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"Accounting Software for Small Medium Enterprises: An Overview"

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Abstract:

The main object of this study is to get idea about the market size of accounting software for small and medium size enterprises. And to know the future estimates at global level. The study is designed as per descriptive research. It is totally based on secondary method of data collection. The required data were collected from the news articles, websites, journals and other related sources. As on the study, the small medium enterprises play a very important role in the market of India and at global level as well. It includes the businesses like Gym, Dental practices, hair and beauty salon, bar, cafe, restaurants, medical centres and related small and medium size business. As a result, In order to maintain daily records in an error-free and more precise manner, accounting software is a crucial tool for small and medium-sized businesses. The tool's price and time requirements are also decreased. In India, accounting software for small and medium enterprises has a market size of more than 60%, and analysts predict that it will grow at a compound annual growth rate of 7.2% between 2023 and 2030. In the future, this is anticipated to continue growing.

Key Words: *small medium enterprise, accounting software, global market, growth, business.*

INTRODUCTION:

An integrated system and set of apps for managing and processing financial data are known as an accounting software solution. These programmes are used by qualified accountants and bookkeeping teams to manage accounts and automate routine tasks. Some systems may also be used to collect accounting data, measure indicators, and report on the financial activities of the organisation.

History:

With the introduction of the first VisiCalc spreadsheet programme in the late 1970s, bookkeeping software began to become more universal and user-friendly. This made it possible to use a computer to do financial modelling. An accounting software suite that could run on early personal computers was created in 1978 by Peachtree Software. Soon after, an increasing number of companies began to recognise the advantages of investing in computers. Businesses might automate their accounting processes using computers for a fraction of the price of a mainframe.

In 1981, Peachtree introduced the first widely available online bookkeeping programme with a built-in office suite that included a traditional word processor and a spreadsheet. The Quicken brand of accounting software for people was introduced by Intuit in 1983. For non-accountants, Intuit created an interface that was simple to use. PCs and accounting software had become standard equipment in many offices across the world by 1985.[1]

Accounting Software for Small Business:

Small company accounting software underwent yet another modification as a result of new innovations brought on by the internet. Accounts may now be managed and audited online by accountants. They could now manage numerous tasks at once without having to be physically there. Even running audits over vast distances was conceivable. Large volumes of data may now be stored online thanks to cloud computing. This makes it simple to access since accountants can use the accounts from any computer or mobile device, wherever they are.

LITERATURE REVIEW:

(Amanamah, Morrison, & Asiedu, 2016) The goal of the study was to determine how commonly small and medium-sized businesses (SMEs) operating in the Kumasi Metropolis utilise computerised accounting systems (CAS), as well as their advantages and disadvantages. 367 SMEs were chosen for the study using a systematic sampling approach. The data were analysed using both descriptive statistics and inferential statistics. Few SMEs are employing computerised accounting software, according to the study's findings. The low level of utilisation is ascribed to costs, staffing, and a lack of knowledge about the advantages of CAS.[2]

(ESuhayati & Riandani, 2019) The goal of this article is to demonstrate the advantages of accounting software for small and medium-sized businesses (SMEs) as a way to train business owners to manage financial data conveniently and safely because manually entering financial information entails a lot of risk. The technique employed was a description technique that involved looking back on prior studies. The findings of this study suggest that accounting software is used by entrepreneurs to process financial data more readily since it is handled automatically and in real-time.[3]

(Vysochan, Vysochan, Yasinska, & Hyk, Number 3 / 2021.) The writers of the article examine the many accounting software options on the market to determine which ones are most suited to serving the demands of small and medium-sized businesses' accounting services. An efficient tool for evaluating decision-making across several socio-economic domains of information is fuzzy TOPSIS. Because it is impossible to establish a precise numerical assessment of the accounting software selection criteria, the usage of fuzzy type TOPSIS approach is required in order to show the original data using linguistic variables. Even the price criteria cannot be established mathematically with any degree of accuracy due to the poorly anticipated characteristics it contains, such as the cost of restoring lost data due to potential cyber attacks or system failures.[4]

STATEMENT OF THE PROBLEM:

In the every type of business enterprises, financial reports are the only source for investors and stake holders to obtain financial information of the company. This shows the real picture of the company. So, maintaining accounts, and preparing the final accounts correctly is a very accountable task for every business enterprise. Available accounting software are not suitable for every type of businesses, mainly SMEs can't afford costly software. Many ERPs software are available for the SMEs to maintain their accounts error free and more accurately. It encourages the researcher to do research in the area of "ACCOUNTING SOFWARE FOR SMALL MEDIUM ENTERPRISES: AN OVERVIEW".

OBJECTIVES:

- To expand the knowledge of accounting software.
- To know the users of accounting software for SMEs.
- To study the future estimates of the market.

