

Redefining Accounting Practices in Malaysia: Harnessing Emerging Technologies for Future-Ready Organizations

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ABSTRACT

This thesis investigates the impact of Digital Transformation on the accounting profession in Malaysia, mainly through the lens of Disruptive Innovation Theory. It identifies critical gaps in existing research and highlights how digital disruption, driven by technologies like AI and cloud-based accounting software, alters the roles of accounting professionals, necessitating greater IT knowledge and soft skills. A case study of ACCSOFT, a Malaysian accounting software company, illustrates the disruptive potential of its AI-enabled services for small and medium-sized enterprises (SMEs). Findings reveal that while automation poses challenges, accountants retain unique advantages, such as social capital and strategic thinking. The study concludes that future disruption depends on accountants' adaptability and creativity in meeting client needs.

Keywords: Digital Transformation, Accounting Software, Social Capital, SMEs

1.0 INTRODUCTION

To stay relevant in the evolving business landscape, accountants must adopt digital methods. The rise of digital technologies has highlighted the need for the accounting profession to adapt, as noted in The International Integrated Reporting Framework report (2024), which emphasises that automation can boost productivity and competitiveness. However, many small and medium enterprises face challenges in adopting digital technologies due to time, cost, skills shortages, and fear of change.

Recent advancements have enabled emerging businesses to implement innovative models, as seen with Uber, Grab, and Airbnb. According to a FedEx study, future technology trends will focus on mobile payments, automation software, and advanced analytics. Additionally, the IDC Digital Transformation 2020 report from Malaysia highlights key technologies—cloud computing, IoT, software-defined networking, and cybersecurity—pivotal for digital transformation, based on a survey by Maxis.

The emerging digital technologies discussed in these three reports are succinctly summarised in Table 1.0 below.

Table 1.0 Technology related to digital transformation (Vaccaro et al., 2019)

Technology	Analytics	Cloud	Digital Experience or other related technology
Global: Macro forces of digital technology (Vaccaro et al., 2019).	Forecast: Ability to anticipate, recommend, and react based on empirical insight	Velocity: Moving to the public offering and facilitating innovation via the cloud platform	All-In: encompassing the entire back-office, front-line products and offering
Asia Pacific: Current & future usage of technology by SMEs (Digital News Asia, 2018).	Big Data / Advanced Analytics	Automation Software	Mobile Payment
Malaysia: Digital Transformation 2020 in Malaysia (IDC, 2020b).	Internet Of Thing (IOT)	Cloud and Software Defined Network (SDN)	Cybersecurity

The Malaysian Accounting Standards Board (MASB), SME Corp, and the Malaysian Institute of Accountants (MIA) have identified four megatrends shaping the accounting profession: Digital Future & IR 4.0, Globalization, Community Living, and the Rise of Entrepreneurship. These trends underscore the significance of digital technology for companies, offering benefits such as product enhancement, operational optimization, and data-driven decision-making.

However, challenges remain due to varied digital capabilities within the profession. Companies must adopt a proactive approach to effectively integrate technology. A Deloitte and Google survey found that businesses with high digital engagement were 50% more likely to see sales growth and generated significantly more revenue per employee than those with low engagement.

Additionally, an IDC Digital Transformation 2020 study revealed that while 93% of Malaysian businesses have adopted cloud technology, many struggle to reap its benefits, e.g. 61% of companies are uncertain about how SDN (Software-Defined Networking) fits into their current network., with only 8% implementing comprehensive security solutions. These findings underscore the need for a strategic approach to digital transformation, particularly in accounting.

While numerous studies have examined the influence of digital transformation on accounting practices, a significant gap remains in understanding its profound effects on accounting professionals themselves. The evolving landscape of businesses, driven by digital transformation, has reshaped the traditional role of accountants, yet comprehensive research exploring this evolution is still fragmented across various subfields of accounting. This highlights a pressing need to critically assess the academic literature in accounting to gain a clearer understanding of

how technological advancements are transforming both the roles of accountants and the accounting profession as a whole.

