# The Future of Accounting in Malaysia: Navigating Digital Disruptions and Innovations for Professional Growth

**Muhamad Firdaus Jamal., Siri Roland Xavier***

**Universiti Tun Abdul Razak**

**DOI: https://dx.doi.org/10.47772/IJRISS.2025.90400278**

**Received: 05 April 2025; Accepted: 09 April 2025; Published: 10 May 2025**

## ABSTRACT

Digital Disruption, driven by Digital Transformation, is reshaping the value proposition and business models across various sectors, including accounting. The impact of this disruption has led to debates on whether it represents a threat or an opportunity, but there is limited academic research on the topic within the accounting field. This thesis investigates how Digital Transformation, especially in accounting software, has influenced the profession through the lens of Disruptive Innovation Theory, focusing on three research perspectives. This thesis employs a comprehensive mixed-methods approach with a strong qualitative focus. The study includes a comprehensive literature review on how Digital Transformation affects the roles of accounting professionals and their professionalism, revealing a shift toward greater IT knowledge and soft skills. It also explores how professionals are adapting to digital changes and examines a Malaysian accounting software company's use of AI technology, considering its potential impact on SME accounting services. The findings indicate that accounting professionals possess unique advantages, such as social capital and the ability to build trust through client interactions, alongside creative and integrated thinking that is difficult for AI to replicate. The research concludes that while digital disruption poses challenges, the future extent of this disruption will depend on professionals' ability to think critically, focus on strategy, and adapt to client needs.

**Keywords:** Digital Disruption, Digital Transformation, Accounting software

## INTRODUCTION

In today’s fast-paced business world, staying ahead means embracing digital transformation. Accountants who leverage innovative digital tools and strategies will not only keep up but also thrive in this ever-changing landscape. 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.

Advancements are enabling emerging businesses to adopt innovative models, as demonstrated by Uber, Grab, and Airbnb. A FedEx study indicates that future technology will focus on mobile payments, automation, and analytics. The IDC Digital Transformation 2020 report from Malaysia identifies key technologies such as cloud computing, IoT, software-defined networking, and cybersecurity as crucial for digital transformation.

The Malaysian Accounting Standards Board, SME Corp, and the Malaysian Institute of Accountants highlight four megatrends affecting the accounting profession: Digital Future & IR 4.0, Globalization, Community Living, and the Rise of Entrepreneurship. These trends emphasise the need for digital technology, which offers benefits like enhanced products and data-driven decisions. Yet, businesses face challenges due to varying digital capabilities. A Deloitte and Google survey found that companies with high digital engagement are 50% more likely to see sales growth and generate more revenue per employee.

An IDC Digital Transformation 2020 study found that while 93% of Malaysian businesses have adopted cloud technology, many struggle to utilize it effectively, with 61% uncertain about Software-Defined Networking (SDN) and only 8% employing comprehensive security solutions. This highlights the need for a strategic

approach to digital transformation in accounting. The concept of the 'Grand Bargain' proposes that accountants trade their specialized expertise for societal trust and financial compensation. However, this exchange poses significant risks to the long-term sustainability of the profession. As technological advancements—such as artificial intelligence and automation—rapidly reshape the accounting landscape, the implications for traditional accounting practices are profound. Despite these changes, there is a notable scarcity of comprehensive research addressing how these technologies are influencing the role and responsibilities of accountants. This gap in understanding could hinder the profession's ability to adapt and respond effectively to the evolving demands of the industry and society at large. This thesis uses Clayton Christensen's Disruptive Innovation Theory to help accounting professionals navigate digital disruptions.

**Research Objective and Questions**

This paper explores the impact of digital transformation on accounting professionals through Disruptive Innovation Theory (Christensen & Raynor, 2003), aiming to contribute to actionable strategies in the field. It begins by assessing whether digital transformation qualifies as disruptive innovation based on established criteria. Next, it analyzes interview data from accounting professionals to understand their responses to this disruption. Finally, it argues that Disruptive Innovation Theory can help accountants devise better strategies for navigating digital challenges.

Since its introduction in Clayton Christensen's 1997 book, The Innovators Dilemma, Disruptive Innovation Theory has drawn significant academic interest, highlighting why established companies can struggle with innovation (Christensen & Raynor, 2003). The theory encourages early identification of disruptive forces and strategy development to address them. However, the definition of disruptive innovation remains vague (Danneels, 2004; Markides, 2006; Nagy et al., 2016), particularly in accounting, which this study seeks to address by adapting criteria for the Malaysian context.

