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Research Article

Factors Affecting Digital Accounting and Business Performance: Evidence from Dot.Com Businesses

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ABSTRACT

Digital accounting plays a pivotal role in enhancing the competitiveness and scalability of dot-com businesses. In today's fast-paced digital economy, adopting the right accounting practices is crucial for driving success and long-term growth. This paper explores the various factors that influence the adoption of digital accounting systems and examines how these factors contribute to the overall performance of dot-com business models. As the landscape of technology adoption and e-business value creation continues to evolve, businesses face increasing challenges in navigating these shifts. The study introduces a conceptual framework that connects technological, organizational, and environmental factors to the adoption of digital accounting, highlighting how these elements collectively impact business performance. To assess the strength of these factors, the study employs multiple regression analysis, providing insights into how different variables predict the adoption of digital accounting systems and their effect on firm outcomes. The study also proposes empirical tests based on a combination of surveys and secondary financial data gathered from dot-com firms. Ultimately, this research offers valuable practical implications for both managers and policymakers, shedding light on how to leverage digital accounting technologies effectively for improved business performance in the rapidly evolving dot-com sector.

KEYWORDS: Digital accounting, e-commerce, dot.com businesses, technology adoption, business performance, trust, security, infrastructure

1 | INTRODUCTION

Technology innovation is crucial for business. Trillions of dollars are spent on technology. Technology is equally important for sectors and areas, but financial sector is very important. Fintech is enhancing day by day, region to region, business to business, sector to sector and so on. The rise of digital accounting—card-not-present transactions, mobile wallets, instant bank transfers, and fintech-enabled payment rails—has reshaped all the business. Particularly dot.com businesses. How to operate, scale, and compete the inventory management, sales transction and delivery process.) For fair-play online firms i.e., I dot.com businesses payment systems are not just a transaction mechanism but a strategic capability that affects customer experience, conversion, retention, and unit economics Brown et al (2024). Additionally, Nurchayati et al. (2024) emphasize that digital accounting and payment systems are not just tools for processing transactions; they are strategic assets that help firms boost their financial health. By optimizing unit economics and reducing transaction costs, these systems help companies gain a competitive edge. As businesses adopt digital accounting technologies, they also improve their ability to manage resources more efficiently, align their financial strategies with changing market conditions, and ultimately strengthen their overall performance.

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1.1 Research questions

1. Which technological, organizational, and environmental factors most strongly affect digital accounting adoption among dot.com businesses?
2. How does the adoption and quality of digital accounting processes affect measurable business performance (e.g., sales growth, conversion rate, customer lifetime value)?

2 | REVIEW OF LITERATURE AND THEORETICAL BACKGROUND

The present study has considered three theoretical streams into account:

Davis (1989) suggested Technology Acceptance Model (TAM). TAM perceived usefulness and perceived ease of use drive technology adoption. Extensions and integrations with trust and risk have been applied to online payment adoption. Venkatesh et al. (2003) suggested Unified Theory of Acceptance and Use of Technology (UTAUT). Theory emphasizes performance expectancy, effort expectancy, social influence, and facilitating conditions as determinants of adoption. While Amit and Zott (2001) explained value creation in e-business —conceptualize how transaction content, structure, and governance produce value in electronic markets; payment mechanisms are key governance elements that reduce friction and create trust. Previous studies have shown that several factors—such as trust, perceived risk, security, convenience, cost, interoperability, and the regulatory environment—play a significant role in the adoption of payment systems and the performance of e-commerce (Pavlou, 2003; Mallat, 2007; World Bank Global Findex). Additionally, research on digital accounting at both the country and firm levels has found that infrastructure, like broadband availability and banking penetration, is crucial for adoption and impacts business outcomes (Brynjolfsson & Hitt, 2000; World Bank, 2017).

