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# Evolution and Professional Revolution for Accounting Professionals

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**Abstract**

*The role of the professional accountant has evolved with the development of accounting science. During this process, the professional accountant should not limit his training to only university courses, as his performance is linked to the continuous development of his skills and knowledge in the field. The current economic context outlines the necessity for a new type of professional accountant, one who is constantly up to date with legislative changes, always ready to implement aid schemes offered by the state, always able to support the business environment affected by the crisis. Considering all these aspects, the objectives of this article are directed towards answering the following questions: Can professional development and coordination by professional bodies prepare the accounting profession for the future? What are the conditions for professional evolution and professional revolution, considering extreme changes? Does personal responsibility for lifelong learning and career development represent necessary conditions for professional evolution? How can the professional evolution of the accountant be supported by professional associations? The methodology of the research is based on approaching the problem both theoretically and practically by studying the literature and analysing the legislation and the application of international standards in the field. A possible result of this article would be the estimation of the extent to which a coordinated professional development should be based on professional training, which triggers the challenges that professional accountants must face, and how professional bodies could intervene in the processes by updating the regulations, determining, thus, successful coordination within uncertain future scenarios.*

**Keywords:** *Professional Development, Professional regulatory bodies, Digital age/digitization, Continuing professional training*

**JEL classification:** M40, M41, M35

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**Introduction**

The accounting profession has been playing an extremely important role for a long time, the professional accountant always having a say in the standardization and harmonization of accounting. The profitability of a business, the creditworthiness of a company, the credibility in front of the partners, are given through the accounting calculations. The role of profile universities is to create good professionals, but the values do not stop only at the level of a university training. Continuous improvement is needed in order to master the accounting phenomenon as a whole. The role of the professional accountant evolved with the evolution of accounting, at first as a technique for recording trade, later becoming a means of control with increasing importance aimed at legitimizing the information provided by companies.

The history of accounting shows us how the two types of accounting were formed, namely the Anglo-Saxon accounting system and the European continental accounting system. Some authors call these systems- rival systems. The development of the accounting profession regardless of the form of organization tries to respond to the demands of these systems in terms of information requirements of external users of financial statements.

At present, given the highly digitized environment and economic transactions, they will be increasingly digitized, the accounting profession being forced to acquire skills directly proportional to this digitization. Today's modern society has high expectations from the professional accountant, a high level of competence is expected, whether we refer to the accountant as financial manager, auditor, accountant, expert evaluator. And if we talk about expectations, we bring to the fore the notion of professional ethics, the good reputation of the profession and the avoidance of any activity that could cause damage to this reputation. Because a simple transaction made incorrectly, doubled by a wrong decision can cause an irreparable decline in a company's profit and loss and vice versa.

Accountants do not work in isolation, they are permanently trained and work in professional bodies. They must comply with the rules of IASB, CECCAR, CAFR, IFAC. They have a permanent duty to maintain and improve their knowledge based on the latest developments in the field of legislation, accounting practices, they must comply with the requirements of *Integrity, Independence, Objectivity*. As Goethe said, "*accounting is one of the most ingenious creations of the human spirit, only through effort, competence and professional integrity will we play the role we deserve*." (Goethe) The current economic context outlines a new type of professional accountant, the one constantly up to date with legislative changes, always ready to implement aid schemes offered by the state, the one to come to support the business environment affected by the crisis. *The professional bodies* support the members in the process of continuous professional training, providing them with specialized materials on topical issues of the accounting profession.

**1. Review of scientific literature**

Through the study we aimed to answer the following questions:

- Can professional development and the coordination of this development by professional bodies prepare the accounting profession for the future?
- Can this professional development lead to a professional revolution, always ready for extreme changes?

- Is it necessary to take personal responsibility for lifelong learning and career development?

To formulate possible answers to these questions, we will proceed to research these issues. The working procedures of the research are based on approaching the problem both from a theoretical and practical point of view, by studying the literature, analysing the legislation, international standards in the field and practical documentation.

