

THE IMPACT OF DIGITALIZATION ON THE TRANSFORMATION OF THE ACCOUNTING PROFESSION

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Abstract. Accountancy has traditionally been a profession in demand on the labour market. Interest in the accounting profession remains high among students and employers. However, with the digitalisation of the economy and the automation of routine processes, the content of the accountant's professional activity is changing significantly. These changes are defining a new profile for the accounting professional. Accountants now support organizations in adopting digital systems and integrating financial technologies into daily operations. This technological transition also influences the soft skills required in the profession, including communication, adaptability, teamwork, and problem-solving — competencies essential for translating digital data into meaningful insights for managers and stakeholders. The aim of this study is to investigate how digitalization reshapes the professional competencies required of accountants, focusing on the interaction between soft skills and digital capabilities, and to validate these trends using empirical evidence from the Latvian labor market. The results show that while automation reduces routine tasks, it amplifies the need for accountants capable of analytical thinking, effective communication, and digital literacy. Employers strongly emphasize education, prior experience, English proficiency, and problem-solving abilities.

Keywords: accountant competence, digitalisation, soft skills, labour market skills

INTRODUCTION

The accounting profession is undergoing significant transformation as organizations adapt to technological advancements, globalization, and rapidly changing business environments. Traditionally, accountants were primarily associated with financial reporting, compliance, and the maintenance of organizational records. Opinions about the accounting future are characterized by diametrically opposite points of view: from the liquidation of the accounting profession and the disappearance of the need for accounting knowledge to a new round in the development of accounting and its entrance to a higher level of organization. The results of studies conducted by major international professional associations of accountants and auditors also indicate changes in the quality and content of the profession.

The accounting profession is traditionally in demand in the labor market, but the requirements to the professional competencies of an accountant are changing. Digitalization and automation of processes define a new profile of a specialist in the field of accounting. As businesses become more complex, the need for accurate, timely, and strategic financial insights positions accountants as indispensable actors across sectors. However, in contemporary firms, their role increasingly extends to strategic decision-making, governance, risk management, and sustainability initiatives. Accountants now support organizations in adopting digital systems and integrating financial technologies into daily operations. This technological transition also influences the soft skills required in the profession, including communication, adaptability, teamwork, and problem-solving — competencies essential for translating digital data into meaningful insights for managers and stakeholders.

Given these global trends, understanding the evolving role of accountants — and the skills required to perform effectively in modern organizations — has become a pressing research task. This study contributes to the ongoing discussion by examining how the professional role of accountants is changing in the context of digital transformation and by exploring the increasing importance of soft skills within the accounting profession.

The results of the study are also valuable for practice, particularly for universities offering accounting courses, as they present employers' preferences regarding the soft skills of accounting graduates in Latvia and provide recommendations on the skills that should be timely considered when updating the curricula of these institutions. The results show that while automation reduces routine tasks, it amplifies the need for accountants capable of analytical thinking, effective communication, and digital literacy. Employers strongly emphasize education, prior experience, English proficiency, and problem-solving abilities.

THE RESEARCH METHOD

This study employs a mixed-methods design that integrates a systematic review of existing academic literature with an empirical analysis of labour market data from Latvia. The combination of theoretical and empirical approaches enables a comprehensive examination of how digitalization influences skill requirements in the accounting profession, particularly regarding soft skills. The research design aligns with prior studies that combine qualitative and quantitative evidence to explore the transformation of professional roles in the digital era.

The literature review is based on peer-reviewed journal articles, professional reports, and documents published by international organizations such as Association of Chartered Certified Accountants (ACCA) and the European Commission.

The main research method is the analysis of statistical data for the period from 2022 to 2024 - to study the interests in the dynamics of the accounting profession (based on the data on the number of university graduates in the program "Accounting and Taxes" and the number of jobs in the position of accounting specialists for the period from 2022 to 2024 in Latvia. And a study of employer requests on the CV.lv platform. The research was conducted in September 2025. 190 ads were analyzed in the section "Accounting/Finance.

The interpretation of secondary sources (literature review) is also used - to identify global and national trends in the transformation of the profession. The study examines the main trends in the transformation of the profession. This study complements the existing literature on the new requirements and profile of the accounting profession, as well as previously published research on soft skills – topics that have so far been insufficiently explored in Latvia.

The empirical component of the study uses analytical data extracted from job postings on the Latvian recruitment platform CV.lv, one of the largest job-search portals in the country. Data were collected for accounting-related positions in September 2025.

