

THE EVOLVING ROLE OF ACCOUNTANT AND THE FUTURE OF ACCOUNTING PROFESSION

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ABSTRACT

The Economic Transformation Programme (ETP) which was part of Malaysia's National Transformation Programme was launched in 2010 and its goal is to elevate the country to a developed nation status and a high income economy by the year 2020. To meet its goal, it is estimated that by the year 2020, Malaysia will need 60,000 professional accountants to serve the need of a developed economy and to ensure Malaysian enterprises remain competitive and resilient. The Malaysian Institute of Accountants (MIA), as a national accountancy body is working with the relevant stakeholders to ensure that there is adequate supply of qualified accountants in Malaysia. Professional accountancy bodies have to commit to producing the required number of professional accountants and that includes the signing of a number of Memorandum of Understanding (MOU).

The strength of the accountancy profession correlates with economic growth as well on the adoption of the International Reporting Standards (IFRS) and the implementation of Malaysian Private Entities Reporting Standards (MPERS) which require accountants to be competent in preparing the financial statements. The demand by large investors for disclosing risks and opportunities in relation to biodiversity loss for investment products requires accountants to understand the measurement and disclosure of new assets in financial markets. There will be an increasing involvement of internal auditors and external auditors in using Sustainability Accounting Standards Board (SASB) standards in preparing Environmental, Social and Governance (ESG) reports which encompass the ESG goals in Sustainable reporting as a measurement of a company's performance against ESG's risks, opportunities and related strategies which investors require.

As a result of advancements in technology and automation, accountants are moving away from performing mundane and repetitive tasks and assuming advisory roles by providing strategic recommendations and comprehensive reports to management as well as having better and frequent communication with its various stakeholders. Industry Advisory Board (IAB) of educational institutions can play a pivotal role in reviewing the relevance of the syllabus to meet the current demands of the industries so that graduates can be future ready and the industries can have available human capital to cater to their business operation, human capital and expertise.

With the existing membership of accountants at 35,630 as of the year of 2019 compared with the target of 60,000 required by Malaysia, it is clear that the accounting profession in Malaysia needs to be further strengthened as there is an acute shortage presently to meet the demand in the public and private sectors as well as in other ASEAN countries.

Keywords: Population per Accountant, MIA Membership, Future Trend of Accountant, GDP per Population

INTRODUCTION

The Economic Transformation Programme (ETP) which was part of Malaysia's National Transformation Programme was launched in 2010 and its goal is to elevate the country to a developed nation status and a high income economy by the year 2020. It is managed by the Performance Management and Delivery Unit (PEMANDU) under the Prime Minister's Department in Malaysia. To meet its' goal, it is estimated that by the year 2020, Malaysia will need 60,000 professional accountants to serve the need of a developed economy and to ensure Malaysian enterprises remain competitive and resilient.

The government and stakeholders in the profession acknowledge that accountancy is one of the key areas where the country is significantly under-served. The Malaysian Institute of Accountants (MIA), as a national accountancy body is working with the relevant stakeholders to ensure that there is adequate supply of qualified accountants in Malaysia. According to the Committee to Strengthen the Accountancy Profession (CSAP) which submitted a report to the Minister of Finance in 2015, the Minister had accepted the report and its 15 recommendations in 2016 and mandated the Securities Commission (SC) to set up an implementation committee. In accordance with CSAP Recommendation 3, professional accountancy bodies have to commit to producing the required number of professional accountants. The role of accountants in economic development can be further assessed based on the profile of the accountancy profession in Malaysia. Table 1 shows a correlation between economic growth, measured by the Gross Domestic Product (GDP) per population, and the strength of the accountancy profession.

Table 1				
GDP PER POPULATION GROWTH COMPARE TO MEMBERSHIP				
Year	GDP (US\$ billion) #	Population (million) @	GDP per Population US\$	Membership with MIA **
2015	301.35	30.271	9,955	31,130
2016	301.26	30.685	9,818	32,361
2017	319.11	31.105	9,965	33,294
2018	358.72	31.528	11,378	34,655
2019	364.68	31.949	11,211	35,630

Source:

#: www.tradingeconomics.com/worldbank @: www.worldometers.info

** : MIA Annual Reports 2013 to 2019

For example, when the Accountant General Department of Malaysia had been tasked to implement the Accrual Accounting Project in 2015, the number of accountants required by the public sector to support the implementation of this project can be estimated. The adoption of the International Reporting Standards (IFRS) and the implementation of Malaysian Private Entities Reporting Standards (MPERS) have also triggered demand for accountants and accounting executives who are competent in applying the standards. The demand comes from organizations which are required to prepare financial statements using the standards and audit firms which need to audit those financial statements.