**The objectives of this study are to:**

1. Assess the extent of research on digital transformation's impact 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 well accounting professionals have coped with digital disruption and the strategies they employed.

5. Assess how Finance Software Cloud (FSC) has disrupted accounting services in the SME sector.

This study focuses on five research questions:

Research Question 1: To what extent has accounting research examined digital transformation's impact 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 coped with the digital disruption caused by Digital Transformations, and what strategies have they adopted?

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.

## LITERATURE REVIEW

The swift progression of Information and Communication Technologies (ICT) is causing a fundamental evolution in the responsibilities of accounting professionals within the business environment (Youssef & Mahama, 2021; Abu Afifa, 2023). This transformation encompasses a wide range of state-of-the-art software, hardware, telecommunications, and information management techniques that are revolutionising the entire process of creating, analysing, processing, and storing accounting information.

In the field of auditing, the most significant digital transformation is the introduction of Big Data and Computer-Assisted Auditing Tools and Techniques (CAATTs). Importantly, Continuous Auditing has become a major focus within auditing research. Researchers have highlighted the crucial influence of Big Data in shaping the future of auditing, predicting a shift from traditional audit sampling to analysing entire populations and a growing reliance on real-time data analytics to assess auditing risks. Studies have emphasised the benefits of utilising Big Data in auditing, viewing it as a valuable addition to traditional audit evidence. While recognising the effects of Big Data on auditors, there is still a lack of research regarding potential changes in auditor behavior and duties.

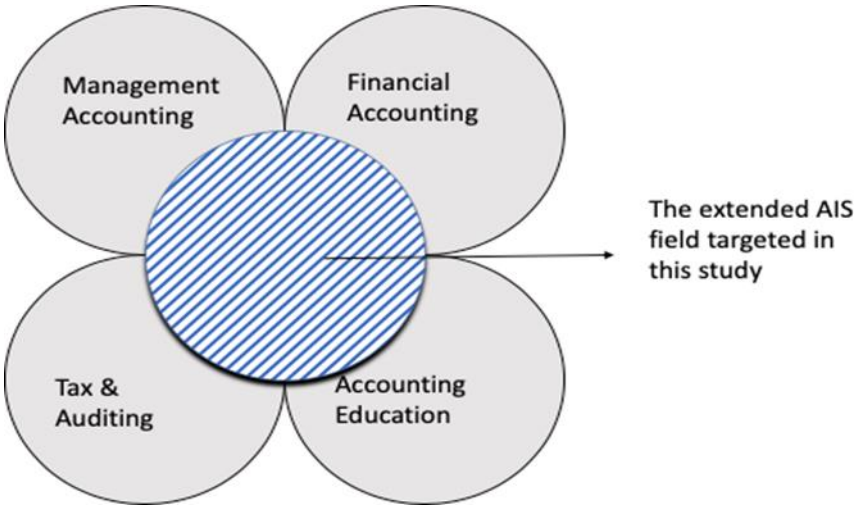


Figure 1.0 Defining the field of Digital transformation relating to accounting research

To achieve the objectives of this study, we have replaced the traditional process of selecting journals and articles outlined in Broadbent and Guthrie's (2008) framework with a more systematic review methodology, as demonstrated in the work of Haddara and Zach (2011). Their research examined the body of literature on Enterprise Resource Planning (ERP) systems within Small and Medium-sized Enterprises (SMEs), encompassing a range of research disciplines.

In their systematic approach, Haddara and Zach began by conducting comprehensive keyword searches across multiple academic databases to gather a broad spectrum of relevant literature. These searches were methodically restricted to the titles and abstracts of articles to enhance precision. To further ensure a thorough review, they meticulously applied the same keyword searches across all leading journals pertinent to their field of inquiry, thereby minimising the risk of overlooking significant studies.

At this juncture, they compiled a primary literature database, which served as the foundation for their review. To ascertain the relevance of the included studies, both authors diligently examined the abstracts of the retrieved articles, subsequently selecting those papers that explicitly addressed the intersection of ERP systems and SMEs. This meticulous selection process ensured that the reviewed literature would significantly contribute to understanding the intricacies of ERP implementation in the context of small and medium enterprises.

