



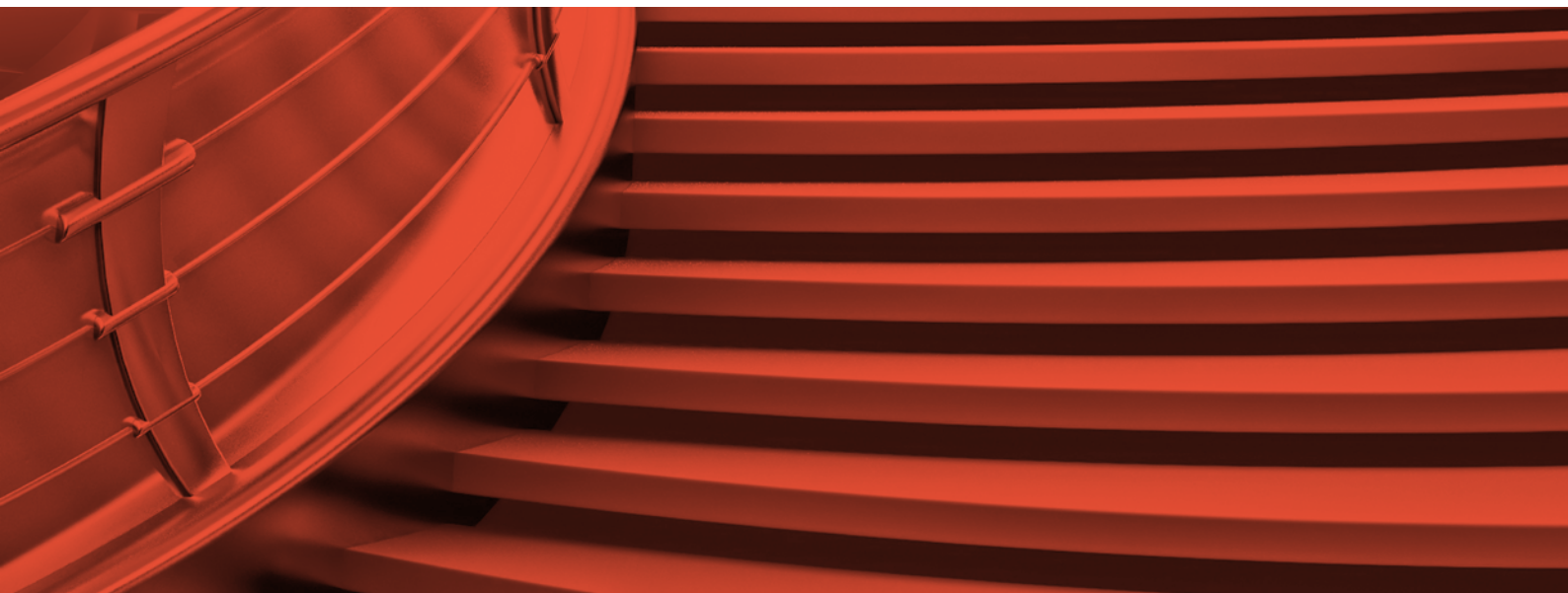
The Association of
Accountants and
Financial Professionals
in Business

The global
body for
professional
accountants



ACCOUNTANCY FUTURES ACADEMY

100 drivers of change for the global accountancy profession



FIVE MINUTES ON...

100 drivers of change for the global accountancy profession



The global economy is in a state of volatility and uncertainty. Society continues to undergo rapid and fundamental adjustments. The environmental changes that are emerging continue to stress the system. Amidst this turbulence, the global accountancy profession is itself undergoing change, driven as much by the wider pressures coming from the evolving business world, as from internal pressures. The profession is responding to the global financial crisis, to changing expectations and standards while making the most of new opportunities.

ACCA and IMA believe that by examining the drivers of change that underpin this crucial period for the future of the profession, it is possible to identify the challenges and opportunities facing the world of business, society and the profession itself. By understanding the pressures for change, their potential impact and timescale, we become better prepared to prepare and shape the future.

This study identifies 100 drivers of change. It describes the factors that a range of experts across a number of fields feel will most impact the accountancy profession into the short, medium and long-term future. By doing so it makes it possible to identify the imperatives for business and the profession to respond to change, overcome potential barriers to success and create the greatest possible value from the many opportunities that will exist.

The study also identifies potential future scenarios for the profession. Not all of them are positive but, by understanding more of the future, the profession is in a stronger position to change, adjust and evolve.

A handwritten signature in black ink, appearing to read 'Faye Chua'.

