

Best Accounting Practices for Online Businesses

Name:

Institution:



Chapter 3: Methodology

3.1. Introduction

This chapter will discuss the research methodology that was assumed throughout this research. It will present the process of carrying out qualitative research by discussing such topics as research design, data sources and collection, data analysis, and trustworthiness of the research.

3.2. Research Design

Before engaging in research, researchers need to have a plan regarding how to conduct their entire research. A research design is the framework of methods/techniques researchers choose to conduct a study (Flick, 2014). Zhang and Wildemuth (2005) define it as a logical plan of getting from the first phase of a research (i.e., research questions) to its last phase (i.e., conclusions). The current research adopted a qualitative research design to answer its questions. According to Hammarberg et al. (2016), a qualitative research design is used when one wants to explore and develop a deeper understanding of a research problem because it allows researchers to study topics in an open-ended manner, i.e., without being confined to the limits of specific relationships or predetermined factors.

The qualitative design was selected for various reasons. Firstly, a qualitative design allows one to conduct an in-depth examination of existing literature pertaining different concepts and/or phenomena. The main aim of this research was to conduct a comprehensive review of current accounting practices in online businesses, making a qualitative design the most appropriate approach for fulfilling this aim. Secondly, according to Flick (2014), a qualitative research design enables researchers to contextualize trends and patterns in secondary data. Another aim of this research was to offer a detailed secondary analysis of how accounting

practices in online businesses have evolved over the years and how they have been affected by technology, further making the qualitative design the most suitable for this research.

Lastly, a qualitative research design is suitable for synthesizing recommendations from various secondary sources. By assuming a qualitative research design, this study was able to aggregate insights from different scholars, industry experts, and regulatory bodies to come up with comprehensive recommendations for accounting practices for online businesses. This made sure that the proposed best practices were informed by a wide range of perspectives.

3.3. Data Sources and Data Collection

Data forms the backbone of any research and it can be collected from a variety of sources. This research can broadly be defined as armchair research due to the data sources that it made use of. Armchair research is a type of research that is conducted mainly by analyzing existing literature, documents, and/or secondary data from the comfort of one's desk (i.e., metaphorically, from an armchair) (Nolan, 2015). In such a research, researchers depend only on previously collected data, written materials, and/or other forms of information without engaging in fieldwork, experimentation, and/or primary data collection (i.e., it is essentially a library-based study). In support of this approach, Merriam (2009) argued that documentary data/materials do not greatly differ from observations or interviews and that both approaches to research present reliable findings.

Once a researcher has determined their data sources, the next step is to determine the data collection/sampling procedures. Data collection is the procedure of gathering data from the sources of information one has identified (Merriam, 2009). In the current research, data was collected from such academic sources as books, conference papers, case reports, documents of

statutes, internet publications, journal articles, legal rules and regulations, newspaper articles, official webpages, and thesis documents among others. These types of documents can broadly be classified as secondary data sources. After retrieving these documents, the substantive accounting practices in online businesses were read and analyzed as much as possible in a holistic way to come up with conclusions and afterward write up the main findings.

Since this study sought to not only conduct a comprehensive review of current accounting practices in online businesses, but also fulfill a threefold of other objectives, it was important to include data sources that focused on the influence of technology on online business accounting, regulatory compliance challenges in online business accounting, and recommendations for improving accounting practices in online businesses.

3.4. Data Analysis

This research assumed a qualitative content analysis approach to analyze the secondary data that it collected. Qualitative content analysis is an approach to data analysis that involves systematically analyzing textual, visual, or audio data to identify recurring themes, patterns, and meanings (Zhang & Wildemuth, 2005). It aims to derive in-depth insights and understanding from qualitative data, allowing researchers to interpret and contextualize information within a specific context. According to Zhang and Wildemuth (2005), qualitative content analysis usually starts during the initial states of data collection and it involves four to seven other steps, depending on the complexity of one's research, as visualized in Fig. 1 below.

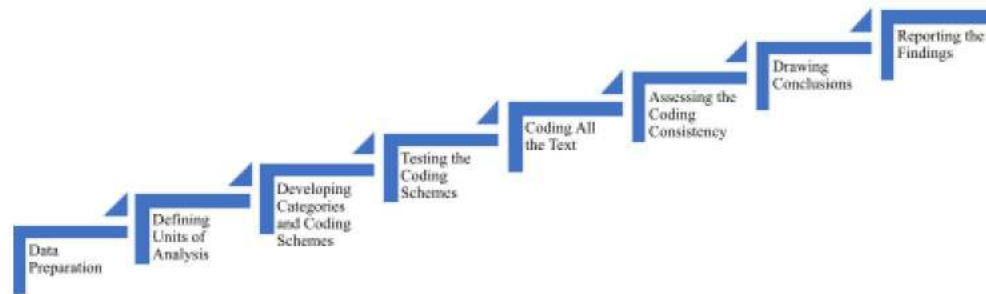


Figure 1: Qualitative Content Analysis Process

As it will be noted in the next sections, this research applied the four necessary steps as advised by Zhang and Wildemuth (2005) because such steps as the testing of coding schemes and assessing their consistency requires more than one researcher/coder, yet this study was conducted by one researcher.

