



Recent Trends in Accounting : A Study of New Business Future 2023

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ABSTRACT

The future of the accounting industry looks bright. Many professionals worry about the loss of jobs due to automation. But remember, automation cannot work without human input. So they should upgrade their skillsets and align themselves with the emerging accounting trends to stay ahead in the industry. It will be a marketing trend in 2023 to adopt agile practices in accounting with the aid of accounting software. Focusing on new trends in accounting and implementing technology will pave the way for advanced accounting for increased profits.

Key Words : Trends, Challenges and Opportunities

INTRODUCTION

The Accounting practices, outsourcing is the perfect way to decrease costs, increase efficiency, and boost profitability. Here are all trends you need to know to make the most of accounting outsourcing for your firm. If we look at the future of accounting, technology may still be a few inches away from the accounting world. Still, it has already started to work and adapt to these new developments. We are moving quickly toward accounting industry trends like

outsourcing finance and accounting services and advanced technical fixes like cloud-based subscriptions, on-premise solutions, and Software-as-a-Service (SaaS).

Accounting firms should also set up systems that require two forms of authentication so that only authorized users can get sensitive information because accountants and clients share so much confidential financial information. Focusing on data security will help organizations protect their customers' most valuable asset, which is their customers' financial information.

The value of the global market for business accounting software was USD 3.2 billion in 2016. Industry analysts expect it to grow at a steady CAGR of 6.03% to USD 4.10 billion by 2024. Talking specifically about the revenue from cloud accounting software, it was USD 1.9 billion in 2010. But it surpassed the expectation of USD 2.16 billion in 2022 due to the increasing popularity of cloud computing.

Accounting Trends for 2022

The accounting professional who wants to advance your career in the ever-competitive marketplace, you should commit to recognizing and understanding the important new accounting trends for 2022. Developing an understanding of the future trends of the accounting profession is important when it comes to putting together a strategic plan for your business.

According to Forbes, the role of an accountant has expanded beyond the lessons learned in certification courses. Almost 70% of small business accountants today now believe their advisory roles will become more strategic in the future with the use of technology. Having a deeper understanding of company strategy will push accountants into a more proactive role in the future of the business. Company leadership will look to accountants for more input, helping them shape the direction of their firm and provide real-time insight on strategic decisions.

Future Trends of the Accounting Profession for 2023

Outsourced Jobs

The COVID-19 pandemic has triggered some of the most radical employment trends in recent history, including a sudden spike in remote working throughout all industries, accounting included. While traditional accounting firms are centered around cohesive in-house teams, there's now a growing inclination for outsourcing specific tasks and projects to third parties.

Businesses outsource to save money. In fact, according to recent surveys, 300,000 positions are outsourced every year and 59% of businesses choose to outsource to reduce their expenses. Outsourcing has many advantages, including enabling your organization to take on new clients, offer a wide range of services, and fill important skill gaps for highly-technical projects.

Outsourcing accounting functions have multiple benefits. It allows companies to focus more on their limited resources while increasing profitability. It also saves them employment costs like payroll, taxation, salaries, benefits, and training expenses. Hence, outsourcing accounting functions is becoming a popular strategy among many companies. This gives rise to the number of outsourced accounting service providers, which is one of the fastest-growing areas in the accounting industry.

Cloud Accounting

Accounting Today reports that by 2026 the global market for accounting software will have a value of nearly \$12 billion. The arrival of cloud computing or cloud accountancy has been hugely transformative in how accountants work on a day-to-day basis, and ultimately how they communicate with their clients. Between 45% to 60% of businesses have already moved to cloud computing, which removes the need for businesses to install and maintain accounting software on each computer. Instead, the software will be cloud- or server-based. As a result, software updates will be streamlined on the cloud without the need for time-intensive in-house renewals and downloads.

The concept of using shared resources, including accounting software that runs on the providers' servers and being able to access financial information in the cloud, has made accounting information more accessible and the process more efficient. Furthermore, the result will be even more remote accounting jobs for collaborative accounting. Moreover, online accounting also gives the data an additional layer of security from hacking, damaging, or being lost.

Adopting technologically driven solutions is a trend that will intensify even more in the coming years. As the demand for digital accounting grows, accounting software companies will address this need with better solutions. These software platforms possess a range of functionalities accountants value the most, such as optimizing processes and minimizing manual tasks.

Data Analytics

One key accounting trends is the focus on data analysis of underlying accounting and financial information. Since information is key to making responsible financial decisions, advancements in data centers, database techniques, and software have ushered in the age of big data and mining of data to aid management decisions. The information generated by accounting has always been a crucial component of business decision-making.

