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**UNIVERSITI TEKNOLOGI MARA (UiTM)**

**CAWANGAN TERENGGANU KAMPUS DUNGUN**

**BACHELOR OF ACCOUNTANCY (HONORS)**

**(AC220)**

**FIELD REPORT**

**ISSUE : THE IMPACT OF ARTIFICIAL INTELLIGENCE ON ACCOUNTING**

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**2020819886**

**10<sup>th</sup> JULY 2024**

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## **SECTION A**

### **1.0 INTRODUCTION**

Industrial training is a mandatory part of the Bachelor of Accountancy program at University Technology MARA, Dungun Campus. This industrial training takes for 24 weeks, from March 3, 2024, to August 22, 2024. Students can select the companies they want to train with. The program's objectives are to increase graduates' employability, bolster their job-related abilities, and give them practical work experience. Through this instruction, students can improve their communication skills, job ethics, discipline, and personality development. Additionally, it gives them a taste of the working world, which boosts their confidence and encourages them to pursue professions in their sector of choice after graduation.

The company that I chose to do my industrial training is Nazuha Accounting Consultant Sdn Bhd (NACSB). Nazuha Accounting Consultant Sdn Bhd is a distinguished accounting firm located in Besut, Terengganu, stands out as a leader in providing comprehensive financial services. NACSB started their operation since 2014 and was led by directors Mrs. Nazuha and Mr. Ashraf. The firm provides a wide range of services including accounting, audit, taxation, and secretarial. The firm operates from 8:30 am to 5:30 pm, which provides plenty of time for thorough client consultations and meticulous service execution.

The company employs seven dedicated workers, who are supplemented by five fresh interns who offer fresh perspectives. At NACSB, where interns receive enlightening guidance and hands-on skill training to prepare them for the accounting field, professional growth is highly valued. In addition to enhancing the interns' educational experience, this commitment to mentoring ensures that consumers receive high-quality services. NACSB is renowned for its high caliber work and dedication to nurturing talent, having set the standard for accounting services in Besut.

## **2.0 SUMMARY OF WORK DONE**

All interns at Nazuha Accounting Consultant Sdn Bhd are placed in the accounting department, where we are vital to the process of preparing financial statements for different clients. The main uses for these carefully designed Excel accounts are bank agreements, tax payments to the LHDN, and loan applications. The interns oversee monthly accounts for multiple companies throughout peak season, making sure that all financial statements are timely and accurate. We are also given an introduction to the UBS Accounting System, which expands our technical knowledge and increases our productivity when managing accounting responsibilities.

One of the jobs that I had done throughout the internship was preparing the accounts mostly for the current year 2023. While working on the job, I was required to communicate with the client when needed to ask for some information regarding their company. I face some challenges while communicating with the client where some of them are slow in responding to the questions. This will take some of my time to wait for their response and affect my job planning. The accounts job also includes preparing the tax calculation for the clients and submitting the e-filing to the LHDN by using MyTax. I also help other departments with some of the secretary work and audits.

The company prioritizes systematic training, with senior staff members giving interns comprehensive policies and step-by-step instructions prior to their start of employment. Through this mentorship, interns are guaranteed to obtain real-world experience and a thorough understanding of accounting procedures. NACSB gives its interns a broad skill set and positions them for success in the accounting industry by combining manual Excel methods with contemporary accounting software. The firm's dedication to promoting professional development and upholding high service standards for its clients is demonstrated by the practical training and real-world experience it offers.

### **3.0 STRENGTHS & WEAKNESSES OF TRAINING**

#### **3.1 STRENGTHS**

Nazuha Accounting Consultant Sdn Bhd is a prominent player in Besut's accounting sector, being one of only two firms in the area. With this special role, interns and staff members can work in a supportive yet competitive setting doing a variety of meaningful accounting tasks. The firm's strength lies in its effective learning and teaching approach, where senior colleagues actively mentor newcomers. Through practical mentoring, interns gain a rapid understanding of fundamental accounting principles and procedures, as well as practical experience that gives them a strong foundation and a competitive advantage in the job market. The company's dedication to providing hands-on training guarantees that interns utilize their expertise in significant ways. With the individualized support provided by the organized mentorship programme, interns can confidently handle the challenges of accounting.

