Chapter 7.2
Doing Business on the Globalised Networked Economy:
Technology and Business Challenges for Accounting Information Systems

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ABSTRACT

In this chapter the authors present a set of challenges that are to be faced by accounting information systems. More specifically, these include the support of interoperable accounting processes, for virtual and networked enterprises and for open-book accounting as well as the creation of novel interface metaphors that will automate and increase the usability of accounting information systems, and last but not least the provision of integrated e-accounting platforms.

INTRODUCTION

As the modern economy depends more and more on information and communication technologies (ICTs), interest in the economic impacts of these technologies is growing. The combination of economic fundamentals triggered a lively public debate on the underlying causes and consequences. The introduction of the World Wide Web and browsers fuelled the growth of the Internet – reaching millions of users worldwide. Paralleling the growth in the number of users was a growth in the number of enterprises wishing to serve this new "online" population. New ideas and new business models were introduced and investors were happy to pour money into them irrespective of actual profit figures. Many of the new firms went public and prices in the high tech segments of the stock markets soared. Moreover, companies related to Internet infrastructure, computers and software became all the more important.

According to (Coman and Diaconu, 2006) and (Diaconu, 2008) globalization is a historical process, which has been created as a need of improving the resource allocation and to develop bigger markets

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for the global economy. Ideas about going global can be found in Adam Smith's and David Ricardo's works, going through Marx vision about the phenomena until our ages. We can consider it as one of the biggest social processes which the humanity has facing since ever. That's why its impact in the global economy is huge and the accounting sector which is playing a vital role in the information process of the society is very important. That is why one of the main international accounting processes on the actual period is the harmonization of the national accounting systems. The harmonization process is influenced by several factors like culture, politics, economy and also sociological behaviors.

Furthermore, in an increasingly competitive, knowledge-based economy, intangible assets, such as brand awareness, innovation, and employee productivity, have become the key determinants of corporate success. And given that the investments companies make to build those intangible assets - such things as advertising, employee training, and R&D - are flushed through the income statement, balance sheets are increasingly a poor reflection of the value of companies' businesses. And in contrast to the traditional accounting system that is focused on isolated transactions and historical costs, to determine the future value of a company, one should not only look at past history, but need to employ new measures to project forward. In our paper we present some ideas that aim to leverage research efforts in the area of Accounting Information Systems. We position our ideas with respect to ongoing developments in the research fields of accounting, business and computing. The increase of the corporate knowledge capital and the sustainable support of the agility potential of companies is not only a matter of how much intelligence a company shall exhibit in organizing its business related activities but also in the way it shall exploit its accounting infrastructure to respond to existing challenges of the globalised and networked economy.

THE MARKET FOR ACCOUNTING SOFTWARE

An accounting information system (AIS) is the system of records a business keeps to maintain its accounting system. This includes the purchase, sales, and other financial processes of the business. The purpose of an AIS, as it has been historically defined through various commercial system implementations, is to accumulate data and provide decision makers (investors, creditors, and managers) with information to make decision. While this was previously a paper-based process, most modern businesses now use accounting software.

In an Electronic Financial Accounting system, the steps in the accounting cycle are dependent upon the system itself, which in turn are developed by programmers. For example, some systems allow direct journal posting to the various ledgers and others do not. Accounting Information Systems provide efficient delivery of information needed to perform necessary accounting work and to assist in delivery of accurate and informative data to users, especially those who are not familiar with the accounting and financial reporting areas itself. Furthermore, accounting software is typically composed of various modules, different sections dealing with particular areas of accounting. Among the most common are:

Core Modules

- **Accounts receivable:** where the company enters money received
- **Accounts payable:** where the company enters its bills and pays money it owes
- **General ledger:** the company's "books"
- **Billing:** where the company produces invoices to clients/customers
- **Stock/Inventory:** where the company keeps control of its inventory
- **Purchase Order:** where the company orders inventory