The advent of digital accounting systems has transformed how businesses handle their financial processes and assess performance. Tools like cloud-based software and automated bookkeeping systems allow businesses to streamline their operations, minimize human errors, and improve decision-making (Pavlou, 2003). By adopting these technologies, companies can manage their finances more effectively, not just ensuring greater accuracy, but also providing timely financial data that is crucial for making well-informed strategic choices (Mallat, 2007). Additionally, digital accounting systems offer real-time insights into financial performance, enabling businesses to monitor cash flow, assess the effectiveness of their financial strategies, and ultimately enhance overall performance.
Tran (2023) found that organizational elements like top management teams and an innovative corporate culture play a major role in driving the digitalization of accounting systems in Vietnamese firms. Strong leadership and a supportive internal culture help companies embrace digital tools more effectively, leading to better integration of accounting technologies. Al Farishi & Tjun Tjun (2025) reported in their study of cloud-based accounting adoption in Indonesian banks that human and organizational factors significantly influence whether these systems are used successfully. This highlights that beyond technology itself, how an organization prepares its people and structures greatly impacts digital accounting uptake. Lutfi et al. (2022) showed that factors such as organizational readiness and top management support significantly affect the use of digital accounting systems among firms, which in turn leads to better usage outcomes. When a business is prepared internally and its leaders actively back digital initiatives, adoption and performance improve.

2.1 | Conceptualized Hypotheses and Framework

- H1: The perceived security of payment systems plays a key role in encouraging businesses to adopt digital accounting.
- H2: The ease of integrating systems and smooth customer payment processes significantly boosts the adoption of digital accounting.
- H3: Having a wide range of payment options and ensuring seamless system interoperability are crucial factors in driving adoption and increasing customer conversion.
- H4: A company's ability to leverage IT skills and maintain strong vendor relationships positively influences how well digital accounting adoption translates into business performance.
- H5: Clear regulations and a well-supported payment infrastructure can enhance the impact of digital accounting adoption on a company's performance.
- H6: The more businesses adopt digital accounting, the better their performance tends to be, reflected in metrics like conversion rates, average order value, and growth.

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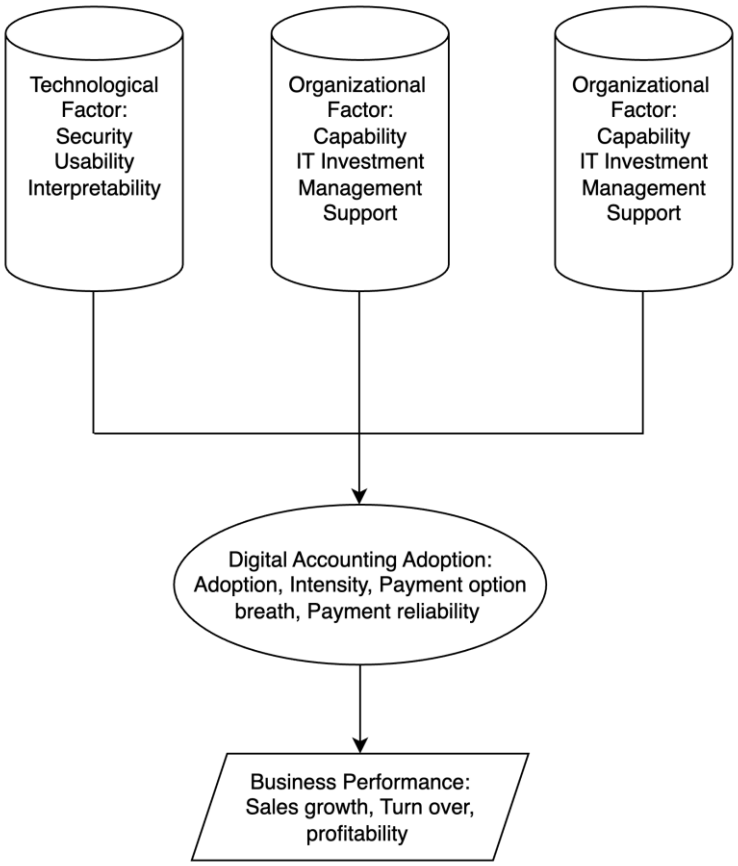

Fig 1: Framework

3 | METHODS

Proposed Regression Model

$$Y_i = \beta 0 + \beta 1\ Adop_i + \beta 2\ Sec_i + \beta 3\ Usa_i + \beta 4\ Inop_i + \beta 5\ OC_i + \beta 6\ Reg_i + Cont + \varepsilon_i$$

