THE IMPACT OF CHARACTERISTICS OF ACCOUNTING SOFTWARE ON BUSINESSES PERFORMANCE OF SMALL AND MEDIUM SCALE BUSINESSES IN POLONNARUWA DISTRICT

LIBRARY
05 OCT 2021
EASTERN UNIVERSITY, SRI LANKA.

By

JASENTHU KANKANAMALAGE DARSHA LAKMALI

REG NO: EU/IS/2014/COM/39

INDEX NO: COM 1809

FCM2450
Project Report
Library - EUSL

A Project Report Submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka as a partial fulfillment of the requirement of the Degree of Bachelor of Commerce Honors in Accounting and Finance [BComHons (Accounting and Finance)]

Department of Commerce

Faculty of Commerce and Management

Eastern University, Sri Lanka

2020

PROCESSED
MAIN LIBRARY, EUSL

ABSTRACT

In present time, due to the rapid growth in technology, most of organizations are tend to use Computerized Accounting Systems for their day-to-day business activities. Most of the developing country's main part of the economic growth is Small and Medium Enterprises. Therefore this research study main purpose is to assess the impact of Characteristics of accounting software on business performance of Small and Medium Scale Business in Polonnaruwa district to full fill the knowledge gap in this research area. Small and Medium Scale Business which engage with Accounting Software can use these results to take suitable actions to increase their business performance through customer satisfaction, employee productivity, enhance market share and growth of product sales.

The conceptualization framework of this study, Independent variable consists of five main Characteristics of Accounting Software such as Efficiency, Ease of Use, Reliability, Data Quality and Accuracy. Primary data collection method were used in this research. The questionnaires was analyzed using five point Likert scale model. Sample of the study is 150 Small and Medium Scale Business who use the Accounting Software in Polonnaruwa district.

Further collected data were analyzed by using the SPSS computer package for interpreting and obtaining conclusion. Univariate analysis was used to find out the values for mean, standard deviation and percentage by using the variables. Bivariate analysis was used to find out the impact and relationship between Characteristics of Accounting Software on Business Performance.

The overall research findings of the study indicate that the Characteristics of Accounting Software and Business Performance were high level in selected Small and Medium Scale Business in Polonnaruwa district. Also the study indicate that there is a positive relationship between above stated Characteristics of Accounting Software and Business Performance and there is a significant positive impact of Characteristics of Accounting Software on Business Performance.

Keywords: Efficiency, Ease of Use, Reliability, Data Quality, Accuracy, Business Performance.

TABLE OF CONTENT

ACKNOWLEDGEMENT i

ABSTRACT ii

TABLE OF CONTENT iii

LIST OF TABLES viii

LIST OF FIGURES x

ABBREVIATIONS xi

CHAPTER ONE 1

INTRODUCTION 1

1.1 Background of the Study 1

1.2 Problem Statement 2

1.3 Research Questions 4

1.4 Objectives of the Study 4

1.5 Significance of the Study 5

1.6 Scope of the Study 6

1.7 Chapter Summery 6

CHAPTER TWO 7

LITERATURE REVIEW 7

2.1 Introduction 7

2.2 Accounting Software Usage 7

2.2.1 Accounting 7

2.2.2 Accounting Information System (AIS) 7

2.2.3 Accounting Software 9

2.3 Accounting Software packages 11

2.3.1 QuickBooks 12

2.3.2 Peach tree Accounting sage's software packages 12

2.3.3 ERP system 12
2.4 Main Features of Accounting Software Packages 13
2.4.1 Financial Reporting 13
2.4.2 Account Numbers Structure 14
2.4.3 Web Features & E-Commerce 14
2.4.4 Foreign Currency 15
2.4.5 Databases Supported 15
2.4.6 Product Modules 16
2.4.7 Price for Eight Core Modules 16
2.4.8 Reseller Programs 17
2.4.9 Number of Customers 17
2.4.10 Links to Third Party Application 17
2.4.11 Programing Language 17
2.4.12 Hosting 18
2.4.13 Security Issues 18
2.4.14 Customization Capabilities 18
2.5 Relationship between Characteristics of Accounting Software and Business Performance 19
2.5.1 Efficiency and Business performance 19
2.5.2 Reliability and Business Performance 19
2.5.3 Ease of Use and Business Performance 20
2.5.4 Data Quality and Business Performance 21
2.5.5 Accuracy and Business Performance 21
2.6 Business Performance 22
2.7 Small and Medium scale Business (SMEs) 23

2.8 Relationship between Accounting Software and Small and Medium scale Business 24

2.9 Chapter Summery 24

CHAPTER THREE 25

CONCEPTUALIZATION AND OPERATIONALIZATION 25

3.1 Introduction 25

3.2 Conceptualization 25

3.3 Variable relevant to the Conceptual Model 26

3.3.1 Characteristics of Accounting Software 26

3.3.2 Business Performance 28

3.4 Operationalization 29

3.5 Chapter Summery 30

CHAPTER FOUR 31

METHODOLOGY 31

4.1 Introduction 31

4.2 Research Setting, Research Design and Method of Survey 31

4.3 Sampling 32

4.4 Method of Data Collection 33

4.5 Methods of Measurements 34

4.5.1 Method of Measuring Characteristics of users in the Small and Medium Scale Businesses 34

4.5.2 Methods of Measuring the Characteristics of Accounting Software 35

4.5.3 Methods of Measuring the Business Performance 37

4.6 Method of Data Presentation 38

4.7 Methods of Data Analysis 39

4.7.1 Descriptive Analysis 39

4.7.2 Reliability Analysis 39

4.7.3 Correlation Analysis and Regression Analysis 39

4.7.4 ANOVA Analysis 40

4.7.5 Hypothesis Testing 40

4.8 Method of Data Evaluation 41

4.9 Chapter Summery 42

CHAPTER FIVE 43

DATA PRESENTATION AND ANALYSIS 43

5.1 Introduction 43

5.2 Analysis of Reliability 43

5.3 Data Presentation 44

5.3.1 Frequency Distribution Analysis of respondents by their Personal and firm Characteristics 44

5.3.2 Descriptive analysis 50

5.3.3 Correlation Analysis 51

5.3.4 Simple Regression and Multiple Regression Analysis 53

5.3.5 Testing Hypothesis 59

5.4 Chapter Summery 66

CHAPTER SIX 67

DISCUSSION OF FINDINGS 67

6.1 Introduction 67

6.2 Research Information 67

6.2.1. To examine the impact of Software Efficiency on the Performance of small and medium scale business in Polonnaruwa district 67

6.2.2 To examine the impact of Software Ease of Use on the Performance of small and medium scale business in Polonnaruwa district 68

6.2.3 To examine the impact of Software Reliability on the Performance of small and medium scale business in Polonnaruwa district 69

6.2.4 To examine the impact of Software Data Quality on the Performance of small and medium scale business in Polonnaruwa district 70

6.2.5 To examine the impact of Software Accuracy on the Performance of small and medium scale business in Polonnaruwa district 71

6.2.6 To examine the impact of Characteristics of Accounting Software on the overall Performance of small and medium scale business in Polonnaruwa district.. 71

6.3 Chapter Summery 73

CHAPTER SEVEN 74

CONCLUSION AND RECOMMANDATIONS 74

7.1 Introduction 74

7.2 Conclusions of the Research Objectives 74

7.3 Recommendations of the study 76

7.4 Limitations of study 77

7.5 Future Research Direction 77

7.6 Chapter Summary 78

REFERENCES 79

APPENDIX 01 85

APPENDIX 02 95