

DIGITISATION – AN IMPORTANT TOOL FOR THE TRANSFORMATION OF SOCIETY IN TERMS OF SUSTAINABLE DEVELOPMENT

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Abstract In the post-pandemic period, greater emphasis has been placed around the world on addressing environmental and societal issues, leading to a stronger perception of society's impact on environmental protection. One of the strategic plans for how the government of the Slovak Republic can contribute to the start of rapid and sustainable economic growth after the effects of the COVID-19 pandemic in Slovakia is the Recovery and Resilience Plan of the Slovak Republic. The role of the Green Economy within the Slovak Recovery and Resilience Plan is to support environmental sustainability, while the transformation of society into a digital society and 'digitisation' itself is considered a significant green innovation in a sustainable business environment with a positive impact on environmental protection. The aim of the paper is to evaluate the key area of public policy digitisation, because its successful implementation in society has a significant impact on the Slovak legislation in the field of accounting.

Keywords:

green economy,
digitalisation,
COVID-19
pandemic,
accounting act,
sustainable
development

1 Introduction

The COVID-19 pandemic has raised many questions throughout the world about the impact our society has on the environment and the search for solutions and tools that could help in facilitating environmental sustainability. (Biela, 2021; Glittová, 2021) Overall, sustainability emphasises protection of our natural environment and human health, while in order to support a balance between the ecosystems and innovations and economic behaviour it needs to be improved in the name of sustainability of people and the environment (Bednarčíková & Repiská, 2021). Many companies perceive that a digital society has a significantly positive effect on environmental protection while ‘digitalisation’ itself is perceived as an important green innovation of a sustainable business environment with a positive impact on environmental protection. (Brenner & Hartl, 2021) COVID-19 has had a drastic impact on the global economy, business activities and people, however, it is digitalisation that has helped many companies in the private and public sectors to adjust to the situation and overcome the current situation caused by the coronavirus. It could be said that even if the COVID-19 restrictions are lifted, the experience of restricted living during the pandemic gave rise to a trend where people, regardless of their lifestyle choice and acceptance of the options offered by digitalisation, will have to accept and live in a digital world that is gaining on intensity.

2 DigitaliSation in the Slovak Republic

The availability of scientific and technological information, access to environmentally friendly technologies and their transfer represent basic requirements for achieving sustainable development (Rusko, 2019). There are already a number of digitalisation projects that have been applied in Slovakia, with the aim of simplifying administrative processes, for example, in financial administration. The aim of financial administration is to utilise digitalisation in the creation of paper-free financial administration, electronic tax administration, the establishment of a new customer (taxpayer) care system, strengthening of control and analytical activities and support for a call centre and communication with clients (Financial Administration, 2021). The Financial Administration of the Slovak Republic has already implemented digital projects and is gradually implementing other such digital projects. It is currently applying four digital projects in the area of digitalisation, namely electronic communication, eKasa, a call centre and social

networks, and TAXANA (chatbot) (Financial Administration, 2021). Overall, the implementation of digitalisation of the Financial Administration has been met with a positive response in relation to the everyday activities of businesses or citizens, which is also reflected in a significant increase in the portion of electronic submissions performed remotely without travelling, as well as the preference of energy-efficient technologies, both of which contribute to meeting long-term environmental goals (Digitálne Slovensko, 2021). The next project, which facilitates digitalisation by use of own key areas, is the Recovery and Resilience Plan of the Slovak Republic.

2.1 Digitalisation according to the Recovery and Resilience Plan of the Slovak Republic

The Recovery and Resilience Plan (RRP) of the Slovak Republic has been designed to contribute to the start of rapid and sustainable economic growth after the effects of the COVID-19 pandemic in Slovakia. Following a positive review of the RRP in July 2021, the Council for Economic and Financial Affairs approved the plan, thus Slovakia became one of the first countries to secure finances for the realisation of key reforms and investment in relation to the RRP, which are important for a sustainable and competitive future of Slovakia and for a quick recovery from the crisis (Ekonomika, 2021). The RRP of the Slovak Republic 2021 focuses on five key areas of public policies (Recovery and Resilience Plan, 2021):

- green economy,
- better health,
- efficient public administration and digitalisation,
- high-quality education,
- science, research and innovations.

The area of efficient public administration and digitalisation comprises five key components:

1. Improvement of the business environment,
2. Reform of the justice system,

3. Fight against corruption and money-laundering, security and protection of the population,
4. Digital Slovakia (country in phone, cybersecurity, fast internet for everyone, digital economy),
5. Healthy public finances.

