



Think Ahead

The background is a long-exposure photograph of a rocky coastline. The rocks are covered in vibrant green moss and are scattered across the frame. The water is blurred into soft, white, ethereal streams that flow between the rocks, creating a sense of movement and tranquility. The sky is a pale, overcast blue.

**ACCOUNTING  
FOR A BETTER  
WORLD:**  
Priorities for a  
transforming  
profession

# About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **233,000 members** and **536,000 future members** based in **178 countries and regions**, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in **our purpose**. In December 2020, we made commitments to the **UN Sustainable Development Goals** which we are measuring and will report on in our annual integrated report.

We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation.

Find out more at [accaglobal.com](https://www.accaglobal.com)



## About this report:

**This report considers the role of the accountancy profession in playing its part in shaping a better world for the future.**

It identifies seven core priority areas for the profession to focus on as we look ahead, as well as sharing case studies and stories that bring to life why the accountancy profession matters, and why it remains integral in helping economies and wider society to advance in the future.

# Foreword



**Helen Brand**  
Chief executive, ACCA

**The tragedy that has unfolded in Ukraine is a reminder to us all that global peace and security is a precious commodity. The devastating humanitarian crisis and fall out from the conflict compounds the challenges the global economy was already facing from the Covid-19 pandemic. Recent events will have an indelible impact on global geo-political stability for the future and shape our collective destiny. At the time of writing it is impossible to gauge precisely the longer-term implications of what has happened over the last few weeks.**

At the same time, however, somehow we must continue to try and look forward. If nothing else, the tragedy amplifies our responsibility to future generations to ensure they inherit a better world. Beyond the immediate priority of a just and peaceful end to the military conflict, we must continue to strive to improve the status quo more broadly. From supporting emerging economies to grow and strengthening stakeholder trust in businesses and institutions, through to transforming life-time education opportunities, building more inclusive and equitable societies, and of course responding to the climate emergency, there is much to do.

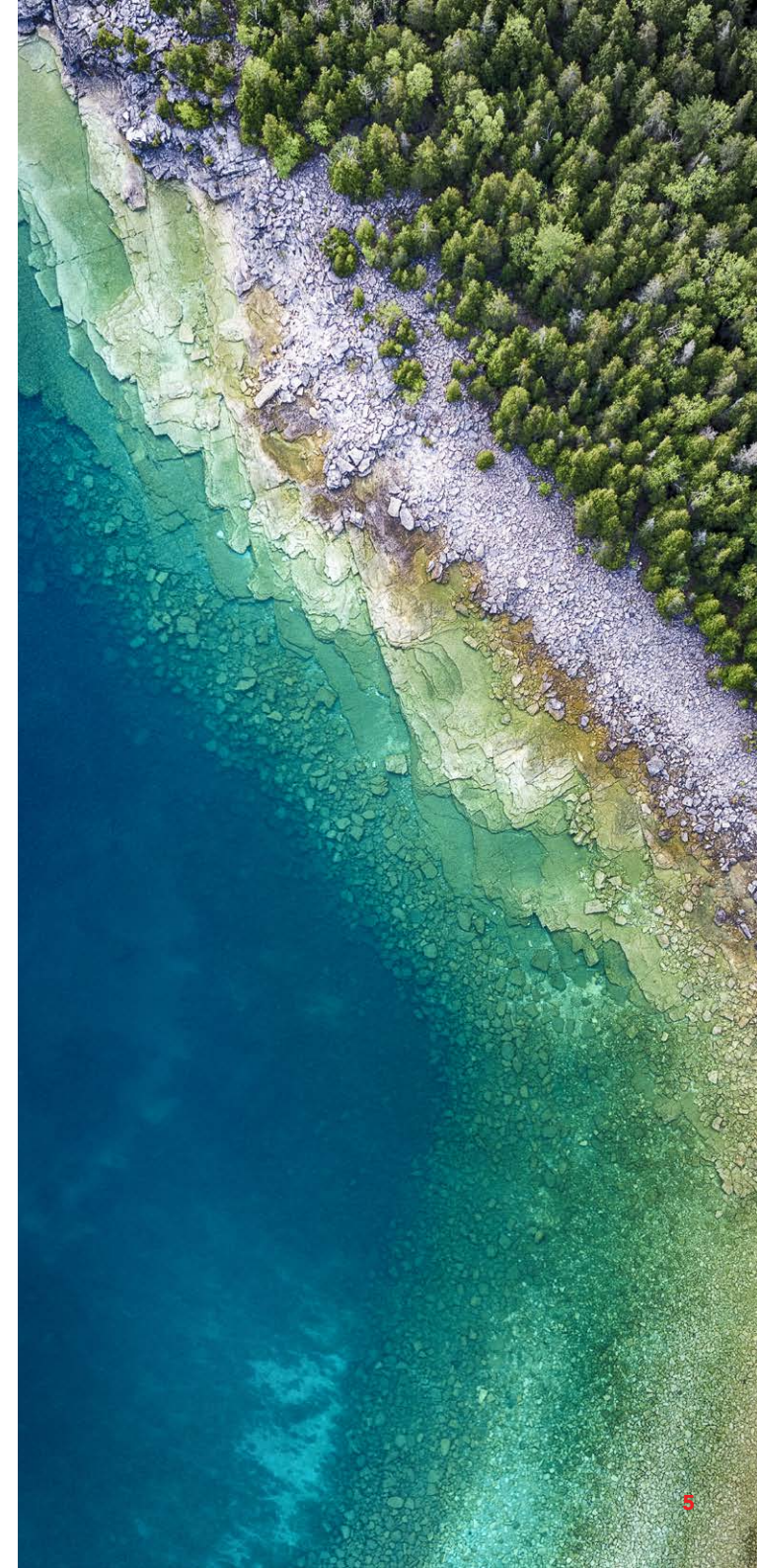
No profession of course can solve all the challenges global society faces today, but they can each play their part and contribute to helping make the world a better place for the future in different ways. This is as true for the accountancy profession as it is for any other profession. From helping develop global standards of governance and regulations

that underpin the workings of the modern economy, through to delivering assurance and financial management practices that drive trust at the heart of sustainable organisations, the profession is a cornerstone of economic and societal progress. Fundamental to this mandate is a global profession that must always operate with ethics at its core and in the public interest, wherever it discharges its responsibilities across the world.

In these difficult times, this report takes a lens and looks ahead. It considers the priorities facing the accountancy profession in helping create a better tomorrow. By sharing stories and examples across the profession, we also seek to strike a cautious yet prevailing note of hope for the future, illuminating and showcasing the role of accountancy, and the positive contribution accountants can make in forging a new path to a better destination for global society.

# Why accountancy is important for the future

FIGURE 1: Seven core priorities




# Why accountancy is important for the future

**ECONOMY**

**1. Building resilient economies** 

Accountancy is a super connector in the global economy. It's a profession that will continue to work with partners, regulators, governments, trade organisations and donor communities across the world to support international trade, good governance, security and sustainable infrastructure development in emerging economies.

**TALENT**

**2. Developing the talent of tomorrow** 


Accountancy will continue to attract a new generation of talent who bring vital workplace financial skills. As work transforms, it will offer world class education and learning programmes that provide access to individuals irrespective of background, promoting more inclusive and equitable workforces.

**SUSTAINABILITY**

**3. Driving sustainable business** 


With the role of business in society recast and new demands from stakeholders for increased transparency and accountability, the future role of accountants is key to helping businesses respond to the major sustainability challenges and opportunities faced. This is the profession at the heart of promoting sustainable business.

**REGULATION**

**4. Advancing standards and regulation** 

The accountancy profession will be integral to regulatory reform, working to develop regulation, standards and reporting requirements that are the bedrock of trust in capital markets, which underpin the workings of the modern economy, and which drive increased confidence and visibility in business for stakeholders.

**PUBLIC SECTOR**

**5. Transforming the public sector** 


The accountancy profession is key to helping restore public finances, and supporting governments across the world to build more green, inclusive and equitable futures. It will be at the centre of public sector change, helping deliver the right sorts of policy and spending decisions.

**SMALL BUSINESS**

**6. Supporting entrepreneurial growth** 

The accountancy profession will be a foundational pillar at the heart of the future entrepreneurial economy. Smaller accountancy firms are key players in the local business ecosystem, acting as trusted advisers increasingly offering innovative and technology-led services to support small business growth.

**TRUST**

**7. Strengthening ethics and trust** 

Restoring and strengthening trust in business, government and other institutions will be a key priority. At the core of the remit of the profession will be continuing to serve the public interest through improved audit and assurance, governance, reporting and ethics practices. The profession will adopt the highest ethical standards to promote responsible business.

# 1. Building resilient economies

Building resilient economies is a global priority. Recent events in Ukraine are challenging geo-political stability and presenting further potential economic shocks to the world economy already set in motion through the Covid crisis.

Emerging markets (EMs) in particular are facing their biggest challenges for decades as they seek to match incomes per head with those in developed economies, while challenged by low fiscal capacity to support the incomes of households beyond Covid lockdowns. Looking longer-term, concerns prevail about the disparities in growth between developed and developing economies, the debt crisis engulfing EMs and doubts about the capacity of governments in those countries to build resilient, sustainable, inclusive, green economies for the future.



The accountancy profession can play its part in helping economies to develop sustainably. It has always been at the vanguard of economic growth and development, a cornerstone that has helped shape today's global economy and sustained capital market growth.

