

The Evolving Dimensions Of The Accounting Profession And The 21st Century Expectations

Ofonime O. Jeremiah

Department of Accounting, University of Uyo
P.M.B 1017, Uyo, Akwa Ibom State, Nigeria

Emmanuel Emeakponuzo Daferighe, Ph.D.

Department of Accounting, University of Uyo
P.M.B 1017, Uyo, Akwa Ibom State, Nigeria

ABSTRACT

The dimension of the accountancy profession is undergoing an increasingly expanding and unpunctuated global evolution. These 21st-century twists, however, tend to pose an identity threat to the profession. The much-celebrated software substitution of the traditional roles of the Accountant coupled with the apparent professional cross-carpeting of non-accountants aided by these emerging digital initiatives appears to 'take-over' the seat of the Accountant. This paper begins with an overview of the cross-centennial evolution of the accounting thought to date. It also re-asserts the professional distinctiveness of the 21st-century Accountant by redefining and marking out his strategic essence in the light of the present day expectations. With an end to this evolution far from sight, the paper further reiterates the ACCA-recommended future imperatives of the accountancy profession. With the compendium of issues articulated in this paper, Accountants would be more orientated towards obtaining and maintaining a meaningful distinctive professional and global relevance in the coming days.

Keywords: Accounting profession, 21st Century development, evolving dimensions, expectations

INTRODUCTION

The 21st-century business landscape is being reshaped by a combination of forces that have challenged the very foundation of business operations. These forces include market volatility, globalization, and transformational innovation. The impact of these challenges is compounded by rapid advances in science and technology, demographic shifts and disruptive new business models which of course engender stiff competition and struggle for corporate sustainability and relevance (ACCA, 2012). It is pertinent to note that the dynamism and volatility of the 21st-century business environment are also driven by several recent global developments within and outside the accounting profession which have influenced the development of accounting (Hendricksen & Breda, 2001).

The hallmark of these 21st-century developments is that the Accountant is no longer concerned with the traditional bookkeeping, internal checks, reconciliation, post-mortem reporting routine, and authentications. He is now faced with a more uncertain and evolving job description. The Accountant has been moved away from the scorekeeping function, which in essence, placed him on a not too different stool from that of the traditional scorer in a competition who has nothing to contribute to the process more than just waiting for the end of the contest to announce the scores "as at..." and "for the year ended..."; only with some advice which may or may not be implemented.

More so, given the 21st-century information technology revolution, the performance of technical accounting functions has almost altogether been taken over by software and emerging digital initiatives [extensible business reporting language (XBRL), enterprise resource planning (ERP) and artificial intelligence systems (AIS)]. These systems have the capacity to record (in debit and credit), process and analyze reports. Beyond report processing, these systems provide the basis for and facilitate online real-time internal control, audit trail and auditing processes. Thus, the tag "Accountant" in some organizations may be worn by anyone with good computing and accounting software knowledge who can easily generate reports just by a click of the mouse.

The implication of this development is that the traditional roles of the Accountant which defined the accounting profession has gradually been taken over, this leaves the Accountant with little or nothing to assert in terms of professional singularity. This, as it appears, makes it increasingly difficult to mark out the distinctive place of professional Accountants' relevance except there is a redefinition targeted at boldly underlining the emerging and expanding roles of the Accountant in the 21st century.

However, over the years, Accounting as a profession has steadily climbed the staircase of corporate global relevance. It has been pivotal to the establishment of accountability and transparency in the economy of any nation as well as serving as the foundation of countries' fiscal, monetary and financial systems. (Otalor & Eiya, 2013). These developments inform the periodic coming together of accounting professionals at several regional, national and global conferences to chart a course for the profession and the economy in their own capacity as key economic players. This circumstance requires a redefinition of the role of the Accountant and hence, raises a number of questions which define the objective of this study.

This paper, therefore, sets out to reflect on the pertinent question; arising from this seemingly paradoxical situation, who is an Accountant, what are his attributes, and what are the expected changes in his duties in the light of the 21st-century realities? These are rephrased as the study objectives as follows; to:

- i. redefine the qualities of an Accountant
- ii. find out the distinctive duties of the Accountant in the 21st century given the changes within and outside the profession.
- iii. find out the imperatives for the future of the accounting profession.

To achieve these objectives, the paper adopts a desk research approach and is organized into 5 sections. In order to give a brief historical background to the paper, Section 2 traces the evolution of the accounting thought and profession. Section 3 addresses the redefinition of the Accountant; outlining his expected roles from the 21st-century perspective. Section 4 highlights the future imperatives of the accountancy profession. Section 5 is the summary and concluding remarks.

