

**CHRISTIAN SERVICE UNIVERSITY COLLEGE**



**SCHOOL OF BUSINESS  
DEPARTMENT OF ACCOUNTING AND FINANCE**

**THE USE OF COMPUTERIZED ACCOUNTING SYSTEM OVER THE MANUAL  
ACCOUNTING SYSTEM- A CASE STUDY OF SMALL AND MEDIUM SCALE  
ENTERPRISES, ASHANTI REGION**

**BENJAMIN OWUSU APPIAH  
PRISCILLA KWAKYE  
BERTHA AHIABLI  
JOSEPH AWUAH DAPAAH  
RUTH ASUMADU**

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### STATEMENT OF AUTHENTICITY

We have read the Christian Service University College's regulations relating to plagiarism and certify that this research project is all our work and do not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this research project submitted.

NAME OF STUDENTS	INDEX NUMBERS	SIGNATURE	DATE
BENJAMIN OWUSU APPIAH	10148484	.....	.... /.... /...
PRISCILLA KWAKYE	10148442	.....	.... /.... /...
BERTHA AHIABLI	10148335	.....	.... /.... /...
JOSEPH AWUAH DAPAAH	10148379	.....	.... /.... /...
RUTH ASUMADU	10157515	.....	.... /.... /...

*Certified by:*

Mr. Justice Paul Donkor

**Supervisor**

Signature

Date

..... /.... /.....

Solomon Arhin (Dr)

**(Head of Department)**

..... /.... /.....

Dr. Kwaku Arhinkora

**(Dean of Business School)**

..... /.... /.....

## **DEDICATION**

We dedicate this masterpiece to our supervisor Mr. Justice Paul Donkor for his unflinching support and contribution towards the successful completion of the project work. God bless you, for the support offered during the period of the research work.

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## **ABSTRACT**

This research study focuses on the use of computerized accounting systems by SMEs as opposed to manual accounting systems in Ghana. A systematic sampling method was used to select the sample of two hundred SMEs. This survey was restricted to two hundred SMEs in Ashanti Region, out of which seventy-five of them responded. The sampling was done as follows: Small and medium scale enterprises using computerized accounting system and Small and medium scale companies using manual accounting system. This research focuses on areas that are very important in Computerized Accounting System. These areas include; impact of computerized accounting on quality of service, the major benefits derived from using computerized accounting system, how the system help organization in reducing cost of operation, major factors considered by certain SMEs when choosing accounting software packages and performance of the computerized accounting system.

The research concluded the impact of computerized accounting on quality of service has enhanced activities which increase productivity, efficiency and overall effectiveness in order to achieve higher performance in the organizations to reduce their cost of operating.

Recommendations were that businesses should which do not use the system should adopt the system because of the tremendous impact it has on the businesses. Also businesses which are already using the system should liaise with the government to provide training and workshops to employees in order to upgrade their skills.

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## CHAPTER ONE

### 1.1 Background

According to American Institute of Certified Public Accountants (AICPA), Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part at least of a financial character, and interpreting the results thereof.

The American Accounting Association (AAA) also defines accounting as the process of identifying, measuring and communicating economic information to permit informed judgment and decision by users of the information.

Accounting is based on a system created by Luca Pacioli in the year 1494. He described the double entry principle, the use of journals and ledgers among others. (deSantis2010).

In the past, business transactions were kept by scribing details of transactions on walls and later the use of papers and books. This system of keeping financial transactions was termed by many as the manual accounting system.

Manual accounting is a way of keeping financial records with a written ledger of transactions. This system of accounting has been in existence ever since businessmen started keeping record and is still patronized by certain businesses. However, this system of accounting wastes time, requires longer time to generate reports and there is the likelihood of errors.

The revolution in technology in accounting has caused development from the use of manual accounting to computerized accounting. With the invention of computers and computer application software which seeks to make work convenient brought about computerized accounting which has been accepted by many businesses.

According to Tanenbaum (2010) sees computer as a machine that can solve problems for people by carrying out instructions given to it.

Hartzell (2006) also, defines computer as an electronic machine for processing information automatically and very quickly.

Computerized accounting refers to recording accounting transactions using a computer accounting software. Computerized accounting has become the order of the day as many businesses around the world use it in their business operations since it has relieved them of the tiresome duty of keeping huge books at their offices.

## **1.2 Problem Statement**

Over the years, businesses have adapted several ways of keeping records of financial transactions. Majority of small scale traders did not keep proper records and as a result encountered several problems in running their businesses. However, some kept track of financial transactions by the use of ledger books.

In recent times, almost every business in Ghana has begun using accounting software to record the day to day financial transactions. However some tradesmen and women are not using this approach. Most SMEs previously do not keep proper financial records of events (financial transactions) that take place because of several reasons as some did not like the idea, others lacked the requisite skills to keep records and were not ready to employ people who had knowledge in the field and others were ignorant about record keeping. Small business all over the world has adapted computerized accounting in their business operations. Below are some of the problems that businesses still using the manual book keeping are facing;

- ❖ Time consuming
- ❖ Efficiency
- ❖ Security
- ❖ Difficulty in tracking activities
- ❖ Coordination
- ❖ Cost

## **1.2 Research Questions**

- ❖ To what extent does computerized accounting improve quality of service?
- ❖ What are the major benefits of using the computerized accounting systems
- ❖ How does the use of accounting software help to cut cost of operations?
- ❖ What factors should be considered in choosing accounting software package?

## **1.3 Research Objectives**

- ❖ To know whether the adoption of computerized accounting systems improves quality of service.
- ❖ To identify the advantages of using computerized accounting over manual accounting.
- ❖ To know whether computerized accounting reduces cost of operation.
- ❖ To find out factors that is considered by SMEs in choosing software packages.

## **1.4 Significance of the Study**

The research will allow us to

- ❖ To outline the feasibility of computerized accounting to improve quality work to the organization.
- ❖ To define the importance of computerized accounting to an organization.
- ❖ The outline the challenges face by businesses using computerized accounting system and manual accounting.
- ❖ To suggest the best accounting software packages for various businesses.

## **1.5 Scope/Limitation of the Study.**

- ❖ The research was restricted to one out of the ten regions in the country. (Ashanti Region)
- ❖ Inadequate finance for the project.
- ❖ Duration for the project is limited to 3 months.

## **1.6 Organization of the Study**

The study is organized into five (5) chapters. Chapter one (1) introduces the chapter by focusing on background of the Study, the problem statement, research questions, objectives of research, significance of study, scope and limitations of the study. Chapter two (2) also presents the review of literature and relevant studies associated with this study. Chapter three (3) also focuses on the methodology and procedures used in data collection and analysis. Chapter four (4) present analyses of data gathered and presentation of results. Chapter five (5) presents a summary, conclusion and recommendations of research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

There is much research on computer information system but little research has being done about the advantages of computerized accounting over manual accounting. Accounting is a very essential function in every business organization. The role of accounting is such crucial that if not done properly performed, can lead to a failure a business. In Ghana, manual accounting is widely used by most micro and smaller businesses despite the significance of computerized accounting.

Today, computerized accounting is widely used by most modern firms in the world including small and medium scale industries. The literature review will be focused on related studies in accounting, computerized accounting systems, manual accounting systems and advantages of computerized accounting systems over the use of manual accounting systems, the importance of computerized accounting. Knowledge gabs in computerized accounting.

#### **2.2 Related Studies**

Small medium scale enterprises have no single definition across boards. Depending on the location anyone can give a reasonable definition to it. The definitions for SMEs may be based on some factors like the size of employees, profitability of the company. The European commission has adopted some recommendations 2003/361/E by which it defines a small enterprise as not having employees exceeding 50 and turnovers not exceeding ten million Euros. This research was however held in 2003. A medium size company should have employees size not exceeding 250 and turnover not exceeding fifty million Euros.

In Ghana, the National Board for Small Scale Industries (N.B.S.S.I) defines SME as an enterprise with turnover greater than \$200,000 and not more than \$5,000,000 equivalent. Furthermore, the statistical service also defines a small enterprise as having employees from 6-9 and with fixed assets not exceeding \$100,000 and a medium scale enterprise as having 30-99 employees and fixed assets beyond \$100,000. The importance of SMEs in economic development is a subject that has received great attention in most countries that want improve its economic growth and development. SMEs play a vital role as they contribute significantly in terms of employment and income distribution in many countries (Seyalet al., 2000). Kropp, Fredric and Zolin, Roxanne (2008) proposed that small and medium companies account for more production and employment and is therefore directly related to poverty alleviation. According to Capacity Development Centre Ghana's article "Empowering SMEs in Ghana for Global competitiveness" micro, small and medium scale enterprises contributes not less than 70% to the GDP of the country.

