Digital Accounting in India: Recent developments and improvement towards Business Performance

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Abstract:
The virtual financial system is one of the accelerating drivers for economic growth nowadays. in this regard, the object discusses the concept of virtual financial system, the significance of accounting and its role in the digital financial system; the want for further improvement of theoretical and methodological provisions of accounting, country tasks that have been successfully implemented in the framework of this system regarding accounting; and the transformation of accounting sports inside the digitalization of the economic system.

the main guidelines of accounting modernization within the digital economic system and records society are taken into consideration. virtual literacy is the understanding and capacity of a person to use facts and communique technologies of their daily and expert activities. changes to the accountant's feature, including synthetic intelligence to accounting operations, Robots, or programs that procedure records.

Keywords: **The digital economy-Digital Accounting System-Firms performance.**

INTRODUCTION:

Digitization is similar to globalization; it is everywhere! The technological disruption isn't handiest at the middle of its operational regions like fee-introduced deliver chain, however also in the vital features together with — finance, accounting, human sources, and purchasing. Likewise, it's also making extensive modifications to make accounting structures and approaches fast.

generation has converted the economic enterprise. in the past, business owners had to hire accountants that could record and manner economic information manually, costing them extra time, cash, and attempt, in addition to human errors. nowadays, automation in virtual accounting has allowed enterprise proprietors and their accountants to complete purposeful tasks greater speedy and correctly, in addition to interpret and file information more successfully. This way, business proprietors can focus on their strategic roles and cope with complex issues, such as making sure higher cash management.

LITERATURE REVIEW

Amidu M and Abar J. (2005) express their views in their research article titled "Accounting Information and Management of SME"s in Ghana", that, there is a urgent need of application of information Technology while writing accounts in a business organization.

Doost R.K (1999) explained in his research article titled "Computer and Accounting – where do we go from here", those computers are playing a very important role in the age of globalization.

Patel. K.J. (2011) expressed his views in his research article entitled "adoption and Impact of EAccounting",that, how E-Accounting is adopted in any type of business organization. He also explained the overall impact of E-Accounting in the business concern.

OBJECTIVE OF THE STUDY:

The main objective of present research study is as follows

1. To examine the conceptual background of the term digital Accounting System.
2. To take a look at and observe the advantage & disadvantage of virtual Accounting gadget.
3. To study the diverse accounting and economic software program the use of by way of the commercial enterprise.

Research methodology:

The whole research study is based on secondary data. Such secondary data is collected from various reference books related to Digital Accounting System, Corporate Accounting, E-Auditing, Commerce, Industry, Economic, and Management. The secondary data is also collected from various website and other related literature and reviewed it. For the said research study secondary data is also collected and reviewed from the various national and International Research Journals which are related to E-accounting and E-auditing.

Need of Digital Accounting System:

Digital Accounting Systemhelps businesses keep their financial data and accounting software in a safe , secure environment, allowing real time access to authorized users, irrespective of their location or computing platform. This is possible due to application software hosted on a remote but safe and secure environment by and ASP (Application Service Provider) that allows access to users of financial information with different levels of permission and password.

Table:1 Digital Accounting System: Sample

Firms	**Sample**		
	Female	Male	Total
IT Firms	20	20	40
Manufacturing	22	22	44
MSMES	10	10	20
Total	50	50	100

Source: Data Compiled from the field survey

The study covers the 100 respondents of IT firms, Manufacturing, MSMEs in the City of Hyderabad.

Table:2 Digital Accounting Implementation in India: Survey results

Factors	Strongly Agree	Agree	Strongly Disagree	Disagree
Digital Accounting Areas	54	12	18	16
Banking/insurance	52	24	15	09
Chemical/pharmaceutical/medical	72	15	06	07
Commerce	69	10	08	12
Machines and electrical engineering	58	22	07	13
Energy/raw materials	49	21	19	11
Infrastructure/construction	76	08	06	10
Automotive industry	46	27	09	18
IT/media (Tax)	61	21	19	11

Source: Data Compiled from the field survey

Table:2 Digital Accounting Implementation in India: Survey results, presents that the Digital Accounting Areas strongly agreed and agreed in respect of Pleasing personal appearance(66%), Banking/insurance (76%), Chemical/pharmaceutical/medical (87%), Commerce (79%), Machines and electrical engineering (80%), Energy/raw materials (70%), had been impacting on the Digital Accounting Implementation in India. All these factors had a significant impact on impacting motivational of school children.