EVOLUTION OF ACCOUNTING THOUGHT AND PROFESSION

Accounting is an age-old practice that has been around since the Mesopotamia era. It occurred in the ancient times of Babylon, Assyria, and Sumerian. (Lee,2012). "The Changing role of Accountants" (2011) pointed out that the history of accounts did not begin from the colonial era of the British Empire neither did it begin in the fourteenth century Italy, but rather accounts came from the Mesopotamian region in the 3500 B.C. It was also noted that five thousand years before the appearance of double-entry, the Assyrian, Chaldaean-Babylonian, and Sumerian civilizations were flourishing in the Mesopotamian Valley, producing some of the oldest known records of commerce. However, the bearings of accounting history are generally

always taken from 1494 when the Italian monk, Luca Pacioli, published his *Summa de Arithmetica, Geometria, Proportioni et Proportionalita* which enunciated the double entry system of bookkeeping (Smith, 2011). Pacioli also explained the interconnected system of capital, income, liability, and expenses as well as the ethics of accounting (Yargo, n.d.)

The rise of corporations in the 17th century further led to the expansion of the scope of bookkeeping to facilitate the recording of transactions of different nature. This was to keep track of the assets and profits of many distinct trading ventures at different stages of completion. Thereafter, came the 18th century Industrial Revolution which generated the impetus for the development of cost accounting and management accounting. The 19th century saw a great progress from the method of systematically recording (financial) exchanges into a means of giving business management an effective control over its affairs (UNISA, 2013). The first Accounting Professional bodies were also established to develop standards of conduct for practicing Accountants. These standards have kept on evolving over the years.

However, later in the 20th Century, a new prototype for the business organization emerged, the diversified corporation. It also saw a shift in focus to the production of financial statements and the development of cost information that would satisfy generally accepted accounting principles. The 21st Century has seen the emergence of the information age and the resulting economy driven by knowledge as a source of competitive advantage. The resulting 21st Century economy is dominated by services as opposed to manufacturing (Marchant, 2013). More so, the 21st century and its challenges have ushered in the International Financial Reporting Standards (IFRS). It is, however, historically, worthy of note that in the first few years of the 21st century, the accounting profession globally came under pressure due to the Enron, WorldCom and Qwest scandals.

REDEFINING THE ACCOUNTANT: THE 21ST CENTURY PERSPECTIVE

Davis (2015) defines an Accountant as one who performs financial functions related to the collection, accuracy, recording, analysis, and presentation of a business, organization or company's financial operations. Brunelli (2015) maintains that although the duties of an Accountant may vary depending on specialization, an Accountant, generally, creates and analyzes financial reports as well as designs and manages the financial systems used to record transactions. Similarly, the definition of accounting by the Accounting Standards Council (ASC) implies that the Accountant is a provider of quantitative information, primarily financial in nature, about economic entities, that is intended to be useful in making economic decisions. From the foregoing traditional definitions; the scorekeeping, attention directing and problem-solving roles of the Accountant are highlighted. In the light of current realities, however, the scope of these functions has been broadened to embody a much more extensive scope of vertical and horizontal expectations which redefine the essence of the Accountant in the 21st century

Recently, in a bid to guide public awareness and enhance a better understanding of Accountants' identity, The International Federation of Accountants (IFAC) proposed a modernized definition of the term "professional accountant".

"The term professional accountant describes a person who has expertise in the field of accountancy, achieved through formal education and practical experience, and who:

- Demonstrates and maintains competence;
- Complies with a code of ethics;
- Is held to a high professional standard; and,

- Is subject to enforcement by a professional accountancy organization or other regulatory mechanisms."

The definition was based on what was illustrated as "the three-level framework"

- i. *What a Professional accountant is:* the emphasis at this level was in the training, certifications and other official qualifications that should define a professional accountant.
- ii. *What a Professional accountant does:* this level is concerned with the core competencies, skills and societal expectations which such an accountant must match up with.
- iii. *How Professional accountants can be differentiated* from one another based on roles and specializations within the accountancy profession: Though this was not conspicuously highlighted in the definition above it was suggested that Professional accountants can be differentiated from one another by certain factors such as competence, responsibilities, and services provided." (IESBA, 2011).

The Accountant as a Corporate Pathfinder

The 21st-century business environment is highly volatile and hyper-competitive in nature consequently resulting in a situation of survival of the fittest for organizations. Expectedly, therefore, corporate survival is a function of the ability to continually evolve dynamic strategies and innovative ideas that will enable the organization to push through the thick cloud and murky waters of competition towards its goal achievement. In the midst of this turbulence, the organization looks to the Accountant to act as a pathfinder; armed with his vast experience and analytical skills, he should be able to chart a course for the organization. Siew (2011) corroborating this fact pointed out that corporations are no longer interested in historical financial performance but instead they are interested in the best course of action that should be pursued given the historical data. The implication is that the data generated serves as a springboard or framework based on which the Accountant recommends pragmatic, situation-specific and contextually-congruent decisions.

In essence, the 21st-century Accountant is a Strategic manager and must understand his place as such. He must come to terms with the fact that he won't be able to get up the value chain of professional relevance, considering the challenging realities of our times, by just thinking about the production of debits and credits; he has to think strategically (Elliot,1998).

