



A Study on awareness of computerized accounting system in SMEs: Case of muscat

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Abstract

This study prepared to know the awareness of computerized accounting system in small and medium enterprises (SMEs) not all the SMEs have the same level of awareness about the computerized accounting system due to deference constraints, like to get weak accounting information. To have enough awareness about computerized financial systems enables the company to make good financial decisions and manage its finances which lead to improves the level of company performance to prominent level. So, collection of data for this study is done by questionnaires, interview as well are reviewing and checking other secondary sources including articles, reports, and charts. Findings were processed through one way ANOVA were used to analyze data programmer for their interpretation and analysis the answer for the four main research questions 1) Awareness towards Computerized Accounting System in SMEs? 2) Challenges towards Computerized Accounting System in SMEs? 3) Perception towards Computerized Accounting System in SMEs? 4) Impact of usage of Computerized accounting system. In addition, our findings that we obtained were mostly saying that most respondents have knowledge of this system and its benefits. Because it allows them to record transactions more quickly and accurately. So, we recommend for the SMEs to aware more about computerized accounting system, to be able to gain more knowledge and help the accountants in many things, for example, find fraud and mistake more easily, helps keep your financial records safe, easy to record accounting transactions, save accountants time, cost, and effort. Also, the whole company gets benefits from a computerized accounting system, not only the accountants.

Keywords: SMEs, computerized accounting, awareness

Introduction

The small and medium-sized businesses are the most prominent engine of the global economy because they can grow and increase employment. SMEs form the backbone of the economy in Oman and are also a pioneer in the economic system when it comes to innovation and entering new global markets. It is a salient driver for the development of the economic concept such as tourism, trade, agriculture, and industry, as well as the social concept is also having a role in developing human resources, practical and scientific skills, training and providing job opportunities for the unemployed and others. Therefore, there is a crucial role for this sector in the employment and development strategy of the plans prepared in advance by government departments and in discharging its capacity in local and international competition. In today's world, every organization's management is looking for ways to reduce errors and expenses. Technology innovation is vital in a variety of sectors, including the accounting system, because it aids in the elimination or reduction of accounting mistakes. Every day, each department in the business is required to deal with multiple transactions, which frequently results in delays in completing duties and the accumulation of obligations on all employees, resulting in negative consequences for the organization. This is because an accountant's job is extremely difficult, and the process of entering and documenting financial transactions takes a long time, costs a lot of money, and demands a lot of work, with a significant risk of making mistakes that are both destructive and costly to the company.

Statement of the problem and Objectives of the study

Technology has become increasingly important in our lives, and we use it in everything to make our lives simpler. As a result, SMEs are increasingly turning to Computerized Accounting system to complete tasks more quickly and efficiently. Management of an organization's accounting department implements information technology to cut expenses, improve efficiency, and decrease mathematical errors. Numerous accounting data from the organization must be easily collected, recorded, categorized, and analyzed within a brief time frame and at a low cost. Accounting applications provide a much easier way to do accounting tasks, and it is quite easy to use. Computer-based systems have entirely replaced manual systems for simple processing procedures, like as bookkeeping and invoicing, which are based on the processing of automated numerical data. Other parts of accounting that need a lot of interpersonal interaction were more challenging to be computerized. Computerized Accounting system will not replace the function of an accountant in accounting processes; rather, it will help to reduce reliance on the system manually, as well as the computerized system's efficacy in preventing accounting system manipulation. The researchers have framed objectives to examine the perception of computerized accounting system to SMEs, to identify the challenges SMEs, face in preparation of accounting records, to assess SMEs awareness towards Computerized accounting system and to suggest recommendation based on findings of the study.

