

**ACCOUNTANCY PROFESSION IN THE 21ST CENTURY****Assistant professor PhD. Cristina Gabriela COSMULESE***Stefan cel Mare University of Suceava, 13 University Street, 720229, Romania  
gabriela.cosmulese@usm.ro***Ec. Mihaela-Ionela SOCOLIUC***stanciuc\_mihaela@yahoo.com***Abstract**

*The accounting profession is considered a central and of utmost importance in the economy of a country. Economic development is closely related to the actions of the accounting professionals. Since its inception, accounting has tried to contribute to the well-being of people by rigorously maintaining order at the transaction level. Accounting professionals fulfil many roles in society by involving them in most sectors of the economy. They support the development of individual companies, non-profit organizations and are a support for governments when they have to make important decisions to meet social and economic goals. Accounting professionals also play a role in the field of financial investments. They, through detailed reporting, provide essential information for foreign investors when it comes to resource allocation. In this paper we will follow the route that the accounting profession has taken since ancient times and so far, the development of the profession at national and international level and the advantages and disadvantages of globalization for the accounting professionals.*

**Key words:** *the 21st century accounting; information technology.*

**JEL Classification:** *M41.*

**I. INTRODUCTION**

In the process of economic development, there is always the need for information resulting from theories and studies following research. The inter-war period showed an important stage of development in the case of Romania, which continued to grow until the moment of implementation of communism. Thus, another important period is noted in the history of Romanian accounting, a period that has meant an unbreakable barrier for a developing company. All the plans were reconfigured for other purposes with a single meaning, without a return path until around 1970-1980. However, some Economics professors did not lose their courage and continued their research in the field of accounting, being noticed through the doctoral theses written at that time. The year 1990 brings a revival in the law of the professional accountant. He has to handle the novelty he is constantly facing. The language and methods are new, but the challenge does not seem to be so great in addition to the interest that has been born again with this change. At the same time, there is a reconnection to the reality of the environment, to the international and global accounting, which needs immediate adaptation. Since then, until now, the accounting system and accounting professionals are in continuous improvement, adapting to European norms and standards, namely, International Financial Reporting Standards (IFRS).

Osioma (2017) considers that certain primary incidents formed the scope/development of the accounting profession, as well as the role of the accounting professional. In recent years, numerous corporate scandals that took place both on the global stage (Enron and Worldcom, Arthur Andersen) and nationally (FNI, Caritas, SAFI, Bancorex, Turkish-Romanian Bank) and RAFO) have undoubtedly challenged the credibility of the financial statements, audit and corporate governance practices for which accountants are directly linked. These events have changed the role of the accountant as well as the accounting profession in the past and present. Unfortunately, the loss of citizens' confidence in the accounting profession was further aggravated in 2008, implying the global financial crisis, which was blamed for the weaknesses of corporate governance and of the accounting profession. Egbunike (2011) appreciated that the way these corporate scandals were perpetuated has shamed the accounting profession and completely ridiculed the skills, competence and preparation to provide global optimism for investment decisions around the world.

The global financial crisis has clearly undermined confidence in the accounting profession. A South African native and former ACCA Council member, Kholeka Mzondeki FCCA argued that "the accountants could have done more," before and during the crisis. Robert Herz, chairman of the Financial Accounting Standards Board, however, had a different vision. He pointed out that the financial crisis is very different from the corporate reporting of scandals a decade ago, cases in which accounting professionals clearly failed to do their job. But regarding the crisis, he considered that waiting for the auditors and accountants to be the only or

the main people to "yell" and ring the alarm bells was a bit unrealistic, but that does not mean that the audit cannot be improved using the advantage of retrospective "(ACCA, 2012).

It is crucial that the accounting profession offers public value, but the loss of confidence in this public value can affect the legitimacy of the accountants. Value and trust are intertwined, but without the latter, the accounting profession has no value (Hlaciuc & Socoliuc, 2009). Failures, different methods of cost reduction, allegations of misconduct and ethics, unprofessional practices (those related to arrangements meant to deprive the businessman of paying the tax) and others, do nothing but endanger the accounting profession.

