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Challenges faced by financial and accounting professionals

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Abstract

The Fifth Industrial Revolution has necessitated new skills and competencies from financial and accounting professionals. This study aims to investigate how emerging knowledge and skills in the field of finance and accounting are being defined globally, and to examine the skills imparted to financial and accounting professionals through Mongolia's higher education system using a survey method. A questionnaire was administered to a total of 111 accountants to determine how these skills are acquired. The results were analyzed using factor analysis to identify correlations. The findings indicate that knowledge and skills acquired through experience vary significantly across different years of work experience groups. Efforts should be made to address this disparity in the future.

Keywords: Fourth industrial revolution, artificial intelligence, blockchain, accounting, future trends

Introduction

Globally, the standardization of financial accounting professionals has led to the integration of automated accounting systems into professional practices. This not only generates big data resources with artificial intelligence capabilities but also demands new cloud computing knowledge and skills from financial accounting professionals.

The skills provided to financial accounting professionals and graduates through our current educational system are facing challenges in the face of new capabilities in artificial intelligence and cloud computing. Employers and companies now demand a "strategic analyst role" from financial accounting professionals, which necessitates the recognition of professional development trends and the need to update training and retraining activities for professionals. It is essential to identify the impact of artificial intelligence on the finance and accounting profession, determine the required knowledge and skills, study how newly emerging knowledge and skills in the accounting profession are being defined globally, and assess the level of issues faced by our financial accounting professionals.

- **Model-1:** Document analysis of research papers listed in the international research database SCOPUS, which mention the necessary skills and competencies for accountants, indicates that recent research trends are shifting towards management and big data. This trend suggests that with the advancement of technology and the influence of artificial intelligence, new hard and soft skills are emerging for financial accounting professionals.
- **Model-2:** Among the works in SCOPUS, a study examining the impact of artificial intelligence on the performance of financial and accounting operations among 185 accountants and managers in Nigeria holds a significant position. The study found that the use of artificial intelligence by financial accounting professionals positively affects the performance of financial and accounting functions, reinforcing the conclusions of Model-1.
- **Model-3:** Beverly Jackling and Dr. Paul De Lange (2006) listed the technical and general skills developed during bachelor's programs in finance and accounting, studying them from both the perspectives of graduates and employers. They conducted a survey among 174 graduates from Australian universities and compared it with the criteria set by employers. The study concluded that universities did not sufficiently incorporate the skills required by employers into their curricula. Employers emphasized teamwork, leadership, self-expression, and communication skills as the most important, yet these were inadequately reflected in university programs.

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Skills of Financial and Accounting Professionals

In December 2023, we prepared a survey consisting of 40 questions divided into 8 sections to identify how well financial and accounting professionals possess the common skills outlined by the International Association of Certified Public Accountants. The survey was administered to 111 financial and accounting professionals. The responses were evaluated using Likert scale scores, and data analysis was conducted using SPSS 26 and Stata 14.2 software.

Information about survey participants

Table 1: Professional Qualification

No	Survey participants	Quantity	Percentage
1.	Professional Accountant	18	16.2%
2.	Professional Tax Consultant	1	0.9%
3.	Auditor	5	4.5%
4.	Professional Financial Evaluator	1	0.9%
5.	Without professional qualification	88	79.3%

Table 2: Current place of employment

No	Current place of employment	Quantity	Percentage
1.	Limited Liability Company	58	45.3%
2.	Budgetary Institution	14	10.9%
3.	State-Owned Enterprise (SOE)	9	7%
4.	Banking and Financial Sector	6	4.7%
5.	Auditing Sector	7	5.5%
6.	Limited Liability Company	5	3.9%
7.	Joint-Stock Company	4	3.1%
8.	Others	8	7.2%

Table 3: Work experience

No	Years of Experience	Quantity	Percentage
1.	Over 20 years	12	10.8%
2.	16-20 years	11	9.9%
3.	11-15 years	11	9.9%
4.	6-10 years	10	9.0%
5.	1-5 years	28	25.2%
6.	First year	18	16.2%
7.	Never worked	21	18.9%
8.	Total	111	100.0%

Based on the research, the following scenario emerged in identifying which skills are the most pressing

