Impact of Characteristics of Accounting Software on Business Performance of Small and Medium Scale Enterprises (SMEs) in Kurunegala District, Sri Lanka

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Abstract

Most of Small and Medium Enterprises (SMEs) tend to use Computerized Accounting Systems in their business operations as a result of rapid growth in technology parallel to the today's global developing trend. Consequently, it is mostly advantaged for their routine business operations and business performance. Therefore this research study's main purpose is to assess the impact of Characteristics of Accounting Software to business performance of SMEs of the Kurunegala district to full the knowledge gap in this research area. Primary data were employed and collected through a questionnaire. Convenient sampling method was used to select 150 SMEs who used the Accounting Software in Kurunegala district. Obtained data were analyzed using the SPSS Software Package. . The overall research findings of the study indicated that the characteristics of accounting software and business performance were high level in selected SMEs in Kurunegala district. Also, the study indicates that there is a positive significant relationship between characteristics of accounting software and business performance.

Keywords: Computerized Accounting System, Small and Medium Enterprises, Business Performance.

1. Introduction

According to the previous researchers, the adaptation of Accounting Information System (AIS) adoption does increased firm's performance, profitability and operations efficiency in Malaysia, Fin land, Spain, Iran and Pakistan (Saira, Zariyawati, & Annuar, 2010; Gullkvist, 2002; Sajady, Dastgir, & Nejad , 2008; Kouser, Awan, Rana, & Shahzad, 2011; Cragg, King and Hussin,2002) .According to vast development in technology, modern technical tools and data transmission systems enabled the Turkey companies to effectively use their accounting systems in dealing with consumers and suppliers (Esmeray, 2016). Additionally, in facilitating management decision making, internal controls and quality of the financial report and transaction of the business, the information systems plays a pivotal role in assisting. Therefore, it is necessary to find out whether the business or organization can enhance their own performance by using the accounting software. In this study examine it may be positively or negatively impact Accounting software on business or organization performance to change the environment, better management of transactions and business competitiveness.

As a developing country the main part of the economy or backbone is small and medium scale business (SME) in Sri Lanka. Not only Sri Lanka also most of the country's main part of the economic growth is Small and Medium Enterprises. SME are creating new jobs and increase productivity of the whole economy in the country. SME are playing very important role of creating innovation to the economy. Some of SME are generally use manual systems for their day-to-day business activities. But the rapid changes of the technology are directly affected to the all kind of small business to survive the market and facing the competition very well. Consequently more sophisticated accounting software has an increased demand for new and more sophisticated accounting software packages. Because of that, such companies are tending to use this kind of accounting software for their day-to-day business activities rather than manual system. Accounting software mechanizes the improving efficiency, effectiveness and controlling the overall expenditure. Also, accounting system is tend to be more correct, faster, ease to use and subject to error in less than the manual system.

Statement of Problem

As a result of the industrial revolution in 17th century, technology becomes a pivotal part of the business world. It directly effects on business world in an innovative and improved way with a continuous updating and upgrading for its' effective use. According to the characteristics of accounting software; efficiency, reliability, ease of use, data quality, and accuracy, most of the SMEs are adopting and using accounting software instead of manual systems, so that it is easy to generate effective managerial information in the routing and managerial decision making by such firms. Chong and Nizam (2018); Goodhue and Thompson (1995) also emphasized the significant impact these characteristics on the business performance. Despite the usefulness of the accounting software certain factors such as power failure, viruses and lost the data, has a risk of hacked and also establishing cost is very high serve as threat toward effective usage. More so, there is a few researches conduct to clearly identify the relationship (whether it is significant or not) of accounting software and business performance of SMEs in some other

districts in Sri Lanka. From the literature reviewed above, many studies have been conducted on the impact of computerized accounting systems on efficiency, effectiveness and performance of accounting functions. However, but there are little research conducted on the impact of computerized accounting system on business performance of firms in the SMEs sector of Sri Lanka. The extent to which accounting software influence business performance has not been well explored in Sri Lanka. It is based on this situation that this study aims to fill in that knowledge gap to investigate the impact of characteristics of computerized accounting software on business performance of SMEs in the Kurunegala district.

