The Negative Impacts of Technology on Accounting Practices of Small Businesses in Cape Coast

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Abstract
The research is motivated by the various challenges technology poses to small businesses operations in Cape Coast. The problem revealed a reducing compliance to the International Financial Reporting standards by small businesses in Cape Coast due to the challenges technology brings with its introduction into the operational activities of the business. Ghana is expecting massive compliance to the Accounting standards but challenges small businesses face as result of the adoption of technology mars their full compliance to these standards. This research work will provide insightful explanations into the problems technology gives to the Accounting practice in small businesses in Cape Coast. It will also propose a framework in which challenges to best Accounting practices in small businesses can be handled. The research method used is qualitative and quantitative approach. The study revealed an increase in compliance to Accounting standards in certain cities but an appreciable rise in full compliance in Cape Coast is not yet achieved.

Keywords: *Standards, Compliance, Technology, reporting*

1. Introduction

1.1 Background

The invention of machineries and equipment to speed up work has seen tremendous improvement in history. Undoubtedly, technology has come to solve a greater percentage of mankind's challenges both at the work place and at all spheres. Small Businesses have also received a fair share of the essence of technology in their day to day activities. A lot of emphasis has been given to the benefits of technology without giving significant study into the negative impacts technology has on businesses. A recent report from Google's Deep Mind AI division (Leibo et al., "Multi-agent Reinforcement Learning in Sequential Social Dilemmas," Proceedings of the 16th International Conference on Autonomous Agents and Multiagent Systems, 2017, http://bit.ly/2Igmn0l) showed how technology can become both greedy and aggressive over time, crypto currencies continue to emerge and evolve, which also may contribute to the furtherment of more substantial and advanced financial fraud. While an overall approach focuses on the benefits of technology to small businesses, an in-depth study reveals the Accounting obstacles posed by technology to small businesses as elaborated by Scott, (2009). The introduction of technology changes organizational structure and increases cost of operations (Mat, 2010). Technology provides data for managerial decision making but the data is totally dependent on human resources, therefore it is an extension of human errors, and managers will end up making wrong decisions, (Scott, 2009).The information age is creating an era of large data, millions of applications, large sets of piggybacking technologies, and new types of products as well as data sources distributed inside, outside, and throughout partners of information creators. The consequence is that traditional financial reports are becoming progressively less and less relevant. This is leading to the consequent decrease in value of their assurance. On the other hand, the distance between the manager and his/her data is becoming larger and larger, with multiple layers and sources of information, overlaid applications, and conflicted reports leading to a highly increased need for understanding and verification.

A key disruptor of modern systems is the multiple information components that directly affect the modules of a value chain. A negative social media stream may be issued after a payment has been received, but also may be generated prior to it, or during the value contestation stage. The real-time economy (The Economist 2002) brings about different information needs and the questioning of traditional information metrics present in traditional accounting reports. The modern data analyst or business manager should be very interested in both the speed of processes as well as their value.

2. Problem Statement.

The importance of technology in small business operations cannot be downplayed. However, numerous challenges that small businesses face are as a result of the inclusion of technology in the operational activities. Most small Businesses are plagued with numerous Accounting challenges due to the inclusion of technology in their business operations. First, improper integration of technology in small businesses affect effective accounting practices and may later affect profitability. As far as the literature review is concerned, there had not been an extensive empirical study in the West African sub regions especially, Ghana. It is therefore necessary that one looks into the problems posed by technology to the practice of the Accounting profession in small businesses. There is therefore the need to better appreciate the challenges technology brings to small businesses. The following research questions needs to be answered.

1. What is a typical challenge affecting Accounting practice in small businesses?
2. When does technology seems to be an obstacle to proper Accounting practices?
3. What are the recent researches approaches to handling the challenges of technology to proper Accounting practices in small businesses?

