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**THE FACTORS OF CLOUD ACCOUNTING ADOPTION AMONG  
ACCOUNTING PRACTITIONERS IN MALAYSIA**



**MASTER OF SCIENCE  
(INTERNATIONAL ACCOUNTING)  
UNIVERSITI UTARA MALAYSIA  
AUGUST 2021**

**THE FACTORS OF CLOUD ACCOUNTING ADOPTION AMONG  
ACCOUNTING PRACTITIONERS IN MALAYSIA**



**Project Paper Submitted to  
Tunku Puteri Intan Safinaz School of Accountancy,  
Universiti Utara Malaysia,  
In Partial Fulfilment of the Requirement for the Master of Science  
(International Accounting)**

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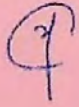
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## ABSTRACT

The fast development of technological advancement has urged accounting practitioners to follow that pace. Cloud accounting system is the newest paradigm in the accounting industry in order to ensure the accounting practitioners are always up to date with a current and challenging situation. This study purposes to analyse the factors of cloud accounting (CA) adoption among accounting practitioners in Malaysia. The technology-organisation-environment (TOE) framework is adopted in this study. The objective of this study is to examine the relationship between perceived benefits outweigh costs and security and privacy concerns (technological context); top management support and technology readiness (organisational context); and external pressure (environmental context). This study used a quantitative approach and the targeted respondents are the accounting practitioners in Malaysia. There are 380 electronic questionnaires distributed and all the questionnaires are returned for further investigation. Collected data were analysed by using PLS-SEM and the results show that all factors have a significant relationship towards cloud accounting adoption among accounting practitioners in Malaysia. Lastly, implications of the outcomes, potential limitations, and recommendations for future research are also discussed in this study.

**Keywords:** Cloud accounting, Perceived benefits outweigh costs, Security and privacy concerns, Top management support, Technology readiness, External pressure, Accounting practitioners, TOE framework

## ABSTRAK

Perkembangan kemajuan teknologi yang laju telah mendorong para pengamal perakaunan untuk mengikuti langkah tersebut. Sistem perakaunan awan merupakan paradigma terbaru dalam industri perakaunan untuk memastikan pengamal perakaunan sentiasa seiring dengan keadaan semasa yang mencabar. Kajian ini bertujuan untuk menganalisis faktor penggunaan perakaunan awan (CA) dalam kalangan pengamal perakaunan di Malaysia. Kerangka teknologi-organisasi-persekitaran (TOE) di dalam kajian ini. Objektif kajian ini adalah untuk mengkaji hubungan antara manfaat yang dirasakan melebihi kos, keselamatan dan kebimbangan privasi (konteks teknologi); sokongan pengurusan atasan dan kesediaan teknologi (konteks organisasi); dan tekanan luaran (konteks persekitaran). Kajian ini menggunakan pendekatan kuantitatif dan responden yang disasarkan adalah pengamal perakaunan di Malaysia. Terdapat 380 soal selidik elektronik yang diedarkan dan semua borang soal selidik dikembalikan untuk siasatan lanjut. Data yang dikumpulkan dianalisis dengan menggunakan PLS-SEM dan hasilnya menunjukkan bahawa semua faktor mempunyai hubungan yang signifikan terhadap penggunaan perakaunan awan dalam kalangan pengamal perakaunan di Malaysia. Terakhir, implikasi hasil kajian, potensi batasan, dan cadangan kajian untuk penyelidikan masa depan juga turut dibincangkan di dalam kajian ini.

Kata kunci: Perakaunan awan, Manfaat yang dirasakan melebihi kos, Masalah keselamatan dan privasi, Sokongan pengurusan atasan, Kesediaan teknologi, Tekanan luaran, Pengamal perakaunan, rangka kerja TOE.



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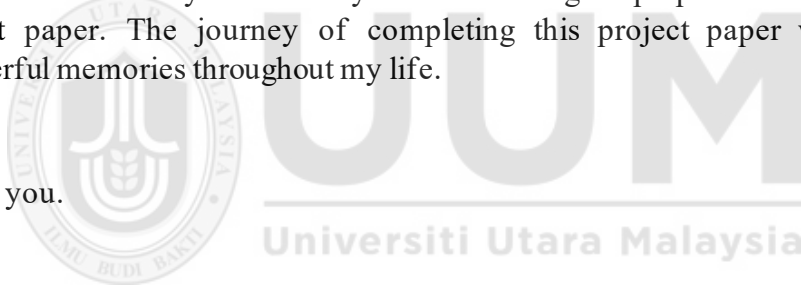
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## LIST OF ABBREVIATIONS

<b>CA</b>	Cloud accounting
<b>IT</b>	Information technology
<b>IS</b>	Information system
<b>MIA</b>	Malaysian Institute of Accountants
<b>ACCA</b>	Association Of Chartered Certified Accountants
<b>IMA</b>	Institute of Management Accountants
<b>AIS</b>	Accounting Information Systems
<b>PLS-SEM</b>	Partial Least Square Structural Equation Modeling
<b>TOE</b>	Technology-organisation-environment
<b>UUM</b>	Universiti Utara Malaysia



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## CHAPTER 1: INTRODUCTION

### 1.0 Background of the Study

Along with the changes of the period, technology also changes. The rising of technological advancement and globalisation have encouraged the demand for economic innovation to reach progress and performance. According to ACCA (the Association of Chartered Certified Accountants) and IMA (Institute of Management Accountants), based on research conducted in 2012, it has recorded a group of drivers that would change and form the business and subsequently, the accounting industry for the following decade ([www.accaglobal.com](http://www.accaglobal.com)).