Accountancy is a super-connector profession, working with governments, regulators, educational establishments, trade organisations and donor communities across the world to build capacity, support international trade, help accomplish sustainable development, build financial literacy and stop corruption. The profession is essential to supporting the global economy to flourish and to building resilient and secure economies of the future.

### SPOTLIGHT: What's happening in the global economy right now?

The ACCA and IMA (Institute of Management Accountants) Global Economic Conditions Survey (GECS) is the largest quarterly economic survey of accountants around the world. The Quarter 1 2022 report gives a message of continued modest global growth, with rising inflation concerns. Both global confidence and global orders improved modestly in the Q1 survey. Having rebounded strongly by mid-2021, both measures have trended sideways in recent GECS, suggesting some loss of momentum in global activity. But the Q1 survey did show a record jump in the employment index, underscoring the strength of labour markets in the post-pandemic recovery.

The GECS index of concern about operating costs jumped again and is now at its highest level on record. The dramatic rise in cost concerns over the last year is the effect of rising energy and transport costs caused by supply shortages as demand revived with the lifting of COVID restrictions. The Russia-Ukraine conflict has resulted in further cost and inflation pressures.

### SPOTLIGHT: The economic impact of the crisis in Ukraine

While the situation remains highly fluid and the outlook is subject to extraordinary uncertainty, the economic consequences are already very serious. Energy and commodity prices – including wheat and other grains – have surged, adding to inflationary pressures from supply chain disruptions and the rebound from the Covid-19 pandemic. Price shocks will have an impact worldwide, especially on poor households for whom food and fuel are a higher proportion of expenses. Should the conflict escalate, the economic damage would be all the more devastating. The sanctions on Russia will also have a substantial impact on the global economy and financial markets, with significant spillovers to other countries.

In many countries, the crisis is creating an adverse shock to both inflation and activity, amid already elevated price pressures. Monetary authorities will need to carefully monitor the pass-through of rising international prices to domestic inflation, to calibrate appropriate responses. Fiscal policy will need to support the most vulnerable households, to help offset rising living costs. This crisis will create complex policy trade-offs, further complicating the policy landscape as the world economy recovers from the pandemic crisis.

Source: IMF, 2022



**THE PROFESSION IS  
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## Helping build capacity in emerging markets

The accountancy profession since inception has always been at the heart of a vast global network, with a vital role in building economic prosperity and capacity in emerging markets and generating public value. Strong, global financial and governance processes developed and advocated by the accountancy profession are instrumental in helping emerging markets grow and are key to creating sustainable long-term prosperity. Central here is the action of leading global accountancy bodies such as ACCA, working closely with national accountancy bodies to help them develop accountancy qualifications to global standards, as well as strengthen their own regulatory and oversight responsibilities, or support training interventions. This inspires credibility and confidence in the accountancy profession at a local level, and enhances the infrastructure, financial skills and governance within emerging economies across different sectors. Building capacity and financial skills in this way helps ensure a bedrock of trust for market participants and investors and boosts economic development.

### THIS IS THE ACCOUNTANCY PROFESSION AS A SUPER-CONNECTOR.

Yet it's the power of networks and connections beyond the profession, and the collective activities of the accountancy profession working with regulators, governments, policymakers, financial and legal institutions that are also key to developing the right sorts of market infrastructure and policy initiatives. These too encourage investment and stable growth, from intervening in developing transparent and sustainable reporting regimes to helping develop robust regulatory, governance and ethical frameworks. This is the accountancy profession as a super-connector, part of a critical network of relationships and partnerships, bringing its financial expertise to bear in shaping policy developments and promoting responsible, green, and ethical business.



#### CASE STUDY: Contributing to Rwanda's success story

**The challenge:** Landlocked, hilly and fertile, Rwanda has become one of Africa's success stories. This has been helped by structural reforms providing an economic environment and infrastructure that enables growth and prosperity for its citizens. The government has seen the development of a robust accountancy profession as critical in its drive towards middle income status.

**How the accountancy profession is helping:** Rwanda kicked off development of its accountancy profession in 2008 with the establishment of the Institute of Certified Public Accountants of Rwanda (ICPAR). As the economy and the profession grew, so did the need to equip more people with financial skills, particularly in the public sector which the country was growing as a key part of its strategy.

ICPAR looked to partners outside Rwanda to help expedite the development of the accountancy profession. Funded by the UK's Department for International Development and managed by International Federation of Accountants, a project was launched to develop a new strategy for ICPAR – and deliver some of the key priorities that were identified through the strategy. ACCA was identified as the right partner to support these developments, which included the introduction of a new accountancy technician qualification – internationally benchmarked and locally relevant - supported by ACCA's experience from its global network and connections.

The 'twinning partnership' between ICPAR and ACCA also extended to other areas focused on enhancing ICPAR's relevance and long term sustainability, including a review of the country's audit capacity, sustainability and human resource planning, ICT strategy and enhancements to CPD. The Rwanda government is now funding a revamp of the ICPAR professional accountancy qualification – again with ACCA support.

**The impact:** As a result of this collaboration, Rwanda now has a strong and growing accountancy profession. ICPAR was admitted as a full member of the International Federation of Accountants in 2020. The ripple effects of a strong national accountancy body with standards, qualifications and admission criteria include greater confidence in business and the economic capability of the country – helping to drive its prosperity. Many thousands of individuals have also benefitted from the career opportunities that have opened up, while employers, both in the private and public sector, are able to access the skills they need to be successful.

'ICPAR is an ambitious institute for an ambitious country and we recognise how vitally important accounting technicians are to fuelling Rwanda's growth. Every school, hospital, business and government department needs the skills which this new qualification will provide.' **Amin Miramago**, ICPAR CEO



## CASE STUDY: Building the profession to drive prosperity in Ethiopia

**The challenge:** Ethiopia has been one of the fastest-growing economies in the world over the last decade, but it still faces challenges. Improving public infrastructure and skills is a key priority as it works to improve the prosperity of its 120 million people. A key part of this is a stronger accountancy profession, along with globally-benchmarked regulation, to encourage trade and investment as the country opens up its economy to the rest of the world.

**How the accountancy profession is helping:** The Accounting and Auditing Board of Ethiopia (AABE) and ACCA are collaborating on a project to further develop the accountancy profession, financed by the World Bank through a fund managed by Ethiopia's Ministry of Finance.

The project is setting up a national accountancy body to meet the needs of the profession and the wider economy. The new Ethiopian Institute of Certified

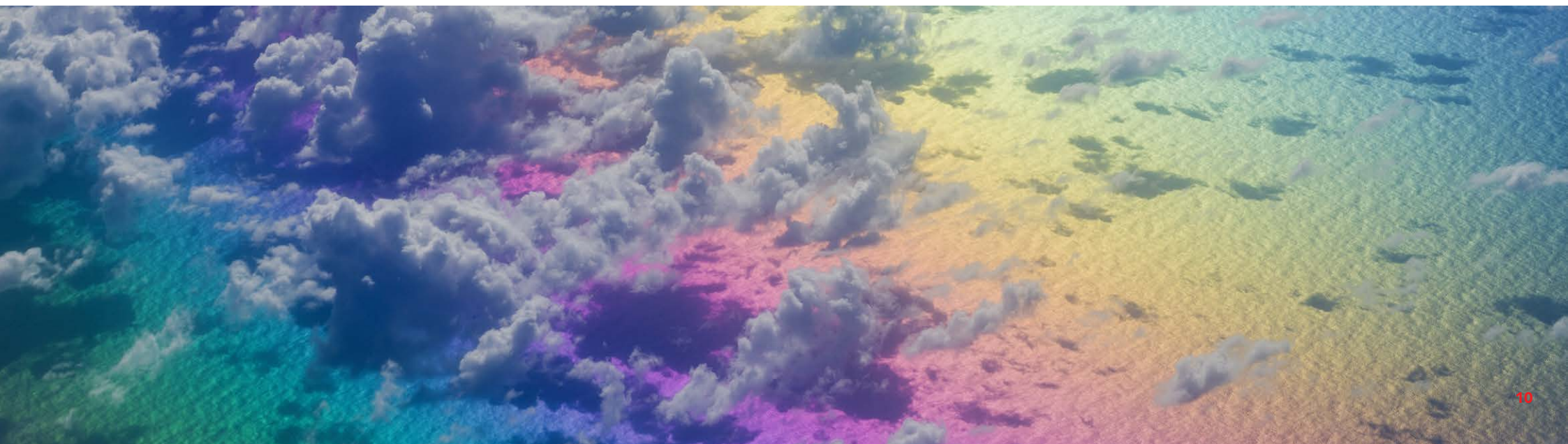
Public Accountants (ETICPA) will bring together existing accountancy professionals, increase the number of people entering accountancy training, and provide ongoing skills development. It will also be a forum for sharing knowledge and source of expertise for the country more widely.

Meanwhile, AABE will also focus on strong, fit-for-purpose and globally benchmarked regulation and compliance with international standards. By strengthening its regulatory function, AABE will help ensure that the public and investors have confidence that they are basing their decisions on reliable financial information and robust governance. ACCA is supporting by bringing expertise and connections from similar work it has carried out in other economies.

**The impact:** The project is already driving improved skills and knowledge, along with enhanced relationships and trust in the profession. As it progresses, employers will have access to more of the skills they need to make their businesses prosper. More career opportunities will open

up for individuals and the country will be better placed to attract inward investment as better regulation and globally-recognised reporting standards inspire confidence. This puts Ethiopia in a stronger position as it continues on its journey to a more prosperous, equitable and sustainable economy, for the benefit of all its citizens.