Professional bodies such as ACCA Malaysia has worked with organizations such as Yayasan Peneraju Pendidikan Bumiputra (YPPB) to help boost the profession in Malaysia. A Memorandum of Understanding (MOU) with YPPB had been signed in April 2019 to help 3,000

bumiputra students to take CAT and ACCA professional accountancy qualifications. ACCA is working closely with the government and academic partners in building the profession in Malaysia. There are also MOUs signed between TalentCorp, UiTM and CPA Australia which will enable 300 accounting students at UiTM to begin their professional qualification journey by taking one professional paper under the CPA programme while still pursuing their degree programme. The MOU signed between TalentCorp and CIMA is an industry-academia collaboration where participating employers and TalentCorp will jointly support 200 Malaysian accounting students at local universities to undertake an internship and sit for CIMA professional papers.

CHALLENGES

There are some major challenges to achieving the government's target of producing 60,000 professional accountants as part of the nation's talent-building agenda because it is difficult to persuade young people that the accountancy profession is an attractive profession offering excellent career, financial rewards and various opportunities for personal development. It is difficult to attract millennials into a profession that is known to be rigid in terms of working long hours, tight deadlines and the ability to exercise creativity. Table 2 shows that as at 30th June 2019, there are 35,630 MIA members working in all industries and states of Malaysia and the population per accountant is 907.

Year	Population (million) @	Membership with MIA **	Population per accountant
2015	30.271	31,130	972
2016	30.685	32,361	948
2017	31.105	33,294	970
2018	31.528	34,655	910
2019	31.949	35,630	907

Source:

@ www.tradingeconomics.com/worldbank

**MIA Annual Reports 2013 to 2019

Comparing with some of the ASEAN countries shown in Table 3 below, there is great demand and potential for qualified accountants to be ASEAN CPA as the population per accountant in these countries ranges from 119 to 84,941. As at 31st March 2019, Malaysia holds the highest number of ASEAN CPA among the ASEAN countries, 698 out of 2,724.

Country	GDP (US\$ billion)	Population (million)	GDP per population US\$	Memberships #	Population per accountant
Non-ASEAN Countries					
Australia	1,532	22.72	67,436	191,204	119
New Zealand	171	4.43	38,678	32,677	136
ASEAN Countries					
Singapore	287	5.31	54,007	28,869	184
Brunei	17	0.41	41,127	58	7,108
Hong Kong	274	7.15	38,297	36,711	195
Thailand	366	66.79	5,474	60,347	1,107
Philippines	250	96.71	2,587	22,072	4,381
Vietnam	156	88.77	1,755	10,000	11,097
Indonesia	877	246.86	3,551	20,735	11,906
Myanmar	57	52.80	947	2,117	24,940
Cambodia	14	14.86	945	175	84,941

Source: CSAP report 2014 – membership for ASEAN jurisdiction as at July 2014

According to a search carried out at Bursa Malaysia, the stock exchange of Malaysia, there are altogether 950 companies listed in the Main market (779), Ace Market (141) and Leap Market (30) and a total of 21 companies under PN17 (19) and GN3 (2). Companies that are listed in Bursa Malaysia are required to appoint qualified accountants as Chief Finance Officers or Group Accountants to manage its finances and produce financial reports.

For the audit committee to be established and to carry out its functions effectively, it requires that at least one member of the audit committee to possess the financial knowledge and expertise pursuant to Paragraph 15.09 of Bursa's Listing Requirements. It is essential for the audit committee to ensure that the finance function within a company is carried out by the right personnel with the skills, experience, training and authority suitable to the industry and the complexity of the company's business. Apart from having the right personnel, audit committees should also ensure that the finance function is equipped with adequate resources such as human capital and technology, financial and accounting systems to support the financial reporting process.

The government is continuing to ensure that Malaysia has the right talent in the future and will continue to strengthen its education system to ensure that students are equipped with the right qualities and skills. Stakeholders including professional bodies, the government, regulators, academicians and industry would need to collaborate in the development of the relevant syllabus and industry training in preparing future-ready professionals that possess the relevant competencies such as robotic process automation, data analytics, cyber security, IT audit, forensic, valuation and finance transformation.

What are the Future Trends of the Accounting Landscape?