RESEARCH DESIGN:

The research is based on descriptive method. It gives basic idea of current scenario of accounting software for SMEs in Indian.

DATA COLLECTION:

For the study required data were collected through secondary method from the news articles, journals, previous research work and websites of related companies.

SIGNIFICANCE OF THE STUDY:

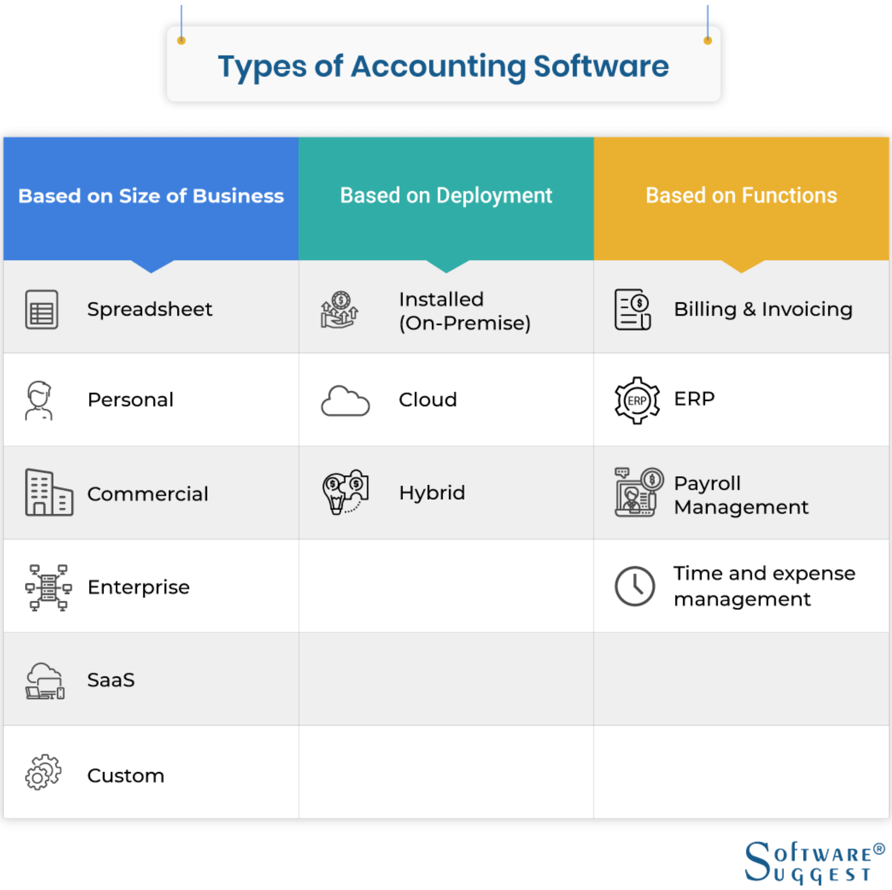
In today's time accuracy in corporate world is most important aspect. The new emerging technologies give opportunity to grow. In SMEs accounting software adoption are increasing day by day which put effects on national as well globe market. it enables researcher to make study on this field.

TIME PERIOD OF THE STUDY:

The study took time period of 4 months from February 2023 to May 2023. Review of literature completed in month of March and final conclusion was given in the month of May.

DISCUSSION:

❖ **Types of Accounting Software:**



Types of Accounting Software

Based on Size of Business	Based on Deployment	Based on Functions
Spreadsheet	Installed (On-Premise)	Billing & Invoicing
Personal	Cloud	ERP
Commercial	Hybrid	Payroll Management
Enterprise		Time and expense management
SaaS		
Custom		

Software Suggest®

(Source; https://www.maximizemarketresearch.com/)[5]

- ### Spreadsheets

Spreadsheets are the best tool for managing financial data for small businesses since Microsoft Excel genuinely shines on this list. Microsoft Excel spreadsheets are simple to use and are readily available. Other well-known tools that can help with bookkeeping include Open Office and Google Sheets. A spreadsheet may easily handle almost any simple accounting needs. Problems of whatever complexity or simplicity are addressed similarly.

- **Commercial**

Accounting software connects with almost any sort of organisation and can be customised to match your specific needs. You'll see data-summarizing graphs and info graphics, along with reports that provide a general assessment of the state of the business and the necessary tax forms. Additionally, commercial accounting software may take care of most, if not all, of a small to medium company's accounting needs. You'll be able to develop skills that are specially tailored to the needs of your firm with the aid of an accounting system.

- **Enterprise**

Software for businesses is specifically designed for them and is based on their requirements. These programmes assist in controlling the operational complexity that larger firms may have. Accounting software for bigger companies may also combine accounting systems with extra software services like project planning, business analytics, enterprise resource planning, and workflow management.

