

**A PROJECT REPORT ON**  
**THE IMPACT OF COMPUTERIZED ACCOUNTING**  
**SYSTEM ON THE PERFORMANCE OF SMALL AND**  
**MEDIUM ENTERPRISES IN PUNE CITY**



**A project report submitted in**

**Partial fulfillment of the requirement for the**

**Degree in master of commerce**

**(Advance Accountancy And Taxation)**

**Submitted by**

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**MAY 2023**

**St. Mira's College For Girls, Pune**

**( Autonomous -Affiliated To Savitribai Phule Pune University )**

## STUDENT'S UNDERTAKING

This is to certify that the research work incorporated in the report **A Study on the impact of computerized accounting system on small and medium enterprises in Pune city** is a bonafide work done by me Ms. **Summaiya shaikh**

The materials from other sources have been duly acknowledged by me in my research report. This work is submitted in partial fulfillment of the requirement for the degree **Master of Commerce(Advanced Accountancy And Taxation)** in the academic year 2022-2023

**Signature:**

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**Date:**

## CERTIFICATE

**St, Mira's College for Girls, Pune**

**(Autonomous Affiliated to Savitribai Phule Pune University)**

This to certify that the Research work incorporated in the report **A Study on the impact of computerized accounting system on small and medium enterprises in Pune city** is a bonafide work done by Ms. **summaiya shaikh (6734)**. It was carried out by the candidate under my guidance and supervision.

The materials from other sources have been duly acknowledged by in her research report.

This work is submitted in partial fulfillment of the requirement for the degree Master of Commerce **(Advanced Accountancy And Taxation)** in the academic year 2022-2023.

Dr. Meenakshi Wagh

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Project Guide

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External Examiner

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Principal In -Charge Hod

Place: **Pune**

Date:

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## **EXECUTIVE SUMMARY**

Accounting plays a important role in the success or failure of business industries. In a dynamic world technology innovation is directly impact to entrepreneurs ' performance. The increasing competition and highly demand of globalization. Improvements in this technology have replaced manual book keeping system with computerized system . accounting system are responsible for recording , analyzing monitoring and evaluating the financial condition of companies , preparation of document necessary for tax purpose , providing information support to many other functions. Prior to the advent of personal computers , business were limited to manual method for keeping track of financial data . A computerized accounting system is a software program that is stored on a company's computer ,network server , via the internet and it can be a great benefits for a business . it can help streamline accounting steps and help minimize errors. This study examines the impact of using computerized accounting system (CAS) in recording , analyzing , reduction of manual work , presenting financial report, monitoring influence performance and profitability and other advantages and disadvantages in small and medium enterprises . further this study based on a survey carried out among small and medium enterprises to determine the extent to which development and implementation of computerized accounting system had taken place . the data were collected using questionnaires. the study finds that computerized accounting system had a great impact on performance and profitability among SMEs in Pune.

**KEY WORDS :** computerized accounting system ,small and medium enterprises, performance, CAS, SME's.

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## ABBREVIATIONS

SME	Small and Medium Scale Enterprises
CAS	Computerized Accounting System
SAP	System, Applications , Products
EDP	Electronic data processing
AIS	Accounting Information system
MSME	Micro, Small , Medium Enterprises
GST	Goods and Services Tax
VAT	Value Added Tax

## CHAPTER - 1

### 1.1 : INTRODUCTION

Accounting is most stable of management disciplines to manage the financial healthiness of any business. financial accounting also includes the summary of information and presentation of periodic report such as profit and loss statement and balance sheet. accounting system is business dictionary is an organized set of manual and computerized accounting methods , procedures and control established to collect , record , classify , analyse , summarize , interpret and present accurate and timely financial data for management decisions . computerized accounting is accounting done with the aid of a computer. It tends to involve dedicated accounting software and digital spreadsheets to keep track of a business or client's financial transactions. Computerized accounting is a beneficial use of current technological advances. Not only has it revolutionized the traditional paper methods of accounting, but it has also created new types of accounting applications for business. Companies now create entire accounting information systems that integrate all business operations, including external suppliers and vendors in the value chain. Computerized accounting systems (or software) have replaced manual based accounting in virtually all businesses and organizations, providing accountants, managers, employees and stakeholders access to vital accounting information at the touch of a button. Computerized accounting systems automate the accounting process--improving efficiency and cutting down costs. Computerized accounting has many advantages over traditional manual accounting. Computerized accounting tends to be more accurate, is faster to use, and is less subject to error than its manual counterpart.

Input: the input to computerized accounting system is the accounting data which is obtained from details of each transaction. Data is originated from source document and this is produced as a result of happening of a transaction, is kept as a proof of transaction. Source document includes invoice cheque received, sales order forms etc. computers are used to produce source documents and data is automatically inputted to the system for storage and further processing. Another input to system is set of accounting rules and procedures which are coded in accounting software are run by computers when transactions are processed by systems.

Processing: The computerized accounting systems are built to take advantages of fast processing capability of modern day computers. Accounting system is the whole procedure of producing accounting information. Computerized accounting system is the method of generating accounting information for decision making through computer with support of accounting software. This method is very beneficial and important to businesses.

profitability through price competitiveness and also quality of their services and products are the target in small and medium enterprises (SME's) as a profit making business . to grow and survive SME's need more non -financial information such as customer behaviour market trends and price changes.

## **1.2 : STATEMENT OF THE RESEARCH PROBLEM**

Accounting information is used to measure the financial information is used to measure the financial information of business to make proper decision , planning , controlling and coordinating activities of business . in the way entrepreneur uses computerized accounting system in their business to get many advantages and avoid numerous disadvantages . computerized accounting system used to record the financial transaction of business. the software used to track transaction provides the internal reporting , data , external reporting data , external reporting data , and financial statement . majority of entrepreneurs do not maintain sufficient accounting records which are necessary in their decision making. poor records keeping and accounting information make it difficult for financial institution to track the transaction. entrepreneurs lack of capital and burden of high rate charges are result of incomplete accounting system . because of high cost of hardware / software ,cost of maintenance are the reason of not maintain proper accounting system. and also the lack of complete computer knowledge and cost of the special training these are the also reasons of not maintaining proper records.

## **1.3 : SIGNIFICANCE OF THE STUDY**

The role of SME's in economic development has been an area of intense research practice .this is investigation in SME's is therefore a significant contribution to existing literature. the study provides evidence on extent to which Pune SME's are IT accounting compliant in readiness for aging satiric competitive advantages in their business.

## **1.4: OBJECTIVES OF THE STUDY**

- To study and determine the impact of computerized accounting system of small and medium enterprises.
- To determine the impact of computerized accounting system on profitability of SME's .

- To find out the problems and challenges facing by SME's while using computerized accounting system .

#### **1.5: LIMITATION OF THE STUDY :**

- The study has its scope and area , the small - scale enterprises within Pune city. the study therefore, could not be extended beyond this region because of the limited resources at the disposal of the researcher.
- It was difficult to reach out to the respondents of the study i.e the small and medium scale enterprises.
- Some respondent was not ready to give information due to the sensitivity of financial information
- The data have been collected within a week , due to less time.

## **CHAPTER - 2**

### **Conceptual Framework:**

#### **2.1 Accounting system:**

Every organization must operate accounting system due to the fact that it is generally recommended for companies to report on its financial position to the stakeholders for better decision making and other policy implementations. the decision to choose whether a company would operate manual or computerized accounting system depends on the business itself accounting system as defined by business dictionary .com as an organized set of manual and computerized accounting methods, procedures and control established to collect , record , classify , analyse , summarize , interpret and present accurate and timely financial data for management decisions . basic accounting software demand not only ICT skill , but also through accounting knowledge .by contrast, current accounting software can be run with only a simple understanding of the accounting practice. nowadays, with in depth help menus and also the vast information that can be sourced online free of charge , resources to assist users. the advancement in technology especially the internet has generated new methods of accounting with consumers both current and potential in the banking world. e- commerce has not only changed the way businesses specially bank markets their products or services , but also how these product or services areas normally delivered , knack with computers is highly significant in this direction.

#### **• DEFINITION OF ACCOUNTING**

- As many professional accountants and auditors state – accounting is a language of business which is accepted in all developed and developing countries, but what exactly is accounting? Well, accounting has been defined by many authors in various ways. According to Weber (2011), accounting is the way business owners manage their companies’ financial information.
- Sacco(2008), define accounting as a process through which financial information is recorded , organized, summarized, analyzed, interpreted, and communicated. This implies that accounting is concerned with the decision of an organization’s record keeping system, the preparation of financial documents, analysis is and interpretation of final document

## **2.2 Computerized accounting system:**

Gone are the days when accountant used to record the accounting transitions using ledger books and pen/ pencil. firstly, computers technology has registered its importance in last 3 decades in every industry . earlier, it's only use was in field of science and . but recently organizations are finding the important of modern computers for carrying out economic planning and forecasting processes. organizations are now using them in the filed of accounting too. hence, computerized accounting system has become commonplace in many firms. computerized accounting system are the software programs that are stored on a company's computer, network server via internet .all firms prepare various reports with the help of it . computerized accounting system helps to set up income and expenses accounts such as rental or sales income, salaries , advertising expenses , and material costs. they can be used to manage bank accounts , pay bills, and prepare budgets. depending upon the program, some accounting system allows preparing tax documents, handling payroll and managing costing.