Given that legislation at both national and international levels goes through a process of continuous change, everyone active in the field of accounting faces difficult calls every day, and how they balance the interests of clients with a wider public interest is at the centre of the constant struggle to maintain trust. Opinions are divided. Former chairman of the Financial Accounting Standards Committee (FASB), Robert Herz, said, however, that he believes that "Most people in the profession are trying to do what is right." Caliskan, Akbas & Esen (2014: 241) assert that accountants are considered to "hold records of reliable and loyal information and also to behave responsibly while fulfilling their professional obligations." The accounting profession and the nature of the work carried out by professional accountants require a high level of ethics and strict guidelines. Consequently, an understanding of the impasse faced by 21st century accountants becomes imperative, given the complicated and mystifying nature of the professional accountant's duties/responsibilities that require an ethical revolution, the application of accounting guidelines and discipline (Amaechi & Okoro, 2017; Morosan, 2015).

Also, the new technologies in computer science will change the tasks, duties and responsibilities of the accountant in the future, giving him new challenges. According to Dahal (2019), the application of digitalization in the accounting field is essential to respond to current needs and this application requires from the accounting professional to strike an appropriate balance between technology, skill and the multitude of knowledge in the field.

## II. MAIN REFERENCES FOR DEVELOPING THE ACCOUNTING PROFESSION AT NATIONAL AND INTERNATIONAL LEVEL

Accounting is the science that deals with methods of recording business transactions and interprets recorded statements and documents so that users of accounting information have a clear and accurate view on the financial and managerial position of the firm or public entity both in detail and as a whole (Duncan, 1908). The accountant profession would not have developed without the existence of some benchmarks in its emergence and evolution (Socoliuc & Cosmulese, 2018). Focusing our attention on the development of the accounting profession in Romania, we cannot fail to mention the close connection between accounting and its introduction and study in education. Thus, between 1831 and 1835, objects of study of commercial character, between which was included the accounting were introduced for the first time in the educational programs of the theoretical secondary schools (Socoliuc, 2017; Bostan, Grosu & Iancu, 2010).

The accounting profession has undergone a remarkable evolution from 1945 to the present (Mihalciuc, 2006). This period according to Mălăescu (2019) can be divided into several stages, namely: "the socialist stage (1945-1989); the 1990-1994 stage; the stage of adoption of the continental accounting system (1994-1999); harmonization of Romanian accounting with European Directives and International Accounting Standards (IAS) (2000-2005); the stage of compliance with the European Directives and IAS (2006 - present)".

As we have seen so far, the accounting profession has a special importance in the national economic development, its necessity being observed from the beginning of the world. In Romania, in 2019, 95 years have been celebrated since the official existence of the accounting profession represented by "The Body of Accounting Experts and Authorized Accountants in Romania", the law establishing the body being issued in 1921 by King Ferdinand I. According to the ordinance no. 65/1994, the quality of accounting expert and authorized accountant is acquired following the admission examination, completed with at least grade 6 in each discipline, totalling an average of at least grade 7. The qualification period lasts for three years and is completed with the completion of a final exam (Ordinance no. 65/1994). The legislative framework includes, among others, O. G. 65/1994 republished in 2017, with the amendments and completions brought by Law no. 162, ordinance that defines the quality of accounting expert and authorized accountant and the conditions that they must fulfil and the law no. 200/2004 which provides for the recognition of qualifications and diplomas. At European level, the directive providing for the recognition of qualifications is Directive 2005/36/EC, and Directive 2006/123/EC regulates the provision of services in the internal markets. Currently, the Body of Accounting Experts and Authorized Accountants has 14,265 natural persons, respectively 5684 legal persons, members distributed according to subsidiaries.

The development of the accounting profession also depends on the collaboration with the other official associations and organizations that have an important role in the internationalization of the companies. One of them is the "Chamber of Financial Auditors of Romania (CAFR)", established in 1999, and aims to provide quality services in terms of financial audit in line with European directives and ethical principles. At the same time, the CAFR contributes to the professional training of the natural and legal persons by auditing by attending courses and thematic seminars. At present, the Chamber of Financial Auditors in Romania contains 4036 financial auditors from 42 counties and the municipality of Bucharest and 42 abroad and audit firms numbering 1009 in Romania and one company abroad following the research conducted.