A research conducted in Australian indicates that by 1997 the percentage of small businesses using computerized accounting was about 75%. Today there is much software to be used in computerized accounting than there was in small and medium scale industry. The Malaysian economy is an example of the huge contribution that SMEs play in their development. This was evident in SMEs contributing to more than ninety percent of companies in the manufacturing sector. (FMM, 2000). The establishment of the Small and Medium Industries Development Corporation (SMIDEC) in 1996, for example, was reflective of the Government's recognition of the need for a special body to further promote the development of SMEs through the provision of advisory services, fiscal and financial assistance, infrastructural facilities, technologies enhancement, human resource development, market access and other support programs to SMEs.



The importance of IT to businesses has also been recognized; and its importance is clearly stated in Chapter 11 (i.e. Strategic Directions and Initiatives) of the Malaysia's Second Industrial Master Plan (IMP2) 1996-2005.

### **2.3 Accounting**

1. According to Sunder (1999), Accounting is one of the oldest concepts of management that has been sustained by many managers of the business environment. The initial idea behind accounting which was designed decades ago has not changed but however some additions have been made to it. It would be quite surprising if nothing is added or changed in accounting for some time to come. Analysis by current organizational strategies and tactics can provide us with a fair idea of the transformation that would take effect in the accounting sector within a decade or two decades from now.

2. According to Woode and Sangster (2008), Accounting provides better information which financial analysts and users of accounting information can look on and give a fair idea of how profitable the organization is before making contributions in the company. This provides a fair idea of how important accounting information is to an organization. Financial accounting is the art of systematically identifying, measuring, recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial nature, and communicating, analyzing and interpreting the results thereof.

### **2.4 Accounting Systems**

Accounting system as defined by business dictionary.com states as An organized set of manual and computerized accounting methods, procedures, and controls established to gather, record,

classify, analyze, summarize, interpret, and present accurate and timely financial data for management decisions.

(Business dictionary.com, Quoted 10.12 2012)

It has become necessary for SMEs to adopt and use accounting system as this helps in reporting financial reports on time and this helps users of accounting information to keep them informed about the growth of the company and also helps make better judgments as to how they can formulate policies and strategies that will help guide the company to achieve their objectives.

The decision to choose whether a company should use the manual system or computerized system depends solely on the company but, in recent times most companies have adopted the use of computerized accounting system in their companies.

## **2.4 Computerized Accounting**

In Ghana, the use of computerized accounting in small scale industries is drastically changing the way things are organized in the firm. The demand for accountants with IT skills has grown over the years with much more stronger statistics than before. According to Johnson and Johnson , the number of professionals accountants that required it skills before being employed was 1% in 1973, by early 1983 the demand for accounting professionals had gone up by 6%, in 1993 more than half of employers' desired for accounting professionals with IT skills. Professional accountants are now required to have knowledge areas in ICT and IT skills as part of the qualifications for work. (Larres et al., 2003).Over the years research has being conducted into the IT skills that accountants are expected to possess. The studies being conducted asked educators, practicing accounting professionals, employers about the various IT skills required by accounting professionals.(Davis and Leitch 1998) The list includes areas of word processing, spreadsheet,

windows operating environment, accounting packages, communication software and web browsers.

1. According to Duschinsky and Dunn (1988), in a survey of 800 successful and established small firms in the UK, results indicated that eight-six percent of the firms had computerized their accounting systems; the same percentage of the firms use IT for invoicing; seventy-three percent for management reporting; sixty-six percent for payroll and fifty-eight for marketing.
2. According to Dunn (1994) Computerized accounting system hierarchy can be used to enhance the user performance. The computerized accounting system as discussed by Dunn stems from the understanding that systems consist of repeated occurrences of the structured REA template. The Resource Event Agents (REA) was developed by McCarthy (1982). Dunn however extends research to investigate and analyze the work of REA as a basis of manufacturing systems. REA products are commercial products which have largely driven development and change. The computerized system helps users to use the interface of the system to develop financial statements using REA accounting database. The research was also extended into typical databases with a practical task enough to generate results that would help to make general decisions in the organization.
3. According to Doost (1999), in the early stages of accounting, accountants and auditors did not see the need for computers in their work but saw it as a black box that could easily demanded if they needed one since it cost was very cheap and the value was less during the earlier years of computer revolution. Accounting was the first functional area to benefit from the use of computerization for work in a lot of organizations.

4. According to Simons, Hardy (2011), A computerized accounting system involves the use of hardware and software system in order to effectively do the recording and reporting functions
5. Computerized accounting system is a computer based system which combines concepts and principles in accounting as well as the concept of information system to record, process, analyze and produce financial information to its users for making economic decisions. (Gelinias et al, 2005)
6. According to Stefanou (2006), the primary purpose of an accounting information system (AIS) is the collection and recording of data and information regarding events that have an economic impact on organizations and the maintenance, processing and communication of such information to internal and external stakeholders.

#### **2.4.1 User-Friendly Software**

Basic computerized accounting skills do not only require computer skills but accounting skills as well. Current accounting software systems can be run by people who have little computer knowledge. Access to vast information on the internet is now almost cost free, this allows anyone who has little or less accounting knowledge to operate the computer accounting software system. (ICT in Accounting, Simmons, Hardy 2011, 372)

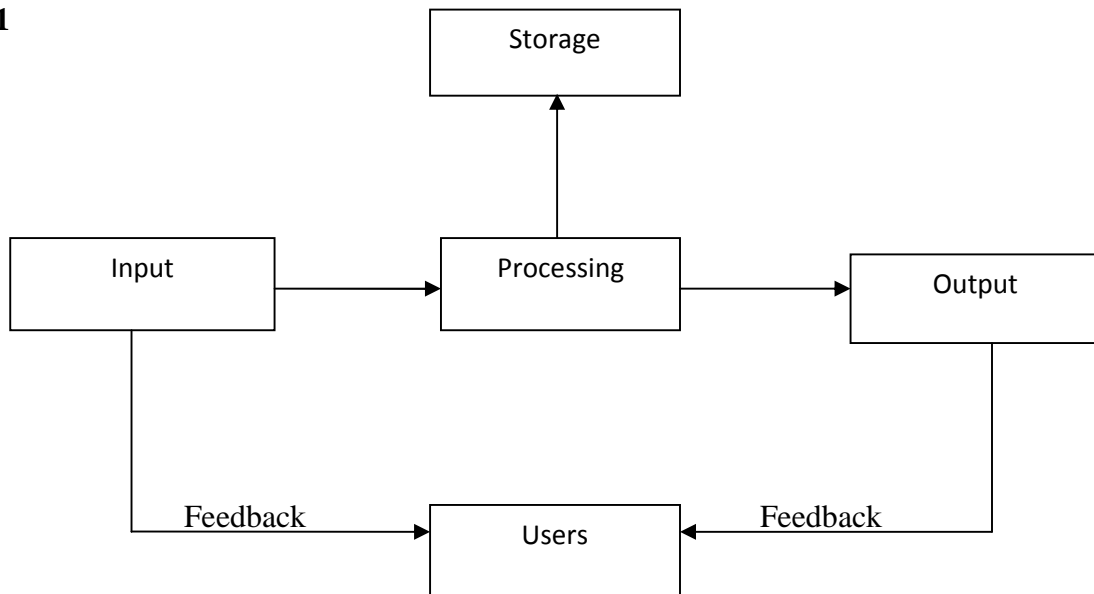
#### **2.5 Features of Computerized Accounting System**

1. Single or multiple user access. Computerized accounting software may be developed for one person to enter information into it or multiply users who will enter relevant information into it.

2. Centralized database or decentralized database. A centralized database may have all the company's data fixed at one place. And the decentralized database may be fixed at various departments in order to cater for the needs of the department in respect to storing information and accessing information.
3. Zero system administration for end-users. End-users follow simple instructions to enter information without any administrator there to give instructions.
4. Helps to provide services to large number of people. Serve huge number of people within a short period of time.

Computerized accounting system has the following components with the following with an illustration of how it works in diagram in figure 1

**Figure 1**



**Input:** an input device is a peripheral used to provide data and control signals to an information processing system such as computer or other information appliance. Data inputs are information

that are collected and processed by the information system. Data input includes holding data from one source such as sales or purchases.

**Processing:** In order to produce useful and meaningful information, data must be processed and organized into a useful form. Processing device is any device that is responsible for controlling the storage and retrieving of information. Common examples include motherboard, central processing unit, network card and sound card.

**Output:** Output is the meaningful and useful information produced by the information system. It is usually presented in the form of a financial report.

**Feedback:** After the information has been presented in the form of a report, there is the need for a feedback. Feedback tends to serve as a source of input and also a control measure in the information system.