### **Definition of computerized accounting:**

Computerized accounting is defined by Wilson (2010) as a total suit of components that that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data. Before the introduction of information technology into accounting, accounting protocols work performed manually. Today accounts use computer software to perform this duties.

### **2.3 Features :**

- Simple and integrated CAS is designed to automate and integrate all the business operations, such as sales, finance, purchase, inventory and manufacturing. CAS is integrated to provide accurate, up-to-date business information rapidly. The CAS may be integrated with enhanced MIS (Management Information System), Multi-lingual and Data Organization capabilities to simplify all the business processes of the organization easily and cost-effectively.

- Transparency and control CAS provides sufficient time to plan, increases data accessibility and enhances user satisfaction. With computerized accounting, the organization will have greater transparency for day-to-day business operations and access to the vital information.
- Accuracy and speed CAS provides user-definable templates (data entry screens or forms) for fast, accurate data entry of the transactions. It also helps in generalizing desired documents and reports.
- Scalability CAS enables in changing the volume of data processing in tune with the change in the size of the business. The software can be used for any size of the business and type of the organization.
- Reliability CAS makes sure that the generalized critical financial information is accurate, controlled and secured.

## **2.4 TYPE OF ACCOUNTING SOFTWARE:**

### **Accounts receivable software:**

The account receivable must consist of a detailed listing of customers and the amount of money each owns the company or bank and other information like the data the was incurred, addressed and phone numbers each customer. Business considering the installation of accounts receivable management software must undertake extensive research into the available alternative solution to ensure it includes the key potentials that would enable accuracy and integrity of its financial reporting. The right accounts receivable software solution updates the Ledger accounts with appropriate transaction automatically.

### **Account payable software:**

The company are organization considering the implementation of accounts payable software solution must first of all realize that best one are the provide a rapid return on investment. The main features of accounts payable that increase the payback include early payment awareness that enable the company to make use of discounts offered. More so, the ability to write cheque to supplier and to have the correct debit and credit applied to the company account makes balancing the books easily.

### **General ledger software:**

A ledger account refers to an accounting record that summarized all transactions affecting each individual item such as bank, stock, creditors, vehicles, on capital. In the financial statement all items have its own ledger account and so in this case the bank can have so many

ledger account to manage considering its numerous customers, without computerized accounting system, it would be virtually impossible to check one Ledger account out of hundreds accurately and conveniently.

**Accounting packages and chart of account:**

A Number of software packages have been developed in assist in the accounting field and some of such packages are Tally, Busy, SAP, Quick books etc. Even though some of the software mentioned here are developed for small businesses, they are also designed specifically for accounting purpose in the banks, market, firms companies, or general accounting.

**2.5: Advantages of computerized accounting system:**

**ACCURACY:** There is less room for errors only one accounting entry needed for each transaction rather than two ( or three) for a manual system.

**UP –TO –DATE INFORMATION:** The accounting records are automatically updated and show account balance (e.g. customer accounts) will always be up- to- date.

**AVAILABILITY OF INFORMATION:** The data is intensely available and can be made available to different users in different locations at the same time.

**Management information:** Reports can be reduced which will help management monitor and control the businesses, for example the aged debtors analyses will show which customer accounts are overdue, trial balance, trading and profit and loss account and balance sheet.

**GST / VAT RETURN:** The automatic creation of figure for the regular GST VAT returns.

**LEGIBILITY:** The on screen and printed data should always be legible and so will avoid errors caused by poor figures.

**EFFICIENCY:** Better use is made of resources and time; cash flow should improve through better debt collection and inventory control.

**STAFF MOTIVATION:** The system will require staff to be trained to whose new skills, which can make them feel more motivated. Further to this with many ‘off- the- shell’ packages.



**COST SAVING:** Computerized accounting program reduce staff time during account and reviews audit expenses as records are neat, up- to- date and accurate.

**SPEED:** Data entry into the computer with its formatted screen and bullet in database of customers and suppliers deals and stock records can be carried out far more quickly than any manual processing.

**AUTOMATION DOCUMENT PRODUCTION:** Fast and angle invoices, credit note, purchase orders, printing statement and payroll document are all done accordingly.

## **2.6: DISADVANTAGES:**

### **Potential fraud:**

Dependence on computers sometimes leads to bigger problems. With more software data being housed in the cloud, there are more opportunities for hackers to hack business financial data and use it. This puts assets at risk and potential liability if hackers use employer tax identification to open credit cards and business loans. There is also the risk of someone within the business accessing the information, perhaps pilfering money from daily deposits and entering the data in the program.

### **Technical issues:**

When dealing with computers, issues can arises. While performing important task on computer, if there is a power outage, there might be a heavy loss of data. Computer might acquire virus and fail. There is also the potential of user incorrectly performing software tasks that they are not familiar with. If a user tries to do one thing but inadvertently does something else can stop it might take some time to undo the errors.

### **Incorrect information:**

Book keeping records are only as good as the data into the system business owners that don't take the time to establish the account categories from properly may enter data and generate reports that are not accurate.

### **Heavy cost of installation:**

Computer hardware needs replacing and software needs to be updated from time to time with the availability of newer versions.

### **Cost of training:**

To ensure effective and efficient use of computerized system of accounting, newer version of hardware and software are introduced. This requires special training and cost is incurred to train the staff personnel as specialists.

**Health dangers:**

Extensive use of computers may lead to many health problems such as eyestrain, muscular complaints, backache etc. recently reducing working efficiency as well as increasing medical expenditure.

## CHAPTER - 3

### REVIEW OF LITRATURE:

1. Noor, Ismail, Malcolm, King,(2005) In there study on firm performance and accounting information system alignment in Malaysian small and medium enterprises focused on measuring alignment of accounting information system requirement with EIS capacity and the investing weather this a AIS alignment is linked to firms performance. It was found that use of information technology as an important information processing mechanism can improve the accounting system along with the firm performance.
2. Al, Shaefee. (2007) examined the impact of accounting information system on the performance of selected petroleum companies in Yemen. It was found that most of the companies have not applied modern accounting system because training courses provided to the employees were not sufficient to run and create accounting system efficiently.
3. Mohd, Fazli,Yasuo,Hoshino.Md,Tahir.(2012) In there study which was in to investigate small and medium enterprise practice of computerized accounting system and to identify the factors affecting the adoption among SME's small in Melaka. It was revealed that computerized accounting system adoption rate in SME's small s in Melaka is high. It was also revealed that type of business and business location influences the adoption of computerized accounting system and the paid up capital, sales turnover do not influence the adoption.
4. Ahmad,Rifkee,Mohamed,Cassim.(2012) In the study on impact of computerized accounting system on financial performance of small and medium enterprises in kattankudy identify the difficulties of SME's when introducing new technology.
5. Oladipapu,Murtala,Tijani,Ajape,Kayoed,Mohammad.(2013) In their study on computer based accounting system in SME's found out use of computerized accounting system by Nigerian SME's is highly significant as on the companies which were surveyed one type of accounting software it was suggested that professional account accountant must endeavor to continuously improve their skills for continue relevance in the profession.
6. Edward, Marley, Kwame , Annin, Caleb, Atttoh.(2013) In there study on qualifying the determinants of the factors influencing performance of small scale enterprises in Ghana stated that it was found that I cost of borrowing is the most important constraint faced by the small scale entrepreneurs.

7. Moujood, Shiraj, (2015) In study on the impact of using computerized accounting system in financial reporting among SME's have problems in presenting financial reports using computerized accounting system when compared with the other developed and developing countries in the South. The study conclude that understanding the impact of using computer what is accounting system in financial reporting is very significant for small and medium industries.
8. Richmell , Amanamah, Alfred, Morrison, Kwaku , Asiedu. (2016) in their study on establishing the level of usage, benefits and challenges of computerized accounting system by small and medium scale enterprises come out that only a few SME's using computerized accounting software due to cost, personal and lack of education on the benefits of using CAS. It was recommended that SME's should be educated on the benefits of using CAS and accounting training institutions should incorporated and segment on computerized accounting system into their training modules.
9. Mohammad , Ahmad . (2016) In his paper titled the impact of computerized accounting information system on small and medium enterprises information quality, firm strategic decision making and firm performance stated that accounting information system forms the backbone of a form business information infrastructure board strategic decision making process and financial performance. The result of the study demonstrated the importance of information quality and AIS to a greater height, promoting SME's to revisit their policies on AIS, staff training and largely transparency to improve the firm performance.
10. Alexander, Dabor, Meshack, Aggreh, Mercy , Aneru. (2016) In There study on adoption of computerized accounting system by SME's in Benin city hound the prospectus and challenges of the adoption of computerized accounting system by SME's. The result shows that availability of financial resources, businesses size and business competition influences adoption of CAS by SME's Nigeria. It further resulted that adoption of computerized accounting system enhance speed and improve the quality of financial and non financial reports prepared by SME 's in Nigeria.
11. Akande , O, (2017) In please similar study on computerized accounting system affect on performance of entrepreneurs in southwestern Nigeria assisted weather implementation or computerized accounting system has positive influence on the performance of entrepreneurs. It was adventure hey found out that computerized accounting system are used by the entrepreneurs in order to generate timely and accurate report through a fast and efficient processing accounting data.

