

JEL Classification: M41, M42, M48, M49.

<https://doi.org/10.35945/gb.2023.15.006>

THE EFFECT OF INFORMATION TECHNOLOGY IN ACCOUNTING UNDER THE CONDITIONS OF GLOBALIZATION

MANANA MCHEDLISHVILI

Academic Doctor of Economics, Associate Professor
Caucasus International University, Georgia

NAIRA TABATADZE

Academic Doctor of Economics, Associate Professor
Caucasus International University, Georgia

ABSTRACT. In the process of carrying out financial operations, modern technologies represent one of the most important challenges. World technological trends have influenced Georgia as well. Technologies play an important role in accounting. Nowadays, all transactions in accounting have an electronic form, which is securely stored in databases. Using fintech technologies in accounting helps save resources and reduce costs.

Accordingly, the paper presents the role of technology and its importance in enterprise activity. Effective capabilities of modern accounting computer programs are established, and their advantages and disadvantages are highlighted. Research has been conducted on the possibilities of companies' work on the RS portal in the direction of accounting activities. Conclusions and recommendations are formulated. In particular, simplifying the barriers to entering the technology market will increase the level of competition, and accordingly, the development of this sector will take place. Also, cooperation with successful foreign fintech companies and improvement of cyber security. Creation of an innovative hub and regulatory space, where enterprises will have the opportunity to create prototypes of their products and adjust the created application. as well as establishing effective tax incentives for investors, specifically in the direction of financial technologies. Strengthening the ability of professional accountants to move to the Net-zero model, all of the above, is a prerequisite for creating a healthy business environment in the country.

KEYWORDS: AGRICULTURAL OPERATIONS, ELECTRONIC SYSTEMS, FINTECH INDUSTRY, INNOVATIVE TECHNOLOGIES, MULTICURRENCY.

INTRODUCTION

At the turn of the 20th-21st centuries, the development of technologies begins under the conditions of globalization. In today's world, the development of organizations significantly depends on the use of modern and innovative technologies. Adaptation to technological changes is the key to the company's success. The development of modern technologies has made a great contribution to finance as well as to other sectors. Organizations that use the latest technologies create efficient services with fewer costs and resources (Chiladze & Tofchishvili 2018, p.246).

Technological developments have changed operations in the business and financial sectors. Modern financial technologies do not exist without the fintech industry, which means combining finance and technology. The word Fintech is derived from the pairing of the direction: financial services and solutions based on advanced technologies. The general economic literature does not accept only one definition of this term because of the diversity of businesses in the market. The word Fintech is defined by the Oxford Dictionary as follows: computer programs and other technologies to support banking and financial services. (Nicoletti, 2017, p.12). Fintech is characterized by innovativeness in the technical direction, speed, simplicity and flexibility, which saves time and resources. Besides, it makes the activities of businesses comfortable and affects the development of operations and processes within the organization (Chiladze & Tofchishvili, 2018, p.246). The main goal of Fintech is to offer the financial sector the use of modern technologies in their activities. Fintech firms are mainly micro, small and medium-sized organizations that, although they do not have large capital turnover, however, they have a clear goal of how to present and develop existing services in the financial market. These are mostly fintech start-ups.

The role of innovative technologies is important in accounting. As of today, the complexity of accounting is caused by a number of fundamental legislative reforms that are being carried out in our country. However, in the background of all this, accounting in Georgia has improved significantly in recent years. It is obvious that modern accountants take care of all this due to the development of computer accounting programs. If only one such program was initially available for Georgian businesses, today, we count dozens of them. In addition, they are constantly being worked on and im-

proved, which strengthens the competition. All this is directly proportional to their quality improvement and indicates that more and more business entities are becoming their customers. The paper's research aims to discuss the possibilities of using modern technologies in accounting. Revealing positive and negative aspects of the influence of technology, it is important that through the development and popularization of technologies, healthy business environment conditions will be created, and it will be possible to attract more investments in Georgia.