*ERP systems transform the role of accounting professionals*

During the pre-ERP era, finance departments relied on legacy systems designed in-house at the behest of management accountants, who had full control over the systems and acted as their custodians (Newman & Westrup, 2005; Abu Afifa, 2023; Youssef &Mahama, 2021). However, with the widespread adoption of ERP systems, accountants have transitioned into being consumers of standardized technologies, diminishing the relevance of their expertise in technology consumption due to the enterprise-wide nature of ERP systems. Consequently, the responsibility for ERP systems has shifted to general management rather than being specific to management accountants (Youssef & Mahama, 2021). Despite the potential dilution of their significance by other groups, such as IT personnel, empirical evidence suggests that management accountants continue to hold a crucial role in business (Granlund & Malmi, 2002; Abu Afifa, 2023; Youssef & Mahama, 2021).

*"Hybridization" between Accounting Professionals and IT personnel in skills/knowledge*

El Sayed (2006) highlights the growing role of accountants in determining and utilising enterprise resource planning (ERP) systems to broaden their expertise and influence. This trend requires accounting professionals to improve their IT knowledge and skills. The combination of accounting and IT competencies provides various advantages and significantly impacts the transformation of accounting professionals' roles. This is reflected in the increasing demand for IT/IS skills in the workplace (Wessels, 2005; Mitra et al, 2023) and within accounting education (Ahmed, 2003; Ritch & McColl, 2021). Employers are looking for accounting graduates who possess advanced IT/IS, communication, interpersonal, and analytical abilities, with an escalating need for accounting professionals who have critical IT skills such as business automation, office management, audit automation, and system evaluation. Furthermore, employers increasingly believe that management accounting graduates should have strong IT skills and be flexible in adapting to new technologies. Despite these needs, the traditional accounting curriculum still prevails in accounting education, prompting demands for the incorporation of IT/IS knowledge into accounting programs and a renewed emphasis on accounting information systems (AIS) courses (Krahel & Vasarhelyi, 2014; Ritch & McColl, 2021).

The literature on auditing in accounting highlights the necessity for auditors to maintain electronic communication with clients due to the complexity of modern information systems. Scholars argue that auditors need adequate skills to navigate this evolving landscape. Two key points emerge: first, IS auditors should be included in auditing teams to effectively identify ERP system risks and evaluate internal controls; second, using Computer-Assisted Audit Techniques and Tools (CAATTs) is beneficial. Additionally, decision support systems (DSS) are utilized by top accounting firms to improve decision-making and streamline audits.

Table 1.0 Research on Accounting Innovations that Influence the Accounting Function.

| **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 | 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 |

| | | | |
|---|---|---|---|
| | model | | 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 & Burns (2012). Historical Review | Organisational change with strategic management accounting | SMA practices are now moving in line with strategy formulation and organisational processes. | There is a move for 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), Denning (2016), and Silva & Grützmann (2023) discuss Disruptive Innovation Theory in accounting strategy, drawing on Latour's performative theory. They argue that accounting strategy is dynamic and shaped by interactions within a network, emphasizing its role in driving expansion and unforeseen outcomes rather than just following fixed plans. Rathors et al. (2022), Gamage & Gnanapala (2023), Thakur et al. (2023), Silva et al. (2023), and Antonio et al. (2024) highlight the benefits of technology-driven innovations in accounting. These advancements streamline data collection, enhance flexibility in reporting, improve accuracy and accountability, and reduce the need for human resources, allowing teams to focus on more strategic tasks.

**Enhancing Organizational Skills and Procedures**

Arkhipova et al. (2024) highlighted the role of accountants in fostering innovation in accounting, while Alcouffe et al. (2008), Clarkson et al. (2011), and Tomo et al. (2023) explored how such innovations enhance organizational capabilities and processes. They studied the implementation of activity-based costing (ABC) and the George Perrin method (GPM) throughout various organizations. Arkhipova's research focused on management accountants' engagement and creativity, whereas Alcouffe et al. identified key stakeholders in accepting innovation, such as inventors, academics, and consultants, using Disruptive Innovation Theory as a

framework. Their literature review emphasized the change process and power dynamics, recommending this theoretical approach to fill research gaps on management accounting innovation diffusion. The accompanying table lists studies on accounting innovations that positively impact organizational capabilities and their implications for the adoption process.

