

“An Explorative study on Awareness, Effectiveness and Factors affecting adoption of Digital Accounting in small and medium Enterprises”

(With the special reference to Surendranagar District)

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Abstract - The main objective of this study is to analyse how much entrepreneurs are aware about digital accounting. In today's world of new technology and new form of finance are transforming the work of accounting. Here digital accounting basically refers to financial information's formation, representation and its transmission into digital form or electric form. For the conversion of paper information into digital level business accounting software and applications are in use. Accounting software or applications are just referred as computer programs or systematic guidelines provided by the computer programmer for book keeping. Nowadays tailor made solutions of softwares are used by accountants. But ideally any accounting software which record, manage and process financial data are accepted in the market and can be utilised trustworthily. Accounting softwares allows an ease of use with tracking of financial transaction. It also allows better decision making in timely manner. Accounting software prepares and classifies different data as in various common modules like accounts receivable and payable, trial balance, general ledger and final accounts viz Trading account, Profit and loss account and Balance sheet with all payroll solutions required in small business. Accounting software also split up some information extracted from core modules into useful qualitative information's for preparing quotations, bills from last references, estimates extracted from operations and production management as well. Well-designed software can help an entrepreneur or manager or any responsible person to reduce cost by increasing efficiency. To conclude the findings sample questionnaire were collected from authorize persons of small and medium enterprises.

Key words – Digital Accounting, Digital Literacy, Digitalization, E-Accounting

INTRODUCTION:

The word E-Accounting or Digital Accounting and digitalization are nowadays used as interchangeable. Mostly digitalization in corporate has a vast meaning. Digital accounting has its own concept. As if in general concept it has been evidently seen that entrepreneur, business manager or responsible person of the organisation has clear conceptual understanding of the said concept. Likely looking to the different forms of business organizations how it is conceptualized in the same reference gives its own importance.

Accounting as per AICPA is just an art of recording, classifying and summarising monetary transaction and events of financial nature and finally interpret results derived from it. So if any accounting software or application justifies it, it is said to be achieving the objective of accounting. E-accounting or digital accounting is just connecting traditional accounting system with computer or electronic form. E- Accounting or digital accounting performs all regular functions. (Pushpalatha, Nov.2021 Vol.8 Issue 11) Digital innovation in the field of modern accounting improves efficiency and effectiveness of organization.

LITERATURE REVIEW:

(Asonitou Sofia, 2019) As if we look to digitalization, accounting education and entrepreneurship it has been stated as all concepts are different and study stated that how the study of digital accounting support the development of entrepreneur. Current trends and future outlook emphasize the primary clarification of concept. This research also focused on new employability skill of workers as moving towards digitalization skill at all level of employment. The aim of the research was also to present an insight in the promotion of entrepreneurial spirit in accounting and business student by educating them in the field of accounting and accentuating them by use of technological tools.

(Ashraf, July 2018) In this research, there was an aim to identify the effect of using computerised accounting information for reducing production cost in the Jordanian pharmaceutical companies. A study was conducted with large sample consisting of 100 employees consisting of administrative staff, financial director, and head of accounting department, information staff and accountants. Descriptive analysis method was used with regression model showing its importance. The important CAIS effects positive relationship on cost and

CAIS. The study also proved highest level of CAIS by keeping pace with latest development in the field, such as software, hardware and database.

(Ganyam Amos, May 2019) In this research, researcher has emphasize the competitive advantage of rapid technological advancement, increased awareness and challenging customer demands resolved by accounting information as a tool of management. Using survey research design researcher examined the effect of accounting information system and financial performance relationship. Majority survey resulted in carrying out in this field accepted effect of past accounting information on financial performance of the firm. This research utilised survey research design to examine relationship between computerized accounting system and its effect on efficiency of firm.