RESEARCH RESULTS

Accounting software is computer software that allows the user to keep track of finances much faster, easier, more visible and more efficient. E-Accounting in the electronic system consists of two main words. E stands for electronic, and all records are kept electronically and not on paper. Accounting, which refers to a set of transactions. In an electronic system, basic documents and records exist in digital format. It is the use of online and Internet technologies for business (Toshniwal, Balaji, & Mahavidyalaya, 2016, p.580). E-Accounting represents a new direction in the accounting field. Financial transactions are stored in online servers and databases. Electronic accounting offers data processing and various operations via the Internet. The electronic accounting system helps the company in the following areas: such programs have universal access, can implement large-scale business records, have access to various sites, are continuously improved by the service provider, and create a common database. The most important positive side that electronic accounting offers is speed, that is the time during which companies receive accounting data at any time and in any place. Programs allow managers to receive instant reports. There is less chance of making mistakes. The negative side of electronic accounting is that in case of damage to the hardware or software when using the computer, data may be lost. It is also possible to steal bases as a result of a virus or cyber attack. In addition, these systems require a continuous Internet connection, and this Internet dependence makes offline work more difficult (Hajera, 2016, p. 260-263). In accounting, the most time is spent on collecting and sorting documentation. This problem can be solved by Receipt Bank, through which the user can scan checks, invoices, and transfers, which will be auto-

matically transferred to the accounting module. Chaser and Satago are cloud technologies that enable faster payment and transfer reflection and credit control. It integrates with accounting software and notifies creditors of overdue invoices by sending automated emails. On the one hand, credit control accelerates settlement time and therefore has a positive effect on the company's cash flow. Payments received, on the other hand, make cash flow appear healthier. The advantages of computerized technologies are increased functionality – timely submission of financial information. Therefore accountants can produce various reports. It is with the computer system that financial reporting, in particular, cash flow, profit and loss reporting, is improved.

Increasing accuracy – computerized accounting systems generally have internal checking mechanisms. In particular, it establishes a trial balance through correct accounting procedures.

Increased speed – Computerized accounting systems allow accountants to process large amounts of financial information quickly. Fast processes allow for a reduction in the closing time of the accounting period (month or year closing) (Ghasemi, Shafeiepour, Aslani, & Barvayeh 2011 p.113-114).

In Georgia, both accounting programs for foreign products and those produced in Georgia are used. As time goes by, these programs improve more and more and become tailored to this or that business as much as possible. Common programs in Georgia are Balance, Fina, Oris, Info and 1C. Today, the most popular and popular accounting software is "Oris." "Oris" company was founded in 1992. It provides business and financial software services for various categories of organizations. That is why it has long maintained its leading position with the variety of manufactured products.

Consider the main effect of the system: Simultaneous work of many users (network) with the system – several users can work in the system at the same time, and each of them has certain functions. For example, some of them will make payroll; some will issue cards, and some will only do accounting. Functions can be both disabled and crossed.

Multicurrency – each account in the system is considered multicurrency. That is, the existence of a currency account is determined by the currency operations on the corresponding account. Therefore, it is possible to receive account balances, turnovers, and balances of each currency, as well as combined balances in GEL or other currency equivalents.

Means of changing the operational and analysis period – the system allows transactions or operations to be performed both in the selected rotation period, as well as in the past and in the future. Performing or correcting a past operation results in an automatic recalculation of the values corresponding to the action. Performance of future operations used for planning and future budgeting.

Chart of accounts management – the system is accompanied by the chart of accounts of accounting in Georgia. However, any other account structure can be opened or modified. For analytical accounting, it is possible to open sub-accounts for each account, the level of embedding of which is determined by the user and does not depend on the type or purpose of each account.