Table:3 The influence of digitalization on accounting

Key factor	Mean	SD
Data quality and data consistency will improve	3.38	0.42
There will be increased focus on processes.	3.66	0.50
Reporting speed will increase.	2.67	0.49
Employee qualifications will expand in the direction of IT.	3.19	0.45
The range of services will be expanded.	2.72	0.64
More tasks will be bundled internally.	3.10	0.60
There will be an overall reduction in accounting staff as a result of digitalization.	2.78	0.77

Source: Data Compiled from the field survey

Table:3 The influence of digitalization on accounting covers the Data quality and data consistency will improve(3.38), There will be increased focus on processes(3.66),Employee qualifications will expand in the direction of IT (3.19) to clarify a misconception, digital accounting doesn't eliminate the role of an accountant or dismiss the importance of accounting routines. It rather values and empowers accounting professionals by making their work more efficient.

Table4:First-orderconfirmatoryanalysis: Digital accounting Practices

Research variables	**Factor**	**Cronbach's Alpha**	**Composite reliability**	**AVE**
Accounting practices	P1	0.83	0.88	0.67
	P2	0.79	0.91	0.83
Information quality	Q1	0.94	0.95	0.81
	Q2	0.73	0.88	0.78
ERP system quality	QS	0.75	0.85	0.66
External expertise quality	QE	0.81	0.86	0.56
Top management commitment	ED	0.85	0.89	0.62
Accounting staff competency	CC	0.78	0.86	0.67
Firm performance	PER	0.67	0.81	0.60

Table 4 Discriminantvalidityisassuredwhen:(a)eachitemhasanitemloadinggreater than 0.6 on its respective constructs (Hair et al, 1998) and (b) the squarerootofalltheconstructsislargerthanalltheotherAVEcross-correlations,andno item loads highly on any other construct(s). The results show that the AVEs range from 0.56 to0.83. Convergent validity is thus demonstrated. The results also indicate that the values on the diagonal are much higher than any other value in the lower part to the diagonal, confirming discriminant validity. It is also apparent that the items are highly correlated with their corresponding construct and weakly correlated with the other constructs. This asserts the discriminant validity of the measurement scales.

Clear responsibilities and an increased budget for investments for digitalization in accounting are just two aspects that characterize the management of this process. In order to reflect the current status of the companies with respect to this, respondents were asked to give their assessment of the following statements:

1. **Strategy:** The digitalization in accounting follows a defined, strategic plan.
2. **New technologies:** We systematically evaluate new technologies in order to identify potential for optimizing processes.
3. **Digital skills:** The company systematically supports skills for its employees, which will be necessary in a digital future.
4. **Change:** All management personnel promote individual responsibility and the willingness to change in employees in order to successfully accelerate the digital transformation in the accounting system.
5. **Management:** The digitalization in accounting is managed on the basis of defined roles, responsibilities, and decision-making processes.
6. **Resources:** The top management level (senior management, board, etc.) recognizes the significance of a digital change in accounting and makes appropriate resources available.
7. **Cooperation with the IT department:** The IT department fulfils the needs of the accounting department.

Tomorrow's Accountant: More Relevant, Strategic:

Both the skill set and the job description for tomorrow's accountant will be greatly expanded, while still hewing to the core competencies of the profession. Supported by technology in a collaborative setting, accounting teams will be populated with both dedicated accounting professionals and subject matter experts from other areas of the business.

Tomorrow's accountants may play an advisory role, welcoming business intelligence and procurement professionals and working to chart a strategic sourcing plan. They could leverage data management tools, including augmented reality, to humanize and contextualize spend data for the C-suite to make better decisions based on long-term value rather than return on investment alone.

e-businessinfrastructure	e-business	e-commerce
• hardware • software • Telecommunications • toils • humancapital,etc.	• howbusinessisconducted • any process that anorganizationconductsthroughcomputer networks	• transfer ofgoods • forexample,whenabookis sold online

Fig.1. Thebasicconceptofthe«digitaleconomy

The diverse skill sets and greater technical acumen, accountants can bring their own expertise to teams in other business units, providing crucial financial intelligence, refining budgets or ensuring compliance. It's entirely possible organizations will make use of strategic outsourcing to "fill the gaps" in their tech tree or secure the training and tools necessary to add capabilities to their own team.

Thedigitaleconomyistheresultofthetransformationaleffectsofnew General-purposetechnologiesinthefieldofinformation and communication.

Technological advancements in accounting have enhanced the chartered accountant's ability to analyze, interpret, make predictions, and report data faster, more effectively and more efficiently than ever before. With better connectivity, real-time data, and numerous options for automation, online accounting software is a great buy for chartered accountants. This is incredibly important for fast-paced business operations, where capturing data manually is not a viable option and where optimizing your resources is vital.

By interpreting the definitions, you can identify areas of transformation under the influence of the digital economy (Fig. 2).