Scope, Limitation, and significance of the study

The researchers have chosen six Omani businesses from the Sultanate of Oman and a structured questionnaire will be prepared and will be distributed to the entrepreneurs who are running small and medium scale enterprises around Muscat in Oman to understand their knowledge in computerized accounting system due to time crunch. The study's limitations are that it relies on the responses of the entrepreneurs in which they may not have the time to answer the questionnaire. Despite this, SMEs play a positive role in developing countries by creating job opportunities for all social classes in the community, particularly for entrepreneurs, which will contribute to increasing personal income levels and achieving self-satisfaction in part for some goods and services required by the community, as well as assisting in the alleviation of poverty and the problem of people looking for work (Ozgulbas *et al*, 2006)^[8]. This study would help the small-scale entrepreneurs to upgrade their regular transactions through accounting computer software in their business units and would help the small-scale businessmen to ease stock taking process in their day-to-day activities. Easy to track the business transactions which may result in helping the SMEs to upgrade their business into large scale in the future. In recent years, technological improvement has aided in the development of the accounting field; accounting apps have become increasingly significant in accounting operations, allowing accountants to improve their performance and fulfill their jobs more accurately. (Pérez *et al.*, 2010)^[9].

Review of literature

Literature reviews are crucial to gain significant knowledge of a study as well as inspection of previous research outcomes as well as contributing to discovering any gap between the previous researches. (PASMED, 2015), highlighted that there are approximately 100,000 SMEs companies are in Oman, according to the Public Authority for the Development of these Enterprises. Therefore, 90% of the companies in the country are considered small and medium companies. Muscat has 17,927 SMEs registered at the end of May 2021, followed by North Al Batinah with 8,411, Al Dakhiliyah with 6616, Dhofar with 4,439, South Al Batinah with 4,049, North al Sharqiyah with 3,158, Al Dhahira with 3,016 and Al Buraimi with 1,135 SMEs. (Oman Observer). Arcega *et al* (2015)^[1], by using accounting systems in SMEs, they were able to regulate performance levels. One hundred and twenty-eight respondents filled out their questionnaire for the study. By using computerized accounting systems, it is possible to complete tasks more efficiently and minimize errors compared to manual accounting. In the meantime, manual accounting tasks can also be performed, but it takes a lot of time. Moreover, the study shows that although most small and medium enterprises still use manual accounting, they will convert to computerized solutions since they offer smarter solutions and provide better internal controls. Small and medium businesses are also urged to convert to computerized accounting because it offers more smart solutions, which makes internal control easier. (Namibia, Rufaro *et al*, 2008; Breen *et al*, 2003)^[16], studied that in the present time, technology has become very important in our daily life, it has facilitated everything and brought distances closer, but due to its high cost and the lack of experienced people to deal with it, SMEs lack the use of these

technologies and over time, systemic problems will arise such as losing a lot of time due to bad records management. (Zeng, Tiegang. 2007), they examined the benefit of computer system is fast and gave a proper result, but the problem considers with lack of accounting knowledge to solve this problem the company should offer the computerize system to have a strong financial information especially with use hardware or software, to develop this the most of company should checking the market needed and increase the development of software. The developers who design the financial software to know the characteristics of the account of SMEs and the real situation to make proper financial software as can as possible, it considers how to deal with personalized demand and if the software satisfy the need and want of each SMEs. Also, try to reduce the cost of the financial software system to make SMEs get the account information faster than before. (GU, Wenrong. 2008), emphasized raising the level of education of accounting information start with the software system developers, then do some training for the managers in SMEs. After that, improve the training of SMEs employees. Li. Z, Zheng L. (2018), studied artificial intelligence was used to prevent fraud and to improve the quality of accounting information. In their discussion, they discussed the fact that artificial intelligence has a positive impact on the accounting industry. Accounting systems, which are also known as computerized accounting systems, will be given complicated accounting operations by accountants, thereby minimizing mistakes, and improving the efficiency of their work. Furthermore, typical accounting jobs are not segregated, and positions are improper, allowing workers to get benefits on their own. Internal control is within management's supervision, and certain inserted parties will be affected. As a result, each employee in artificial intelligence has their own passwords and IDs to gain access. Artificial intelligence has also changed the way accounting is done, although it will never be able to replace accountants.