'Professional accountants are needed during economic crises as well when the economy is performing well. As we open up our economy and partner with international institutions, such as the World Trade Organisation, these accountants are the ones best suited to negotiate what's needed so that these partnerships benefit the government, and the citizens of Ethiopia at large.' **Hikmet Abdella**, Director General of the Accounting and Auditing Board of Ethiopia (AABE).



# Driving financial literacy across the globe

Financial literacy and the improvement of financial skills underpin the sustainable development of emerging markets. The accountancy profession helps expand financial literacy across countries, widens educational interventions and training programmes, and creates wider access for individuals to participate in the real economy.

This is about ensuring a common finance language across society and the role of the accountancy profession in advocating and delivering this. It's about ensuring communities, disadvantaged groups and wider society have basic financial skills so they can find rewarding work and confidently access finance and banking systems. Working with governments, educational and training establishments and technology partners, the accountancy profession is part of the fabric that helps individuals across society access financial training opportunities. From financial literacy campaigns to ambassadorial programmes and school education interventions, this is the role of accountancy as a force for public good in helping economies develop.

**ACCOUNTING  
IS A COMMON  
FINANCE LANGUAGE.**



## CASE STUDY: Increasing financial literacy in India

**The challenge:** Financial literacy is a critical life skill that everyone should have. Understanding how to manage finances is crucial to the prosperity of individuals, families, and businesses across the world. Aside from being an important life skill, financial literacy builds a foundation for future skills development and helps drive entrepreneurialism. It also fosters inclusion and social mobility, and helps fight poverty. As part of its national agenda, India is encouraging both children and adults to become more financially literate.

### How the accountancy profession is helping:

ACCA members in India wanted to give back to the community by sharing their knowledge and experience. They recognised the value of teaching children vital life skills, especially those who are disadvantaged. So, they created a two-year programme dedicated to teaching children financial literacy.

Sumathi Mohnani FCCA, a former Integration CFO with IBM, leads the project. She explains: 'As more people are moving around India for work, there has been a significant shift from large, inter-generational households, to smaller, nuclear households. As a result, children are missing a lot of guidance from their elders. We want to address this knowledge gap and help children become financially literate'.

Aligned with the Indian government's national education agenda, ACCA's financial literacy programme is due to be piloted in schools. This ACCA programme has been designed to be fun, making it much more engaging and appealing to school-age children. Two mascots – a young girl and a robot – take the children through the topics. These topics include how money has evolved (from coins to digital); banking and its evolution; growing money and investments; and protecting your money, and awareness of fraud. To make sure teachers are equipped to teach the topics, ACCA members also created teacher training modules.

**The impact:** The overall aim is to improve the financial literacy of the country as a whole. A high standard of financial literacy is beneficial to all economies – and to the prosperity of countless individuals. The programme that ACCA has created in India can be adapted to local specifics and taught across the world.

'If we start at an early age to educate our children on the value versus cost of material things, it sets the foundation for improving the financial literacy for the whole of India'. **Sumathi Mohnani FCCA**



## Promoting trade and collaboration

Finance underpins the working of modern international trade, and trade in turn generates economic growth, resilience, and international political stability. In recent years, finance has been the lingua franca of globalisation, with regions and markets ever more closely economically connected and interdependent. Yet the Covid-19 crisis and the current crisis in Ukraine has further exacerbated political tensions, and increased protectionism and non-collaborative practices.

### **THE ACCOUNTANCY PROFESSION ADVOCATES THE FUTURE BENEFITS OF FREE TRADE.**

The development of resilient economies in the future is critically dependent on collaboration and trade. The accountancy profession actively advocates the future benefits of free and open international trade and collaboration, while also contributing to the development of the appropriate trade policies, regulation, common standards, and governance frameworks that facilitate this. A particular priority is continuing to advocate the greater participation of small and medium-sized businesses in international commerce. Unlocking the potential of smaller businesses through international trade supports economic growth and job creation.

## 2. Developing the talent of tomorrow

Building a better tomorrow in the workplace is a priority. Redistributed work processes, hybrid work and redesigned collaborative office spaces steal the headlines as the business responds to the pandemic, but the future impacts on workplace talent in accountancy in the wake of Covid-19 will run much deeper.

Changes were already in train beforehand but have been accelerated by the last two years. The future of work is a story of new emerging capabilities, transformed agile working practices, innovation, collaborative, and work-led technology, changing career paths, employee well-being and lifelong learning. It is where access to a diverse range of accountancy talents enables long-term business success alongside desired economic and social outcomes.



# Driving an inclusive and equitable workforce

Contributing to improving workplace diversity is a cornerstone opportunity for accountancy. The profession has a track record in promoting diversity, inclusivity and equality, starting early with initiatives based on education interventions, working with schools and colleges to highlight the opportunities a career in accountancy can provide. It works across the world, with governments, employers and education institutions, to expand new routes into the profession, such as government-backed apprenticeship schemes, or 'back to work' initiatives that encourage second careers and widen entry points to accountancy across a lifetime.

## SOCIAL MOBILITY IN THE ACCOUNTANCY PROFESSION IS A CRITICAL IMPERATIVE.

Social mobility is also another imperative and ensuring that the profession is open to all talented individuals, irrespective of their personal backgrounds, is essential. The profession works continuously to ensure that it is 'open access', and that artificial barriers to following a

career in accountancy are removed. Technology, too, here plays its part. Remote learning and the deployment of new technologies to facilitate access to accountancy courses and reduce financial barriers to entry are critical levers in opening up the profession and are particularly important in building a pipeline of diverse talent in emerging markets. This contributes to greater workforce diversity, supplies developing markets with the financial skills badly needed to build resilient economies for the future, and seeds opportunities for individuals to pursue truly global careers, with portable financial qualifications that transcend borders.



### CASE STUDY: ACCA Schools Initiative in the Republic of Ireland and its vital support by SMPs

Many Irish schools have introduced a transition year, offering students a one-year break between the Junior Certificate and the Senior Certificate to focus on non-exam related areas such as life skills, school trips and work experience. The mission statement of the Transition Year is:

*'To promote the personal, social, educational and vocational development of pupils and to prepare them for their role as autonomous, participate and responsible members of society'.*

ACCA Ireland has developed the Schools Initiative, which offers training to practitioners to engage with schools in four steps:

- meet with the school principal and arrange a date for a presentation to students
- conduct the provided ACCA presentation with your partnered school
- host on-site visit for 20 to 30 students on your premises, with talks from staff
- run the provided ACCA business game.

'The 'Schools' Initiative is extremely popular; it involves going into schools, usually in transition year and playing the game', says Eilis Quinlan, Quinlan & Co Chartered

Source: ACCA, 2020b

Accountants, Republic of Ireland. 'The children learn a lot and they usually love it: it's a way of showing them that accountancy isn't boring and stuffy'.

The game involves competing teams developing a business case for a product or service, and offers valuable learning even for those who decide accountancy is not for them:

'It's coming from the accounting side, but it's showing them that we need the accountancy skills to do the entrepreneurial thing', says Quinlan. 'By having the knowledge that an accountancy education gives you, you're much more well placed to be an entrepreneur'.

Eilis Quinlan offers work placements to transition-year students, some of whom come back to earn extra money over the summer.

'It gives them the excitement of what it's like being in a real-life practice, which is all go, all of the time, and everything always different – you never know what your day is going to be like. Some people run a mile from that, but the ones who love it, get a real taste for it'. **Eilis Quinlan**, Quinlan & Co Chartered Accountants, Republic of Ireland

## CASE STUDY: ACCA president Orla Collins on opportunity for all

**The challenge:** Inequality of opportunity deprives countless individuals of careers that could benefit themselves and their families. It also deprives employers and economies of valuable sources of people and skills, holding back growth and success. Disadvantage takes many forms, including gender, social background, access to education, race, disability and geography.

**How the accountancy profession is helping:** Orla Collins is ACCA president and deputy managing director of Aberdeen Investments Ireland. She studied for her ACCA Qualification while working as a cashier for the Bank of Ireland in Dublin. She comes from a family with no tradition of professional life and did not go to university. She says:

'There are as many ways into accountancy as there are accountants. No two stories are the same. Some come via university, others via foundation-level routes. Some come via a job with a small accountancy practice, in the finance team of a business, or through a 'Big Four' graduate scheme. They could have studied remotely and independently; they could be career changers looking to improve their prospects. Whichever direction we followed, we are all the same – proud members, ready to use our experience and ethical training to make a satisfying career and benefit our communities.' **Orla Collins**, ACCA president and deputy managing director of Aberdeen Investments Ireland

'When we speak about opportunity with ACCA, I think of numerous examples. I think about Malaysia, and my fellow

Council member, Datuk Zaiton Mohd Hassan. Zaiton overcame long odds, as the daughter of a cab driver from the disadvantaged Malay community, to become an accountant. She became CEO of a centre which helps poor Malay children into professional life with ACCA.

'I think of Pakistan, where girls' education lags behind boys'. Another Council member, Ayla Majid, has served on the Board of The Helpcare Society, which helps children from marginalised families, especially girls, attend school. Many of them pursue accountancy with ACCA.