12. Ali, Uyar, Ali, Haydar, Cemil, Kuzey.(2017) In their study on impact of the accounting information system on corporate governance stated that in order to foster corporate governance manager should establish internal reporting procedures as well as internal control and monitoring device before attempting external control through independent for getting.
13. Allan ,Mcbright, Kennedy, Frimpong.(2017) In their paper titled the determinants of computerized accounting system on accurate financial report in listed banks on the Ghana Stock Exchange found that most banks in Ghana runs a fully computerized accounting system in financial reporting system.
14. Ahmed , Isa.(2018) In his on the impact of computerized accounting information system on management performance in public sector in Nigeria suggested that government should implement subtitle security majors such as policies, guidelines, standards and procedures to protect information technology infrastructure through the use of administrative controls.
15. NG'eno , Kipkemoi. Daniel, Kamau. Kepha, Ombui in their study named effects of computerized accounting system on the performance of small medium enterprises establish the planning of accounting process existed in the SME's. the study recommended bad the management of the SME's make this process inclusive by wide sampling board vertical and horizontal off dead stuff and all take holder. It was recommended that all the SME's should develop an implement their accounting system in line with the organization strategic dance which will enhance achievement of organizational goals.

## **CHAPTER FOUR**

### **RESEARCH METHODOLOGY**

#### **4.1 Population:**

The Population of the study comprises of 48000 registered small and medium entrepreneurs in Pune city.

#### **4.2 Sample:**

A random sampling method used for this study.

#### **4.3 Sample Size:**

Sample size refers to a number of items to be selected from the population. 39 small and medium enterprises from pune city were selected as the sample. In deciding of the sample selection from pune, the consideration was given to the city as a good representation to reasons such as accessibility to target respondents, concentration of commercialization and population.

#### **4.4 Data Collection Tools:**

##### **Questionnaire:**

A questionnaire is set of questions which are usually sent to the selected respondents to answers at their own convenient time and return back the filled questionnaire to the researcher. In this study, questionnaire were used to collect information from respondents. The reason for using questionnaires is because they cover large sample at low cost, and gives respondents adequate time to give well thought out answer, five- point like scale with end points of “strongly disagree” and “strongly agree” was used to examine respondents ideas.

##### **Primary Data:**

Primary data watch collected for this research, because primary data is more independent able and accurate. Questionnaire is an organized technique to collect primary data system there are two sections in the questionnaire. Section A contain demographic questions focused on information of participants and ensure that the participants chosen are the user of computerized accounting and section B capture the general information it majorly constitute

structured and open ended questions focusing on the research objectives and control questions to check correctness and consistency.

#### **Secondary Data:**

Secondary data collection method was used for the purpose of collecting data that is already processed from numerous different documents such as various articles, research papers and processed reports. This facilitate the researcher to make things easier in accomplishing the task using information that has already collected.

#### **4.5 Methods Of Data Analysis:**

The data which was collected through the survey by the use of questionnaire was further process and analyzed using frequency tables, charts, bar graph and percentages to establish a relation between the variables.

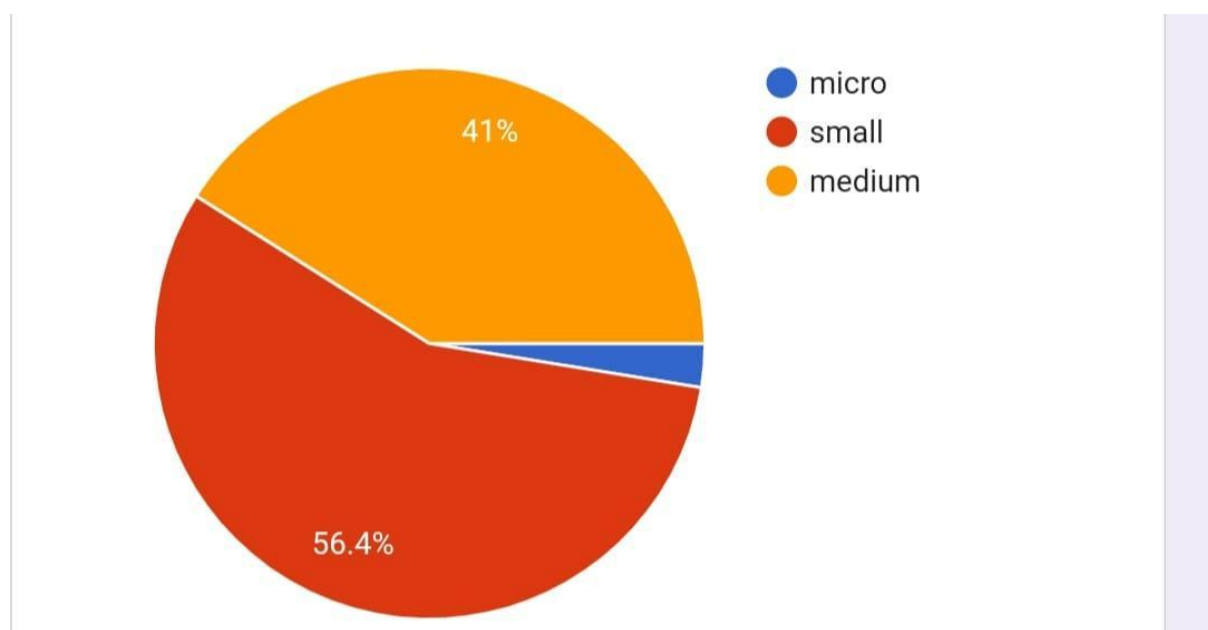
## CHAPTER FIVE

### DATA ANALYSIS AND INTERPRETATION

The chapter presents empirical findings in reference to the research question. The data which was collected through the survey by the use of questionnaire was further processed and analyzed using frequency tables, charts, bar graph and percentage to establish a relationship between the variables.

#### 1. Size of the organization?

size	Percentage %	No. of respondent
Small	56.4%	23
Medium	41%	16



*Figure 2 (size of the organization)*

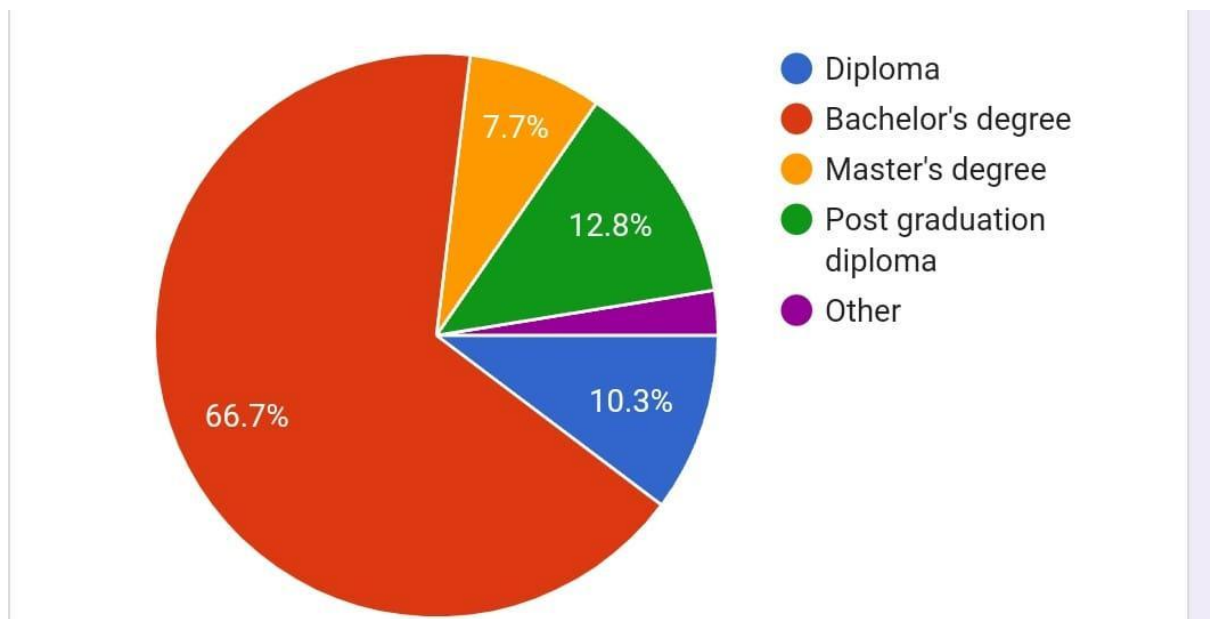
#### Data analysis and interpretation:

It was found out that 56.4% the total 39 enterprises were small in size where 41% were medium in size. It is seen that the number of small scale enterprises is more than medium scale enterprises because it is easy to set up an organization which is small in size.