Table 2.0 Research on Accounting Innovations Improving Organizational Processes and Abilities

| **Author Methodology** | **Focus** | **Key Findings** | **Implications of Study** |
|---|---|---|---|
| Alcouffe, Berland & Levant (2008)<br><br>Field Study | Organisations in France adopting accounting innovations | Actor-network theory is useful for studying the building and translation process, where forms of Disruptive Innovation Theory, like 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)<br><br>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)<br><br>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. |
| Arkhipova et al (2024)<br>Grounded theory literature review | Adoption of technology-driven innovations in managerial decision-making and in organisational structures. | Four research themes highlight the changes in management accounting brought about by technology: structured vs. unstructured data, human vs. algorithm-driven decision-making, clear vs. blurred functional boundaries, and hierarchical vs. platform-based organizations. | Technological shifts in organizational processes significantly change how accounting information is collected, processed, and analyzed for managerial decision-making. Management accountants must adapt as organizations transition to a digital environment. |

The process of adopting accounting standards involves a complex interplay between the roles of accountants and the motivations for embracing innovations. The rationale behind these adoptions—whether aligned with structuration theory, which focuses on the relationship between social practices and structures, or institutional

theory, which examines the influence of institutional norms—significantly shapes the innovation-building process.

This relationship is illustrated in Touron's analysis of French firms in the 1970s, which investigated the adoption of US GAAP (Generally Accepted Accounting Principles) in the context of emerging demands for French statutory standards. Touron's research underscores how historical contexts and theoretical frameworks intersect to shape the adoption process, a theme that is further reinforced by Tomo et al. (2023), highlighting the ongoing influence of these factors on accounting practices.

**Accounting Software and Theory of Disruptive Innovation**

The accounting profession is undergoing a significant transformation due to advancements in technologies such as cloud computing and artificial intelligence (AI). Cloud computing offers real-time access and collaboration on financial data from anywhere, while AI automates processes, potentially allowing accountants to focus on strategic tasks.

Cloud computing and AI are transforming accounting through:

1. Real-Time Collaboration: Multiple users can work on the same data simultaneously from anywhere.

2. Task Automation: AI automates repetitive tasks like data entry, allowing focus on higher-value work.

3. Flexible Access: Cloud storage grants anytime access to crucial information, improving client responsiveness.

4. Scalability and Cost Efficiency: Cloud solutions are scalable and cost-effective with pay-as-you-go models.

5. Enhanced Security: Leading platforms offer strong data encryption and backups to protect financial information.

**Figure 2.0 The Disruptive Innovation Theory** (Source: Christensen et al., 2015, p. 49)

The graph depicts how, over time, customer demands for existing products increase until the product's performance surpasses the needs of its customers. Disruptive innovation takes place when a new product or service enters the market with lower quality and performance, initially targeting a small customer segment. However, as its performance improves, disruptive innovation eventually satisfies the needs of mainstream customers in the new market. Disruptive Innovation Theory aims to comprehensively explain the phenomenon of disruption and why successful incumbents may fail to compete against new entrants introducing disruptive innovations. Christensen advanced the theory to the normative stage, intending to predict potential disruptions and guide managers in adapting to them across various industries.

This study aligns with Christensen's original Disruptive Innovation Theory and emphasises two critical elements for predicting a disruptive phenomenon: 1) the emergence of a new value network distinct from the existing one and 2) a continuous expansion in market share.

The global expansion and diversification of professional accounting services in the last three decades have been significantly shaped by the shift to an information age. Disruptive innovation provides valuable insights into the evolving dynamics between information service providers and consumers, aiding our understanding of how industries and professions adapt to changes in information and communication technologies. This understanding is crucial in comprehending the constant growth and transformation of the accounting and professional services market.

## RESEARCH METHODS

In this study, a qualitative research methodology was selected for its ability to provide in-depth insights beyond those of quantitative methods (Creswell, 2014). To examine the impact of disruptive information and

communication technologies (ICTs) on accounting professionals, the research involved semi-structured interviews with 13 senior managers and CEOs from various sectors. This approach facilitated a deep exploration of their strategies to overcome challenges posed by these technologies. Each face-to-face interview lasted 60 to 90 minutes, allowing researchers to uncover complex narratives and insider perspectives on the accounting profession (Taylor, 2005). The semi-structured format enabled adaptive questioning, revealing hidden perceptions and unexpected information (Marvasti, 2004; Liamputtong, 2013). The study aimed to clarify the concept of 'disruptive innovation' within accounting, a largely unexplored area empirically. Analysis was conducted using NVivo software, creating a structured coded dataset that highlighted two primary themes: evaluations of disruptive innovation and interviewees' responses to digital disruption. Archival research, including media releases and industry reports, further enriched the narrative and validated the emerging themes.

