

INNOVATIVE PERFORMANCE IN THE PRACTICE OF THE ACCOUNTING PROFESSION IN THE REPUBLIC OF MOLDOVA

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***Abstract:** Science is determined by innovation, and accounting is no exception. The professional reasoning in organizing the accounting activity within each entity in any field of the national economy, presupposes the implementation of technologies, innovations and the application of National Accounting Standards, IAS / IFRS, which can be influenced by taxation, level of experience, the quality of financial audit, as well as the attitude towards risk. The slowdown in the implementation of technologies and standards in the case of the Republic of Moldova has been influenced by the complexity of the adoption and implementation of IAS / IFRS, the imbalance of internal versus external beneficiaries, and the costs of implementing advanced technologies or innovations. The influence of factors (bureaucracy, formalism and professionalism) on the supervisory bodies of the Republic of Moldova has contributed to the slowdown in the full adoption of IAS / IFRS and innovations or technologies. The required direction at the moment is the digital domain, entities transiting from physical work in the office to the remote one, and which requires the moment of transition to the online environment of tools necessary for connection through technologies, to ensure data protection and to protect against cyber attacks. In this context, the emergence of several venture capital firms is possible. Every innovative idea needs to be reflected in Accounting Reports and Balance Sheets, for these reasons accounting is bound to crystallize truthful and current information, based on fair and true value.*

***Keywords:** IAS, IFRS, accounting, innovations, technology.*

***JEL Classification:** M41.*

1. Introduction

Intellectual products and technologies are recognized in accountants' work today, as decisive factors in increasing labor productivity, mandatory and indispensable elements of work strategies, because the management of all operations requires interdependence with information technology. The use of technologies in the practical activity of accountants stimulates the interaction with other professions, but also with potential clients, and the possibility to use within the entities and to introduce innovations, also increases the degree of competitiveness of the entity.

At present, a clear idea has formed of the need to move to an innovation-based economy (Turcanu and Golocialova, 2015, p. 450), in which innovation is the main driving force of socio-economic development and progress. The small and medium-sized enterprise sector proves a more advanced flexibility and a predisposition to innovation, thus representing an accelerated impulse of revolutionary innovations and of optimization and improvement (Turcanu and Golocialova, 2017, p. 28).

The effectiveness of the accountant's practical work depends largely on the outcome of developments based on the process of continuous modernization of technologies and management systems with high-performance and advanced indicators. The innovation field is the core of modernization in any economic field, especially accounting, and its characteristics drive the acceleration and quality of transformations in the professional activity of accounting from accountant based on bureaucratic skills of accounting, calculation and payment of taxes, to the accountant applying technology and generator of ideas innovative. The innovative activity is the determining condition for the development of the practical activity of the accountant, because it favors the generation of results based on performance, on positive effects of collaboration with other employees and creates a basis for the realization of many projects and programs to improve the whole

business. Accounting is a mastery of recording, classifying and crystallizing financial information about all transactions and transactions that take place in the business of any entity. Technologies help the practical accountant as a tool used for processing, storing, organizing and transmitting data, usually by using computers and other electronic means (e.g electronic signatures). As a result of the elimination of bureaucratic operations, we are gaining rapid access to information, information technology, innovative products and internet connectivity, which have led to significant changes in the work of professional accountants and improved the financial reporting system. Technological changes offer new opportunities and bring countless challenges to the field of accounting and the accounting profession, helping entities to make decisions. The impact of technologies and innovations is expected to be positive, overcoming the negative effects, such as data loss or cyber security problems manifested as a result of the use of information technology. New software tools used to perform data processing in the accounting business, such as audit and reporting software, improve the overall performance and competitiveness of the business.

2. Innovative performance in accounting

In the years 2020-2021, according to accountants, artificial intelligence and automation of other processes not only increases the level of efficiency, but also reduces the level of stress, resulting from the pandemic situation, where physical contact could be avoided for business. In accounting practice, the physical circuit of documents has been replaced by the digital circuit, due to the pandemic situation. The ability to quickly digitize accounting processes also requires proper training of accountants. The innovative performances in accounting (Figure 1) have become today in the activity of the accountant obligatory elements for the accomplishment of his work.