The process of analyzing numbers enables businesses to cull valuable insights to identify process improvements, increase efficiency and manage risks. New technology automates specific accounting tasks, and therefore the industry is shifting its focus to data analytics. Accountants are taking on new roles as advisors, with unique skill sets that revolve around analyzing data.

Although data analytics as part of accounting services is not entirely new, it is now more powerful, presenting financial performance in a new light for better actionable insights. Larger accounting firms apply data analytics in tax, consulting, risk management, and auditing. Meanwhile, CPAs in other organizations are utilizing the capabilities of the best data analytics solutions to support industry-specific needs.

Automation and Artificial Intelligence

A study by Forbes brings forth a new wave of automation in the accounting industry. Accounting professionals will increasingly be automating labor-intensive tasks such as audits, banking, tax preparation, and payrolls. This will result in a drastic reduction in accounting errors and workload, allowing accountants to take on more advisory responsibilities.

One of the exciting prospects of using artificial intelligence to automate accounting processes is the potential to effectively add a virtual member to the team to answer multiple questions and carry out simple tasks 24/7 even when the office is closed. This emerging technology will be used in the day-to-day running of firms allowing complex and repetitive tasks to be automated with AI, machine learning, and robotics with extreme accuracy. According to global research conducted by Sage, 58% of accountancy professionals are expecting to automate tasks using AI solutions within the next three years.

The use of automation and AI in today's accounting practices eliminates confusion and minimizes errors, which is why companies are more inclined to invest in these emerging solutions. Since these methods rely heavily on computers, there will be an increased demand

for internal auditors to check for any data inaccuracies. Thus, the converse fear of in-house accounting services being replaced by bots is not an issue.

Challenges for accounting departments in 2023

In 2023, accounting departments likely will face challenges in four areas: budget uncertainty, creating sound estimates in an uncertain environment, applying new accounting and financial reporting standards to comply with U.S. GAAP, and labor market uncertainty.

Budget uncertainty. In any given year, it's impossible to predict what lies ahead. At present, the level of volatility in the economy is extraordinarily high. Uncertainty about the direction of interest rates, recession fears, and other concerns are creating challenges for accounting departments when it comes to planning. All the unknowns can make the exercise of establishing an annual budget next to impossible. Accounting departments need to have the ability to do robust scenario planning and stress testing to tackle whatever challenges the macroeconomic environment presents.

Significant Estimates

Cash flow forecasts are a critical input to a variety of a company's accounting estimates, such as asset impairment assessments, fair value of assets, and going concern analyses. The ultimate path of interest rates and the eventual reality of a recession – or not – will have a bearing on how estimates are established. Accounting departments will need to use their cash flow forecasts to assess whether the company will have the cash, revenues, or income in future periods to support its ability to continue as a going concern and determine whether impairment charges are warranted.

New Accounting and Financial Reporting Standards

Some of the more significant changes in accounting standards of recent years – revenue recognition and lease standards – are now fully baked into most companies' financial reporting processes. One new standard, however, might carry a lot of significance in 2023: reporting credit losses. The new rules on reporting of credit losses will be a non-event for some companies but quite impactful for those with significant lending activities. While the SEC has not yet finalized its proposal on environmental, social, and governance (ESG) reporting, if rules are finalized in 2023, ESG reporting standards likely will create a substantially higher reporting burden as companies articulate their impact on the environment.

Another area to watch in 2023 and beyond will be the reporting of digital assets. Events in November 2022 demonstrated the volatility of the crypto asset market and the importance of approaching crypto and digital assets with great care. On Dec. 14, 2022, the FASB announced a tentative decision related to accounting for and disclosure of digital assets. As these assets continue to attract attention, more rules and regulations dictating their treatment in financial reporting are likely to emerge.

Labor Market Uncertainty

Like in all areas of business, accounting departments will face challenges navigating through the uncertainty in the labor market. Accounting departments have difficulty staffing with quality professionals who understand GAAP, how to close the books, and how to adhere to financial reporting requirements.

Layered on top of those challenges are the evolving expectations related to remote and hybrid work arrangements. Companies doing a first-year audit, trying to go public, or lacking sound control environments could face several hurdles in this environment.

Opportunities in 2023: Capitalizing on data

Despite the challenges ahead, 2023 will also bring opportunities for accounting departments to accomplish their goals in new and better ways. Data continues to be a significant theme for businesses across departments, and many companies are putting significant effort behind identifying valuable data streams and finding ways to harness data. Financial reporting and accounting departments could use any number of ways to put data to work, including analyzing the customer base, studying different business lines to understand which are most profitable, and cutting expenses.