"The National Association of Authorized Appraisers in Romania" represents the second form of development and broadening the horizon when we speak of the accounting profession. This organization, established in 1992, becomes publicly recognized in 2011 when it is regulated by order number 24/2011 and approved by Law number 99 of 2013. Its activity involves the provision of the profession of evaluator through all that this implies, at a high level, the members obtaining a professional qualification according to the international standards. The Board of Directors is made up of a president, first vice-president, former president, treasurer, six vice-presidents having the status of chairman of six distinct commissions and a general secretary. Accredited membership can be obtained through the passing of an accreditation exam that is repeated every five years for persons who are at least three years old in the profession of evaluator. In addition, six types of members meet, namely trainees, holders, accredited, corporate, inactive and honorary members. According to the data entered in the ANEVAR table in Romania, there are 4069 titular members who are in charge of evaluations and 118 titular members who are in charge of verifying the evaluation reports, 109 accredited members, 538 corporate members and 347 inactive members.

At the world level one of the best known associations of qualified accountants is represented by the ACCA - Association of Chartered Certified Accountants being the worldwide body of professional accountants with headquarters in London. The ACCA Association offers competences in 12 fields starting from professionalism and ethics, these being a support for the career development and the strengthening of the financial knowledge applied in the workplace, having members from over 180 countries. ACCA qualifications are globally recognized and cover many areas where accounting can be used by providing resources from sectors such as: financial services, internal audit, oil and gas industry, public and non-profit sectors. Membership is acquired after the 13 professional exams, being structured in three modules, followed by three years of experience in the field of accounting and an ethics module.

Another organization that serves the public interest in accounting is the International Federation of Accountants. It supports the applicability of international standards and contributes to the development of the accounting profession by promoting standards and debating topics of public interest and any issues that arise in the field of accounting. IFAC's vision is to contribute to the development of the accounting profession through its global recognition, which is essential in organizations, contributing to their growth, in financial markets and in the economy. Founded in 1977, today IFAC is present in more than 130 countries worldwide.

We can easily observe that in all the existing definitions it is obvious that the accounting professional is characterized as the person from whom he is expected to do many things. In fact, he is a connoisseur of a large number of different branches of knowledge, namely, accounting, auditing, commercial law, etc. Just as a surgeon must know anatomy, physiology, hygiene, pathology and several other branches, as well as surgery before being able to practice as a surgeon, the accountant also has knowledge in different fields, knowledge needed in practicing this profession.

According to the explanatory dictionary of the Romanian language, the accountant is simply defined as "the qualified person who keeps the accounting of an institution or a company" (see [dexonline.ro](http://dexonline.ro)). The reality, however, is that the profession is capable of doing more than just producing a reporting situation. Accounting professionals help the company through corporate strategy, offering tips and helping businesses reduce costs, improve the top line and reduce risks. They can even help shape the set of regulations through public comments and discussions - but only if they consider their opinions to be valuable. The profession's role and attributions extend beyond just dealing with financial data. The profession reaches even the fields of non-financial data.

### **III. THE EFFECTS OF THE GLOBALIZATION PROCESS AND THE DIGITAL REVOLUTION ON THE ACCOUNTING PROFESSION**

Given the pace of increasingly rapid technological changes, digitization of professions has become a necessity rather than a choice, and certainly, professions that do not respect/keep up with technological changes

will undoubtedly find their place on the dusty pages of history (Grosu & Hlaciuc, 2018). As in other professions, the accounting profession changes and develops as a result of digitalization and technological developments.

To what extent can this rapid evolution of digitalization affect the accounting profession in the future? One thing we are sure of is that automation will reduce the workload of accountants by replacing traditional methods (such as paper, receipts, registration, declaration, notification, etc.) with intelligent software systems (such as cloud technology and system block chain). Indeed, the machines offer greater comfort in terms of task performance, data processing, however we believe that someone will always need to program the respective innovations, guide them, and draw them to task. From these considerations we consider that the accounting profession will not be able to be replaced entirely by robots. The complex evolution of the company can divide the areas in which an accountant works, this can only bring more qualification and specialization in each separate activity.

In the Congress of the accounting profession called "Future of the profession", from September 29<sup>th</sup>, 2018, the president of the Superior Council, the president of CECCAR Romania, Şova, an accounting expert, presents the evolution of the accounting profession from the point of view of three dimensions such as integrated thinking, globalization and technology.

