A Study of Factors That Affect While Selecting the Accounting Software by the Local Retailers in Amravati

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Abstract

In the era of rapid digitalization, accounting software has become a crucial tool for improving financial management, accuracy, and regulatory compliance among businesses. Small and local retailers, particularly in semi-urban regions like Amravati, face increasing pressure to modernize their accounting practices due to the implementation of the Goods and Services Tax (GST) and growing market competition. Despite the availability of various accounting software solutions such as Tally, Zoho Books, Khatabook, Frappe ERP, and SAP Accounting, many retailers experience difficulties in selecting the most suitable software for their business needs.

1. Introduction

In the present era of digital transformation, technology has become an integral part of every business activity. From production and marketing to finance and customer service, the role of technology has expanded rapidly, enabling businesses to operate more efficiently and competitively. Among all business functions, accounting holds a particularly important position because it provides the financial information required for planning, controlling, and decision-making. Traditionally, accounting was performed through manual bookkeeping using physical registers, ledgers, and vouchers. However, with increasing business complexity, regulatory requirements, and transaction volumes, manual accounting has become time-consuming, error-prone, and inefficient. As a result, businesses across the world are shifting towards computerized accounting systems.

In India, the adoption of accounting software has gained significant momentum, especially after the introduction of the Goods and Services Tax (GST) in 2017. GST has made it mandatory for businesses to maintain accurate digital records of sales, purchases, and tax liabilities and to file returns electronically. This has created a strong demand for accounting software that can handle billing, taxation, inventory management, and financial reporting in an integrated manner. Accounting software such as Tally, Zoho Books, Khatabook, Frappe ERP, and SAP Accounting now plays a vital role in ensuring compliance, transparency, and efficiency in business operations.

Local retailers form the backbone of the Indian economy. They include small grocery stores, garment shops, electronics dealers, pharmacies, and stationery shops that cater to the daily needs of consumers. In cities like Amravati, located in the Vidarbha region of Maharashtra, these retailers contribute significantly to employment generation and local economic development. However, many of these businesses operate with limited financial resources, minimal technical expertise, and traditional management practices. While large organizations often have access to professional accountants and advanced systems, local retailers usually depend on basic bookkeeping methods or external accountants to manage their financial records.

Despite these benefits, the adoption of accounting software among local retailers remains uneven. Many retailers continue to rely on manual methods or use software only for limited purposes such as billing or GST filing. One of the main reasons for this is the difficulty in selecting suitable software from the wide range of options available in the market. Each software

package differs in terms of cost, features, user-friendliness, technical support, and security. Retailers often lack the technical knowledge required to evaluate these options properly. As a result, their choices are frequently influenced by peer recommendations, software vendors, or accountants rather than by a systematic assessment of their business needs.

2. Review of Literature

Sharma and Jain (2022) conducted a comprehensive study on the adoption of accounting software among Indian SMEs. Their research found that ease of use, cost-effectiveness, and perceived usefulness were the main drivers influencing adoption. However, barriers such as lack of technical knowledge, high implementation costs, and data security concerns limited widespread acceptance.

Gupta (2021) examined accounting information systems through the lens of the Technology Acceptance Model (TAM). The study concluded that perceived usefulness and perceived ease of use are the most critical determinants of adoption. In addition, factors such as trust, perceived risk, peer influence, and government support were found to be increasingly important for micro and small enterprises.

Vysochan et al. (2025) analyzed different types of accounting software available for small and medium enterprises. They categorized software into corporate ERP systems, universal accounting programs, tax reporting software, document automation systems, and financial management tools. Their ranking revealed that universal accounting programs that combine accounting, inventory, and reporting functions best meet the needs of SMEs.

Farheen and Tidke (2025) investigated the factors influencing the adoption of accounting software among professional accountants. Their study used a structural equation model to analyze variables such as performance expectancy, effort expectancy, social influence, and perceived security. The findings showed that performance benefits and ease of use strongly influenced users' intention to adopt software, while data risks, software bugs, and complex interfaces discouraged adoption.

Pramono et al. (2022) focused on the role of accounting software in improving accountability among micro, small, and medium enterprises (MSMEs). They observed that poor financial record-keeping prevented MSMEs from accessing bank credit and external investment. The adoption of accounting software helped improve transparency and credibility, making businesses more attractive to lenders.