2. Literature Review

Conceptual Background

Because of globalization, the business environment has become increasingly competitive. Just following the traditionally management accounting systems will lead to low efficiency and loss of customer loyalty and satisfaction (Yao, 2008). So it is vital to develop some new management systems in order to solve this problem (Lanlan et al., 2019; Yao, 2008). Due to this contemporary sequential flow of rapid development, a revolutionary requirement is of the business ground and a separate sub system identified as sub system of whole management information system of the organizations in place as concentrated (Damera, Garilli, & Ricciardi, 2013; Shagari et al., 2017). Accounting information systems have been recognized as an effective tool for achieving not only internal changes but also external organizational changes (Shagari et al., 2017). As such, many organizations are in the view to invest in the latest technology such as Accounting Information Systems (AIS) to satisfy the needs of their customers and compete favorably. In general, an accounting is mainly concerned with recording, classifying, summarizing, and interpreting relevant accounting information to decision makers' internal and external users to appraise the organizational performance. Modern business organizations have increased their investments in information systems (IS) as a fundamental e-operating tool, capable of yielding significant contributions to their financial results especially in cost efficiency (Adewole, 2013). The use of this system is common for the organizations in all over the world. That is why, SMEs use accounting software which parallel to the firm's information system (IS), which includes a set of interrelated sub systems for the planning, implementing and controlling the entire business operating system tor the management (Lim, 2013). As we are in the global technological era, different firms use different accounting software available in Global market (Lim, 2013) as a part of their accounting information system in their organizational purpose and the firm's financial viability. In this instance a well-developed model for maintaining accounting information system parallel to the firm's management information system in place is required to ensure whether the entering data are free from material error, and providing efficient and relevant data in to practice. As Trabulsi (2018) emphasized, the aim of accounting software is to fill the necessity of providing systematic management information through automation than manual, so that business entities including SMEs have the ability to perform all activities and get the economic benefits verifying the optimal business performance.

For the purpose of verifying business information, an accounting software (after adopting computerized system instead of a manual system) helps to enter the transactions into the system by using the fundamental source documents, posting transactions into the manual or software accounting records, to keep the records in stores for regular use and to provide useful information for decision making etc. According to Thottoli (2020), his study confirmed and theoretically proved that the choice and use of generalized accounting system is very important to the management as well as employees in the financial and economic activities of SMEs. Jaya Rahmayanti and Rahmawati (2018) emphasized that, because of rapid business expansion and technological advancement in the global era, Small and medium entrepreneurs need flexible and effective technological accounting applications that can be used to create financial reports to review the financial condition of their businesses, and these accounting applications and software should be easy and cost effective to SMEs.

Further to the aforesaid literature findings, the accounting software should also be complied with the creation of financial reports in accordance with accounting standards and verifying the characterized necessity in terms of efficiency, reliability, ease of use, data quality, and accuracy, so that the timely accurate and reliable information is generated for effective decision making verifying the optimal business performance through the fulfillment of systematic business operations (Perera, 2007).

Efficiency

There are some factors that affect the efficiency and effectiveness of accounting information systems. The accounting information systems combined the factors qualified in human resources, best software and hardware and data base quality to be effective. Wilkinson et al., (2000); Mehedi et al., (2015) examined that the effect of implementation of accounting information system and revealed that the effective implementation of accounting information system in SMEs is positively associated with performance, productivity, and profitability.

Reliability

As emphasized by Hoitash et al.,(2009); Maines and Wahlen (2006), accounting software produce reliability data that are critically used to plan, identify, and control business operations. Further they state that value of internal control effect operational performance through information reliability. As an essential characteristic for accounting information, reliability represents the extent to which the information is unbiased, free from error, and representationally faithful making it useful for decision making. Topash (2014) suggested that the reliability of the generated information through systems is a key feature guaranteeing, convincible accounting reports and encourage adherence to organization policies.

Ease of Use

Bias and Mayhew, (2005); Norman (2013) emphasiszed that the success of the use of an accounting system depends on the level of ease of use of the system. An increase in ease of use positively influence several aspects of a company's output quality such as increased sales and revenues, productivity and customer satisfaction, reduced training and support cost,

development time and costs and maintenance costs. Parallel, it was noted that perceived ease of use for programming configuration is more essential. Usually recognized great programming requires computerized accounting system verifying three viewpoints, ease to find, ease to learn, and ease to use.