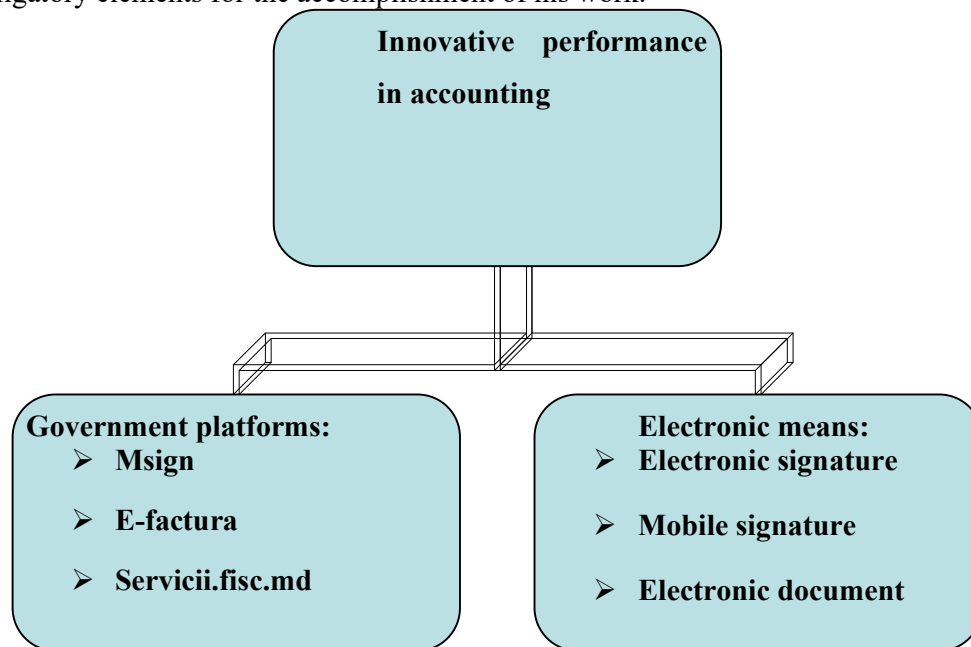


Figure 1. Innovative accounting performance

Source: Elaborated by the author

As an innovative performance (Figure 1) in the practical activity of accountants can be considered the digitization of the circuit of documents and reports, the possibility of

signing documents remotely through certain innovative devices, and / or is achieved through government platforms and electronic means or instruments:

- ✓ **MSign** - the government electronic signature service, which allows the signing of documents remotely by using a secure information system (documents for receiving works or services, etc.);
- ✓ **E-invoice** - information system that ensures the electronic circuit of invoices between beneficiaries and suppliers;
- ✓ **Servicii.fisc.md** - state platform for electronic receipt of reports through which statistical and fiscal reports are submitted online;
- ✓ **Electronic signature** - represents data in electronic form, which are attached to or logically associated with other data in electronic form and which are used as a method of authentication (Law no. 91/2014). In the Republic of Moldova, the regulatory framework regulates three types of electronic signatures:
 - *simple electronic signature;*
 - *unqualified advanced electronic signature;*
 - *qualified advanced electronic signature.*
- ✓ **Mobile Signature** - is an innovative service that allows access to electronic services using a mobile phone;
- ✓ **Electronic document** - information in electronic form, created, structured, processed, stored and / or transmitted through computer or other electronic devices, signed with electronic signature in accordance with Law 91/2014.

The current environment does not allow the accountant to work without the application of contemporary technologies and without access to remote information, digitization giving accounting a number of benefits that contribute to the improvement of all other processes within a company.

As the profession of an accountant evolves, we need to improve our performance in the use of technology, because, as practice shows, accounting is not just about keeping track of all business operations and knowledge of taxation, but is directly related to other areas. that there is a high demand for the skills of an accountant. The prospective accountant is the professional who changes his conduct and skills necessary to be successful in the future business ecosystem, with the changes in society.

As, from an organizational point of view, the accounting of the entities from the Republic of Moldova continues to be regulated, based on jurisprudence, the accountants are getting closer to the profession of lawyers. The legal framework is determined by the accounting law, which is specific to EU member states. Because, "accounting science is a bridge, which unites economics and law, the practicing accountant also manifests himself as a lawyer, judge of economic processes, and as an economic consultant" (Richard, 2000, p. 160). Thus, the accountant is obliged to know the legislation and aspects of taxation, and the electronic access to the State Register of legal documents through legis.md becomes, day by day, more and more necessary and sometimes even ordinary.