*The professional associations* in which the professional accountant works act in the public interest. Referring to the public interest, several aspects were addressed in the literature. The specialized literature used in the definition of the public interest has included a variety of publications, studies on the public interest and its importance for the accounting profession. Thus, a series of standards, publication regulations of member organizations were identified. IFAC defines the public interest as "*the net benefits generated for society as a whole and the procedural rigors employed on its behalf, in relation to any decision or policy action*" (*IFAC Code of Ethics, 2020).*

Starting from the IFAC definition, we can address the importance of the accounting profession and the responsibility towards the public. The public is represented by: *investors* - stakeholders, these parties rely on clear and accurate relevant financial information to be able to make decisions regarding the allocation of resources; *suppliers and consumers* - usually they bear the effects of financial decisions taken by decision makers as well as the quality of information provided, affect their decisions regarding the use of resources; *population* - effective management of public resources affects their availability, costs and quality and as a result society taken as a whole (Tănase & Petre, 2019).

The accounting profession has an essential role in achieving the public interest mentioned above. Thus, professional accountants must provide sound financial/ non-financial reporting to all stakeholders, all organizations belonging to all sectors, of all sizes, to ensure effective communication with stakeholders.

At the same time, the accounting profession must require the professional accountant to comply with *ethical standards of conduct*, communicate with all regulatory bodies in order to implement professional quality standards for financial reporting, certification, audit, ethics, comply with international quality standards and maintain a constructive communication with all financial sectors, banking companies, insurance companies, valuation, to comply with disciplinary procedures, to have no violations of the law or professional regulations.( *IFAC Code of Ethics, 2020).*

If we refer to the accounting profession in terms of professional ethics, many pieces of legislation have been published in the literature. In the European Union on the accounting profession, all these legislative documents reflect the *growing interest in this profession*. In this direction i researched legislative elements published by the European Union. The synthesis of the undertaken research is illustrated in table no. 1.

Table 1

**Systematize studies published by relevant EU institutions**

| Type of Studies | Content of studies |
|---|---|
| Commission Green Paper of 13 October 2010 | Audit policy: lessons from the crisis |
| Commission Green Paper of 24 July 1996 | The role, position and responsibility for statutory audit within the European Union |
| Commission Decision of 29 July 2008 | Transitional period for audit activities of auditors and audit entities in certain third countries; |

| Type of Studies | Content of studies |
|---|---|
| Commission Decision of 14 December 2005 | Establishing an Expert Group to advise the Commission and facilitate cooperation between the public oversight systems of legal auditors and audit firms; |
| Commission Recommendation of 5 June 2008 | Limiting the civil liability of statutory auditors and audit firms; |
| Commission Recommendation of 6 May 2008 | External quality assurance for legal auditors and audit firms auditing public interest entities; |
| Commission Recommendation of 16 May 2002 | Independence of statutory auditors in the EU: A set of fundamental principles; |
| Commission Recommendation of 15 November 2000 | Quality assurance for statutory audit in the European Union: minimum requirements; |
| Communication from the Commission to the Council and the European Parliament of 21 May 2003. | Strengthening statutory audit in the EU; |
| Communication from the Commission of 8 May 1998 | Statutory audit in the European Union: the way forward; |
| Opinion of the Economic and Social Committee of 28 April 1997 | The "Green Paper – The rol, the position and responsibility of the statutory audit within the European Union" |
| Proposal for a Directive of the European Parliament and of the Council of 22 December 2006 amending the Directive! 2006/43 / EC | The statutory audit of the annual accounts and consolidated accounts, as regards the implementing powers conferred on the Commission |
| Directive 2006/43 / EC of the European Parliament and of the Council of 17 May 2006 | The statutory audit of annual accounts and consolidated accounts, amending Council Directives ^ 78/660 / EEC and 83/349 / EEC; |
| Proposal for a Directive of the European Parliament and of the Council of 16 March 2004 | The statutory audit of annual accounts and consolidated accounts amending Council Directives 78/660 / EEC and 83/349 / EEC |

*(Source: Systematization of the literature by the author)*

Studying the specialized literature regarding the continuous professional training we can say that the challenges of the accounting profession are defined in terms of technical and scientific progress.