#### 2. Educational qualification?



Qualification	Percentage %	No. of respondents
Diploma	10.3%	4
Bachelor's degree	66.7%	26
Master's degree	7.7%	3
Post graduate diploma	12.8%	5
other	3.5%	2



**Figure 3(education qualification)**

### **Data analysis and interpretation:**

It was found out that respondents who had bachelor's degree in various fields were ranked at 66.7% then postgraduate diploma ranked second at 12.8%. They were followed by those with diploma in business related fields at 10.3% and also those who with the masters degree were ranked 7.7% and other qualification for the least at 3.5%

Hence it was seen that maximum respondents were holding the bachelor's degree which clearly state that most of the people have been inclined towards job and business right after the graduation.

### 3. Work experience of the owner?

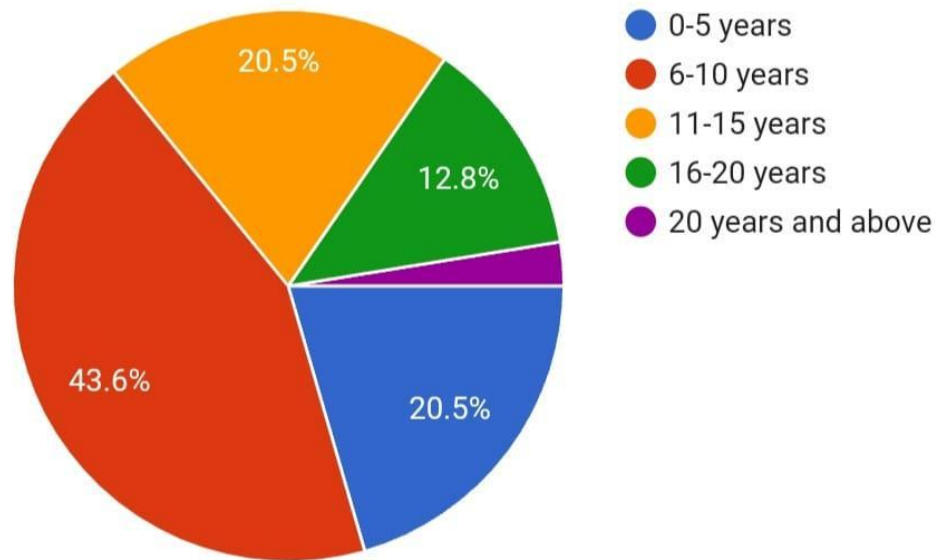


Figure 4 (work experience of the owner)

### Data analysis and interpretation:

According to the study, out of the total sample of 39 respondents work experience of the owner for 6 to 10 years is more at 43.6% then 11 to 15 years and 0 to 5 years work experience is same for the both at 20.5% and also 12.8% for 16 to 20 years and 20 years above add least at 3.2%.

### 4. When was the organization established?

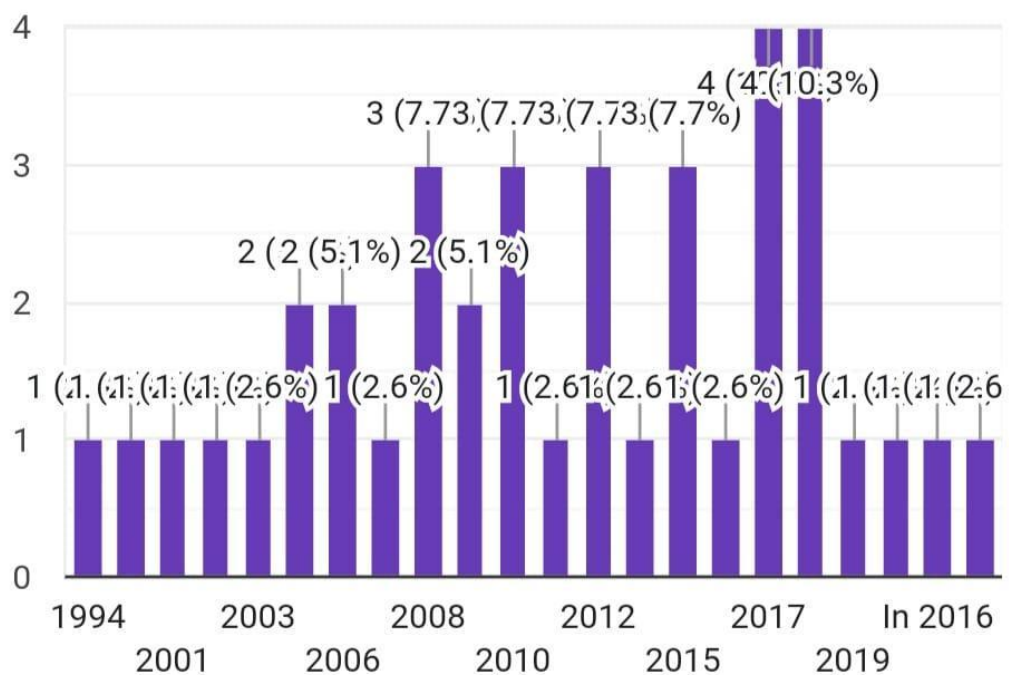
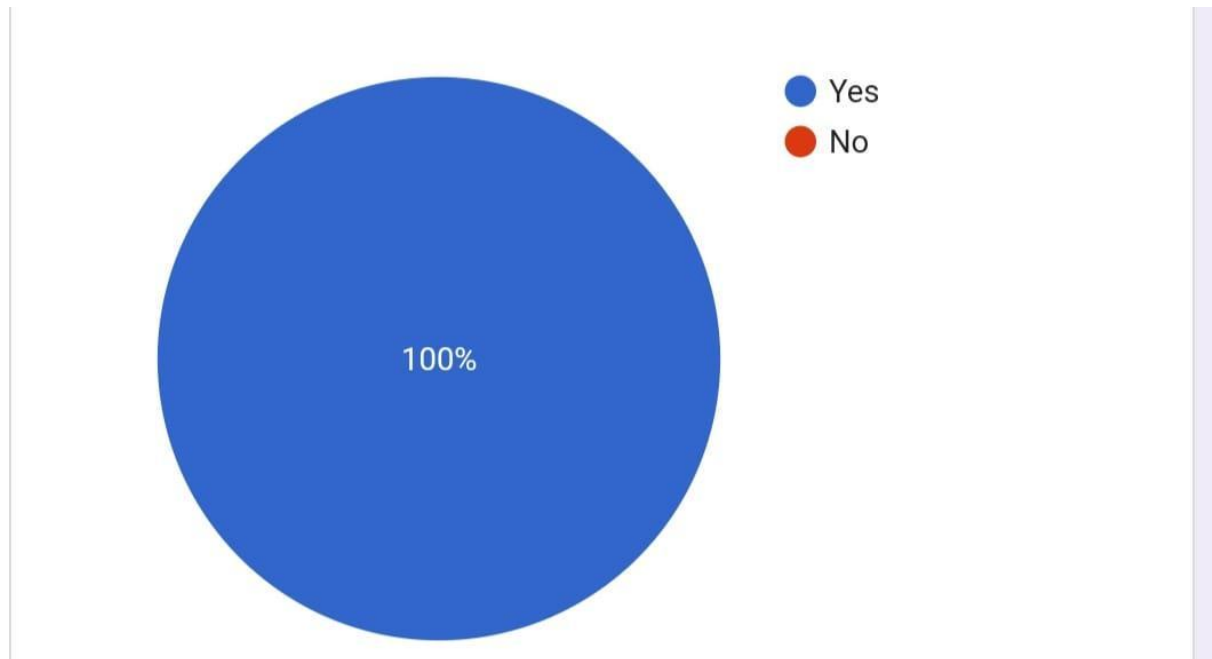


Figure 6 (organization established)

### Data analysis and interpretation:

As above shows the graph of all 39 respondents have mentioned their establishment years between 1994 and above. Many enterprises have more experience as they have established in 1994 till 2010 and also some enterprises establish early on 2016, 17, 18 etc.

