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## **Commentary: Wanted - a new generation of accountants**

Facing a new wave of automation, young accountants must redefine their role and their value-add to their company, say three Singapore Management University observers.



How can young accountants redefine their role in business? (Photo: AFP/Fethi Belaid)

SINGAPORE: Automation poses a threat to the jobs of accountants today, as emerging technologies begin to perform tasks traditionally undertaken by accountants.

Advancements in cloud-based accounting software, for example, now make it much easier for small businesses to easily and accurately enter and edit financial information on their own without the input of accountants.

Such developments will continue to reduce the reliance of businesses on accountants.

However, rather than fear the coming wave of automation in the profession, young accountants should embrace these new developments as opportunities to take up new value-added tasks and expand their sphere of influence within their companies.

Indeed, this would echo the sentiments expressed by Prime Minister Lee Hsien Loong at the G-20 summit in Germany, where he said:

"When it comes to digitalisation and jobs, we must not yield to our fears and anxieties. It is wiser for us to be optimistic and work hard to make our hopes come true. 55

### **FIVE PATHS TOWARDS EMPLOYABILITY**

Rather than fight automation, accountants should consider how their skill sets can augment automation. The article *Beyond Automation*, published in the June 2015 issue of *Harvard Business Review*, identifies five perspectives employees can take to realign their contributions in an environment of rapid automation.

First, employees can step up to perform tasks computers cannot perform. While computers can handle mundane bookkeeping and accounting tasks like record-keeping and data entry, they are unlikely to be able to perform higher-level tasks in the areas of strategy and planning that involve abstraction and consider the bigger picture.

A second strategy - step aside - recognises that not every employee will have the opportunity to step up to perform higher-level work typically undertaken by senior managers, but most have strengths that aren't purely rational, codifiable cognition.

Employees can identify and focus on tasks including stakeholder management, advisory and tasks that require interpersonal skills, while stepping aside to allow technology to take over tasks that can be automated.

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Third, when automation processes break down or when shifts in the business environment changes a company's automation needs, human intervention - stepping in - is required to rectify the situation. This requires not just monitoring the machine's functions and output, but also scanning for changes in the business environment.



Even as employees step aside to allow technology to take over tasks that can be automated, they still have strengths to offer. (File photo: AFP/SAUL LOEB)

The fourth perspective encourages employees to step narrowly, to find a niche within the profession amid ongoing automation.

Finally, the step forward perspective encourages employees to develop the next generation of computing and automation tools themselves. With rapid advancements in machine learning and artificial intelligence, employees can ride on these technological advancements to develop new tools.

#### HOW YOUNG ACCOUNTANTS CAN STEP IN

Young accountants who have the skills to facilitate the introduction and implementation of technology in accounting can play a valuable role in enhancing the efficiency of accounting processes and contribute in ways of strategic importance to their companies.

For example, continuous auditing - a new auditing concept which seeks to leverage technology to proactively detect and look into exceptions as they occur rather than react post facto - is one such area.

With continuous auditing, technology monitors company transactions, compare their characteristics to benchmarks, and identify anomalous situations. They can also trigger alarms and route cases to accountants for evaluation and resolution.

In this, accountants will have a crucial role to play by stepping in and applying judgement to select appropriate technologies to build robust continuous audit processes that meet audit objectives.

Another important feature of the continuous audit framework is its reliance on technology to identify exceptions in company transactions, and for auditors to certify the robustness of the continuous audit system. So auditors must understand the system's workings and be ready to step in to ensure these provide assurance amid changing conditions.

Another area where young accountants have the opportunity to step in is in forensic analysis. As data analytics become more prevalent, the use of advanced analytical technologies to identify fraud will increase.



Young accountants can facilitate the introduction and implementation of technology in accounting to enhance efficiency and contribute in ways of strategic importance to their companies. (Photo: Pixabay/stevepb)

A recent news report highlighted OCBC's pilots using artificial intelligence solutions to detect fraud. Working with two fintech firms, the local bank plans to use artificial intelligence to combat money laundering and terrorism financing through strengthening big data search and analytics capabilities to determine if transactions have been fraudulent or illegal.

Forensic accountants with the relevant skills and experience can play a crucial role to complement artificial intelligence and complete fraud investigations.

The areas of continuous audit and forensic analysis are just two areas where young accountants can build a thriving career by adopting the step in perspective. Numerous other areas of accounting similarly face the prospect of increasing automation, and accountants should proactively identify relevant areas where they can step in.

#### PREPARING ACCOUNTANTS FOR THE FUTURE

Automation will alter the work of accountants in the coming years but accountants will always have a central role in businesses. In order to continue to thrive, the profession will need to position itself to capitalise on automation's accompanying opportunities.

Universities will need to ensure that students possess skills that prepare them for accounting jobs of the future. In addition to providing a rigorous accounting-based education, universities should also teach skills that allow them to navigate a future workplace where computers and technology are the norm.



Preparing students for the accounting jobs of the future means getting them used to working with technology early.

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Beyond that, employers must also continue to advocate and support their employees in upgrading their skills through regular training and education. This is especially important given that future developments in technology are likely to occur rapidly.

Overall, young accountants have every reason to be positive about the automation occurring in the profession. Rather than fear automation, accountants should embrace it.

They should see it as a positive development that frees them from performing many of their mundane tasks and allows them to redefine how they contribute to business.

Seow Poh Sun is Associate Dean (Teaching and Curriculum) at the School of Accountancy, Singapore Management University. Gary Pan is Associate Dean (Undergraduate Admissions and Student Development) at the same school. Clarence Gob is Visiting Assistant Professor of Accounting (Practice) at the School of Accountancy, Singapore Management University. A longer version of this commentary was first published in the IS Chartered Accountant and the abridged version here is published, with permission from them and the authors.

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