The main goal of this key area is a functional digital economy and a society ready for ongoing technological changes in digitalisation, where the development of electronic public administration (eGovernment) which provides services focused on citizens and business owners as well as cybersecurity – processes and principles that secure trust in the interaction of citizens, businesses and public administration, digital skills of not only pupils and students, but also employees within industries and public administration or seniors so that no entity would be excluded from this digital age – represents a necessary requirement in order to achieve this goal. High-quality, high-speed infrastructure built upon optic and new technologies represents the base of digitalisation. Improvements in eGovernment facilitated by a connectivity reform, which should enable access to online tools and services for all citizens, should speed up digitalisation. The core of digital transformation should be realised by reforms and investments, not only in the public administration sector, but also in areas of industrial production and service provision, mainly via utilisation of digital technologies that impact society (Digitálne Slovensko, 2021).

This component enables the realisation of transformation in two areas – digital transformation and green transformation. Support for research, innovation and education is a crucial attribute for the success of the green transformation. To contribute to the green transformation, it is possible to take advantage of digital technologies and their benefits (Green Deal, 2021). Expanding the availability of ultrafast broadband connection is based on specific recommendations for the country in relation to the development of digital infrastructure, as well as essential reforms of the RRP of the Slovak Republic for digitalisation and connectivity (Digitálne Slovensko, 2021). Successful countries have sped up their digitalisation of various administrative processes pertaining to obtaining financial assistance from state support schemes online during the pandemic, and in general being behind in digitalisation impacts gross domestic product and dealing with the corona crisis (FinReport, 2021).

2.2 Digitalisation of bookkeeping

Digital transformation is a profound change that accelerates business activities, process, competencies and models with the aim of fully utilising the change and opportunities in digital technologies and their strategic impact on society as a priority (Bican & Brem, 2020). The transformation of society to a digital society has also affected the Slovak Republic. Its impact is reflected in the changes of new Slovak legislation, which incorporates provisions dealing with digitalisation of various manufacturing or administrative processes. The digitalisation of accounting has been significantly impacted by Act No. 456/2021 Coll., amending Act No.431/2002 Coll. on accounting amended with effect from 1st January 2022. This act reacts to the development in society and the increasing trend of digitalisation of processes of a reporting entity recorded in its accounting. The Accounting Act adds and details conditions that a reporting entity is obliged to follow during the processing of electronic bookkeeping records.

The change specifically happened to the provision of Accounting Act in Sec. 31 Accounting record, Sec. 32 Demonstrability of the accounting record, Sec. 33 Transfer of the accounting record (Transformation of the accounting record from 1.1.2022) and the provision relating to the archiving of documentation, i.e. Sec. 35 Storing and protection of accounting documentation.

Digitisation and its systems allow entities to record the same as can be recorded on paper. Therefore, in the interest of environmental protection, entities are leaning towards the digitisation of administrative processes and bookkeeping records. Due to this interest, the amendment to the Accounting Act has defined, in addition to the term ‘accounting record in paper form’ (in the previous Accounting Act defined as a written form of an accounting record), the term ‘electronic accounting record’, which means an accounting record:

- issued in an electronic format and received or accessed in an electronic format, where the electronic format is defined by the issuer of the bookkeeping record or set by an agreement with the recipient of the bookkeeping record,
- sent electronically, where it may constitute an attachment to an email,

- in an electronic format for internal purposes of the reporting entity (Sec. 31 (2) (b) Accounting Act).

In terms of the bookkeeping records, the reporting entity is obliged to ensure the credibility of the origin, integrity of the content and readability of the record from the time of issue of the bookkeeping record or the receipt or access of the bookkeeping record until the end of the retention period of the accounting documentation, i.e. for a period of ten years following the year of its last use. Credibility of the origin of the bookkeeping record is provided by the issuer of the accounting record as well as by the recipient. The issuer of the bookkeeping record must be able to prove that they truly did issue the accounting record, while the recipient of the accounting record must be able to prove that the bookkeeping record they received is from the issuer (Sec. 31 (4) Accounting Act). Due to the increasing trend of digitalisation promoting more frequent transfers of bookkeeping records in an electronic format as well as access to the accounting record or transformation of the bookkeeping record at the reporting entity, the reporting entity is obliged to ensure the integrity of the bookkeeping record, which is to ensure that the facts recorded in these records do not change (Sec. 31 (5) Accounting Act). Readability of the bookkeeping record is ensured if the record can be read by the human eye. The reporting entity is obliged to retain the integrity of the contents during this process (Sec. 31 (6) Accounting Act).