**Storage:** It serves as the repository of relatively permanent data maintained over an extended period of time.

## **2.6 Benefits of Computerized Accounting**

### **2.6.1 Error Reduction**

One of the very important reasons why small and medium scale companies are beginning to adopt the use of computerized accounting is the fact that it helps to reduce error. Computerized accounting is less likely to produce errors as compared to manual accounting. As long as the initial data being entered is accurate then the computer software will post data to their

appropriate places such as general ledger, billing report, sales journal and reports. It helps to bring integrity and faith to one's work since users of information can trust that there are less errors in it. Examples of such errors may include recording the same figure twice. Updating your books regularly could reduce errors when using the manual system.

### **2.6.2 Fast and Accurate Reporting**

Computerized accounting software gives users many different options for generating reports that would help in running any small and medium company. It also provides users of information with valid data that can be used to make decisions concerning the company. The accountant does not need to wait hours to get an accounting report; he can simply get it within a few minutes, which is unlike the manual accounting system. Customization of reports can be done to meet specific business needs in any small and medium-based company.

When organizations adopt e-accounting, they usually discover that even though computerized accounting systems handle financial data efficiently, their true value is that they are able to generate immediate reports regarding the organization (Hotch, 1992).

### **2.6.3 Time and Cost Savings**

The use of a computerized accounting system helps save time and cost. Much time is spent when financial information is being taken into the right books of accounts. Also, the adoption of computerized accounting has enabled businesses to cut down the cost of operating as a job that requires two or more people will be done by one person operating the computer within a short period of time. The time spent by workers to prepare reports is done at a faster rate and it reduces audit expenses as records are kept neat and up to date. This would eventually help to improve

cash flow of the company debt collection and inventory control. This enables workers to focus on other important tasks. Computerized accounting has the ability to save time and increase efficiency. (Baren, 2010)

#### **2.6.4 Better Organization**

Computerized accounting aids the accounts department to organize its activities. When data is entered into the systems of the organization any tracking that has to be done can be done easily. It helps managers to manage situations that might emanate from a dispute from any transactions with the client. When things are better organized in the company is usually helps a company to focus on developing other aspects of the organization. It also helps the company to establish more future objectives since they have credible reliable information to help them achieve their goal.

#### **2.6.5 Storage and Speed**

Storing information is vital to any company since the information would be required to be retrieving for referencing and other purposes. Information is stored indefinitely into the database of the company. The ease with which authorized personnel retrieve information is important when in the other way can destroy the business credibility with information. Also, these computerized systems are designed to make intruding very difficult as unauthorized persons cannot access information unlike the manual where it can easily be stolen. Companies perform backup support services for all the information in the company in order to prevent the data from being lost when the unfortunate happens to the computer or database.



### **2.6.6 Distribution**

Information distribution in an organization is easily done when operations are computerized. Information distribution is very essential in the organization since the flow of accounting information from cashiers is necessary for the preparations of financial statements and decision making. Computerized accounting information systems allow information to be easily transferred to managers and other users both internally and externally in the organization over the internet.

### **2.7 Problems Associated with Computerized Accounting System**

Heeks (2002) proposes a model to understand failures of Information Systems (IS) by firms in developing countries. The model indicates that both country context and hard-soft gaps as significant risk to IS failure. Some conditions that may affect how information system operates are not considered in the creation of information systems, implying a considerable design-actuality gap. In most cases, the “hard” rational design and “soft” political actualities may differ on key dimensions: objectives, staffing, management systems and other resources. The gaps indicate how computerized information system may be very important to the growth and development of the company if designed in the right way.

Another problem worth addressing at the implementation and developmental is information security system.

A major research was conducted among executives of companies to find out their level of understanding about the threat in computer information system. Computer information system was being viewed from the perspective of pre connective era which included destruction of resources, modification of files and theft and little consideration was threat posed by virus. There

are several threats to information systems these threats may include disclosure of important accounting that may be worthwhile to the company's development, destruction of reliable data, modification or destruction of accounting information, unauthorized access to accounting information. (Loch, Carr, &Warkentin, 1992).

Markus (2000) has proposed that the proper consideration for information system management is that of IT related risk rather than security per say. Markus indicate that computer information system risk can come as a result of poorly designed information system and from organizational issues surrounding the use of information system.

#### 10 categories of IT-related Risk

1. Financial risk
2. Technical risk
3. Project risk
4. Political risk
5. Contingency risk
6. Non-use, underuse, misuse risk
7. Internal risk
8. External risk
9. Competitive risk
10. Repeating risk

(Source MARKUS, 2000, P.168)

Abu-Musa (2006a; b) the purpose of his research was to find out security threats of computerized accounting to organization in Saudi Arabia. A questionnaire was developed and the research indicated that indeed some companies had suffered financial losses due to internal or external computer security threat. Abu-Musa Proposed that introduction of computer viruses to the system, entry of inaccurate data, destruction of reliable data, employees' sharing of passwords, and misdirecting prints and distributing information to unauthorized people are the most significant perceived security threats to computerized accounting information system in both the Egyptian banking industry and Saudi small and medium industry.

Romney et al (2009) also discovered that software errors and equipment malfunctions, natural and political disaster, are major challenges to computerized accounting system.

Hood and Yang (1998) also emphasize malicious attack from outsiders as the most important security threat in the Chinese banking sector.

Dhillon (1999), however, suggests that threats are caused by insiders especially when it blends with legitimate transactions, implying that firm's employees pose the most serious risk to security (Green, 2003; Swann, 2004; Abu-Musa, 2004).

## **2.8 Manual Accounting**

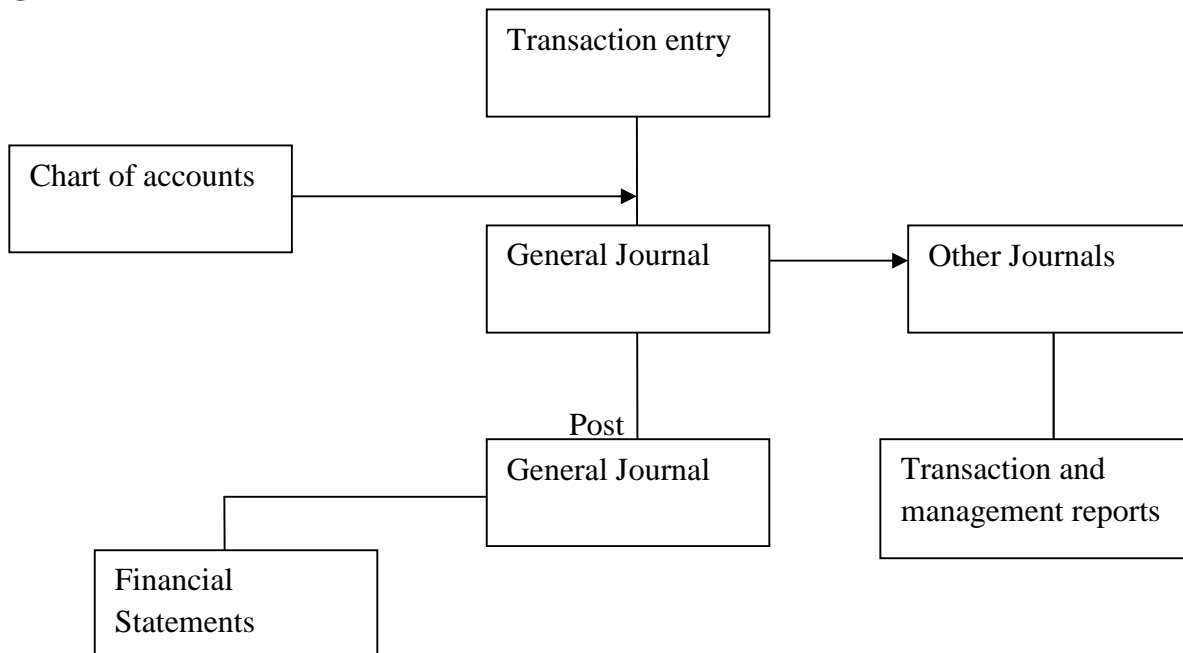
Manual accounting refers to method of keeping financial records with a written ledger of transactions. Manual accounting is the use of the use of normal books to take accounts. Accounting uses the double entry system of developed by Luca Pacioli in the year 1494. The basic principle of accounting is to credit the giver and debit the receiver. This is usually tedious for accountants who usually use this method in recording items. Pacioli decided that everything

owned by a business would be called "property" - hence the equation: Property = Ownership= assets.