### 5. Does your organization use computerized accounting system in its operation?

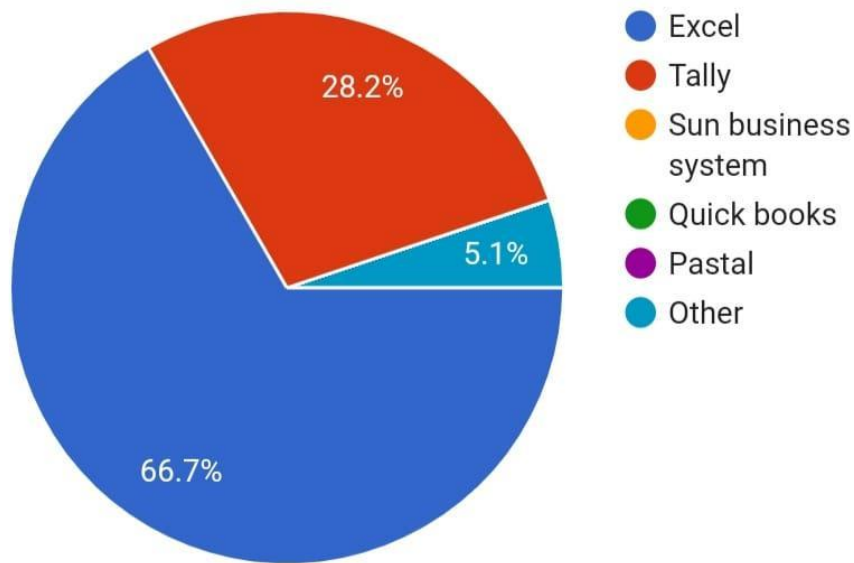


*Figure 7(use of CAS in its operation)*

### Data analysis and interpretation:

As shown in the pie chart, 100% respondents are aware about computerized accounting system in SME's but not using every respondent just because of lack of complete knowledge about computerized accounting system, cost of software or repairing cost etc.

### 6. Which computerized accounting software is used by the organization?

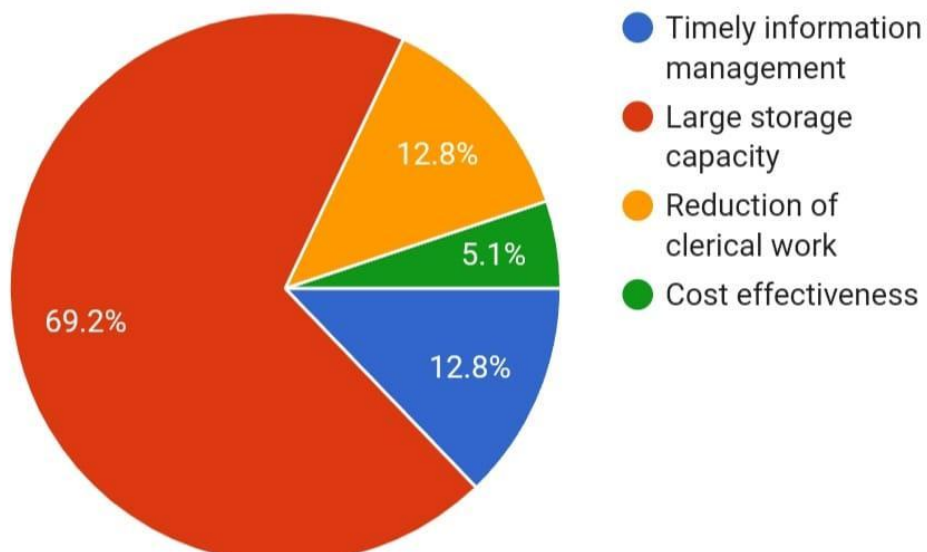


*Figure 8 (computerized accounting software)*

#### **Data analysis and interpretation:**

The above pie chart shows that according to 66.7% with 39 respondents that they are using excel software to operate computerized accounting system which is the highest user of this software. 28.2% of respondent using tally software to manage computerized accounting and 5% respondents are using other software.

#### **7. What were the reasons to adopt computerized accounting system by SME's?**

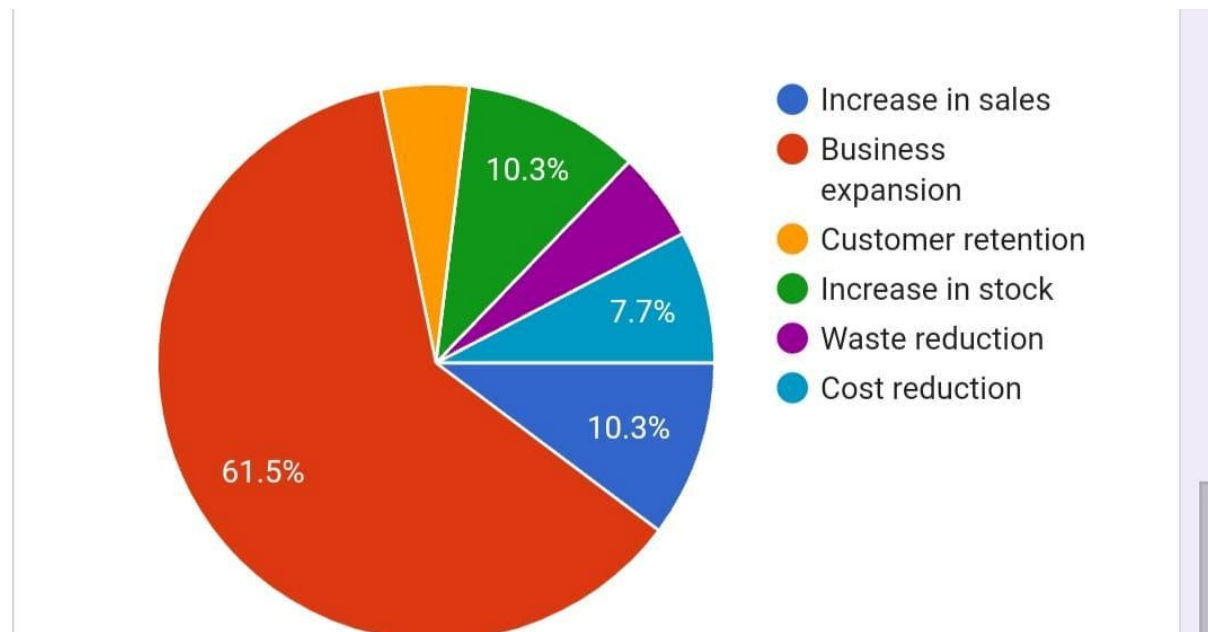


*Figure 9(reasons to adopt CAS)*

#### **Data analysis and interpretation:**

The above pie chart shows that according to 69.2% with 39 respondents that their reasons to adopt are large storage capacity. 12.8% respondents have adopt because of reduction of clerical work and timely information management and 5.1% respondent adopted because of cost effectiveness.

**8. What is the extent of business performed after the application of computerized accounting system ?**

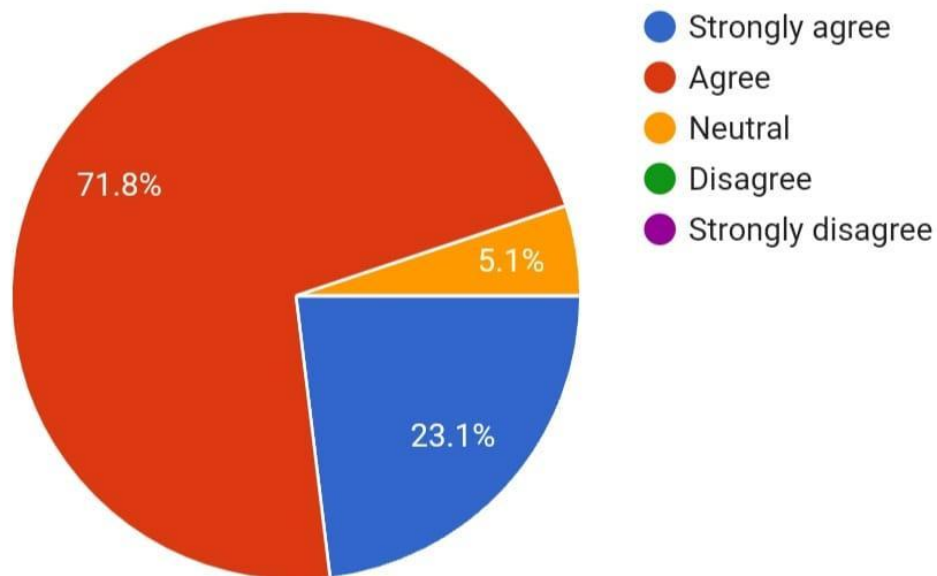


*Figure 10 (business performed after the application of CAS)*

**Data analysis and interpretation:**

The above pie chart shows that according to 61.5% with 39 respondents after the application of computerized accounting system they have business expansion, 10.3% are having a benefit of increase in stock and increase in sales and 7.7% respondents have cost reduction.