2.1 Research Objective

The goal of the research is to provide an understanding of challenges to the practice of Accounting in small businesses in Cape Coast due to technology and to provide a well-structured approach to handle these challenges. The objectives of this study is to provide a comprehensive analysis of the difficulties exposed to proper Accounting practices as technology is introduced in the operations of a small business. The study seeks to achieve the following objectives:

1. To identify some of the challenges technology poses to the practice of Accounting in small businesses.
2. To examine a comprehensive analysis of challenges posed by technology to the practice of Accounting in small businesses.
3. To examine the industry-wide approach to handling these challenges of technology to accounting practice
4. To establish a well-organized approach to Accounting practices in small businesses in the midst of technology.

The outcome of this study will be beneficial to Accountants and the technological industry in formalizing the integration of technology in small businesses and the method of integration.

3. Literature Review

A preliminary literature review shows that previous studies have revealed the benefits of technology to small businesses like improvement in profit, speeding work and increasing output without giving a significant study in the limitations of technology to the practice of Accounting in small businesses. Various approaches to handling the limitations of technology have been researched into but what is missing is the limitation of technology to the proper practice of Accounting. According to CPA journal (2019), technologies thought to protect investors against frauds and help auditors identify those activities could actually assist executives in committing fraud, or even learn to commit the frauds themselves. In the wake of the Equifax computer breach—in which key personal information of 145 million Americans was stolen—it may be correct to assume that anyone with a credit history is affected. In the words of noted cyber security expert Brian Krebs, "Assume you're compromised, and take steps accordingly" ("Fear Not: You, Too, Are a Cybercrime Victim," KrebsonSecurity.com, Oct. 17, 2017).

According to (James Manyika et al) the impact of disruptive technologies such as Robotic Processing Automation (RPA), Artificial Intelligence (AI), blockchain, smart contracts and advanced analytics has reshaped existing business models of which the Accounting practice is no exception. Technology is throwing unprecedented challenges to the Accounting profession which goes a long way to affect profitability and performance. Ernst & Young (The future of Audit: Preparing students to Succeed, Ernst & Young whitepaper, 2018) points out that the audit of the future requires ''accounting plus'' skills. These skills go beyond the practices enshrined in the Accounting Standards, thereby affecting the ethics and practices of the profession. A similar research by Scott (2009) revealed that technology has entailed the need to broaden the education and ascent of accounting consultancy. Other effects on accounting professionals may exist as a result of technological innovations. It was stated (Brown-Liburd and Vasarhelyi 2015) that exogenous data are on the path towards affecting decision making of financial statement users. The study further revealed that exogenous data emanates from social media, locational data, electronic sales data, web path analytics, or weather data. They are progressively becoming more and more incorporated into the main company's information systems. This information can be transformed for operational purposes or for integration into a corporate relational database system. Also, literature on IFRS compliance in Ghana so far have focused on the level of compliance and how the level of compliance is associated with company attributes such as size, profitability, leverage, firm age, auditor type, internationality and industry type (see Marfo-Appiah et al., 2016; Yiadom & Atsunyo, 2014), but have ignored the setbacks of technology on small businesses' compliance with the Accounting Practice

Block Chain can be a truly disruptive force within the enterprise system markets, as the domineering forces (IBM, Oracle, and SAP) are forced to stay with their successive legacy solutions and remain vertically compatible. The block Chain, deemed very secure in its chain core, poses myriad questions for its usage in accounting and auditing. The basic paradigm change is the idea of shared data among organizations instead of organizations keeping data within four walls. Every accounting transaction is typically recorded in two or more organizations and updated independently and accounting software can be rendered obsolete within a short period

1. Methodology

For the purpose of this study, mixed method was used, mixed method is where more than one research method is used. (Brannen, 2005) with mixed method, both quantitative (numbers) and descriptive (words) design was used (Cooper et al., 2007).The primary research method for this project is questionnaire and an open interview with owners of small businesses. Out of a 100 questionnaire distributed, only 42 were received representing 42%.The study focused on reviews of other researches that have been carried out on the same area and also reached out to the field to find out from owners of small businesses how technology impacts accounting practices negatively. The findings from the survey are presented by descriptive statistics.

5. Population and Samples

According to Busha and Harter (1980), a population is any set of persons or objects that possess similar charateristics. The study used a sample of 40 small businesses in Cape Coast. This sample of businesses from different sectors of the country was used in this research to give a fair impact on the researcher's outcome.

