Abstract

In the past decade researchers have suggested that the use of e-transactions in business has been increasing steadfastly. This phenomenon may be attributed to a number of operational benefits like cost reduction, improved product quality and better customer care. Unfortunately e-transactions have on the other hand increased electronic fraud and other electronic-enabled business consequences including data theft. While this problem exists in any organization, big or small, it is worse for small manufacturing companies that may not have adequate resources to deploy detection and prevention mechanism. Moreover, in a country like Kenya, the increased use of e-transactions and m-transactions in business operations make consistent record keeping difficult and sometimes impossible. This has serious implications on the accounting process. Contemporary researchers in accounting have raised questions over whether the scope of accounting research has been too narrow to provide the longer-term solutions of modern enterprises. Criticism has also been leveled at the failure of academic research to provide an effective critique of the key assumptions and practices underpinning the prevalent economic and business models. Among the key criticisms has been the failure of accounting practices that these models advocate. The increasing use of mobile and electronic transactions has magnified the failure of these models and overblown the problem to both the taxman and the business manager. Additionally, the involvement of a revolutionary emerging technology such as mobile and electronic transactions is the subject of considerable debate for both academia and practitioners. Prominent market observers have alleged that out dated and flawed accounting practices contributed to the crash of the Internet-led high-tech bubble of the late 1990s. Shockingly there is lack of research on the impact of e-transactions on management accounting practices in enterprises in general and in particular in small and medium manufacturing companies, and more so in Kenya.

Aim of the paper

This paper provides a comprehensive and systematic review of the literature pertaining to the impact of e-transactions on the management accounting practices in small and medium manufacturing companies in Kenya in order to ascertain the current “state of play” of the field along a number of dimensions.

Background Literature

Previous research on management accounting practices, such as cost accounting and performance measurement systems has resulted in a lot of debate in the US in practice and scholarly literatures during the 1980s and 1990s. This debate highlights the problem inherent in the present-day management accounting practices due to their failure in the contemporary business environment. The debate over the changing nature of management accounting has been supported by a wide range of research, whose findings are not constant and sometimes, conflicting. The business environment has undergone significant changes due to