(Mohan, April 2019) In this research, researcher analysed how much youth are acquainted about digital accountancy. In the transforming era, does the youth transforms themselves in accounting manner by adopting new technologies? The basic concept of digital accounting was presented by Kavya Mohan Rao just as formation, representation, and transmission of financial data into electric form. For such many accounting softwares are utilised and they do all said function. Researcher also stated some tailor made softwares for integrating immense data of many departments to record, manage and process financial decision making. While when it comes to presentation of collected data they are split into many core and non-core module. The main focus is laid on uniformity of the basic accounting details. Benefits were also emphasized by the researcher like reducing cost, re-allocation of resources, trustworthy system, easy to use and many others. Youths were asked question about many accounting softwares about which they were aware.

(Ahmad, Feb. 2013 Vol. 1 No. 1) In this research, researcher analysed how accounting information system, computerised accounting system and production cost relates to effect on E-Commerce. Muhannad Akram Ahmad stated importance of effect of determination comes from the need to recognize E-commerce and Accounting Information system as greatest development. It emphasize effectiveness reliability with operational performance, cost of reduction, customer service satisfaction. The statistical studies showed positive relation in Jordanian industry with E-Commerce and AIS.

(Lutfi at al, 2022) & (Velankar Nandan, July-Sept 2013, Vol 3 No. 3)The above review of literature discuss various studies carried on computerised accounting system and its adoption in various forms of business organisation, with various concept of digitalization and its adoption and effect on efficiency of firm separately. Here in this research paper whole different aspects are covered altogether and no such study was conducted for checking awareness of digital knowledge among entrepreneurs, managers and accountants of the MSME's of Surendranagar, hence efforts are made to fill this research gap. Hence, this study will provide a particular body of knowledge to the large targeted person.

RESEARCH METHODOLOGY:

The nature of the study is descriptive. This study is basically primary research. For data collection survey method was utilized. Close ended questionnaire was framed in 3 sections separating questionnaire. The questionnaire consists of basic primary data, Objective - Subjective questions and conclusive statement. The universe of the study was micro, small and medium enterprises of Surendranagar, Gujarat. Total 50 MSME's registered and non- registered were surveyed by convenience sampling and snowball sampling technique.

OBJECTIVE OF STUDY:

The objective of the study is to first identify awareness of digitalization among responsible person as sole proprietor owners, partners, managers or directors of the firm or company. Secondly to analyse benefits derived by adoption of computerised accounting system or digitalization in the organisation and at last determinants or factors of adoption of digitalisation in MSME's of Surendranagar.

DATA COLLECTION:

Total 103 questionnaires were shared through online mode out of which 56 responses were received back around 54% responses ratio received. Scheduled interview was conducted with all respondents and convenience sampling technique was adopted.

DEMOGRAPHIC PROFILE OF RESPONDENTS:

Table – 1

A table showing demographic details of respondents

Particular	Category	Frequency	Percentage
Area	Surendranagar	23	41%
	Udhyognagar		
	Wadhwan GIDC	24	43%
	Other areas	9	16%
	Total	56	100%
Age Group	Less than 26 yrs.	6	11%
	26-35 yrs.	18	32%
	36- 45 yrs.	19	34%
	46 – 55 yrs.	8	14%
	56 and above	5	9%
	Total	56	100%
Gender	Male	52	93%
	Female	4	7%
	Total	56	100%
Designation	Owner	41	73%
	Manager	4	7%
	Director	4	7%
	Other	7	13%
	Total	56	100%
Size of Industry	Micro	14	25%
	Small	23	41%

	Medium	19	34%
	Total	56	100%
Type of business	Trading	12	21%
	Manufacturing	29	52%
	Service	15	27%
	Total	56	100%
Accounting software	Tally ERP	25	45%
	Kuber	11	20%
	Prompt	5	9%
	Miracle	3	5%
	Pharma9	1	2%
	Others	5	9%
	Non User	6	11%
	Total	56	100%

(Source – Data collected from primary survey)

DESCRIPTIVE DATA ANALYSIS AND INTERPRETATION:

In general, it can be analysed that majority of the respondents from Surendranagar designated as Owner, Director, Manager and others with their respective category owing or managing the Sme’s uses Tally 9 or ERP with majority of 45% ratio and further they are also male with the age group of 36 – 45 years with 34 % responses in the said category reflects that following 52% with 29 units carrying or involved in manufacturing type of business. Majority small scale industrial unit 41% with 41 respondents shows mostly such result.