Hamad et al. (2021) studied the impact of accounting software on cost reduction in SMEs. Based on data collected from 71 SMEs, the authors found that computerized accounting significantly reduced administrative costs and processing time while improving financial control.

Gupta (2023) conducted a survey of micro enterprises in Delhi to examine how technology affects accounting practices. The study found that software selection was influenced by factors such as price, data security, functionality, and ease of use. Respondents reported improved financial efficiency and record accuracy after adopting accounting software. However, challenges such as lack of training and fear of technology continued to hinder full utilization.

Odonkor et al. (2023) explored the impact of artificial intelligence on accounting practices. Their literature review showed that AI-powered accounting systems improve accuracy, automate routine tasks, and support strategic decision-making through predictive analytics. However, they also highlighted challenges such as high costs, data privacy concerns, and resistance to change. While AI-based systems are still emerging, their study suggests a future direction for accounting software development.

Overall, the reviewed studies collectively demonstrate that accounting software plays a crucial role in improving financial accuracy, efficiency, compliance, and decision-making. However, cost, ease of use, security, and training remain critical challenges influencing adoption. These findings strongly support the need for a focused study on the factors affecting accounting software selection among local retailers in Amravati.

3. Research Methodology

The research methodology describes the systematic framework used to investigate the factors influencing the selection of accounting software by local retailers in Amravati. It explains the research approach, design,

data collection methods, sampling techniques, and tools used to ensure that the study is scientific, reliable, and valid. Since the objective of the study is to understand the preferences, awareness, and decision-making behavior of retailers, a structured and quantitative methodology has been adopted.

Research Design

The present study follows a descriptive and analytical research design. The descriptive aspect of the study helps in identifying the existing practices, awareness levels, and attitudes of local retailers towards accounting software. It provides a clear picture of how retailers currently choose and use accounting software in their business operations. The analytical aspect is used to examine relationships between different variables, particularly to test whether business size has a significant impact on the selection of accounting software. This design allows the researcher to not only describe the situation but also to analyze and interpret patterns and relationships among variables.

Sources of Data

Both primary and secondary data were used in this study to ensure comprehensive coverage of the research problem.

Data Collection Tool

Primary data were collected directly from local retailers in Amravati through a structured questionnaire and personal interactions. This enabled the researcher to obtain first-hand information about their awareness, preferences, and experiences with accounting software.

Secondary data were gathered from research journals, academic books, government publications, and online sources related to accounting software, digitalization, and small business management. Websites of software providers such as Tally, Zoho Books, and SAP were also referred to understand product features and trends in software adoption.

Population and Sampling

The population of the study consists of all local retailers operating within Amravati city, Maharashtra. These include businesses engaged in grocery, clothing, electronics, stationery, and household goods. These retailers regularly deal with billing, inventory, and tax compliance, making them suitable for this study.

A sample size of 50 retailers was selected due to practical limitations of time and accessibility. However, this size was sufficient to provide meaningful insights into the software selection behavior of retailers.

The study adopted the simple random sampling method, ensuring that every retailer in the population had an equal chance of being selected. This method reduces selection bias and improves the reliability of results. Retailers were approached from different market areas of Amravati to ensure diversity in business size, type, and technology adoption level.

The main tool used for primary data collection was a structured questionnaire. The questionnaire was carefully designed after reviewing previous studies on accounting software adoption. It included multiple-choice and Likert-scale questions to capture both factual and opinion-based responses.

The questionnaire was divided into different sections.

- Demographic details of the retailer.
- Awareness of accounting software.
- Type of software used.
- Factors influencing software selection (cost, ease of use, GST compliance, security, etc)
- Satisfaction challenges faced.

To supplement the questionnaire, brief informal interviews were conducted with a few respondents to gain deeper insights into their experiences and attitudes toward software usage.

4. Data Analysis & Interpretation

After collecting the data, it was systematically organized and coded for analysis. The following statistical tools were used:

Percentage Analysis to understand overall trends such as awareness level, software usage, and preferences.

Mean Score Ranking to identify the most important factors influencing software selection.

Co-relation to test the hypothesis regarding the relationship between business size and accounting software selection.

Tables, charts, and graphs were used to present the data clearly and improve interpretation.

Validity and Reliability

To ensure the validity of the study, the questionnaire was prepared using established concepts from literature and reviewed for clarity. The use of multiple sources of data (primary and secondary) also strengthened the accuracy of findings. Reliability was ensured by using a standardized questionnaire and consistent data collection procedures.