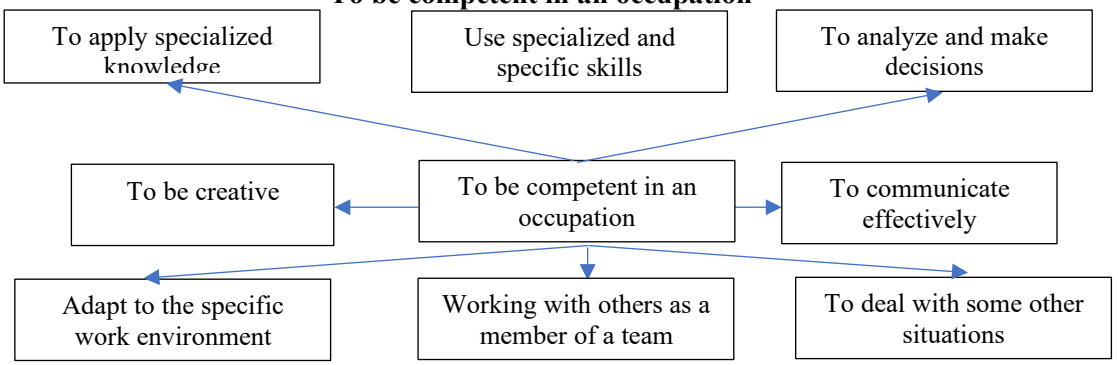
The importance of the accounting profession will be greatly influenced by *new technologies* and how much and easily the professional accountant can adapt to all these new technologies (Tăbîrcă et al, 2020). We refer to digitization, to technological innovation which *is the biggest challenge for the professional accountant* due to the intense changes of the last period, the effects of digitization (Radu & Tăbîrcă, 2019).

The professional accountant must adapt to new technologies and knowledge, only then will progress become "modern". (Figure no. 1)

"*The profession is not ready - few accountants have the skills to make the transition. They need to understand more about technology, automation, integration and business processes to serve their clients successfully*" (Jon Roskill, CEO of Acumatica).

Figure 1.

**To be competent in an occupation**




*Source: www.acumatica.com*

## 2. Research methodology

In order to follow in what conditions, the professional evolution can provoke a professional revolution and to what extent this approach will be achieved, we will follow the extraordinary influence that the evolution has in the plan of information technology on the professional accountant. Professional development must adapt to several conditions (Figure no. 2)

- *economic activities that are in an extremely fast pace of development of information technology that is extremely useful for professionals*
- *professional accountants must acquire new professional skills in computer science as required by the current context*

Figure 2

**Competencies of the accountants**




*Source: www.ifac.org*

## 3. A possible labelling of financial statements - The degree of confidence

*How can we revolutionize the profession? By facilitating the exchange of ideas, capacity building and visionary leadership. By modernizing professional conduct and skills. Through organizational strategies designed for the future, because in the future the activity of accountants will be different.* Our proposal consists in creating a matrix that allows the calculation of values based on well-established criteria, each criterion being assigned a

weight depending on the importance and influence it has on the accuracy of financial statements. The final goal is to calculate a score based on which the financial statements of a company are included in one of the 4 degrees of confidence. The proposed criteria for the formation of the matrix and their weight in the calculation of the score:

- the automation and digitization rate of the accounting system - 15% (values from 1 to 10 are given, 10 representing complete digitization);
- certification of accounting statements by a professional accountant, CECCAR member - 15% (0 points are awarded for the preparation of financial statements by a non-CECCAR employee, 5 points for preparation by a CECCAR member who is also the employee of the company and 10 points for certification by an independent CECCAR member);
- certification of the financial statements by a financial auditor, CAFR member - 15% (10 points are awarded only if the financial statements are accompanied by the report of the independent auditor);
- the existence of an internal control system - 10% (10 points are awarded if the administrator's statement shows its existence);
- the existence of the internal audit - 10% (10 points are awarded if the administrator's statement shows its existence);
- application of international financial reporting standards - 10% (10 points are awarded if the administrator's statement shows the application of IFRS);
- the entity's shares are traded on the capital market - 10% (0 points for those traded, 10 points for those not traded);
- the degree of trust obtained by the company in the previous year - 10% (0 points for a limited degree or lack of trust, 5 points for a medium degree, 10 points for a high degree of trust previously obtained);
- the number of litigations in which the company is involved - 5% (values from 1 to 10, 0 points are awarded if more than 10 litigations are registered, 10 points for less than 3 litigations);