**9. Computerized accounting helps in decision making?**

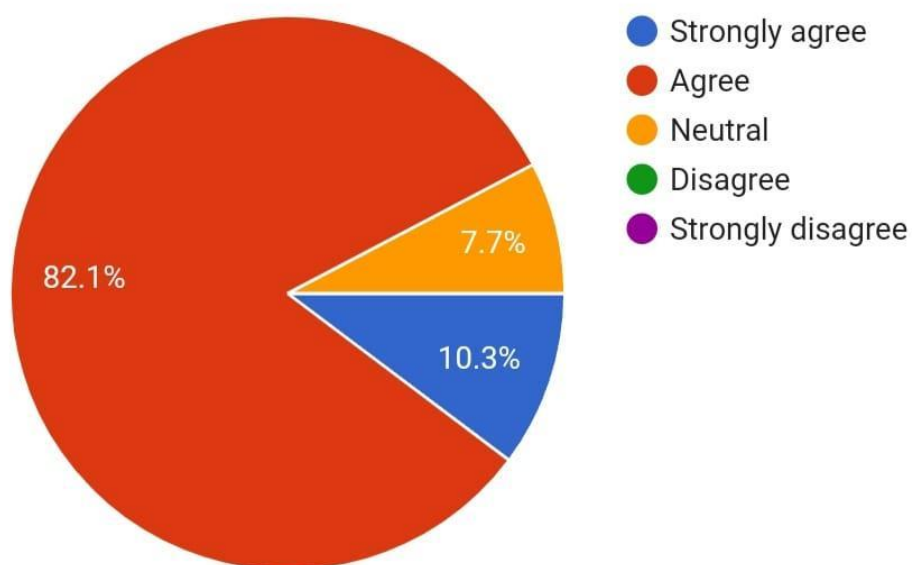


*Figure 11 (CAS helps in decision making)*

#### **Data analysis and interpretation:**

The above pie chart shows that according to 71.8% with 39 respondents getting help of decision making in computerized accounting and they are “agree”. 23.1% are strongly agree and 5.1% are having neutral help for decision making in computerized accounting system.

#### **10. Excessive cost of implementing accounting system prevents adoption of computerized accounting system.**

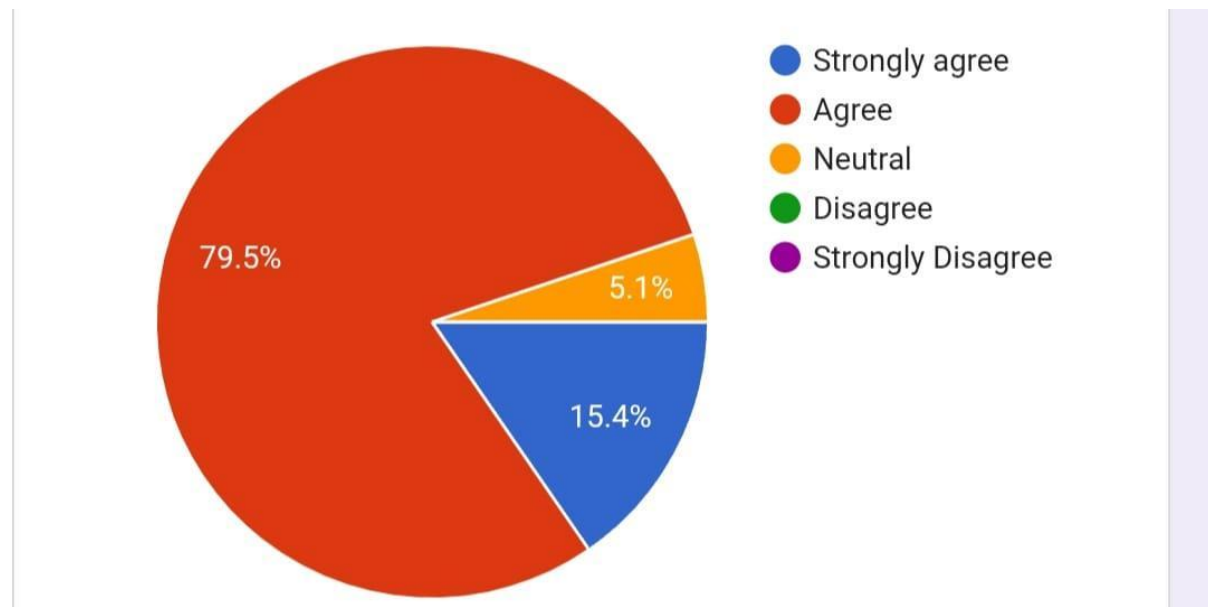


*Figure 12(excessive cost of implementing accounting prevents adoption of CAS)*

### Data analysis and interpretation:

The above pie chart shows that excessive cost of implementing accounting system prevents adoption of computerized accounting system 82.1% are agree 10.3% are strongly agree and 7.7 % are neutral.

### 11. Lack of skilled employees limits the use of computerized accounting system in SME's ?

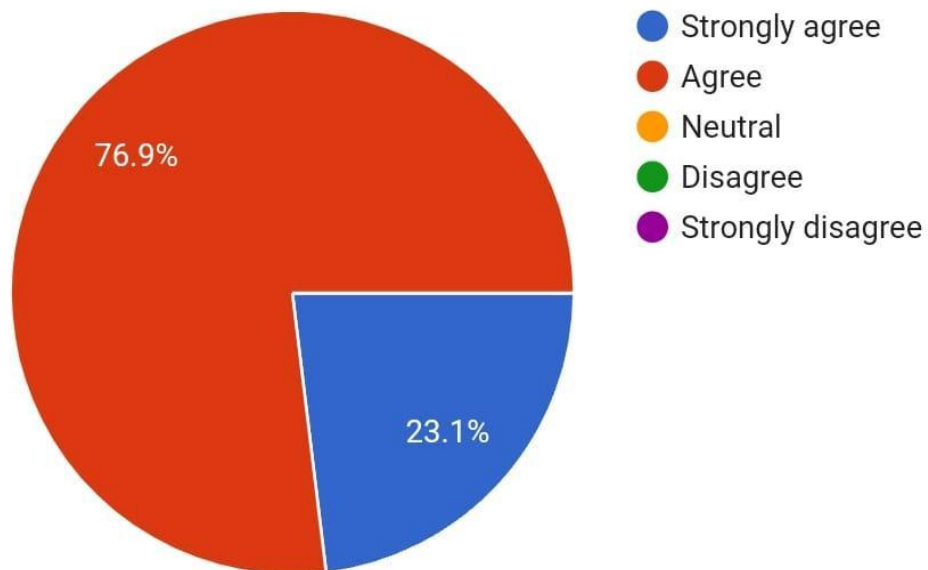


*Figure 13 (lack of skilled employees limits the use of CAS in SME's)*

### Data analysis and interpretation:

The above pie chart shows that lack of skilled employees limits the use of computerized accounting system in SME's 79.5% respondents are agree 15.4 % are strongly agree and 5.1% are neutral.

**12. Computerized accounting system enhances the financial performance of SME's?**

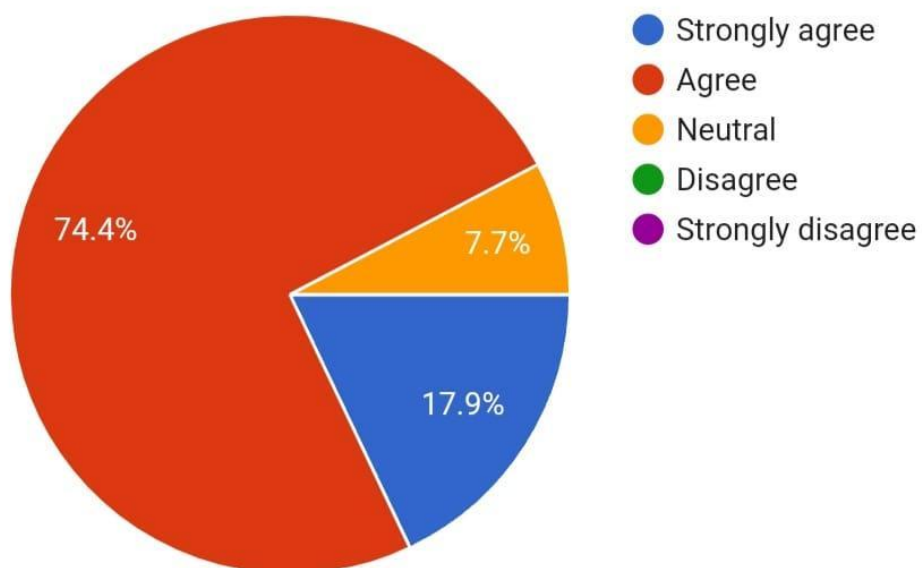


*Figure 14(CAS enhances the financial performance of SME's)*

**Data analysis and interpretation:**

The above pie chart shows that computerized accounting system enhance the financial performance of SME where 76.9% are agree” and 23.1% are “strongly angry”.