Many accountants are using data analytics to gather and produce trends and meaningful insights from data and represent it in either pictorial or graphic formats for communication to the management or board of directors for decision making. They know how to manipulate mass data

which are generated internally and understand the data flow and its relationship between objects within the business environment. Robotic Process Automation (RPA) can help accountants to free his or her staff from the mundane repetitive tasks to enable accountants to focus on jobs that add more value to the company, such as financial analysis and recommending timely remedial actions for adverse variance from the financial goals or budgets. Block chain, a distributed ledger, cannot take over the jobs of accountants as it merely creates a permanent, public, transparent ledger system for compiling information on sales or purchases generated between various parties by digital use. Cloud computing is a tool that helps the accountant in the performance of the job with the finance team dispersed geographically and working on same project in real time.

Accountants have to stay ahead of technology and adapt to automation as well as focus on the more complex skills. He or she will require multi-disciplinary attributes, technical, professional skills such as accounting standards, knowledge of laws, government regulations and listing rules as well as execute it with ethics and integrity in their human interactions and when making decisions. As technology can execute many accounting tasks and calculations, the accounting profession has assumed more of an advisory role, offering more strategic recommendations and comprehensive reports.

Let's look at the effect of declining biodiversity on the world economies. The Dasgupta Review has linked economic success to biodiversity. Large investors are starting to respond to the risks and opportunities in relation to biodiversity loss and working out the viability of creating climate and nature related investment products. Those working in finance must realise that the financial returns rely on nature's returns and they must see and engage with the economy's relationship with nature. Measuring changes in biodiversity is more complex than climate change as there is no single metric that can be looked at as an equivalent for carbon emission. Hence, Chartered Accountants will have key role in the disclosure on company activity across supply chain and understanding a new methods of measurement and disclosure of a new asset class in financial markets and in the books.

Investors and other stakeholders are calling companies to disclose more about their sustainability and environmental, social and governance strategies and this leads to the growing importance of Environmental, Social and Governance (ESG) reports. ESG reporting encompasses both qualitative disclosures and quantitative metrics to measure a company's performance against ESG risks, opportunities, and related strategies. ESG goals are disclosed and communicated in Sustainability Reporting. When ESG reporting becomes mandatory, this will mean increasing involvement of internal audit, as well as external audit, to ensure credibility, trust and reliability of data. Sustainability Accounting Standards Board (SASB) sets industry-specific standards to guide the disclosure of financially material sustainability information by companies to their investors. Accountants will use this standard as suitable criteria for assurance, and the structure that internal and external auditors need to make this data trustworthy and credible for the user.

How will the Audit Profession and Businesses Develop Human Capital to Deal with the Future?

The rapid advancement in technologies is not making accountants redundant. As there are many businesses seeking advice from accountants on how to integrate new technologies into their business, accountants are taking on new roles providing advisory services in this area. The accountant would have to focus on building strong working relationships with clients, providing services which software technology cannot. For the audit profession, technology will allow for a more complete audit that uses all available data rather than samples. Besides possessing specialist

technical, forensic and cultural expertise, core skills in finance and business analysis are essential for the audit profession. Auditors need to focus on internal controls, going concern and viability and fraudulent financial reporting. Stakeholders would want a mechanism which allows additional checks to be commissioned on an ad hoc basis to supplement the statutory audit to provide assurance on any area of corporate activity, from sustainability delivery to cyber security to human rights compliance. This extra audit, in area of assurance, will need to operate to agreed and adequate standards.

Data entry and data analytics have already been automated for a number of years. Artificial Intelligence (AI) and machine learning have far-reaching implications for accounting professionals and their everyday tasks, from auditing to forecasting. As presented in the Industry Profile of the Future of Jobs Survey 2020, World Economic Forum, a set of roles have emerged within specific industries as shown in Table 4 and roles identified in Table 5 are decreasing in demand and being replaced by new technologies.

Table 4 TOP 10 OUT OF 20 JOB ROLES IN INCREASING DEMAND ACROSS INDUSTRIES	
1	Data Analysts and Scientists
2	AI and Machine Learning Specialists
3	Big Data Specialists
4	Digital Marketing and Strategy Specialists
5	Process Automation Specialists
6	Business Development Professionals
7	Digital Transformation Specialists
8	Information Security Analysts
9	Software and Applications Developers
10	Internet of Things Specialists

Source: Future of Jobs Survey 2020, World Economic Forum

Table 5 TOP 10 OUT OF 20 JOB ROLES IN DECREASING DEMAND ACROSS INDUSTRIES	
1	Data Entry Clerks
2	Administrative and Executive Secretaries
3	Accounting, bookkeeping and payroll clerks
4	Accountants and Auditors
5	Assembly and Factory Workers
6	Business Services and Administrative Manager
7	Client Information and Customer Service Workers
8	General and Operations Manager
9	Mechanics and Machinery Repairers
10	Material-Recording and Stock-Keeping Clerk

