LUMEN ET VIRTUS

Business is business: From compliance accounting to pleasure accounting

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ABSTRACT

It is an opinion article, addressing accounting training, market expectations, and accounting entrepreneurship. It brings a provocation to the accounting business community regarding the need to know about businesses, value chains, adding skills to their portfolio of services. From this perspective, it intends to discuss the advisory and problem-solving role in accounting, rediscussing the traditional business model, historically focused on the reflexive provision of information of a financial and fiscal nature, that is, compliance. Business model migration is discussed, considering that it is necessary not only to increase the portfolio of services offered to the client(s), presenting them with some level of expertise about the business they explore, but their own business, prioritizing tools that enable the optimization of the consultative and problem-solving activity. It is not concluded, but it is provoked about what would be the key command for the paradigm shift, considering whether this is transition or evolution. Thus, the accounting firm needs to know the branches of business activities to develop the accounting profession without taboo in the best way. Making the transition is necessary. The conclusion is up to the reader.

Keywords: Professional training, Accounting entrepreneurship, Accounting market.

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INTRODUCTION

The professional accounting services sector is constantly cited and reached by "apocalyptic projections" about its future, and almost always the forecasts are not positive, because these projections result from biased analyses based on dimensions that, yes, need to be reformulated, but still make up the list of competencies and products offered by most companies and professionals who work in this field: the scriptural dimension.

Perhaps this view stems from the excess of accessory requirements in the accounting, tax and labor fields, leading entrepreneurs and other professionals to prioritize the fulfillment of such obligations. Historically associated with accounting activity, these services have achieved a considerable offerive status in the chain of professional accounting services, in a way overshadowing other competencies and requirements that are or are presented as necessary to systemic accounting entrepreneurship.

Data from the Business Map (2023)[4] in the fourth quarter of 2022 there were 20,191,290 active companies in the country. The Map is a tool made available by the Federal Government that provides indicators related to the number of companies registered in the country, as well as indicates the average time needed to open a new company. In 2022 alone, 3,838,063 new companies were opened.

This report highlights a historical trend for new ventures in the tertiary sector (trade and services). Together, these activities accounted for 81.5% of the enterprises operating in the country in 2022. In an evolutionary way, it is brought information that in 2022 alone this percentage was 83.2%, and that the service sector accounts for 57.3% of open companies. In other words, it seems evident that economic growth is focused on the service sector, which naturally involves the professional expertise sector.

Simple statistics, and only for comparative and informative purposes, considering the current number of active accounting professionals (526,235),[5] it is assumed that 7.3 business opportunities per capita per professional have arisen. Considering the total number of active companies until 2022, this number represents an average of 38.37 per professional.

These numerical conjectures are presented only to demonstrate that there is a growing market for accounting activity, which inherently absorbs the largest volume of these new enterprises, since all, without exception, at a given moment, need accounting services. It cannot be denied, therefore,

[4] Brazil. Ministry of Economy. Brazil registered the opening of 3,838,063 new companies in 2022. Available at: https://www.gov.br/economia/pt-br/assuntos/noticias/2023/janeiro/brasil-registrou-abertura-de-3-838-063-novas-empresas-em-2022#:~:text=O%20Brasil%20registrou%203.838.063,1%25%20em%20comparação%20com%202020. Accessed on June 20, 2023.

[5] Available at: https://www3.cfc.org.br/spw/crcs/ConselhoRegionalAtivo.aspx?_ga=2.166807415.8564653.1687264134-818012836.1686006644. Accessed on June 20, 2023.

that *"Where there is business, there will be an accounting professional.* "Apparently, the numbers are favorable.

In global terms, data from *The Business Research Company*[6] *show that* the accounting services market reached a value of almost US$ 574.4 billion in 2019, growing at a rate of 5.7% since 2015, and is expected to grow 6.3% to almost US$ 734.7 billion in 2023. According to the report, this growth was not greater due to the occurrence of accounting scandals, regulatory challenges, and unstable political and social situations in the country. But what stands out in the context of this work is the warning that the report brings, about the lack of qualification as an inhibiting element of the growth of the accounting services market.

From this aspect, it seems necessary to understand the meaning of this alert, "lack of qualification", meaning that this qualification goes beyond the traditional competencies observed, focused on bookkeeping services, whether accounting, tax or labor, and reaches the advisory and problem-solving aspects of accounting, focused on the appreciation of each client's business.