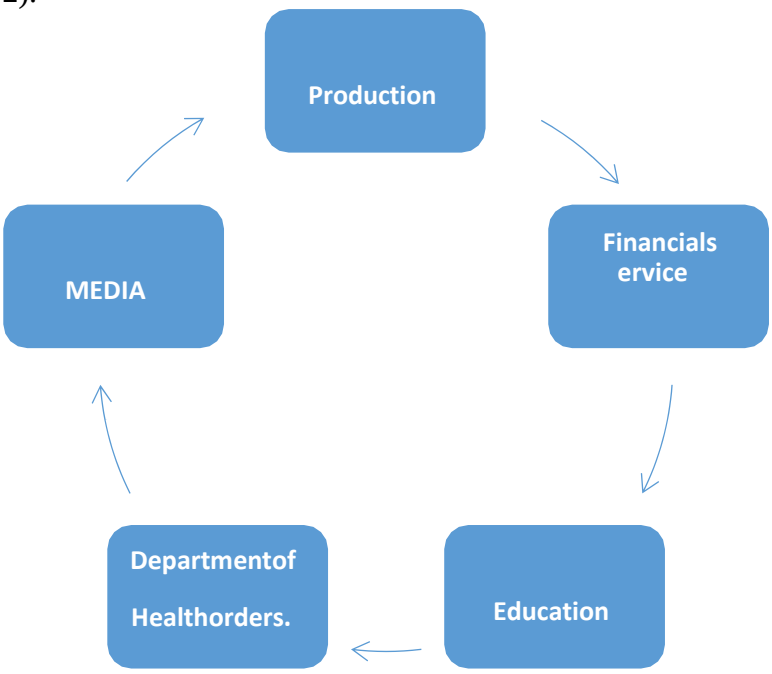

Fig.2. The field of transformation to the digital economy

A function, accounting may become less about refining one's skill set through certifications and more about core competencies that grow over time, with a focus on lifelong education and skill development required to take on a complex, ever-changing business environment.

Automation and other data-driven technologies are poised to free accountants, not constrain them. Organizations that understand the potential and importance of these technologies — and invest in the tools and training required to help their accountants take full advantage — will be ahead of the curve. Tomorrow's accountants will play a more creative and strategic role in their companies. As a result, their businesses will not only enjoy more efficient workflows and reap more useful insights from their accounting processes, but help strengthen their own resiliency, agility and competitive footing.

The Age of Digital Solutions:

Technology is transforming not only the core operational areas of organizations such as the value-added supply chain but also the central functions including human resources, finance, and purchasing. Moreover, disruption is also being seen in systems and processes in accounting at a rapid pace.

The major advancements brought by technology are e-business, Enterprise Resource Planning (ERP), and cloud computing. Further, the digital tools are helping CAs carry out their tasks effortlessly, accurately, and in minimum time. Some of these tasks are bulk replication of vouchers, bulk creation of vouchers, complete GST overview, voucher auditing, finding minimum/maximum cash balance in a year, amount-wise sorting of vouchers, and much more. These tasks are made easy by various digital solutions such as management of data quality, paperless accounting, creation of transparency, real-time reporting, uniformity of systems, big data analysis, cloud computing, etc.

Findings and Suggestions:

Management commitment to defining information needs, selection, implementation and maintenance of the Digital Accounting system(DAS) system and its involvement in problem solving and the deployment of future use of information technologies allow companies to adopt financial accounting and management accounting practices and financial management.

Moreover, we show in our research that the characteristics of Digital Accounting system(DAS) influence

performance. However, only accounting practices are demonstrated to influence business performance, allowing us to conclude that after the adoption of an ERP system, companies use "new" accounting techniques such as holding a balanced scorecard, budgeting and financial analysis of profitability. These techniques would influence the growth of sales, customer loyalty and availability of financial resources.

The performance would be influenced by the accounting staff competency. This variable is assumed to interact with accounting practices. We conclude that the more accounting personnel have technical skills and experience in carrying out their tasks, the more companies are using advanced accounting practices and the better they will be performing.

This research is to determine how and to what extent the implementation of an accounting information system in an Digital Accounting system(DAS) context influences corporate performance. Our goal was to study the direct and interactional effects that exist between accounting information systems, contingency factors and business performance.

Firm performance improves when firms have competent accounting staff. The results also show that accounting practices are determined by top management commitment to this research to determine how and to what extent the implementation of an accounting information system in an Digital Accounting system(DAS) context influences corporate performance. Our goal was to study the direct and interactional effects that exist between accounting information systems, contingency factors and business performance. The results obtained show that business performance is influenced mainly by the new accounting practices used after the ERP adoption.

In addition, paper contributes by testing a moderating effect exerted by the accounting staff competency.
To our knowledge, no studies have tested the joint effect of this variable on the accounting information system and corporate performance. On the managerial level, our work confirms the importance of top management commitment and external expertise in determining accounting information systems.

Managers must thus be aware of the importance of promoting and supporting the adoption of new technologies to succeed in accounting information systems. Moreover, companies must hire a qualified external expert who possesses experience and technical knowledge. This partner would allow the company to overcome the deficiencies of the AIS. Companies can therefore improve their knowledge of this information system and ensure its success.

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