

## THREATS AND CHALLENGES OF THE ACCOUNTING PROFESSION FACING THE DIGITAL REVOLUTION IN THE SOCIETY ERA 5.0

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**Abstract:**  
The domination of robotic and artificial intelligence in society era 5.0 has become inevitable; the digitalization era has come. It disrupts all sectors and professions. The accounting profession is one sector that will get the impact of the digital revolution. This phenomenon forces humans to change and adapt to the technological era. Although, in general, it brings progress in human life, on the other hand, it brings challenges and threats to the accounting profession. Therefore accountants should upgrade their ability and have more value. The strategy that can be used is being a certified accountant, keeping the purpose orientation as an accountant, time management up to date, and using software to maximize the work. This research aims to discover the challenges and threats to the accounting profession in the digital revolution era 5.0. Moreover, in facing the challenges of society era 5.0, accountants need to do the following five steps: Invest in developing digital skills, implement new technology prototypes while learning by doing, education based on international certification, be responsive to the change in the industry, business, and technology development, curriculum and learning based on human-digital skill (for an educational institution). This research is descriptive research with a literature method. The conclusion is taken based on the expert opinion.

**Keywords:** Accountant, Digital Revolution, Society Era 5.0.

### INTRODUCTION

The accounting profession is a profession whose existence has many challenges and continues to grow. This profession is developing into a business that creates public trust and is expected to be a promising profession. The accounting profession needs to realize the need to regenerate into a millennial accountant. The millennial generation born in 1980- 1990 or the early 2000s is a generation that has different behavior from previous generations. The millennial generation is updated on technology; they live in a technology era, and therefore, they are very familiar with it; the internet has become their main staple. This phenomenon is getting stronger with the shift in an era where the current industry running its business no longer relies on human intelligence but also on technological intelligence, which is called the Industrial Revolution era 4.0.

The actual industrial change is the change that occurs as a result of the Industrial Revolution. This era accommodates business intelligence, which is a development of technological discursive existence. It is also known as the Digital Economy. The story of the digital economy has opened up new possibilities while at the same time increasing risks. These changes had a significant impact, such as intelligent machines and robots are now taking on many roles in accountancy.

In the digital era and technological development, information spreads so fast; the internet has changed one's view of getting information in business and accounting. The story of technology has changed the business flow. The accounting staff is less needed in the industry. It resulted in an underestimate of the accounting staff and became a tough challenge for accountants.



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Japan made a human roadmap in January 2019, known as Society 5.0. This concept is a human-centered and technology-based society 5.0. It is the development of Industrial Revolution 4.0, which has the potential to degrade the human role. Society 5.0 uses modern technology that relies on humans as its main component. Artificial intelligence, considering the human side, will transform millions of data collected via the internet in all areas of life.

Technology is like a double-edged sword. Technology provides various conveniences for accountants, but on the other hand, technology can also threaten the existence of accountants. The digital era not only gives excellent opportunities and benefits for the business but also has implications for business continuity risk and corporate organizational credibility. Accountants are also professions that can disappear due to the digital revolution (Saraswati & Arif Widodo Nugroho, 2021); in the future, accountants will not be needed due to financial applications. Those realities are the background of this study. This research aimed to discover the challenges and threats faced by accountants as the impact of the digital revolution. This research was also to find out the effort made by the accountants to survive in the digital process.

Against this backdrop, this research aims to shed light on the challenges and threats accountants face in the digital revolution. Additionally, it seeks to explore the strategies employed by accountants to adapt and thrive in this rapidly changing landscape. By understanding and addressing these issues, the accounting profession can navigate the digital revolution and safeguard its relevance and value.

## METHODS

This research utilized a descriptive research method, as Sugiono (2012) outlined. Descriptive analysis aims to determine the value of one or more independent variables without making comparisons to other variables. In this study, the independent variable was identified as Society Era 5.0, while the dependent variable focused on the role of accountants. The primary objective of this research was to provide an understanding of the challenges and threats encountered by accountants in response to the digital revolution. An extensive literature review was conducted to accomplish this objective, which involved consulting multiple journals and analyzing their findings through replications and a thorough examination of the literature. The research explanations and insights from these sources contributed to a deeper understanding of the subject matter. By employing this methodological approach, this research aimed to present a comprehensive exploration of the digital revolution's impact on accountants and provide valuable insights into the challenges they face in the contemporary landscape.

## RESULT AND DISCUSSION

The use of technology in the industry has a positive impact, as it can improve performance and accuracy and speed up work. On the other hand, technology also threatens many people; technology can replace human work automatically. Moreover, one of the professions that can be affected and replaced is accounting.

**The Role Transfer of Accountant.** The possibility of accountants' replacement by robots is 95%. It is because of the development of Robotics and Data Analytics which took over accountants' essential work. The revolution of technology will affect the form of account work. Data processing will not be the main job of the accountant; their primary job as an accountant is consulting for the company (Laurensia & Soeherman, 2019). Those happen because the data processor has been done by automatic software such as FinTech. The impact of this phenomenon will affect the increase in the amount of information and quality of information produced in financial reports.



The various possibilities in the revolution of technology made challenges for accountants. They are expected to adjust to being involved in technology developments. Besides, several things can be done to face the challenges of the revolution, those are:

- a. Certified, it made the quality and legality of the account provable. It is not only a national certificate but also an international accountant for accountants.
- b. Orienting the purpose of being an accountant besides mastering information technology. Because in the digital era, technology ability is a must.
- c. Time management. Good time management will help the accountants in arranging the work schedule.
- d. In this digital era, the accountant should be up to date, obtain new information and innovation, and solve the accountant's problems accurately and rapidly.
- e. The use of software to maximize the work. Using software in accounting will be more accurate, faster, and save time.