One of the prominent strengths of NACSB is its commitment to recognizing and rewarding its team when they reach target collections. This incentive-based strategy encourages employees to aim for excellence and creates a motivated and productive work atmosphere. Offering incentives for achieving predetermined targets helps the business maintain a high standard of performance and responsibility while also boosting morale. By ensuring that workers feel valued and appreciated, this technique may boost their loyalty and job happiness. The incentive programme also assists in coordinating individual efforts with the overarching goals of the organization, promoting success and expansion for the workforce as well as the business.

### **3.2 WEAKNESSES**

Nazuha Accounting Consultant Sdn Bhd, however, also has to overcome formidable obstacles. Peak seasons can result in an excessive amount of work, which can cause stress and lengthy work hours for both full-time employees and interns. Despite the heavy workload, interns' comparatively small stipend may have an impact on their motivation and sense of fulfillment in their employment. The company's six-day workweek can also exacerbate weariness and negatively affect work-life balance, which can result in burnout.

The demanding atmosphere of NACSB emphasizes the need for advancements in employee welfare while simultaneously providing excellent learning opportunities and real-world experience. By addressing these issues such as more competitive pay and more livable hours, the company may be able to attract and retain top people while also improving worker satisfaction and lowering turnover. Maintaining the company's reputation for excellence and creating a more sustainable and encouraging work environment will depend on striking a balance between peak season needs and employee well-being.

#### **4.0 SELF-REFLECTION**

I have gained a thorough understanding of the accounting profession in a practical environment from my challenging and fulfilling career at Nazuha Accounting Consultant Sdn Bhd. I was given the responsibility of creating financial accounts for different clients as an intern and was integrated into the accounting department. This duty greatly improved my technical abilities and comprehension of accounting procedures by enabling me to apply the theoretical knowledge I had learned in my studies to real-world situations.

Acquiring knowledge of the UBS Accounting System and learning how to manually prepare accounts using Excel offered a well-rounded skill set that combined old-fashioned techniques with cutting-edge technology. Because of this dual exposure, I am more adaptable and ready to take on a variety of accounting jobs.

The internship did, however, also come with a number of difficulties that put my fortitude and time management abilities to the test. Peak season workloads were very taxing, frequently requiring long hours and considerable attention to fulfill deadlines. I learned from this experience how important it is to be efficient, detail-oriented, and able to work under pressure. Working six days a week was also a big adjustment, and in order to prevent burnout, I had to figure out how to combine work and personal obligations.

The internship at NACSB has been incredibly instructive in spite of the difficulties. It has given me a realistic understanding of the challenges and benefits of an accounting job. Despite the intense effort, the small stipend encouraged me to look for more productive ways to finish projects and better manage my time. This part of the internship emphasized the value of tenacity and discovering internal motivation in the task at hand.

Overall, working at Nazuha Accounting Consultant Sdn Bhd has been a crucial part of my career progression. The real-world knowledge and understanding I've acquired will be extremely helpful as I work towards an accounting job. My dedication to the field has been strengthened by the experience, which has also given me the skills and self-assurance I need to be successful going forward. I am appreciative of the chance to develop in such a vibrant and encouraging atmosphere, and I'm excited to use what I've learned in my next undertakings.

## **SECTION B**

### **The Impact Of Artificial Intelligence On Accounting**

#### **1.0 INTRODUCTION**

Artificial intelligence (AI) represents a major technological breakthrough of the 21st century, revolutionizing our interactions with technology and information processing. At its essence, AI involves creating computer systems capable of performing tasks that once required human intelligence, such as problem-solving, learning, perception, language understanding, and decision-making. The advent of machine learning, neural networks, and deep learning has significantly enhanced AI, leading to its widespread application across various industries including healthcare, banking, and manufacturing.

