"ADVANTAGE AND SHORT COMING OF TRANSIT FROM TRADITIONAL ACCOUNTING TO AUTOMATION OF ACCOUNTING"

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Abstract :

The transition from traditional accounting systems to automated and cloud-based solutions is reshaping how small traders and professional service providers manage their financial data. This exploratory research titled "Advantage and Short Coming of Transit from Traditional Accounting to Automation of Accounting" aims to (1) identify the shortcomings of automation in accounting systems as experienced by small businesses and service professionals, and (2) analyze the benefits of adopting automated solutions over conventional methods. The study highlights several advantages of automation, including cost savings, improved accessibility and data security, enhanced client services, real-time decision-making capabilities, and more robust disaster recovery mechanisms. However, it also uncovers significant concerns such as data privacy risks, system availability issues, regulatory challenges, and client resistance from a lack of awareness and fear of job displacement. These findings suggest that while automation offers considerable improvements in efficiency and performance, its successful adoption depends on building trust, ensuring legal compliance, and addressing technological vulnerabilities. The study provides a understanding of automation's role in modern accounting and offers insights to help stakeholders navigate the transition more effectively.

Main Objectives :

1. "To list down short coming in automation in accounting system among small traders and professional service provider."
2. "To find out benefits of use of automation in accounting system compared to traditional accounting system."

Methodology : "Exploratory Research"

Following is the "key findings or expected outcomes"

Benefit of Automation in Accounting :

1. **Cost Saving :** The use of RPA internally by these firms has resulted in cost savings on internal processes and has allowed employees to focus on activities that add more value to the firm. (Cooper et al., 2019).
2. Using cloud technologies in the AIS has a positive impact by significantly reducing acquisition costs, maintenance and management of hardware and software infrastructure

of the company. Likewise, the tax implications of cloud adoption play an important role in the cloud decision-making process. (Brandas et al., 2015).

3. Reduced costs, mostly because of the fact that there is no need for upfront capital expenditure for in-house IT equipment or software licenses. Also there is no need for expensive IT staff to install or upgrade applications or maintain servers. (Dimitriu & Matei, 2014).
4. **Easy and Remote Accesses :** Through a Web connection, users worldwide can access and update their financial information from any location, at any time without having to install any other software on their device. (Dimitriu & Matei, 2014)
5. Enables companies to share their financial information with their clients in real-time, accordingly creating improved communication and collaboration. (Dimitriu & Matei, 2014)
6. **Security Effectiveness :** Cloud computing is also important because it keeps all financial information secured. According to Haslinda, et al. (2017), keeping data on a desktop is insufficient because the system could be infected by a virus, which would result in the loss of all the data saved there. Additionally, there is a possibility that a file could be stolen from a personal or office system, but if all financial information are stored online, there will be no loss even if the desktop and hard drive files are infected with a virus since it is accessible through the cloud. (Niyi et al., 2022)
7. **Improve Services to Client :** Once this initial internal implementation of RPA proved successful, accounting firms transitioned to using the technology to improve the services provided to their clients. (Cooper et al., 2019)
8. **Improve Decision Making :** These technologies reshape the way in which companies make business. For most of the big companies, using cloud or hybrid cloud-based technologies involves organizing business based on the shared services architecture. Thus, the company becomes more flexible in support processes for doing business. (Brandas et al., 2015)
9. **Improve Performance :** A high-speed Internet connection and the use of mobile technology enable fast data transfer and real-time interaction. Consequently, it allows organizations to react to continuously changing business conditions. (Dimitriu & Matei, 2014)
10. **Disaster recovery and backup procedures :** Cloud Service Providers (CSPs) have mostly advanced backup and data recovery implemented solutions. (Brandas et al., 2015)
11. **Permanent supervision and security administration :** CSP departments and teams deal exclusively of ensuring infrastructure security.(Brandas et al., 2015)
12. **Storage and Backup :** Unlimited data storage, processing capacity and automatic backup for the customer's data. It also allows client companies to effortlessly add or remove capacity, depending on its needs and without other expenses. (Dimitriu & Matei, 2014)
13. **Cost friendly :** There are no upgrade fees because the service is continuous and the client is always using the latest version of the software and having access to the most up to date features. (Dimitriu & Matei, 2014)
14. **User Friendly :** User-friendly, thus making accounting language and features, easy to understand and use. It also helps accountants to generate real-time financial reports while allowing them to concentrate on analyzing data and ensuring insights on financial aspects. (Dimitriu & Matei, 2014)

Challenges of Automation in Accounting :

Interviews with public accounting professionals from the Big 4 conducted by Cooper et al. (2018) reveal that there are often challenges related to the reluctance of the firms' clients to use RPA software. This is in part due to clients not completely understanding the capabilities of bots or how they operate. There is also some resistance because they are afraid that automation will negatively impact their employees' position. In addition, many clients are reluctant to adopt new technologies because of data issues. There are concerns related to the protection of business processes and the flow of information between different jurisdictions. (Gotthardt et al., 2020b)

1. **Financial and Accounting Data Loss :** Storing data and information in an infrastructure outside of the company (SaaS or IaaS) has the effect of increasing the risk of loss of that data. (Brandas et al., 2015)
2. **Privacy :** Privacy is the most common concern when it comes to cloud technology implementation in the AIS of a company.(Brandas et al., 2015)
3. **System availability and business continuity** : Regarding this issue, most concerns are about communication interruptions or mobile/cloud infrastructure and recovery for business continuity. (Brandas et al., 2015)
4. Legal and regulatory concerns. (Brandas et al., 2015)
5. Intellectual property theft. (Brandas et al., 2015), There is a risk that someone could gain access to your data. (Mishra & Mohanty, 2017)
6. **The vendor goes away :** Every day new vendors are entering into the market with a promise to provide better services at low cost. But most of them won't last for very long period of time. Due to various reasons they vanishes from the market and the clients gets disconnected from the data. (Mishra & Mohanty, 2017)
7. **No Internet access :** It is a web based system and it requires uninterrupted internet access around the clock to make things happen. (Mishra & Mohanty, 2017)

Conclusion :

The study concludes that the transition from traditional accounting to automated and cloud-based systems enhances efficiency, reduces costs, improves accessibility, and supports real-time decision-making, enabling professionals to focus on analytical and value-added activities. However, challenges such as data privacy concerns, risk of data loss, internet dependency, regulatory issues, and user resistance indicate that this shift involves organizational and behavioral changes alongside technological adoption. Therefore, successful implementation requires proper training, strong security measures, and supportive regulations to ensure that businesses gain the full benefits of automation while minimizing associated risks.

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