Depending on the score obtained, the following grades can be obtained:

- High degree of confidence, with a score above 90
- Average degree of confidence, with a score between 75 and 90
- Limited degree of confidence, with a score between 45 and 75
- Lack of confidence with a score below 45

Summarizing this matrix, depending on the score obtained, the financial statements and gain a high degree of confidence, even defining, and can be used by external users, especially banks, for important decision.

## 4. The role of the professional accountant in ensuring the degree of trust

The professional accountant is the person who according to the Government Ordinance no. 65/1994 passed the entrance exam, completed the three-year professional training internship and passed the aptitude exam at the end of the internship, organized according to the regulations issued by the *Body of Expert Accountants and Certified Accountants of Romania (CECCAR).* Based on the professional reasoning intertwined with the experience and knowledge of economic-financial analysis, evaluation, control, audit, informatics, strategic management, professional ethics, the professional accountant

capitalizes on the information in the interest of society. The defining characteristic of the accounting profession is the acceptance of responsibility and risk-taking in substantiating decisions based on knowledge and in accordance with the legislation in force.

The organization of the Accounting profession is "organically linked to the accounting system its accounting system is a system which in most cases is a national system. Factors and approach which led to configuration of the current national accounting systems have influenced in a decisive way, training development of the accounting profession" (*Botez, 2005*). We have to "remove as many differences as possible between the issued accounting references" (*Mustață, 2008*)

International education standards require professional accountants to acquire and maintain the skills of ethics and deontology in achieving the main objective of meeting the requirements of the public interest through professionalism, trust, credibility, ensuring the highest quality standard for all missions, especially the certification of financial statements. "*The globalization of business constantly gives rise to a challenge on the part of accountants faced with forms of manifestation of the identity of companies in constant competition in a much-amplified market where the need for information is diversified and fast, sometimes becoming a marketing and advertising tool*" (*Munteanu, 2011*). According to the National Code of Ethics for Professional Accountants, they must respect the following fundamental principles: integrity, objectivity, professional competence and prudence, confidentiality, professional conduct and respect for technical and professional norms. (*IFAC, 2020*)

Professional accountants must comply with the relevant legislation and professional and technical norms issued by: *International Federation of Accountants (IFAC), International Accounting Standards Board (IASB), CECCAR, Romanian Chamber of Financial Auditors (CAFR).*

## 5. Results and discussions

The role of professional associations is primarily to ensure the well-established path of the accounting profession, so that it can cope with permanent changes. The professional accountant may cope with these changes due to the skills and abilities required to practice this profession. Professional organizations consider the preparation of the accounting profession for the future, have as a priority to support the implementation of high-quality international standards, the facilitation of skills development and finally, the observance by the professional of an ethical conduct. The improvement of these skills is achieved through a continuous professional development, so that the professional accountant can cope with all the changes, especially in terms of technology, legislation.

To facilitate their access to accounting information, professional organizations come up with national programs for continuous professional development, designed to provide key competencies of professional activity at all levels (beginner, intermediate, advanced).

Only by adapting to change can the professional accountant provide quality information to external users. Only those who will adapt to new technologies and information will be ready to revolutionize the profession, to prepare it for the future. And if we talk about success, we refer to quality, quality management, modernization of professional conduct, organizational strategies designed for the future, because in the future the activity of the accountant will be different. If we refer to the current context and to the fact that digitalization directly or indirectly produces changes in accounting education, we need a perception of the profession that keeps pace with current and future needs. Thus,

professional organizations are required to implement certain measures in the accounting educational strategy such as: exercising a vision based on quality, equity, welfare; adapting the organization of the accounting instructive-educational process considering especially the point of view of the interested parties; using the experience provided by the context of the pandemic crisis to improve existing methods. The biggest challenge of the context in which we find ourselves is that of rediscovering ourselves as a professional accountant, of reinvention, of responsibility for the future.

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