Data Quality

According to the researcher Xu (2009) the competitiveness of firms would be damaged by incomplete and inaccurate data as input control and employee competencies are important to data quality of accounting information system. To achieve high data quality, the process of data production such as: data collection, datautilization, and data storage must work satisfactorily (Lee, 2001). Emeka-Nwokeji (2012) shows data quality is significantly affect to the success of AIS and data quality enhance the business performamce. Also Al_Qudah and Shuker (2014) found the strong positive relationship of CAS data and quality of the data for success of the business. Data quality is often explained by the existence of data that are fit for use by data consumers.

Accuracy

In the entire accounting process of a firm, the Accountants can process data accurately using accounting software to provide complete, accurate and timely information outputs for decision making in driving business efficiency and growth (Ravichandran & Rai, 2000. Accuracy of financial data is a consistent and efficient driver across the entire organization enhancing the business performance and the achievement of key business goals operationally and financially (Chong & Nizam, 2018). Furthermore, an accuracy of accounting software is highly important to organizations in terms of identifying possible future business avenues and profitable ventures to.

Business Performance

The modern literature defines performance as the result of activities of organization or investment over a given time period. Also performance defined as the accomplishments of specific business objectives measured against known standards, completeness and the cost. (Davis & Cobb, 2010; Ozer, 2012; Sacristan-Navarro, Gomes-Anson, & Cabeza-Garcia, 2011; Thrikawala, 2011). Perspective of the measurement for the business performance is financial and non- financial performance.financial measure of performance can be refer to as the results of the entity's operationactivitirs in monetory term (Dowling & Helm, 2006; Thrikawala, 2011; Wotson, 2007). In order to that, financial measures of performance are derived from the accounts of an organization, it can be found in organizaton's income statement or the statemrnt of Financial position.Non- financial performance could not found through the business accounts and it is related to customer requiremnts or competitor or other non financial objectives that may be the important in achieving profitability of the firm (Ittner & Larcker , 2003; Juhl, Kristensen, & Stergaard, 2002; Selvarajan, Ramamoorthy, Flood, & Guthrie, 2007). According to the Harash, Al-Timimi, and Radhi (2014) conduct the reserch study of measuring business performance of SMEs using financial performance as return on asset, return on equity, sales growth and profitability growth. Also take non financial performance as employee

growth, customer satisfaction, satisfaction with performance compared to campetitors and overall satisfaction.

Based on the these thematic review of the literature, the following empirical review is conducted in order to validate the essense of charactetistics of accounting software on the business performance of SMEs.

Empirical Review

Lanlan, Ahmi and Popoola (2019) examined the relationship between the observed ease of use, usefulness and usage of Computerized Accounting System (CAS) among accounting professionals in SMEs in Xi'an, Shaan Xi of China. This research used an quantitative method for data analysis. Data were collected using a structured questionnaires distributed among 201 respondents for data analysis. The results revealed a positive relationship between perceived ease of use, perceived usefulness and the use of CAS for business performance (Lanlan, Ahmi, & Popoola, 2019). Fordham and Hamilton (2019) explained the prevalence of computerized accounting information technology in the U.S. small business environment. This research observed the SMES and found that a large portion of SMEs is still using accounting software that does not constitute true integrated computerized accounting systems.

A research was conducted by Trabulsi (2018) to explore the impact of characteristics of accounting systems on firm performance (cost reduction, improving quality and effective decision making). Data was collected through questionnaires from SMEs in Saudi Arabia. A quantitative approach was used to collect the essential data Findings revealed that the use of accurate accounting information has a significant impact on such firms' performance with all its dimensions including cost reduction, improving quality and effective decision making.

Another research was conducted by Chong and Nizam (2018) on the impact of using accounting software on business performance of Malaysian firm. The research findings reveal that there is a significance of using accounting software in operation on business performance. Use of accounting software in business helps to sustain the firm's performance efficiently and effectively. Therefore it concluded that accounting software has a significant impact on business performance (Chong & Nizam, 2018).

Alnajjar (2017) found out that the impact of accounting managers' knowledge and top management support on accounting information systems on organizational performance. This study analyzed the data collected from 74 SMEs related to the trading, services and manufacturing sectors by using the analytical software; Statistical Package for Social Sciences and AMOS. Findings revealed that accounting managers' knowledge and top management support have reported a significant impact on the accounting information systems in an organization and, accordingly, accounting information systems also had a significantly impact on organizational performance. Harash (2017) iterated that an accounting performance is very important role for its' growth and survival in SMEs. The findings revealed that an empirical testing is required to verify with the literature improving accounting performance in SMEs.