Tanis and Dalci (2002) emphasized that, information system comprises of the following components; Goals and objective, Inputs, Output, Data storage, Instructions and Procedure, Users, Controls and Measures

The illustration below shows a manual accounting model;

**Figure 2**



### **2.8.1 Advantages of Manual Accounting System**

In this modern world where computerized accounting is the order of the day, some businesses still prefer to use the manual system. A manual accounts systems if well set up can be very advantageous to smaller businesses since the data processed is very small. Below are few of the advantages derived from adopting manual accounting system;

- ) Easier to set up
- ) Can be more flexible than the computerized system
- ) More secure
- ) Does not need electricity or batteries.
- ) Cheaper

### **2.8.2 The Disadvantages of Manual Accounting System**

A disadvantage of a manual accounting system is the likelihood of human error, however those errors manifest themselves. Errors in addition, transposition of figures, incorrect recording of a transaction, incomplete recording of a transaction, - where only one side of the double entry is recorded - are all quite common mistakes and can prove to be quite difficult to locate without a good deal of experience in accounting.

Another obvious disadvantage is the likelihood of damage to the records themselves. It might seem an obvious downside, but the records in a paper based accounts system are susceptible to damage by water, fire and other perils. In addition, where there are many transactions to record in a business, the sheer volume of transactions can be a disadvantage of a manual accounting system

- ) Takes longer to generate reports.
- ) Waste time and resources.
- ) Subject to errors
- ) Lack of security.
- ) Not particularly suited to environments where there are a large volume of transactions.

## **2.9 Financial Reporting**

When small and medium scale companies start using computerized accounting system, they usually discover that even though computerized accounting systems handle financial data efficiently, the true value of computerized accounting is their ability to generate immediate reports regarding the organization (Hotch, 1992).

The process of periodically providing general-purpose financial information to people outside an organization is termed financial reporting (Greuning, 2006). Financial Reporting can be defined as the process of presenting financial data about a company's financial position, the company's operating performance, and its flow of funds (Rose and Hudgins, 2008).

All auditors in small and medium scale companies should include elements of financial reporting to an entity. This is to help include generally accepted financial reporting standards in the organization. Financial reporting cannot do without the generally accepted accounting principles. If accountants issue financial reports without control units in order to check to see if the control environment guidelines for reporting are adhered to then the company has to pay close attention to the generally accepted rules of reporting, this usually ensures that auditors do not issue decisions that will go against the company. Small and Medium scale firms' financial reporting is vital to government as it enables government to create an atmosphere good enough for small and medium scale companies. The SME sector contributes over 70% of the country's GDP according to Villars (2004). There is a direct linkage between government information and small and medium scale company this is due to the fact that government cannot do without small and medium scale companies as small and medium scale companies can't also do without the

government. Aside creation of jobs, the SME sector also provides investment opportunities, professional training and skills which are sources of tax revenue to the government. Government accounting is concerned with the collection and analysis of a government's finances which includes the revenues and expenditures of government. This information would have no value if it is not properly communicated in a timely and effective manner to the users of the information that is the general public. Government financial reporting serves a link between the government and the people. It is through the financial report of government that the people are able to determine the activities of government and how effectively the resources of government have being utilized to serve the people. In small and medium scale companies, financial reporting gives a critical outlook at the direction of the company and how it can help effectively create a robust control environment in place to serve the needs of users of accounting information. Some of these users include governing boards and oversight bodies, investors, creditors, taxpayers etc.

### **2.9.1 Internal Reporting**

Internal reporting is usually established to achieve two things:

- ) Internal reporting allows small and medium scale companies to monitor compliance with legal and contractual provisions applicable to the management of company funds.
- ) Internal reporting also helps to provide small and medium scale companies with information on current performance that it needs to make future financial plans. Future financial plans could include increase in the wages of staff, investment in other companies, buying treasury bills if it is required by management of the company.

Internal reports are designed to serve the needs of management and staff members; management is also free to select whatever format they deem it most relevant for reporting. Staff members

also use financial reports to make decisions concerning their stay in the organization. It even provides security for some workers in the company. Strong performance of the company seeks to suggest that the company would still require their services in the company for a very long time to come. Weak performances of the company registered in the financial reports seek to suggest the collapse of the company. It is highly unusual for internal reports to be prepared in accordance with Generally Accepted Accounting Principles.

### **2.9.2 External Reporting**

There are two forms of financial reporting which includes: the one prepared to meet the needs of specific external users, and the second is designed to meet the basic financial information needs of a variety of potential users. The one prepared to meet the needs of specific uses may include government, investors, creditors etc. the information provided to government enables the government to increase or decrease the tax rate, provide more loans for companies, give support in the form of skills through workshops to SMEs. Investors also invest their capitals into small and medium enterprises that are doing very well. The second group of class that the financial report goes in to serve includes customers, the community, clients,

The Comprehensive Annual Financial Report is comprehensive in depth and breadth of its reporting detail and provides full disclosure including the requirements of generally accepted Accounting Principles and applicable legal requirements. It contains three sections:

1. An introductory section,
2. A financial section which contains the Auditor's Report, Management's Discussion and Analysis (Management and Auditors), the Basic Financial Statements, Required Supplementary Information (RSI), supporting schedules and



3. A statistical section. The General Purpose Financial Statements are those basic financial statements and Notes to the Financial Statements that are essential to fair presentation of financial position and results of operations

It is usually a statement that discloses the performance of the company to users of accounting information. Financial reporting gives a summary of all the transactions that took place within the accounting period.

This financial report generally consists of:

- ) Statement of financial position at the end of the period
- ) Statement of comprehensive income for the period
- ) Statement of cash flows for the period
- ) Notes to the accounts (Greuning, 2006)

### **2.9.3 Importance of Financial Reporting**

Financial reporting is a means of providing financial information to users. Users of this information can base so many decisions on. This is why it is very important to give accurate data to the users of such information. The earliest attempt to develop a conceptual framework for accounting was by William A. Paton. Paton developed a theory for accounting based on the needs of companies Paton (1922) in his view declared that intelligent reader of financial statements.

- ) Financial reporting provides information to investors, creditors. Investors and creditors are people who put their resources into companies with the intention of getting some returns. The uncertainty of prospective cash receipts from dividends or interest and proceeds from sale, redemption, or maturity of securities or loans makes it necessary for

creditors and investors to get information about the operations of the company in order to make firm investment decisions. In Ghana, one of the major challenges facing the small and medium scale industry is as a result of lack of credit facilities to help them grow their company.

) Financial reporting provides general information about a company's economic resources, obligations, and owners' equity. The financial data of the company provides information to analysis the strength and weakness of the company. The strength and weakness of every company lies in its ability to capture more markets and serve their clients well. Financial information on the other hand provides you with enough data to suggest if there is a department of the company that needs to be improved in order to serve increase profitability. It also helps to determine the liquidity and solvency of the company. The solvency of any company is the ability of the company to meet its long term debts of financial commitments. Liquidity is the ability of the company to sell its assets to pay off its short term financial commitments. The solvency and liquidity of any company is very important as this has the propensity to create sustenance in the company, access to such data is very necessary especially in economies where economic conditions cannot always be sustained.

) Financial reporting provides a basis to evaluate data concerning the company's performance for a particular period of time. It provides an indication of how the resources of the company have being utilized to achieve the goals that has being set by management of the company. The information in the financial report gives an indication of the transactions that has taken place within a particular duration of time. The financial

report gives an indication of whether the strategy of the company needs to be changed or not.

) A financial report provides information about how management discharged its stewardship responsibility of managing the scarce resources provided to them. Availability of resources to any organization is always scarce. However the ability of the company's management to skillfully implement policies and initiatives in the company in order to achieve much more within a short duration of time is very critical to the success of the company. Small and Medium scale companies have a mandate to produce good results from the scarce resources that they have. Examples of resources include human resources, natural resources, capital resources, financial resources etc. All these vital resources are brought together to achieve the long term objectives of the company.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter seeks to talk about subject and population research area, data collection and instrumentations, data analysis, limitation to the various data collection instruments as well as the procedures used in measuring and analyzing the data. This chapter gives a clear understanding of how the whole research was conducted.

#### **3.2 The Research Design**

Statistical product and service solution (SPSS) and Microsoft Excel is the tools used for this project. Statistical product and service solution is a powerful, easy to use statistical package designed in a windows environment. Statistical product and service solution tells us how research design influences data analysis. Statistical product and service solution provides a brief overview of the research that has being conducted. The procedure given enables us to enter data and within a short period of time.

#### **3.3 Subject and Population Research Area**

The research was conducted among 200 registered small scale traders registered with NBSSI within the Kumasi Metropolis through our resourceful research team. Out of the 200 questionnaires only 75 was received representing 37.5%. The areas selected were Adum, Kejetia, Bantama, Suame and Santasi. The questionnaires were taken during the day time. Face to face interview was also held with various small scale traders to obtain certain information that could not be captured in the questionnaire. .

### **3.4 Sampling and Sampling Techniques**

A stratified method was used to select this sample. The research was conducted using a sample of 75 systematically selected small and medium scale enterprises within the Kumasi Metropolis out of the 200 questionnaires. This sampling was done in accordance to;

- a) Small and medium scale companies using computerized accounting system.
- b) Small and medium scale companies using manual accounting system.

