



The Future of Digital Accounting in Increasingly Complex Business Environment: A Case Study on Twin City of Odisha.

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Abstract:

We are passing through the technological era which influences our business environment. The flow of change in technology is visible in our environment as well as in the business sectors, the main example is digital accounting. Digital accounting helps owners and lets their accountants complete functional tasks more quickly and accurately, as well as interpret and report data more efficiently. This way, business owners can focus on their strategic roles and handle complex issues. The research study “**The Future of Digital Accounting in Increasingly Complex Business Environment**” was carried out in twin city of Cuttack and Bhubaneswar. The Objective of the study is to understand the current status and impact of digital accounting for its users in the complex business environment as well as explore some suggestive measures so that its scope will be spread widely. In the Scope of this research, we carried out several studies regarding understanding the current situation in the sectors, digital accounting software and its users. The Methodology used here are the online survey- for which we obtained 102 responses through google forms which helps us to generalise our data.

Our Findings have enabled us to answer our research questions and demonstrate that the digital accounting users are satisfied with digital accounting software. Digital accounting software not only help them in in increasingly complex business environment but also helps in making smoother and easy flow of accounting work. Despite the advantages users are facing many challenges also in the age of digitization. One of the major challenges are Fake software apps in internet sites, technological glitches and virus.

Keywords: DA (Digital Accounting), Complexity of Business Environment, DAS (Digital Accounting Software)

Introduction:

Hiring accountants to record and process financial data manually costs more time, money, and effort. It also leads to more human errors. Automation and digital accounting allow business owners and lets their accountants complete functional tasks more quickly and accurately, as well as interpret and report data more efficiently. This way, business owners can focus on their strategic roles and handle complex issues, such as cash management.

Digital accounting refers to creating, transferring, managing, and storing financial information in an electronic format. It involves the use of software solutions to digitize and automate many of the manual processes accountants deal with on a regular basis. It helps in creation, representation, and transfer of financial

information into an electronic format. Instead of using papers, all accounting transactions are conducted in an electronic environment.

Comparison Between Manual Accounting and Digital (computerised) Accounting:

Basis	Manual Accounting	Computerised Accounting
Meaning	Manual accounting is the procedure where the financial accounts are recorded manually using physical registers, ledgers, and subsidiary books.	Computerised Accounting is software-based operations done by specific account software which has an automatic framework.
Time Taken	It is a time taking process and the records are maintained manually using paper-based account books, and sometimes it is not accurate.	The process of accounting is much faster, more reliable, and easy. All data is maintained systematically and accurately using the software.
Margin of Error	Since the accounting is done manually, so there is a chance of human error in calculations and accuracy.	The accounting through software is automated and has very less chance of error and the transactions are precisely recorded.
Reliability	Although it is not much easy to store physical accounting books everywhere, as they can be misplaced or get damaged easily and cannot be sent anywhere easily as compared to Computerised accounting.	It is very reliable to store information on the computer in the form of format documents like PDF, Microsoft Excel, etc. and can be sent digitally anywhere in a fraction of a second.
Safety	The Books can be kept safely and cannot be stolen easily, as it does not require any internet access to get stolen by a cyber-attack.	There is a chance of cyber-attacks to steal the data unless it is strongly secured using advanced anti-hacking software, as this process requires the internet.
Editable	It is much more difficult to edit the report or make changes once entered manually, a whole page has to be re-entered if any mistake occurs.	Any changes can be performed easily as it's easy to edit things in a computer system and doesn't have to redo the whole work again.
Technology	It is exempted from such maintenance as this process does not require a computer and the data is always available to access and use as every record is done physically and stored safely.	As a computer is a machine so technical problems, like software freezing, system not responding, data crash, etc., can be occurred once in a while if proper maintenance is not done.
Backup	The physical data is safe compared to computerised accounting, but a backup is always important, like having a photocopy of the original records to prevent any unexpected data loss.	Every now and then, an online backup or external backup is highly preferred to get rid of any accidental hardware crash and data loss.

Basis	Manual Accounting	Computerised Accounting
Additional Device	In manual accounting, all the calculations of transactions like adding, subtracting, multiplications, etc., are done physically and for some tough calculations, an additional device, like a calculator is used.	The software does all the calculations automatically and accurately and doesn't need any additional calculating devices.
Automatic	The identification of a particular transaction is manually done and can take some time to record it.	In this accounting, the tracing of reports or identifying transactions is fully automatic and quick.
Accuracy	In this process, the balances of accounts have to be entered manually in registers, which is a time-consuming process. So the Trial Balance is manually prepared.	Since the process is based on accounting software, the preparation of the Trial Balance is produced automatically and is accurate.
Physicality	The physical storage of accounting books requires a lot of physical space or dedicated racks or shelves to store the records, registers, etc.	The physical space to store the documents is not required as everything is digitally stored, and a limited physical space sufficient for a computer is only needed.
Used By	It is used by small businesses and old-fashioned traders as they have less number of transactions.	It is mostly used by large companies and businesses where the number of transactions is more.

