduce decision making time and lastly about 71% pointed out reductions in costs as part of the reasons why management implement technology.

#### Conclusion of the study

Conclusion is now given stretching from the perspective of technology and its benefits as to whether it can be effective, that is improving company performance. This was comprised of what the respondents said and what the researcher had come up with as follows;

As we gathered in our research that management implement technology to improve company performance, standards and productivity. Osmond Vitez also confirms this as follows; He said that businesses can increase their employees' performance through the use of technology. He stated that computer programs and business software usually allow employees to process more information than manual methods, thus, increasing the speed and accuracy in performance.

This paper on success factors, an SAP company outlined that using technology to maximize your business productivity creates the platform to realize true business success business



productivity software ensures organizations have the tools to overcome the challenges of executing on strategy every day and prospering in today's economic times. Increased business productivity can be traced to the automation of processes allowing for faster communication of strategy, increased time spent on strategic priorities and greater project completion rates.

According to Osmond Vitez, Demand Media, he mentioned that business can implement business technology to develop competitive advantages in the economic market place. He outlined that management should consider implementing technology in their planning process in order to be able to create operations using the best technology available.

As a richer found that management implement technology because it enables the company to keep up with other companies in the world. Osmond Vitez emphasizes this by saying that technology allows businesses to improve their communication processes. The use of emails and other websites can help companies improve communication with consumers. This also allows businesses to reach new economic markets with the use of internet advertising through carefully placed web banners or advertisements. This helps in maintaining competitive advantage.

He also stated that business owners can use technology to reduce business costs. Technology helps in automating back office functions, for example record keeping, accounting and payroll. Technology can also be used to create secure environments for maintaining sensitive business or consumer information.

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