

**A study on Cost-Benefit Analysis of Traditional Accounting verses
Cloud-Based Accounting Solutions in Small-scale business in
Virudhunagar district**

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INTRODUCTION

Cloud accounting is a cutting-edge method of financial management that uses cloud computing to give companies an adaptable, scalable, and effective accounting solution. Businesses may access their accounting software and data from any location at any time using any internet-connected device by hosting accounting apps in the cloud.

Businesses no longer need to install and maintain accounting software on individual workstations thanks to this cloud-based solution. Alternatively, companies can sign up for cloud accounting services, which provide them access to a variety of accounting programs like financial reporting, payroll, and invoicing.

Businesses can benefit from cloud accounting in many ways, such as better financial insight, higher efficiency, and improved collaboration. Cloud accounting helps firms make well-informed decisions, react swiftly to shifting market conditions, and spur growth by giving them real-time access to financial data. Along with its many advantages, cloud accounting offers firms a high degree of security and dependability. To safeguard the financial information of enterprises, cloud accounting services usually use strong security measures such as firewalls, backup systems, and data encryption. This guarantees that companies may rely on the cloud for their financial data and concentrate on fostering success and expansion.

The cloud is a platform that enables online access to data and software from nearly any device with an internet connection, at any time and from any location. Through a cloud application service provider, users can access software applications remotely via the internet or another network in cloud computing. Similarly, with cloud accounting, information is transmitted to the cloud,

processed, and then provided back to the user. The company does not have to install and maintain software on each desktop computer because all program tasks are carry out off-site rather than on the user's desktop.

While cloud accounting is offer as a service, traditional accounting software is often purchase as a package and installed on each user's desktop. Businesses that access accounting data online are purchasing the use of accounting software, not the software itself, from a skilled service provider. As a result, cloud accounting solutions are modernizing the entire company environment and changing how accounting software are utilized.

Review of Literature

This review examines previous studies conducted by many other researchers on the current research problem. To determine the research gap and the study's researchable concerns, a thorough review has been conduct. In order to compare the current scenarios gathered from primary data, the research has benefited from a number of papers, books, and journals. The secondary data makes it easier to comprehend the benefits and value of cloud accounting for accounting firms.

The paper "Cloud Computing in Accounting: A Case Study of KPMG Firm" by Lipik Aarthiya and Aarti Gupta (2018) focuses on the use of cloud-based accounting software in SMEs and the advantages that can result in a significant portion of revenue by 2020. They analyzed three KPMG publications on the topic of cloud computing in order to obtain a better understanding of the idea and its function in the accounting industry. According to this study, cloud accounting provides a scalable and dependable source of data.

In their article "A New Paradigm for Accounting through Cloud Computing Emerging Markets Queries in Finance & Business," Otilia Dimitrin and Maridan Matei (2014) came to the conclusion that cloud computing had supplanted the conventional method of accounting, and that businesses were now

switching to cloud-based accounting. Cloud-based accounting has several advantages, particularly for small and medium-sized businesses.

Regina Miseviciences and Ceslovas Christanskar (2012) *Accounting for Small Businesses Using Cloud Computing*. The authors of this study looked into the latest development in accounting information systems for small and medium-sized businesses: cloud-based accounting. Cloud-based accounting software offers small and medium-sized organizations an innovative and cost-effective alternative. For SMEs, the newest technology offers a number of advantages. However, there are potential risks associated with cloud computing. The report outlines the advantages and disadvantages of the business's most recent technology.

Accounting data is stored on the Cloud by cloud accounting software. It enables owners and staff to access financial data from any location with an Internet connection. Businesses are using cloud computing at an increasing rate every day. People all across the world are using the cloud to interact with clients and improve their own business processes, from Internet-based education programs to connected products.

Although there are many opportunities for accounting professionals due to the rapid advancement of technology, there is disconnect between the use of these technologies by accounting professionals and their rapid growth. The majority of accounting professionals are aware of cloud computing in accounting, according to the study's findings, while the remaining respondents do not use cloud computing in accounting due to ignorance. Additionally, many that use cloud computing find it advantageous in a variety of ways features like scalability, remote access (i.e., from anywhere at any time), ease of installation, no need for

updating, reduced cost, etc. Additionally, it will give a concise synopsis of the cloud, which could be useful for future studies in this area. However, because there is not enough literature available, the study might have certain limitations.

Statement of the Problem

This study's goal is to find out how well cloud accounting works for small and medium-sized businesses (SMEs) in Virudhunagar, Tamil Nadu, India, in comparison to traditional accounting methods. Cloud technology's explosive rise has changed the accounting scene and given SMEs a number of advantages, such as more cost-effectiveness, scalability, and flexibility. However, there is still a lack of cloud accounting adoption among SMEs in Virudhunagar, Tamil Nadu, and it is unknown how successful cloud accounting is in comparison to conventional accounting methods.

"To what extent do SMEs in Virudhunagar, Tamil Nadu perceive cloud accounting as a viable alternative to traditional accounting practices, and what are the key factors influencing their adoption decisions?"

For SMEs, accounting professionals and policymakers looking to encourage the adoption of cloud accounting among SMEs in Virudhunagar, Tamil Nadu, and the study will examine the advantages and disadvantages of cloud accounting, the current level of cloud accounting adoption among SMEs in Virudhunagar, and the factors influencing their adoption decisions.

