

ACCOUNTING PROFESSION IN TODAY'S ECONOMIC REALITIES. THEORETICAL ASPECTS AND PRACTICAL APPROACHES

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Abstract: *In this study, the author aims to show the role of accounting in the management of the contemporary entity, which develops the business in competitive economy by constantly modernizing and implementing new policies and technologies, and last but not least improving the expected results. At the same time, the author aims to mention the need for a revolutionary change in the accounting system, as a tool that allows the communication of economic information and a common economic language for business, which is the basis of daily management decisions and directly or indirectly influences these decisions information provided. So, it is these landmarks that signify the need to transform the accounting profession into the current economic reality, because non-compliance, irrelevance of economic information can generate non-performing managerial decisions. Solving these paradigms is the current concern of the accounting profession both nationally and globally.*

Keywords: *the accounting profession, professional conduit, skills, accounting standards, financial management, financial statements, economic entity.*

JEL Classification: *M41.*

1. Introduction

Modern economic reality in constant change, the deployment of new policies and technologies, result in the change of the accounting profession and its role within the entity. In this sense, as a tool that allows the communication of economic information and at the same time a common economic language for business, the accounting system is the basis of daily managerial decisions, which are directly influenced by the veracity of the information provided by it. It turns out that a priority direction for accounting reform lies in the professional training of the accountant, which can meet the current challenges and reintegrate the role of accounting in the management processes of the entity.

Degree of approach to the subject in scientific literature. Digitization, globalization, and integrated business solutions are at the top of the challenges of the accounting profession both nationally and globally. Therefore, the biggest challenges facing the accounting profession are integrated thinking, globalization, along with information technologies. These are the challenges that shape the future of the accounting profession, which today are being debated by authors from local and other countries, by expert accountants. Analysis of a series of scientific, methodological, and practical works, of the legislation, of the normative acts at the national and international levels, allowed the author of the study to formulate opinions related to the approached issue.

Research goal. Today's challenges on the future of the accounting profession and the opportunity of reintegrating its role in the management of the modern entity caused many discussions in the field. These benchmarks signify the need to transform the accounting profession into the current economic reality because non-compliance and irrelevance of economic information can lead to non-performing managerial decisions. Settlement of these paradigms constitutes the current preoccupation of the accounting profession; the given area is in a continuous process of development and restructuring of the activity at the management level of the entity and requires further study. All these aspects brought their contribution to the establishment of the research topic and determined the formulation of the appropriate goal of the given study.

2. Research methodology

Methodological and theoretical-scientific support in the investigations carried out by the study author constitute the contemporary approaches of the accounting theory, the regulation, and development of the accounting profession, the researches of different foreign and local authors, accounting experts; together with the methodology approached in the specialized economic literature relating to the evolution of the management system, the change of business models, the permanent modernization and implementation of new policies and technologies in the realization of the planned strategies, the minimization of the risks which can influence the business, etc. In order to achieve the established goals, the author of this study applied the following methods of scientific research, such as: quantitative and qualitative, inductive and deductive, comparative method, methods of analysis and synthesis.

3. Results of this study

The accounting profession differs from other professions by taking responsibility for all parties concerned in the activities conducted by the economic entity (shareholders, employees, suppliers-creditors, banks, budget, banking institutions, investors, etc.). Therefore, all the events in the activity of an entity go through the accounting profession, the fact by which it is involved in all economic fields (industry, trade, services, and media) and the quality of these services affects the social life. In turn, the economic entity, in the conditions of the competitive economy has a role not only economic but also has a social role, a role in relation to customers, a role in relation to staff, and a role in relation to owners (Bârsan-Piu and Popescu, 2003, p.11; Dolghi, 2020, p.37).