This examination can be framed through the lens of Clayton Christensen's Disruptive Innovation Theory (Christensen, 1997; Christensen & Raynor, 2003), which offers valuable insights into the intricate relationship between accounting and the rise of digital technologies. Historically, research in conventional accounting has predominantly centered on how technological change enhances the efficiency and accuracy of accounting processes. However, with the rapid advancements in digital transformation and the pervasive integration of technologies like artificial intelligence and machine learning, it has become increasingly evident that technology has the potential to extend beyond merely assisting accountants. It may also replicate or even substitute essential professional judgment.

As a result, the commodification of professional accounting knowledge due to technology raises critical and concerning questions about the future role and privilege of accounting professionals in their field. This evolving dynamic suggests a fundamental shift within the profession, necessitating a deeper exploration and understanding of the implications these advancements hold for accounting practitioners and the industry as a whole.

2.0 RESEARCH OBJECTIVE

This paper considers the profound impact of digital transformation on accounting professionals, framed through the lens of Disruptive Innovation Theory as articulated by Christensen and Raynor in 2003. The primary objective is to contribute to the development of actionable strategies that accounting practitioners can employ to navigate the evolving landscape of their field.

The exploration begins with a critical assessment of whether digital transformation can indeed be classified as a form of disruptive innovation, using well-established criteria from the literature. Following this theoretical framework, the paper analyses qualitative data gathered from interviews with a diverse range of accounting professionals. This analysis seeks to uncover their varying responses to the challenges and opportunities presented by this disruption. Furthermore, the paper posits that the Disruptive Innovation Theory offers valuable insights for accountants, enabling them to craft more effective strategies for confronting and overcoming the digital challenges facing their profession.

Since its inception in Clayton Christensen's influential 1997 work, "The Innovator's Dilemma," Disruptive Innovation Theory has garnered substantial academic scrutiny, particularly in understanding why well-established companies often falter in their pursuit of innovation (Christensen & Raynor, 2003). The theory emphasizes the importance of early identification of disruptive forces and the proactive development of strategies to address these changes. Nonetheless, the concept of disruptive innovation itself has remained somewhat nebulous (Danneels, 2004; Markides, 2006; Nagy et al., 2016), especially in the context of the accounting profession. This study aims to clarify these ambiguities by adapting the existing criteria to specifically reflect the Malaysian accounting landscape.

The objectives of this study were to:

1. Assess the extent of research on the impact of digital transformation on the accounting profession.
2. Examine the contributions of Disruptive Innovation Theory to future research in digital disruption in accounting.
3. Investigate whether digital transformation is a disruptive innovation in accounting.

4. Evaluate how effectively accounting professionals have adapted to digital disruption and the strategies they have employed.
5. Evaluate the impact of Finance Software Cloud (FSC) on accounting services in the SME sector.

This study focuses on five research questions:

Research Question 1: To what extent has accounting research examined the impact of digital transformation on the role of accounting professionals?

Research Question 2: Does Disruptive Innovation Theory contribute to future research in digital disruption within the accounting profession?

Research Question 3: Are Digital Transformations a disruptive innovation in accounting?

Research Question 4: To what extent have accounting professionals adapted to the digital disruption caused by Digital Transformations, and what strategies have they employed?

Research Question 5: To what extent has ACCSOFT's Finance Software Cloud, accounting software, disrupted accounting services within the SME sector?

The above research questions will help explore the accounting profession and the impact of digital disruptive innovations in Malaysia.

3.0 LITERATURE REVIEW

The rapid advancement of Information and Communication Technologies (ICT) is instigating a significant transformation in the roles and responsibilities of accounting professionals within today's dynamic business landscape (Youssef & Mahama, 2021; Abu Afifa, 2023). This extensive evolution encompasses a diverse array of cutting-edge software solutions, advanced hardware systems, innovative telecommunications methods, and sophisticated information management techniques. Together, these technologies are fundamentally reshaping the entire ecosystem of accounting practices, encompassing the intricacies of creating, analysing, processing, and securely storing accounting information. This shift not only enhances efficiency but also empowers accountants to provide more strategic insights and value to their organisations.