Job postings were reviewed and coded manually based on employer requirements. The dataset includes information on: Language requirements (e.g., English proficiency); Soft skills (e.g., problem-solving, critical thinking); Digital skills (e.g., MS Office proficiency); Other job-related competencies.

The analytical indicators derived from this dataset and used in this study are: 66% of employers require English-language proficiency; 47% require soft skills such as problem-solving and critical thinking; 39% require MS Office or similar digital competencies

These variables were used to identify and quantify trends in employer expectations.

The frequency of specific skill requirements was calculated to determine the relative importance of various competencies. The descriptive statistics highlight employer expectations and allow comparison with trends identified in prior international literature.

Although the dataset is cross-sectional, the analysis provides a clear snapshot of skill demand during the period studied and indicates how digitalization shapes the accountant's role in Latvia.

Nevertheless, the study is subject to certain limitations, including the cross-sectional nature of labour market data and the reliance on publicly available job postings, which may not capture all employer expectations.

All data used in this study were publicly available. No personal or confidential information was collected.

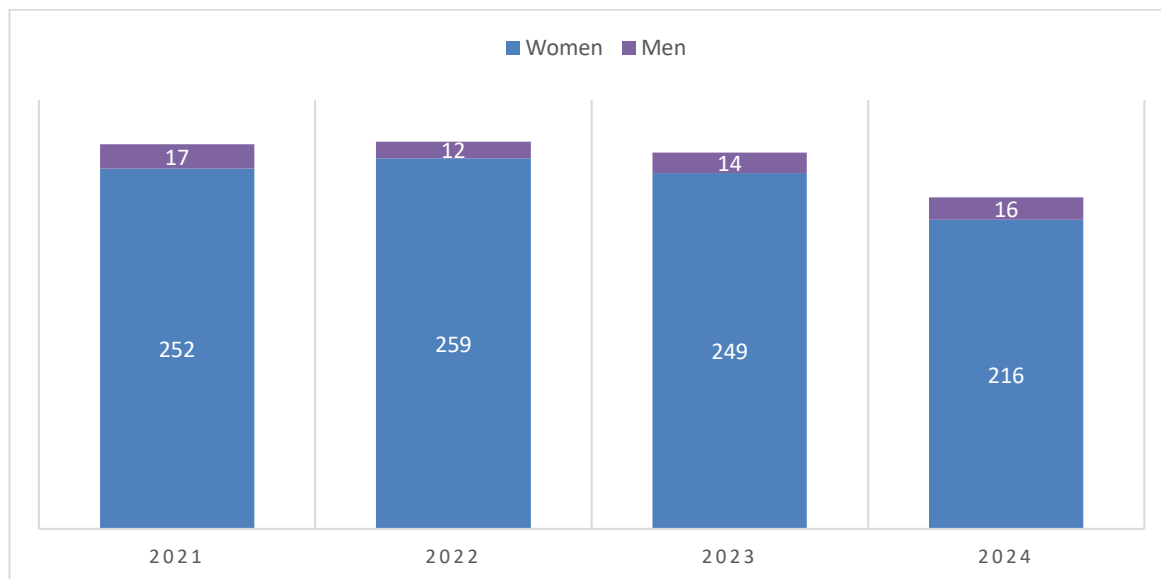
THE RESULTS/DISCUSSION

According to the Future of Jobs Report 2025 by the World Economic Forum, broadening digital access is expected to be the most transformative global trend, with 60% of employers anticipating that it will significantly reshape their business operations by 2030. This reinforces the view that digitalization will continue to redefine professional roles, including those in accounting. [7].

Research on the future of accounting indicates that digital transformation will substantially reduce the amount of routine work performed by accountants. Berikol and Killi (2021) estimate that approximately 40% of current accounting tasks may disappear as technological automation intensifies. Functions such as payroll processing, bookkeeping, and the submission of declarations are predicted to be the most affected. These developments suggest that digitalisation primarily alters task structures rather than eliminating the profession altogether, directing accountants toward higher-value analytical and interpersonal activities. [3].

Recently, it has been said quite often that the accountancy profession will not survive. There is a view that artificial intelligence will replace the accountant. However, it is important not to accept these claims without critical analysis.