What each of these roles of the modern entity represents, the author further examines them as follows:

- *economic role* – the production of goods and/or the provision of services, their sale on the market for the purpose of creating added value, which has the following destinations: benefit, coverage of all costs, and risk fund;
- *the social role* of the entity in competitive economic conditions lies in:
 - contribution to the satisfaction of the needs of the population through the goods and services provided;
 - input to the development of human civilization by promoting technical and scientific progress;
 - ensuring a work and living environment for the entity's staff;
 - exercising of training and education functions for employees and the population.
- *the role in relation to the customers* requires the identification of their needs, the design of the offer in accordance with the characteristics of the demand, the attraction of the customers, the conquest, the maintenance, and the development of the markets;
- *the role in relation to the staff* - ensuring the conditions for maximum utilization of the labor resource that they buy on the labor market. From the employees' perspective, the entity offers them jobs and tasks with certain responsibilities, adequate working conditions, and remuneration;
- *the role in relation to the owners* – a means of surplus value of the capital, bringing them profit.

Based on the above, we find that the role of the entity in the economy is different depending upon its business objective and position in the economic system. Although, the performance of the contemporary entity is mainly influenced by the efficiency of its management activity and the generation of expected results.

Therefore, under the given conditions, the supply and demand in accounting reports have increased considerably, because at all stages of the decision-making process different information is used and in these situations, the role of accounting is significant, because accounting controls whether the information meets the requirements set out to be useful and necessary in the managerial decision-making process, in order to make qualitative decisions.

The effectiveness of the information-accounting system within today's entity is determined to a very high degree by the strategic purpose and the tasks that accounting has to perform in the business management process. The Law on Accounting and Financial Reporting establishes that accounting has a complex system of collecting, identifying, grouping, processing, recording, generalization, and presentation of information on accounting elements. Moreover, the law divides accounting into management and financial accounting. Management accounting processes the information for planning, controlling, and analyzing the activity of the entity, in order to prepare internal reports for management decisions, and the financial one presents information on the existence and movement of assets, equity, debt, income, and expenses for the preparation of financial statements [10, art.3].

Financial accounting information is intended for external users, such as investors, creditors, employees, and is presented to them by reporting the financial statements of the entity, which includes the balance sheet, profit, and loss statement, statement of changes in equity, cash flow statement and explanatory notes to the financial statements.

In a competitive economy, the information presented in the financial statements plays a major role, as it is the only source of high-quality information and the most reliable source of the entity's financial condition for external users. By providing the public with truthful information, accounting has an important impact not only on the financial situation of the entity, plus on the security of business partners and at the state level.

Management accounting information is intended for internal users, respectively for the management of the entity, and includes information on the cost of products, profitability per product, etc. In order for this to be useful in the decision-making process, it must meet the following main qualitative characteristics: *intelligibility, relevance, credibility, and comparability* (Dolghi and Macovei, 2013, p. 24).

Next, we examine the qualitative characteristics of information.

Intelligibility. An essential quality of the information provided in the financial statements that must be easily understood by users. For this purpose, it is supposed that users have sufficient knowledge of business and economic activities, and notions of accounting.

Relevance (appropriateness). In order to be useful, the information must be relevant to the decision-making of the users. It is relevant when it influences the economic decisions of users, helping them evaluate past, present, or future events, to confirm or correct their previous assessments.

Credibility (reliability). In order to be useful, information must be credible. It is credible when it does not contain significant errors, is not biased, and users can trust that it represents exactly what it set out to represent or what it expects to represent. In order for the information to credibly present the events and transactions that it intends to represent, it is necessary that they be accounted for and presented in accordance with their source and economic reality, and not only with their legal form.

Comparability. Users should be able to compare an entity's reported financial statements over time to identify trends in its financial position and performance. Users should also be able to compare financial statements between different entities in order to assess the results of their work and compare economic and financial indicators.

Based on the fact that the financial statements ensure the presentation of a true and fair image regarding the position and financial performance of the entity, the accounting system in our country and in several countries has undergone a series of reforms that involve the implementation of unique accounting practices worldwide in order to ensure their compatibility and comparability, whereby national rules or regulations differing from one country to another are improved to be comparable and to reduce these differences.