'In 1904, our founder blew open the magic circle of professional life, until then reserved for the well-connected and expensively educated. We became the first body to admit women in 1909, and accomplishment, talent and hard work were the only entry requirements. Now these once radical ideas of opportunity for all have spread around the globe.' **Orla Collins**, ACCA president and deputy managing director of Aberdeen Investments Ireland

**The impact:** With 233,000 members and 536,000 future members in 178 countries, ACCA offers everyone, everywhere the opportunity to access a rewarding career through a range of starting points for all educational backgrounds. Its flexibility allows people to fit their studies around work or childcare commitments, while a digital approach to study and exams reduces geographical barriers. The end result is a profession rich in diversity, individuals with fulfilling careers and economies with the skills for sustainable success.



## Upskilling for a digital tomorrow

Digital change is at the heart of the transformation of the global economy and essential to building a better world in the future. Technology is enabling organisations to reconfigure their business models, reassess their value chains, access new markets, re-engage their customers in different ways, and produce outcomes that meet the needs of society. It's also fundamentally reconfiguring how and where work gets done and automating transactional activities.

Technological change is also leaving an indelible mark on accountancy. The years ahead will see technologies from robotics and hyper-automation, smart sensors and the internet of things (IOT), through to evolving artificial

intelligence (AI), machine learning and cybersecurity, changing for the better the jobs that accountants perform. Evolving technology platforms will enable teams to connect differently, changing how work is shared and delivered by leveraging data more effectively. New technologies will fundamentally change work in the profession.

Professional accountants must be equipped with the right digital skills in response. Professional accountancy bodies will play a core role in building the technology capabilities needed by finance professionals and ensuring they are embracing digital opportunities, bringing those must-have tech skills into the workplace. It's here that deep skills in

areas such as data analytics, business insight, automation and machine learning are becoming ever more relevant to the work of accountants, leveraging technologies to increase business value in their organisations.

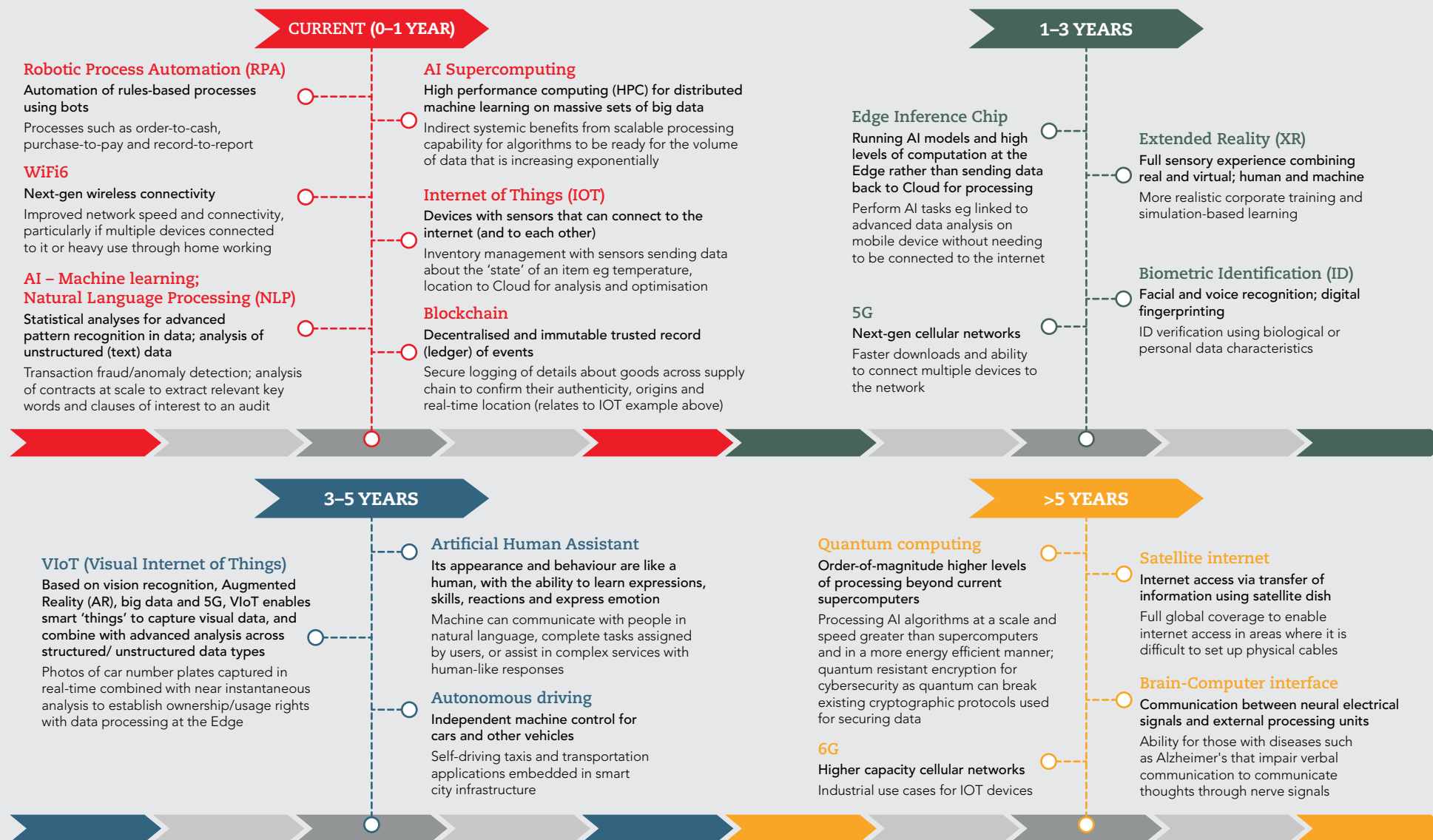
**PROFESSIONAL  
ACCOUNTANCY BODIES  
WILL PLAY A CORE  
ROLE IN BUILDING THE  
FUTURE TECHNOLOGY  
CAPABILITIES NEEDED.**







## SPOTLIGHT: Technologies transforming the future of accountancy



Source: ACCA and EY, 2020

## Unleashing the talents of Gen Z

The profession has a pivotal role to play in helping build the next generation of finance professionals: a new emerging diverse workforce equipped with the behaviours and mindsets to build a more sustainable future and better tomorrow. The generation currently emerging into the global workforce are ambitious, smart, technologically savvy, and environmentally and socially conscious. This is a cohort of young people whose talents can be tapped to help the profession reimagine its role in society, using their accountancy and business skills to help organisations create long-term value and respond to major societal and environmental challenges. Gen Z will irreversibly change work for the better, and this is a generation who continue to see accountancy as an attractive career option and gateway to new opportunities.

**THE GENERATION CURRENTLY EMERGING INTO THE GLOBAL WORKFORCE ARE AMBITIOUS, SMART, TECHNOLOGICALLY SAVVY, AND ENVIRONMENTALLY AND SOCIALLY CONSCIOUS.**

The profession must support this new generation to flourish in the workplace, from interventions that support more diverse career journeys, and continuous learning opportunities that leverage digital capabilities and tap into the value that Gen Z place on peer-to-peer and personalised learning opportunities, to networks and mentoring programmes that help cultivate the skills of tomorrow. This isn't just about ensuring that accountancy is seen as a go-to place for vocations with purpose and jobs that make a difference: it's also building interventions and infrastructures that allow these young people to flourish in a rapidly changing world and ensuring that organisations have access to a financially skilled young workforce.





## SPOTLIGHT: Gen Z in accountancy

58%

of respondents cite job security as a key concern



51%

cite personal well-being and mental health as a worry



81%

say their peer group value higher pay and a prestigious job title



57%

expect to move role within two years



91%

expect to update their capabilities continually to remain employable in the future



64%

expect to have multiple careers in different disciplines in the future



47%

think the opportunity to develop a broad range of skills is the key attraction factor for accountancy



57%

say they are worried about the impact of technology on their own job opportunities in the future



48%

think a great work-life balance is a key attraction factor for employment



## Building lifelong capabilities

Continuous innovation in the digital age will be a catalyst for workforce upskilling, and new skills will be essential in the workplace of tomorrow. The fast-changing nature of work has big implications for the relevance of individuals in the workplace, and their need to constantly stay ahead with skills that hold their currency. With work constructs changing and career paths disrupting, job security may be diminished, yet dwindling financial security and increased longevity mean many individuals need to be in the workforce for longer. Employers also face new challenges in managing their workforce talent, transforming workplace learning to bridge capability gaps and creating evolving career propositions. Managing intergenerational talent and more transient workforces will be critical, as will matching future jobs and career paths that employees demand to those needed by organisations, as business models transform.