As an argumentative resource, it addresses professional training, accounting entrepreneurship and focuses of action in the face of current market demands. From this perspective, it intends to discuss the advisory and problem-solving role in accounting, rediscussing the traditional business model, historically focused on the reflective provision of financial and fiscal information.

TRAD-OFF BETWEEN MARKET REQUIREMENTS AND VOCATIONAL TRAINING

Recurrently, there has been a demand on the pace (or mismatch) of training and market demands, in a sense that is even disrespectful about the role of academia in the training of professionals. What is said, and what has recurredly happened, is that *"the university does not train the student adequately, and he needs to be trained in practice."* Another maxim: "at the university the student only sees theory, no practice". What practice are you referring to? Mastery of knowledge that has the decisive and problem-solving capacity in accounting, or mastery of operational tools that lead to the massification of that function that gives rise to apocalyptic predictions about the "end of the accounting profession"? That is, focused on the bookkeeping process.

What does the market want? What market is this? Are they looking for professionals who master strict accounting knowledge, and all the variations of its application, which overcomes the frontier of conformism (fiscal), or operators to achieve compliance, unrelated to the judgment processes?

When issues like these are brought to the *status* of discussion about the future of the profession, it remains necessary to revisit what was the level of contribution of this knowledge to

[6] Available at: https://www.thebusinessresearchcompany.com/report/accounting-services-market. Accessed on June 20, 2023

history. And it is not even necessary to deepen this discussion (in time), because only considering the evolution of Capitalism can accounting be one of the bases of the modern economy. Without exaggerating the scientific foundation, as this work is opinionated, critical, but only citing an accessible literature, in the view of Hendriksen and Van Breda (1999) accounting has helped to shape the current world. The authors claim that accounting, as an information system, goes back centuries and the world's largest economy has only helped regulate.

From this point of view, it is not possible to modulate accounting training to minor issues, or merely attentive to conformities, but rather to the resolutive power, which in a secular way has been helping society to understand what the wealth of people, companies and nations represents.

Taking as a reference the professional profile expected by a university of national excellence[7], it is observed that the training of this professional makes him capable of "[...]*fully use the technical knowledge and professional skills accumulated throughout the course in the identification, analysis, and solution of practical problems of organizations and in their professional and social interactions (FEAUSP, 2023).*

This description is complemented, emphasizing that future professionals should develop competencies that involve technical aspects (technical content), professional skills (intellectual, interpersonal and communication, personal, organizational and business management) and ethical values and attitudes.

These expectations, as can be seen, do not prioritize direct and priority association with conformism, be it tax, accounting or labor, but the ability to *analyze and solve practical problems of organizations and in their social interactions*. This is the central question: how to obtain this ability without knowing the business and the context in which your client's business is inserted? It is certainly not by prioritizing the treatment of information and ancillary obligations, but by evolving to the consultative and problem-solving dimension of accounting, rediscussing the traditional business model, historically focused on the reflective provision of information of a financial and fiscal nature.

It seems that economic growth, analyzed from this traditionalist perspective of education, has as a consequence, or a perverse effect, the expectation of involution of accounting training, when it should pursue evolution, here understood as the application of accounting knowledge at a strategic level, not merely book-entry.

From this perspective, yes, it is possible to consider that there is *a trad-off* between the demands of the market and professional training, but in the opposite direction, that is, the knowledge that is and will be required in the future, strategic knowledge, is not sought, but the maintenance of knowledge as a subscience, tied to clerical methods.

[7] Profile of the Accounting Professional. Available at: https://www.fea.usp.br/contabilidade/graduacao/bacharelado-em-contabilidade/perfil-do-profissional. Accessed on June 19, 2023.

ROLE OF ACCOUNTING IS TO SOLVE COMPLEX REAL PROBLEMS

Theoretically, accounting is an instrument that explains and allows prediction (Watts and Zimmerman, 1986). To try to restrict these assumptions to mere explanation is involution. To combine them is to fulfill what all scientific knowledge requires: this is evolution.

It is understood here that the apparent confusion between "market demand" and professional training can be mitigated if the cognitive barriers about the performance of these professionals are overcome, who must combine technical skills, knowledge about business, and problem-solving capacity, highlighted from what is the basis (the accounting process), and not limited to this base.

To achieve this set, it is necessary to apply, because what is evident from this analysis is that the market search is limited to the accounting process (fundamental functions, bookkeeping, statement and financial analysis), when the new business paradigm requires the use of this as a decision variable, and not as the main product offered by the accounting professional.