When ensuring the credibility of the bookkeeping record, the reporting entity must make sure that the accounting record meets the requirements of a bookkeeping record under Sec 31 (3) of the Accounting Act, regardless of its form. A bookkeeping record is credible providing its content directly or indirectly proves a fact by the content of other bookkeeping records (Sec. 32 (1) Accounting Act). The Accounting Act regulates the signature record and what it considers to be a signature record, which is a big plus for digital processes today. A signature record is a handwritten signature, a qualified electronic signature or a similar credible signature record that substitutes a handwritten signature in an electronic format, which allows for clear and credible identification of the person providing the signature record (Sec. 32 (2) Accounting Act).

The provision of Sec. 33 of transformation of a bookkeeping record details what a transformation of a bookkeeping record is and the methods of format change of the accounting record. Under the Accounting Act, transformation means a change in the form of the accounting record during the processing of the record by an reporting entity while preserving the integrity of the record (Sec. 33 (1) first sentence of the Accounting Act), whereas a change of a bookkeeping record from a paper format into an electronic format or a change from an electronic format into a paper format constitutes a change in the format of the bookkeeping record (Sec. 33 (1) second sentence of the Accounting Act). The transformation of a bookkeeping record can only be performed by the reporting entity if the bookkeeping record is credible (Sec. 33 (2) Accounting Act).

The reporting entity may perform the transformation of a bookkeeping record from a paper format into an electronic format through a guaranteed conversion or by scanning it into a raster graphic file format, the transformation thus significantly simplifies this process. During this transformation, the reporting entity must ensure that all the requirements for a bookkeeping record are met. The reporting entity must ensure:

- completeness of the bookkeeping record in its original and new form,
- content and visual match of the bookkeeping record in its original and new form,
- readability of the whole area of the bookkeeping record in its new form,
- integrity of the bookkeeping record content, i.e. ensuring that no changes are recorded in the factual content of the bookkeeping record after transformation.

The Accounting Act also sets out a situation whereby a reporting entity does not keep bookkeeping records in an electronic format. In such cases, the reporting entity may perform the transformation of a bookkeeping record from an electronic format into a paper format if the accounting record does not contain a qualified electronic signature or a qualified electronic stamp (Sec. 33 (4) Accounting Act). Transformation of a bookkeeping record that does not contain a qualified electronic signature or a qualified electronic stamp from an electronic format into a paper format is performed by a reporting entity through the use of an output computing

device, which allows for the record to be printed by means that ensure the integrity and readability of the content of the bookkeeping record.

The amendment to the Accounting Act has had a significant impact on the storing and protection of accounting documentation in an electronic format. In the interests of the consistent protection of bookkeeping records during their storage, the reporting entity is obliged to follow the established process for the storage of accounting documentation. Due to the fact that the storage of accounting documentation already happens in an electronic format, electronic storage of accounting documentation means storage on a data carrier. The data carrier format is to be determined by the reporting entity. This may be a USB key, an external hard drive, a memory card, storage, etc. During storage of accounting documentation the reporting entity is also obliged to ensure that the bookkeeping records in an electronic format meet the relevant requirements, providing that the bookkeeping records that are stored and in the correct format as the result of a bookkeeping record transformation (Sec. 35 (5) Accounting Act).

3 Conclusion

Overall, sustainability focuses on the protection of our natural environment and human health, and the level of the protection of our environment protection and human health can be increased by implementing digitalisation as an important green innovation within a sustainable business environment. The coronavirus increased pressure on the implementation of digitalisation into the work process of reporting entities, who had to react to the changes and adjust their processes connected to the digitalisation of the tax system and processes related to accounting. Digitalisation of accounting in the Slovak Republic is governed by the amendment of the Accounting Act, which reacts to the development within society and the increasing trend of digitalisation of processes within a reporting entity that are recorded in its accounting. The Accounting Act adds and details conditions that reporting entities are obliged to adhere to during the processing of electronic bookkeeping records. It should be noted, however, that the authors of this study were not able to obtain information on the number of entities that have already starting using digital accounting in the Slovak Republic, thus during the coronavirus crisis it can be said that this trend is gaining in momentum and it is very likely that the trend of digitalisation of society will follow suit, and only businesses that are well adjusted to

the digital environment will be able to fully profit from the digitalisation in the interest of environmental sustainability.

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