



## The digital shift in accounting: Awareness, adoption and performance impact

Chintan Bansibhai Sanghvi<sup>1</sup>, Dr. K D Ahir<sup>2</sup>

<sup>1</sup> Research Scholar, Saurashtra University, Rajkot, Gujarat, India

<sup>2</sup> Guide, Associate Professor, Department of Head and Commerce, Shri M P Shah Commerce College, Surendranagar, Gujarat, India

### Abstract

The main objective of this study is to analyse the level of awareness, effectiveness on the performance, and find the factors affecting the adoption of digital accounting systems by Accounting Professionals, Chartered Accountants, Owners and Directors or Partners of Micro, small & medium businesses in the specific Rajkot region of Gujarat. In today's world, with the new technology adoption transformation of business is common. Through its adoption, there is a change of landscape revolutionized by enhancing efficiency, accuracy, and decision-making practices. Here digital accounting system refers to recording the financial information, representation, and reporting transmitted into digital form or electronic mode. Lots of Accounting software and Applications are in use for this work. Majorly for making accounting work complete, every business needs to have it certify by Chartered Accountants and in some cases to be prepared by Professional Accountants.

Hence, to understand complete situation, this research was conducted. The decision base of accepting a total digital accounting system in the organisation rests on the entrepreneur, partner, director, whether to adopt the accounting system through their efforts or to appoint a professional accountant as a bookkeeper/ accountant and to end this process by completing after getting a Certificate of Auditing (Audit report) by a Chartered Accountant. Digital Accounting surely benefits large-scale organisation's but here an attempt is made to check the benefits to MSME-type of business organizations.

This empirical research is based on a primary data survey with 56 samples. Samples were consisted of MSME's and other organizations from the market. The study adopts a structured questionnaire methodology for data collection. The core covering dimensions: 1. Awareness of Digital Accounting system, 2. Effect on Efficiency of performance and 3. Factors affecting the adoption of Digital Accounting System. The Questionnaire was consisted of close ended and Likert scaling questions. Through statistical analysis, Key factors influencing adoption were identified.

**Keywords:** Professional accountants, chartered accountants, digital accounting system, digitalization, e-accounting

### Introduction

In the recent years Traditional Bookkeeping system is being shifted to Digital transformation signifying its importance to automated process, cloud-based & AI integrated systems. It transformed the functions of accounting – traditionally dependent on manual records and physical documents. It has undergone a significant change through adoption of digital accounting system. The crucial role of Micro, Small and Medium entrepreneurs which was said as the backbone of Indian Economy. The other contribution was also to generate employment, to innovate and contribute in GDP growth. The Digital transformation in accounting signifies a fundamental shift from traditional bookkeeping to automated, cloud-based, and AI-integrated systems. This paper seeks to examine the digital accounting ecosystem through three core lenses: awareness, adoption, and performance impact.

Rajkot is a major industrial city of Gujarat. It serves as a microcosm of studying the phenomenon of current scenario. It is also well-known for its Vibrant MSME sector, including engineering, auto parts, brass, electronics, diamonds and textiles. It represents unique case for examining the scope and future of how small businesses are transferring from traditional accounting methods to digital accounting methods. There are lots of available cost effective solutions to be considered for digital accounting system like Tally, Miracle, Zoho, Quick books, Shri, Subh etc.

The findings of this pilot study of my research from localized study are expected to offer practical insights for

policymakers, digital service providers, and MSME owners, aiding them in understanding the critical enablers and inhibitors of digital adoption. Further, the study contributes to the broader discourse on digital transformation in emerging economies by providing a city-level perspective on how technological change is being internalized by small businesses.