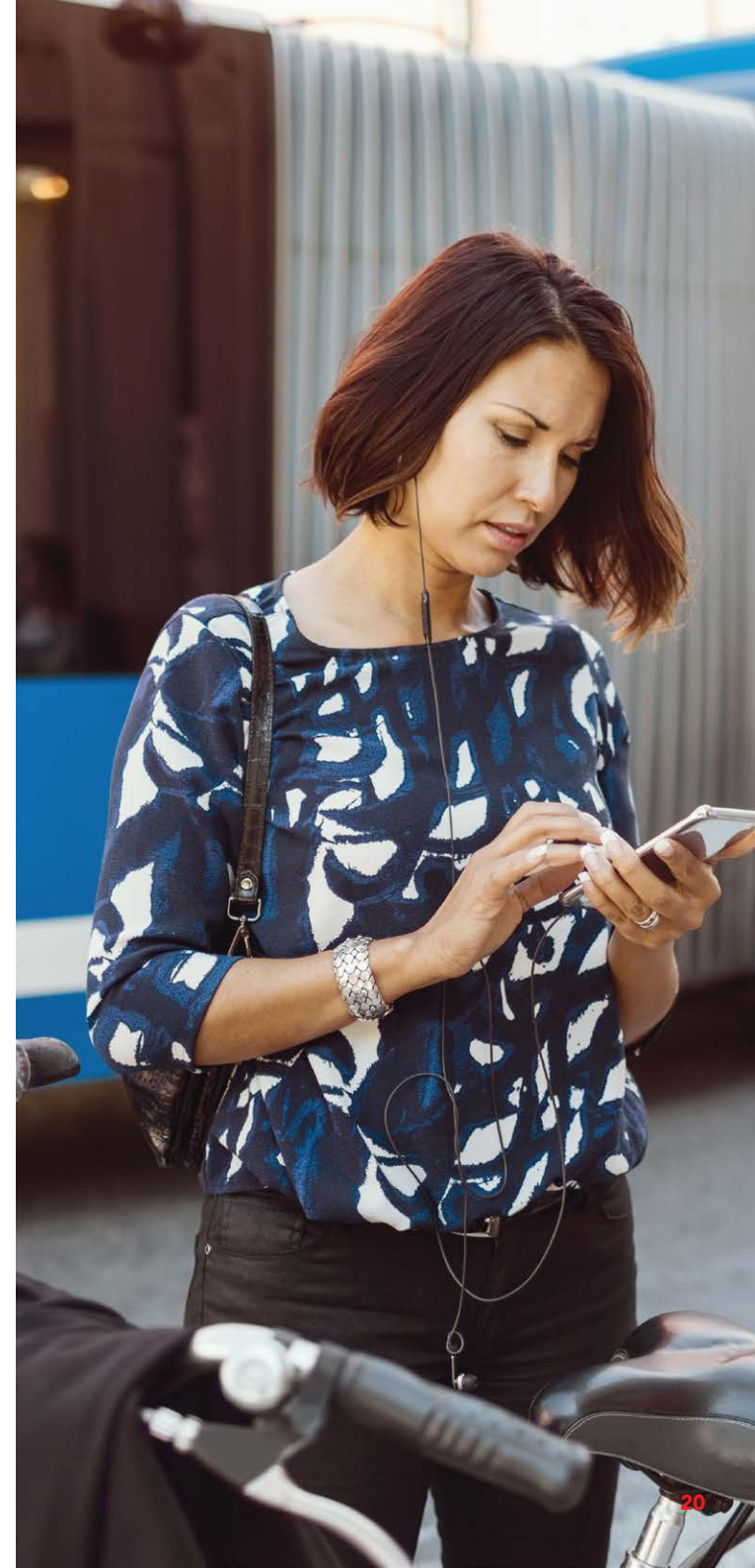
### THE PROFESSION WILL OFFER WORLD-CLASS EDUCATION AND LIFELONG LEARNING PROGRAMMES.

These broader workplace changes will also change accountancy, where jobs will be reimagined. There will be new pressures on professional accountancy bodies to support organisations adequately in their workplace skills development, knitting together formal education and workplace learning. The profession will offer world-class education and lifelong learning programmes for members, supporting long-term career development and underpinning career resiliency, developing the sought-after skills that help bolster public confidence in the profession and in individuals practising accountancy.

The profession will look to exploit new technological opportunities in content delivery, assessment methodologies and learning verification. It will be at the vanguard in professional education, developing more immersive learner experiences that accurately simulate real business scenarios and develop real-life skills vital in the digital economy, capabilities that help professional accountants work collaboratively and share experience to stimulate innovation.

#### SPOTLIGHT: Building confidence through global standards in education

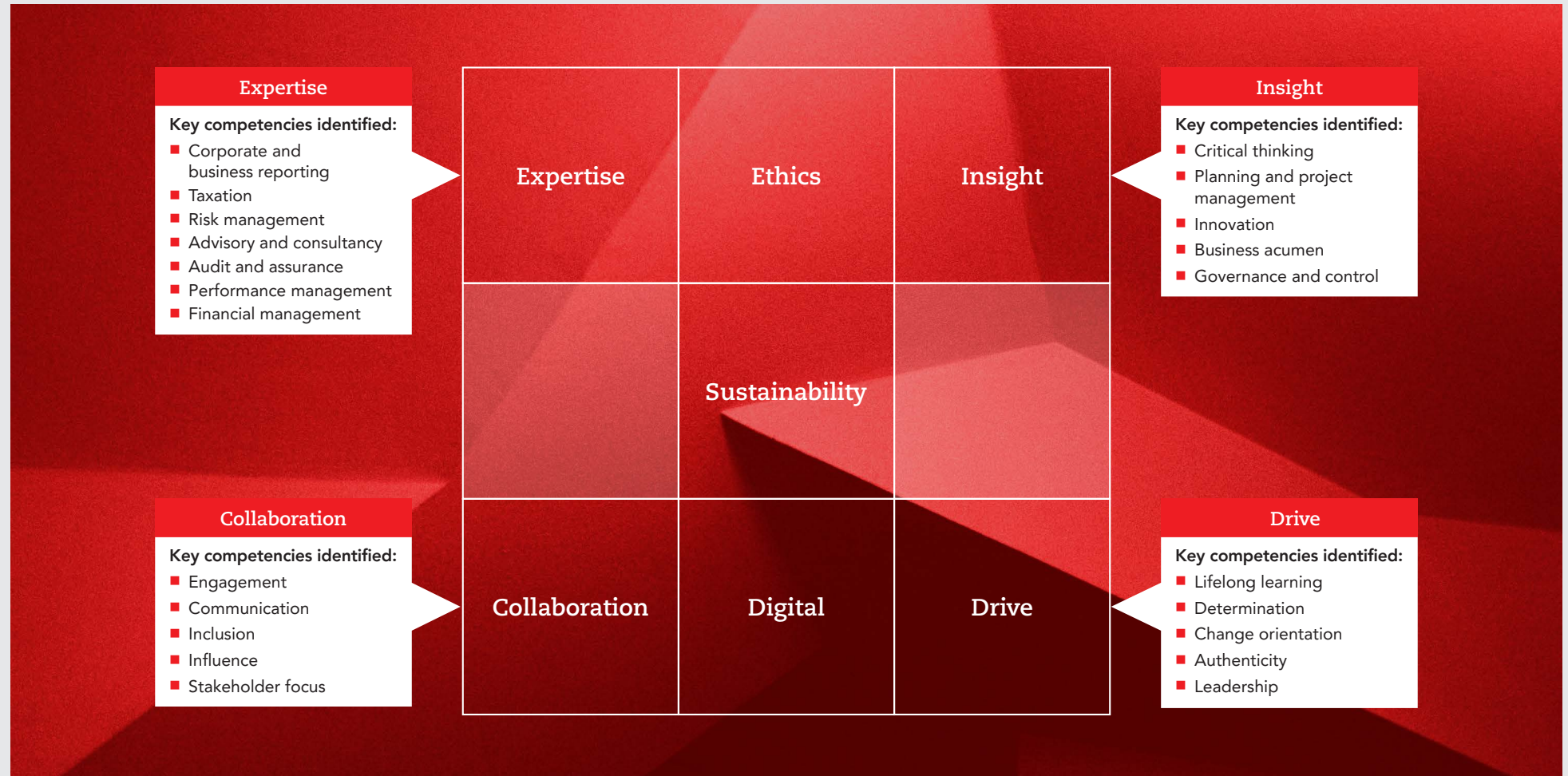
The International Accounting Education Standards Board (IAESB) is responsible for issuing International Education Standards. The standards represent global benchmarks for learning and education across the global accountancy profession up to the award of the professional accountancy qualification, as well as for continuing professional development and lifelong learning post-qualification. IAESB's intention is to drive up confidence and trust in the competence of professional accountants across a common standard.





## SPOTLIGHT: securing the new capabilities for the future

In 2021, ACCA launched its new career navigator both to support individuals in planning their career journeys, and to help organisations plan and support their finance-talent journey. Based on global research, it identifies the must-have business and finance capabilities needed by professional accountants for the future across all sectors of the global economy.



Source: ACCA, 2021c

## 3. Driving sustainable business

**At the heart of building resilient economies of the future is the sustainable organisation.**

Organisations that pursue sustainable business practices that create long-term societal value are the bedrock of the future global economy. Yet the challenges facing businesses today in operating sustainably for the future are profound, with many disruptive changes coming together to change organisations radically in the future. The role of business in society is recast as digital technologies transform the global economy. New demands by stakeholders for corporate transparency and accountability, political instability, supply chain challenges, trade wars, workforce transformation and upskilling are just some of the issues organisations are having to navigate. Yet these issues remain dwarfed by the biggest challenge for organisations and the planet today: climate change.

## CASE STUDY: Driving sustainability through financing in ASEAN

**The challenge:** A sustainable world cannot be achieved if businesses – and those who finance them – don't adapt their business models. Leadership is needed from inside businesses themselves, but also from banks and investors who provide access to the finance they rely on.

### **How the accountancy profession is helping:**

The accountancy profession, through its influence on business and members in roles at all levels of organisations including the boardroom, plays a key role in making businesses both financially sustainable and sustainable in terms of the environment. Accountants are trained to see the long-term value of pivoting established business models.