- **SaaS**

SaaS stands for "software as a service." Instead of downloading applications to devices and running them from those devices, SaaS describes cloud-based apps that connect users to the software resources over the internet. Reduced maintenance needs for businesses are one of the main advantages of SaaS. The software's maintenance and updates are normally handled by the SaaS provider. This reduces the necessity for businesses to take on challenging technical or programming responsibilities. Due to the fact that many facets of software management are handled by third parties, these solutions are popular with individuals and small enterprises without IT staff.

- **Custom**

As implied by the name, you can design accounting software specifically for an organisation. A business creates its own accounting software. When a business wishes to grow, this accounting solution typically works effectively since it makes use of the skills of talented staff to create software and manage diverse accounting situations.In the end, accounting software supports all kinds of transactional services and bank accounts. By utilising complex accounting features, the business may find its own special accounting software with greater advantages. In other instances, a business creates its own software because it cannot find any commercial accounting solutions that meet its needs.

- **On-premise**

Because on-premise software is run on a company's local server, the database is accessible only by company employees. Software for cloud computing is stored on a distant server and placed in the cloud. An organisation may rest easy knowing that its data is secure thanks to software that is kept on-site. Software used internally typically offers greater security than software used for cloud computing. However, compared to cloud computing, on-premise software maintenance and management expenses are higher. On-site server gear, IT staff, software licences, and other expenses are all included in the price of on-premise software.

- **Cloud**

Employing cloud computing software, businesses contract a third party provider to host their applications remotely, giving them access to IT resources whenever they need them. These services are offered on a pay-as-you-go, as-needed basis, which helps organisations save money. According to business expansion, software needs, and other factors, businesses can scale their utilisation. Business expansion is facilitated by cloud computing, which also facilitates connections between businesses and their clients and customers.

- **Hybrid**

When using hybrid ERP, you combine on-premises and cloud solutions to meet your business's needs. Some of the most typical hybrid ERP configurations include:

A two-tier ERP. The on-premises ERP system that your organisation currently uses for corporate activities (tier 1) is kept in place, but cloud ERP systems are added to support some or all business units or regions (tier 2). This two-tier ERP strategy can save overall costs and let such organisations respond more swiftly to local demands.

Supporting a variety of corporate operations. You might find that providers of cloud solutions offer superior support for particular aspects, such CRM or mobile ERP, which enables access to ERP functionalities via phones or other mobile devices while travelling. For those particular tasks in this setup, cloud ERP will be used.

- **Billing and invoice**

Software that generates invoices for goods and services. It simplifies the payment process, provides your company with a clear image of its finances, ensures liquidity and flexibility, and helps to create a sound financial forecast.

- **ERPs**

Enterprise resource planning, or ERP, is a term used to describe a particular kind of company management software. Many of the capabilities found in accounting software are also available in ERP financial modules, including tools for managing expenses, accounts payable and receivable, general ledger, reporting, and analysis.

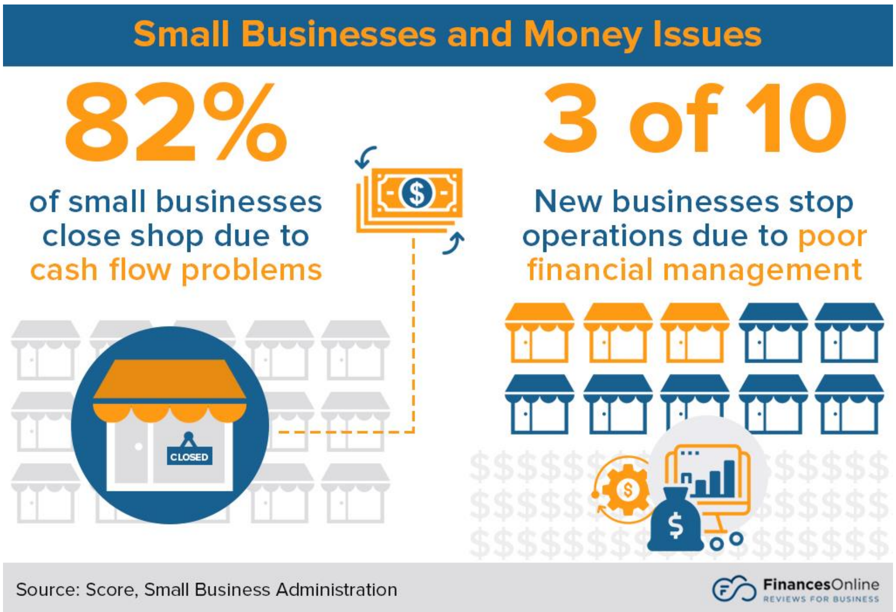
- **Payroll**

To manage the full life cycle of payroll activities from beginning to end, HRs and payroll experts employ payroll software. Here are some of the key perks, features, and factors to take into account when selecting the finest payroll software for your company.