The first, namely integrated thinking brings about a radical change in the law of the profession because the attention on the financial capital and the remuneration of the shareholders is focused on all the capitals such as the human, technological, environmental and society as a whole. Thus, there is a shift from financial reporting to integrated reporting. A second dimension is globalization which represents a certainty nowadays affecting the accounting profession. Businesses are conceived at a large and international level, thus applying international standards, and the accounting profession tends to be closer to managerial accounting. The third dimension mentioned in the congress is the technology that has become very important in the business environment. At the same time, the Internet, which initially had the purpose of communication, has now become a retail market. Technology surrounds us from all sides, and the professional accountant becomes an invaluable help for the entrepreneur and makes his own contribution by effectively translating the figures from software and programs and transposing them into a language accessible to entrepreneurs.

So far we have focused mainly on the evolution of the profession in the corporate sense and nothing has been said about the version that addresses the evolution of this profession, a version in which the accountant is increasingly perceived as a category of personnel that supports the public authority, thus increasing its skills in the legal field that together with the economic-corporate competences represents the main factor with complementary role in the fiscal field. There is no doubt that, in recent years, the attention paid to this professional category has been considerable and that, as most of the data from statistical surveys show, accountants manage this area with much interest and involvement (Socoliuc & Grosu, 2015).

Şova (2018), accounting expert, concludes the Congress of the accounting profession with an awareness of the accounting professional about the reality we are facing and the fact that he "must take urgent measures to respond best to the demands of the business environment and to the authorities and institutions which must regulate the economic system of our country and on a global level, so as to ensure the development and performance of the business environment." Also, in the opinion of the same author, it has become a certainty, and both the accounting professional and the entrepreneur must adapt to the changes which exist and which will follow. These changes have a different influence on the accounting professional.

At the same time, the accounting profession is also experiencing the effects of the digital revolution, considered one of those phenomena that in the next few years have revolutionized and will continue to revolutionize the business world and the activity of the accountants, which is why the Latin American Integration Committee (CHILEA) decided to deepen and to analyse from different perspectives some of the problems that this revolution has generated. Also in the mentioned work, a statistical investigation was carried out on the accounting experts, by which they were questioned about the effects of the digital revolution. Confronted with the changes imposed by the implementation of software that largely replace their work, accountants have the perception that digitization has a great impact on their professional activity and considers it a challenge that can turn into an opportunity to the extent that there is a desire to adapt to the transition, by improving the services offered or reinventing them, although it can be perceived as a threat to the accounting profession if it is not able to adapt. At the same time, the effects produced by the digital revolution can be interpreted as a reduction or efficiency of costs and very importantly, of reducing the tax evasion.

#### IV. CONCLUSIONS

Technological evolution is an inevitable unknown constantly present and that must be taken into account in the evolution and plans for the implementation of any professional activity. This is one of the main stimuli that allow continuity and improvement of the activity itself. For example, with regard to the professional thinking and logic of an accounting professional, looking at it from the perspective of an independent professional might enter into the conditions of insertion of this professional in a corporate or heavily capitalized

environment. If this fact had been strongly emphasized a few decades ago, when the economy did not register such an intense development in terms of technological progress, or of the "time" resource abundantly available to all, today this phenomenon is almost entirely exceeded.

Surely, in the near future in order to improve working methods, accountants will replace the traditional approach with new and sophisticated technologies. Intelligent software systems (including cloud computing) will support the direction of outsourcing, including between countries. In addition, a greater social media presence through these technologies will improve collaboration, openness and interaction with shareholders and larger communities.

Throughout this process, a very important role is played by the high schools, colleges and universities that have the responsibility/designation through their programs to develop the capacity of a student using developed technologies of knowledge. Thus, in order to help students develop certain accounting knowledge, analytical ability, synthesis, interpretation, etc. it is necessary for the training process to include more often activities such as: oral presentations, teamwork, usage of technology accounting programs, real case studies and last but not least, the participation of professional managers in the class. These skills will then help them act as tax experts, prepare reports and audit using international standards, analyse financial statements to direct the flow of resources into the economy.

We believe that the accounting profession will experience significant changes over the next 30 years, and professional organizations, their members and institutions with a role in education should be able to respond. The three changes - digital technology and developing intelligence, continuous globalization of reporting standards and new forms of regulation - are also major changes for the accounting profession.

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