Grande, Estebanez, and Colomina (2011) found the relationship between the use of the accounting information systems used by SMEs in Spain in terms of economic returns, profitability and productivity based on empirical evidence and to determine the extent that implementation and its development of accounting information systems using ANOVA to find the impact of adoption of accounting information systems has a greater importance to increase the firm's performance and productivity.

According to Pulakanam (2010), he conducted a research is to explore and understand the issues and challenges of accounting software packages faced by small businesses in New Zealand. It revealed that 97% of New Zealand businesses use information technology for the maintenance of firms 'accounts. Neither the owners nor the external consultants reported any major failures with the software implementation. It was found that the issues on lack of confidence, lack of skills in IT form owners and managers are highly affected to use accounting software inn business operations. An important implication for vendors is that there is a lot more scope for further improving the SBA packages keeping the 'dumb small business owner / manager' in mind.

In the light of the outcome from the theoretical and empirical review, the construct of this study is based on the contingency theory and resource-based view theory. The basis for contingency theory is based on core-impressive approach that the accounting system is to be more sophisticated with the characteristics in terms of; efficiency, reliability, eases of use, data quality and accuracy (as theoretically emphasized above). This is an important effort to design of an accounting information system in a flexible manner to concentrate for the adoptability of an organization. The next section is to design the conceptual framework and the research hypotheses through deducing the above described the conceptual and empirical literature.

Conceptual Model for the Study

This is the conceptual model formulated in this study. The characteristics of accounting software; efficiency, reliability, data quality, ease of use, and accuracy are the independent variables whereas the dependent variable is the business performance of SMEs. Based on this construct, the conceptual model is formulated to be tested the research hypotheses in order to justify the findings as in the next section. All the formulated Hypothesis are stated in Null Form.

Accordingly the research hypotheses for the study have been stated in null form based on the theoretical and empirical literature as listed below.

H_{o1}: There is no significant effect of efficiency of accounting software on business performance of SMEs in Kurunegala district

H_{o2}: There is no significant effect of reliability of accounting software on business performance of SMEs in Kurunegala district.

H_{o3}: There is no significant effect of ease of use of accounting software on business performance of SMEs in Kurunegala district.

H_{o4}: There is no significant effect of data quality of accounting software on business performance of SMEs in Kurunegala district.

H_{o5}: There is no significant effect of accuracy of accounting software on business performance of SMEs in Kurunegala district.