One example is ACCA member Nasir Ahmad, chairman of CIMB Group, a leading ASEAN universal bank, who explains: 'The financial sector has realised that they need to help businesses be sustainable, not just as a business, but as part of the global economy.'

Accountants in the banking sector can work to ensure that funding is distributed fairly, and in the interests of the fight against climate change and the wider sustainability agenda.

At CIMB Group, Nasir has pioneered a set of commitments that steered it in a more sustainable direction.

In 2019, CIMB mapped out three sustainability commitments on climate change, responsible banking, and social impact. CIMB is training its staff on sustainability initiatives. They have also introduced board-

level workshops on sustainable business – all to create a culture of sustainable thinking throughout the business.

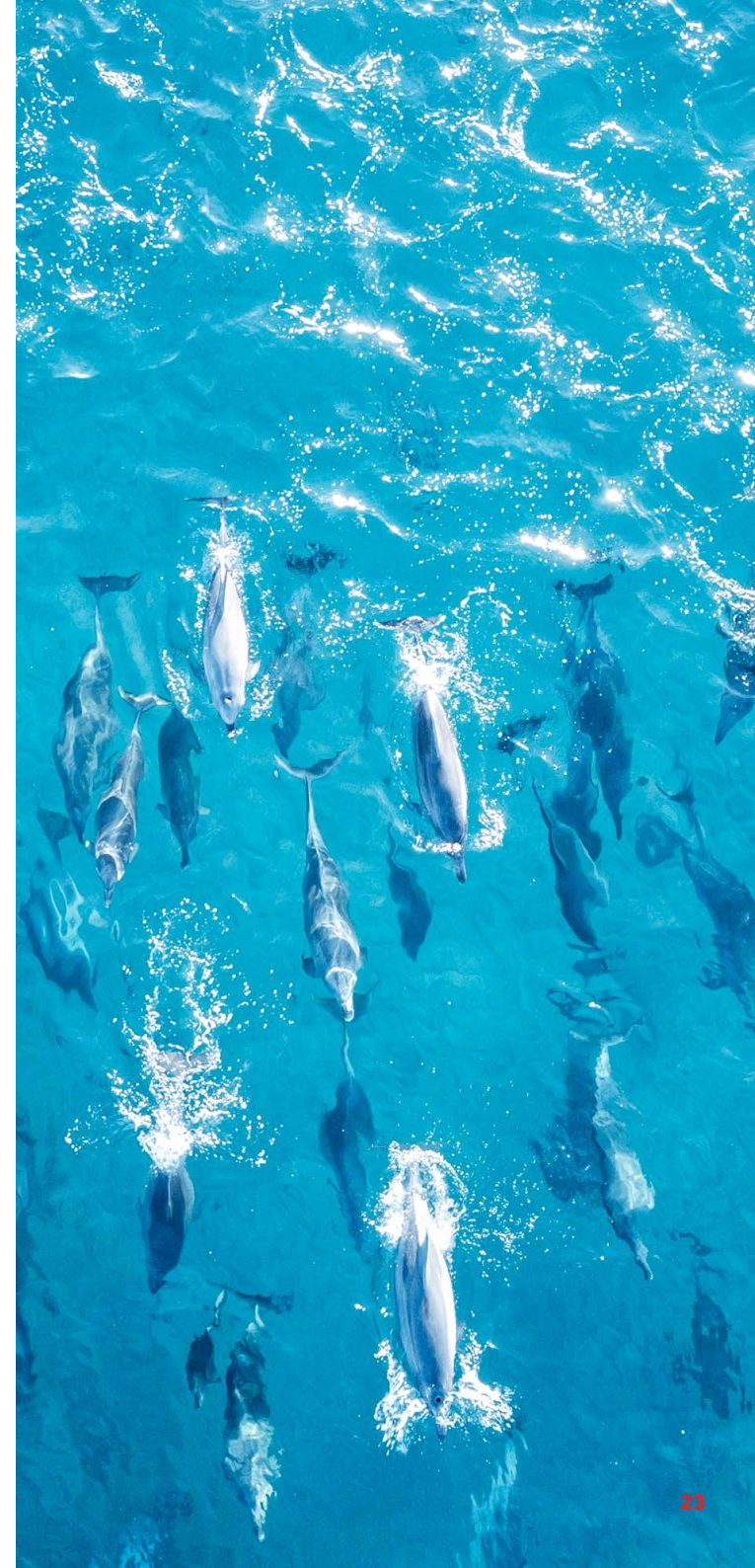
CIMB also started the *The Cooler Earth summit*, which aims to convene global citizens, experts, and key stakeholders to discuss how to shape a more sustainable tomorrow.

**The impact:** CIMB has set deadlines for becoming net zero, exiting coal financing, and ending all financing involved with deforestation and exploitation. The bank is mobilising RM30 billion towards sustainable financing by 2024, plus RM150 million and an annual 100,000 employee volunteerism hours until 2024 towards positively impacting lives, communities and businesses across ASEAN.

With these concerted efforts, a new sustainable precedent has been set. If a business wants to receive financial support, they will need to be sustainable, and act in the interest of the global climate agenda. Accountants in businesses around the world are following the example of Nasir and his colleagues.

'If all accountants learn what they are capable of doing and apply it to creating sustainable businesses and economies, then they can make a real difference. If they use their ethics, responsibility, and knowledge, they can save the world'.

**Nasir Ahmad** FCCA, chairman, CIMB Group.



# Delivering sustainable performance

At the heart of the sustainable organisation of the future are robust performance-management processes that more adequately capture and account for the financial and non-financial risks and decisions organisations take. Superior performance-management skills are essential in helping organisations understand the future better, operate with greater agility and transform their business models. Effective organisation performance management is key to helping organisations deliver new products and services, explore new channels to market and respond to calls to transition to net zero.

Finance and accountancy leaders have a critical role to play in improving traditional performance-management processes so that organisation leaders have the necessary information to take the informed decisions that create long-term value. Here, they will be central in expanding management information systems to capture, measure and report on financial and non-financial resource use in ways more appropriate for value-centred business. They will recognise the interdependencies and trade-offs between the ways in which multiple capital values are created and the interrelation of these value-creation processes across the business, while leading investment programmes that are environmentally conscious.

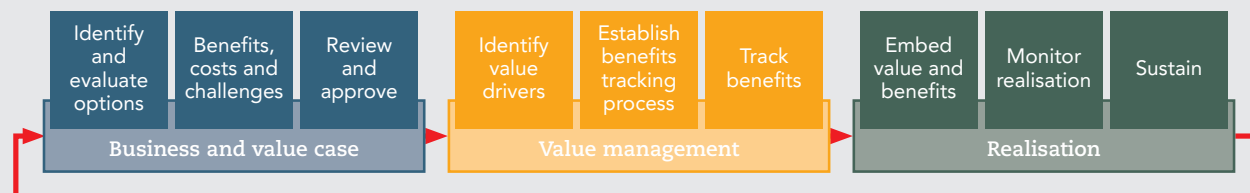
The net-zero ambitions here are a particular challenge for finance leaders and chief financial officers (CFOs). Understanding and communicating how their company is becoming net-zero compatible will be an increasingly high priority for finance leaders' conversations with boards, investors and other stakeholders. Accountants will play a critical role in helping explain the risks and opportunities, targets and key performance indicators (KPIs), prioritisation of capital investment, and financial and risk impacts relating to climate change, as well as outlining the implications for company cash flow, balance sheets and market valuations of the continued use of non-green assets.

## THE PROFESSION HAS A KEY ROLE TO PLAY IN DELIVERING NET-ZERO AMBITIONS.

### SPOTLIGHT: The future role of the finance team in helping drive future performance: moving beyond business cases to value cases

It has become clear that the 'business case' approach is no longer fully effective. It is time to transform our thinking from business cases to value cases. Initiatives that address the ESG agenda are necessary for organisations but cannot always be measured in traditional financial terms. Our thinking needs to move more towards value and a broader set of evaluative measures.

Tracking the non-financial benefits of the transformation is essential to the value case. This is what distinguishes the value case over the business case. It actually creates part of the closure loop for future initiatives. The value case updates throughout the delivery of the transformation in line with key performance indicators reflecting progress against outcomes.



Source: ACCA, 2021d

### SPOTLIGHT: Accountants supporting organisations to respond to ESG challenges and opportunities

- Helping design and implement new data-governance requirements for capturing non-financial and ESG data that is aligned to the strategic objectives of the organisation.
- Regular reporting and the provision of information to management on ESG-related issues.
- Promoting new risk-management processes that provide an enterprise-wide view of aggregate risks aligned to organisational ESG goals.
- Leveraging tools for integrating climate risk and other non-financial sources of risk into investment analysis and valuation.
- Using scenario analysis, score cards, risk mapping and other interventions to assess the material impacts of the different risks being faced.





## CASE STUDY: The finance function as an agent of change – Tom Finn, USA

Tom Finn, chief financial officer (CFO) at Streamline Healthcare Solutions in Chicago, believes that small businesses have an advantage in tackling sustainability – and that their finance function should be responsible for leading on it.



His career has been guided by his interest in and passion for small and medium-sized businesses. 'I interned for a large accountancy company and it wasn't for me – at smaller businesses you can see the impact you have', he says.

Finn is enthusiastic about the ability of small businesses to make big changes. 'Over the course of the pandemic, particularly, we've seen a greater desire for local products and services', he says, explaining that the very visible impact of near-worldwide shut-downs has led people to see just what important roles small businesses play in the community. 'With SMEs', he says, 'you get more transparency and accountability about products and the supply chain, among other things'. And because small businesses tend to work where their employees live, their people are visible in the community. At Finn's firm, structured volunteering is encouraged, and he is keen to make sure that his employees can see they're making a difference for the community.

