

Cloud Accounting: A New Business Model for Accounting Resilience and Sustainability in Post COVID-19 Economy

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Abstract: *This study examined cloud accounting as a new business model for accounting resilience and sustainability in a post pandemic economy. The study specifically assessed the Corona virus pandemic and how it has induced a global crisis that knows no borders and has affected billions of lives, as well as the economy and the society we live in. It clearly has shown how systematic risks can have exponential impacts and how prepared and resilient our systems can be and the ability to respond quickly and efficiently to the markets instability while strategizing for long term sustainability, a sample size of 40 was randomly selected from knowledgeable staff of Zenith bank. The data collected through primary and secondary source were presented and analyzed using simple percentages while the Chi-square statistical tool was used for testing the hypothesis. The study revealed and concluded that conversion to cloud accounting for accounting resilience in a post pandemic economy has significantly influenced the need for businesses to dive into cloud accounting. The study recommends that Government should invest into IT infrastructure development to increase the availability of internet connection in the country, this will help reduce cloud services from cloud providers overseas because data transmission across overseas is more expensive as compared to data transferred locally, therefore organization with financial and technical resources can take advantage of this and provide cloud services to local businesses.*

Key words: Cloud Accounting, Accounting Resilience and sustainability, Innovation

1.0 Introduction

The unprecedented outbreak of covid-19 has debilitated businesses by impacting their productivity as well as overall economic growth across industries in almost all the countries in the world. It has immobilized their staffs making them work remotely from home, in several cases infrastructure being inadequate and unavailable. Covid-19 has also presented the greatest challenge of ensuring business continuity by taking care data availability, employee's engagement, and enabling business operations in such an extraordinarily unusual time (Bhargav, 2020).

Accounting is an industry that is undergoing so much change, largely sparked by vast advances in technology. The evolution of cloud accounting is changing customer expectations and accountants are rethinking the way they operate to meet the new, often heightened, demands. People are ready to not be tied to the paperwork in their business; they want to focus on the things they are most passionate about. Technology is helping them find a better work/life integration. With cloud computing, businesses can have up to the hour, even minute, financial information that can be fully accessible and managed by their accountant. One of the biggest technological trends at the moment is the emergence of cloud technology. The cloud is a platform to make data and software accessible online anytime, anywhere, from almost any device having an internet connection. In cloud computing, users access software applications remotely through the internet or other network via a cloud application service provider. Likewise, in cloud accounting, data is sent into "the cloud", where it is processed

and returned to the user. All application functions are performed off-site, not on the users' desktop, which frees the business from having to install and maintain software on individual desktop computers (Tahmina, 2017).

From a financial market perspective, the novel corona virus pandemic has led to global economic uncertainty and volatility. With such widespread impact, the economic effects are disrupting day to day accounting procedures. With the covid-19 landscape presenting unique challenges that delay information from flowing into the accounting sector, accountants must be better positioned to thrive in a post pandemic economy (Imran, 2020). Accounting, the language and science of measuring business performance, has been continuously adapting to the economic context. This increasing pace of change promoted by cloud solutions has also reached the accounting domain. As expected, cloud service providers have developed cloud-based accounting applications, which have considerable advantages. Today, accounting in the cloud is a new business reality, powered by cloud computing technology. Also known as cloud accounting or online accounting, this software acts like accounting applications installed on users' computers, but it is performed on servers offering online services and users can access them through web browsers. This way, accountants or business owners can connect to their financial affairs from any location over the Internet (Otilia and Marian, 2015). On the other hand, as covid 19 pushes down business, cloud enablement help them rise. Organizations that have already adopted cloud accounting are minting its benefits with their business continuity even in the deadlock situation. They have cloud-based business level application in place to maintain collaboration with their workers and customers, aiding smooth and continuous business stability (Bhargav, 2020).