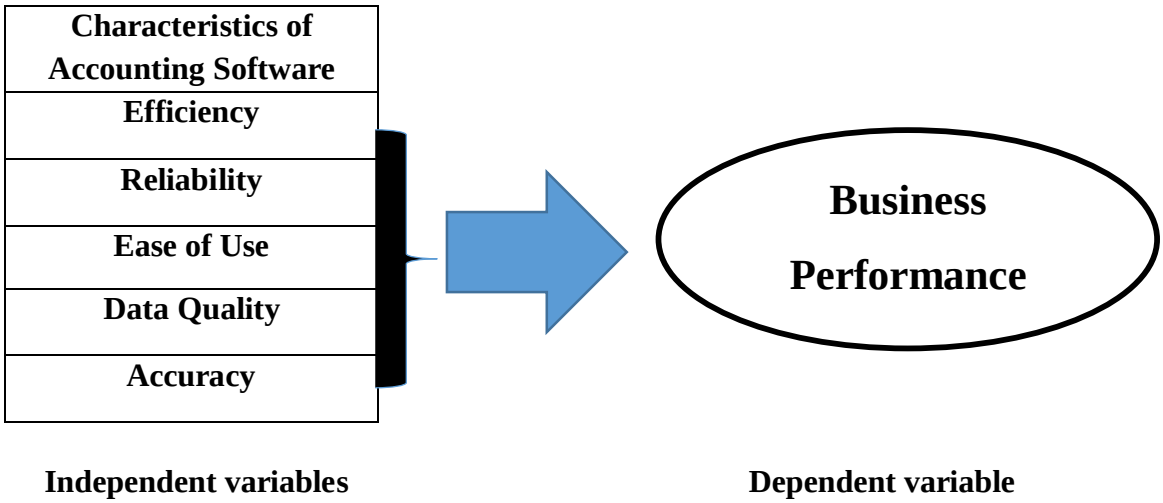

Figure 1: Conceptual Framework
Source: Deduced from literature, 2020

3. Methodology

The survey research method was adopted for this study. A quantitative approach was selected for this study to measure the performance of SMEs relating to five characteristics as described above. A self-administered semi-structured questionnaire was used as the data collecting instrument. The total geographical area of the Kurunegala district is 4816 km^2. In the district, there are 30 no. of Divisional Secretariats. In all divisional secretariats, there are approximately 2500 no of SMEs available. In this instance, the convenience sampling method was used by the researcher to select a sample consisting 150 SMEs in the district. The collected data was tabulated and analyzed through the use of Descriptive statistics like frequency, table and charts while inferential statistics such as correlation and multiple regression analysis were employed

Model Specification

$$Y_i = \beta_0 + \beta_1 \text{ Efficiency} + \beta_2 \text{ Reliability} + \beta_3 \text{ Ease of Use} + \beta_4 \text{ data Quality} + \beta_5 \text{ Accuracy} + e_i$$

Where;

Y_i	Dependent variable – Business Performance
$B_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$	Coefficient values of intercept and independent variables
e_i:	Randomized error

4. Results and Discussion

This section presents the data analysis, interpretation of findings and hypotheses testing for this study.

4.1 Analysis of Reliability

Table 1: Cronbach's Alpha Coefficients for independent and dependent variables

Variable / Dimensions		Cronbach's Alpha value	No: of questions
Independent variable: Characteristics of Accounting Software		0.932	19
Dimensions:	1.Efficiency	0.848	03
	2.Ease of Use	0.825	04
	3.Reliability	0.959	03
	4.Data Quality	0.870	07
	5.Accuracy	0.704	02
Dependent variable: Business performance		0.810	06

Source: Developed by Researcher, 2020

In this study, the Cronbach's Alpha value for the proxies of independent variable on characteristics of Accounting Software is 0.932 (aggregate) and dependent variable of business performance is 0.810. In addition, all proxies are individually recorded its Cronbach's Alpha values as 0.848, 0.825, 0.959, 0.870 and 0.704 for Efficiency, ease of use, reliability, data quality and accuracy respectively. If Cronbach's alpha value for all variables and its proxies is more than 0.7 it is considered as the accepted level for the reliability of the questionnaire. Therefore, all the items in this study are greater than 0.7 and therefore all questions formulated in this questionnaire are considered to be accepted.

4.2 Analysis of respondents by their Personal and Firm Characteristics

According to the sample selected in this study, the personal characteristics of the respondents are tabularized as follows;

Table 2: Personal Characteristics

Indicators	Factors	Frequency	Percentage (%)
Gender	Male	109	72.7
	Female	41	27.3
Age Group	Less than 25	42	28
	25 – 34	70	46.7
	35 – 44	27	18
	45 – 54	11	7.3
	Above 54	0	0

Experience in using Accounting Software	Less than 01 Year	43	28.7
	01 – 05	66	44
	06 – 10	33	22
	Above 10	08	5.3
Educational Level	Less than G.C.E. (O/L)	37	24.7
	G.C.E. (O/L)	78	52
	G.C.E. (A/L)	28	18.7
	Degree	*07*	*4.7*

Source: Survey, Data, 2020

The first indicator of personal characteristics is the gender profile of the sample respondents. The amounts of male and female responses are 109 (72.7%) and 41 (27.3%) respectively. Therefore, the male respondents are higher than female respondents indicating that most of the male respondents are used the computerized accounting software. The second indicator of personal characteristics is the age group of the sample respondents. The numbers of respondents under the age categories; less than 25 years, 25 - 34 years, 35 – 44 years, 45 - 54 years are 42 (28%), 70 (46.7%), 27 (18%), and 11 (7.3%) respectively. The highest number of respondents was 70 (46.7%) respondents are belonging to age between 25 and 34 years. There were no respondents of age above 54. Accordingly, the respondents under the age category of 25 - 34 are higher than other age categories indicating that they are used the computerized accounting software. The third indicator of personal characteristics is the experience in using accounting software. Accordingly, the experience of sample respondents under the categories; less than 01 year, 01 – 05 years, 06 – 10 years, and above 10 years are 43 (28.7%), 66 (44%), 33 (22%), and 08 (5.3%) respectively. Therefore, higher the respondents under the experience category of 01 – 05 years than other categories are used the computerized accounting software. Finally, the fourth indicator of personal characteristics is the educational level of the respondents. According to their educational levels, the numbers of respondents under the categories less than G.C.E. (O/L), G.C.E. (O/L), G.C.E. (A/L), and the Degree are 37 (24.7%), 78 (52%), 28 (18.7%), and 7 (4.7%) respectively. Therefore, higher the respondents under the educational level of G.C.E. (O/L) than other categories are used the computerized accounting software.