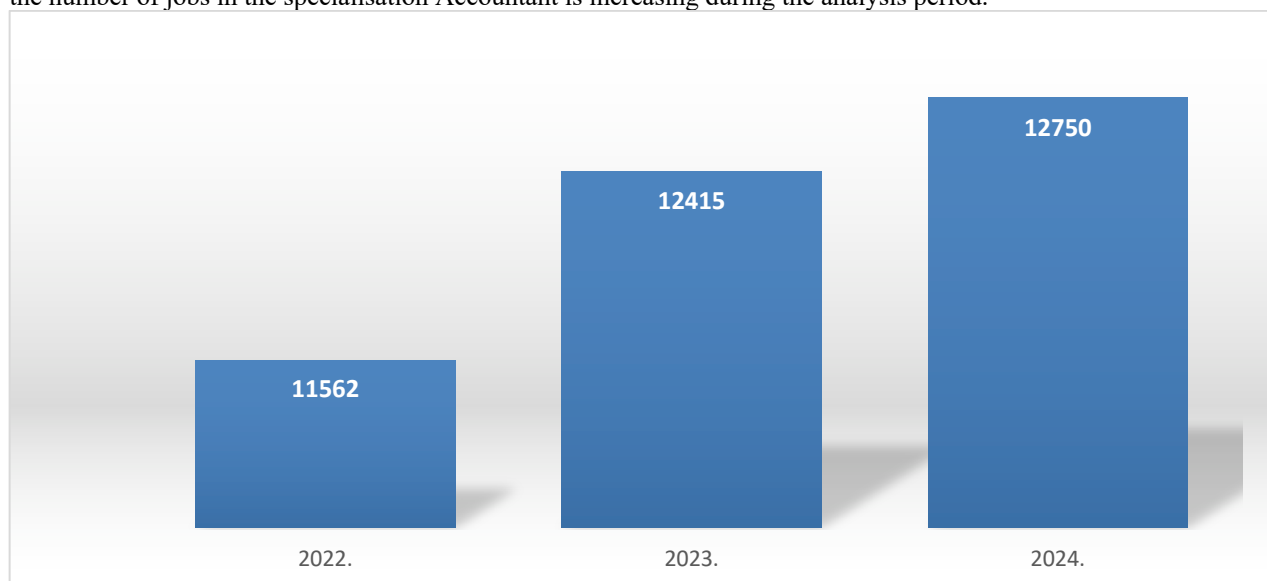
The number of graduates in the specialty "Accounting and Taxes" and the stable demand for accounting specialists confirm the constant interest in this profession. The program "Accounting and Taxes" is still in demand and attractive.



Pict. 1. University and college graduates, by sex and education programme "Accounting and taxation" in Latvia. [11]

Accounting is a business discipline and as such, accounting programs seek to prepare students for professional careers in business.

Analysing the information on jobs in Latvia according to the reports submitted by employers, it can be seen that the number of jobs in the specialisation Accountant is increasing during the analysis period.



Pict. 2. Number of jobs in the occupation "Accounting specialists". [12]

The published data show that accounting specialists have been in demand for the last three years. The profession of an accountant has been one of the most sought-after and stable in the labor market for many years. This is explained by the fact that accounting, control and reporting are an integral part of the activities of any organization, regardless of the scale of the industry or business activity.

Prior research suggests that digital technologies are reshaping the roles of management accountants, a trend noted both in professional reports and academic literature. As summarized by Andreassen (2020), practitioners increasingly recognize that automation and emerging digital tools are expected to significantly impact management accounting roles—an expectation supported by earlier studies and industry analyses. [2].

Recent professional analyses also indicate that while technical accounting and tax knowledge remain essential, their relative importance has shifted over the past decade in response to digital transformation. Lazanis (2025) argues that emerging technologies and the growing use of data analytics mean that accountants now require additional competencies that extend beyond traditional technical expertise, including skills related to digital tools, data management, and advisory functions. Technical accounting and tax knowledge remain foundational, but their relative importance has changed over the past decade due to advancements in technology and the rise of data analytics. This means that to stay competitive, the accountancy profession — compared to other professions — will require new skills over and above just technical and data management. [6].

As noted by Petricică Vintilă and Dănilă (2024), accountants are increasingly involved in sustainability-related reporting and the standardization of global practices. This expansion of responsibilities supports the argument that accountants require more diverse competencies, including communication, interdisciplinary collaboration, and strategic analysis — skills that complement the digital transformation processes identified in our study. [5].

The Latvian labour-market evidence, which highlights strong employer demand for problem-solving, critical thinking, and interpersonal competencies, aligns closely with international research.