Source: Future of Jobs Survey 2020, World Economic Forum

The professional services firms continue to respond to increased use of technology by their clients and the profession is beginning to connect to those client systems. The auditors are now able to add more value beyond data analysis because of greater connectivity and accessibility to client’s data and through machine learning, the quality of the data the auditors are able to extract is far

better. The ability of technology to allow the testing of the entire population shifts the perspective on the value of an audit. Data analytics allows the auditors to provide both a helicopter view of the financials and a detailed and complete view of the accounting records, and as a result, more insights. There is now more pressure for an audit to focus on detecting fraudulent transactions, as technology now exists to highlight any journal entries that are deviating from the standard process and other anomalies. Accountants will need to transform the way they position themselves and communicate with their clients. A key skill which accountants must be equipped with is firstly analytics and AI to be able to understand the process of thousands of documents and make appropriate recommendations based on this information. Secondly, communication and business skill to be able to focus on decision making, strategy and planning, and communicating recommendations to the clients to follow a particular course of action. Thirdly, being curious can help to solve issues and understand challenges on a deeper level and challenge assumptions.

What are the Skills Sets should an Accounting Graduate have?

Accounting is perfect for students with a good head for numbers, a driving interest in business and a keen eye for detail and analysis. Accounting students will gain advance theoretical and practical knowledge of accounting and finance.

The generation Z (1995 – 2010) is raised on mass media networks, the growth of the internet era and the use of mobile devices. Gen Z believe that the profession is attractive as a career providing long term prospects and a portable qualification world-wide where it provides mobility and learning to their career exposure. Working in larger accounting firms are often their first choice but the issue facing them is poor work-life balance, career barrier, personal well-being and mental health. They are attracted to organizations that support their mental health and offer a good work-life balance. Gen Z want career progression quickly and expect to move role quickly within a period of 2 years. They want their voices to be heard, their ideas to be given consideration and they want to understand what is in for them from the 1st day they step into the organization. Gen Z are often attracted to organizations that support their career development such as regular career conversations with their superiors, frequent interval for work assessment and easy access to mentors where future career paths can be discussed and aligned to their personal goals as they grow with the organization. For Gen Z embarking on their careers, they should try to acquire skill sets such as technology know how, remote working and holding virtual meetings with teams, acquiring and applying new capabilities at the workplace and focusing on job training and experiences.

CONCLUSION

Learning in the workplace is evolving. Organizations need to foster a culture of continuous learning and embracing the learning strategy as part of their business strategy. Learners must take control of their own development and understand what to learn to achieve the performance level that they are seeking and making the right choice to remain successful and productive. It is time that each of us takes responsibility for our own lifelong learning and career development. The IES 7 Continuing Professional Development (CPD) includes several innovations that can support individuals in planning effective CPD in a changing workplace. The revised IES 7 clarifies the principles and requirements for how professional accountancy organizations measure, monitor, and enforce their continuing professional development systems. It makes it clear that all professional accountants must develop and maintain professional competence to perform their role. It also places greater emphasis on learning and development needed for professional accountants' roles and

responsibilities rather than focusing on a minimum number of hours.

While it is clear that lower level accounting and auditing skills can be replaced easily by technology, business acumen, behavioral competence, digital acumen, data interrogation, synthesis and analysis and communication remain crucial. The International Federation of Accountant (IFAC) has implemented an approach to advancing accountancy education at the global level. The International Panel on Accountancy Education is advising IFAC on how to assist The Professional Accountancy Organizations (PAOs) to re-imagine the future accountant and prepare future-ready accountants to thrive in a digital era.

Educational institutions must be equipped to deal with a changing world and continuing to review their syllabus to include elements of big data, data analytics and cyber security and ensure that students understand what impact developments in these areas have on audit, finance and business. The setting up of Industry Advisory Board by educational institutions is of utmost importance as it can tap into industry experts to review and feedback if the current syllabus is relevant for the graduates when they enter the workforce. The annual meeting between IAB and the universities serve to give confidence to the universities that their graduates are properly trained to be ready for the industries and industries are better informed of the availability of human capital to cater to their business operation, human capital and expertise.

With the existing membership of accountants at 35,630 as of the year 2019 (2020 – 36,365 accountants) compared with the target of 60,000 required by Malaysia, it is clear that the accounting profession has an acute shortage presently to meet the demand of the public and private sectors as well as in other ASEAN countries.

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