5.1 Data Collection

5.1.2 Library Research

Literature studies are carried out by studying books, previous journals, articles, searches on the internet regulations and other literature

5.1.3 Field Research

Structured questionnaires were used to collect data from this sample population. The questions related to the negative impact of technology on accounting practices of small Businesses in Cape Coast as far as the standards are concerned. The questionnaire has two levels, Level I gives respondents option to mark while option II allows respondents to score on a scale from zero to five. (0=fully disagree and 5 = fully agrees) with the negative impact of technology on their businesses.

0=strongly disagree 1=disagree 2=agree somewhat
3=neither agree nor disagree 4= agree 5=strongly agree

Table 1

	QUESTION			
	How many clients do you have	Less than 50( )	Between 51 and 100( )	More than 100 ( )
	For how long have you being in operation	Less than 2 ( )	Between 3 and 5 ( )	More than 5 ( )
	How many employees do you have	Less than 10 ( )	Between 11 and 20 ( )	More than 21 ( )
	What is the qualification of the Accountant	Professional ( )	Assistant ( )	Non-Accountant ( )
	How do you classify your business with the competitor	Small ( )	Medium ( )	Large ( )

Table 2

		0	1	2	3	4	5
1	Accounting practices benefit only big organisations						
2	Technology makes Accounting standards compliance difficult						
3	A business can run effectively without integrating technology into its Accounting practices						
4	Technology increases the businesses' cost of operations						
5	The negative impacts of technology outweighs the benefits						
6	Management can interpret output processed from a computer						
7	Clients of the business understand the Accounting statements submitted to them via online						

5.2 Data Analysis

Data Analysis involves description, statistical analysis, and percentages to determine the impact of technology on accounting practices of small businesses in Cape Coast. The researcher critically analyzed the data using ''Statistical Package for the Social Sciences'(SPSS) package software and the results presented using charts and diagrams as well as written descriptive explanations.

STATUS OF TECHNOLOGY USAGE

Table 3

		0	1	2	3	4	5	**TOTAL**
1.	Accounting practice benefit only big organisations	4	5	-	13	5	15	**42**
2.	Technology makes Accounting standards compliance difficult	10	2	8	6	6	10	**42**
3.	A business can run effectively without integrating technology into its accounting practices	4	6	8	7	9	8	**42**
4.	Technology increases the businesses' cost of operations	-	8	-	4	4	26	**42**
5.	The negative impacts of technology outweighs the benefits	12	4	3	2	1	15	**42**
6.	Management can interpret all the data produced by the computer software	20	2	4	3	8	5	**42**
7.	Clients of the business understand Accounting statements submitted to them via online	15	5	3	6	4	9	**42**

Survey results 2017

Table 3 shows that majority of the staff of small businesses in Cape Coast see technology as increasing cost more than it does to profit. From the response, majority of the staff prefer manual accounting than using the technological accounting software.

6. Research Schedule

The study will be conducted at the end of the accounting year, usually December because this is the time most businesses close their end of year accounts and it will be the right time to appreciate the negative impact of technology on accounting practices.

7. Conclusion

The objective of this study was to evaluate the negative impact of technology on the Accounting Practices of small businesses in Cape Coast. The study highlighted some of the disadvantages of the integration of technology as rise in cost, frequent changes in organizational structure as a result of changing technologies, spread of false information, wrong decisions by Accountants. All these negative impacts are felt greatly by small businesses since they have low capital base and cannot employ highly skilled labour to man these sophisticated technologies used in the Accounting practice.

It is recommended that Small businesses in Cape Coast adopt the level of technology that is cost effective and must be integrated gradually in their operations. There should be regular and routine training of staff on the use of accounting software in their daily operations. Good accounting practices creates goodwill for the business and attracts investors for the business so small businesses in Cape Coast should upgrade systematically to the level of technologies in Accounting.

8. Limitations

As a limitation, it is beneficial to state that the analysis of this study was applicable to the town of Cape Coast. The outcome of the research comes from the questionnaires and interviews conducted with Accountants of businesses in the town. The research used qualitative and quantitative approaches and so further research in another town with different approaches may yield more improved results.

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