### **3.5 Data Collection and Instrumentations**

The questionnaires were collected on March 19, 2014 after giving it out to research team for a period of one week. Data entry was done after collection on that same day. Surveys were also done through the use of e-mail, which is typically next day delivery. The questionnaires were divided in three sections: Section A, Section B and Section C. The software program used a five point Likert scale to rank the items. The ranges are as follows: agree, and strongly agree, strongly disagree, disagree, neutral.

#### **3.5.1 Administering the Questionnaires**

The questionnaires were taken to 200 registered small and medium scale enterprises where the staff, managers, head of finance and accounts departments helped complete the questionnaires. Only 75 of the questionnaires were received

#### **3.5.2 Conducting the Interview**

A step by step guide by the research team in giving the questionnaires was delivered to the people answering the questionnaires. Follow up questions were also done to test the level of

understanding of the people administering the questionnaires in respect to issues within the questionnaires.

### **3.6 Data Analysis**

The manipulation of the data collected was carried out using: mean, standard deviation, frequencies, and a factor analysis by the use of statistical product and service solution.

### **3.7 Limitations**

Some managers were not able to disclose the full truth in respect to some areas in the questionnaire due to security reasons which they felt could be used by their competitors as a company especially in an area like the cost benefit analysis.

- ) The research is restricted to one out of the ten regions. (Ashanti Region)
- ) Some traders are reluctant to open up.
- ) Inadequate finance to undertake the project

The sample of questionnaires administered was restricted to only 75 Small and Medium Scale Enterprises.

In respect to all these challenges a tactful questionnaire was skillful developed to enable us gather accurate information that will give a true picture of presentation done.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND ANALYSIS**

#### **4.1 Introduction**

This chapter presents the analyses of results from data gathered during data collection. The study was based on areas that are very crucial in accounting systems; Manual accounting System (MAS) and Computerized Accounting System (CAS). These areas comprise the following ; Impact of computerized accounting system on quality of service, benefits and challenges of computerized accounting system, how Computerized Accounting System(CAS) helps in reducing the cost of operation, factors considered in choosing accounting software packages and the performance of CAS.

#### **4.2 Rate of Response**

To enable this research study to be effectively conducted two hundred questionnaires were issued. Upon these 200 questionnaires only 75 of them were received representing 37.5 % rate of response. Therefore, research analysis, discussions, conclusions and recommendations were based on this number of questionnaires.

#### **4.3 The impact of Computerized Accounting System on the quality of service**

##### **4.3.1 Fast recording of transactions**

Fast recording of transactions which represents 42% of total valid respondents has a major impact on the quality of services provided by businesses as it helps reduce long queues by serving customers at a faster rate. However the introduction of computerized systems in accounting has made recording of business transactions very easy and simple.

### **4.3.2 Provision of accurate information for decision making**

The provision of accurate information for decision making is the next major impact on quality of services with 27% of the total valid response. The accuracy of accounting information is very crucial to every organization as accounting information forms the basis of preparing financial statements on which decisions are made. The use of computers in recording financial information helps reduce the number of errors therefore this provides accurate data for preparing financial statements. Also the study reveals majority of manual accounting system face the challenge of recording accurate figures because of the higher propensity of making errors.

### **4.3.3 Easy Distribution of Information Reports Generating**

One of the major benefits derived from computerized accounting is the ease with which financial data is transferred from one place to another via emails amongst others. This has impacted businesses that usually transfer financial information from one place to another. SMEs that outsource the preparation of their financial statements to professional accountants' make use of this system very much. Furthermore, the introduction of this system has reduced hectic duty of transferring huge books from one department to the other or from a subsidiary to a parent company. Easy distribution of financial information for decision making represents 22%.

### **4.3.4 Reports Generating**

In this modern era, computerized accounting software that is able to provide management with reports is the current trend. Management of various SMEs claim reports that are generated on weekly or monthly basis enables them track their progress in terms of weekly sales, purchases

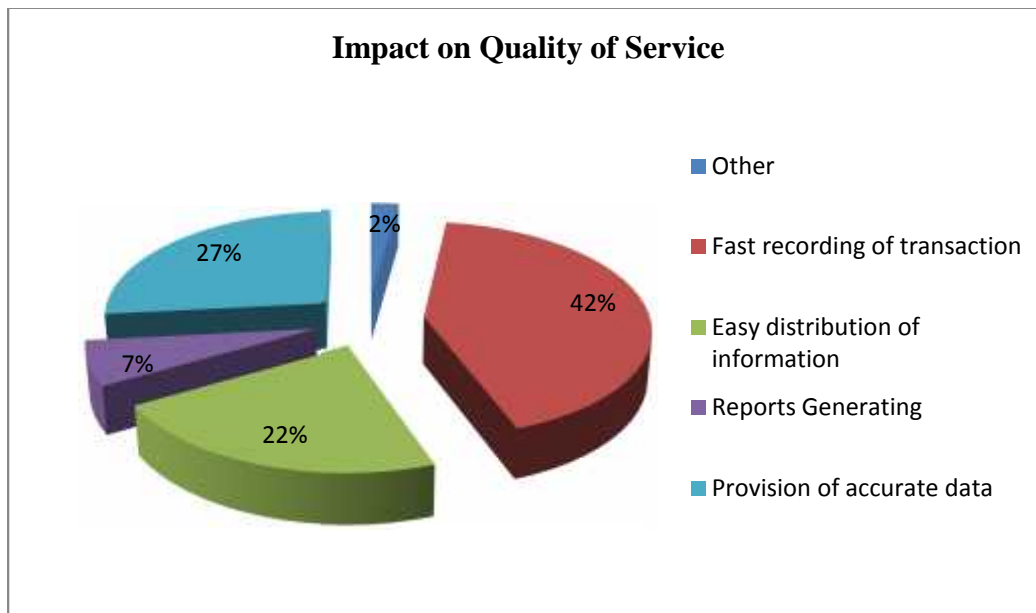


among others and also take strategic decisions. Generating of reports at regular interval makes up 7% total valid response.

Also, other reasons given were speed and storage which makes up 2% of total valid response.

The speed with which data is being recorded and processed enable much work to be done within the shortest possible time. Furthermore, unlike manual where books that easily get full up are kept, computerized accounting systems makes use of large storage which financial information.

**Figure 3**



Source: Field survey, 2015

#### **4.4 Advantages of Computerized accounting over Manual accounting**

Out of the 75 businesses that responded, it was observed that 45 of them were using the computerized accounting where as only thirty used manual accounting. This signifies that majority uses the computerized accounting system than manual accounting system.

#### **4.4.1 Accurate record keeping**

The reduction of errors, hence, keeping of accurate data is a very important issue for most organizations using the computerized system of accounting. Data which is free from errors gives management true reflection of the operational activities for decision making. Notwithstanding this benefit some computerized accounting systems could not detect certain errors. Accurate record keeping represents 48% of total valid response.

#### **4.4.2 Saves cost and time**

Computerized accounting systems has helped the accounts departments of most organizations to process much data within short period and reduced the number of people employed to perform certain specific tasks which one person using the computer could perform. Saving time and cost also represents 25% of valid response.

#### **4.4.3 Speed and Storage**

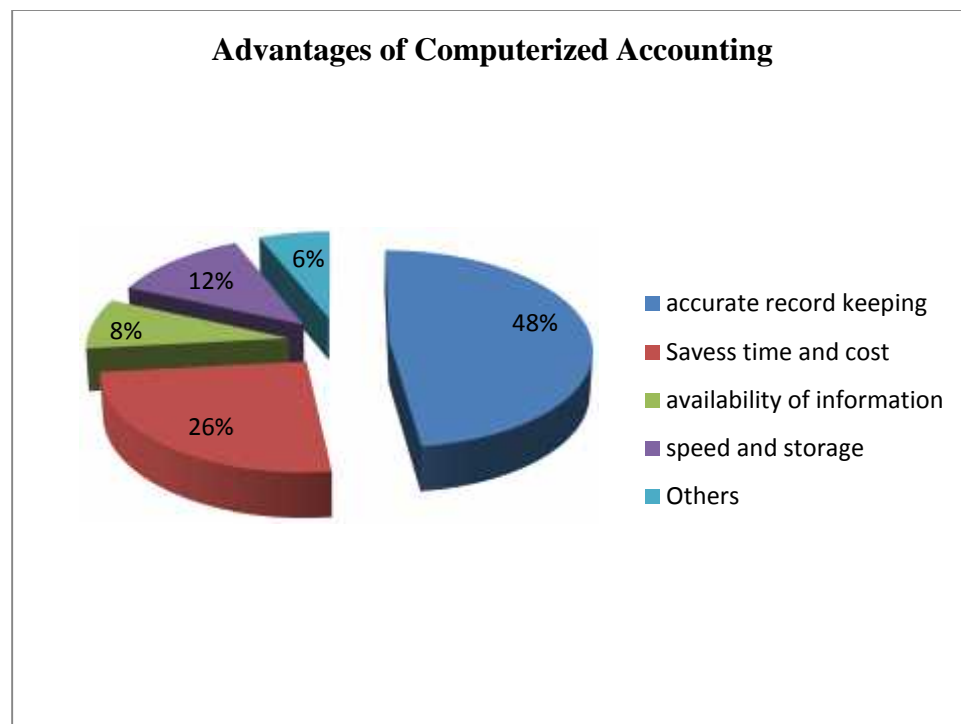
The speed with which data is being entered, processed and retrieved is another major benefit derived from the use of computerized accounting. The speed which data is being processed also enables an organization to deal with more customers in short time. Also storage enables them to process much information without thinking about storage being full because it will take longer for the storage to be full. Speed and storage comprises 12% of total valid response.