Source from: <https://www.geeksforgeeks.org/difference-between-manual-and-computerised-accounting/>

Benefits of Digital Accounting:

1. Remote access.
2. Convenience and improved pace of productivity.
3. Easy invoicing and payment tracking.
4. Better integration and syncing.
5. Facilitates tax preparation.
6. Specialised functions.
7. Easy accessibility to access importance financial information.
8. Improved speed and productivity.
9. Cost efficiency and cost savings.
10. Time saving.
11. Easily gets reports.
12. Reliability and scalability.

Review of Literature

The extensive literature review provides the platform for fundamentals & research undertaken by various researchers in the particular and related area.

By using a computer system and accounting software, managers will have information technology as a tool to get timely, accurate and reliable accounting information to efficiently make economic decisions (**Hongchai, 2011**). **Pushpalatha (2014)**, Stated that Digital accounting is making the accounting work easy, digitalization provides more effective skilled employees, and digitalization provides more accurate data. Digitalization of accounting provides immediate access to data; it also helps in increasing new clients, employees. Digitalization of accounting

help in generating the financial statements, such as ratio analysis, cash flow statement, income statements, balance sheet, statements of shareholder's equity automatically. **Beerbaum& Ikaheimo (2019)** stated that Accounting is impacted by four mega trends. 1) Blockchain/Distributed Ledger Technology, (2) Big Data, (3) Agile organizational model and (4) artificial intelligence. **Rajput, Prasad et al. Tailor (2022)** stated that the level of digitalization, position occupied by the accountant and firm size have a positive effect on accountant's behaviour in MENA region. **Gupta & Chandra (2023)** stated that "The new dimension of accounting: A digital accounting (a study on expert system)" studied that the expert systems have made an incredible contribution to the digital accounting. It is found that because of the high cost of development, digital accounting adoption is bit slow as it should be, only large accounting firms were actively involved in the development of most expert systems for accounting purposes. Expert systems role in the accounting will increasing in high speed in the future. Though digital accounting brings many beneficial dimensions to the business at same time it gives rise to expenditure (costs), for digital accounting computer hardware and software required which need investment, technical consultants fee, the costs involved in systems, processes, processing of information and report generation changes, it require continuous training for personnel with specialized skills, need to pay for security, control and audit requirements for financial transactions during the initial configuration. And many recurring expenditures like system upgradation and software need regular update. Specially in case of India we can say in coming days almost accounting will be completely moving towards Digitalization so due to this we can draw that digital accounting will be appreciated in near future because for its accuracy and efficiency. As expert system, being user friendly it will be most demanded. In current scenario many originations have already developed their expert system in India. **Fields(2023)** stated that the time study, Accuracy, Real time information, Reporting, Paper reduction are the benefits of using digital accounting software. According to **Berikol and Killi(2021)** (p. 1, [10]) "many enterprises have begun to use modern cost and management accounting tools through institutional integrated information systems" associated with the digital transformation process. Technology stimulates change on many levels in the organisation. Indeed, as mentioned by **Matt et al.** (p. 339, [12]) "the exploitation and integration of digital technologies often affect large parts of companies and even go beyond their borders, by impacting products, business processes, sales channels, and supply chains".

Research Gap

Numerous researches have been undertaken by researchers about the Digital accounting and various software used in digital accounting. But no such studies have been conducted to know the current status, impact and explore suggestive measures which will be act as an encouragement in the mind of manual accounting user to adopt digital accounting and becoming a part of digital India.

Research Objectives:

1. To understand the current status of digital Accounting.
2. To understand the impact of digital accounting to its users and in the increasingly complex business environment.
3. To explore the suggestive measures how it will be benefited to its users.

Methodology:

Nature of Data: The research is based on primary and secondary data.

Primary source: The present study was largely based on primary sources which was collected through the structured questionnaire method. Questionnaire is formed in two groups Group A and Group B. Group A consist of personal questions like Name, Age, Gender, Qualifications, Marital status, Occupation, Designation , Area. Group B Consist questions based on the objectives of the study.

Secondary source: The data which is already collected by someone else. The data from the secondary source is used in the present study. The sources can be internet, books, journals, newspapers etc.

Sample size:

Data were collected from 102 respondents based on the users who use digital accounting software in Cuttack and Bhubaneswar city.