3.4.1. Step 1: Data Preparation

While qualitative content analysis may be applied in analyzing any type of data, such data has to be converted into written text prior to beginning the analysis. Flick (2014) writes that if such data was adapted from existing texts, then the decision of the content to be analyzed depends on what a researcher wants to know. For this research, the emphasis was on collecting analyzing existing data sources, e.g., academic articles, reports, industry publications, and other relevant documents. The main focus was on assessing the relevance, reliability, and relevancy of the secondary data sources to ensure they align with the research questions and objectives.

3.4.2. Step 2: Defining Units of Analysis

A unit of analysis is the basic unit of text one classifies during content analysis (Zhang & Wildemuth, 2005). Researchers are required to unitize messages prior to coding them, because differences in unit definitions tend to influence coding decisions and comparability of outcomes

(Flick, 2014). In qualitative content analysis, individual themes instead of physical linguistic units (e.g., sentences, words, and/or paragraphs) are often used as the units for analysis. A theme can be expressed either as an entire document, paragraph, sentence, phrase or a single word, implying that when one expresses a theme as a coding unit, they are mainly referring to expressions of ideas (Flick, 2014). It means researchers are allowed to assign codes to a large chunk of texts provided it represents a single theme. In the current research, units of analysis included textual documents (i.e., analysis of such written materials as academic articles, industry reports, guidelines, etc.), regulatory and legal documents (i.e., analysis of laws and regulations that impact accounting practices for online businesses, e.g., tax codes and e-commercial regulations), and industry standards and best practices (i.e., as provided by professional organizations and industry experts).

3.4.3. Step 3: Developing Categories and Coding Schemes

Researchers can derive their categories and coding schemes from such sources as the data collected, theories, and previously related studies (Zhang & Wildemuth, 2005). This research was based on the TAM theory as discussed in chapter two. It, thus, played a key role in the development of coding schemes and categories for this qualitative content analysis. The theory, which is rooted in behavioral science, explores how people accept and adopt to technology (Quinto II, 2022). Based on this theory and the main research questions/objectives that guided this research, four key codes/categories were developed to assess accounting practices in online businesses. The first code was ‘current accounting practices in online businesses’, which emerged as the research sought to review what scholars report as online businesses’ behavior and preferences toward contemporary accounting practices. The second code/category was ‘influence of technology on online businesses accounting’. According to TAM, users’ perceptions of

technology's ease of use and perceived usefulness significantly influences its adoption (Spilnyk et al., 2022). This code/category was derived to contextualize whether recent developments in online accounting technology have positively or negatively affected accounting practices for online businesses.

The third code/category was 'regulatory compliance challenges in online business accounting'. According to TAM, government and/or industry regulations also play a key role of users' readiness to accept technology or to adhere to regulation (Purnamasari et al., 2020). Since businesses, whether brick-and-mortar or online businesses, have adhere to certain financial reporting rules, especially when reporting income for taxation purposes, it was deemed important to evaluate regulatory compliance challenges in online business accounting. The last code/category was 'best accounting practices in online businesses.' TAM recommends a user-centric approach when trying to understand practices that are not just technologically accepted, but also considered optimal among users depending on the use-case (Rahmi et al., 2022). For this research, the intention was to recommend the best practices as per synthesized from prior research.

3.4.4. Step 4: Reporting the Findings

The final step of the qualitative content analysis process involves reporting the findings. The findings of this research will be discussed in the next.

3.5. Trustworthiness

The criteria applied in check the trustworthiness of most qualitative content analysis include checking for credibility, transferability, and dependability of the data collection procedure. Credibility is the believability of findings, which can be achieved through rigorous methods, transparency, and triangulation (Zhang & Wildemuth, 2005). To improve its credibility,

the research design was discussed and justified, including the coding processes and definitions. Transferability, on the other hand, is the extent to which a study's findings can be applied or generalized to other contexts or settings (Zhang & Wildemuth, 2005). Before publication, the findings of this were presented to a marking panel who judged whether the findings can be transferred to different contexts or settings. Lastly, dependability is the consistency and stability of the research process and findings over time (Zhang & Wildemuth, 2005). The findings of this research were compared to other studies to see whether they are coherent in Chapter Four.

3.6. Summary

This chapter has discussed the research methodology that was assumed throughout this research. It has presented the process of carrying out qualitative research by discussing such topics as research design, data sources and collection, data analysis, and trustworthiness of the research. As noted, the main research design was qualitative and all the data was sourced from secondary sources. The secondary data was analyzed using qualitative content analysis means. The secondary findings of this research will be presented in the next chapter.



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