### Literature Review

(Pushpalatha, 2021) <sup>[4]</sup> In this research paper, titled as "Digital Accounting and its Growth in India" in the Journal of Emerging Technologies and Innovative Research(JETIR), Volume 8 Issue 11 of Nov.2021, Researcher Mrs Pushpalatha has studied how traditional accounting system were transformed into digital accounting systems. The researcher also studied the different software available in the market with the latest cloud computing facilities. This research was explanatory research conducted by secondary data of various field. The research resulted in the outcome of showing positive effect that how digital accounting positively affected the working of employees. It also emphasized the benefits of adoption of digital accounting system.

(Nhing, April 2023) <sup>[3]</sup> In this research paper, titled "Digital Accounting Systems (DIS): Concepts, Components and Roles in Business" published in research journal - International Journal of Research In Vocational Studies (IJRVOCAS) Volume 3, No. 1 in April 2023. Researcher Dao Thi Hong Nhing of Dong Nai Technology University, Bien Hoa, Vietnam studied the importance of digital

accounting information system. Researcher studied the importance of use of rapid technological advancement, digital innovation has become an essential component. They also observed that technology was adopted in production, business operations, and administrative management. A pivotal role of technology was played in enhancing the efficiency, accuracy, and speed of work processes. While it was also enabling access to timely and reliable information. In the field of accounting, particularly they have witnessed a significant transformation due to these advancements. As a fundamental pillar of economic and financial management systems, accounting contributes substantially to the planning, control, and decision-making processes within enterprises.

(Sanghvi C. B., June 2024) [5] In the research paper, titled “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 of Gujarat - India) published in DIJCM Darshan – The International Journal of Commerce and Management Volume 4 Issue 1 in June 2024. Researches Sanghvi C.B & Ahir K.D has studied that how entrepreneurs of the Surendranagar District were aware about the Digital Accounting System. They also studied the tailor made accounting software currently available in market with famous Accounting softwares like Tally, Miracle, Kuber, Shri etc. They studied 50 MSME’s of Surendranagar as a descriptive study as a primary research and collected data from the sample by close ended questionnaire by convenient sampling method. They also studied the factors affecting the adoption of digital accounting system to different responsible persons like owner, partner, director, manager of firm/company.

(Srinivasa Rao Yadavalli, Aug 2020) [6] In the research paper, titled “Accounting Practices of Small and Medium Enterprises” published in the International Journal of Business and Research (IJBMR) Volume 10 Issue 4 in Aug. 2020. Researcher Mr. Yadavalli. Srinivasarao1, Dr. T. Narayana reddy & Dr. N. Giri Babu. The researcher explored configuration and overview of methodological SME’s of Ongole city of Andhra Pradesh. It was presumed by the researcher that most of the SME’s have full bookkeeping records. There's associate degree efficient practice of accounting info to abutment financial performance measures of SMEs. The investigation likewise demonstrated that SME proprietors and managers were quick to become familiar with how to keep precise records of their business exchanges.

**Research Gap**

In 2017, there was a study conducted by Dr. Yagnesh Mohan Dalwadi & Jani Harshit R. (Dalvadi Yagnesh Mohan, July - September, 2017) [2] with the title “A Study on Factors Governing Adoption of Computerized Accounting System in SME’s of Gujarat” in Journal IJRMS in Volume 5, Issue 3 (VI): July - September, 2017. Another survey was done by Sanghvi Chintan Bansibhai & Dr. K.D. Ahir (Sanghvi C. B., June 2024) [5] with the title “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) in DIJCM Volume - 4, Issue - I, June -2024. All research were particular with single objective and different perspective. (C.R., 2018) [1] As refered, research gap gives insights to new research.

**Objectives of the Study**

**The objective of the study can be as follow**

- To assess the level of awareness about digital accounting systems among organizations.
- To identify the key factors influencing the adoption of digital accounting tools.
- To evaluate the impact of digital accounting on organizational performance and efficiency.

**Research Methodology**

The research is descriptive in a nature exploring various aspects of Awareness. This research is a primary research. Data collection process started from January 2025 till date. For data collection Questionnaire and Schedule interview method was adopted.

