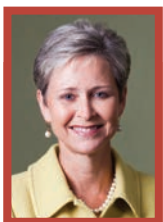


Accountancy Opportunities Galore— 2016 and Beyond



Globalization presents the accountancy profession with remarkable challenges and opportunities. How we respond to them, how we identify trends and issues, and how we stay ahead of the curve is vital. We know the impact of the accountancy profession is significant. Based on recent research, we have found that the almost three million professional accountants represented by the International Federation of Accountants (IFAC)'s member organizations—including the Institute of Chartered Accountants of India—contribute almost a quarter-trillion US dollars to the global economy. There is also a strong correlation between the number of accountants working in economies and gross domestic product (GDP) per capita, says the author, President of International Federation of Accountants, in this article while highlighting the present and future opportunities for accountancy professionals. Read on...



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Clearly, professional accountants add value to society. We help deliver better information, which supports good decision-making in businesses and government organizations—and therefore leads to an improved quality of life. Accountants can also rightly lay claim to being further ahead than perhaps any other profession in our efforts to build a truly global profession. We are bound by high-quality, global standards, independently developed in the public interest.

According to India's Ministry of Micro, Small and Medium Enterprises, MSMEs employ more than 80 million people in India and contribute about 8% to India's GDP. Wherever they are located, all SMEs need access to the expertise of professional accountants to advise on their formation and growth, to strengthen their internal controls and enhance their reporting, and to provide assurance on, and hence build confidence in, their financial statements.

Through IFAC's Statements of Membership Obligations (SMOs) and the work of our Compliance Advisory Panel, we monitor progress on the adoption and implementation of these standards. In addition to the standards on accounting and auditing, the SMOs obligate us to adhere to a rigorous ethical code, establish investigation and discipline mechanisms, and ensure that our skills remain up to date and relevant.

But a global profession is only as strong as the sum of its parts. The Professional Accountancy Organizations (PAOs) that comprise IFAC, help train, organize, and develop skilled professional accountants in their jurisdictions. They can be powerful voices advocating for the interests of the profession and of the public, speaking out on the issues and in those areas where the profession has a viewpoint and a role.

Some of the challenges and opportunities facing the accountancy profession in 2016 and beyond will depend on the national context. But there are a number of important, truly global opportunities ahead, and the global profession—in partnership with regional and national accounting organizations—needs to respond. Several of these opportunities are identified in IFAC's 2016-18 strategy, *Charting the Future of the Global Profession*. In this strategic plan, IFAC seeks to prepare the global accountancy profession for the inevitable turbulence and corresponding opportunities of the future. The strategy identifies macro trends with significant implications for the profession, outlines IFAC's planned activities in response, and highlights the economic benefits of those activities.

Smart Regulation

In late 2015, IFAC conducted its first Global Regulation Survey. It underscored how complex regulation is hindering economic activity. Key

findings included: Over 80% of respondents said regulatory impact had become more significant—and that it will continue to affect them more significantly going forward; 63% felt regulation was impacting their organization's opportunity to innovate; and four out of five respondents felt that the regulation impacting their organization was overly complex.

To be clear, smart, consistent regulation is an important part of the global economy. The profession needs to speak out, not just on regulation that affects accountants, but on regulation that impacts economic activity—and therefore the public interest. Generating an orderly and informed debate is a key role for IFAC, and we have developed 10 guiding principles to facilitate high-quality regulation.

Taxation

Tax is a hot topic, and one that is both a major local and international issue. This feeds, in part, into the profession's role in promoting smart regulation and a high-performing public sector. The issues are complex, and what is needed now is clarity on the scale of the problem, and proper international collaboration on its solution.

That's why IFAC supports the Organisation for Economic Co-operation and Development (OECD)'s holistic approach. The OECD's recently revised action plan on Base Erosion and Profit Shifting offers a rare opportunity to help address how we make taxation work better in a globalized, digital economy. If loud public outcry about corporate taxation leads more governments to unilateral action, then we will look back in a few years and wonder how we ended up with more taxation complexity than where we started. Our profession has tremendous skills to help governments understand the scale of the problem, and then tackle it.

Combating Fraud and Corruption

Another professional concern is fighting fraud and corruption. According to Transparency International: Only one billion of the world's seven billion citizens live in a country without serious fraud and corruption; and corruption costs the planet \$2.6 trillion (US) or 5% of global GDP each year. Our profession's role in fighting corruption is linked in part to our ethical standards—a critical and key differentiator of our global profession. We possess deep expertise and strong skills to help combat fraud and corruption, and we need to be a leading voice in the fight against them.

Special Write-Ups

We also need to emphasize that this is a fight that requires greater international collaboration, and that protections for whistleblowers must be extended to all employees of any organization, not just accountants. IFAC recently joined a number of professional accountancy organizations and the legal fraternity in the United Kingdom in signing a joint statement deploring global bribery and corruption. We agreed that these practices represent serious threats to “economic growth, individual livelihoods and civil society across the world.” The joint statement is yet another testament of the accounting profession’s decades-long support of this fight.

Beyond Financial Reporting

There is growing awareness that traditional financial statements do not tell the whole story. The public and the investor community are increasingly interested in corporate stewardship of non-financial resources. Integrated Reporting—or <IR>—speaks to the public’s interest in good governance and high-quality information, and that makes it an excellent opportunity for the global profession.

