

## **A STUDY ON DIGITAL ACCOUNTING SYSTEM AND THEIR ROLE IN ENHANCING BUSINESS EFFICIENCY**

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**Abstract** - In recent years, businesses have increasingly adopted digital technologies to improve their operational efficiency .Accounting being a core business function , has also undergone significant transformation through digitalization .Digital accounting system replace traditional manual accounting methods with computerized and cloud –based solutions . This study aim to analyze digital accounting system and examine their role in enhancing business efficiency .The study highlights how digital accounting improve accuracy ,saves time, reduce cost ,and support better decision making in organization

**Key words:** Digital Accounting, Business Efficiency, Automation, Financial Management, Accounting Software.

### **Introduction**

Accounting play a vital role in recording , classifying and summarizing financial transaction of business Traditionally ,accounting work was done manually ,which was time consuming and prone to errors .With the advancement of information technology ,digital accounting system have emerged as an effective alternative to traditional accounting methods.

Digital accounting system use accounting software such as tally, quickbooks and cloud based platform to record and process financial data electronically .These system help business to maintain accurate financial records and ensure compliance with accounting standard.

In today competitive business environment, adopting digital accounting system has become essential for improving their efficiency. In India, the adoption of digital accounting system

has increased especially after initiatives such as Digital India GST implementation ,online tax filing, and e-invoicing . Business are now required to main accurate digital records to comply with statutory and tax regulation. Manual accounting methods are no longer sufficient to handle large volume of data , reporting requirement and real time financial analysis . As a result, organization started to use software like Tally, Zoho book.

Moreover , the recent shift towards remote working and online business work has increased the use of digital accounting system .cloud based accounting allows accountant and manager o access financial data anytime and from anywhere and they ensuring business continuity .and also ensuring transparency , data security.

### **Objective**

- To understand the concept of digital accounting system.
- To examine the role of digital accounting in enhancing business efficiency.
- To analyze the benefit of digital accounting system for business.
- To analyze how digital accounting system helps in saving time.

### **Scope of the study**

The scope of the present study on digital accounting and its role in enhancing business efficiency is board nd comprehensive and covering multiple dimension of the modern accounting system .This study focus on understanding how digital accounting system influence the efficiency ,accuracy, transparency and decision making capabilities of organization.

Firstly, the study covers the conceptual scope of digital accounting. This include an in depth understanding of digital accounting tool such as tally, SAP, quick book and ERP. This study shoe these tools differ from traditional manual accounting to digital one .

Secondly , the study extends to operational scope and analyzing how digital accounting impact day to day accounting activities such as book keeping ,preparation of financial statement , payroll processing , inventory management , taxation . This study show automation and real time processing reduce manual workload, minimize errors .

Thirdly, this study focus on the managerial scope of digital accounting. Digital accounting system provides real time financial information that support budgeting, forecasting, cost control, performance evaluation . It show how management use digital financial report to make informed decision and improve organizational efficiency.

Overall the scope of the study is designed to provide a holistic understanding of digital accounting and its role in enhancing business sufficiency across various functional, managerial and strategic dimensions.

## **Review of literature**

### **Automation, Artificial intelligence and digital transformation in accounting system -By Sampaio &silva (2025)**

Sampio & silva conducted a bibliometric analysis of digital , automated and AI enabled accounting system and found that automation and AI significantly improve efficiency ,accuracy , and reliability in accounting while also rising concern about ethics and cyber security According to the suthor , automation improve speeding , minimization of errors and enhance the consistency in financial data.

### **Digital accounting adoption and efficiency MSME –By Ringan ,Paluala &Sianturi( 2024)**

Ringan paluala and sianturi examined the adoption of digitalaccountinhg system among micro, small, medium, enterprise. Their findings indicate that technology based accounting system significantly improve financial accuracy, timeliness, and internal control. The author observed the

MSME using cloud based accounting software were able to generate real time financial statement and leading to faster managerial decision making.

### **3. Digital disruption and skill transformation in the accounting –By Jamal&Xavier (2025)**

Jamal and Xavier explored digital disruption in the accounting profession with a focus on professional competency development . Their research suggest that digital accounting system have transformed the traditional role accountant to that of of financial analyst and business consultants.

### **4. Emerging digital technology in accounting –By Nurrahma , Fadilah & Aji (2023)**

Nurrahma , Fadilah & Aji conducted a systematic literature review on digital transformation trends in accounting . Their study identifies that AI and block chain , cloud computer and big data analytics as the most influential technology reshaping accounting practice. The study strongly support the view that digital accounting system are essential for improving business performance .