**Data Collection**

Quantitative data was collected through surveys from total distributed Questionnaire to 162 MSME’s. In which 58 respondents replied and they were Director, Partner, Owner and Manager of the Company or firm. Some Accounting professionals and Chartered Accountants were also there as respondents for reviewing the accounting trend in SMEs across Rajkot, Gujarat - India. In general, registered and non-registered MSME’s were surveyed by Convenience sampling and Snowball Sampling technique. Qualitative insights were gathered through interviews also. Statistical tools such as SPSS were used to analyse survey responses.

**Demographic Profile of Survey**

**Table 1:** A table showing Demographic details of the Survey

Particular	Details	Frequency	Percentage
Area		58	100%
Age Group	< 26 years	16	28 %
	26 to 35 years	24	41 %
	36 to 45 years	11	19 %
	46 – 55 years	06	10 %
	56 years and above	01	02 %
Gender	Male	53	91 %
	Female	05	9 %
Designation	Owner	32	55 %
	Manager	07	12 %
	Director	01	02 %
	Chartered Accountant	07	12 %

	Professional Accountants	8	14 %
	Others	3	05 %
Size of business	Micro Enterprise	20	35 %
	Small Enterprise	23	40 %
	Medium Enterprise	15	25 %
Accounting Software	Tally ERP	18	33 %
	Kuber	02	04 %
	Miracle	26	48 %
	Prompt	01	02 %
	Other	07	13 %

Source: Data collected from Primary survey

**Descriptive Analysis & Interpretation**

As per the primary data collected in Rajkot City, respondents with different age groups, different genders, and designations owing to the MSME and knowledge of the Digital Accounting System, the following result is reflected Awareness Levels. During the study majority of respondents

(93%) of the population are aware of the Digital Accounting System, and especially the major age group of 26 years to 35 years (41%) are aware of the Digital Accounting System. As the majority of males (gender) possess the ownership of enterprises and know the Digital Accounting System.

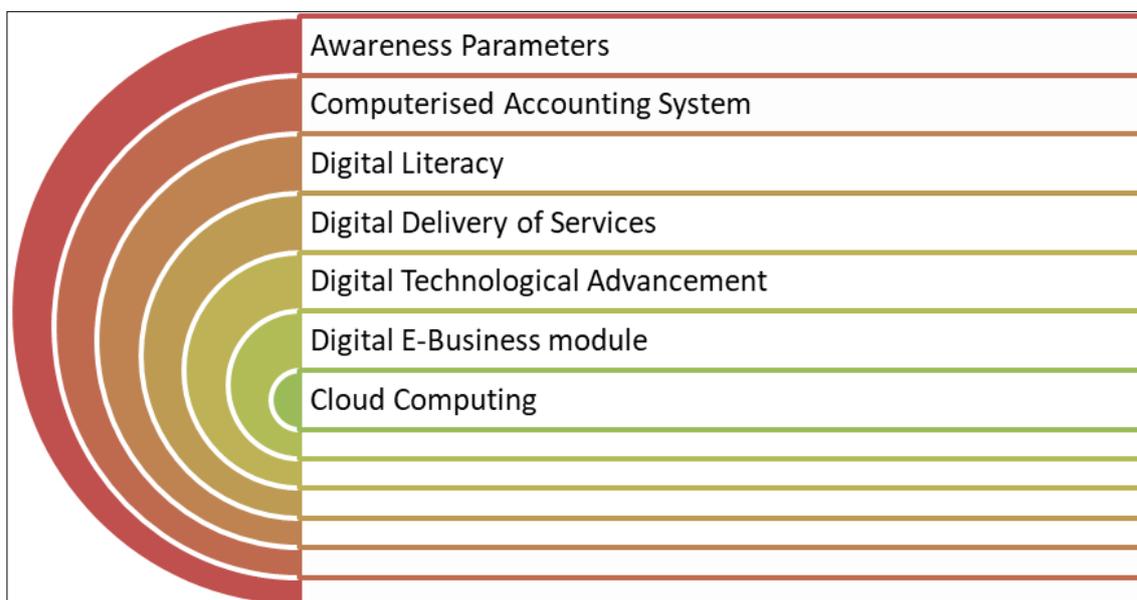
Descriptive Statistics			
	Mean	Std. Deviation	N
Awareness	4.39	.670	54
EffectonEfficiency	3.99	1.184	54