*The Possibility of Digital Transformation in the Accounting Field (Research Questions 1 and 2)*

The literature review explored the impact of digital disruption on the accounting profession by analyzing prior research on information and communication technologies (ICTs). Using a modified version of Broadbent and Guthrie's framework, the study conducted a keyword search based on Haddara and Zach's work, resulting in 57 articles published from 2000 to 2024. The meta-analysis highlighted a lack of theoretical guidance for accounting professionals in navigating ICT challenges. To address this, the study introduces Disruptive Innovation Theory as a framework for understanding digital disruption in accounting.

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 Perspectives of Accounting Experts on Digital Transformation in the Accounting Field (Research Questions 3 and 4)*

The study titled "A View from Accounting Professionals" employs a semi-structured interview approach to examine the perceptions held by 13 senior managers, including CEOs and CFOs, regarding the transformative impact of technological change in the accounting sector. The primary objective is to critically analyse how Information and Communication Technologies (ICTs) serve as disruptive innovations within the profession, reshaping traditional practices and methodologies. This adaptable interview format enables researchers to tailor their questions in real time based on the interviewees' responses, thereby uncovering nuanced insights into the ongoing disruptions faced by the industry. The selected interviewees were chosen for their significant

expertise and extensive experience in navigating the complexities of technological advancements, ensuring that the gathered perspectives are both informed and relevant.

All interviews were meticulously recorded and subsequently transcribed, allowing for a thorough examination of the generated data. To facilitate this analysis, NVivo software was utilized to create a comprehensive coded dataset that highlights key themes surrounding disruptive innovation and the various responses to digital disruption within the accounting field. Additionally, the study incorporates archival research, drawing on a variety of sources such as media releases and industry reports, to further enhance and validate the findings. The methodology section will provide an in-depth exploration of the interviewee selection criteria, the specific questions posed during the interviews, and the secondary data sources that informed the research.

*Main case study for evaluating Accounting SaaS in the accounting sector (Research question 5)*

This study investigates the impact of Finance Software Cloud (FSC), a cloud-based accounting software with 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 used to maintain the confidentiality of individuals and organizations, ensuring that all identifying details are modified to uphold privacy.

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

Primary data was collected through in-depth interviews with executives from ACCSOFT Bhd and partners at accounting firms using the Financial Software Cloud (FSC). These interviews provided valuable qualitative insights into the software's effectiveness and its impact on operations. Additionally, secondary sources, including articles, videos, speeches, product reviews, and industry reports, were analyzed to enhance understanding of FSC adopters' experiences and the broader accounting software landscape. The data was organized using NVivo software, employing a structured coding system to explore the relationships between cloud computing, artificial intelligence capabilities, and their effects on accounting services in small to medium-sized enterprises (SMEs) (Tan et al., 2015).

Table 5.0 The roster of individuals being interviewed.

| **Organisations** | **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 |

## RESULTS

The research study highlighted several key findings:

1. Impact on Accounting Professionals: Digital transformation and ICTs have the potential to disrupt traditional accounting roles through automation, but complete disruption has not yet occurred. Accounting professionals are adapting by leveraging technology to offer high-value services.

2. Two Waves of Disruption:

- First Wave: The introduction of cloud accounting software has shifted the SME sector from traditional desktop solutions to cloud-based options.

- Second Wave: The integration of machine learning and AI into accounting software is having broader implications for the entire accounting services industry.

3. Professional Adaptation and Trust: While digital transformation presents challenges, the accounting profession is adapting to technological advancements. Trust in services remains a vital aspect that cannot be fully replaced by technology.

**Theoretical Contribution**

The study revealed a notable deficiency in the current body of research: there was a lack of a structured theoretical framework designed to assist accounting professionals in navigating the challenges posed by information and communication technologies (ICT). To address this critical gap, the study proposed the integration of Disruptive Innovation Theory, offering a robust theoretical foundation that equips practitioners with the necessary tools to effectively confront and adapt to the evolving landscape of ICT-related issues in the accounting field.

**Key Limitations**

The research faced certain limitations related to its scope, primarily since interviews were conducted with a narrow selection of individuals holding executive-level positions. This restricted the diversity of perspectives and experiences represented in the study. Consequently, the findings may not be directly applicable or generalizable to a broader spectrum of stakeholders, limiting their relevance to different organizational levels or sectors.

**Future Implications**

The study underscored the profound impact of technology on the professional landscape, particularly in the accounting field, where it automates mundane tasks and frees up professionals to engage in more strategic and meaningful work. As a result, accountants can now craft innovative, value-driven strategies, provide deeper insights into business challenges, and concentrate on complex, high-level tasks that require critical thinking and creativity. However, the success of this technological transformation hinges on the willingness and ability of established Malaysian accounting professionals to adapt, embrace new technologies, and acquire essential skills. The research also stressed the vital role of continuous education and training, emphasizing that ongoing learning is crucial for accounting professionals to successfully navigate the complexities of digital disruption and remain competitive in an evolving marketplace.