**13. Size of SME's in terms of its assets determines the adoption of computerized accounting system?**



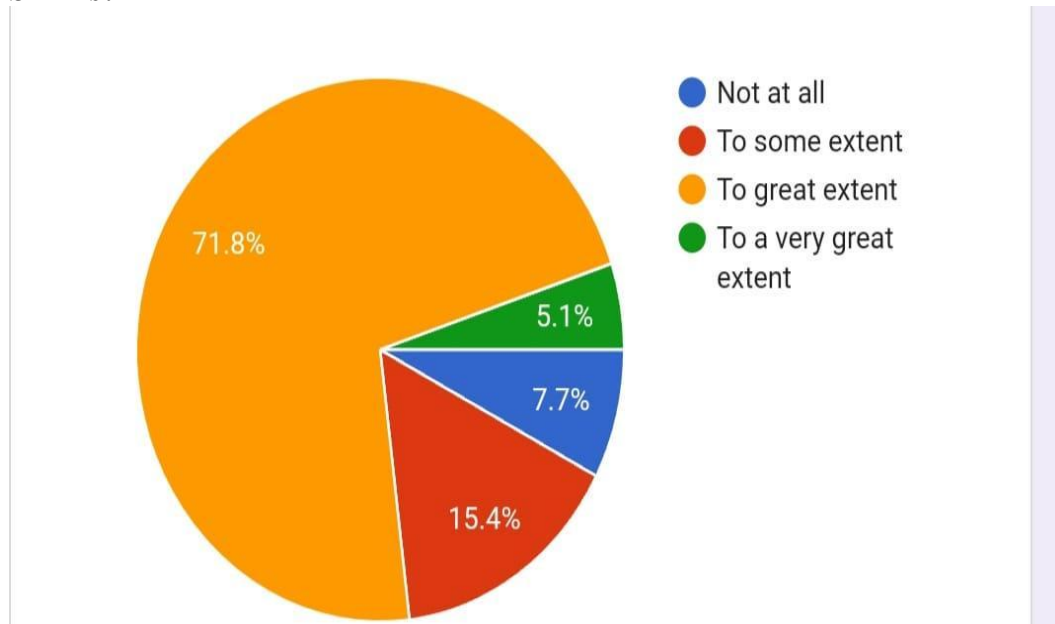
*Figure 15(size of SME's in terms of its assets determines the adoption of CAS)*

**Data analysis and interpretation:**



The Above pie chart shows that size of SME 's in terms of its assets determines the adoption of computerized accounting system from 39 respondents 74.4% “agree” 17.9% are “strongly agree” and 77% are neutral.

**14. Adoption of computerized accounting system will lead to significant changes in managing the SME's?**

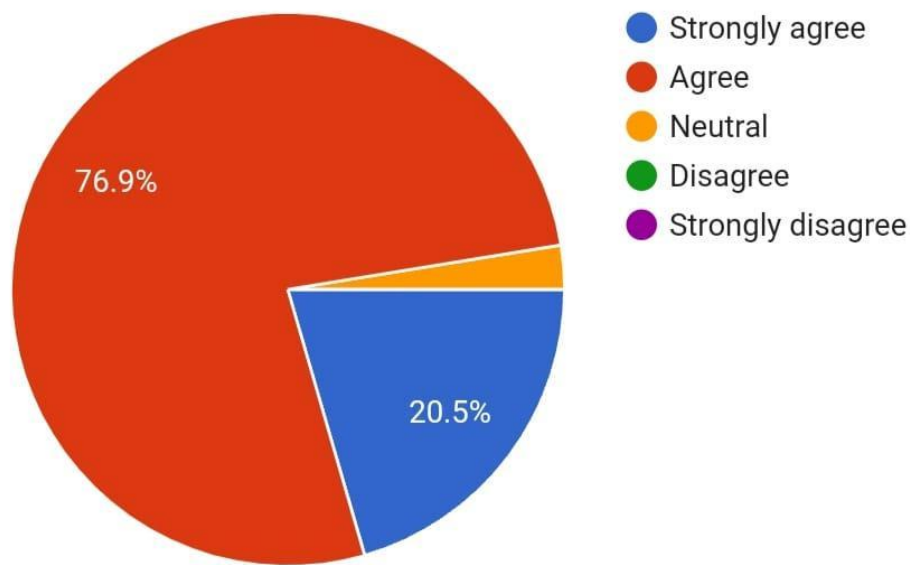


*Figure 16 (adoption of CAS will lead to significant change in managing the SME's)*

**Data analysis and interpretation:**

The above pie chart shows that adoption of computerized accounting system will need to significant change in managing the SME from 39 respondents 71.8% are having to great extent 14.4% are having to some extent and 5.1% to a very great extent and also 7.7 % having not at all .

**15. Adoption of computerized accounting system by SME's reduces the level of fraud and forgery?**

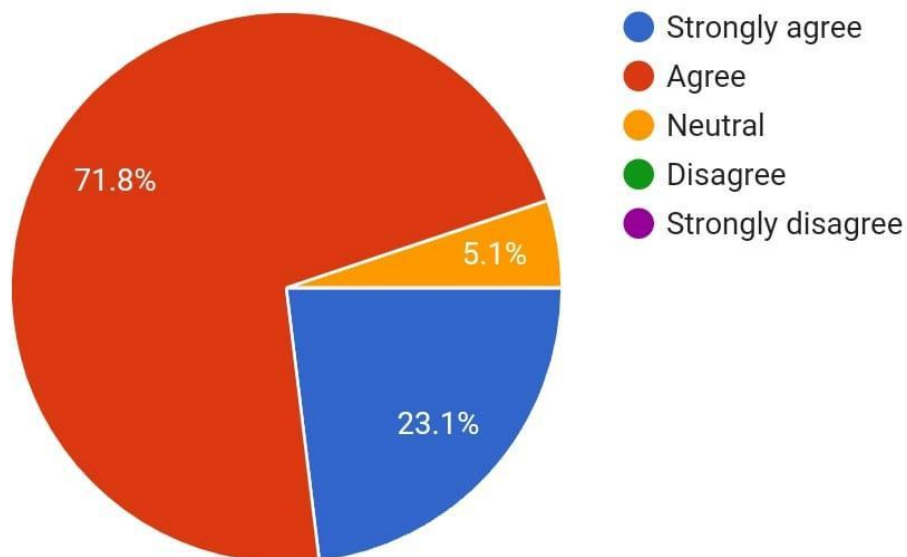


*Figure 17 (adoption of CAS by SME's reduces the level of fraud and forgery)*

#### **Data analysis and interpretation:**

The above pie chart shows that 76.9% of 39 respondents are agree that adoption of computerized accounting system by SME's reduces the level of fraud and forgery. 20.5% are strongly agree and rest of respondents are neutral.

#### **16. Computerized accounting increases effectiveness?**

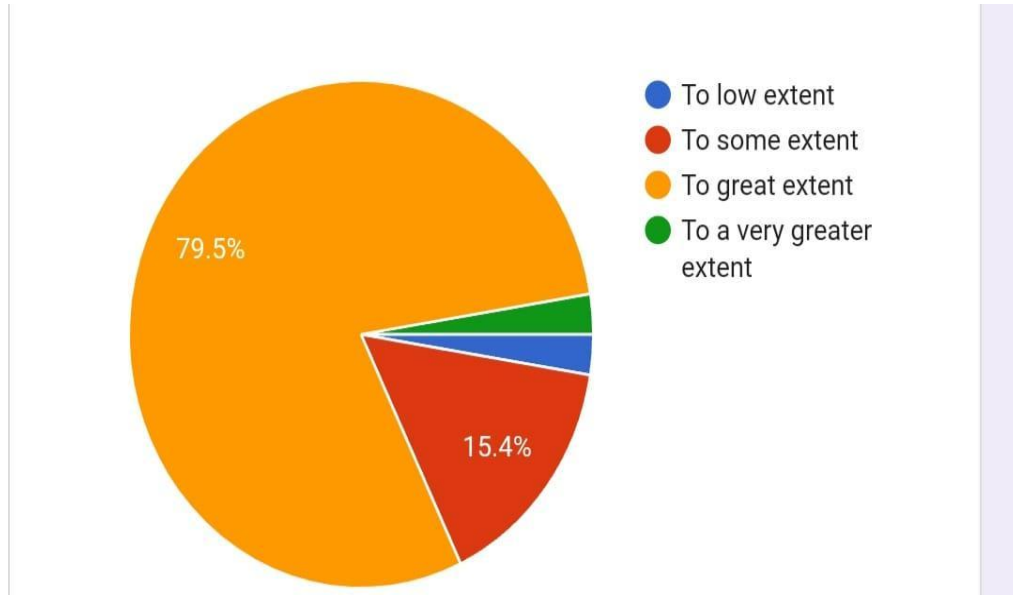


*Figure 18 (CAS increases effectiveness)*

#### **Data analysis and interpretation:**

The above pie chart show that 71.8% of 39 respondents are “agree” that computerized accounting increase effectiveness. 23.1% are “strongly agree” and 5.1% are neutral.