With all the demands on their time, accounting professionals can get caught up in going through the motions without stepping aside to explore how the data they use can be leveraged. Forward-thinking accountants, though, will take the time to examine the possibilities, both in terms of what they could learn and how they could use data to increase system and process efficiencies.

Increasing capacity for the future

The labor market challenges companies face today – staffing shortages and other constraints – can be viewed as catalysts to accelerate the adoption of exciting new technology-based solutions that are playing a growing role in business. Accounting departments could take advantage of opportunities such as exploring automation, modifying systems and reporting, or outsourcing some components of workflow.

Reducing costs

As just one example of escalating costs for law firms, during the COVID-19 pandemic, the demand for associates skyrocketed. Amid competition for resources in the broader labor market, associates commanded larger salaries than ever before. As law firms were paying more for associates, they began charging increasingly higher rates to corporate clients to cover the costs. While law firms have been looking for ways to raise prices, the companies that hire them for legal support have been asking for better and more predictable pricing.

Streamlining data management

Legal departments need to be both proactive and reactive when it comes to data management. The proactive side involves preparing for the inevitability of certain legal actions by implementing sound information governance practices. On the reactive side, corporate legal departments need to be prepared for the possibility of legal action.

Potentially very Expensive Tasks

Requests for evidence and subsequent e-discovery are often a lengthy, expensive process that causes business disruptions. Here again, legal consulting plays an important role in helping businesses proactively organize their data so they can conduct e-discovery in a way that minimizes expenses, time, and resources.

Improving knowledge Management

Knowledge management – building a repository of precedent information and effortlessly retrieving it – is a key enhancement for law firms. Knowledge management is important for several reasons. For example, if a law firm keeps good records of legal advice provided to a client undergoing a major event such as an acquisition, the law firm can offer better-priced legal advice for future transactions, supported by previously developed content, documents, and experience.

Supporting staffing and collaboration

Planning for staffing needs to address legal issues as they arise is an intricate puzzle. Striking a balance between having the right expertise available in-house and managing costs across the peaks and valleys of need is a delicate exercise.

Some companies outsource their entire legal departments, whereas others choose to have a fully staffed, in-house legal department. In almost all scenarios, there is an occasional need for legal outsourcing, whether for additional resources or for a certain subject-matter expertise offered by a law firm. Staffing levels and priorities also can evolve over time, in

response to the macroeconomic environment. During periods of economic uncertainty, companies sometimes scale down their internal legal staff to cut costs.

Implications for Teaching

Future accountants will increasingly need education in digital technology (including cloud computing and use of big data), globalization (outsourcing of accounting services), and evolving regulations (tax regulation, new forms of corporate reporting, integrated reporting regulation, and so on). The ACCA report revealed that knowledge of digital technologies is the key competency area where professional accountants have skill gaps. At present, accountants lack knowledge in transformation of new disclosure regulations, new forms of disclosures, and awareness of the interconnectedness of financial and non-financial reporting. Professional accountants will need the skills to provide more all-inclusive corporate reporting, which tells less about the numbers and more about the narrative of the organization.

Accountant stay ahead of the accounting Trends and Future Thought

Future accountants will likely need to be technologically savvy to stay up with the industry's rapid growth. As more creative technologies emerge, financial experts will need to learn how to use the cloud. Financial experts who want to use blockchain will need to know how to set up data transfer for ledgers, contracts, and records and how to use the right software. With automation predicted to play a significant role in accounting soon, it's vital to develop the skills required to do administrative, managerial, and analytical tasks that technology cannot.

They'll also have to learn how to use data visualisation techniques and tools to turn raw data into helpful information for clients and executives. Accounting professionals with these skills can use predictive analytics and forecasting to deliver strategic advice to clients or organisations. Because automation frees up time spent on more fundamental tasks, they can learn these relatively high analytical skills.

Current accounting trends show that while digitisation is as prevalent in the accounting industry as elsewhere, human functions remain just as important. These reforms will allow the accounting industry to keep up with changes in other sectors and better position itself to serve a new generation of clients. Due to technological advancements, we can expect more effective and efficient accounting and the capacity to make informed business decisions based on better financial data. Accountants in London will help you identify and incorporate these trends early in business plans, get a return on your investment and attract more clients.

CONCLUSION

Innovations and improvements are moving the accounting field forward quickly. From the view of accounting services and streamlined finance tasks, the above accounting trends are just some of what businesses should expect and consider enhancing in 2023 and beyond. Trends and techniques in accounting are always changing, especially as new technologies emerge. SAGE has found that 90% of accountants think accounting is going through a cultural shift that favors technology. This is because automation and high-tech systems are changing the future of accounting.

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