The corona virus pandemic has changed the way our entire society works, forcing everyone to reduce their number of social interactions. Non-essential business are now nearly entirely online based, with many companies finding that working remotely can be even more efficient than working in offices. For accountant this move online has exposed inefficiencies in traditional accounting, which was largely outdated even before the pandemic struck. For those still using legacy systems, the pandemic should be looked at as a catalyst to change to model systems most significantly the cloud. For business to continue to operate seamlessly during and beyond the ongoing covid 19 pandemic, Cloud computing services stands out as a critical enabler with companies like Microsoft reporting 775% spike in service update within the past few months. Cloud services enable access to business application from anywhere and any time so long as there is connectivity and a device and has become even more essential as companies have shifted to remote business operation with employees working from home under various lock down scenarios. The Corona virus has induced a global crisis that knows no borders and has affected billions of lives, as well as the economy and the society we live in. It clearly has shown how systematic risks can have exponential impacts and how prepared and resilient our systems can be and the ability to respond quickly and efficiently to the markets instability while strategizing for long term sustainability, it is on this note that this study examined cloud accounting as a new business model for accounting resilience and sustainability in a post pandemic economy.

1.1 Objectives of the Study

The purpose of this study is to examine cloud accounting as a new business model for accounting resilience and sustainability in a post pandemic economy. The specific objective is to develop a sustainable long term accounting resilience for organizations to adapt continually to digital transformation and technology.

1.2 Research Hypothesis

H0: Sustainable long term accounting resilience has no significant effect for organizations to adapt continually to cloud accounting

2.1 Concept of Cloud Accounting

The accounting profession has generally proven to be receptive towards IT innovation and there is no doubt that the cloud computing phenomenon has the potential to remodel the accounting software market (Hatherly, 2013). Given the fact that the cloud computing adoption trend is continuously rising, several companies from all over the world have already embraced cloud-based accounting software. Doing accounting in the clouds ensures the same functionalities as the traditional accounting software that is locally installed on the user' computer.

“Cloud accounting”, also known as “online accounting”, “web-based accounting”, “real-time accounting” or “cloud financials”, is gradually replacing stand-alone accounting software. Nowadays, financial executives are interested in cost-effective and practical accounting solutions that, besides performing automated tasks and delivering detailed statements, are also flexible enough in order to adjust to different business needs or market conditions. An appropriate and valuable accounting application should not only be able to gather and process financial data but should also enable managers to make convenient and timely decisions. In order to address these issues and make the accountant's job easier, cloud accounting software has been developed and, as time goes by, increasingly more companies are recognising its value as an effective means for saving time and money (Otilia and Mariam, 2015). There is not an unified definition of cloud computing until now, as it is a metaphor for the internet. In the cloud computing all the resources are arranged together in the cloud storage center, where users can enjoy unlimited resources and computing power as long as they use a terminal to attach the internet. The concept of ‘cloud accounting’ was first put forward by Ping and Xuefeng (2011). Cloud accounting has been defined by them as the utilization of cloud computing in internet to build a virtual accounting information system, i.e.; cloud computing plus accounting equals cloud accounting.

Benefits of Cloud Accounting to Businesses

Izzbox (2013) states the main benefit of cloud accounting as the ability to manage your accounts from almost any location. According to Twilley (2013), using cloud computing for accounting and other financial functions can simplify tasks, facilitate company growth, and aid in global reach and expansion. According to Chan (2009), the main benefits that attract adoption by Certified Public Accountants (CPAs) include Continuous software updates, which means everybody is using the same version, Automatic secure cloud backup, so companies don't need to worry about users doing their own backup in a regular, secure fashion, Simplified access. Having the applications and data "in the cloud" provides "anywhere, anytime" access. Users can get to the financial data from smart phones and tablets, not just from desktop systems, CPAs and clients can work together, because both access the same data (although possibly through different applications or features).