In the world of auditing, a transformative shift is taking place thanks to the rise of Big Data and advanced auditing tools. Continuous Auditing has emerged as a captivating focus of research, capturing the attention of scholars. They emphasise the significant impact that Big Data can have on the future of auditing, steering the field away from traditional sampling methods towards comprehensive data analysis. This evolution allows auditors to harness real-time data to better assess risks. Research reveals that integrating Big Data into auditing not only enhances conventional audit evidence but also opens up exciting new possibilities. Yet, despite this progress, we still lack sufficient research on how these changes might influence auditors' behaviors and responsibilities.

To fulfil the study's purpose, this research substitutes the process of selecting journals and articles in Broadbent and Guthrie's (2008) framework with that of a systematic review approach from Haddara and Zach's (2011) study. Haddara and Zach (2011) examined the literature surrounding ERP systems in SMEs across various research fields. They initially applied key word searches through multiple databases. The search option was limited to titles of articles and their abstract. They then searched the same keywords across all key journals relevant to their research field to ensure no articles were missed. A primary literature database was constructed up to this stage. To ensure the relevance of the review, both authors reviewed the articles' abstracts and then selected papers directly addressing issues around ERP and SMEs.

ERP systems transform the role of accounting professionals

Before ERP systems were widely adopted, finance departments used legacy systems created by management accountants who managed and controlled these systems (Newman & Westrup, 2005; Abu Afifa, 2023; Youssef & Mahama, 2021). With the rise of ERP, accountants became consumers of standardized technology, leading to a shift in responsibility from management accountants to general management (Youssef & Mahama, 2021). Despite this shift and the growing influence of IT personnel, management accountants continue to play an essential role in business (Granlund & Malmi, 2002; Abu Afifa, 2023; Youssef & Mahama, 2021).

Combining the skills and knowledge of Accounting Professionals with those of IT personnel.

El Sayed (2006) highlights the growing importance of accountants in shaping and utilizing enterprise resource planning (ERP) systems, prompting a need for enhanced IT knowledge among accounting professionals. This integration of accounting and IT skills is reflected in the increasing demand for IT/IS competencies in the workplace (Wessels, 2005; Mitra et al., 2023) and accounting education (Ahmed, 2003; Ritch & McColl, 2021). Employers are looking for graduates with advanced IT skills, including business automation and audit automation. Despite this demand, traditional accounting curricula prevail, leading to calls for the inclusion of IT/IS knowledge and a focus on accounting information systems (AIS) in education (Krahel & Vasarhelyi, 2014; Ritch & McColl, 2021).

In auditing, professionals must adapt to clients' evolving electronic systems, which necessitates that auditors have appropriate skills. The literature suggests involving IS auditors in teams to better identify ERP-related risks and utilizing Computer-Assisted Audit Techniques and Tools (CAATTs) to enhance audit effectiveness. Decision support systems (DSS) are also used in leading accounting firms to improve decision-making and auditing efficiency.

Table 2.0 Study on Accounting Advancements that Impact the Accounting Role.

Author Methodology	Focus	Key Findings	Implications of Study
Bryer (2013) Historical Review	USA Organisations and financial accounting	The conflict between 'capital and labour' and not 'managerial capitalism'.	The adoption of accounting innovations can resolve conflicts within the accounting function.
Guthrie, et al (2012). Historical Review	Organisational accounting for intellectual capital (IC)	ICA is an innovative accounting technology that is relevant to organisations in understanding and managing knowledge resources.	Adoption of accounting innovations such as IC accounting increases the ability to understand and manage knowledge resources.
Herbert and Seal (2012) Longitudinal Case Study	Management Accounting under the Shared Services model	Shared service organisations (SSO) can reduce cost and improve service quality	The adoption of innovations may be aligned with new organisational forms, resulting in more completeness in the end-to-end process.