Research Methodology

It is designed a research methodology for the aim of discussing and knowing the answers of how to conduct the study. Both quantitative and qualitative methods have been used to collect data and information for this study through a structured questionnaire. So, the quantitative approach is performed in collecting numerical units' data such as the elements of financial statements, dividends declared and board size and so on in the form of graphs, tables, correlations, and ratios. As for the qualitative approach used in evaluating the behavior, attitudes, and opinions of the SMEs. Primary and secondary resources are both used to conduct the research. Questionnaire which is distributed consist of twenty three questions with five answering check box. In this study, the sources of data has been collected through publishing a questionnaire among different accountant employees in several types of SMEs in Muscat to know the awareness of computerized accounting system. The purpose of using questionnaire as main source of our data is fast to get results and inexpensive for us as students. Moreover, it will save time for the person and anonymity. After the questionnaires have been answered by accountant employees the next step is to filter the questionnaires from irrelevant data. After that, all questionnaires have been classified according to distinct categories such as age, years

of experience and gender to make the analyzing easier. To simplify, we will be analyzing the data by using different tools such as graphs, tables, and charts with the help of SPSS program.

Data Analysis and Discussion

Males make up most of our responses, implying that they are interested in using advanced technology in accounting field. In addition, most respondents are still single and can spend more time learning more the computerized accounting systems. Our study's respondents are mostly between the ages of 20 and 30. The sultanate's education system has undergone significant changes, as evidenced by the fact that the majority of our study's respondents are educated to bachelor's degree levels. In our research, the most common monthly income grade is 0-1000 RO. According to our findings, most of our respondents claimed to be aware of the Computerized accounting system and its benefits. Openly agreed it can make the accounting field more interesting. Our research of the study's respondents' perceptions found that using computerized accounting system is better than traditional accounting recording. There is also unanimous agreement on the challenges of using computerized accounting systems, where they said it is highly costly, inflexible, and less secure. Henceforth, the respondents are happy to choose using the computerized accounting system as it will help them record transactions faster and more accurately.

Findings using the ANOVA test show that the demographic factor of gender has no effect on the Impact and challenges of usage of computerized accounting system, therefore the researchers accepted the null hypothesis. Likewise, it was observed with age of the respondent, there is no effect on the Impact and challenges of usage of computerized accounting system and hence the researchers will not reject the null hypothesis. The factors of marital status, monthly income and qualification also has the same no effect on the Impact and challenges of usage of computerized accounting system. Further ANOVA analysis has suggested that there is a relationship between awareness of respondents and the impact of usage of Computerized accounting system, which makes the researchers accept the alternative hypothesis.

Conclusion and recommendation

In this study, a study entitled " A Study on Awareness of Computerized Accounting System in SMEs: case of Muscat" was conducted using data collected through questionnaires from ninety-two respondents across Muscat. We used SPSS statistical tools to analyze the objectives and questions of the survey on perceptions, awareness, challenges, and Impact of using computerized accounting system. Such drawn conclusions of all socio-demographic variables do not have a significant impact on the former. In addition, researchers applied one-way ANOVA to infer perceptions and awareness that have a significant impact on the usage of computerized accounting system. Demographics also show that most survey respondents do not have a clear source of stable income, which can adversely affect the consideration of buying a highly cost computerized accounting system. Furthermore, education may also play a significant role in the improvement of the finance of the respondents. The respondents to the survey are primarily singles and this can be in the favor of the respondents where they do not have any responsibility,

hence will have more time to learn the new system. It is suggested from the study to use computerized accounting system, accountants can find mistakes and fraud more easily. A computerized accounting system helps keep your financial records safe. A computerized accounting system makes it easy to record transactions. Save accountants costs, effort, and time. Accountants need the knowledge, skills, and experience to achieve their goals to use computerized accounting systems properly and the entire company, not just the accountants, is benefiting from computerized accounting systems.

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