- **Time & expense management**

With easy access to real-time information and quick, precise reporting, time and expense software may assist firms in making better, more informed decisions. With the help of time and cost monitoring software, organisations can make choices based on current performance data that is reliable and easily available.

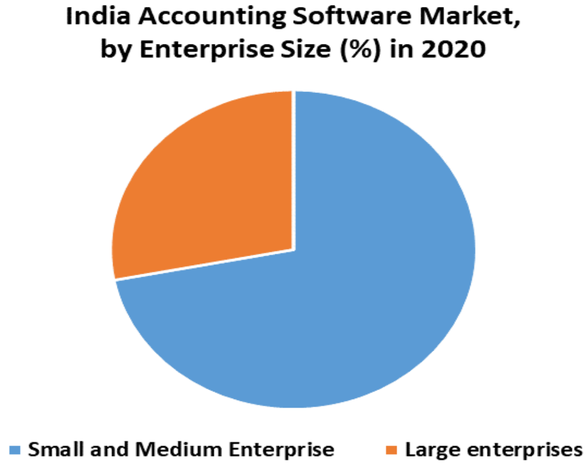
❖ **NEED OF ACCOUNTING SOFTWARE FOR MSEs**:



(Source: https://financesonline.com/list-accounting-software-companies/)[12]

As an illustration, 82% of small firms shut their doors due to cash flow issues. Inadequate financial management is also cited by the Small Business Administration as one of the main causes of failure for small firms. In reality, 3 out of 10 new enterprises shut their doors after just two years, and 5 out of 10 close their doors after five. This is because of bad money management. Others, though, favour using accounting software solutions to solve their issues. These programmes can automate accounting and tax preparation procedures while also lowering accounting expenses, improving audit processing, and reducing cycle times.

❖ MARKET SIZE OF MSEs IN INDIA:



(Source; https://www.maximizemarketresearch.com/)[5]

Throughout the projected period, it is anticipated that the small and medium enterprise category would expand quickly. By utilising the most recent accounting software, SMEs may significantly enhance their company operations. For their daily company operations, small and medium businesses often utilise basic accounting software. These are the primary factors that will support this segment's growth in the India Accounting Software market from 2021 to 2027. Over the course of the projected period, the big businesses category is anticipated to expand quickly. Large Indian businesses often use ERP (Enterprise Resource Programme), which may be customised to meet their unique business requirements

❖ GLOBAL MARKET FOR MSEs ACCOUNTING SOFTWARE:

According to a report conducted by Evolve Business Intelligence, the global market for SMB and SME used accounting software reached USD 900.1 million in 2022 and is expected to increase at a CAGR of 7.2% from 2023 to 2033. The used accounting software market for SMB (Small and Medium-sized Business) and SME (Small and Medium-sized Enterprise) refers to the area of the software market that offers accounting software solutions especially created for small and medium-sized organisations. With capabilities including accounting, invoicing, spending monitoring, financial reporting, and tax administration, these software solutions meet the financial management demands of SMBs and SMEs.[13]

Due to small and medium-sized enterprises' increased acceptance of digital accounting solutions, the market for SMB and SME used accounting software has been steadily expanding in recent years. The market has grown as a result of factors like the necessity for precise and effective financial management, legal compliance standards, and the migration to cloud-based software solutions. As more SMBs and SMEs come to understand the advantages of adopting accounting software to automate their financial processes, the market size is anticipated to keep expanding.

LIMITATION OF THE STUDY:

This study is totally based on secondary data. And information may be biased. The analysis was made on estimation for future so the estimations may be wrong in future.

FINDINGS:

As per this study, 3 0f 10 newly established business stop their operations due to poor financial management and 82% of small business close their shops due to cash flow problems. In order to prevent these problems accounting software are essential tool for error free results. According to research, market cap of accounting software for MSEs are more than 60% in India. And at global level it is expected to increase at a CARG of 7.2% from 2023 to 2030 and it is anticipated to keep expanding in future.

RECOMMENDATION:

Medium and small enterprises have to adopt accounting software to increase their working capacity and for effective management of accounts.
To increase goodwill of the firm, adoption of accounting software may lead the firm.
It becomes possible to convert potential investors as their main focus are on the financial statements of the firm and the exact accounts could only be prepared with the help of accounting software.

CONCLUSION:

As accounting software provides error free and more accurate services for maintaining the daily records of business. It also reduces the cost and less time consuming tool. As per the study it may be conclude that the accounting software for small and medium enterprises are very important.

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