Artificial Intelligence (AI) is transforming accounting by replacing labor-intensive, manual processes with automated, accurate, and highly efficient systems. For a very long time, accountants have been crucial in maintaining financial records, guaranteeing compliance, and using financial analysis to provide strategic insights. However, by automating repetitive processes like data entry, transaction classification, and report production, AI integration in accounting is improving these capabilities. This lessens the possibility of human error while also allowing accountants to concentrate on more strategic tasks like financial planning and analysis.

AI's capabilities extend to the analysis of large volumes of financial data, providing valuable insights. For instance, machine learning algorithms can identify unusual patterns that may indicate fraud, thereby improving the precision of financial audits. AI also helps in managing complex financial documents, enhancing compliance and efficiency in reporting.

AI in accounting is also encouraging financial management to be more proactive. Accountants may estimate future financial performance, evaluate risks, and create more intelligent business growth strategies by utilizing predictive analytics. This proactive approach is especially beneficial in the current unstable economic climate, where having fast and accurate financial data is essential to staying ahead of the competition.



The incorporation of artificial intelligence into accounting represents a fundamental shift that is changing the nature of the field rather than just improving on current procedures. Artificial Intelligence (AI) is enabling accountants to provide more value to their organizations and stakeholders by improving accuracy, automating repetitive operations, and offering deeper analytical insights.

## **2.0 ISSUE AND PROBLEM STATEMENT**

The use of AI in accounting has generated a lot of discussion about how it will affect jobs and the nature of accounting work. According to World Economic Forum (WEF) projections, automation including artificial intelligence (AI) will lead to a net increase in jobs of 58 million, with the bulk of these new positions requiring sophisticated skills. Notwithstanding concerns about employment displacement, past examples such as the launch of Microsoft Excel in 1985 and Intuit in 1983 demonstrate that technology breakthroughs frequently result in a rise in the need for qualified workers. For example, a decade after these technology developments, employment in the bookkeeping and accounting industry increased by 75%.

The introduction of AI into accounting has resulted in substantial changes, but it also raises various concerns and challenges. The key issue is the adoption process in accounting firms and among experts. Many accountants are concerned about the impact of artificial intelligence on their jobs and the overall labor market. Furthermore, incorporating AI systems into conventional accounting methods can be difficult and expensive, requiring large expenditures in technology and training. A few topics linked to the use of Artificial Intelligence in accounting will be highlighted.

### **2.1 Potential Displacement of Accounting Jobs Due To Automation**

The possibility of job displacement as a result of advances in artificial intelligence (AI) is a major source of concern in the accounting profession. The ability of AI to automate operations that accountants have historically performed, including as data entry, transaction processing, and financial analysis, raises concerns about job security. According to Kokina and Davenport (2017), while senior accountants in large organizations believe that human accountants are still necessary despite AI technology, they expect that the necessity for entry-level accountants will decrease as the requisite skill sets advance.

The future demand for human accountants is uncertain. As firms implement AI solutions, the demand for traditional accounting functions may decrease. This uncertainty is disconcerting for professionals who have spent years advancing their careers. Chukwudi et al. (2018) investigated the detrimental influence of AI on the accounting profession, emphasizing the emergence of negative emotions among professionals. In a 2015 University of Oxford research,

95% of accountants expressed concern about losing their employment to AI, particularly in fields such as data analytics and numerical crunching (Chukwudi et al. 2018). The issue is that computer automation may replace human accountants in these vital activities.

## **2.2 The Need for New Skill Sets**

The skill set required to work effectively with AI poses a significant and difficult challenge to accountants. To remain relevant in a fast changing work environment, accountants must learn new skills such as AI technologies, machine learning techniques, and data analytics. This transformation necessitates a firm commitment to ongoing education and training, which may be time-consuming and costly. Traditional accounting skills like manual data input and basic financial analysis are no longer enough. Accountants must now be adept in modern AI technologies, evaluate complicated statistics, and incorporate AI-driven insights into strategic decision-making processes.