Faye Chua

Head of futures research, ACCA

About the report

This report presents the findings of a study on drivers of change for global business and the accountancy profession that was commissioned by the ACCA Accountancy Futures Academy and conducted by Fast Future Research. The study draws on inputs from members of the Accountancy Futures Academy, members of the Institute of Management Accountants (IMA), and ACCA's other Global Forums. The findings highlight what global experts see as key drivers of change that could have a critical impact on business, the accountancy profession and the global environment in which accountants will operate over the next decade and beyond.

PURPOSE AND METHODOLOGY

The primary aim of this Accountancy Futures Academy study was to address the following question:

'What are the key factors ACCA and IMA members should be thinking about to prepare for future opportunities and challenges over the next 5–10 years?'

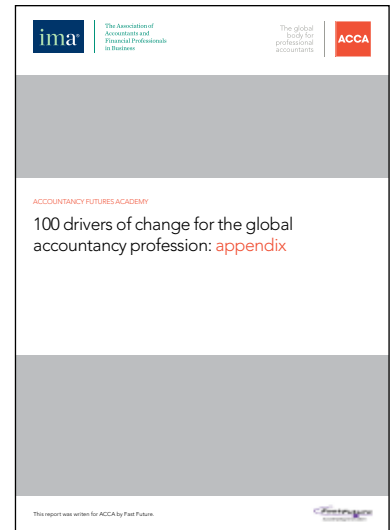
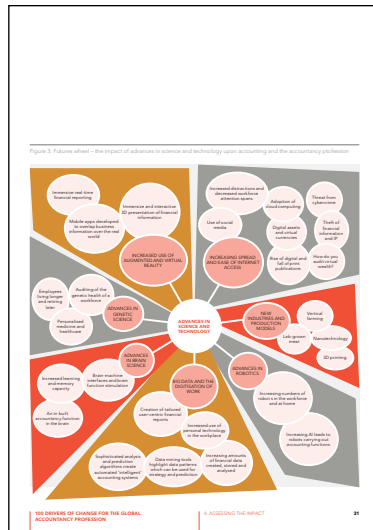
The exercise was conducted in two stages:

1 An initial series of telephone discussions and email consultations with members of the ACCA Accountancy Futures Academy,* which yielded a list of 62 drivers of change. Contributors identified what they perceived to be key drivers of change that would shape critical business and policy spheres and, as a result, the accountancy profession over the next 5–10 years.

2 These 62 drivers were then sent to members of IMA, and ACCA's other Global Forums, for review, comment and identification of additional drivers. A further 38 drivers were identified at this stage.

The final report, which this paper summarises, is based on the output from this broader engagement and contains descriptions and analysis of 100 drivers of change in total.

No future work of this type can ever hope to be definitive, but this study provides an important input into the development of future organisational strategy. It provides accountancy organisations and professionals, and the businesses in which they work, a framework for preparing for, adapting to and influencing change.



* Forum members can be found here, at: <http://www.accaglobal.com/en/research-insights/global-forums/futures-academy2/members.html>

Turbulence is the new normal

The overriding global themes for the decade ahead are those of shifts in regional wealth and power, extreme economic uncertainty and political transitions. At the same time, the business landscape is being reshaped by a combination of market volatility, globalisation and transformational innovation. The impact of these challenges is compounded by rapid advances in science and technology, demographic shifts and disruptive new business models. Collectively, these forces of change are driving new societal values, needs and expectations. In short, they are transforming every aspect of our world.

DEVELOPING A BUSINESS RADAR

In the face of such all-encompassing change, there is a growing recognition in business of the need to develop a rigorous understanding of these and other emerging drivers of change and to prepare for a range of possible future scenarios. Indeed, some businesses already have well developed capabilities for scanning the horizon and identifying key factors and forces shaping the future. These enable them to weather emergent shocks and capitalise on new opportunities. Others recognise they do not as yet have such a well-tuned future radar and, as a result, have been caught out by changes in both the macro-economy and their operating environment.

FUTURE-PROOFING THE ACCOUNTANCY PROFESSION

For accountants there is a twofold challenge: firstly, understanding how the key forces shaping the future could affect the businesses they serve. Secondly, there is a need to assess the implications for accounting standards and processes and the accounting profession as a whole. The impacts encompass everything from the CFO's role and reporting standards through to the training and development of tomorrow's accountant.

THE 'DRIVERS OF CHANGE' STUDY

To help accountants and business leaders prepare for an uncertain tomorrow, this research explores the emerging drivers of change that could have the greatest impact on business and the accounting profession over the next decade. The study draws on inputs from ACCA's Accountancy Futures Academy, as well as members of the IMA and ACCA's other Global Forums, coupled with extensive desk research and analysis.