### **5. Digital accounting tools and their impact – By Jayashree & jayakani . (2022)**

The empirical evidence on digital transformation in accounting and finance. Their research shoes that digital accounting enhance operational efficiency by automotive repetitive task such as invoice, payroll processing and tax computation.

### **6. Strategic decision making through digital accounting transformation - By santosa Adiyash 2023**

Their studies highlights that digital accounting system provide real time financial insight, enabling management to faster decision making. Blockchain technology enhance data integrity and audit transparency. While AI improve forecasting accurately .its strengthens corporate governance and accountability .

### **7. Cloud accounting studies (2022)**

Recent studies on cloud accounting reveal that cloud based accounting system improve data accessibility collaboration, scalability. Business using cloud platform experience faster financial closing cycle and reduced IT infrastructure cost. Real time data sharing improving coordination among department.

### **8. Empirical Evidence from Digital Accounting Competence Studies-By Sarawagi Gupta singh**

Sarawagi, Gupta, Singh evaluated how digital accounting applications are used by small and medium enterprises

(SMEs). Their findings show that user-centric features such as ease of reporting and integration with mobile devices significantly enhance operational efficiency and financial tracking for SMEs, especially where traditional manual methods were previously used. This adds empirical support to the argument that digital accounting enhances business performance

**9. Digitalization and Financial Performance –By Abaka 7 dvoulety (2024)**

Abakpa & Dvouletý investigated how broader digitalization affects business financial performance. Although not limited strictly to accounting, their review found that digital tools positively influence firm performance by enabling process automation, better data accessibility, and improved competitiveness.

**10. Competency Implications of Digital Accounting –By Oktaviya (2025)**

Oktaviyah reviewed how digital technologies have impacted management accounting practices, presenting both opportunities and challenges. The study found that tools like AI, RPA (Robotic Process Automation), and big data improve information processing and managerial decision-making. It also noted persistent challenges such as the need for competent professionals and data security issues highlighting practical factors that influence digital accounting’s contribution to business efficiency.

**Research Methodology**

This study adopts a **mixed-methods research approach**, integrating both **quantitative and qualitative techniques** to examine the role of digital accounting in enhancing business efficiency. The mixed-methods approach enables a comprehensive understanding by combining numerical data with respondents’ experiences and perceptions.

**Sample Selection**

The sample for the study consists of **15 respondents**, selected using **convenience sampling** based on accessibility and willingness to participate. The respondents represent key stakeholders involved in accounting practices.

Category	Number of Respondents
Accountants	5
Small Business Owners	5
Shopkeepers	5
<b>Total</b>	<b>15</b>

This diversified sample ensures balanced insights from professional, managerial, and operational perspectives.

**Data Collection Tools**

Primary data was collected using the following tools

**1. Questionnaire (Quantitative Method):**

A structured questionnaire with close-ended questions was used to collect measurable data related to adoption, efficiency, and accuracy of digital accounting.

**2. Open-Ended Interviews (Qualitative Method):**

Informal interviews were conducted to gather in-depth opinions regarding challenges, benefits, and practical experiences of using digital accounting systems.

**Quantitative Questions**

The quantitative section of the questionnaire included the following questions:

1. Do you use digital accounting software?
  - Yes / No
2. How much time does digital accounting save you daily?
  - Less than 1 hour
  - 1–3 hour
  - More than 3hour
3. Has accounting accuracy improved since adopting digital accounting?
  - Yes / No

**Qualitative Questions**

The qualitative section focused on open ended questions such as:

1. What challenges did you face while adopting digital accounting systems?
2. How has digital accounting changed your

business processes?

- Which feature of digital accounting tools do you find most valuable?

These questions helped capture real-world experiences and perceptions of respondents.

### Data Analysis

The collected data was analyzed using both **quantitative statistical techniques** and **qualitative thematic analysis**.

#### Quantitative Analysis

The quantitative data obtained from the questionnaires was analyzed using percentages and frequency analysis.

Metric	Result
Respondents using digital accounting	12 out of 15 (80%)
Time saved per day (>1 hour)	10 out of 12 (83%)
Reported increased accounting accuracy	11 out of 12 (92%)

### Interpretation

The analysis indicates a **high adoption rate (80%)** of digital accounting among respondents. A significant majority of users reported saving more than one hour per day, demonstrating improved operational efficiency. Additionally, **92% of users observed increased accuracy**, confirming the effectiveness of digital accounting systems in reducing manual errors.

#### Survey Outcome Number of Respondents

Time saved less than 1 hour	2
Time saved 1–3 hours	7
Time saved more than 3 hours	3

This distribution shows that most respondents experienced moderate to high time savings after adopting digital accounting tools.

The research methodology effectively combines quantitative measurements with qualitative insights. The findings reveal that digital accounting significantly enhances efficiency and accuracy in business operations. The mixed-methods approach strengthens the reliability and depth of the study's conclusions.