Methodologically, the accounting is based on the IFRS principles, reflected in the provisions of the CNS. By innovation we mean the creation of an advance towards something better or towards a superior and advanced development through dynamism and utility. With the acceleration of the expansion of globalization, the complexity of the problems arising in the sphere of realization and regulation of business and professions has increased enormously. Globalization in the field of accounting has led to the emergence of international models and standards that, through their transposition at the country level, become innovations. The progress made by the notion of innovation in the accounting profession is manifested by changes in the rules that create important changes in practice.

For these reasons, an issue of accounting in the Republic of Moldova is currently its harmonization with both European directives and IFRS

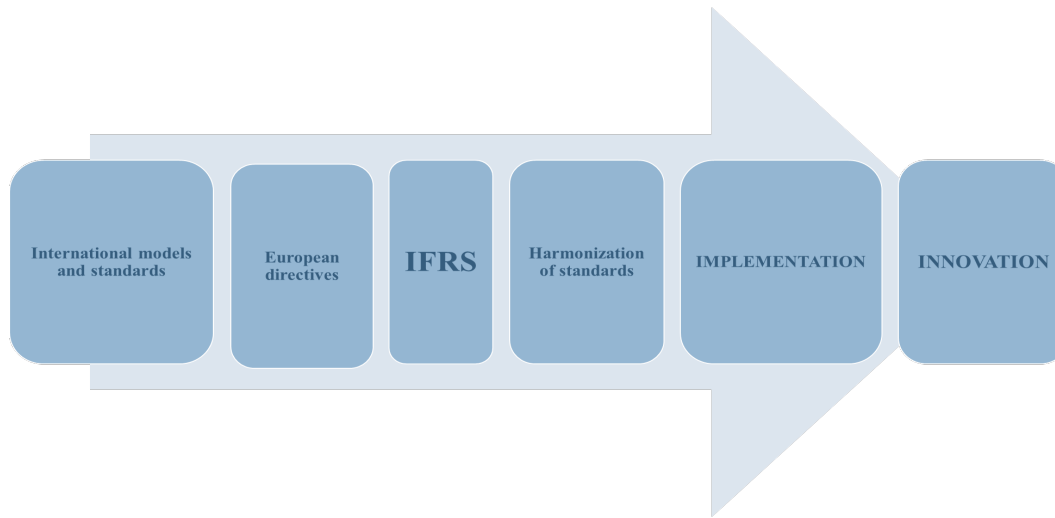


Figure 2. Model transposition, international standards, EU and IFRS directives at country level - innovations

Source: Elaborated by the author

Innovation is not easy to achieve, when in the accounting profession it is specific that everything you do is guided by regulations and bureaucracy. The mentality practiced over time, together with elements of bureaucracy, prevents the practitioner of this profession from advancing in the absence of technology. But the current conditions for progress are changing this paradigm. Rules and regulations remain strict and based on the law, but innovation comes with the application of technology.

The technology allows accountants to connect more effectively with their clients through software platforms, to transmit the necessary feedback from the official website of the company, as well as can always download or view information from other information systems related to the activity in the field. in which he is employed. In order for employees to be innovative, an innovation-oriented organizational culture is needed. Innovation is more attached to the functions that use information technology in the company, but it makes all the processes inside are dynamic and leads to a collaboration between all professions, but the miracles of technology will benefit most accountants. In the accounting profession there is a need to focus on technological innovation and change. An accountant can be a professional who initiates innovation in a company. To do this, it is necessary to create a culture of innovation based on technology. To achieve this goal, we need to consider the skills of an accountant focused on innovation (Figure 3).