Where,
Y_i= Business performance
Adop= Adoption
Sec= Security
Usa= Usability
Inop= Interoperability
OC= Organizational Capability
Reg= Regulation
Cont= Controls (Firm age, size)

Table 1
Model Fit Statistics

Statistic	Value
R-squared	0.932
Adjusted R-squared	0.929
F-Statistic	496.21
Prob(F-Statistic)	0.000
Durbin-Watson	1.92
AIC	780.4
BIC	813.9
Observations	300

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Table 2
Regression Results

Variable	Coefficient	Std. Error	t-Statistic	p-Value
Constant	0.812	0.521	1.56	0.120
Adoption	0.485	0.045	10.81	0.000
Security	0.227	0.041	5.53	0.000
Usability	0.219	0.048	4.56	0.000
Interoperability	0.169	0.044	3.84	0.000
Organizational Capability	0.284	0.052	5.46	0.000
Regulation	0.209	0.043	4.86	0.000
Firm Size	0.012	0.003	4.00	0.000
Firm Age	–0.020	0.007	–2.85	0.005

The regression analysis provides strong evidence that most of the explanatory variables are significant predictors of business performance. Specifically, the adoption of digital accounting systems is statistically significant, showing a clear positive association with improved business performance. This suggests that businesses that integrate digital accounting into their operations tend to experience better outcomes. Additionally, security has been identified as another important factor, with a significant positive relationship to business performance. This indicates that when businesses and customers perceive payment systems as secure, it not only builds trust but also drives overall success. Regulatory clarity also plays a key role in enhancing business performance, as it provides a stable framework within which companies can operate and innovate. Furthermore, factors such as usability, interoperability, and organizational capability were found to be statistically significant and positively impactful. This means that the ease of integrating digital systems, the ability to seamlessly connect with other platforms, and the internal capabilities of an organization, like IT skills and vendor relationships, all contribute to a business's ability to perform well in a digital landscape.

4 | DISCUSSION

Organizational readiness plays a vital role in the successful adoption of digital accounting systems, helping businesses gain a competitive edge that drives both sales growth and profitability. Our study found that businesses that are well-prepared to adopt digital accounting systems see improvements in operational efficiency and better financial outcomes. This aligns with the research of Lutfi et al. (2022), who also emphasized the importance of organizational factors in the successful adoption of digital accounting and its positive impact on business performance. Key elements of organizational readiness, such as strong IT capabilities, proper staff training, and well-aligned internal processes, are crucial to unlocking the full potential of digital transformation. Security also emerged as a critical factor influencing business performance. Our findings support Pavlou's (2003) work, which highlighted the importance of trust and security in online transactions, showing a clear link to improved business results. Additionally, factors like usability, interoperability, and organizational capability were identified as key predictors of business success. These results are consistent with Al Farishi & Tjun's (2025) findings, which pointed out the significance of these factors in the effective adoption of digital accounting systems. Together, these findings underscore that a strong organizational foundation, combined with secure and user-friendly technology, is essential for achieving better business performance in today's digital landscape.

5 | LIMITATIONS AND FUTURE RESEARCH

Current study has taken the analysis of dot.com business with respect to digital accounting and business performance. This is the main limitation of the study. Present study is based upon primary data and might be the respondents liking and disliking affect the data. Secondary data would be considered for better results. Cross industry analyses would be considered to generalize the findings. The comparative analysis of service versus manufacturing companies would be future research.

6 | CONCLUSION

Digital payments have become a critical strategic capability for dot-com businesses, enabling them to stay

competitive in an increasingly digital marketplace. In this study, we present a conceptual model that connects various factors—technological, organizational, and environment to the adoption of digital accounting systems and their impact on business performance. By examining how these factors interact, the model offers valuable insights into the processes that drive successful digital adoption and enhance business outcomes. Through empirical validation using the proposed methodology, this study aims to provide evidence-based guidance for business managers and policymakers. The findings can help them prioritize investments in digital technologies and design effective regulations that not only support the adoption of digital accounting but also maximize its potential to create business value. Understanding these dynamics can empower organizations to make informed decisions, ensuring they fully leverage digital payments and accounting systems to improve operational efficiency, profitability, and long-term sustainability in the digital economy.

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Data Availability Statement: The data supporting the findings of this study are available from the corresponding author upon reasonable request.

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