Kallunki and Silvola (2008) Longitudinal Study	Organisational life cycle model used with ABC	ABC is more common in mature firms than in firms in growth phases.	Adoption of accounting innovations suggests that there is a positive effect on increasing maturity levels in organisations.
Kanellou and Spathis (2013) Survey	Accounting Benefits of ERP Systems Identifies real benefits of ERP systems to the accounting functions.	The empirical evidence confirms several accounting benefits derived from ERP systems, particularly for accounting process – such as quick data	The benefits of ERP for accounting functions will encourage organisations to develop new accounting techniques
Malsch (2013) Historical Analysis	Organisational accounting for corporate social responsibility (CSR)	The economicisation of corporate social responsibility as symptomatic of the power imbalance.	Innovations such as CSR are underpinned by the socially based power imbalance between humans and non-human actors in the organisation.
Nixon and Burns (2012) Historical Review	Organisational change with strategic management accounting	SMA practices are now moving in line with strategy formulation and organisational processes.	Adoption of accounting innovations such as SMA practices to be in line with broader organisational SM innovativeness.
Calderon et al (2022) Historical Review	Organisational advancement with advanced programming and accounting instructors.	The findings present a two-dimensional framework.	Graduates can demonstrate knowledge of using more advanced data analytics tools for decision-making.
Hikal et al (2024) Historical Review	Organisational adoption of Metaverse's trends.	Blockchain can improve Metaverse asset accounting but faces scalability and legal challenges.	The Metaverse offers real-world income through virtual activities, requiring reliable asset accounting.

Justesen and Mouritsen (2011), along with Denning (2016) and Silva and Grützmann (2023), explore the intriguing intersection of Disruptive Innovation Theory and accounting strategy, utilizing Latour's performative theory as a foundational framework. They articulate that accounting strategy functions as a dynamic and pivotal component within an intricate network of relationships. This perspective highlights its inherent capacity for evolution, shaped by the varying influences of individuals and the broader network with which it engages. These scholars contend that accounting transcends the mere adherence to static, predetermined plans; instead, it serves as a catalyst for growth, transformation, and the emergence of unexpected results.

Rathors et al. (2022), Gamage & Gnanapala (2023), Thakur et al. (2023), Silva et al. (2023), and Antonio et al. (2024) all found that accountants can directly benefit from adopting technology-based accounting innovations. These benefits include quicker and easier data gathering, reduced

processing time, enhanced flexibility in generating information, improved controls, and a decrease in the need for accounting personnel.

3.1 Expanding Organisational Capabilities and Processes

In the study by Arkhipova et al. (2024), the emphasis was on accountants' roles in driving accounting innovation. In contrast, researchers like Alcouffe et al. (2008) and Clarkson et al. (2011) explored how accounting innovation affects organizational capabilities and processes, comparing the adoption of activity-based costing (ABC) and the George Perrin method (GPM). Arkhipova focused on management accountants' influence, while Alcouffe et al. identified key actors in the innovation acceptance process, including inventors, academics, and end-users, framing their findings within Disruptive Innovation Theory. They underscored the importance of the change process and power struggles, advocating for the use of Disruptive Innovation Theory to address limitations in previous studies on management accounting innovation diffusion. Table 3.0 presents examples of studies on accounting innovations that enhance organizational capabilities, highlighting implications for innovation adoption.

Table 3.0 Study on Accounting Advancements Enhancing Organizational Procedures and Abilities.

