

Online control-accounting tool

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Abstract

Innovation in the new economy is the ability to absorb and convert knowledge in order to improve productivity and to create new products and services. Without innovation, we can't talk about a new economy. Therefore the new economy requires encouraging the creation and development of innovative entities.

Keywords: *internet, globalization, innovation, technology, control*

JEL codes:

1. Introduction

During this period numerous researches lead us to a new information revolution, spoken of more and more namely the Internet. This history of the transmission of information through a written communication from one person to another person is a way of quick use.

Over one billion people use the Internet and receive a large amount of information available to anyone who connects to the network. But any assessment of the Internet will show that this has provided both surprising, inevitable virtues and vices.

2. Internet - the engine of globalization

Globalization is accelerating change in technology, every day, it seems that a new technological innovation is in the process of being created. The technology is now at the forefront of the modern world by creating new jobs, innovations and networking sites to allow individuals to connect globally. The timeline below shows the fast transformation of how technology has accelerated in the last 24 years until 2016.

- 22 years ago: commercialized Internet;
- 21 years ago: The first mobile phone with Internet connection;
- 19 years ago: Google named the search engine of choice by PC Magazine;

- 16 years ago: Blackberry was launched;
- 13 years ago: Facebook was launched;
- 11 years ago: Twitter was launched;
- 10 years ago: the iPhone was introduced, the first smart phone;
- 9 years ago: Groupon was introduced;
- 7 years ago: 100 million smart tablets sold;
- 5 years ago: Google Glass was announced;
- every 60 seconds (so it seems): new applications adapted to the specific needs of the user are created.

As the Internet developed, there was also an increase in new intermediaries. They would include ISPs, search engines, browsers, etc. In a way, the Internet has made intermediate the network itself. And this has made it possible for governments to exert control over the Internet.

Modernization of society through the Internet shortens the yoke of bureaucracy and the information transmitted via internet crosses borders and prevents states to govern using authority, lies and manipulation. Propaganda has no force since the domination period of radio and television (Gore, 1994).

By addressing globalization we can recognize that technology (including internet) has made great progress in order to move information around the world. There is no doubt that the Internet has accelerated the speed of transmission and thus made the world smaller. It is much easier for people around the world to access information and shares it with others in this global information infrastructure.

Those addressing globalization also believe that it diminishes the relevance of borders, territorial governments, and geography. Thomas Friedman believes that the Internet and other technologies are flattening of the world regardless of geography, distance, or, for the foreseeable future, even language (Friedman, 2005).

In a way, this is true. The explosive development of blogs and web pages provided an outlet required for opinion and information. It is also true that there was a self-governing behavior on the Internet.

IT applications in the US have boosted labor productivity. From 1974 to 1990, labor productivity increased by 1.4% per year. Between 1991 and 1995, annual productivity growth slightly increased to 1.5% per year. From 1996 to 2005, companies invested heavily in IT equipment, software and services, and the annual increase in productivity measured non-agricultural output per hour, which increased from 1.0% in 2000 to 5.5% in 2008.

Since 2008, businesses have seen increases and decreases depending on the quarter. In the first quarter of 2013, there was an increase of 0.7% and the second quarter of 2015 presented an increase of 5.3%. Most economists attribute the annual growth of labor productivity to increased association of work with new types of IT in a wider economy. Many economists believe that recent productivity gains will last for future projections.

4. Control-accounting tool

Control is an accounting tool that provides help to financial analysts by improving internal control resulting from the integration of information technology in accounting systems as it follows (Arens, Loebbecke, 2003):

- **online control mechanisms replace the manual ones**, the advantage of this stage is the possibility to improve the internal control by incorporating mechanisms of control executed by computer into everyday activities of processing operations.

Replacing manual procedures with programmed control mechanisms, which apply checks and calculate balances for each transaction processed, can reduce human errors which may occur in traditional manual environments.

A well-controlled IT system offers a greater potential to reduce errors because computers process information consistently uniformly. Among the examples of internal control procedures implemented by computer today and which in the past accounted employees include: comparing the customer's code and the one of the product with the systematic file or comparing the amounts of sales operations with preset credit limits.

- **higher quality information is available** after the manager convinces himself of the reliability of the information produced using computerized technologies, using such information provides an additional potential to improve management decisions.

Firstly, complex IT environments are usually managed effectively as complexity requires organization, procedures and efficient documentation. Secondly, IT systems typically provide management with a greater amount of quality information available faster than most manual systems.

Although IT can improve the internal control of the entity, it may also affect the overall risk of control within the entity. Numerous risks associated with manual systems may be weakened and in many cases eliminated, but IT risk may occur that can lead to loss of information due to a blockage of the information

system, or to the use of incorrect information due to processing errors generated by IT, which can paralyze the activity of an entity.

5. Conclusion

There are several forms through which the accountancy function was adapted to new information technologies. Thus on the one hand it used the Internet as communicational infrastructure that allows the exploitation of financial and accounting software products developed after the client-server technology, i.e. a distributed processing, and on the other hand the Internet, especially through the advantages of Internet 2.0. as a virtual space that allows the interconnection of different categories of professionals in the field, providing free access to certain applications or at lower costs than the ones generated by employing an accountant.

6. Bibliography

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