## DISCUSSION AND CONCLUSION

Digital transformations have the potential to disrupt the accounting landscape significantly, although this disruption is still unfolding. Accounting professionals recognise these shifts and are developing coping strategies to adapt. As such, it is crucial for accountants to understand that digital changes may replace traditional roles, and they need to adapt their profession accordingly. They should implement strategies to maintain relevance and integrate technology as a core component of their work, not just as a tool.

In terms of future implications, the ongoing transformation enables professionals to move away from repetitive tasks, resulting in a more engaging work life. They can tailor their strategies to meet client needs and leverage technology to gain deeper insights and develop innovative solutions.

Notably, the study emphasises that trust remains crucial in accounting services. Clients value human interaction and the emotional connections with their accountants, indicating that technology cannot replace

these relationships. As such, educational institutions must prepare future accountants to adapt to technology and act as proactive change agents in the profession.

Overall, the paper makes three contributions: it examines the impact of digital transformation on accounting, applies Disruptive Innovation Theory to the field, and offers new insights into its relevance in accounting practice. Thus, it emphasises the need for professionals to prepare and adopt adaptive strategies in the evolving landscape.

## REFERENCES

1. Abu Afifa, M., Saleh, I. and Vo Van, H. (2023), "Accounting information quality in the digital era – a perspective from ERP system adoption?", Global Knowledge, Memory and Communication, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/GKMC-03-2023-0101
2. Ahmed, A. (2003). The level of IT/IS skills in accounting programmes in British universities. Management Research News, 26(12), 20-58.
3. Alcouffe, S, Berland, N & Levant, Y (2008). 'Actor-networks and the diffusion of management accounting innovations: A comparative study', *Management Accounting Research*, vol. 19, no. 1, pp. 1-17.
4. Alvesson, M. (2003). Beyond neopositivists, romantics, and localists: A reflexive approach to interviews in organizational research. Academy of management review, 28(1), 13-33.
5. Antonio, J.L., Schmidt, A.L., Kanbach, D.K. and Meyer, N. (2024). "Enacting disruption: how entrepreneurial ventures innovate value propositions to increase the attractiveness of their technologies", International Journal of Entrepreneurial Behavior & Research, Vol. 30 No. 4, pp. 885-915. https://doi.org/10.1108/IJEBR-07-2023-0688
6. Arkhipova, D., Montemari, M., Mio, C. and Marasca, S. (2024). "Digital technologies and the evolution of the management accounting profession: a grounded theory literature review", Meditari Accountancy Research, Vol. 32 No. 7, pp. 35-64. https://doi.org/10.1108/MEDAR-07-2023-2097
7. Broadbent, J. & Guthrie, J. (2008). "Public sector to public services: 20 years of "contextual" accounting research", Accounting, Auditing & Accountability Journal, 21(2). 129 – 169.
8. Bryer, R (2013). 'Americanism and financial accounting theory - Part 2: The "modern business enterprise", America's transition to capitalism, and the genesis of management accounting', Critical Perspectives on Accounting, vol. 24, no. In Press.
9. Calderon, T.G., Hesford, J.W. and Turner, M.J. (2022), "A Framework for Integrating "R" Programming into the Accounting Curriculum", Calderon, T.G. (Ed.) Advances in Accounting Education: Teaching and Curriculum Innovations (Advances in Accounting Education, Vol. 26), Emerald Publishing Limited, Leeds, pp. 209-232. https://doi.org/10.1108/S1085-462220220000026012
10. Christensen, C. 1997. *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*, Harvard Business School Press.
11. Christensen, C. M. 2006. 'The ongoing process of building a theory of disruption'. *Journal of Product Innovation Management*, 23(1), 39-55.
12. Christensen, C. M. and Tedlow, R. S. 2000. 'Patterns of disruption in retailing'. *Harvard Business Review*, 78, 42–45.
13. Christensen, C. M., Alton, R., Rising, C. & Waldeck, A. 2011. 'The new M&A playbook'.
14. Christensen, C. M., McDonald, R., Altman, E. J., & Palmer, J. E. 2018. 'Disruptive Innovation: An Intellectual History and Directions for Future Research'. *Journal of Management Studies*. 55 (7), 1043-1078.
15. Christensen, C. M., Raynor, M. & McDonald, R. 2015. 'What is disruptive innovation?'.
16. Christensen, C. M., Scott, D. A., & Erik, A. R. 2004. *Seeing What's Next: Using the Theories of Innovation to Predict Industry Change*. Boston: Harvard Business School Press.
17. Christensen, C. M., Wang, D. & Van Bever, D. 2013. 'Consulting on the cusp of disruption'. *Harvard Business Review*, 91, 106–14.
18. Christensen, C., & Eyring, H. J. 2011. *The innovative university: Changing the DNA of higher education from the inside out*: John Wiley & Sons.
19. Christensen, C., Aaron, S., & Clark, W. 2003. Disruption in Education. *Education Review*, 38, 44-55.