Author Methodology	Focus	Key Findings	Implications of Study
Alcouffe, Berland & Levant (2008) Field Study	Organisations in France adopting accounting innovations	Actor-network theory aids in examining the building and translation process, highlighting how components of Disruptive Innovation Theory—such as problematisation, enrolment, and mobilisation—emerge during diffusion.	Organisational processes and capabilities resources can be modelled using tools like Disruptive Innovation Theory and the sociology of translation.
Clarkson et al.(2011) Field Study	Adoption of IFRS	There is no change in price relevance for firms, contradicting linear pricing models. IFRS improves comparability that linear models cannot achieve.	The innovation-building process provides benefits that are not immediately visible even with adoption.
Touron (2005) Field Study	Adoption of US GAAP by French firms	Data showed that using internationally accepted standards is not an innovation, simply an imitation.	The social aspect of building innovations may yield contradictory results, underscoring the socially constructed nature of the building process.
Wu, et al (2007) Field Study	Adoption of Western management accounting practices	Adoption levels vary by ownership type (JV vs. State-owned), with State-owned entities perceived to benefit more from innovation budget control and target costing.	The benefits of innovation building can be socially based perceptions.

Tomo et al, (2023) Historical review	Adoption of Innovation by Professional Service Firms	The emphasis on a firm's internal and external features, as well as its primary sources of innovation—technology and knowledge—can help PSFs discover new opportunities and enhance their performance.	A "strategy-innovation" matrix outlines four strategies to help PSFs explore innovation opportunities and enhance their performance and services.
Arkipova et al (2024) Grounded theory literature review	Adoption of technology-driven innovations in managerial decision-making and in organisational structures.	Four key research themes illustrate how technology is transforming management accounting: structured vs. unstructured data, human vs. algorithm-driven decision-making, clear vs. blurred functional boundaries, and hierarchical vs. platform-based organizations.	Technological changes in organizational processes transform how accounting information is gathered and analyzed for decision-making. Management accountants must adapt to a digital environment.

The journey of adopting accounting standards is a captivating interplay of influence, where the roles of accountant's merge with the motivations driving innovation. The underlying rationale for these adoptions—whether rooted in structuration theory, which explores the interplay between social practices and structures, or in institutional theory, which examines the influence of norms within organisations—profoundly shapes the innovation-building process.

A striking illustration of this dynamic can be found in Tournon's insightful analysis of French firms in the 1970s, where he explored the bold decision to embrace US GAAP (Generally Accepted Accounting Principles) amidst fervent calls for adherence to French statutory standards. Tournon's work not only underscores the historical and theoretical nuances at play but also reveals how such factors intricately weave together to influence the adoption process. This theme is further enriched by the recent contributions of Tomo et al. (2023), highlighting the enduring impact of these motivations on the evolution of accounting practices, and inviting us to reflect on the intricate tapestry of innovation in the financial landscape.

3.2 Accounting Software and Disruptive Innovation Theory

The accounting profession is undergoing a transformation with advancements in cloud computing and artificial intelligence. Cloud computing provides real-time access and collaboration, while AI automates tasks, allowing accountants to focus on strategic work. Key changes include Real-Time Collaboration - Multiple users can work on the same data from anywhere, Task Automation - AI streamlines repetitive tasks, freeing time for more valuable work, Flexible Access - Accountants can access critical information anytime, improving client responsiveness, Scalability and Cost Efficiency - Cloud solutions are often more affordable and scalable and Enhanced Security - Leading platforms offer strong data encryption and backups for financial protection.