Furthermore, keeping up with the newest technology breakthroughs and cybersecurity procedures is critical to ensuring the integrity and security of financial information. This thorough upskilling requires significant investment from both individuals and organizations, emphasizing the necessity of accessible training programmes, ongoing professional development opportunities, and industry assistance in facilitating this shift efficiently.

## **2.3 Cost Savings and Efficiency**

Kaplan and Haenlein (2019) state that AI will impact organizations both inside and out. Internally, AI will help complete tasks faster, more accurately, and at a lower cost. It will automate complex activities in sectors like consulting, financial services, and legal, making operations more efficient and reducing errors. Externally, AI will change how businesses interact with customers, other companies, and society, leading to more personalized services and dynamic market interactions.

Chukwudi et al. (2018) discuss the positive effects of AI on accounting. AI improves accuracy and speed, enhances reporting, reduces paper usage, and increases flexibility and efficiency. It also helps create better databases, improving data management and decision-making.

Additionally, AI can lead to cost savings and operational efficiencies in accounting. By automating routine tasks, accountants can focus on strategic activities like financial planning and analysis, enhancing their role and contribution to the organization's goals. As AI technology advances, it's crucial for accounting professionals to stay updated and continuously upgrade their skills. Accessible training programs, professional development opportunities, and strong support from industry bodies are essential for a smooth transition into the AI-driven future of accounting.

#### **2.4 Over-reliance on AI Technology**

An over-reliance on technology is becoming more likely as AI becomes more and more integrated into accounting procedures. This reliance could cause accountants to overestimate the reliability of AI-generated results without fully comprehending or confirming the underlying data and processes. Such an over-reliance on AI systems can lead to serious mistakes because, despite their sophisticated capabilities, these systems are not perfect. They are prone to misinterpreting data or missing details that an actual accountant would notice. For example, an artificial intelligence system may identify a discrepancy in financial transactions that stems from a proper business procedure, resulting in pointless inquiries and squandering of resources. Furthermore, an over reliance on AI may impair accountants' analytical and critical thinking abilities, decreasing their capacity to make well-informed judgements apart from technology.

### 3.0 DISCUSSION

According to Odoh et al. (2018) AI has impacted accounting operations for more than 25 years, especially in financial reporting and auditing. Expert systems and intelligent agents are examples of technologies that have greatly improved the precision and effectiveness of accounting operations. The use of AI in accounting has been intensively investigated, emphasizing its transformational potential. Machine learning and neural networks are capable of processing large volumes of data, identifying patterns, and automating repetitive operations. Sutton et al. (2016) and Jeneesh (2017) found that AI can considerably reduce the time and effort necessary for bookkeeping, auditing, and tax preparation, freeing up accountants to focus on more difficult and strategic activities. This move not only increases production but also improves the overall efficiency of accounting procedures. Davenport and Kirby (2016) emphasize that AI's capacity to automate routine work enables accountants to focus on high-value activities, enhancing overall productivity and value addition in the profession.

Artificial intelligence (AI) has changed the accounting profession, offering both benefits and challenges. AI solutions excel at automating repetitive and time-consuming operations like data entry, transaction classification, and compliance checks, freeing accountants to focus on more strategic activities. These automated methods improve accuracy by minimizing human error, streamlining workflows, and increasing overall efficiency. Firms may use AI to process massive volumes of financial data more rapidly and accurately than ever before, resulting in speedier decision-making and lower operational expenses.

Furthermore, AI is reshaping accountants' roles by enhancing their data analysis and predictive analytics skills. Advanced AI algorithms can analyze previous financial data to discover trends, anticipate future financial performance, and provide more detailed insights into business operations. This trend away from traditional bookkeeping and towards strategic analysis allows accountants to serve as advisors, guiding organizations through complex financial landscapes and assisting them in making data-driven decisions. The use of AI tools allows for a more proactive approach to financial management, in which possible difficulties are spotted and treated before they become major problems.