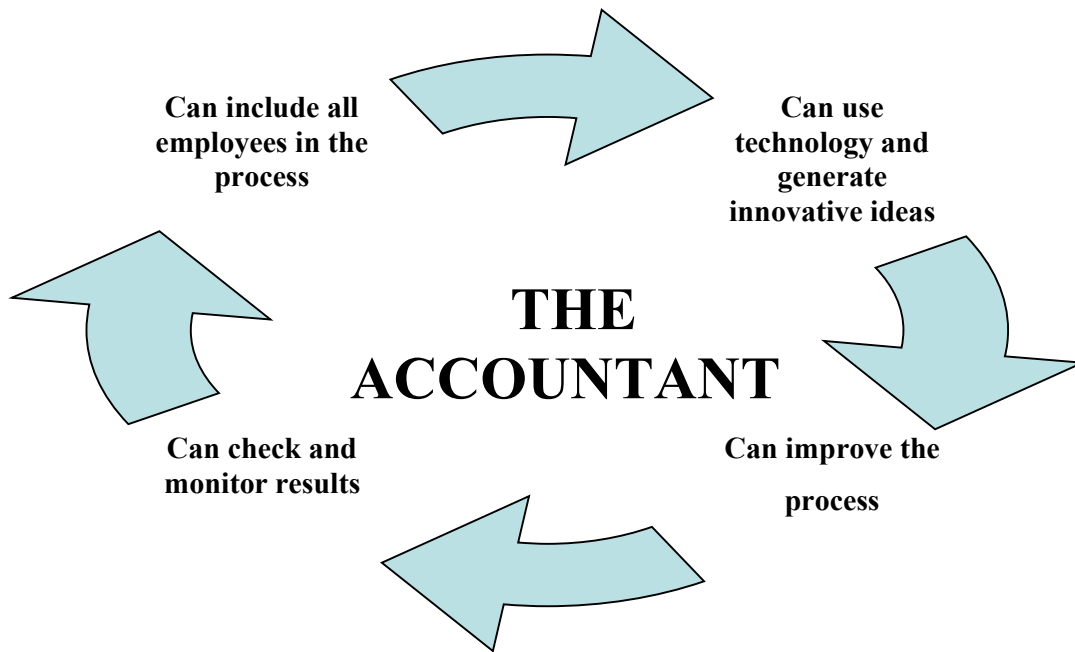


Figure 3. Modern accounting-oriented organizational culture of innovation
Source: Elaborated by the author.

1. The accountant can use technology and generate innovative ideas - many ideas can be generated by an organization's accountants, but if they do not have the necessary testing framework, only ideas remain. That is why digitization is needed to support the testing or implementation of these ideas. As bureaucratic as the accounting profession may seem, yet using IT technologies, this profession greatly simplifies their work process, and the ideas of an accountant become a first step towards formalizing the innovation process that might otherwise fail in time, exhaustion and disappointment.

2. The accountant can improve the process - Accountants are creative. That is why in the work process, the accountants interacting with the specialists from different fields, different knowledge and experiences, can bring together ideas to improve the processes. Sometimes, by recombining and reorienting simple ideas, solutions can be generated with an impact similar to inventing completely new things. Processes can always be improved, and such an approach helps employees make decisions quickly and be focused on customer needs.

3. The accountant can check and monitor results - Every new day should be seen as a new beginning for the innovation process, and in innovation, every idea takes you one step closer to an exceptional discovery. Any situation is a new opportunity to look for a new solution to an old problem, and then you can monitor both your results and those of all employees.

4. The accountant can include all employees in the process - Accountants are always the ones who will perform better than others, but the result of innovation is better when everyone contributes or aims to be innovative. This approach is important for those who are in contact with clients, where good guidance of accountants is important to be innovative. Innovation has its role in guiding employees and training their ability to be innovative in the use of technology.

3. Conclusions

The innovation trend is a strategic one, aimed at supporting companies that provide services in areas with vital applicability in the current context of globalization and the technology-based world. Of course, every idea in order to be put into practice needs to be argued and legally regulated, and then reflected in accounting and reporting.

Digitization and innovation have an impact on the accounting mechanism of accounting operations which corresponds to the basic trend of modern accounting methodology. As accounting is closely linked to taxation and legislation, there is a need for moderate regulation in the work of an accountant, as well as the need to develop mechanisms to reflect all accounting operations, to prepare appropriate management reports, statistical and fiscal financial reports by structuring corresponding to the field of activity to which it belongs. There is a need to harmonize legislation, to encourage entrepreneurs to innovate. In a rapidly changing environment, information technology is becoming an important strategic partner for accountants. Manual accounting work has been replaced by the most advanced techniques using technologies and innovations. Computers, printers, faxes, smartphones, digital signatures along with accounting software have a big impact on the field of accounting. Accounting technologies and software help professional accountants in their day-to-day accounting tasks to efficiently perform the calculations required by accounting operations and the reporting process. As a result of internet connections, accounting documents can be shared, and the online tax record system has effectively improved accounting.

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