

Future of Accounting Profession: Three Major Changes and Implications for Teaching and Research



The accounting profession will face significant changes in the next three decades, and professional organisations, their members, and educational institutions should respond. The three changes—evolving smart and digital technology, continued globalisation of reporting/disclosure standards, and new forms of regulation—are also major challenges for the profession. Association of Chartered Certified Accountants (ACCA) research—*Drivers of Change and Future Skills*—has explored these important changes, expected to be encountered by the year 2025. Three are highlighted here:

First, accountants will use increasingly sophisticated and smart technologies to enhance their traditional ways of working, and these technologies might even replace the traditional approach. Smart software systems (including cloud computing) will support the trend toward outsourcing services (including more overseas outsourcing), and greater use of social media via smart technology will improve collaboration, disclosure, engagement with stakeholders and broader communities. Social media (including Facebook, Twitter, and Google search) will reveal more data (including alternative reporting, see **BHP Billiton**

Annual Report 2012) than any corporate assurance report and stakeholders will use tools to interpret “big data” (see ACCA’s *Big Data: It’s Power and Perils*).

Second, continued globalisation will create more opportunities and challenges for members of the accounting profession. While globalisation encourages the free flow of money from one capital market to another, enhanced overseas outsourcing activities and the transfer of technical and professional skills will simultaneously continue to pose threats to resolving local problems (with different cultural, financial, and tax systems). Accounting firms in the US, EU, and Australia are outsourcing services to India and China for the purpose of cost minimisation, which will create a shift in employment within the accounting industry in the West. As globalisation has already been negatively impacted by Brexit and Trump’s presidential victory, accounting professionals are likely to see themselves having a role in this transformation.

Third, increased regulation, and the associated disclosure rules, will have the greatest impact on the profession for years to come. For example, increased regulation is imminent because of massive tax avoidance, transfer pricing, and money laundering as exposed via the panama papers. Many professional (tax) accountants will be affected by intergovernmental tax action to limit base erosion and profit-shifting.

Additionally, because of greater public pressures and stakeholder expectations, social and environmental considerations are getting importance alongside economic concerns in contemporary organisations. We see a range of stakeholder groups including



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shareholders, workers, governments or regulators, non-governmental organisations, media, and the community have a growing interest in organisational, social and environmental issues. Because of the widespread stakeholder concern and associated regulations toward social and environmental considerations, contemporary organisations are facing challenges to find sustainable solutions to deal with the complexity of integrating financial, social, and environmental performance. Quite tied to this, new forms of regulation (such as integrated reporting <IR>, which is required for South African-listed companies, and supply chain transparency disclosures, which are required for many California-based companies) are emerging and members of accounting organisations are already engaged in this transformation.

The regulatory concern for different social and environmental issues, along with the associated measurement and reporting complexities of these issues, has allowed accounting professionals to open their minds to the possibility that accounting has the capacity to change. The important implication is that all professional accountants will be expected to look beyond the numbers, which will, in turn, enhance collaborations among members of multiple professions, including accountants, doctors, lawyers, environmental scientists, sociologists, and so on.

Implications for Teaching

Future accountants will increasingly need education in digital technology (including cloud computing and use of big data), globalisation (outsourcing of accounting services), and evolving regulations (tax regulation, new forms of corporate reporting, integrated reporting regulation, and so on). The ACCA report revealed that knowledge of digital technologies is the key competency area where professional accountants have skill gaps. At present, accountants lack knowledge in transformation

of new disclosure regulations, new forms of disclosures, and awareness of the interconnectedness of financial and non-financial reporting. Professional accountants will need the skills to provide more all-inclusive corporate reporting, which tells less about the numbers and more about the narrative of the organisation.

Unfortunately, at the moment, few universities have developed curriculums for accounting students in line with their future needs. Universities will need to develop or incorporate new units, such as cloud computing, big data, digital technology, integrated reporting, carbon emission accounting, and so on for accounting students. Professional accounting organisations should consult with universities to collate experts/lecturers in the new areas and run new courses. At the same time, universities should either invest in existing faculty members for training and learning or recruit experts to coordinate and lecture new units.

Implications for Research

Big accounting firms are conducting surveys on cloud computing, big data, technological change, new forms of fraud and corruption, and corporate sustainability in order to address the ongoing and future opportunities and challenges facing the profession.

A growing number of accounting academics are investigating more narrative corporate reporting. A growing number of accounting academics and their PhD students are looking at social and environmental sustainability issues and the associated global frameworks, such as Global Reporting Initiative Standards, <IR>, the UN Global Compact, Social Accountability, and so on. Accounting researchers are organising some national and international conferences, such as CSEAR and APIRA, to disseminate their findings to the wider community.

Professional accounting organisations, including Chartered Accountants Australia and New Zealand, CPA Australia, and the ACCA (UK) are providing seed funding to academic researchers to investigate issues in line with future economic, technological, social, and environmental changes.

Despite ongoing efforts by professional accounting organisations and academic researchers, there is a surprising gap in research that deals with the changes that will impact accountants and professional accounting organisations. Future research should drive industry collaborations and collaborations between inter-disciplinary academic researchers in order to reveal strategic responses to and pro-active strategies on changes in digital technology, the continued globalisation of standards, and new forms of regulation and associated stakeholder expectations. ■