

Best Accounting Practices for Online Businesses

Name:

Institution:



2.3. Theoretical Framework

The theoretical framework upon which this literature review is based is the Technology Acceptance Model (TAM). It has been chosen for its relevance in explaining how technology was adopted in the accounting sector and, specifically, its impacts on online business. Quinto II (2022) described TAM as a framework that not only attempts to justify the way people accept and use technology but also explores the human factors that influence such acceptance and usage. One of the main aspects of TAM is its focus on how potential users of new technology perceive it, which the developer of the framework argued was a critical factor in assessing its (the technology) acceptability. TAM postulates that there is a direct link between the perceived worth of a given technology and a consumer's social aim to accept and use it while being observed. According to Quinto II (2022), perceived worth determines a consumer's persistence in embracing the use of new technology because they believe it leads to positive outcomes. In contrast, a piece of technology in which people do not perceive any worth will most likely not succeed in the market because it has no potential benefits that appeal to users.

According to Spilnyk et al. (2022); Tugui (2015), perceived worth of a new technology may suppress that of previous technology because users will typically be attracted to the gains they get from consuming technology. For example, in the specific context of accounting, Khaghaany et al. (2019) demonstrated that financial statements, reports, and records have traditionally been based on paper, but the advent of computers and the Internet occasioned changes that are still being experienced today in the form of web-based accounting. In that context, professionals such as accountants may accept and utilize new technology because of the belief that it will augment their performance and productivity. Quinto II (2022) explored the TAM aspect that claims besides perceived worth, another factor that determines the uptake of

technology is perceived ease of utilization. Their finding was that the complexity and degree of effort needed to use a new technology can determine the degree to which the technology will be accepted or used. Similarly, Spilnyk et al. (2022); Liu et al. (2019) added that the perceived ease of utilization also covers how accessible the technology is to the intended market.

Online business is ideally a technology-based concept, the implication of which is that most of its operational practices will also be driven by technology. It follows, therefore, that the perceived worth that online entrepreneurs find in accounting technology and the ease with which they can use the technology will determine its uptake and continued utilization.

2.4. Electronic Accounting

Beerbaum et al. (2021); Pavlykivska and Marushchak (2019) reported that technological advancements have impacted on every sector in the modern economy though, agreeably, some more so than others and with different consequences. The accounting profession and its associated practices in online business are among those that have been impacted upon the most by technological advancements, such as digitalization and the advent of accounting software. The following subsections will explore the consequences of digitalization to accounting practices, highlighting the topic from the perspectives of both accountants and their clients. The pros and cons of implementing electronic accounting will also be mentioned.

2.4.1. Digitalization and accounting

Cai (2021) found that digitalization, in the accountancy sense, is a term used in reference to the advent and adoption of electronic accounting, which encompasses online business, and can be described as a system of accounting that is founded on computer technology and is designed to capture and process financial data. Conversely, business transactions, financial records, and financial reporting have been paper-based for centuries. However, Khaghaany et al. (2019) found



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