Research Hypothesis:

H0 – There is no relationship of digital accounting and its users

H1 - There is a relationship of digital accounting and its users.

H0 – Digital accounting will not help in making smoother/easy flow of accounting work.

H1 - Digital accounting will help in making smoother/easy flow of accounting work.

Data Analysis and Interpretation of Result**Table No: 1 Digital Accounting users Profile**

Digital Accounting users Profile			
	Category	No. of Respondents	Percentage (%)
Gender	Male	90	88
	Female	12	12
	Total	102	100
Age	Below 25	12	12
	25-50	65	64
	Above 50	25	26
	Total	102	100
Designation	Business owner	59	58
	Accountant	11	11
	Manager	32	31
	Total	102	100
Area	Accounting	25	24
	Finance	2	2
	Marketing	5	5
	Sales	66	65
	Customer service	4	4
	Total	102	100

From the above Table No 1, The Digital Accounting software plays a major role in the present-day life. The analysis gives the clarity based on gender, age, Designation and Area of the Digital Accounting software users. The most of the Digital Accounting software users are males, and according to age group Digital Accounting software users are more with the age group of 25-50 years. Majority of the business owners use digital accounting software and the area in which digital accounting software is used is sales.

Table No: 2 Software used in Digital Accounting

Software used in Digital Accounting		
Particulars	No. of Respondents	Percentage (%)
Khatabook	13	13
Tally ERP-9	33	32
Vypaar	17	17
B-POS	5	5
Marg ERP	25	24
Zoho books	9	9
Total	102	100

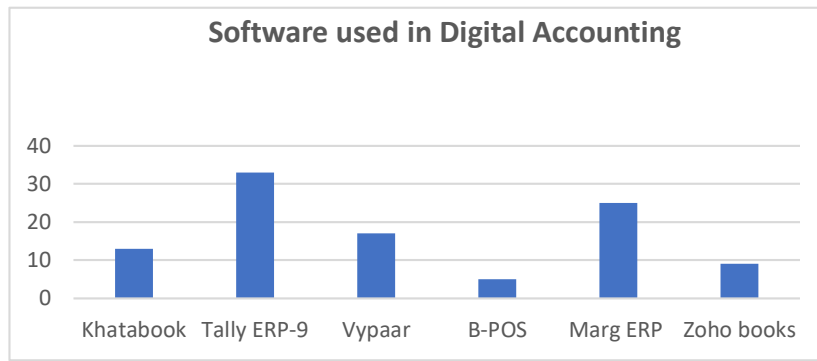


Figure 1: Software used in Digital Accounting.

Table no 2, explains the majority of the population have the knowledge of Digital accounting software and they use Tally ERP9 software for their daily accounts recording.

Table No: 3 Level of satisfaction



Level of satisfaction		
Particulars	No. of Respondents	Percentage (%)
5 Star	78	76
4 Star	15	15
3 Star	9	9
2 Star	-	-
1 Star	-	-
Total	102	100

Figure 2: Level of satisfaction

Table no 3, explains the majority of the Respondents give 5 star (76%) as their level of satisfaction by using digital accounting software.

Table No: 4 Application Feature Rating.

Application Feature	Responses	Percentage
Remote Access	45	44.1176471
Convenience and Improved Pace of Productivity	80	78.4313725
Security,organised and Agility	90	88.2352941
Easy Invoicing and Payment Tracking	102	100
Better Integration and Syncing	36	35.2941176
Facilitates Tax Preparation	42	41.1764706
Specialized Functions	68	66.6666667
Accessibility to Important Financial Information	75	73.5294118
Improved Speed and Productivity	98	96.0784314
Cost-Efficacy	78	76.4705882
Cost Saving	69	67.6470588
Reliability and Scalability	68	66.6666667
time saving	75	73.5294118
easily get reports (transaction, party,stock, GST , E invoicing etc)	99	97.0588235