ACCA (2020) argues that although digital skills are essential for the new generation of accountants, empathy and soft skills are even more important because digitalised environments still depend heavily on human-to-human interaction. According to ACCA's vision, the professional profile of the future accountant will be significantly more diverse. ACCA expects that in the future, five sub-professions will emerge in the accounting industry. [1].

Table - 1

The Five Future Career Zones in Accountancy

Future Career Zone	Focus	Impact
Assurance Advocate	Building trust, managing risks, addressing regulatory challenges, and even auditing algorithms.	Ensures transparency and strong governance in sustainable organisations.
Business Transformer	Leading organisational change, driving innovation, and transforming finance operations.	Shapes dynamic, future-ready businesses.
Data Navigator	Using analytics and emerging technologies to turn data into actionable insights.	Informs strategy and drives performance with smart decision-making.
Digital Playmaker	Championing digital adoption and leveraging technology to transform operations.	Unlocks organisational potential and resilience through digital transformation.
Sustainability Trailblazer	Aligning financial performance with ESG priorities and developing meaningful reporting frameworks.	Creates long-term value by integrating profit and purpose.

The Future of Jobs Report highlights broadening digital access as the most transformative trend.

For accountants, this means working in environments where clients, colleagues, and regulators are increasingly digitalized (cloud platforms, e-invoicing, digital tax systems). Accountants need lifelong learning to stay relevant in an evolving landscape.

AI and information processing are expected to transform business the most. AI will automate routine bookkeeping, but accountants will still need to interpret outputs, verify AI decisions, and advise clients.

Automation will shift accountants away from transactional work toward advisory and analytical roles, where they must explain insights derived from complex systems. The accountant will need to explain technical results to non-technical stakeholders (customers, managers) in simple, understandable terms.

Emerging technologies are fundamentally reshaping the structure of work in the accounting profession. Kroon, Alves, and Martins (2021), in their systematic review, emphasize that digital innovations can alter not only the nature of accounting tasks but also the way such tasks are executed. As accountants increasingly rely on digital tools and automated processes, existing functions may be transformed, adapted, or supplemented with new responsibilities. Because professional roles are closely tied to task performance, these technological shifts ultimately influence the evolving role of the accountant and the skills required to perform it. Their findings highlight that digitalization affects both the technical and soft-skill dimensions of professional competence. [4].

There will also be a need for collaboration across teams (IT, finance, operations) as the level of financial data integration increases.

Recent industry research also highlights the growing importance of digital and technological competencies in accounting practice. A survey conducted by PracticeWeb in collaboration with Accountancy Manager reported that 88% of respondents considered technological ability to be an essential skill for accountants, with one-third strongly agreeing with this view. These findings reinforce the argument that digitalization is fundamentally reshaping employer expectations within the accounting profession. [10].

As AI, big data, and technological literacy become core technical skills, accountants must also cultivate resilience in the face of constant change and agility to pivot to new roles and expectations.

Technological innovation is a dominant theme in contemporary accounting research. As digital tools automate routine transactional tasks, the accountant's professional identity is shifting. Digital transformation therefore elevates the importance of digital literacy, analytical skills, and the ability to manage technological change. Analytical thinking, adaptability, and communication become essential as accountants translate data-driven insights into meaningful managerial guidance. The literature suggests that accountants must combine technical expertise with soft skills to remain competitive in a digital environment.

While prior studies argue that digitalization may transform the accounting profession [2], empirical evidence from smaller European economies remains limited. Our analysis of Latvian labor-market data adds to this discussion by illustrating that digitalization does not appear to reduce the number of accounting positions; instead, it reshapes skill expectations. Evidence from the Latvian labor market supports global trends in shifting competency requirements. A 2022 employer survey by “RAIT Custom Research Baltic” reported that 65% of employers prioritize professional skills, while 37% emphasize technical abilities. Notably, 30% of employers identified personal skills—including soft skills and digital skills—as necessary components of job performance. [9].

These proportions confirm that employers are not replacing professional knowledge but complementing it with digital and interpersonal capabilities, reflecting the broader transformation of accounting work. These findings suggest that in addition to traditional accounting expertise, interpersonal and digital competencies are gaining prominence, aligning with international research emphasizing hybrid skill profiles in the digital era. The observed increase in accounting job opportunities in Latvia suggests that employers are seeking professionals who can combine digital competencies with analytical and interpersonal skills. As routine tasks become automated, organisations appear to be expanding accounting teams to include roles focused on analysis, communication, and digital system integration.