Reasons for using Cloud Services

- 1. Maintaining Focus on the Business:** Businesses are realizing that running an IT department is not their core competency; they are better lawyers, doctors or plumbers. Buying cloud services, either in the form of a single application or their entire datacenter is often more cost effective, more reliable and lets them reallocate their limited resources to growing their business.
- 2. Business Agility:** Businesses with significant technology investments can find themselves unable to take advantage of shifts in the market or respond to competitive pressures because the capital, people or time are not available in the measure needed to react. Cloud services remove these barriers, allowing businesses to continually adapt their technology needs to their business without the costs that would normally have to be considered with an onsite datacenter.
- 3. Reduced Capital Expenditures:** Large capital investments can be minimized or eliminated altogether in favor of small monthly payments. Capital can be protected as keeping capital and operational expenses to a minimum can be very important to small and medium businesses alike.
- 4. Scale:** Businesses that have peak seasons or different seasonal staffing demands can benefit from cloud services by letting them temporarily dial up more capacity for the seasonal business peaks, without purchasing the hardware or software that would otherwise go unused during the slower times of the year.
- 5. Access from Anywhere:** Being able to do business without borders is one of the major benefits of cloud services. Access to the applications and data is available to authorized users anywhere there is Internet access.
- 6. Staffing Efficiency:** Cloud services can help maintain an efficient technology staff, outsourcing key technical specializations or technology staff as it makes sense for the business.

How Is Cloud Accounting a Different Business Model

Traditional accounting software is generally purchased as a product and installed on each user's computer. We could consider cloud accounting a new business model as it is rather provided as a service and not as a product. By accessing the accounting data via the internet, companies are purchasing the use of accounting software from a specialized service provider and not the software itself (with the required license or even the necessary infrastructure). Cloud accounting solutions are transforming the way that accounting applications are used and they are modernizing the entire business environment. Mahin Khawaja, director of Adroit Accountax evaluates this as a shift in the industry with more accounting firms utilizing cloud services: "Accountants want to evolve like everyone else, with more online accounting systems, better connectivity than we had 20 years ago, and [the] ability to work remotely." Another aspect that defines cloud-based accounting as a different model is the capability to display the current financial state of the business. Relevant and up-to-date information is crucial for any economic decision, especially in a very competitive and challenging context like the one that we are living today. Businesses can either grow or disappear just as rapidly, depending on their ability to evolve and adapt to the best existing technological framework.

3. METHODOLOGY.

3.1 Research Design

Survey research design is adopted using questionnaire, oral interview and personal observation. The research design is justified based on the nature of the data the research intends to collect and carryout analysis on.

3.2 Population and Sample of the Study

The population of this study comprises of 45 personnel of Zenith Bank Plc, Emphasis was placed on staff knowledge and information concerning the subject matter

The sample for this study was obtained using the Taro Yameni statistical formular. The sampling technique employed by the researcher is simple random sampling technique where the researcher ensures that each respondent is given equal opportunity of being part of the sample.

3.3 Sources of Data

Primary data were collected through the administration of questionnaire, oral interview and observation, Secondary sources of data presented in this research builds on Documentary materials emanating from professional accounting bodies. (in particular relating to regulation, conference, training and education).

3.4 Method of Data Analysis

In this analysis of data, the information obtained was first edited in order to bring error in the raw data to a manageable level of barest minimum. After editing, the data were subjected to some statistical test to make them useful and meaningful.

The following statistical were used

- (a) Relative frequency or simple percentage
- (b) Chi-square test

The responses from the respondent and was contained in the administered questionnaire.

Chi-square test is a statistic that gathers together all the discrepancies between the observed performance and the expected value and is given by the test statistics

x^2 .

Chi-square is given by

Formula
$$x^2 = \frac{\sum n(f_o - f_e)^2}{f_e}$$

Where Σ = Summation

f_o = Observation

f_e = Expected frequency

n = Number of observation

Decision Rule

This is the final step in the research where such tests are applied. Decision rule addresses itself to the fact that statistically hypotheses are formulated with the fundament aim of either accepting or rejecting them. For a significant test of null hypotheses to be carried out, we must obtain the critical value (chi-square from the table) of the chi-square statistic.