#### 4.4.4 Availability of Information

Information dissemination is very crucial to the success of every business. The flow of information from one department to another or one business to another is a very key function to the organization. Availability of information also comprises 8% of valid responses.

Other advantages specified by some businesses such as better organization and efficiency also make up 6% of the total valid response.

**Figure 4**



Source: Field survey, 2015

#### 4.5 The ways computerized accounting system help reduce cost of operation.

Irrespective of the cost involved in adopting the computerized accounting system, the use of computerized accounting system actually reduces the cost of operation through several ways.

According to this research study, computerized accounting software reduces cost of operation in the following ways;

#### **4.5.1 Reduced labour expenses**

Reduced labour expense is one of the major issues confronting businesses currently. The adoption of computerized accounting is one of the ways of reducing the labour cost incurred by the organization. It was observed from the users of computerized accounting since adoption the amount of money spent on salaries and other labour expense has reduced as few people are now hired. Reduced cost of labour makes up 44% of total users of computerized accounting.

#### **4.5.2 Reduced clerical expenses**

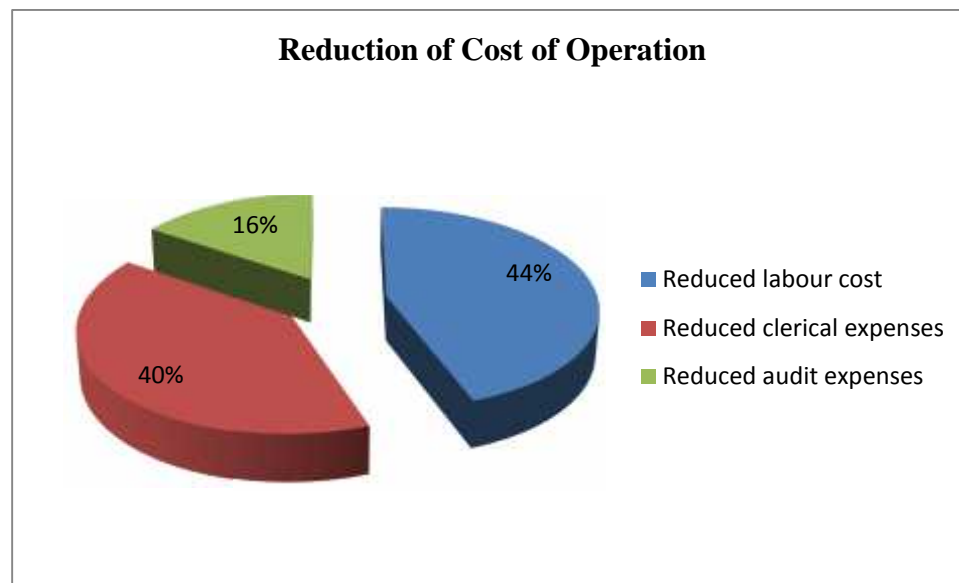
Adoption of computerized accounting has also enabled some businesses which incur high cost on purchasing of stationery. Since all activities are automated, purchase of stationery has reduced. Also, reduced clerical expenses makes up with 40% of total respondents.

#### **4.5.3 Reduced audit expenses**

Adoption of computerized accounting has also enabled some businesses which incur high cost on purchasing of stationery. Since all activities are automated, purchase of stationery has reduced. Also, reduced clerical expenses makes up with 40% of total respondents. Businesses have seen audit expenses drop since the adoption of computerized accounting system. The accounting software allows auditors ease of auditing the accounts of businesses. Also audit work is done very fast. Furthermore, the number of people needed to complete the audit of a business is

reduced when that business uses computerized accounting. From the analysis, it was a observed that reduction of audit expense comprises 16% of total respondent.

**Figure 5**



Source: Field Survey, 2015

#### **4.6 Factors considered before choosing computerized software package**

##### **4.6.1 Cost**

The cost of accounting software is very important factor to consider when choosing accounting software. Businesses make critical decisions pertaining to the cost of the software package as to consider a software package that has more features at high price or consult a programmer to build the software that suite the organization. The cost of the computerized accounting represents 45% of the total valid response.

#### **4.6.2 Knowledge required**

The needed skill to operate such computer software influences the businesses when adopting the computerized system of accounting. This is a critical factor which is considered before choosing the accounting system. In an organization where no one has any skill pertaining to the use means the organization has to employ if it still has to adopt the computerized system. Analysis reveals certain SMEs lack the needed funds for organizing a workshop for their employees in order to upgrade themselves. The knowledge required to operate the computerized system comprises 18% of total respondents.

#### **4.6.3 Scope of business**

The scope of business is also an important determinant when choosing computerized accounting software. The nature and size of the business determines the type and the cost of the software package adopted by businesses. The study shows certain SMEs are not benefiting as expected since operations no longer meet the capacity software package acquired. Out of 45 respondents, scope of business represents 15% of the total valid response.

#### **4.6.4 User friendliness**

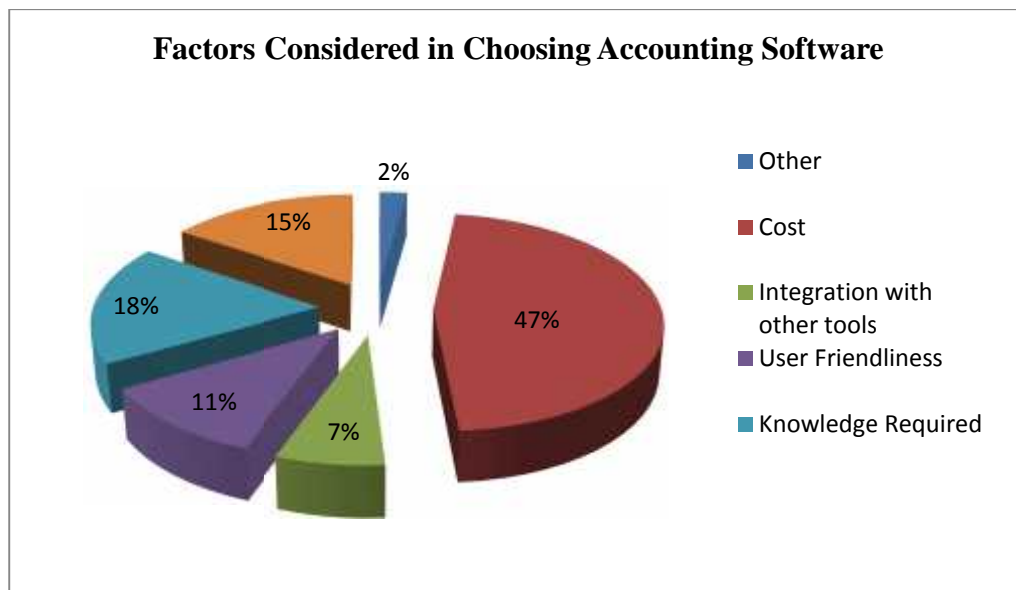
Businesses that want to adopt the computerized accounting system also consider the complexity of these software packages as they won't disrupt the normal running of the business. Majority of businesses are likely to go with software packages that are easy to operate. User friendly factor also makes up 11% of the total valid percentage.

#### 4.6.5 Integration with other tools

The ability of a software package to integrate with other software packages is an important feature and as such considered when adopting the computerized accounting system. The system's ability to integrate with other systems makes usage very easy. The system's ability to integrate with other tools comprises 7% of total number of respondents.

Other factors that were specified by some respondents were flexibility with use of the system, ability to update system frequently and security of information processed. This system also comprises 4% of valid respondents.