STRATEGIC IMPACTS FOR BUSINESS AND THE ACCOUNTANCY PROFESSION

Analysis of the drivers and the potential interactions between them suggests that the decade ahead will be characterised by a combination of critical forces impacting business and the profession – key amongst them being:

FORCES SHAPING THE BUSINESS ENVIRONMENT

- **Global economy**
Continued globalisation taking place against a backdrop of persistent economic turbulence and uncertainty and growing pressure to rethink the entire global economic and financial governance infrastructure.
- **Business environment**
Growing business and regulatory complexity coupled with intensified global competition and shortening business cycles.

- **Innovation and change**

Rapid advances in science technology are driving disruptive innovation, overhauling industry structures, challenging and reinventing business models and spawning new sectors.

- **Society and work**

Changing social values and expectations of work, an increasing global population and an ageing society working well past current retirement age are creating challenges for how technology is managed and leveraged to integrate a diverse multigenerational, multicultural and multinational workforce.

- **Learning and development**

The structure, techniques, distribution channels and costs of providing education and training are being transformed, with a growing trend towards online courses and accelerated learning.

FORCES DRIVING CHANGE IN THE ACCOUNTANCY PROFESSION

- **Trust and reporting**

Pressures are increasing on the accounting profession to strengthen its public image and go beyond current financial reporting practices to provide a more transparent, simplified but holistic picture of a firm's health and prospects.

- **Regulatory expectations**

An increasing regulatory burden could drive up the cost of compliance.

- **Standards and practices**

There is a drive to globalise accounting standards and practices.

- **Intelligent systems and big data**

There is potential to use intelligent systems, data mining and predictive analytics to exploit the repositories of 'big data' that firms are amassing and as a result transform both the operational and interpretive elements of accountancy.

- **Organisational remit**

There are increasing expectations that the CFO and accounting function should play a far greater role in everything from strategic decision making to the design of new revenue models.

FROM ACTION TO OUTCOMES – SCENARIOS FOR THE FUTURE OF THE PROFESSION

There are significant uncertainties over exactly how the driving forces presented in this report may play out. What is clear is that, however they unfold, the resulting impact will be transformational both for business as a whole and for the accountancy world in particular. The ten action imperatives provide a clear focus for leadership attention. The ways in which companies and the profession respond and the relative importance and priority they attach to the different imperatives could lead to a range of alternative possible outcomes or scenarios.

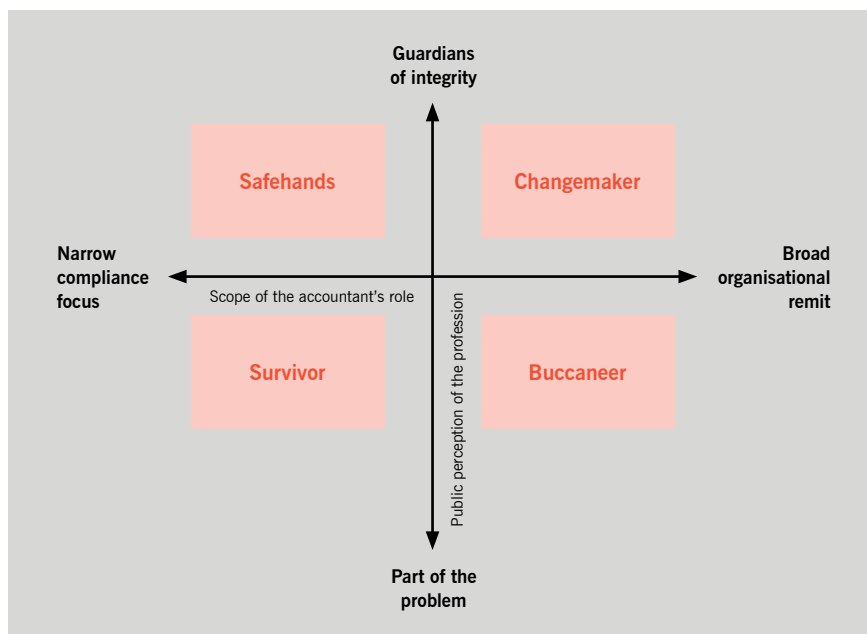
To explore these different possible outcomes, the study has outlined four alternative scenarios for the future of the accountant's role in a changing world over the next decade. The scenarios are based on two key influencing factors, with a range of options for how they might play out over.

Turbulence is the new normal (continued)

Public perception of the profession – with a spectrum of possibilities ranging from ‘part of the problem’ to ‘guardians of integrity’.