Labour-market data were collected from CV.lv, the leading online recruitment platform in the Baltic States. CV Online, established in 1996 in Estonia and expanded to Latvia and Lithuania in 1999, is widely recognised as a regional market leader due to its long-standing use of innovative technologies and its extensive employer network. The analysis of 190 accounting-related job advertisements on CV.lv shows clear patterns in employer expectations. The research was conducted in September 2025. 190 ads were analyzed in the section "Accounting/Finance. All employers emphasised formal education and relevant professional experience. A substantial share (66%) required English language proficiency, reflecting the internationalisation of accounting work in the Baltic region. Soft skills also appeared prominently: 47% of employers requested problem-solving or critical-thinking skills. Regarding digital skills, 39% of vacancies required proficiency in MS Office or similar tools. Additionally, 22% of job postings highlighted competencies such as analytical thinking, accuracy, and effective time management. These findings illustrate that employers expect a combination of technical, digital, and soft skills, with the latter becoming increasingly important. These patterns reflect the growing hybridisation of the accounting role in the context of digitalisation. The shift toward soft skills and digital competencies identified in the Latvian labor-market data also aligns with broader international developments in the accounting profession. This expansion of responsibilities supports the argument that accountants require more diverse competencies, including communication, interdisciplinary collaboration, and strategic analysis — skills that complement the digital transformation processes identified in our study.

The Latvian labour-market evidence presented in this study—showing increased demand for soft skills and digital competency—aligns with broader global forecasts. Pricewaterhouse Coopers (PwC) notes that although automation will strongly influence work processes, human contributions remain essential and irreplaceable. The PwC report *Workforce of the Future: The Competing Forces Shaping 2030* highlights that automation will have a substantial impact on how work is structured, yet human capabilities continue to be “a unique and determining factor in any organization” [8]. p. 37. This perspective reinforces the argument that digitalization does not eliminate the need for accountants but shifts emphasis toward uniquely human skills such as communication, ethical judgement, and problem-solving. This supports the interpretation that digitalization reconfigures tasks in accounting without removing the centrality of the human role, thereby increasing the value of interpersonal and cognitive skills.

Table - 2.

Linking Emerging Technological Trends to Accountants Soft Skills

Trend	Linked Soft Skills for Accountants
Broadening digital access	Adaptability, Lifelong learning
AI & big data	Critical thinking, Ethical judgment
Robotics & automation	Communication, Collaboration
Fast-changing tech skills demand	Resilience, Agility

The Latvian labour-market evidence, which highlights strong employer demand for problem-solving, critical thinking, and interpersonal competencies, aligns closely with international research. ACCA (2020) argues that although digital skills are essential for the new generation of accountants, empathy and soft skills are even more important because digitalised environments still depend heavily on human-to-human interaction [1] p. 20. This supports the conclusion that digitalisation reallocates tasks toward skills that cannot be automated. Accountants of the future will stand out not just because they understand AI or cybersecurity, but because they can apply soft skills.

The need for accountants to actively engage in sustainability has become stronger, more frequent, and more important. Accounting plays a major role in providing data on management needed to fulfil specific goals effectively. Accountants prioritize not only financial and business results but also the choices that impact clients and investors.

CONCLUSIONS

1. The findings of this study highlight the significant transformation occurring within the accounting profession as a result of digitalization and evolving employer expectations. Both the international literature and the Latvian labour market data demonstrate that the role of accountants is shifting away from routine task execution toward more analytical, communicative, and advisory functions.

2. Digital tools, while automating repetitive processes, simultaneously increase the demand for accountants who can interpret complex information, communicate insights effectively, and support strategic decision-making. As a result, soft skills—such as problem-solving, critical thinking, adaptability, and communication—are becoming as essential as technical accounting expertise.

3. Empirical evidence from Latvia strengthens this conclusion. The high prevalence of job postings requiring English proficiency (66%), problem-solving and critical-thinking skills (47%), and digital competencies (39%) indicates that employers expect accountants to navigate technologically advanced and globally integrated work environments.

4. These trends show that the future accountant must possess a hybrid skillset that combines traditional accounting knowledge with strong interpersonal, analytical, and digital capabilities. This hybridization reflects a broader shift in organizational priorities: from transactional efficiency to value creation through insight, collaboration, and technological fluency.

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