Therefore, in the General Conceptual Framework of the International Accounting Standards Board (IASB) are provided a series of qualitative characteristics of financial information, which complement the quality assurance of financial information. International Financial Reporting Standards (IFRS) are mandatory in many countries around the world for certain categories of entities or are accepted as an alternative to national standards. These include both the member states of the European Union and many other countries, including the Republic of Moldova, which applies IFRS for public interest entities. In this context, we refer that the harmonization of accounting regulations implies a broad international cooperation in this field.

Accounting reforms in the country include several processes, among them: accounting harmonization with IAS / IFRS, compliance with EU Directives, transposition of European Parliament Directive 2013/34 / EU into the CNS, etc. All these reforms have substantially improved the requirements for accounting information and ensured the quality and unification of the information presented in the financial statements reported by local entities.

If we come back to the functions of accounting in the decision-making process and the need for accounting information in business management processes, we should mention that in order to be useful, it must meet all the characteristics presented above, cumulated and simultaneously. This is not always possible, and therefore the aim is generally to strike the right balance between those characteristics in order to meet the requirements of users. In various cases, the importance of the characteristics is a matter of professional reasoning of those involved in the organization and management of the entity's accounting. Romanian researcher N. Feleaga stresses, „The simple enumeration of the criteria for evaluating the quality of financial information is very useful for normalizers, practitioners, and accountants, for business managers and external users of synthesis documents. These qualities are necessary, in particular, for normalizers and representatives of the profession, in order to formulate accounting rules that are in line with the objectives of financial reporting” (Feleagă, 1995).

Consequently, in order to generalize and be aware of the role and importance of accounting information in the decisional process, it is necessary to correlate it with economic activities and the need of users in the process of substantiating economic decisions. Accounting information is the most real, accurate, complete, and operational. Its use drives to the substantiation of optimal economic decisions aimed at ensuring and carrying out an efficient activity in the current conditions of business development.

From our anterior research, we conclude that the main goal of accounting is to provide enough information to satisfy the requirements of a wide variety of internal and external users. Within the entity, managers, as decision-makers, need different information to help them make decisions at all stages of business management: planning, production processes (cost calculation), control, and analysis (Dolghi, 2010, p.271). Moreover, accounting provides specialized services to other departments within the entity. The chief accountant of the entity has the role of the financial manager, liable for providing financial information, preparation, and presentation of financial statements, but also for the assistance of the entity managers in carrying out the set tasks. As a result, in addition to the accounting function, the duties of accountants include the performance of management

accounting functions. Therefore, the treatment, that an accountant is a specialist who keeps the accounting within the entity, deals with the registration of economic operations, prepares primary documents, knows the legislation, normative acts, is concerned about the preparation and presentation of financial statements and tax reports is currently insufficient and the employees of the accounting service, who consider themselves more accountants than managers, will experience troubles in fulfilling their functions in the future.

Due to the fact that, the automation and continuous implementation of new technologies have an inevitable influence on changing business models, the accounting profession today needs transformations that require reintegrating the role of accounting in the management of the entity by providing real-time high quality information to the management of the entity for the purpose of prompt decisions at all stages of business management. Consequently, it is vital to create an appropriate mechanism for the performance of professional functions by an accountant within the entity, in particular through the training of skills at the level of studies and continuing education. The primary aim in their training is to improve the qualification level of the specialists who currently participate in the decision-making together with the management of the entity.

The three major instigations facing the accounting profession - integrated thinking, globalization and technology, and the future they outline for the profession are being debated by accounting experts at different forums. The necessity to adapt the activity of professional accountants to the digital era, to the requirements of the business, in order to provide it with integrated services, and to guide its directions of action, in such a way that the result is business development, is currently vital, especially for the management of the entity. As it has already been stated, solving these paradigms is the current concern of the accounting profession both nationally and globally.