The adoption of AI in accounting must align with existing standards and regulations. The International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) provide guidelines that ensure accurate and compliant financial reporting. For example, IFRS 15 on revenue recognition and IFRS 9 on financial instruments require precise reporting, which AI can facilitate through automated data processing. Data protection regulations like the General Data Protection Regulation (GDPR) impose strict requirements on data handling and processing using AI technologies. Compliance with these regulations ensures that AI systems maintain data integrity and security, mitigating potential legal and ethical issues.

## **4.0 RECOMMENDATION**

### **4.1 Invest in Training and Education**

Accounting organizations should prioritize investing in ongoing training programmes to help their employees learn the skills required to work with AI technology. This requires not only mastering the fundamentals of AI and machine learning, but also developing skills in data analytics and cybersecurity. Training should be a continuous process with regular upgrades to stay up with rapid technology changes. Firms that equip their staff with these abilities can ensure that their people remain relevant and capable of using AI to its full potential, transforming perceived dangers into opportunities for career progress and increased job satisfaction.

### **4.2 Improve IT Infrastructure**

To properly integrate AI into accounting operations, businesses must invest in modernizing their IT infrastructure. This includes ensuring that businesses have adequate computational power, data storage solutions, and strong cybersecurity safeguards in place. Enhanced IT infrastructure will enable the adoption of sophisticated AI capabilities while also protecting sensitive financial data from cyber threats. Firms should conduct regular audits and modifications to their IT systems in order to ensure high data security and system efficiency. Accounting businesses can improve the smoothness of AI integration and protect customer information by strengthening their technology backbone.

### **4.3 Focus on Value-Added Activities**

Accounting professionals should view AI's capacity to perform regular operations as an opportunity to shift their focus to value-added activities that demand human insight and knowledge. This includes strategic planning, financial analysis, and consulting services, which all rely heavily on human judgment. Encouraging accountants to participate in these areas benefits not just their professional development but also the overall value delivered to clients. Firms should reframe work responsibilities and objectives, emphasizing the value of human contributions that supplement AI's strengths. This allows them to create a more dynamic and rewarding working environment.

#### **4.4 Balance AI-Human Collaboration**

Cooperation between AI tools and human accountants must be balanced in order to reduce the risk of over-reliance on AI. It is important to emphasize the value of human oversight and critical thinking in evaluating AI results through regular training sessions and workshops. Businesses might set up scenarios in which accountants examine reports produced by AI and talk about any anomalies that may arise and what they mean. Encouraging a culture in which artificial intelligence is viewed as a helpful tool rather than as a substitute for human judgement can improve decision-making overall. This balanced approach makes sure that human accountants concentrate on strategic and sophisticated issues needing nuanced understanding, while AI takes care of everyday duties.



## **5.0 CONCLUSION**

The incorporation of AI into the accounting profession brings both significant opportunities and challenges. While artificial intelligence (AI) can automate routine tasks, enhancing efficiency and accuracy, it also raises worries about job displacement and the need for new accounting skills. Embracing AI effectively necessitates constant education and training to provide professionals with the appropriate technical and analytical abilities. This commitment to constant learning will not only keep accountants relevant, but will also allow them to fully embrace AI, altering traditional roles and duties.

Furthermore, adopting AI into accounting procedures requires the implementation of advanced IT infrastructure. For sensitive financial data to be protected, businesses need to invest in reliable data management systems and cybersecurity safeguards. The smooth integration of AI technologies will be made easier by a well-developed IT framework, which will also improve data processing capabilities and encourage the strategic application of AI in financial decision-making.

Accounting professionals should ultimately concentrate on tasks that call for human judgment, such financial analysis and strategic planning, as AI develops further. Accountants may enhance AI's capabilities by shifting their jobs to prioritize these value-added tasks. This will enable them to provide crucial insights and guarantee that clients receive high-quality services. In a world where artificial intelligence is becoming more and more prevalent, this change will not only improve their professional prospects but also progress the accounting profession as a whole.

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## 7.0 APPENDICES

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