In addition, accounting must be professional and able to transform in the Industrial Revolution 4.0 by increasing expertise or mastering skills, being open-minded to change and maintaining good values and ethics. Furthermore, the accountant's competency must be increased by mastering non-financial data such as data analysis, technology development, and leadership skills. Integrity is also needed, starting with standardizing the system and process.

The development of the digital economy has opened up new possibilities while simultaneously increasing risk. These changes also significantly impacted the development of accounting and auditing. The role of an accountant is no longer limited to bookkeeping (Mustami & Kartini, 2017) but also to internal control and information analysis, especially regarding the company's economic strategy. Accountant analysis will change from retrospective to predictive, and the accountant's role will change radically. The use of data will be based on Cloud and Big Data. The accountant will integrate non-traditional financial information into the modern system. Accountant duties will be more efficient and mobile. Accountancy is an expert professional in the financial information provider. Therefore, information technology is essential (Ariyani, 2021).

The change of accountant role becomes something to deal with. The world is changing rapidly as a result of the massive technological revolution. It showed that humans with technology are growing fast together. The development of technology and innovation is catching up with time. Disruptive innovation, augmented intelligence, and the development of machines seem to be competing to increase the efficiency of the industrial world (Wijayana, 2018) (Miftahurrohman, 2022)

**Digitalization of Technology and Accounting Profession.** The central vision of digitalization 4.0 is to integrate intelligent digital communication technology into the value chain. Besides, artificial intelligence (AI), blockchain, cloud computing, and big data have the most significant impact on accountants. Digital technology will replace structured manual work, such as bookkeeping and automating the complex process. The spreading of digital technology will impact the business and change accounting practices and competencies required by professional accountants (Adha et al., 2020)

Accountants need to develop seven constituent areas: Technical Skills and Ethics (TEQ) and Experience (XQ), which will be combined with Intelligence (IQ) and Digital Awareness (DQ), behavior, skills, and interpersonal quality in Creativity (CQ), Emotional Intelligence (EQ) and Vision (VQ). Technical Skills and Ethics (TEQ) will play an essential role in accounting. Accountants need to understand the relevant technology to facilitate and improve performance.



**The Threat of Accountants in Society Era 5.0.** The existence of technology threatens the accounting profession if they are not ready to adapt to technology. On the other hand, if accountants can use technology as a tool, they can apply the virtual class to make work easier. The other threat is the existence of accountancy software. Therefore, everyone can operate it efficiently and make their financial report. Those threats will have no meaning if the accounts have move value. Therefore, they will be valuable (Mahnunah & Yunida, 2019)

The result of McKinsey Global Institute research predicts that the effect of the Industrial Revolution is the disruption in various professions; as a result of global disruption, more than 800 million jobs will disappear. The disappearance of the accounting profession will happen if accountants are not ready to adapt to technology. However, if accountants adapt to technology, this profession will not be one of 800 thousand professions that will disappear (Tampubolon, 2022).

**The Challenge of Accountants in Society Era 5.0.** The technological development in society era 5.0 gives an extra challenge for the accounting profession. The existence of accountants is at stake to survive in this era. The existence of accountants is in their own hands. Based on (Rosmida, 2019)(Prakosa & Firmansyah, 2022), in facing the challenges of social era 5.0, accountants need to do the following five steps.

1. Invest in developing digital skills.
2. Implementing new technology prototypes while learning by doing
3. Education based on international certification
4. Responsive to the industry, business, and technology development change.
5. Curriculum and learning based on human-digital skill (for educational institutions)

Accountants should be able to anticipate company policies in global competition. The accountant's role is not only as a provider of accounting data but also as an information provider for decision-makers. The accountant supports and provides analysis of the cause and effect of management. The data will be used in the auditing process.

Accountants as support specialists will be required to be skilled at communicating and able to understand all aspects of the company's functions. As a high-level decision support specialist, the accountant will act more as a financing analyst than as an accounting data provider. Therefore, the accountant must understand marketing strategy to detect the market situation in the upcoming global competition. Accountants should think strategically, have more knowledge, quality, and ability, and be able to develop a technology innovation. Collaboration is critical to creating value-added accountants (Mulyanti et al., 2015; Savitri, 2021).

This collaboration is related to the use of conventional data owned by companies and developed by accountants in processing data information and an early warning system; the result is an innovative solution for company policy. Besides following technology development, the accountant should also be able to adapt to the technology, creating value in digital services. Conventional accountants will only gain competitiveness if they use technology in their business strategy.

## CONCLUSION

Based on the research results, the accountant should have a strategy to face the industrial revolution challenge. The strategies that can be used are being a certified accountant, keeping the purpose orientation as an accountant, keeping time management up to date, and using software to maximize the work. Furthermore, in facing the challenges of social era 5.0, accountants need to do the following five steps: Invest in developing digital skills, implement new technology prototypes



while learning by doing, education based on international certification, be responsive to the change in the industry, business, and technology development, curriculum and learning based on human-digital skill (for an educational institution). In addition, due to the industrial revolution, a large-scale disruption can threaten the accounting profession's existence in the future. The loss of the accounting profession can occur if the accountant is not ready to collaborate and elaborate with technology. To face the threat, the accountant should adapt to the industrial revolution, measure the extent of the deficiencies that the accountant has to learn and try to overcome the deficiencies that exist in the accountant.

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