20. Christensen, C., Baumann, H., Ruggles, R., & Sadtler, T. M. 2006. Disruptive innovation for social change. *Harvard Business Review, 84*(12), 94.
21. Christensen, C., Horn, M. B., & Johnson, C. W. 2008. Disrupting class: How disruptive innovation will change the way the world learns (Vol. 98). New York: McGraw- Hill.
22. Christensen, C.M. & Raynor, M.E. 2003. *The Innovators Solution: Creating and Sustaining Successful Growth*, Harvard Business Press.
23. Christensen, P.H. (2017), "A post-global financial crisis (GFC) framework for strategic planning, assessment and management decision making for US sustainable commercial real estate", Journal of Property Investment & Finance, Vol. 35 No. 6, pp. 589-618. https://doi.org/10.1108/JPIF-11-2016-0085
24. Clarkson, P, Hanna, JD, Richardson, GD & Thompson, R 2011, 'The impact of IFRS adoption on the value relevance of book value and earnings', *Journal of Contemporary Accounting and Economics*, vol. 7, no. 1, pp. 1-17.
25. Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.
26. Danneels, E. 2004. 'Disruptive technology reconsidered: A critique and research agenda'. *Journal of product innovation management*, 21(4), 246-258.
27. Denning, S. (2016). Christensen updates disruption theory. *Strategy & Leadership*, *44*(2), 10-16.
28. El Sayed, H. 2006. 'ERPs and accountants' expertise: the construction of relevance'. *Journal of Enterprise Information Management*, 19(1), 83-96. doi:10.1108/17410390610636896
29. Gamage, T. C., & Gnanapala, A. (2023). Unleashing business model innovation in the era of digital disruption: a multiple case study analysis. In *Transformation for Sustainable Business and Management Practices: Exploring the Spectrum of Industry 5.0* (pp. 155-173). Emerald Publishing Limited.
30. Granlund, M., & Malmi, T. 2002. 'Moderate impact of ERPS on management accounting: a lag or permanent outcome?' *Management Accounting Research*, 13(3), 299-321. doi:https://doi.org/10.1006/mare.2002.0189
31. Guthrie, J., Ricceri, F., & Dumay, J. 2012. 'Reflections and projections: a decade of intellectual capital accounting research.' The British Accounting Review, 44(2), 68-82.
32. Haddara, M., & Zach, O. (2011, January). ERP systems in SMEs: A literature review. In 2011 44th Hawaii International Conference on System Sciences (pp. 1-10). IEEE
33. Herbert, IP & Seal, WB 2012, 'Shared services as a new organisational form: Some implications for management accounting', *The British Accounting Review*, vol. 44, no. 2, pp. 83-97.
34. Hikal, H., Altarawneh, M., AL-Hawamleh, A., Jaradat, Z. and Elfedawy, A. (2024), "Blockchain Technology and Virtual Asset Accounting in the Metaverse", Hamdan, A. (Ed.) Technological Innovations for Business, Education and Sustainability (Technological Innovation and Sustainability for Business Competitive Advantage), Emerald Publishing Limited, Leeds, pp. 71-78.
35. Justesen, L., & Mouritsen, J. (2011). Effects of actor-network theory in accounting research. Accounting, Auditing & Accountability Journal, 24(2), 161-193.
36. Kallunki, J-P & Silvola, H 2008, 'The effect of organizational life cycle stage on the use of activity-based costing', *Management Accounting Research*, vol. 19, no. 1, pp. 62-79.
37. Kallunki, J-P, Laitinen, EK & Silvola, H 2011, 'Impact of enterprise resource planning systems on management control systems and firm performance', *International Journal of Accounting Information Systems*, vol. 12, no. 1, pp. 20-39.
38. Kanellou, A., & Spathis, C. (2013). Accounting benefits and satisfaction in an ERP environment. *International Journal of Accounting Information Systems*, *14*(3), 209-234.
39. Krahel, J. P., & Vasarhelyi, M. A. 2014. AIS as a Facilitator of Accounting Change: Technology, Practice, and Education. *Journal of Information Systems*, *28*(2), 1-15. doi:10.2308/isys-10412
40. Liamputtong, P. 2013. *Qualitative research methods* (4 ed.). South Melbourne, VIC: Oxford University Press.
41. Malsch, B 2013, 'Politicizing the expertise of the accounting industry in the realm of corporate social responsibility', *Accounting, Organizations and Society*, vol. 38, no. 2,
42. Markides, C. 2006. 'Disruptive innovation: In need of better theory'. *Journal of Product Innovation Management*, 23, 19–25.