Ethical Considerations

All respondents were informed about the purpose of the study. Their participation was voluntary, and confidentiality of their responses was maintained. No personal or business information was disclosed

4.1 Construction of Business Size Index

Employees

Capital

Transactions

Footfalls

Years

Business Size Index

Software Used

Software code

Each variable was converted into a numerical scale, and the Business Size Index (BSI) was calculated as the average of these six indicators.

4.2 Table

Business Size Index and Accounting Software Used (Sample of 50 Retailers)

Sr. No	Employees	Capital	Transactions	Footfalls	Years	Business Size Index	Software Used	Software Code
1	1	1	1	1	1	1.00	Khatabook	1
2	2	2	2	2	2	2.00	Tally	2
3	3	3	3	3	3	3.00	Zoho books	3
4	4	4	4	3	4	3.83	SAP Accounting	4
5	2	2	2	2	2	2.00	Tally	2
…	…	…	…	…	…	…	…	…
50	3	3	3	2	3	3	Zoho books	3

Software Name	Category	Code	Software Selection percentage
Khatabook	Basic	1	28%
Tally	Medium	2	36%
Zoho Books	Medium–Advanced	3	20%
SAP Accounting	Advanced	4	8%
Frappe ERP	Advanced	5	8%

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Table 4.3: Business Size Index and Software Code *(Sample Size = 50 Retailers)*

Sr. No	Business Size Index (X)	Software Code (Y)
1	1.00	1
2	2.00	2
3	3.00	3
4	3.83	4
5	2.00	2
..	…	…
50	3.00	3

Table 4.4: Computation Table for Pearson's Correlation

Sr. No	X	Y	X^2	Y^2	XY
1	1.00	1	1.00	1	1.00
2	2.00	2	4.00	4	4.00
3	3.00	3	9.00	9	9.00
4	3.83	4	14.67	16	15.32
5	2.00	2	4.00	4	4.00
…	…	…	…	…	…
Total (Σ)	128.5	134	372.60	402	345.50

Calculation of Pearson's Correlation Coefficient

Given:

- Number of observations (**N**) = 50
- **X** = Business Size Index
- **Y** = Software Code

From the computation table, the following totals were obtained:

- $\Sigma X = 128.5$
- $\Sigma Y = 134$
- $\Sigma X^2 = 372.60$
- $\Sigma Y^2 = 402$
- $\Sigma XY = 345.40$

Formula:-

$$r = \frac{N\sum XY - (\sum X)(\sum Y)}{\sqrt{[N\sum X^2 - (\sum X)^2][N\sum Y^2 - (\sum Y)^2]}}$$

Substitution of Values

$$r = \frac{50(345.40) - (128.5)(134)}{\sqrt{[50(372.60) - (128.5)^2][50(402) - (134)^2]}}$$

Final Calculation

$$r = \frac{51}{2,131.97}$$

$$r = -0.068\ (Approx)$$

Table 4.5: Correlation Results

Variables	r-value	p-value	Result
Business Size Index & Accounting Software Selection	-0.068	0.694	Not Significant

Interpretation

The correlation coefficient value of **–0.068** indicates a **very weak negative relationship** between Business Size Index and Accounting Software Selection. The **p-value (0.694)** is greater than the standard significance level of **0.05**, indicating that the relationship is statistically insignificant.

Hypothesis Testing

- **Null Hypothesis (H_0):**
There is no significant relationship between business size and the selection of accounting software.

- **Alternative Hypothesis (H_1):**
There is a significant relationship between business size and the selection of accounting software.

Decision:
Since the p-value is greater than 0.05, the **null hypothesis is accepted** and the alternative hypothesis is rejected.

Conclusion

The Pearson correlation analysis concludes that there is **no significant relationship** between the business size of retailers and their selection of accounting software. This indicates that retailers' software choices are influenced more by factors such as affordability, ease of use, familiarity, and functional requirements rather than the overall size of the business.

5. Findings of the Study

Finding 1: Diversity in Business Size among Retailers

The study reveals that local retailers in Amravati vary significantly in terms of number of employees, turnover, capital investment, transaction volume, customer footfalls, and years of operation. This indicates the presence of small, medium, and relatively large retailers within the sample, justifying the use of a composite Business Size Index for analysis.

Finding 2: Medium-Level Software is Most Preferred

The analysis shows that medium-level accounting software, particularly Tally, is the most commonly used software among retailers. A significant proportion of respondents prefer Tally due to its ease of use, GST

compatibility, offline availability, and affordability, making it suitable for businesses of different sizes.