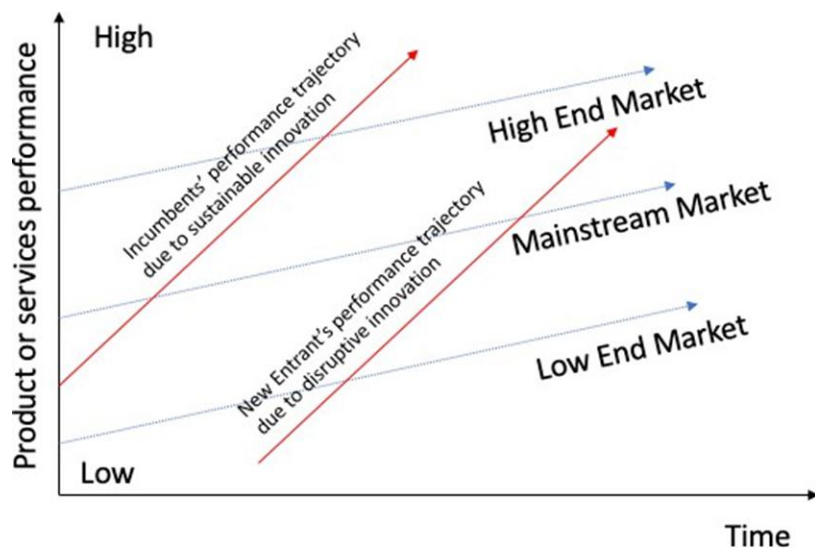


Figure 1.0 The Disruptive Innovation Theory (Source: Christensen et al., 2015, p49)

The graph illustrates a compelling narrative about customer demand over time, revealing how the desire for existing products steadily escalates until the offerings exceed the performance expectations of their users. This creates an opportunity for disruptive innovation—a phenomenon characterised by the introduction of a new product or service that may initially be perceived as inferior in quality and performance. Typically, this disruption targets a niche segment of customers, often overlooked by established market players. Nonetheless, as the new product or service undergoes refinements and enhancements, it eventually begins to meet, and even exceed, the demands of mainstream consumers, effectively reshaping the entire market landscape.

Disruptive Innovation Theory provides a robust framework for understanding this complex disruption process. Formulated by Christensen, the theory examines the reasons behind the failure of well-established companies to effectively counter new entrants that introduce disruptive innovations. It transcends mere description, evolving into a normative approach that aims to predict potential disruptions and equip managers with strategies to navigate them successfully, regardless of the industry in which they operate. This study aligns closely with the tenets of Christensen's original Disruptive Innovation Theory, with a particular focus on two fundamental elements essential for anticipating a disruptive event: the emergence of a novel value network that operates independently of existing market structures and a consistent upward trajectory in market share for the disruptor.

In recent decades, the global landscape of professional accounting services has undergone a striking transformation, heavily influenced by the transition into an information age. Disruptive innovation serves as a crucial lens through which we can examine the changing dynamics between information service providers and their clients. It enriches our understanding of how various industries and professions are compelled to adapt to the rapid advancements in information and communication technologies. This comprehension is vital for grasping the ongoing growth and metamorphosis of the accounting and professional services sector, shedding light on the continuous evolution driven by technological progress and shifting consumer expectations.

4.0 RESEARCH METHODS

In this study, the chosen research methodology was qualitative. The qualitative approach is preferred due to its ability to provide comprehensive insights compared to quantitative methods (Creswell, 2014).

This study utilised in-depth, semi-structured interviews to investigate how disruptive ICTs affect accounting professionals and how these professionals manage disruption. The primary data source for this study consisted of 13 senior managers/CEOs from firms, professional bodies, and public sector organisations. Secondary data, including media releases and industry research papers, were also used to support interview themes. The face-to-face interviews lasted approximately 60 to 90 minutes, allowing researchers to gain an insider's perspective on the situation within its social context (Taylor, 2005, p. 39). The study aimed to understand disruptive innovation within specific contexts and adopted a localised approach combined with semi-structured interviews (Qu & Dumay, 2011). The semi-structured interview method enabled researchers to adjust questions based on interviewees' responses to uncover "hidden perceptions" (Marvasti, 2004, p.22) or "unexpected information" (Liamputtong, 2013, p. 52). Face-to-face communication was selected to capture complex interpersonal interactions (Alvesson, 2003, p.15). The study articulates the meaning of 'disruptive innovation' better and explains the phenomenon of disruption within the accounting domain. This area has not been empirically explored for disruption despite the term's widespread use to describe technological change.