Correlations			
		Awareness	EffectonEfficiency
Awareness	Pearson Correlation	1	.625**
	Sig. (2-tailed)		.000
	N	54	54
EffectonEfficiency	Pearson Correlation	.625**	1
	Sig. (2-tailed)	.000	
	N	54	54

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Respondents show a high level of awareness (Mean = 4.39), and most agree that this awareness positively affects their efficiency (Mean = 3.99). The low variation in Awareness (SD = 0.67) indicates consistent responses, whereas the higher variation in Effect on Efficiency (SD = 1.18) indicates more varied opinions on the effectiveness. Among the majority of the respondents were owners who possess the knowledge of the Digital Accounting System,

and the Majority of Small enterprises (40%) are analysed working in the market. In Rajkot, the majority of enterprises use Miracle software (48%) in the market. For the satisfaction of reliability, Cronbach’s alpha test was run on the data, which was 0.969 of Awareness, Effect on efficiency was 0.933 and overall it was 0.972, which was higher than 0.7 it means that its reliability is quite acceptable.



Source: Data collected from Primary survey

<b>Change in Efficiency of Business after adoption of Digital Accounting System</b>	Efficient use of Time
	Operation Cost Reduction
	Increased Quality of Accounting Information
	Increased in Customer Satisfaction
	Increased in Speed of Work
	Increased in Accuracy of Data
	Increase in Understanding of Data through Visualization
	Improvement in reporting to internal and external authorities
	Efficient exchange of Data
	Increase in Data Security
	Convenient in Auditing
	Flexibility in Work
	Reduction in wastage of resources like paper, money, time etc.

Source: Data collected from Primary survey

**Limitation of Study**

This research/study included three basic points – Awareness, Change in Efficiency, Factors affecting adoption of Digital Accounting System. There may be more other parameters influencing the decision of adoption, awareness and effect in efficiency. As the sample geography was Rajkot City of Gujarat – India, there may be other factors affecting as the change in Geographical location. If the Sample size increased, it may also vary the results. There are many other exogeneous variable affecting the study. Time frame - constraints may also be considered as limitation if changed.

6. Srinivasa Rao Yadavalli NG. Accounting practices of small and medium enterprises. *International Journal of Business Management Research* (IJBMR),2020:10(4):35–42.

**Conclusion and Recommendation**

The whole research was conducted with the primary data. The quantitative data of 58 samples for the study gave new insight of digital accounting systems, which hold immense potential to enhance business performance, still their success hinges on awareness, proper implementation, and change management. So the policymakers and industry leaders must focus on capacity-building initiatives, subsidized access for SMEs, and robust cybersecurity frameworks to facilitate widespread adoption.

**References**

1. CR K. Research methodology for quantitative analysis. New Delhi, India: New Age Publication, 2018.
2. Dalvadi YM, J H. A study on factors governing adoption of computerized accounting system in SMEs of Gujarat. *International Journal of Research in Management & Social Science*,2017:5(3):19–28.
3. Nhung DT. Digital accounting systems (DIS): Concepts, components. *International Journal of Research in Vocational Studies (IJRVOCAS)*,2023:2(4):10–14.
4. Pushpalatha M. Digital accounting and its growth in India. *Journal of Emerging Technologies and Innovative Research (JETIR)*,2021:8(6):C360–C366.
5. Sanghvi CB, AK. An explorative study on awareness, effectiveness and factors affecting adoption of digital accounting in small and medium enterprises. *Darshan – The International Journal of Commerce Management*,2024:3(1):1–11.