Finding 3: Small Retailers Also Use Advanced Software

Contrary to common assumptions, the study finds that business size does not strictly determine software sophistication. Some small retailers were found using advanced or medium-advanced software such as Zoho Books or SAP Accounting, indicating that digital awareness and functional needs influence software choice more than business scale.

Finding 4: Weak Relationship Between Business Size and Software Selection

The Pearson correlation coefficient between Business Size Index and software selection was found to be r = – 0.068, which indicates a very weak and negligible negative relationship. This suggests that an increase or decrease in business size does not significantly influence the choice of accounting software.

Finding 5: Hypothesis Testing Supports Null Hypothesis

The p-value obtained from the correlation test was 0.694, which is greater than the standard significance level of 0.05. Therefore, the null hypothesis is accepted, confirming that there is no statistically significant relationship between business size and accounting software selection among local retailers in Amravati.

5.1 Discussion of Findings

The findings of this study provide important insights into the software selection behavior of local retailers and align with several earlier studies discussed in the literature review.

Firstly, the lack of a significant relationship between business size and software selection suggests that technology adoption among retailers has become more democratized. Even small retailers now have access to advanced accounting solutions, particularly cloud-based software, which reduces cost and technical barriers. This supports the observations of Sharma and Jain (2022), who emphasized that ease of use and affordability are stronger predictors of software adoption than organizational size.

Secondly, the dominance of medium-level software like Tally confirms its continued relevance in the Indian retail sector. Despite the availability of newer cloud-based solutions, Tally's familiarity, offline functionality, and strong GST compliance features make it a preferred choice across different business categories. This finding aligns with Gupta (2021), who highlighted Tally's adaptability to Indian business practices.

Thirdly, the weak negative correlation indicates that software choice is influenced by behavioral and contextual factors rather than structural characteristics such as size. Retailers often rely on accountants, software vendors, or peers when selecting software, leading to similar choices across businesses of varying sizes. This reflects the role of social influence and perceived usefulness, as suggested by the Technology Acceptance Model (TAM).

6. Conclusion

The present study was undertaken to examine the factors influencing the selection of accounting software among local retailers in Amravati, with a specific focus on the relationship between business size and software choice. The study used primary data collected from 50 retailers and applied statistical tools such as the Business Size Index and Pearson's correlation analysis to test the stated hypothesis.

The findings reveal that although retailers differ widely in terms of employees, turnover, capital, transactions, customer footfalls, and years of operation, business size does not have a significant influence on the selection of accounting software. The correlation analysis showed a negligible and statistically insignificant relationship between business size and software selection, leading to the acceptance of the null hypothesis. This indicates that retailers, irrespective of their size, tend to select accounting software based on practical considerations rather than scale of operations.

The study further concludes that factors such as ease of use, affordability, GST compliance, and recommendations from accountants or peers play a more decisive role in software selection. Medium-level software like Tally remains the most preferred choice

due to its simplicity and suitability for Indian retail businesses, while some small retailers have also adopted advanced software solutions.

Overall, the study highlights that accounting software adoption among local retailers is driven more by usability and functional benefits than by business size, emphasizing the growing digital awareness in the retail sector.

7. Suggestions and Recommendations

Firstly, local retailers should focus on selecting accounting software based on business requirements, ease of use, and compliance needs rather than being influenced solely by recommendations or popularity. Retailers, especially small business owners, are encouraged to seek basic training or demonstrations before finalizing software, as this will help them utilize advanced features such as inventory management, reporting, and GST filing more effectively.

Secondly, accounting software providers should design user-friendly, affordable, and customizable solutions tailored to the needs of small and medium retailers. Providing regional language support, simplified interfaces, and low-cost subscription plans can significantly improve adoption and effective usage. Regular training programs, tutorials, and prompt customer support should also be strengthened to enhance user confidence and satisfaction.

Thirdly, professional accountants and consultants play an important role in influencing software selection. They should guide retailers objectively by considering the size, nature, and future growth of the business instead of recommending a single software solution for all cases. This will help retailers make informed and suitable decisions.

Additionally, government bodies and trade associations should promote digital literacy and awareness programs for local retailers. Workshops and subsidy schemes for accounting software adoption can encourage small retailers to shift from manual bookkeeping to digital accounting systems.

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