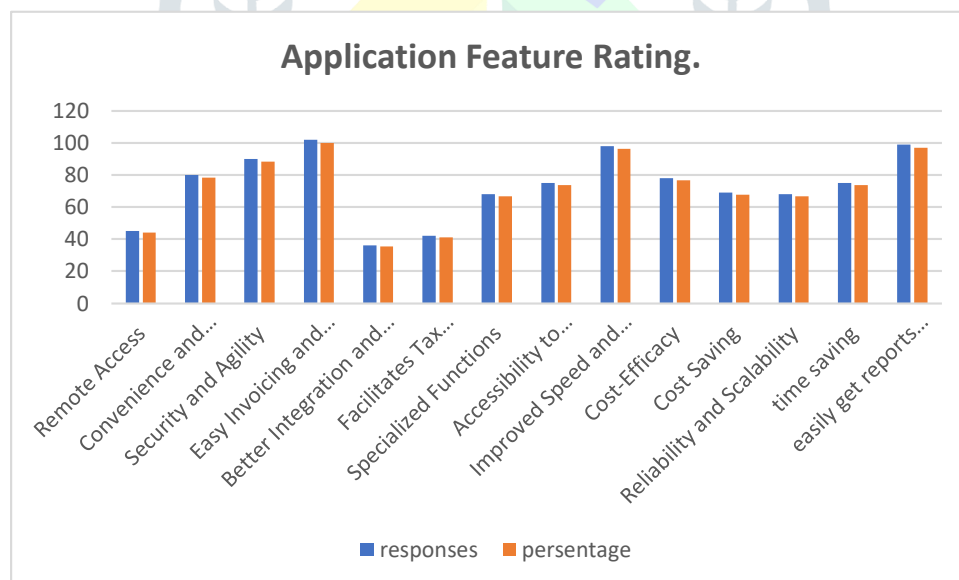
**Figure 3: Application Feature Rating.**

Table no 4, explains the majority of the Respondents responses as Easy Invoicing and Payment Tracking, Improved Speed and Productivity, easily get reports and Security Organised and Agility as their high preference application features which comes in the range between 90-100%

Hypothesis testing:

H0 – There is no relationship of digital accounting and its users

H1 - There is a relationship of digital accounting and its users.

Table 5: Testing of hypothesis by Chi-square Test

Age	Strongly Agree	Agree	Neither	Strongly Disagree	Disagree	Total
20-30	-	-	-	10	7	17
30-40	-	-	2	16	8	26
40-50	3	4	-	19	15	41
50-60	-	-	1	8	9	18
Total	3	4	3	53	39	102

X^2 Tabular value with 0.05 significance level =21.03

X^2 Calculated value =16.69

X^2 Tabular value is higher than X^2 Calculated value , therefore null hypothesis is rejected.

H0 – Digital accounting will not help in making smoother/easy flow of accounting work.

H1 - Digital accounting will help in making smoother/easy flow of accounting work.

Table 6: Testing of hypothesis by Chi-square Test

Age	Strongly Agree	Agree	Neither	Strongly Disagree	Disagree	Total
20-30	-	-	-	12	8	20
30-40	-	-	2	19	8	29
40-50		3	-	17	15	35
50-60	-	-	1	8	9	18
Total		3	3	56	40	102

X^2 Tabular value with 0.05 significance level =21.03

X^2 Calculated value =12.2866

X^2 Tabular value is higher than X^2 Calculated value , therefore null hypothesis is rejected.

Findings:

- Respondents are very much satisfied by using digital accounting software.
- Majority of Respondents use Tally ERP9 software for their daily accounts recording.
- majority of the Respondents give 5 star (76%) as their level of satisfaction by using digital accounting software.
- majority of the Respondents responses as Easy Invoicing and Payment Tracking, Improved Speed and Productivity, easily get reports and Security Organised and Agility as their high preference application features which comes in the range between 90-100%
- it is proven from the hypothesis testing that There is a relationship of digital accounting and its users.
- it is proven from the hypothesis testing that Digital accounting will help in making smoother/easy flow of accounting work.

Conclusion & Suggestion:

Digital accounting is a system of accounting designed to meet the needs of current digital economy. It is a supporting pillar of digitisation. Digital accounting software provides a competitive advantage to its users. Enabling Digitisation will allow you to expand your service line. The small business people can also use digital

accounting software. There is no such complex system of recording, reporting and knowing some technological aspects of the software. Individual having basic knowledge in technology and smart phone accessibility can easily use digital accounting software to record, track and manage its daily expenses and incomes. yes, one can say that there is a possibility of data hack, technological glitches, online fraud etc. but despite these challenges it provides a lot of benefit to its users and also various steps taken by the digital accounting software developers to minimize these issues, they also provide customer care support service where the queries of the users are being sorted out.

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QUESTIONNAIRE:

1. Name of the respondent:
2. Gender:
3. Designation:
4. Age:
5. Business Income:
6. Area: Cuttack() Bhubaneswar()

7. Gender:

8. Area: accounting () finance() HR() Sales() others:

9. Knowledge about the digital accounting software: yes () no()

10. Software used in digital accounting:

11. Application feature:

12. Suggestion:

Hypothesis testing questionnaire:

1. Relationship of digital accounting and its users: YES () NO()

2. Relationship of digital making smoother/easy flow of accounting work: YES () NO()