Objectives of the study

The major Objectives of the study are:

1. To determine the advantages and disadvantages of Cloud-Based Accounting Solutions (CBAS) and traditional accounting systems for small businesses in the Virudhunagar district.

2. To assess how Cloud-Based Accounting Solutions (CBAS) affect Virudhunagar district small businesses' financial performance.
3. To examine the elements affecting Virudhunagar's small businesses' adoption of cloud-based accounting solutions (CBAS).
4. To investigate the systems and accounting procedures now employed by small businesses in Virudhunagar.
5. To determine the difficulties small businesses in the Virudhunagar area encounter while putting cloud-based accounting solutions into practice.
6. To offer suggestions about the adoption and use of cloud-based accounting solutions for small businesses in the Virudhunagar area.

Hypotheses for the Study

Following hypotheses are to be test by the researcher in the proposed work:

- **H1:** Companies that use cloud accounting will fare financially better than those that use traditional accounting.
- **H2:** When compared to traditional accounting, cloud accounting will greatly increase the efficiency of accounting procedures.
- **H3:** Companies that use cloud accounting will save more money than those who use traditional accounting.
- **H4:** Businesses utilizing cloud accounting and those utilizing traditional accounting do not significantly differ in terms of customer satisfaction.
- **H5:** Compared to traditional accounting, cloud accounting will offer higher accounting data security and dependability.

Importance of the Study

For a number of stakeholders, including companies, accounting experts, and academic academics, the planned study on cloud accounting vs traditional accounting is important. The results of the survey will give companies in the Virudhunagar district important information that will help them decide whether to use traditional or cloud accounting. Additionally, the study will add to the body of knowledge already available on cloud accounting and traditional accounting by offering a thorough comprehension of the advantages and drawbacks of each strategy. Professors, teachers, and scholarly researchers who want to learn more about the subject will find this especially helpful.

Methodology

This explanatory study is a developed using descriptive (quantitative) approach. In quantitative research, survey questionnaires are utilize. This is a divided into three phases. In the beginning, a survey was carry out. Completing the poll and determining the outcome constituted the third phase. The survey study maintains an impartial stance. With awareness of cloud accounting's benefits and drawbacks. These days, it is critical to talk about the various software solutions available to firms. Three of the most widely used cloud-based accounting solutions—Xero, FreshBook, Cloud info Solution, Intuit QuickBooks Online, and Oracle Netsuite—were demonstrate to be utilized to achieve the survey's goals using Captterra's database and sorting capability.

Framework of Analysis

The following statistical tools must be employ in order to analyse data:

1. Chi-square Analysis: To check the relationship between business attributes (e.g., industry type, firm size) and categorical variables (e.g., cloud accounting vs. traditional accounting).
2. One-way ANOVA: To compare the means of continuous variables across various business groups (e.g., cloud accounting vs. traditional accounting), such as cost savings, efficiency, and financial performance.

3. One - sample t-test: To compare a continuous variable's mean, like user satisfaction, to a value that has been postulate or to a known population mean.
4. Factor Analysis: To find underlying factors, such as the differences between traditional and cloud accounting systems, that account for patterns of association between variables.
5. Multiple Regression: To investigate the connections between a continuous dependent variable (like financial performance) and several independent variables (like the kind of accounting system, company size, and industry type).
6. One-way Kruskal-Wallis ANOVA: When the data do not fit the presumptions of a one-way ANOVA, it is cccccc used to compare the medians of continuous variables across various business groups (for example, cloud accounting versus traditional accounting).
7. The Mann-Whitney When the data do not satisfy the one-sample t-test assumptions, the U test is used to compare the medians of continuous variables between two business groups (for example, cloud accounting against traditional accounting).

Limitations of the Study

1. Geographical Limitation: Because the study is limited to Tamil Nadu's Virudhunagar area, it could not be indicative of other states or districts.
2. Sample Size Limitation: Because the study only looks at a subset of Virudhunagar district firms, it could not be entirely typical of the district's enterprises.
3. Respondent Bias: The study depends on answers from accounting experts and company owners with knowledge of both traditional and cloud accounting, which could skew the findings.

4. Data Collection Method Limitation: The study's main technique for gathering data is a survey questionnaire, which can restrict the breadth and depth of the information gathered.

5. Time Frame Limitation: The study is cross-sectional in nature, giving an overview of the situation of traditional and cloud accounting in the Virudhunagar district now, but it might not account for changes over time.

Chapter Scheme

The proposed research work has seven chapters:

1. Introduction and Design of the Study
2. The Profile of Small-scale Businesses and Accounting Practices Overview of Small-scale Businesses in Virudhunagar District. Current Accounting Practices in Small-scale Businesses. Challenges Faced by Small-scale Businesses in Traditional Accounting
3. The analysis of Impact of Cloud-Based Accounting Solutions on Small-scale Business
4. The analysis of Customer Satisfaction of Small-scale Businesses using Cloud-Based Accounting Solutions
5. Analysis of the effectiveness of cloud accounting and traditional accounting. Comparison of the financial performance, efficiency, and cost savings of businesses using cloud accounting and traditional accounting
6. Creation of an Adoption Model for Cloud Accounting
7. Conclusion, recommendations, and summary of findings.

Conclusion

Businesses in the Virudhunagar district can use the study's findings and suggestions as a guide to enhance their accounting procedures and implement

cloud accounting. The results of this study also lay the groundwork for further research in this field and add to the body of knowledge already available on cloud accounting and traditional accounting.