For data analysis, this research utilised NVivo software to create a coded dataset and a node system that encapsulates two overarching themes: evaluating disruptive innovation and shared themes that encapsulate the interviewees' responses to digital disruption. In addition to interview data, the study integrated archival research by gathering media releases and industrial reports, enriching and validating the interview themes.

Potential for Digital Disruption in the Accounting Profession (Research questions 1 and 2)

Using a modified version of Broadbent and Guthrie's structured literature review framework, the authors conducted a keyword search inspired by Haddara and Zach's study, resulting in 57 articles published from 2000 to 2024. The meta-analysis revealed a lack of theoretical guidance for accounting professionals to navigate ICT challenges. To address this gap, the study introduces Disruptive Innovation Theory as a foundation for understanding digital disruption in the field.

Table 4.0 Classification by Categories: 2000-2024

Journal Type	No.	% of Total	Research Method	No.	% of Total	Underlying Theory	No.	% of Total
Accounting	34	60	Literature Review & Synthesis	19	33	Literature Review & Synthesis	18	32
IS	14	25	Case study & Field	15	26	Organization Behavior	6	11
Management	6	10	Survey	14	25	Social Psychology	3	5
Others	3	5	Analytical	2	3	Cognitive Psychology	7	12
			Experiment	1	2	Computer Science	7	12
			Model	6	11	None	16	28
Total paper categorized	57			57			57	

The Views of Accounting Professionals regarding Digital Disruption in the Accounting Profession (Research questions 3 and 4)

A View from Accounting Professionals uses a semi-structured interview approach to explore the perceptions of 13 senior managers, CEOs, and CFOs regarding technological change in accounting. The goal is to analyse how Information and Communication Technologies (ICTs) function as disruptive innovations within the profession. This flexible interview method enables researchers to tailor questions based on respondents' answers, providing insights into ongoing disruptions. Interviewees were selected for their extensive experience in navigating technological changes, and all interviews were recorded and transcribed. Data analysis employed NVivo software to create a coded dataset focusing on themes of disruptive innovation and responses to digital disruption. The study also incorporated archival research, including media releases and industry reports, to enhance and validate the findings.

Primary Case study to Review Accounting SaaS in the Accounting Industry (Research question 5)

This study examines the impact of Finance Software Cloud (FSC), a cloud-based accounting software with artificial intelligence (AI) capabilities, on small and medium-sized enterprises (SMEs) in the accounting industry. A case study focusing on ACCSOFT Bhd*, a Malaysian technology company known for FSC, is used for this research.

***Confidentiality Statement*:** Pseudonyms are utilized to protect the confidentiality of participants and organizations, ensuring all identifying information is altered for privacy.

<https://www.pandadoc.com/blog/how-to-write-a-business-case-study/>

Primary data was gathered through in-depth interviews with key executives from ACCSOFT Bhd and partners at accounting firms using FSC. Additionally, secondary data was collected from various sources, including news articles, videos, public speeches, product reviews, and industry research reports. This secondary data complemented the experiences of FSC adopters and provided context on ACCSOFT Bhd and the accounting software industry. For analysis, the data was organised in NVivo for coding, utilizing a node system to explore the relationship between cloud computing, AI capabilities, and their impact on accounting services in SMEs (Tan et al., 2015).

Table 5.0 The List of Interviewees

Organizations	Name	Position
ACCSOFT	Manager 1	Head of Accounting
	Manager 2	Territory Sales Manager
	Manager 3	Director Partner Management
	Manager 4	Head of Partner Community - Global
	Manager 5	Director – Product Design
	Manager 6	Marketing Strategy and Brand Management
Accounting Firm	User 1	Partner

5.0 RESULTS

This research study produced several key findings across multiple areas:

Impact on Accounting Professionals and Digital Transformation:

The study found that while digital transformation and Information and Communication Technologies (ICTs) have significant potential to impact traditional accounting roles through automation and advanced analysis, the full extent of AI-driven disruption has not yet been realised. Accounting professionals have successfully adapted by developing the ability to work closely with ICTs to provide high-value services to clients.