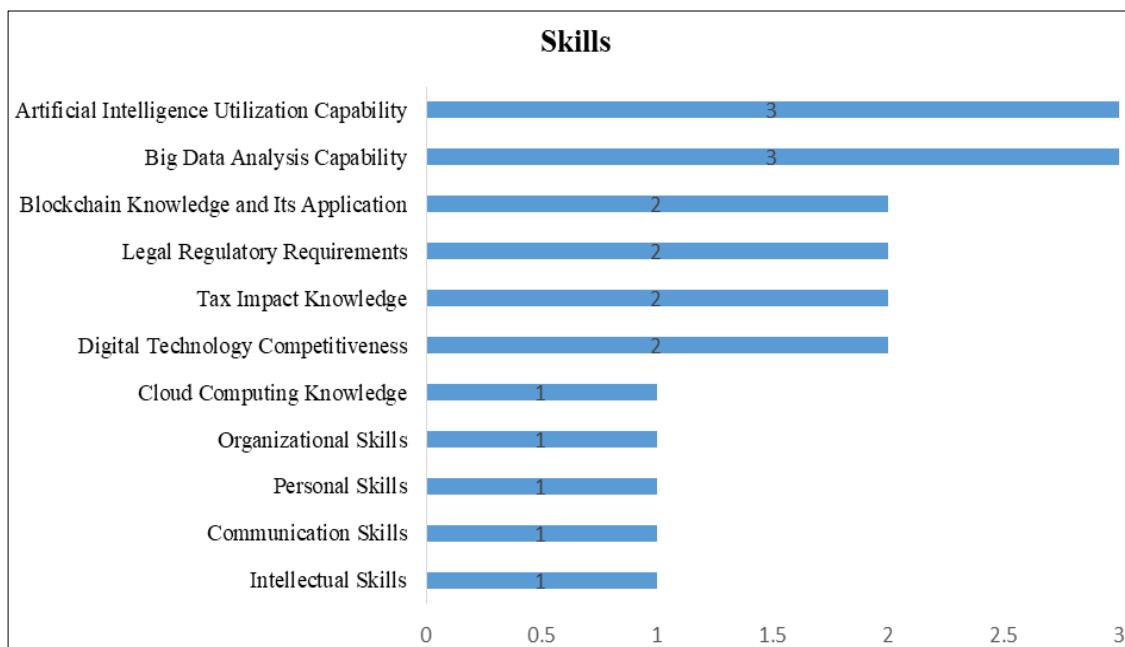


Fig 1: Skills in demand of Financial and Accounting Professionals

It appears that the most pressing issues for our financial and accounting professionals are the ability to utilize artificial intelligence and the capability to analyze big data.

Employer Criteria: A survey was conducted by asking

employers to name the main criteria for selecting a financial and accounting employee. The survey included responses from 57 directors and managers. The following picture emerged from the survey results

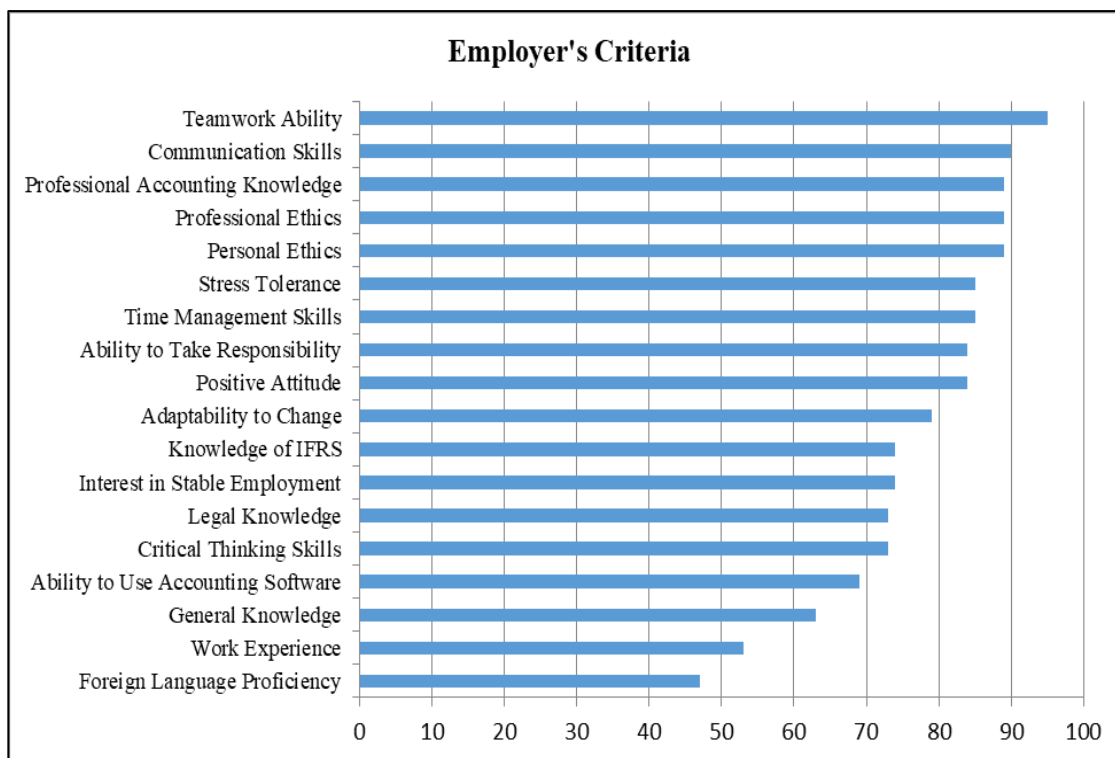


Fig 2: A Employer's Criteria

From this, it can be seen that employers prioritize soft skills such as teamwork ability, communication skills, workload capacity, time management, and accountability as their main criteria.