43. Marvasti, A. 2004. Qualitative Research in Sociology. Sage
44. Mitra, T., Kapoor, R. and Gupta, N. (2023). "Studying key antecedents of disruptive technology adoption in the digital supply chain: an Indian perspective", International Journal of Emerging Markets, Vol. 18 No. 10, pp. 4669-4689. https://doi.org/10.1108/IJOEM-07-2021-1052
45. Nagy, D., Schuessler, J., & Dubinsky, A. 2016. Defining and identifying disruptive innovations. Industrial Marketing Management, 57, 119-126.
46. Newman, M., & Westrup, C. (2005). Making ERPs work: accountants and the introduction of ERP systems. *European Journal of Information Systems*, *14*(3), 258-272.
47. Nixon, B., & Burns, J. (2012). The paradox of strategic management accounting. *Management Accounting Research*, *23*(4), 229-244.
48. Qu, S. Q., & Dumay, J. (2011). The qualitative research interview. Qualitative research in accounting & management, 8(3), 238-264.
49. Rathore, B., Gupta, R., Biswas, B., Srivastava, A., & Gupta, S. (2022). Identification and analysis of adoption barriers of disruptive technologies in the logistics industry. *The International Journal of Logistics Management*, *33*(5), 136-169.
50. Ritch, E. L., Canning, C., & McColl, J. (2023). Conclusion and the Promise of Hope. In Pioneering New Perspectives in the Fashion Industry: Disruption, Diversity and Sustainable Innovation (pp. 291-299). Emerald Publishing Limited.
51. Ritch, E.L. and McColl, J. (2021), "Pseudo Modernity", Ritch, E.L. and McColl, J. (Ed.) New Perspectives on Critical Marketing and Consumer Society, Emerald Publishing Limited, Leeds, pp. 75-88. https://doi.org/10.1108/978-1-83909-554-220211007
52. Silva, J. P. N., & Grützmann, A. (2023). The evolution of the disruptive ecosystem: a framework integrating disruption, ecosystems, and business models. European Journal of Innovation Management, 26(5), 1255-1270.
53. Taylor, M. C. (2005). Interviewing. Qualitative research in health care, 39-55.
54. Thakur, R., AlSaleh, D., & Hale, D. (2023). Digital disruption: a managers' eye view. Journal of Business & Industrial Marketing, 38(1), 53-70.
55. Tomo, A., Mangia, G. and Canonico, P. (2023), "Innovating processes and processing innovation: strategic approach to innovation in accounting firms", Journal of Economic and Administrative Sciences, Vol. 39 No. 4, pp. 1195-1209. https://doi.org/10.1108/JEAS-03-2020-0029
56. Touron, P 2005, 'The adoption of US GAAP by French firms before the creation of the International Accounting Standard Committee: an institutional explanation', *Critical Perspectives on Accounting*, vol. 16, no. 6, pp. 851-73.
57. Wessels, P. L. (2005). "Critical Information and Communication Technology (ICT) Skills for Professional Accountants." *Meditari Accountancy Research*, 13(1), 87-103. doi:10.1108/10222529200500006.
58. Wu, J, Boateng, A & Drury, C 2007, 'An analysis of the adoption, perceived benefits, and expected future emphasis of western management accounting practices in Chinese SOEs and JVs', *The International Journal of Accounting*, vol. 42, no. 2, pp. 171-85.
59. Youssef, M.A.E.-A. and Mahama, H. (2021), "Does business intelligence mediate the relationship between ERP and management accounting practices?", Journal of Accounting & Organizational Change, Vol. 17 No. 5, pp. 686-703. https://doi.org/10.1108/JAOC-02-2020-0026