- Majorly of the respondents are aware about the Digital concept of Accounting – H0₁
- Majority of the respondents found benefits of Digital Accounting as well as other digital platforms in their business – H0₂
- Majority of the respondents found some common factors affects the adoption of digitalization. H0₃

- Awareness Factors reliability test was conducted in SPSS and result of Cronchbac's Alpha for Awareness was 0.979 higher than 0.7 which indicates that result is satisfactory and reliable.
- Efficiency Measurement Factors reliability test was conducted in SPSS and result of Cronchbac's Alpha for Efficiency Measurement was 0.993 higher than 0.7 which indicates that result is satisfactory and reliable.
- Overall Factors reliability test was conducted in SPSS and result of Cronchbac's Alpha for Overall test was 0.993 higher than 0.7 which indicates that result is satisfactory and reliable.

AWARENESS STATEMENTS AND EFFECTIVENESS MEASUREMENTS:

(I) AWARENESS PARAMETERS

Awareness Parameters (Statements Studied in research)

- Computerised Accounting System
- Digital Literacy level
- Digital delivery of services
- Digital Infrastructure
- Cloud Computing
- E - business module
- ERP
- Digital technology advancement

(Source – Data collected from primary survey)

Level of Changes in business after adoption of Digital Accounting System

- Reduction in Operational cost
- Productive Utilisation of time
- Increased Quality of Accounting information
- Increase in customer satisfaction level
- Increase in speed of work
- Accuracy of information for decision making in business
- Increase in understanding of information by visualisation
- Easy exchange of financial information through electronic mode
- Increase in financial data security
- More convinency in Auditing
- Overall felxibity in work
- Reduction in wastage of resources like Paper, time, money etc
- Improvement in internal and external reporting

(Source – Data collected from primary survey)

(II) DETERMINANTS OF DIGITAL ACCOUNTING ADOPTION

- Top management support
- Organisational support
- Understanding & acceptance of perceived usefulness by employees
- Change in quality of services recognition by customer
- Understanding & acceptance of perceived ease to use by employees
- Easy in comprehension of information
- Size of Business
- Sharpness in decision making
- Operational cost reduction
- Increase in customer satisfaction

RESEARCH GAP:

There are several researches done for all three different parameters individually, but here all these parameters are studied all together viz. Digital accounting awareness, digital accounting adoption and change in the efficiency of firms and at last all major determinants affecting the adoption of Digital Accounting and digitalization process in the firm. In Journal of Management value and ethics, July- Sept 2013 Vol. 3 and No. 3 there was last study done about E- Accounting practices in among SME's in MP region by Nandan Velankar, Dr. R. C. Gupta and Urvashi Garuda. There was no long last research in the region of Saurashtra and especially in Surendranagar District. Hence practical effort was done to analyse the situation of Surendranagar district by studying with primary data collection.

LIMITATION OF RESEARCH:

This study comprises of 3 basic viewpoints like study of awareness of digital accounting system, change in level of efficiency and determinants effecting adoption of digital accounting system, many more parameters may be studied in broader view. Samples selected in the study were taken from Surendranagar district of Gujarat in India. Maybe there is change in other context in different region of India or even in Gujarat state. While studying to awareness other parameters may play role as exogenous variable which may not be taken into consideration. Secondly research conducted may show some other limitation in interpretation of concept also. Time constraint may also become limitation for study.

CONCLUSION AND RECOMMENDATION:

This research was conducted to investigate the impact of awareness of digital accounting system on business with studying the factors (determinants) affecting to digital accounting adoption on efficiency of business. The quantitative data required for the study was gathered through sample of 56 sample including owner, director, manager and others like accountants. Reliability test was also conducted with high score (Awareness – 0.979, Effectiveness - 0.993 and overall 0.993) of reliable data in analysis. Hence it can be

said that mostly entrepreneurs are aware about digital accounting system and they also receives the best benefits of digital accounting adoption.

Concluding with all factors affecting the digital accounting adoption it is admitted by all respondents that there is high level of increase in efficiency in the way of organisational performance increment. There is also strong relationship between awareness, effectiveness and factors affecting digital accounting system adoption.

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