Accounting processes (possibility of connecting with other processes) – in order to perform the transaction, the system must specify the transaction execution date, memorial number, project name, debit and credit accounts, amount, currency, and transaction basis. Along with processing, it is possible to print any primary document, automatically inserting the necessary values into the print document. Each of these actions is recorded in the transaction log, which can be viewed, filtered and resolved for any period of the rotation.

The simplicity of economic operation – the system contains an instrumental tool for describing operations. As well as the generator of the output forms, it is also equipped with pictographic means of building operations (functional buttons) by means of which not only the description of the accounting operation can be achieved but also any algorithm. Standard business operations are built into the system, which allows us to perform enterprise activities more easily. However, the special effect of the system is manifested in the fact that it allows us to organize the desired economic operation with formulas and save it. For example, the program automatically performs salary accrual and withholding procedures for employees who are not included in the pension scheme. With existing formulas, we can set up and maintain all accruals and withholdings for employees involved in the pension scheme (including 2% pension withholding from employees' salaries and 2% withholding by the company for each employee).

Accounting of fixed assets and related operations (depreciation, valuation, write-off) – the system registers fixed assets, for which the inventory number is indicated, production and commissioning dates, balance

and residual values, depreciation and evaluation coefficients, department and responsible employee, etc. On the basis of this information, the system allows you to perform depreciation, valuation and write-off operations by automatically performing their respective transactions (<http://www.account.ge/>).

Despite the fact that the RS portal simplifies the production of accounting activities and makes the work of companies more efficient, specialists in the field often note that software errors cause delays in their activities. Our goal was to survey small businesses and identify current trends in information technology. One hundred small enterprises participated in the research, which was divided according to their activities: trade (45 enterprises), production (37 enterprises), and service (18 enterprises). The data was obtained from the database of contact emails.

QUESTION 1. How flexible is work in the technological system? The respondents answered as follows: very flexible and easy, 60%. Less flexible and easy 31%, not flexible and difficult 7%, easy but inflexible 1%; It is flexible, but it can be refined by 1%. The first two data are significant here, where 60% of respondents give the highest rating, and 31% believe that it is not a comfortable tool for their work but believe that the technology they have to work with is simple.

QUESTION 2. How much has the organization focused on the development of innovations in accounting technologies over the last three years? The answers of the surveyed respondents were distributed in the following order: no change – 45%, increased interest – 33%, decreased attention – 10%, introduced updated system – 12%.

QUESTION 3. What part of the time was necessary to devote to modern technologies to produce the work process? The answers were distributed as follows: 61-80% of the respondents interact with modern technologies 42% of the working time, 81-100% of the time-23%, 41-60% of the respondents spend their working time-22%, 21-40% of the respondents 10% of the time, 0 – 3% of 20% of the time is spent interacting with modern technologies.

QUESTION 4. What modern financial technology is used in accounting activities? The answers to the question were distributed as follows: accounting programs 50%, internet banking-30%, mobile payments-20%.

QUESTION 5. To what extent did the use of the RS.ge portal simplify the operations of the organization? Based on the mentioned data, we can conclude

that they face fewer problems in the production of accounting activities, which are carried out by companies with accounting directions.

QUESTION 6. What would be added to improve the RS.ge portal: online tax advisor-23%, online help-20%, mobile application-18%, chat bot-16%, online version of the cash register-12%, flexible report removal-8%, system enhancement-3%. From the mentioned question, it is established that there are some problems and initiatives in terms of improving the program.

QUESTION 7. How would you rate the functioning of the portal over the last five years? The answers were distributed as follows: positively – 76%, average – 23%, and negatively 1%. The mentioned questionnaire also reveals that a large number of users have a positive attitude towards the respective portal.

As a result of the conducted research, it is clear that there is still no proper attitude towards modern technologies in Georgia. Needs improvement in terms of service simplification.

CONCLUSION

In carrying out financial operations, modern technologies represent one of the important challenges. World technological trends have influenced Georgia. Technologies play an important role in accounting. Nowadays, all transactions carried out in accounting have an electronic form, which is securely stored in databases. Fintech technologies are also used in accounting, which helps to save resources and reduce various expenses.