In addition, Table 3 shows the firm characteristics of the sample respondents listed below.

Table 3: Firm Characteristics

Indicators	Factors	Frequency	Percentage (%)
Type of Business	Manufacturing	04	2.67
	Retail	16	10.67
	Wholesale	24	16
	Retail and footwear	102	68
	Agriculture	01	0.66
	Service	03	2

Level of Monthly Income	Below LKR.10,000	00	0
	LKR 10,001 – 30,000	00	0
	LKR 30,001 – 50,000	00	0
	LKR 50,001 – 70,000	55	36.7
	LKR 70,001 – 90,000	42	28
	Above LKR 90,000	53	35.3
Experience in using Accounting Software	Quick Books	24	16
	MYOB	11	7.33
	Sage 50 UK	18	12
	Sage Peachtree	39	26
	Other	58	38.67

Source: Survey, Data, 2020

The first indicator of firm characteristics is the type of business of the sample respondents. There are six types of businesses are considered in this survey namely, manufacturing, retail, wholesale, retail and footwear, agriculture, service. The numbers of each type of business of the respondents are; 04 (2.67%), 16 (10.67%), 24 (16%), 102 (68%), 01 (0.66%), and 03 (2%) respectively. Accordingly, the higher the retail and footwear firms than the other businesses are used the computerized accounting software. According to the level of the monthly income of the sample respondents, monthly income for the first three categories; below LKR.10000, 10001 – 30000, and 30001 - 50000 is 0. The numbers of respondents under the levels of monthly income as LKR 50,001 – 70,000, 70,001 – 90,000, and above 90,000 are 55 (36.7%), 42 (28%), and 53 (35.3%) respectively. Among the income level, maximum number of respondents is under the category of LKR. 50,001 to 70,000 income level indicating that they use the computerized accounting software than other two categories observed. The third indicator of firm characteristics of the respondents is software package used by current firm. There are five categories that the study is concerned as Quick books, MYOB, Sage 50 UK, Sage Peachtree and other etc. The numbers of respondents using each software category are; 24 (16%), 11 (7.33%), 18 (12), 39 (26%) and, 58 (38.67%). Highest respondents (38.67%) use other types of software packages than other four specified packages.

4.3 Descriptive Analysis Study Variables

Table 4: Mean and Standard Deviation of variables and dimensions

Variables		**N Statistic**	**Minimum Statistic**	**Maximum Statistic**	**Mean value**	**Standard Deviation**
Independent Variables	Efficiency	150	3	5	4.02	0.82
	Ease of Use	150	3	5	4.18	0.72
	Reliability	150	3	5	4.07	0.69
	Data Quality	150	2	5	4.12	0.64
	Accuracy	150	3	5	4.23	0.68

Dependent variable: Business performance	150	2	5	4.24	0.56

(Source: Survey Data, 2020)

As per the above Table 4.3 Mean and Standard Deviation of variables and dimensions, all the dimensions, Independent variable and the dependent variables represent the high level of the mean value. In order to the condition of $3.5 < X1 \leq 5.0$ represent the high level of mean value, because of that this study mean value of all the variables and dimensions were fallen under the 3.5 and 5.0, also it causes to high level means for the variables and dimensions.

Correlation Analysis

The correlation analysis used to measure the magnitude and the direction of the relationship among the two variables. According to the study shows correlation among the characteristics of accounting software and business performance. Also represent the correlation among this study's 05 dimensions and business performance.