IFAC strongly supports <IR>, and we’ve published *Creating Value with Integrated Thinking, The Role of Professional Accountants* which sets out a vision for integrated thinking and explores how professional accountants working in both the public and private sectors can facilitate it within their organizations. We have also established a professional accountancy organization network to share knowledge and experiences to assist the profession as it takes a lead role in operationalizing <IR>.

A High-performing Public Sector

Public sector spending is a significant component of global GDP. In many countries there is a strong demand for improved public services, but—unsurprisingly—very little demand for new taxes or tax reductions to achieve them. And it is astonishing how many countries utilize incomplete, low-quality information to develop policy, make spending decisions, and manage assets and liabilities.

As you are aware, IFAC has launched its *Accountability. Now.* program, which advocates for adoption and implementation of accrual accounting, and notes that the only high-quality international standards in this area are IPSAS. Our profession’s support for sound public financial management is vital to ensuring sustainable services and

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stronger societies. The work of IFAC’s professional accountants in business committee to influence good public sector governance is one of many examples of the way in which we can work to help improve public sector accountability.

Supporting SMPs and PAIBs

Irrespective of the maturity of our economies or professions, the role of small and medium entities (SMEs) is vital—they are engines of growth, kernels of innovation, and sources of the majority of private sector value add. According to India’s Ministry of Micro, Small and Medium Enterprises, MSMEs employ more than 80 million people in India and contribute about 8% to India’s GDP. Wherever they are located, all SMEs need access to the expertise of professional accountants to advise on their formation and growth, to strengthen their internal controls and enhance their reporting, and to provide assurance on, and hence build confidence in, their financial statements.

In many jurisdictions, the small and medium practices (SMP) that provide these services likely account for the majority of those working in practice. IFAC’s annual Global SMP Survey corroborates many findings from our Regulatory Survey. Key challenges identified for SMPs also included attracting new clients, differentiating from the competition; and pressure to lower fees.

Professional accountants in business (PAIBs) are another vital group—they support a range of key organizational improvement factors including reporting, internal control, and treasury functions. Raising awareness of the importance of this sector is an important IFAC goal. IFAC produces issues papers and guidance to help support their work, including publications on topics such as integrated reporting, accounting for sustainability and business resilience, and managing risk as an integral part of organizational management.

Special Write-Ups

Given that PAIBs operate at all levels of organizations and play critical roles in ensuring organizations are successful, the professional skills of PAIBs are vital. We continue to work to boost the number of qualified accountants available to work in business, and make sure they are indeed professionally qualified and well-supported.

IFAC's Global Knowledge Gateway, which includes discussions on topics such as attracting and retaining talent, collaboration, and financial leadership, provides a number of excellent tools and resources to SMPs and PAIBs, as well as all accountants.

Talent Acquisition

It's crucial that our profession understands what attracts and retains the best possible talent. Young people today have more choices and more preferences in terms of their work environment. They also have increasingly clear requirements for the purpose of their work.

These rising professionals are generally ambitious, and eager to seize opportunities for leadership and senior management. But they also want to make a difference in their communities and in society at large, and enjoy a good quality of life. This is an especially salient point for ICAI given its contingent of approximately 850,000 students.

How we address their aspirations—and prepare them to succeed as the accountants of tomorrow—will be critical to maintaining the flow of the best and brightest into our profession.

Diversity and inclusion is also an important consideration. In the accountancy profession, diversity and inclusion is not just the right thing to do; it's smart business strategy. Teams comprised of men and women of all races and socioeconomic backgrounds can think more creatively and implement strategic solutions to benefit their clients, their business, and the economy. Research has also shown that a more diverse workforce can lead to

improved organization performance—both financial and otherwise.

Technology

Accountancy started as a manually intensive craft. Over time, professionalization and technology have helped to standardize and systematize many of our functions. Today, automation is making transactional accounting tasks and inventory management processes more efficient.

Technology is an area in which India is particularly strong. As a profession, we must continue to embrace technology to ensure that we continue to have an even greater impact on the global economy. The pace of innovation and change continues to accelerate, computers are still becoming faster, and advanced learning algorithms are becoming more commonplace. In this environment, it's clear that a child born today will be a very different kind of professional accountant in the future. We must focus on influencing the change agenda to ensure that we—and the next generation of accountants—remain relevant and are ready to meet the challenges of the global economy's vast information needs.

We all know, for example, that the future will be filled with more and more data. As a profession we need to set the agenda and prepare the next generation of accountants so they know what to do with it. As the quantity and sources of available data increases, risk of misinformation and data overload also increase—making our profession even more critical to decision makers. This will be a great value add and differentiator for our profession.

The future promises to be exciting. What will our profession look like in the years and decades ahead? It is really up to us to determine the answer. Our thinking about the future of accountancy must be informed by conversations now—in partnership with technology providers and other professions too.

I am really proud to be a professional accountant. I know of no other profession that matches our effort to be truly global—bound by the same standards of excellence that transcend both borders and language. Yes, we have—and will always have—big challenges and great opportunities ahead. But what excites me about those challenges and opportunities, is working with IFAC's member organizations around the globe to meet each of them.

Individually we may be ordinary people, but together we can achieve extraordinary things. ■

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