Analysis of the correlation between the skills of accounting professionals and employer criteria

A survey was conducted to assess the self-evaluated skills of professionals working in the accounting field and a factor

analysis was performed on the criteria set by employers. From the two surveys, factor analysis was carried out by consolidating 14 types of variables into a few factors based on their intercorrelation. The suitability or compatibility of the data was tested using the Kaiser-Meyer-Olkin test, the relevance of each group variable was tested using Bartlett's test of sphericity, and the method of ranking factors from higher variance to lower variance was utilized.

Table 4: The results of my factor analysis

No	Skills of Professional Financial Accountant Soft Skills		Factor Load Value		
			Hard Skills	Experience	
1	High Communication Skills	Q11	.791		
2	Problem-Solving Ability	Q12	.781		
3	Emotional Control and Ethical Conduct	Q17	.736		
4	Adaptability in Uncertain Situations	Q14	.713		
5	Cloud Computing Knowledge	Q7		.833	
6	Blockchain Knowledge and Its Application	Q6		.793	
7	Knowledge of Cybersecurity	Q8		.751	
8	Ability to Utilize Artificial Intelligence	Q1		.697	
9	Digital Technology Proficiency	Q3		.682	
10	Foreign Language Proficiency	Q9		.677	
11	Big Data Analysis Capability	Q2		6.38	.515
12	Legal Knowledge	Q5			.764
13	Tax Knowledge	Q4			.762
14	Knowledge of International Standards	Q10	.394	.475	.498
Total % of variance			4.332	4.323	2.767
Cumulative %			25.481	25.432	16.275
KMO=.874 Bartlett's Test of Sphericity=1239.327(.000)			25.481	50.913	67.188

According to Table 4, the Kaiser-Meyer-Olkin (KMO) test has a value of 0.874 ($p < .000$). When measuring the correlation between variables based on factor loadings, there are some shortcomings. Therefore, at the end of the factor analysis, the variables were classified using factor rotation, and the 14 indicators were divided into three groups that met the criteria. Factor-1, or soft skills, explains 25.5%, Factor-

2, or hard skills, explains 25.4% and Factor-3, or experience and knowledge, explains 16.3%, accounting for a total of 67.2% of the skill indicators. The factor rotation indicates that the higher the load of the questionnaire, the stronger the positive correlation with the factor dimension. If the factor loading variable is greater than 0.4, it is considered significant, and if it is above 0.5, it is deemed highly

significant. Additionally, during the analysis, two variables (Q2, Q10) that caused dual loading were excluded. The factor loading values for each skill range from 0.677 to 0.833, indicating a strong positive correlation between the

factors and their dimensions. After conducting the factor analysis, reliability analysis was performed to determine whether the skills of financial accounting professionals were correctly classified into the employer's criteria factors.

Table 5: Reliability Analysis

	N	Reliability	Average	Standard Deviation	Minimum	Maximum
Skills of a Professional financial accountant	17	.927	2.47	1.31	1.85	3.16

Table 6: The results of the reliability analysis

	Skills	Between-group variance	Mean Square Between (MSB)	F-statistic value	Significance level
1	Ability to Utilize Artificial Intelligence	7.996	1.333	1.476	.194
2	Capability to Analyze Big Data	10.952	1.825	2.668	.019
3	Skill in Using Digital Technology	3.374	.562	.848	.536
4	Knowledge of Taxation	16.233	2.705	4.815	.000
5	Knowledge of Law and Legal Frameworks	14.066	2.344	3.956	.001
6	Blockchain Knowledge and Its Application	14.735	2.456	2.496	.027
7	Cloud Computing Knowledge	8.656	1.443	1.385	.228
8	Knowledge of Cybersecurity	4.458	.743	.777	.590
9	Foreign Language Proficiency	7.004	1.167	1.585	.159
10	Knowledge of International Standards	17.246	2.874	4.506	.000
11	High Communication Skills	2.962	.494	.848	.536
12	Problem-Solving Ability	2.602	.434	.873	.518
13	Risk Management	10.527	1.755	2.891	.012
14	Adaptability to Uncertainty	5.702	.950	1.722	.123

According to Table 6, knowledge about taxes, legal and regulatory requirements, and international standards are evaluated differently among groups with varying years of experience. The fact that $p < .001$ for these types of knowledge indicates that financial accounting professionals acquire this knowledge through their work experience. For other skills, it is now becoming essential for financial accounting professionals to acquire them..

Conclusion, Recommendation

- The rapid development of technology is creating many new skills. According to the results of the reliability analysis, the ability to use artificial intelligence and the ability to analyze big data are the most pressing needs for financial accounting professionals. Additionally, technology-dependent hard skills are increasingly required for financial accounting professionals.
- Today, companies and employers focus on soft skills when selecting accountants for jobs.
- The lack of a noticeable correlation between hard and soft skills and years of work experience indicates that all financial accounting professionals need to acquire new skills. Therefore, it is recommended that all financial accounting professionals improve their professional skills, communication attitudes, information technology knowledge, artificial intelligence, and cloud computing knowledge.
- The international standard of education is the minimum requirement that higher education professionals should possess. Therefore, it would be appropriate for the Ministry of Education and Science and the Ministry of Finance, which determines development policy, to ensure that they do not produce professionals who do not meet these requirements.

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