### Findings

The analysis of existing literature and case studies on digital accounting reveals several important insights regarding its impact on business efficiency. First and foremost, digital accounting significantly improves **operational efficiency**. Traditional accounting methods involve manual recording of transactions, ledger maintenance, and repetitive paperwork, all of which are time-consuming and prone to errors. Digital accounting systems, powered by software like Tally, QuickBooks, Zoho Books, and ERP solutions, automate these processes, reducing manual intervention and saving valuable time. Organizations that implement these systems have reported faster completion of routine tasks such as invoicing, payroll processing, and reconciliation, which directly translates into higher productivity.

Another crucial finding is the enhancement of **accuracy and reliability** in financial reporting. Human errors, miscalculations, and data entry mistakes are common in manual accounting, often leading to discrepancies in financial statements. Digital accounting systems automatically calculate and record transactions, flag inconsistencies, and generate error-free reports. This improved accuracy not only boosts stakeholder confidence but also reduces the likelihood of financial mismanagement and audit issues.

The study also highlights the role of digital accounting in ensuring **regulatory compliance and transparency**. Automated systems can be programmed to adhere to tax laws, accounting standards, and reporting regulations. They facilitate e-filing of returns, maintain audit trails, and generate reports in formats compliant with government regulations. This reduces the risk of penalties, legal issues, and reputational damage, which can otherwise hinder business operations.

The study also finds that employee productivity improve with digital accounting. Accountants and finance staff are relieved from repetitive, mundane tasks and can focus on strategic activities like financial planning, risk assessment, and decision support. This shift enhances employee engagement and encourages skill development, further contributing to organizational efficiency.

### Suggestions

Based on the findings, the study recommends several practical strategies for maximizing the benefits of digital accounting in enhancing business efficiency:

- Invest in Reliable and Scalable Software:** Businesses should select accounting software that fits their size, complexity, and growth plans. Scalable solutions allow for adding modules like

inventory management, payroll, or analytics as the business expands.

Cloud-based platforms are particularly beneficial as they allow remote access and real-time updates.

2. **Comprehensive Staff Training:** Proper training is crucial to ensure that employees can use digital accounting tools effectively. Workshops, online tutorials, and hands-on training sessions can help staff understand features, troubleshoot issues, and adopt best practices.
3. **Focus on Cybersecurity:** Digital accounting systems contain sensitive financial information. Organizations must implement robust cybersecurity measures, including encryption, multi-factor authentication, regular backups, and restricted access, to protect against data breaches, ransomware, and cyber fraud.
4. **Gradual Implementation and Change Management:** A phased approach to digital accounting adoption reduces disruption. Pilot programs, department-wise implementation, and continuous monitoring can help employees adapt gradually, minimizing resistance and errors.
5. **Integration with Other Business Functions:** For maximum efficiency, digital accounting should integrate with inventory management, customer relationship management (CRM), enterprise resource planning (ERP), and other operational systems. Integration ensures seamless data flow, eliminates duplication, and provides a holistic view of business performance.
6. **Regular Updates and Maintenance:** Accounting software providers release updates to improve functionality, security, and compliance with new regulations. Organizations should implement these updates promptly to maintain efficiency and avoid technical issues.

## Conclusion

In conclusion, the adoption of digital accounting systems represents a paradigm shift in the way businesses manage financial operations. The findings indicate that digital accounting significantly enhances business efficiency through automation, real-time reporting, improved accuracy, cost reduction, and better regulatory compliance. By providing instant access to reliable financial information, digital accounting enables managers to make informed strategic

decisions, optimize resource allocation, and respond proactively to market changes.

The study also underscores that while initial implementation may present challenges, such as costs, training needs, and cybersecurity risks, these are far outweighed by long-term benefits. Organizations that embrace digital accounting not only achieve operational efficiency but also enhance transparency, accountability, and corporate governance. Moreover, employees benefit from reduced manual workloads and can focus on higher-value tasks, further contributing to organizational growth.

Digital accounting is no longer a mere technological upgrade; it is a **strategic necessity** for businesses aiming to remain competitive in the digital economy. The integration of advanced accounting tools, cloud computing, and data analytics creates a foundation for sustainable growth, efficiency, and innovation. Companies that proactively adopt and optimize digital accounting systems are better positioned to navigate complex financial landscapes, maintain compliance, and achieve long-term success.

In essence, digital accounting transforms financial management from a reactive, time-consuming task into a strategic, data-driven function that drives business efficiency. The future of business finance lies in embracing these digital tools, fostering a culture of continuous improvement, and leveraging technology to make smarter, faster, and more informed decisions.

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