'We work in mental health, providing software to our clients – who I actually prefer to see as partners', he says. He explains that small businesses are the natural partners of other small businesses:

'Because we can truthfully say we've had some of the same problems as them, we're on the ground where they are, and we can communicate with them better'.

This is no small thing, he says, since small and medium-sized businesses make up the engine of America's economy.

'We can offer real support and real leadership for our partners and in our community. We don't just have a commercial relationship with someone and move on, we try to encourage them to stick around, speak with our other partners, that kind of thing', he says.

Finn is also convinced that the finance function has a leading role to play in rolling out sustainability across his own business and in the other businesses he works with. 'Finance folk are the oil that lubricates business', he says, 'that's a positive thing, and it's also a risk. Finance can hinder sustainability if we do what we commonly do, be conservative and see ourselves as stewards rather than agents of change'. Finn believes that the finance function is uniquely placed to advocate sustainability – if it begins to focus on non-financial metrics that have downstream financial impacts. 'Accountants are often so focused on the balance sheet, on the profit or loss statement, but there are many other so-called non-financial metrics that have a huge impact on finance', he says. Finn is talking about employee turnover, employee satisfaction, and pay gaps. These metrics, he says 'tell you just as much about the health and long-term sustainability of the business'. Employees, he says, are the biggest cost line for most businesses; looking after them is simple and the data for tracking it – in most cases – already exists. 'You don't have to reinvent the wheel', Finn says.

Finn believes that there is much more to be done to help small businesses play the role they could play in sustainability. 'There needs to be an alternative finance market for SMEs', he says, 'big banks judge small businesses on the same criteria as large businesses. They don't understand them or in many cases what they're

trying to do. They don't look at sustainability metrics as part of their lending decision-making process'. He believes that public-private partnerships at the local level could help provide access to finance for SMEs and empower their vital work in the community.

He also wants to see more use of broader metrics to assess employee satisfaction. 'Purpose is key for the upcoming generation of workers', he says.

'One of the biggest difficulties small tech firms like us have is in talent acquisition and retention. If small businesses can start to measure satisfaction beyond pay, and look at things like purpose, impact, connection to community, and leadership, then we can hold on to people'.

This is important, says Finn, because if there is a broader consumer move towards local products and services, then the SMEs who provide them will need to scale up how they attract and retain employees. Being transparent about what they offer, and about their benefits and abilities, will have positive and circular effects on, for instance, local economies and mental health. 'At the end of the day, happy employees mean happy customers', he says.

Finn likes to see his company not as a software service, but a human capital service. 'Like it or not', he says, 'sustainability is coming, and SMEs can use it to differentiate themselves and make a real, practical impact'.

Source: ACCA, 2021i

### SPOTLIGHT: Accountants and the low-carbon transition

In his annual letter, 2021, BlackRock CEO Larry Fink called on all companies 'to disclose a plan for how their business model will be compatible with a net-zero economy'. Capital markets have started to make decisions about the transition to renewable and sustainable energy, with increasing cost of capital for fossil fuel options. Financial capital is seeking companies with methods for reducing greenhouse gas emissions.

Meanwhile, driven by the significant threat of climate related stranded assets, central banks and financial supervisors are assessing their role in ensuring the resiliency of the financial system and the solvency of financial institutions.

A major challenge for investors and the capital markets is that climate risk disclosure globally is inadequate. For climate risk to be fully reflected in company valuations, every company, bank, insurer and investor needs to disclose their climate-related risks on a standardised basis.

Company valuations in a 2°C or lower world will likely be very different given the potentially significant implications on future cashflows. Climate change can only be fully taken into account in valuations when companies have incorporated climate related risks in their financial planning and performance.

As climate is increasingly integrated into corporate decision making and reporting, valuations will better reflect the actual and potential climate impacts. Accounting and finance professionals have a critical role in achieving global net-zero emissions. In particular, CFOs and finance teams provide the information needed to drive decisions and allocate capital, and typically interface with the capital markets.

Source: Based on an article originally featured in ACCA, 2021c.

## Strengthening stakeholder assurance

Producing corporate reports that more adequately disclose non-financial impacts helps shift the corporate dialogue, but it is only part of the solution. The non-financial information must also be independently assessed and assured to a 'reasonable' level, because this is the activity that inspires trust and confidence in the information produced. Strong assurance practices here are vital in helping support organisations in the value-creation process, mitigating 'greenwashing' assertions or providing greater confidence in the organisation's strategy. Yet the call for such reports also reflects the fact that environmental, social and governance (ESG) issues are an increasingly material risk for business.

The growing demand for ESG assurance is an outstanding opportunity for the profession, whether as external advisers or as internal finance professionals. From assessing

different elements of the organisation's sustainability approach, critiquing its sustainability strategy or business model for achieving net-zero goals, or providing ESG risk-management services, there are many opportunities for professional accountants to help businesses manage their ESG commitments.

These efforts to support business transition to more sustainable practices cut across all sizes of organisations. For smaller businesses, circular business and green business models may be a key feature of their current or intended future strategy, providing new opportunities for smaller accountancy firms to be the 'trusted adviser' for sustainability issues. This highlights the critical importance of 'thinking small first', a call to arms for smaller and medium-sized businesses to be included in the race to net zero (ICC et al. 2021).

### STRONG ASSURANCE PRACTICES ARE VITAL IN HELPING MITIGATE 'GREENWASHING'.

#### SPOTLIGHT: ESG – the new frontier for ERM

As ESG issues intensify and increasingly interconnect, their proper integration in the business model is essential to an organisation's long-term success. An enterprise-wide view is necessary to attain the mindset needed to integrate ESG-related risks effectively. Hence, the convergence of enterprise risk management (ERM) and ESG continues to be an important focus for accountants, as regulators and other stakeholders increasingly require companies to report their ESG impacts.

Source: ACCA, 2021f

Integrating the treatment of ESG risks makes sense from an enterprise-wide perspective because it allows the company to deal with them in a structured and strategic way as part of its aggregate risk management. Organisations with an enterprise-wide view of their aggregate risk can monitor and report on KPIs and key risk indicators (KRIs) more efficiently and accurately and leverage existing metrics by repurposing them towards ESG goals. ERM allows the organisation to reduce risk more effectively while also capturing opportunities and enhancing long-term performance.

## 4. Advancing standards and regulation

**Regulatory systems must continue to innovate to address the interconnected challenges society faces.**

Standard setting processes must continue to evolve to address a multitude of challenges facing the global economy, and recent events have demonstrated the need for agile and coordinated regulatory responses. From the future of corporate reporting to the growing environmental emergency, the expansion of the digital economy or developments in areas such as emerging sources of finance and payment regulation such as cryptocurrency, effective regulation will necessitate global coordination in standard setting and quick regulatory responses as risks evolve. It will also be essential in helping manage economic crime where opportunities for cyber fraud and illicit financial activities continue to grow.

## Promoting connected corporate reporting

Financial reporting standards aim to ensure that organisations produce reliable and transparent financial statements on which stakeholders can rely. Good financial reporting standards are a bedrock for informed investor decision making, efficient capital allocation and trust in business, and a global economy is best regulated through global standards.

But for corporate reporting standards, the bigger prize for the global accountancy profession today lies in adequately accounting, beyond the financials, for the wider value-creation activities of organisations. Organisations need to tell the corporate performance story more effectively, so that institutional investors, asset managers and other stakeholders can take a more informed view on how value is being created. Improved external disclosures are integral to the reallocation of capital in economies where long-term value is created by green and inclusive methods.

Evolving regulatory reporting requirements across different jurisdictions in areas such as human capital reporting, social impacts and anti-corruption and bribery will provide new opportunities for professional accountants to tell the corporate story more compellingly

The accountancy profession continues to play a critical role in the drive to harmonise and simplify non-financial reporting standards and frameworks, as well as aligning international financial reporting standards (IFRS) more closely to non-financial reporting standards. It has played a key role in helping develop integrated reporting standards, and recently announced at COP 26, the IFRS Foundation's formation of the new International Sustainability Standards Board to develop climate and related sustainability disclosures using the principles of integrated reporting, aligned to IFRS, is another critical milestone.

**EVOLVING REGULATORY REPORTING REQUIREMENTS PROVIDE NEW OPPORTUNITIES FOR PROFESSIONAL ACCOUNTANTS TO TELL THE CORPORATE STORY MORE COMPELLINGLY.**



### SPOTLIGHT: The accountancy profession at the heart of integrated reporting and integrated thinking

Accountancy has been at the heart of the development of the integrated reporting concept. Historical financial statements are essential in corporate reporting, but they provide only limited information about business value. They do not recognise the broader scenario in which the capitals, other than financial capital, are deployed by organisations, and the ways in which these capitals interact with the external environment to contribute to organisation performance.

Integrated reports aim to show how an organisation's strategy, governance, performance, and prospects lead to the creation of long-term value. Companies have recognised the benefits of showing a fuller picture of company value and a more holistic view of the organisation through Integrated Reporting, <IR>.