Not to evolve in this sense is to go against the capacity of this science, of this knowledge, to solve the real problems of humanity. On this aspect, this capacity, as already mentioned, is secular. Dealing with the evolution of knowledge, professors Iudícibus, Martins and Carvalho (2005) state that accounting has always responded to the practical needs given by the creativity of human beings in developing techniques to solve real problems. Conformities is one of the real problems, but a constraint on the ability of science to solve the current real problems.

It is not conceivable a wealth of knowledge, bringing together a systemic view of heritage from different perspectives tied only to conformities. What training or knowledge allows us to understand heritage from the perspective of measurement, management, regulation, and scarcity? What knowledge or training does it intend to discuss, to address, in all sectors of the economy, these issues? One cannot doubt the ability of accounting to solve real problems.

Perhaps any doubts are tied to the lack of publicity of this greater condition, almost always rescues material and financial problems that affect the global economy. This was the case in the industrial revolution, due to the need to systematize and pass on credibility to investors in the face of the change in production and industrialization. This was the case in the economic crisis of 1929, in the great depression, in the corporate scandals of the 2000s and today in the face of the ethical scandals we are experiencing. Yes, accounting absorbs and treats ethical and behavioral issues in its most diverse functions. There is no doubt about its ability to solve real problems.

EVOLUTION OF THE TRADITIONAL MODEL FOR BUSINESS-ORIENTED ACCOUNTING ENTREPRENEURSHIP

Are the arguments presented so far, that is, that accounting is an instrument for the social resolution of real problems, always associated with a social trigger, such as a call in the face of a problem, or can it suggest a reflection on a vanguard role? It seems that the answer is intuitive, but it is necessary to overcome the traditional "business" model adopted by accounting professionals and firms. How to do this? Here he cultivates this debate.

A recurring scenario in accounting offices and companies, entrepreneurs from the most diverse areas look for professionals with the objective of "opening" the company. This process results in registrations and formalizations of a corporate, tax, labor and social nature, and are subsequently linked, almost always, to the provision of a service package, involving the fulfillment of accessory obligations. Detail: preponderantly this package does not include the fundamental accounting process, bookkeeping and preparation of traditional reports (journal, ledger and statements).

Is this scenario a market imposition or does it result from the business model adopted by accounting professionals? This is the training paradigm faced here. The more than 526 thousand active professionals, most of them associated with more than 86,900 accounting organizations, would be bound by mere compliance, as this is the main product to offer to customers, from the most diverse business areas? Surely that would be a mistaken conclusion.

As this article is opinionated, and detached from methodological rigidity for formatting, disruptive help was sought from *ChatGPT,*[8] about new businesses and business areas that have grown the most in the last five, ten years. What is the logic of this search? Try to understand how the accounting professional can exploit these opportunities. The answer involves areas linked to technology and the improvement of life (human and animal).

[8] Available at: https://chat.openai.com. Accessed on June 21, 2023. Information Technology and Cloud Services, Artificial Intelligence and Machine Learning, Renewable Energy Technologies, E-commerce and Online Marketplaces; Digital Health, Virtual Reality and Augmented Reality, Urban Mobility and Autonomous Vehicles, Blockchain and Cryptocurrencies, Sustainability and Social Responsibility, Facial Recognition Technology, Cybersecurity, Internet of Things (IoT), 3D Printing, Nanotechnology, Healthy Food and Beverages, Delivery and Logistics Services, Pet Care and Products, Digital Marketing and Social Media, Sustainable Tourism and Authentic Experiences, Agriculture and Urban Farming, Online Education and E-Learning, Video and Music Streaming Services, Business Strategy Consulting, Coworking and Flexible Workspaces, User Experience (UX) Design, Health and Wellness Applications, Robotics and Industrial Automation, Human Resources Services and Online Recruitment, Wearable Technology, Beauty and Personal Care, Food Delivery and Meal Delivery Services, Clean Energy & Energy Efficiency, Electronic Games & eSports, Personal Finance & Wealth Management, Digital Marketing & Advertising Consulting, Translation & Localization Services, Product Design & Prototype Development, Digital Printing & Personalization, Alternative Therapies & Holistic Medicine, Sustainable & Eco-friendly Products, Fitness & Wellness Services, Travel & Tourism Apps, Interior Design & Decoration, Cleaning & Home Organization Services, Business Efficiency Consulting, Photography & Video Services, Event Management & Wedding Planning, Data Science Consulting Services, Media & Digital Content Production, Project Management Services, and **Erotic Industry & Adult Entertainment.**

Ask yourself: what level of knowledge, skills do I have about these activities in order to expand my customer portfolio, or services related to these activities that I can offer to my current customers? Who, or perhaps how many, know your client's business at all? These are issues understood here as strategic for the evolution of the predominant business model in the current accounting context.