Table 5: Correlation among the Independent variable, Dimensions and the Dependent Variable

Variable/ Dimensions		**CAS**	**E**	**EU**	**R**	**DQ**	**A**
BP	Pearson Correlation	0.798*	0.746*	0.742*	0.320*	0.728*	0.732*
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000

*Correlation is significant at the 0.01 level (2-tailed).
(Source: Survey Data, 2020)

According to the above table, the correlation between Efficiency (E), Ease of Use (EU), Reliability(R), Data Quality (DQ), Accuracy (A), and Business Performance (BP) are 0.746, 0.742, 0.320, and 0.728 respectively and with a p-value of 0.000, it implies there is a strong positive significant relationship between Efficiency (E), Ease of Use, Reliability, Data Quality, Accuracy and Business Performance at 1% significant level. Therefore the relationships among all proxies of the independent variable are positively significantly correlated with the dependent variable. Therefore the total relationship between characteristics of accounting software and business performance is highly interrelated with a correlation value of 0.798 implying that there is a strong positive significant relationship between characteristics of accounting software and business performance at 1% significant level.

Multicollinearity Test

The Variance Inflation Factor (VIF) measures the impact of collinearity among the variables in a regression model. The Variance Inflation Factor (VIF) is 1/Tolerance, it is always greater than or equal to 1. There is no formal VIF value for determining presence of multicollinearity. Values of VIF that exceed 10 are often regarded as indicating multicollinearity.

Table 6: Multicollinearity Test

Dimensions	VIF	Tolerance 1/VIF
Efficiency	3.323	0.301
Ease of Use	4.199	0.238
Reliability	1.094	0.914
Data Quality	3.684	0.271
Accuracy	1.850	0.540
Mean VIF	2.83	

(Source: Survey Data)

By referring to the above table it is possible that no VIFs are greater than 10 and the mean VIF is greater than 1, but not deviating much. It is pointed out that there is no having any multicollinearity issue between predictions utilized to run the multiple regressions in this model.

Multiple Regression Analysis

According to the data analysis model the following table shows the analyzed results in order to find the impact of predictors (proxies as Efficiency, Ease of Use, Reliability, Data Quality, Accuracy and the Business Performances.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.849[a]	0.720	0.711	0.30171

Predictors: (Constant), Accuracy, Reliability, Data Quality, Efficiency, Ease of Use
(Source: Survey Data, 2020)

The above model summary provides the R and R^2 values. The R value represents the simple correlation of 0.849, which indicates a high degree of correlation. The R^2 indicates that only 72% (approx.) variation in business performance can be explained by the characteristics of accounting software and other 28% (approx.) variation comes from other factors.

In addition, the following table is the ANOVA table, which reports how well the regression equation fits the data (predicts in BP) and is shown below.

Table 8: Regression Anova

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.791	5	6.758	74.240	0.000[b]
	Residual	13.108	144	0.091		
	Total	46.899	149			

a. Dependent Variable: Business Performance
b. Predictors: (Constant), Accuracy, Reliability, Data Quality, Efficiency, Ease of Use
Source: Survey Data, 2020

This table indicates that the regression model predicts the dependent variable business performance significantly well. This indicates the statistical significance of the regression model that was run. Here the P-value is 0.000 which is less than 0.01, and indicates that the regression model statistically significantly predicts the Business performance this means that it is a good fit for the data.

Table 9: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.767	0.214		3.580	0.000
	Efficiency	0.111	0.055	0.162	2.012	0.046
	Ease of Use	0.150	0.070	0.193	2.135	0.034
	Reliability	0.082	0.038	0.100	2.168	0.032
	Data Quality	0.188	0.074	0.214	2.535	0.012
	Accuracy	0.304	0.050	0.367	6.132	0.000

a. Dependent Variable: Business Performance
Source: Survey Data, 2020

The coefficients table provides us with the necessary information to predict business performance from, Efficiency, Ease of Use, Reliability, Data Quality, and Accuracy as well as determine whether Characteristic of Accounting software contribute statistically significantly to the model. At this juncture, it was highlighted that five proxies of independent variable; Efficiency (0.046), Ease of Use (0.034), Reliability(0.032), Data Quality(0.012)are significantly associated with Business Performance at 5% significant level ($p<0.05$) and Accuracy(0.000) is significantly associated with BP at 1% significant level ($p<0.01$). Also, t values of Efficiency, Ease of Use, Reliability, Data Quality and Accuracy are 2.012, 2.135, 2.168, 2.535 And 6.132 which are more than 2 and significant.