Digitization, globalization, integrated business solutions are among the challenges of the accounting profession discussed and in the XXIII edition (September 29-30, 2021) of the Congress of the accounting profession in Romania (Body of Expert and Licensed Accountants of Romania, 2022), an event organized by the Body of Expert and Licensed Accountants of Romania (CECCAR).

International Federation of Accountants (IFAC) has deployed an approach to the development of global accounting education with the topic: "*Re-imagining the Role of Future Accountants - Our Call to Action*". Accounting education worldwide is a key focus in this approach and plays a key role in advising on ways to help professional accounting organizations reinterpret their future accounting professions and to train accountants prepared for the future (International Federation of Accountants (IFAC), 2022).

2018 report on the future of jobs conducted by the *World Economic Forum* specifies that in the near future, 75 million jobs could be replaced as a result of changing the division of labor between manual and automated work, *a process that is a reality today*. It is suggested that as the requirements for the profession evolve we need to anticipate: areas where there is a high demand for our skills; the conduct and skills needed to succeed in the future business ecosystem; and changing expectations about what it means to be an "accountant." However, it was noted that 133 million jobs could be created - a sign, which indicates global economic growth, not a decline (WE Forum, 2018).

Then, what do all these changes entail for reintegrating the role of accounting into the management of the contemporary entity? In the author's opinion, *of course*, not the disappearance of the profession, but the expectations regarding the change of the profession of "accountant", which include the *professional conduct and the skills of future accountants*. Thus, it is necessary to train professional skills and competences *starting with the training of high-performing financial-accounting personnel* so that they have the skills to reinterpret the "*future accounting profession*" and to meet the requirements of employers

regarding *the future of jobs in the given field*, and for the purpose of contributing to the development of the business over a sustainable period. Absence of advanced techniques, and competent personnel causes the appearance of problems that negatively influence the business in the current conditions of development of the competitive economy.

More and more business decisions are based on statistical data and the results of analyzes performed by employees in the financial-accounting field based on their professional judgment and skills. Nowadays, professional accountants need to assess and realize that the impact of new technologies on their business and current changes in business models are significant. In this respect, I support the opinion of some researchers and businesspersons, that through digitalization it has been possible to bring accounting to the level of business requirements of the 21st century (Popescu, 2001). Purposely, digitization has made managerial decisions based on available figures in real-time, therewith digitizing business processes and accounting, have permanent access to the entity's information.

All this puts forward high expectations in the reorganization of the activity of the accounting profession and as a result, have a great impact on the evaluation of the economic and financial activity of the entity. Competition and the highest possible level of user requirements for financial and accounting information have led to considerable progress in its preparation and presentation to stakeholders. At the same time, the interest in relevant and credible financial-accounting information has increased.

4. Conclusions

The development of the competitive economy in recent years, the change in the management system within the entity, including the modernization and implementation of new policies and technologies have contributed to the development of accounting systems, based on high-performance accounting standards and good practices of other countries. Within this framework, the accounting profession and accounting as one of the most effective business management techniques, have a major responsibility in several of its processes: investment, profitability, the credibility of partners, accurate presentation of information on the financial position of the performance, and the change in the financial position of the entity, etc. In this sense, the future of the accounting profession presupposes the specialists in the financial-accounting field to fulfill some managerial functions within the management accounting.

Furthermore, the accounting profession is evolving to respond in a manner appropriate to the current requirements put forward. The knowledge and skills needed by professionals in the field of accounting are changing starting with the training of high-performing staff in educational institutions by accumulating new skills in terms of the impact of information technology on the accounting profession.

In agreement with these changes for the *accounting profession*, is very important to acquire new professional skills and abilities that enable it to provide services at a high level of quality, in order to serve the interest of the development of the progress-oriented entity and to increase the relevance of the information presented in its financial statements.

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