In simple language, a meticulous and efficient examination of the client's activity, economic chain can be consolidated into a strategic differential, expanding the portfolio of services beyond the conformism almost always sought. Who understands the client's business is you or your supervisor, in charge? Or do they not understand? Understanding not of the obligations, but of the object(s), of business opportunities, of the future of the industry, of market expansion (or not)?

There are countless examples of large companies that have lost their way, the classic cases of Kodak, Xerox, and others, which, due to lack of innovation, have lost their markets, or have lost opportunities to remain in the market. Perhaps some reader thinks: ah, these are examples out of my reality, because my market niche is smaller, of micro and small companies, and my client would not accept a proposal to monitor and evaluate opportunities for his business. Quite a mistake. It is exactly in this microcosm where the greatest opportunities are had, and these are almost always open, offered to the accounting professional, often the only bureaucratic and intellectual agent close to the client.

Would the path be to the imposition of specialty, or from innovation? Perhaps, but it is certain that it is part of the large number of companies that "die" every year for reasons that can be remedied. According to data from a survey pointed out by Sebrae[9] , close to 50% of the companies that closed their activities in 2020 were due to lack of an adequate level of knowledge or previous experience in the field, did not know relevant aspects of the business, had less access to credit, did not have initiatives to improve the business or did not seek training. In addition to these elements, poor personal preparation, poor planning and management are influential factors in this result.

Closely analyzing the numbers, it is observed that most of the enterprises could have continued if some "aid" had been offered, with the large volume within the field and competencies of the accounting professional: access to credit, prospecting for business (clients), taxation, planning, and business consulting.

As can be seen, this discussion has two dimensions, one focused on the client's survival, and the other focused on the very survival of the accounting business, historically tied to past constructions. Planning, innovation, technology, marketing, and business vision are vectors absent in the history of most accounting enterprises, and without these characteristics there is no way to change the focus.

[9] Available at: https://sebrae.com.br/sites/PortalSebrae/artigos/a-taxa-de-sobrevivencia-das-empresas-no-brasil,d5147a3a415f5810VgnVCM1000001b00320aRCRD. Accessed on June 22, 2023.

The decision from this perspective requires personal and capital investment, variables little absorbed by the class. Offering expertise and solutions about a business requires structure and preparation, providing means that allow the client to believe in the proposal. There is no way to sell something that we do not mirror.

CONCLUSION (INCONCLUSIVE)

As warned in the introduction, this study is opinionated, and therefore inconclusive, and this condition stems from the authors' own doubt: is the proclaimed change a paradigm of transition or of evolution? There is no conclusion on this. The reader must define it.

What is certain is that like any human condition, here focused on business interaction, it is required to follow a path that follows birth, learning, maturity, consolidation, review, evolution. Perhaps this can be translated into two words, transition and evolution, discussed here. While the first term suggests movement, the second puts him in a position of reflection.

Objectively - if it is possible to talk about this process like this - it is known that there is no support for a business model idealized in the past, requiring the professional to explore the limit of his competences, as he has the greatest possible amount of information about the most diverse types of business, and perhaps this condition is one of the limitations, but also represent the expected opportunities.

If its conclusion is for a concept of transition, it suggests that there is already full awareness of what has been discussed here, presuming the adoption of inclusive actions for the new business models. In other words, you have already understood this and are seeking to place yourself in this new threshold.

If your conclusion is by evolution, you need to start moving, moving towards the learning plane, looking for tools and mechanisms that lead you to accept change, as a necessary recognition process. If this occurs, the transition plan follows.

Perhaps someone questions the conceptualization, or the proposed order, but the assumption assumed here is that evolution is not a subsequent condition or requirement, but an antecedent, because there would be a larger concept, perhaps a concept of *evolution in motion*, requiring not only recognition, but constant transition to this process.

The right thing is that wherever there is business, there will always be an accounting professional.

Think about it.

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