Based on the coefficient table of the regression model B value of the table 0.767 represents the degree to which extent the dependent variable can be affected by a certain independent variable remain constant.

B values of Table 10 0.111, 0.150, 0.082, 0.188, and 0.304 represents the degree to which extent the Business Performance can be affected (increase or decrease) by the Characteristic of Accounting software(Efficiency, Ease of Use, Reliability, Data Quality and Accuracy) of software increasing in one unit. According to the Standardized Coefficients most contribution provide to the dependent variable by the dimension of Accuracy.it represent the highest value of 0.367 among the other dimensions. As per the above Coefficients Table, all the factors represent the significant values. Those values are less than 0.05 and also all the B values are positive. Because of that all the dimension is shows the significant positive impact on Business performance.

Therefore considering all the above tables' factors the regression equation can be formulated as follows:

BP = 0.767 + 0.111(Efficiency) + 0.082 (Reliability) + 0.150 (EU) + 0.188 (DQ) + 0.304 (Accuracy) + €

Hypothesis Testing

Hypothesis Testing was performed by using p-value of each Beta coefficient of independent variables. The p-value is the probability of obtaining a test statistic equal or more excess than the results obtained from the sample data, given that the null hypothesis H_0 is true. Confidential interval of accepting hypothesis is 95%. To achieve this confidential interval, p-value should be equal or less than 0.05. If it is not equal or less than 0.05 null hypothesis cannot be rejected. Accordingly, the p-value of all independent variables is less than 5 % (0.05) significant level. Therefore, all hypotheses have been accepted.

Discussion of Findings

In this study, the characteristics of accounting software in terms of the efficiency, reliability, ease of use, data quality, and accuracy of accounting software is positively and significantly affected on business performance of SMEs. The result is corroborated by the work of Nizam (2018) which revealed that there exists a relationship between the characteristics of accounting software (in terms of efficiency, reliability, ease of use, data quality, and accuracy) and the business performance of SMEs that with a favorable relationship among them, there will be tremendous development. The analysis revealed that all the independent variables are significantly related to business performance and positively influence the business performance. This finding is consistent with Chong and Nizam (2018), Trabulsi (2018), AL Salamat (2017), Wickrmsainghe, Pemarathna, Cooray, and Dissanayake (2017), Hanini (2015), Daw Hla (2015), Al_Qudah and Shuker (2014), Emeka-Nwokeji (2012), Grande, Estebanez, and Colomina (2011) Dubey, Rana, and Sharma (2010), Xu (2009), Maines & Wahlen (2006), Bias and Mayhew (2005), Greene and Segal (2004), Sharma and Bhagwat

(2003), Wixom and Watson (2001), and Ravichandran and Rai (2000) on the characteristics of accounting software, and its effect on business performance of Small and Medium Scale Enterprises (SMEs) of a country. This study contributes to the body of knowledge through a formation for the basis for further research in the area of business development in Sri Lanka and other developing nation.

5. Conclusion

Accounting software systems are pivotal to the production of accounting information on a purposive basis and the communication of that information to the decision-makers. In this understanding, the existing literature offers evidence of the relationship between accounting software and business performance. There are different types of business organizations in the world and the seeking of information is vary according to their business requirements., Therefore, it is necessary to remark that an in-depth study is required to explore which characteristics of accounting software may influence business performance particularly in the SME sector as it is an emerging business sector in the developing countries. Findings of this study showed that the production of efficient, reliable, easily usable, qualitative, and accurate information through accounting software for decision making has a strong significant effect on the business performance of SME sector in Sri Lanka and other developing nation. Further the findings revealed that business performance is a key concept in improving the firm value and the adoption of accounting information system increases firm's overall performance. Moreover, this study emphasized that a significant effect on the characteristic of accounting software in business performance will lead to organizational effectiveness. Finally, the researcher is of the view that the accounting software has a greater impact on business performance of SMEs firms in Sri Lanka.

Implications of the Study

Considering the SME sector as emerging discipline in the field of business and financial management, the several practices emerge for carrying out the management of SMEs the need to have knowledge of them and their probable effect on business success. Therefore, this study is expected to form a basis for policy formation toward promoting entrepreneurship development. In addition, the outcome of this study will also serve as a guide and provide insight for future research work on the related field for academics and policy makers who are willing to improve on it.

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