The Accountant as a Guardian of the Corporate Model

Every organization has a mission and a vision. This is a mental picture of the 'what', 'where to' and the 'why' of the organization's existence. In other words, organizations have some form of a model of what the organization wants to achieve in the short and long term and this serves as the motivation and the touchstone of such organization. Consequently; periodic evaluations, employing quantitative and non-quantitative parameters, are aimed at seeing how close the organization is to attaining its model picture. To this end, therefore, the 21st-century Accountant is not expected to be a spectator or an umpire buried in the task of reporting which Siew (2011) refers to as "...a non-value-adding role..". The 21st-century Accountant sits at a vantage position and is saddled, not only with the traditional responsibility of a 'watchdog' but also with that of proactively guarding and guiding the organization towards actualizing its model.

In essence, 21st-century accounting professionals are under increasing pressure to move beyond the tasks of reporting their company's results and protecting its assets to assuming the roles of trusted business advisor and enabler of their company's strategies (IASeminar, 2015). This implies that, the Accountant must possess both a good hindsight and sharp foresight. Ury

(2011) asserts that due to their intimate knowledge of company's operations, Accountants can be key players in helping develop and implement long-term growth plans for their organizations.

The Accountant as a Competent Communicator

Business dictionary.com defines communication as "a two-way process of reaching mutual understanding, in which participants not only exchange (encode-decode) information, news, ideas, and feelings but also create and share meaning'. Basically, the output of accounting is the financial statements (of performance, position and cash flows), which according to Siew, (2011) is simply a "crunching of figures" and thus in itself adds no value to the organization. Accountants must understand that given their mandate of ensuring that the business is sustainable, that corporate objectives are realized which will eventually lead to shareholder wealth maximization; they should communicate both financial and non-financial information so that their presentations are not a sort of one-sided picture which would not reflect the full story. (Elliot,1998). To this end, 21st-century Accountants must have excellent oral and written communication skills that are needed to be able to explain how a business operates and be able to explain what all the numbers mean, not only to management but also to shareholders and other stakeholders.

Accountants must provide recommendations to decision-makers on strategy and have these supported by detailed financial analysis (Iwok, 2000; Baecht, 2012). Since effective, precise and understandable information delivery is vital for any 21st-century Accountant. EIU (2010) notes that technological competence then becomes non-negotiable. An Accountant must be familiar with the various software and hardware products that are available to help him do the work better. Such awareness requires a good deal of reading as well as significant hands-on experience. In addition to the standard tools for real-time communication, such as instant messaging and web conferencing, EIU (2010) added that Accountants could use presentation and publishing solutions to communicate complex concepts effectively through a combination of text and graphics.

THE FUTURE IMPERATIVES OF THE ACCOUNTANCY PROFESSION

The field of accounting has seen constant technological and intellectual innovation in recent decades and there is no reason to believe that Accounting will not continue to evolve in response to changes that we are experiencing in our times (Hendricksen & Breda, 2001). The implication is that accounting profession is not static. It keeps revolving on the fulcrum of emerging ideas and innovations; as such Accountants must be open-minded to new ideas, new technologies, and new cultures and also be willing to change and adapt (Baecht, 2012). To keep up with the global perspective and maintain global professional relevance in the coming days, ACCA (2012) outlines, among others, the following imperatives: "

i) Embrace an enlarged strategic and commercial role

As businesses adapt to a turbulent environment, opportunities are emerging for Accountants to assume far greater organizational responsibilities. The potential exists to leverage the capabilities of the Accountant across all aspects of corporate decision making, from strategy formulation through to defining new business models.

ii) Develop a global orientation

The pace of global expansion of firms from developed and developing markets alike is placing the spotlight on accountant's ability to master the technical, language and cultural challenges of cross-border operations.

iii) Reinvent the talent pool

The diverse range of demands and impacts on the profession is forcing a rethink of everything from training and development through to the type of people being recruited. Characteristics such as entrepreneurial spirit, curiosity, creativity and strategic thinking skills could assume far more significance in the selection of tomorrow's Accountants."

SUMMARY AND CONCLUDING REMARKS

Following centuries of progressive evolution of accounting and the accountancy profession, this paper sought to boldly underline the identity of the Accountant by highlighting the emerging ramifications of his duties within the perspective of the 21st-century expectations. Consequently, it was revealed that the Accountant is more than just an indifferent scorekeeper generating reports "to whom it may concern" else the surging plethora of emerging digital initiatives and computer software skilled non-accounting professionals would readily replace him. The 21st-century Accountant is now a corporate pathfinder steering his organization through the rough rides towards its destination. He is a strategic manager and thinker. As a guardian of the organizations model, his eyes are on the map (the model); as the organization proceeds there is a periodic "stop-and-check" to ascertain whether it is still on course and possibly how close or otherwise it is to its model. The Accountant is thoroughly furnished with the analytical and technological competence which enhances his information delivery for organizational progress expediting decision making.

The 21st century Accountant, therefore, may be defined as a trained professional who is equipped with the relevant career experience, continuing updated exposure and technological competence that enhances his capacity to assist an organization move from where it is to where it intends to be through the systematic generation and effective communication of pragmatic and situation-specific recommendations based on a goal-oriented analysis of properly prepared financial statements.

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