**17. What is the extent of applying computerized accounting in operation of the organization?**



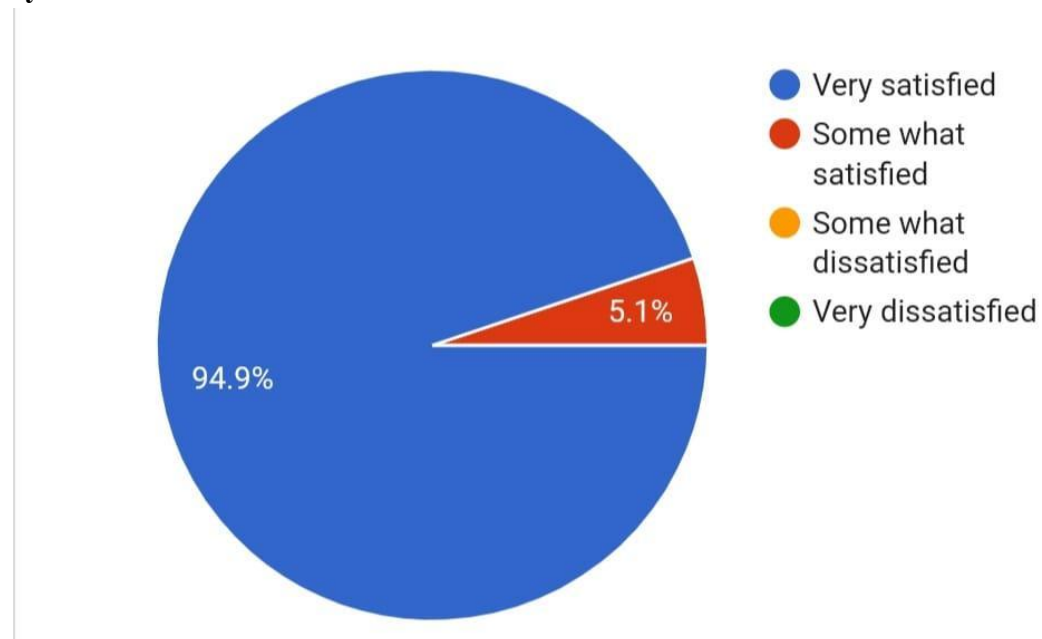
*Figure 19 (extent of applying computerized accounting in operation)*

**Data analysis and interpretation:**

The total respondent 79.5% applied computerized accounting in operation of the SME's up to the great extent, 3.4% applied up to a very great extent, followed by 15.4% which applied CES up to some extent.

Hence it was observed and interpreted that most of the small and medium scale enterprises have been applying computerized accounting in its operation to facilitate a smooth functioning of the organization.

**18. Performance of the organization after using computerized accounting system?**



*Figure 20 (performance of the organization after using CAS)*

**Data analysis and interpretation:**

Out of the total 39 respondents, 94.9% were very satisfied of the performance of the SME's after adopting the computerized accounting system, 1.5% were somewhat satisfied of the performance none were dissatisfied. Therefore, it was interpreted that computerized accounting system does not proof to be dis satisfactory in terms of small medium enterprises. Further it is interpreted that overall performance of SME's is very satisfactory when computerized system is used.

## CHAPTER 6

### 6.1 FINDINGS:

- Small and medium enterprises and respondents get various advantages such as timely information management, large storage, reduction of manual work, accuracy of report and cost effectiveness, etc.
- Most of the respondents are believe that computerized accounting system positively influence business performance it helps to make business decisions related to the allocation and use economic sources such as money, labour, land and capital in small and medium enterprises in Pune city .
- And also most of the respondents agree with the computerized accounting system positively influence on business profitability.
- Small and medium enterprises faces various challenges and problems such as accuracy of report, lack of constant supply of electricity, frequently breakdown of system, inability of support large volume of data etc.
- Data security is another important issue of computerized accounting system. Most of respondents believe that computerized accounting system influence business competitions in market.
- In summary there is a positive impact on small and medium enterprises of computerized accounting system. Entrepreneurs who wish to use of computerized accounting system can make use and improve the quality of financial report.

## **6.2 RECOMMENDATION:**

The result of tested hypotheses shows that computerized accounting system significantly related to entrepreneur performance and positively influences entrepreneur performance. To this end, it is recommended that entrepreneurs should make use of computerized accounting system so as to build confidence in the importance of computerized accounting system, in order to achieve efficiency and appropriate information for decision making towards their business activities. In the information age and globalization, time relevant and actual information in hand, a correct result needs to achieve by SME's. Data security is another important issue of computerized accounting system. Although our evidence shows that most respondents have implemented various security measures, there is a need to strengthen security measures, especially among the minority.

Almost all the respondents suggested that system should be easier to update, the use of multiple window operations. In addition, customization of report will solve the problem of the inability of the SME's to fully comprehend and interpret the result generated from the system.

With the read the respect to trying to introduce non user to a CAS, it may be useful to consider business operators those who are uniformed about the benefits of using the computerized accounting system. This lack of knowledge may be a further result of the deficiency in information technology skills as reported by almost half of the non user respondents government should set up a training organization officer CAS specific skills development program targeted to those involved in small businesses, to avoid reluctance among retailers about the effectiveness in computer self efficiency.

### **6.3 CONCLUSIONS:**

Finding from the study indicate that advancement in technology has become a driver to business success. Evidence from finding reveal that computerized accounting system are used by entrepreneurs in order to generate timely and accurate report through a fast and efficient processing of accounting data. It was observed that adoption of computerized accounting system by entrepreneurs is based on the efficient and effectiveness of the system towards entrepreneurs operations. It was also observed that, there are numerous benefits both financial and non financial which are derived from the use of computerized accounting system.

The result tested hypotheses shows that computerized accounting system significantly related to entrepreneurs performance and positively influence in the entrepreneur performance. The study showed that the SME's actually makes the use of computerized accounting system. This is supported by the result given the respondents with the use of the system in the SME's. Where the uses of a computerized accounting system are the system's ability to perform data entry, data processing, data security and data production or reporting such as the generation of financial report generated through computerized accounting system. In summary the researcher would say there is a positive impact on the computerized accounting system. Entrepreneurs who wish to use computerized accounting system can make the use of this information to improve the quality of financial report generation in future.

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## **APPENDIX**

### **QUESTIONNAIRE**

**I am final year student at St Mira's College for girls conducting a purely academic study on the impact of the computerized accounting system on small and medium scale enterprises in Pune city and the partial requirement that leads to the degree of master of commerce.**

**The answer provided will be treated with at most confidentiality and for academic purpose only. I therefore request you to respond appropriately to the following questions.**

#### **DEMOGRAPHIC INFORMATION:**

**Name of the respondent:**

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**Name of the organization:**

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**Size of the organization**

- **Micro**
- **Small**
- **Medium**

**Educational qualifications of the owner?**

- **Diploma**
- **Bachelor's Degree**
- **Masters Degree**
- **Post Graduation Diploma**
- **Other**

**Work experience of the owner?**

- 0-5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 20 years and above

**Number of employees in your organization?**

---

**1) When was the organization established?**

---

**2) Does your organization use computerized accounting system in its operation?**

- Yes
- no

**3) Which computerized accounting software is used by the organization?**

- Excel
- Tally
- Sun business system
- QuickBooks
- Pastel
- Other

**4) What were the reasons to adopt computerized accounting system by SME?**

- .Timely information management
- .Large storage capacity
- .Reduction of critical work
- .Cost effectiveness

**5) What is the what is the extent of business performed after the application of computerized accounting system?**

- **Increase in sale**
- **Business expansion**
- **Customer retention**
- **Increase in stock**
- **Waste reduction**
- **Cost reduction**

**6) Computerized accounting help in decision making?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**7) Excessive cost of implementing accounting system prevents adoption of computerized accounting system?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**8) Lack of skilled employees limit the use of computerized accounting system in SME?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**9) Computerized accounting system enhances the financial performance of SME?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**10) Size of SME in terms of its acid determination determines the adoption of computerized accounting system?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**11) Adoption of computerized accounting system will lead to significant change in managing the SME?**

- **Not at all**
- **To some extent**
- **To great extent**
- **To very great extent**

**12) Adoption of computerized accounting system buy SME reduces the level of fraud and forgery?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**13) Computerize accounting increase effectiveness?**

- **Strongly agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly disagree**

**14) What is the extent of applying computerized accounting in operation of the organization?**

- **To low extent**
- **To some extent**
- **To great extent**
- **To a very great extent**

**15) Performance of the organization after using computerized accounting system?**

- **Very satisfied**
- **Somewhat satisfied**
- **Somewhat dissatisfied**
- **Very dissatisfied.**

**QUESTIONNAIRE:-**

**<https://forms.gle/4joD8CbwifeEkwT6>**