- (a) If the x^2 is equal to zero, it follows that the theoretical value and the null hypotheses is accepted. If chi-square is not equal to zero, the theoretical value do not agree. The greater the value of x^2 the greater the discrepancy between the observed and the expected values.
- (b) If the calculated x^2 is greater than the x^2 from the table, the hypotheses is rejected and alternative hypotheses accepted.

(c) The value of χ^2 is given under a significant level of α and degree of freedom (df). The degree of freedom is given by the number of observed values less than one. For the purpose of this research work, all the hypotheses were tested at 50% level of significance, The level of significance was chosen because it approximately settles on the average of the normally allowable level of significance is between 10% and or accepting a false alternative hypothesis, is reduced to a manageable minimum.

4. DATA PRESENTATION, TEST OF HYPOTHESIS AND RESULTS

4.1 Hypothesis 1

H1 Sustainable long term accounting resilience has a significant effect for organizations to adapt continually to cloud accounting

H0 Sustainable long term accounting resilience has no significant effect for organizations to adapt continually to cloud accounting

Option	Observed Frequencies (O)	Expected Frequency (E)	O-E	(O-E) ²	(O-E) ² / E
Yes	27	20	7	49	2.45
No	13	20	-7	49	2.45
Total	40	40			4.9

$E = 40 / 2 = 20$

Calculated value of $\chi^2 = 4.9$

The degree of freedom = $(2-1) (2-1) = 1$

Assumed level of freedom = 0.05

Critical value of $\chi^2 = 3.841$

From the above

χ^2 calculated > χ^2 critical value

Decision

Since the calculated value of χ^2 is greater than the critical value. The alternate hypothesis (H1) is accepted. We therefore conclude that Sustainable long term accounting resilience has a significant effect for organizations to adapt continually to cloud accounting

5. FINDINGS/ DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Finding / Discussion

This study was carried out to examine Cloud Accounting: A New Business Model for Accounting Resilience and Sustainability In a Post Pandemic Economy. To achieve this objective, one lead research question and one research hypotheses were formulated to guide this study. A structured questionnaire was used as the main instrument to gather data from 40 personnel in Zenith Bank of Nigeria Plc, Awka. The whole, 40 (100%) copies of questionnaire were appropriately completed and returned for data analysis.

The data collected from the respondents were analysed using simple percentage and tables to analyse the research questions while chi-square (X^2) statistical tool were used to test the hypotheses. The findings revealed that: Sustainable long term accounting resilience has a significant effect for organizations to adapt continually to digital transformation and technology

5.2 Conclusion

There is no doubt that conversion to cloud accounting for accounting resilience in a post pandemic economy has significantly influenced the need for businesses to dive into cloud accounting. Cloud accounting model is a systematic process that utilizes the Cloud to store accounting data. The cloud accounting model enables all business participants (business owners, accountants, auditors, clients and employees) to closely collaborate by accessing up-to-date financial data in the same time, via the internet. These makes it even more interesting during a post pandemic economic crisis, with cloud accounting financial transactions can be carried out from any part of the world, creating a truly interconnected and networked world which is on a recovery process. The transition to the cloud is only just beginning. It might become the fundamental factor in reshaping our reality and redefining globalization as we know it. If accountants give technology the chance to prove its worth the accounting profession could eventually act as worldwide standardized entity and take businesses to the next level of efficiency.

5.3 Recommendation

Based on the study undertaken on Cloud accounting a new business model for accounting resilience and sustainability in a post pandemic economy in Nigeria, the following recommendations are here by advanced. These recommendations may serve as useful inputs for improving a country action plan for accounting reforms in Nigeria.

- A study should be conducted on the possibility of industrial or commercial companies to apply cloud accounting
- Government should invest into IT infrastructure development to increase the availability of internet connection in the country, this will help reduce cloud services from cloud providers overseas because data transmission across overseas is more expensive as compared to data transferred locally, therefore organization with financial and technical resources can take advantage of this and provide cloud services to local businesses.
- Government should encourage businesses with significant technology investments to vest into cloud accounting to take advantage of shifts in the market and adapt to current trends.

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