Two Waves of Disruption:

1. **First Wave:** The study identified an initial wave of disruption with cloud accounting software entering the traditional desktop market. Cloud-based accounting software has become the dominant choice within the SME sector, reflecting a significant shift in how small and medium-sized enterprises manage their accounting needs.
2. **Second Wave:** The research identified a second wave of disruption, initiated by the integration of machine learning and AI into accounting software, which has broader implications extending beyond the software market and affecting the entire accounting services industry.

Professional Adaptation and Trust:

The research revealed that while digital transformation poses certain threats to accounting professionals, complete disruption has not occurred, partly because the profession is actively embracing technology and adapting to evolving demands. The concept of "trust" remains crucial in evaluating accounting services and cannot be entirely replaced by technology.

5.1 Theoretical Contribution

The study identified a significant gap in existing research - the absence of a theoretical framework to guide accounting professionals in addressing ICT challenges. In response, the study introduced the Disruptive Innovation Theory to provide a theoretical foundation.

5.2 Key Limitations

1. The research had some limitations regarding its scope, as interviews were conducted with a limited number of individuals in executive-level positions.
2. The findings may not be directly generalisable to a wider range of stakeholders.

5.3 Future Implications

The study emphasized that while technology is transforming the professional landscape by automating repetitive tasks, it is enabling professionals to:

- Develop more value-driven strategies
- Offer more insightful business solutions to clients
- Focus on higher-level tasks,

The success of this transformation largely depends on how established Malaysian accounting professionals respond and their ability to adapt and acquire new skills. The research also highlighted the importance of continuous education and training for accounting professionals to adapt to digital disruption.

6.0 DISCUSSION AND CONCLUSION

Disruption Status

The research highlights that while digital transformations hold significant potential to disrupt the conventional accounting landscape, the extent of this disruption has yet to fully materialize. Accounting professionals are increasingly aware of the potential repercussions of these digital shifts and have proactively devised a variety of coping strategies to navigate this evolving environment.

Professional Adaptation

The study emphasizes the necessity for accounting professionals to comprehensively understand that digital transformations could lead to the replacement of traditional roles within the profession. They need to cultivate and implement systematic strategies that ensure their sustained relevance and leadership in the field. Also they need to integrate technology as a core

component of their work processes, viewing it not merely as an auxiliary tool but as a vital partner in their professional activities.

Future Implications

The findings suggest that the ongoing transformation fosters an environment where professionals can transition away from mundane, repetitive tasks that do not add significant value, allowing for a more engaging work life. They can customise their strategies to align better with the specific needs and value propositions of their clients. They need to utilise technological advancements to provide deeper insights and more innovative business solutions that can drive success.

Trust Factor

A pivotal conclusion drawn from the study is that the element of "trust" remains a cornerstone in assessing the quality of accounting services. Clients continue to prioritise human interaction and the emotional connections they forge with their accountants, underscoring that technology cannot wholly substitute for these essential relationships.

Educational Implications

The research urges educational institutions, including universities and professional bodies, to recognize their crucial role in preparing future accounting professionals. They must focus on preparing these individuals not only to adapt to technological advancements but also to be proactive change agents in the ongoing evolution of the profession.

Research Contribution

The paper posits three significant contributions to the field. Firstly, it specifically addresses the impacts of digital transformation on accounting professionals, providing a tailored analysis that fills a gap in existing literature. Secondly, it introduces Disruptive Innovation Theory as a valuable framework for examining the effects of technology on the accounting sector. Thirdly, it extends the applicability of Disruptive Innovation Theory, offering fresh insights into how these concepts can be understood within the context of accounting practice.

Together, these discussions and conclusions offer profound insights into the current state and anticipated trajectory of the accounting profession in response to digital transformation. They also emphasise the necessity for diligent preparation and adaptive strategies for professionals aiming to thrive in this dynamic landscape.

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