Scope of the accountant’s role – ranging from a ‘narrow compliance focus’ to a ‘broad organisational remit’.

As a result of considering the extremes of the spectrum, four possible scenarios emerge; these are presented looking back from a point ten years into the future and are explored in the main report.



Recommendations

Through exploration of the drivers and analysis of their potential implications, a clear set of implications and priorities emerges for business and the accounting profession. These priorities have been consolidated into ten key ‘strategic action imperatives’. These imperatives need to be addressed as a matter of priority if business and the accountancy profession are to ensure they can perform effectively in the decade of uncertainty and rapid change that lies ahead.

Five imperatives for business	Five imperatives for the accountancy profession
<p>Assume and plan for volatility With uncertainty as the new normal, businesses have to factor in turbulence as a very real possibility and develop strategies for a range of different economic and market scenarios.</p>	<p>Embrace an enlarged strategic and commercial role As businesses adapt to a turbulent environment, opportunities are emerging for accountants to assume a far greater organisational remit. The potential exists to leverage the capabilities of the accountant across all aspects of corporate decision making from strategy formulation through to defining new business models.</p>
<p>Build your radar Systematic, organisation-wide approaches are required for scanning the future external environment. Preparing for a wide range of possibilities, tolerance of uncertainty, curiosity and ‘seeing round corners’ are becoming critical development priorities for managers and leaders alike.</p>	<p>Establish trust and ethical leadership The profession needs to be seen to be addressing clear public concerns. According to the research conducted for this report, there is a perception that it could do more to highlight and prevent everything from small scale financial irregularities through to the major systemic failures that helped cause the GFC and ensuing economic uncertainty.</p>
<p>Pursue technology leadership The pace and disruptive potential of information and communications technology (ICT) development has placed technology at the heart of strategy and operations of businesses of almost every size. New mindsets and approaches to technology management are required to exploit and extract full value from the next decade of advances.</p>	<p>Focus on a holistic view of complexity, risk and performance There is growing consensus on the need for reporting to provide a firm-wide view of organisational health, performance and prospects. Such a holistic perspective must acknowledge the complexity of modern business and encompass financial and non-financial indicators of a firm’s financial status and potential.</p>
<p>Prepare for true globalisation Development of a truly global operating model is becoming a priority. A clear emphasis is required on leveraging technology effectively. Equally important is developing the capability of management to work with, adapt to and get the best out of a multi-location, multicultural and age-diverse workforce.</p>	<p>Develop a global orientation The pace of global expansion of firms from developed and developing markets alike is placing the spotlight on accountancy’s ability to master the technical, language and cultural challenges of cross-border operations.</p>
<p>Develop a curious, experimental and adaptable mindset A critical success factor in an increasingly complex and fast changing environment is building a ‘curious’ culture. This implies nurturing an environment that is open to external ideas in which participants are encouraged to forge a network of strong working relationships across the entire business ecosystem.</p>	<p>Reinvent the talent pool The diverse range of demands and impacts on the profession is forcing a rethink of everything from training and development through to the type of people being recruited. Characteristics such as entrepreneurial spirit, curiosity, creativity and strategic thinking skills could assume far more significance in the selection of tomorrow’s accountants.</p>

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

We support our 147,000 members and 424,000 students in 170 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of 83 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

About IMA®

IMA® (Institute of Management Accountants), the association for accountants and financial professionals in business, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) program, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 60,000 members in 120 countries and 200 local chapter communities. IMA provides localised services through its offices in Montvale, N.J., USA; Zurich, Switzerland; Dubai, UAE; and Beijing, China.

About Fast Futures

Fast Future Research is a global strategy, foresight research and consulting firm that undertakes horizon scanning, scenario planning and in-depth studies on the future of key sectors. Fast Future works with clients in global businesses around the world to help them understand, anticipate and respond to the trends, forces and ideas that could shape the competitive landscape over the next 5–20 years. Fast Future's consulting draws on a range of proven foresight, strategy and creative processes to generate deep insight into a changing world. These insights are used to help clients develop innovative strategies, create disruptive business models and define practical actions to implement them.

The Accountancy Futures Academy

The Accountancy Futures Academy contributes to ACCA's programme of research and insights with powerful visions of the future. It provides a platform to look forward, to tune into the emerging trends and discussions in the global business and policy spheres and the latest reforms facing the world of finance.

By looking to the future it helps the profession stay at the cutting edge. The Academy's work fosters fresh thinking and innovative discussions, identifies the barriers to and facilitators of tomorrow's successes, and identifies the potential strategies that will enable business and finance to navigate the choppy waters that lie ahead.

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