**Figure 6**



Source: Field survey, 2015

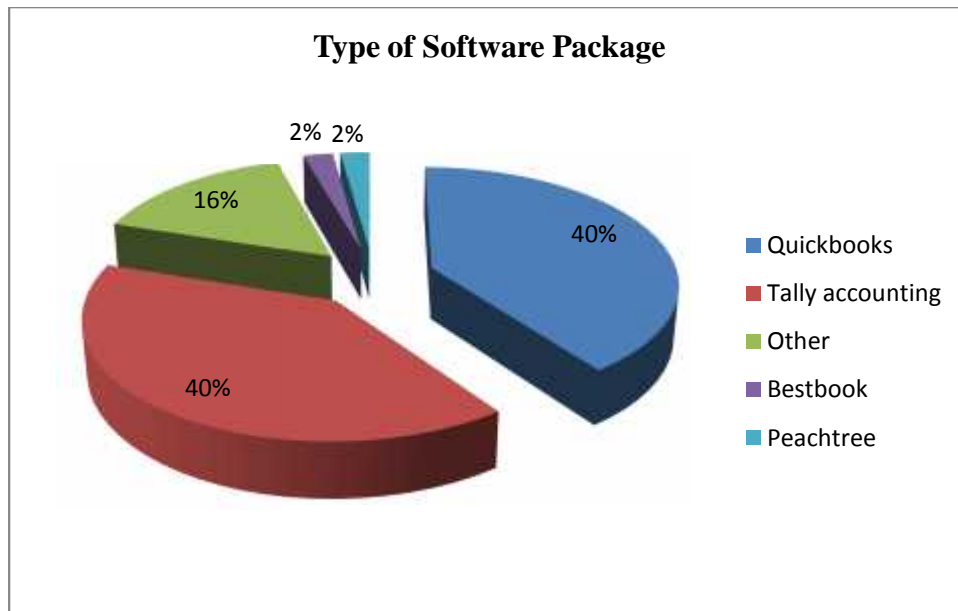
Also these factors influence the decision of organizations to choose a particular computerized accounting software package. The software package must be the kind that allows the organization to achieve its main purpose for which it was chosen. Below are some of the computerized accounting software packages used by organizations that were interviewed;

- ) QuickBooks
- ) Tally Accounting
- ) Bestbook
- ) Peachtree
- ) Others such as; Enterprise Resource Planning (ERP) and Sage 50

Our research revealed that the most commonly used software package is QuickBooks which represents 40% of valid response (users of computerized accounting system), followed by Tally accounting which also represents 40% of total valid response. The tally accounting software has made improvement with the latest version which allows businesses with other departments which wants to integrate all their activities into one system- Tally ERP 9. The next commonly used are other software that was specified by the respondents. They are; Enterprise Resource Planning (ERP) and Sage 50. They most commonly are the ERP since it allows businesses to get custom software that suits the organization. They represent 9% of the total valid response. Preceding the software specified by respondents are Bestbook and Peachtree which represents 1.3% of total valid response.



**Figure 7**



Source: Field Survey, 2015

#### **4.7.0 Performance of Computerized Accounting System**

It is undisputable that computerized accounting system enables businesses to perform better than businesses which use the manual accounting system. It enhances their performance such that they are able to achieve the highest level of performance. However, the desire for high performance can be forestalled by certain hindrances associated with the usage of the system.

#### **4.7.1 Effectiveness**

Currently, the business environment has become very competitive and many organizations in their quest to achieve their organizational goals have shifted to the use of computerized accounting in order to achieve their organizational goals. Many of businesses of the belief that computerized accounting enable them to provide quality service to their customers and also serve

them at a delight. From the analysis, mean of effectiveness of the computerized accounting system is 1.6 which signifies very high performance.

#### **4.7.2 Productivity**

Output per man hour of an organization is one of the indicators of improvement of quality service. The use of computerized accounting has increase the productivity in the accounts department since it's fast and easy to operate. It was observed that through computerized accounting most businesses able to serve more customers in a day than they could serve when the manual system was used. The mean of productivity is 1.57 which also signifies a high performance.

#### **4.7.3 Efficiency**

The ability of the organization to achieve its objectives with its available resources at lower cost has led to the switch from the manual accounting system to the computerized system. Currently there is high competition among business to serve customers at lower cost. The adoption of computerized system is a technique by most businesses to improve organizational efficiency to compete among other businesses. Per the analysis, mean of efficiency is 1.51 which signifies a high performance.

**Table 1**

	<b>N</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Mean</b>
<b>Effectiveness</b>	75	1.00	4.00	1.600
<b>Productivity</b>	75	1.00	4.00	1.5733
<b>Efficiency</b>	75	1.00	4.00	1.506

Source: Field survey, 2015

#### **4.7.8 Book keeping**

This is the basis on which financial statements are prepared. It involves the day to day recording of financial transactions in their respective ledger accounts. It is a major function that demands that financial transactions are correctly recorded in the books of accounts. The use of computerized system in keeping records of daily transactions is a best way since it comes with ease and flexibility to the user.

#### **4.7.5 Inventory Control**

Inventory of a business is one of the most sensitive items that require good monitoring or control system in order to maintain right level of stock at their right values. With computerized accounting inventory control as accounting is simplified and allows businesses to correct records. From the analysis it was observed that computerized accounting software is better performed by computerized accounting software. Inventory control has a mean of 1.56 which is a best performance.

#### 4.7.6 Report Generation

Preparation of reports to measure performance and also inform management of progress of the business is one function that computerized accounting has made simple especially the finance sector. It has enabled businesses to prepare daily, weekly, monthly and yearly reporting. This research has revealed that financial reporting enables management of businesses to make strategic decisions concerning the business achieving its objectives. Per the research analysis, report generation has a mean of 1.54 being the next best function performed by computerized accounting software.

#### 4.7.7 Financial Statements

Financial reporting is a very important area in accounting that needs to be meticulously done in order to know how the business is doing in the industry. In short financial statements, speaks about the totality of the business. The use of computerized accounting enables businesses to keep accurate data and also the necessary information in preparation of financial statements for stakeholders. This function is also best performed since it has a mean of 1.36.

**Table 2**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
<b>Book keeping</b>	75	1.00	4.00	1.56
<b>Inventory Control</b>	75	1.00	4.00	1.54
<b>Report Generating</b>	75	1.00	4.00	1.49
<b>Financial Statements</b>	75	1.00	4.00	1.36

Source: Field Survey, 2015

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This is the final chapter of the research study. This chapter gives a summary of analysis results and findings during the data collection. Also in this chapter are the recommendations for effective and efficient use of the computerized system of accounting among small and medium scale enterprises in Ghana.

#### 5.2 Summary

The research study was undertaken to assess the use of computerized accounting among small and medium scale businesses in Ashanti region- Ghana. The objective of the research was focused on the impact of computerized accounting system on the quality of services provided by the business, the benefits and challenges of using the computerized system, how this system helps businesses reduce their cost of operations and factors considered by businesses when choosing this system of accounting. It's imperative to note that businesses are in highly competitive markets and in order to be among the leaders of the market, it must adopt the computerized systems it comes with the ease of business of operations, hence the needed technological advancement and flexibility to operate in a dynamic competitive market. This system of accounting is the best when it comes to issues of integrating business operations into simplified activity.

One of the ways this system helps in improving the quality of service is the fast recording of financial transactions. This was the major impact the computerized accounting system had made

on businesses by reducing long queues and the convenience it gives customers. Also, the computerized accounting system is able to provide accurate data since the degree of making errors when using this system of accounting. Report generation is also impact on the quality of service provided through the usage of this system since this system enables allow accounts department to furnish management and other authorities with general report at any time it is requested. Easy Distribution of Information is another way computerized accounting system has impacted the quality of services provided certain businesses. With computerized accounting system many businesses are able to share files and documents very easy. In addition, the system works at a high speed which facilitate other business operations which requires financial data and also have high storage memories which enables the organization to keep large amounts of data for longer periods. This allows for the business in retrieving data easily.

From the data analysis, it is also observed that accurate record keeping is major benefit businesses have derived from using the computerized accounting system to support business strategic decisions. Computerized accounting systems enables businesses to save time by performing the performing some tasks within a shorter period of time.

The speed at which data is processed, retrieved or transferred and stored is also a benefit derived from using the computerized system. Another benefit of businesses derive from using computerized accounting system is degree at which information is provided for other business purposes. Furthermore, the computerized accounting system has allowed the accounts department in its documentation and filing.

Computerized accounting system has helped businesses to reduce their cost operation in several ways. One way businesses reduce their cost of operation is the reduced labor costs. This is system makes it possible for few people to perform the task of plenty people within a short

period of time. Also, there is a reduction in clerical expenses of the organization. Lastly, it was observed that usage of the computerized accounting system leads to a fall in the audit expense incurred by the organization.