Accounting is a subject of great interest to all entities connected with the production, services, property management, financing, and investments. Each requires knowledge of the "international language of business" – accounting. It has the ability to act as an information system. Its target is business data processing, which allows the decision-maker to clearly assess the efficiency of the business under his control, see gaps and detect errors. Currently, Georgian business actively uses computer accounting programs. Despite this, accounting software developers and marketers must work hard to retain customers and interest representatives of various businesses, to show the positive aspects of the programs and to correct the shortcomings. On the other hand, small business representatives are trying to find the most flexible and efficient ways to run their own businesses. Most of them have created an account-

ing computer program tailored to their business based on the specifics and interests of the business. We confirm once again that the accounting software "Oris" is the leader in the Georgian market. The majority of small enterprises purchasing a new program will still choose "Oris" but with an improved new version.

In the future, in the direction of technology, it would be better to get more involvement from the government. For example, the simplification of the barriers to entering the technology market, which will increase the level of competition and, accordingly, the development of this sector will take place. Also, cooperation with successful foreign fintech companies and improvement of cyber security.

We believe such spaces should be created to support small enterprises in obtaining information and producing activities. For example, the creation of an innovation hub and regulatory space, where enterprises

will be able to create prototypes of their products and regulate the application created, as well as establishing effective tax incentives for investors, specifically in the direction of financial technologies.

More investments should be made in promoting cloud technologies, which will support the development of small businesses. Why companies do not implement technological changes may be due to risk and cost. For this, it is important for companies to know the risk and mitigate the costs.

Recently, green finance is becoming a hot topic in the financial profession, and green finance is cheap capital that can sustain the long-term sustainability of businesses (Dzadzamia, 2023, p.33). The ability of professional accountants to understand the green financing opportunities needed to move to a Net-zero model is a key element.

REFERENCES:

1. Bernardo N. (2017) *The Future of Fintech*. Rome, Italy. Palgrave Macmillan. <https://books.google.ge/books?id=litBDgAAQBAJ&printsec=frontcover&dq=book%20free%P.12>
2. Chilaze M. Topchishvili M. (2018) The role of financial technology in the development of the banking sector. *Journal of Globalization and Business*. N5 p. 246.
3. Dzadzamia S. (2023) The accounting profession has a vital role to play in meeting the challenge of green finance. *Journal of Accounting* N3 (314) March 2023 p.33
4. Ghasemi M, Shafeiepour V, Aslani M, Barvayeh E. (2011). The impact of Information Technology (IT) on modern accounting systems, *Procedia – Social and Behavioral Sciences* 2. https://www.academia.edu/6323692/The_impact_of_Information_Technology_IT_on_modern_accounting_systems?auto=download_p.113-114
5. Hajera F. (2016) Impact of E-Accounting in Today's Scenario. *International Journal of Engineering and Management Research*. (Volume-6, Issue-1, January-February, 2016). [http://www.ijemr.net/DOC/ImpactOfEAccountingInTodaysScenario\(260-264\).PDF](http://www.ijemr.net/DOC/ImpactOfEAccountingInTodaysScenario(260-264).PDF)
6. Toshniwal R, Balaji S, Mahavidyalaya P. 15th May 2016. E – Accounting: The necessity of modern business. <http://data.conferenceworld.in/ICSTM4/P579-583.pdf>
7. Public Finance Management Reform Action Plan 2022 Annual Report. (2022) <https://www.mof.ge/images/File/strategia/2023/06-03.pdf>
8. 2023 report of the Revenue Service of the Ministry of Finance, (2023) [https://www.rs.ge/pdf\(10/05/2023\)](https://www.rs.ge/pdf(10/05/2023))
9. *Accounting computer programs (2023)* <http://www.account.ge//>