The accounting field also faces significant changes where the method of bookkeeping has been changed from the record on paper towards paperless; from traditional to modern method which has been implemented in the organisations and businesses. Previously, businesses would buy the traditional accounting software as one product and then it will be installed on every user's computer. Meanwhile, cloud accounting software is offered as a service. Businesses purchase the accounting software usage, not the software itself from a specialist service provider because the businesses are accessing the accounting data from the cloud server on the internet. Therefore, cloud accounting is a solution to change the previous way of accounting applications that have been used towards practising modern methods into the whole business environment (Dimitriu & Matei, 2015).



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## APPENDIX



### **The Factor of Cloud Accounting Adoption among Accounting Practitioners in Malaysia**

**Dear Respondent,**

I am a Master Student at Tunku Puteri Intan Safinaz School of Accountancy, Universiti Utara Malaysia. I am conducting research for the purpose of academic exercise and part of the requirement for the award of Master of Science (International Accounting).

My research aims to study the Factors of Cloud Accounting adoption among Accounting Practitioners in Malaysia. This questionnaire is aimed at obtaining your valuable opinion. Your response will be anonymous and respondents taking part in the research will not be identified.

This questionnaire will take about 5 to 10 minutes. I greatly appreciate your participation in the study.

Thank you for your corporation and involvement in the survey.

**Researcher,**

Nurul Umirah binti Umar  
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Master of Science (International Accounting)  
0182027710  
umira.umar@gmail.com

## QUESTIONNAIRES

### Part A

Please provide some background information about yourself to aid in the analysis of the data.

1. Gender:

- Male
- Female

2. Age:

- Below 30 years old,
- Between 31 and 40 years old
- Between 41 and 50 years old
- Over 50 years old

3. Education level:

- SPM or lower
- Diploma
- Degree
- Master
- PhD
- Professional certificate

4. Are you a member of professional bodies?

- Yes
- No

5. Working experience:

- Less than 5 years
- 5 to 10 years
- More than 10 years

6. Which department do you work in?

- Financial
- Human resource
- Information technology
- Manufacturing
- Procurement
- Sales
- Store
- Marketing
- Service
- Self-employed

7a. Do you adopt cloud accounting?

- Yes
- No



7b. If yes, please state the name of cloud accounting system:

\_\_\_\_\_

**Part B**

These are the statements regarding the technological context influencing cloud accounting adoption. Please tick at the box given to state the level of agreement for each following statement according to the following scale

Technological context

1. Perceived benefits outweigh costs (Source: Hassan et al, 2017)

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)
1. Cloud accounting adoption help to manage business activities efficiently					
2. Cloud accounting adoption reduces operating and related costs.					
3. Cloud accounting adoption avoids the need to increase the workforce.					
4. Cloud accounting adoption increases the organisation's returns on financial assets.					
5. Cloud accounting adoption enhances employee productivity.					

2. Security and privacy concerns (Amini, 2014)

	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)
1. The organisations believe that the Cloud Accounting software is more secure than other accounting paradigms.					
2. The customers believe in data security in cloud accounting					
3. The organisation believes data privacy is guaranteed in cloud accounting.					

### Part C

These are the statements regarding the organisational context influencing cloud accounting adoption. Please tick at the box given to state the level of agreement for each following statement according to the following scale

Organisational context

3. Top management support (TMS) (Amini, 2014; Hassan et al., 2017)

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)
1. Top management provides resources to adopt cloud accounting.					
2. Top management is interested in using cloud accounting to gain a competitive advantage.					
3. Top management supports the implementation of cloud accounting.					
4. Top management provides strong leadership and engages in the process when it comes to information systems.					
5. Top management is willing to take risks in the use of cloud accounting.					

4. Technology readiness (Amini, 2014; Hassan et al., 2017)

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)
1. There are within the company the necessary skills to implement cloud accounting.					
2. The technology infrastructure of our organisation is available for supporting cloud accounting adoption					

**Part D**

These are the statements regarding the environmental context influencing cloud accounting adoption. Please tick at the box given to state the level of agreement for each following statement according to the following scale

5. External pressure (Amini, 2014; Hassan et al., 2017)

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)
1. The organisations think that cloud accounting has an influence on competition in the industry.					
2. The organisations are under pressure from competitors to use cloud accounting.					
3. Some of the competitors have already started using cloud accounting.					
4. Using cloud accounting helps the organization to compete better with our competitors.					
5. The organization feels it is a strategic necessity to use cloud accounting to compete in the marketplace					

**Part E**

Among all the mentioned factors, rank the adoption factors from least important to most important.

Adoption factor	1 (Not Important)	2 (Slightly Important)	3 (Moderately important)	4 (Important)	5 (Very important)
<u>Technological context</u> 1. Perceived benefits outweigh costs. 2. Security and privacy concerns					
<u>Organisational context</u> 3. Top management support 4. Technology readiness					
<u>Environmental context</u> 5. External pressure					



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