There various accounting software on the market which will aid each business to achieve its aim but it is the business that determines particular software that offers the kind of specifications needed. From the data analysis it could be observed that one of the major reasons considered by users of computers accounting system before choosing accounting software is the cost. The cost is very essential since the business would ensure that it is rather reducing cost than adding cost by purchasing the system. Another reason is the knowledge and requisite skill needed to operate the system. This means users must hire people with knowledge in such software in order to operate or acquire some training. Also the scope of the business is another would determine the kind of software to use. In larger corporations where there several departments it is likely the business uses an enterprise resource planning which incorporates all other departments into software. Furthermore, the ability of the accounting software is a major reason for choosing particular software. However, the system must also be user friendly. That is, accounting software package must be simple to adapt.

Some of the accounting software packages commonly used by businesses include the following; QuickBooks, Tally Accounting, Bestbook, Peachtree, Sage 50, and Enterprise Resource Planning (ERP).

It is observed that computerized accounting systems enables businesses to perform better by processing data at faster rate and simplifying work. This system of accounting enhances the effectiveness of the department hence, the organization as a whole. This, however also leads an improvement in efficiency of operations of the accounts department by achieving their target and

also reducing cost of operation. Productivity is also high in any business entity that is uses this system of accounting as it reflects the number customers or activities the business is able to deal with as figures are high in than in manual businesses.

On the other hand, this is disputed by certain users of manual accounting. From their point of view, the computerized accounting system needs back up by the use of manual receipting and recording of transactions in the case of any misfortune that disallows the system to be used.

It is also necessary to note that computerized accounting system is performs the following functions than the manual accounting system. Book keeping, inventory control, report generating and preparing financial statements are best performed by the computerized system of accounting.



### **5.3 Conclusion**

The study gave an account of the fact that computerized accounting has numerous benefits as compared to manual accounting system. Computerized accounting system is importantly being associated with manual accounting system because it has the ability to produce relevant and accurate information at the right time. Notwithstanding this fact many organizations are moving away from manual accounting system to computerized accounting system.

Undoubtedly, there are many problems and challenges associated with the use of manual accounting system. Some of these problems and challenges include high purchases, installation and maintenance cost, failure cost, inadequate information technology and time consuming. Some measures could be put in place to help check the problems associated with the use of manual accounting system. However, the benefit that comes with the use of computerized accounting system cannot be underestimated as this benefit far outweighs the use of manual accounting system.

There is huge cost involved in purchasing a software but also pretty simple to set up manual accounting system. This tends to make the initial acquisition of software quite tedious to an organization. Notwithstanding this fact, computerized accounting system reduces the cost of operations within the organization in the long run.

Software packages are very important to the organization since it assembles all files and provides information about those files. The factors that are considered by SMEs in choosing software packages includes easy and fast , accuracy of data, initial cost, knowledge of employees. These factors have predominantly being accepted by a wide range of organization who wishes to combine efficiency and effectiveness in achieving their set objectives.

## **5.4 Recommendations**

1. Government should provide training to increase the usage of computerized accounting system for SME's in Ghana. This would increase their competitiveness in the market place due to the effective and efficient services being given by the company to their customers.
2. Regular training and job assessment on computerized accounting system should be given to SME'S by the management to reduce errors in entering data and understanding for some computerized accounting areas.
3. For various SME'S who would want to adopt computerized accounting system, it is recommended that they should undertake a more detailed cost benefit analysis to understand the various significant benefits that come along with computerized accounting system.
4. A proper error detection system default should be devised to establish all problems and possible automatic correction systems for them when they occur. This would enable SME's to detect and correct some problems quickly when they occur.
5. Trial and errors are done to make sure that systems fit well into the organization. This usually takes quite a long time before it becomes approved for final usage. The system could be piloted within the organization to ensure that all necessary corrections are made before they are finally approved within delaying too much time.

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**APPENDIX**  
**CHRISTIAN SERVICE UNIVERESITY COLLEGE, KUMASI**  
**CSUC SCHOOL OF BUSINESS**  
**DEPARTMENT OF ACCOUNTING AND FINANCE**

**INTRODUCTION**

As part of final year student research project work, we are looking into the advantages of computerized accounting system over the manual accounting system in Ghana. It would be of great help to us if you could offer the needed assistance by answering our questionnaire in the best possible way you can.

**Section A: Company Profile**

1. Which of the categories does your company belongs

a .Non-Profit Making organization [  ]      b. Profit making organization      [  ]

2. How long has the company being operating? .....

3. What is total number of employees in the organization?

a. Below 6 [  ]                      c. 30-99      [  ]

b. 6-9      [  ]                      d. above 99 [  ]

4. How many departments are in the organization? .....

5. Has the business computerized all its activities?

a. YES [  ]      b. NO [  ]

6. Which accounting system does the business use?

- a. Computerized Accounting [    ]                      b. Manual Accounting [    ]

If b move to question 19

**Section B: Computerized Accounting**

7. How long has the company being using the computerized accounting system? .....

8. What factors did you consider before adopting the Computerized Accounting System?

- a. Easy and Fast [    ]    c. Accuracy of data [    ]  
b. Initial Cost [    ]    d. Knowledge of Employees [    ]  
e. Users Perception [    ]

f. Any other, \_\_\_\_\_

9. What accounting software package do you use?

- a. QuickBooks [    ]    c. Bestbook [    ]  
b. Tally accounting [    ]    d. Peachtree [    ]  
e. Any other \_\_\_\_\_

10. Beside the computerized accounting software, do you keep records manually?

- a. YES [    ]                      b. NO [    ]

11. How has the adoption of computerized accounting positively impacted the company?



- a. Accurate record keeping [    ]
- b. Saves time and cost [    ]
- c. Data Distribution [    ]
- d. Report Generation [    ]
- e. Any other, \_\_\_\_\_

12. What are some of the challenges you face since you adopted computerized accounting system?

- a. Danger of computer fraud [    ]
- b. Data Loss [    ]
- c. Expense [    ]
- d. Reliance on computers [    ]
- e. Lack of constant supply of electricity [    ]
- f. Any other, \_\_\_\_\_

13. Does your company have any intention to stop using the computerized accounting system?

- a. YES [    ]
- b. NO [    ]

14. If YES why \_\_\_\_\_

15. To what extent has Computer Accounting System impacted the quality of service?

- a. Provision of accurate data [    ]
- b. Generates reports often [    ]
- c. Easy distribution of information [    ]
- d. Fast recording of transactions [    ]
- e. Any other, \_\_\_\_\_

16. Which of the following factors were considered by business before choosing an accounting software package?

a. Cost [ ]

c. Knowledge required [ ]

b. User friendly [ ]

d. Integrates with other tools [ ]

e. Scope of business [ ]

f. Any other \_\_\_\_\_

17. How does the CAS help reduce cost of operation?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

### Section C: Manual Accounting

18. Why manual accounting?

a. Nature and size of business [ ]

c. Lack of infrastructure [ ]

b. Lack of requisite skill [ ]

d. Additional expense [ ]

19. What are the advantages derived from the use of manual accounting?

a. Cheaper to set up [ ]

c. Easier to use [ ]

b. Flexible [ ]

d. correcting of errors [ ]

e. Any other \_\_\_\_\_

20. What are the challenges you face using the manual accounting system?

- a. Duplication of data entry [  ]                      c. Subject to errors [  ]
- b. Time consuming                      [  ]                      d. Lack of security [  ]
- e. Any other \_\_\_\_\_

21. Which of the following factors is preventing your organization from adopting computerized accounting system?

- a. Employees knowledge in IT [  ]                      c. Cost training employees [  ]
- b. Initial cost of setting up                      [  ]                      d. Security                      [  ]
- e. Any other specify \_\_\_\_\_

22. Do you intend to change from the manual accounting to the computerized accounting system?

- a. YES [  ]                      b. NO [  ].

23. Do you believe computerized accounting is better than manual accounting?

- a. strongly agree                      [  ]                      c. strongly disagree                      [  ]
- b. agree                      [  ]                      d. disagree                      [  ]                      e. Neutral [  ]

24 Does the computerized accounting system help reduce cost of operation?

- a. Strongly agree                      [  ]                      c. strongly disagree                      [  ]
- b. Agree                      [  ]                      d. Disagree                      [  ]                      e. Neutral [  ]

25) Computerized accounting system is best in terms of the following functions?

	Strongly agree	Agree	strongly disagree	Disagree
Productivity	[ ]	[ ]	[ ]	[ ]
Efficiency	[ ]	[ ]	[ ]	[ ]
Effectiveness	[ ]	[ ]	[ ]	[ ]

26. Does Computerized accounting allows for better performance of the following functions?

	Strongly agree	Agree	Strongly disagree	Disagree
Book keeping	[ ]	[ ]	[ ]	[ ]
Inventory Control	[ ]	[ ]	[ ]	[ ]
Generating Reports	[ ]	[ ]	[ ]	[ ]
Financial statements	[ ]	[ ]	[ ]	[ ]