Integrated reporting is underpinned by integrated thinking. The <IR> Framework defines integrated thinking as: 'The active consideration by an organisation between its various operating and functional units and the capital that the organisation uses or affects. Integrated thinking leads to integrated decision making and actions that consider the creation, preservation or erosion of value over the short, medium and long term' (Source: IIRC 2021a)

Preparing an integrated report demands integrated thinking. A culture and process of integrated thinking and cross-functional collaboration across the organisation in the reporting process helps the organisation tell the story of corporate performance with much more clarity. The accountancy profession has a vital role in improving these processes.

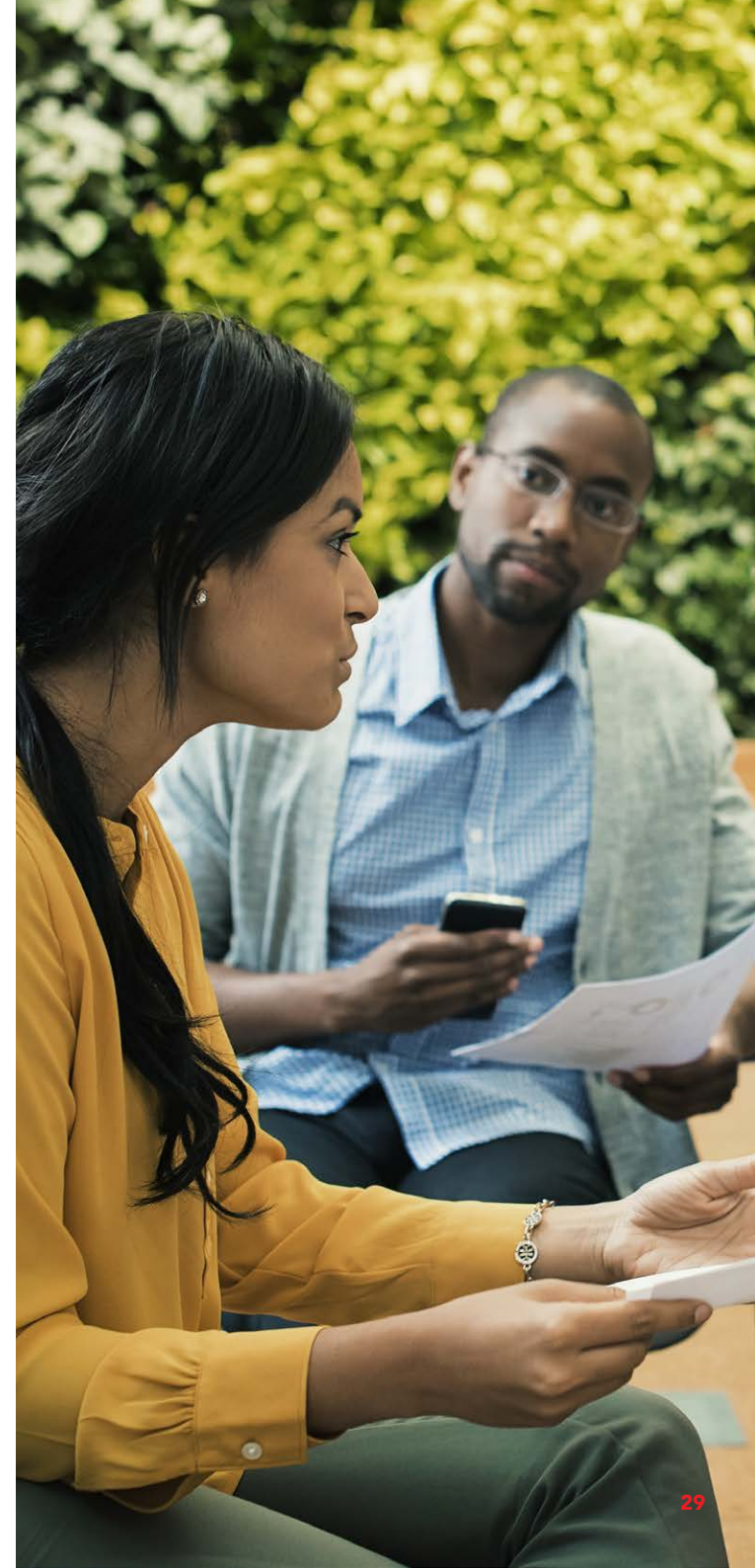
Source: ACCA, 2021e

### SPOTLIGHT: Principles for 'connected corporate reporting'

Issued in November 2021, this policy paper from ACCA calls on policymakers, regulators, and standards-setters to:

- develop requirements for high-quality reporting, outside the financial statements, that is coherent and connects with financial reporting requirements
- cooperate multilaterally to ensure that reporting requirements are consistent and interoperable across borders
- align requirements with the global standards produced by the IFRS Foundation and the International <IR> Framework
- base requirements on shared definitions for key terms, including 'sustainability,' 'sustainability reporting' and 'enterprise value'
- consider the cost and benefits in mandating reporting requirements and avoid disclosure overload
- leverage technology but without losing sight of the context of companies' governance, strategy, and business model
- connect reporting requirements with other policy levers to ensure that business resources do not focus on reporting compliance but on transforming business models for a just and green transition.

Source: ACCA, 2021g



# Developing regulation fit for a digital economy

The entrepreneurial economy has witnessed an explosion in new business models over the last few years. Individuals can now crowdfund their business ideas online, access markets anywhere across the globe, and get paid in 'bitcoin'. Yet financing arrangements increasingly sit outside mainstream regulated banking sectors and are not reported to the relevant authorities in any meaningful way. The implications for tax, regulatory supervision, and stakeholder protection are profound. The future digital economy may be an entrepreneur's dream, but is it a regulator's nightmare?

Striking the balance between a degree of regulation that protects all market participants and a level that would discourage entrepreneurial endeavour is an enduring challenge. On the one hand, the accountancy profession advocates the value of existing business forms such as limited liability companies or equivalents across the globe that offer stakeholder protection. On the other, the profession will also play a key future role in developing regulatory and legal frameworks that better serve the needs of both businesses and stakeholders in the digital economy, recognising the different exigencies this brings. The profession must play a leading role in developing future legal frameworks that all stakeholders can trust, as well as supporting businesses to grow sustainably within these emerging regulatory requirements.

## SPOTLIGHT: 'Trust at a distance'

As technology advances, so the scope for supplementing or even replacing existing trust mechanisms with technological tools has expanded. Perhaps the most high-profile attempt to replace external human accountability mechanisms with internal technological ones so far has been the Ethereum decentralised autonomous organisation (DAO). In 2017, a blockchain-based smart contract was launched, funded entirely in cyberspace and deliberately divorced from every existing framework, having no registered existence, no contracts enforceable in any recognised jurisdiction, and no reliance on an existing fiat currency... The limitations of this model were swiftly revealed when a feature of the code enabled one investor to siphon off a significant portion of the investment to their own wallet, entirely contrary to the intentions of the other investors and apparently the founders. Where minority investors in a registered corporation would, in most jurisdictions, have had recourse to the courts, there was instead recourse only to the code, and to the investors' apparent agreement with the outcome when that code was executed...

Source: ACCA, 2020a

## SPOTLIGHT: Tenets of business law

ACCA believes there are four central tenets or principles of business law that underpin a good environment for doing business. These are:

1. **SIMPLICITY** – the laws that govern businesses should be stringent but not complex
2. **OPENNESS AND TRANSPARENCY** – lawmakers should be open and transparent with businesses when designing and implementing business law
3. **FAIRNESS** – business law must be applied consistently and equally among business enterprises
4. **ACCOUNTABILITY** – business law should facilitate the accountability of business, fostering trust in businesses.

### Simplicity



### Openness and transparency



### Fairness



### Accountability



Source: ACCA, 2020c

**THE DIGITAL ECONOMY MAY BE AN ENTREPRENEUR'S DREAM, BUT IS IT A REGULATOR'S NIGHTMARE?**

## Advocating improved tax systems

Tax systems everywhere have three primary objectives: raising revenues for state governments, redistributing this revenue across society, and using taxation as a way of regulating both individual and corporate behaviour. A more connected global digital economy raises new complexities for tax systems.

Governments and major international institutions are under increasing pressure to think about how tax policies should develop in the future and be reformed and rebalanced to respond more effectively to the challenges facing the global economy. There are big questions for tax policymakers to address, from designing tax systems fit for digital, e-commerce and emerging forms of currency, through to reforming tax systems in the face of shifting workforce and employment practices, changing demographics and broader societal shifts. The accountancy profession will play a key role in tax policy development for the future and helps governments leverage technologies to improve tax administration.

In the area of environmental tax, linked to a greener global economy and circular business models in the future, the profession has arguably its greatest opportunity to make real change. From 'cap-and-trade' systems and direct carbon taxes on greenhouse gas emissions, to other green tax options, there are significant future opportunities for governments to leverage new fiscal policy interventions to reduce environmental pollution, restrict greenhouse gas emissions and limit biodiversity losses. Here, the accountancy profession can play a vital role in helping make the polluter pay, working with national institutions, law makers and governments around the world to influence future green tax policy development. This could be through tackling fossil fuel subsidy programmes, supporting the implementation of carbon-pricing strategies or helping develop other policy interventions to encourage organisations to adopt green strategies, invest in low-carbon resources and develop business models which are environmentally friendly.

### SPOTLIGHT: Tax systems need to adapt

Considering the challenges societies are facing today, it is time to rebalance our tax systems. Just as we now see our planet as comprising interconnected systems, we must take a fresh look at our tax systems overall. Specific tax measures, such as a carbon tax, landfill levies or taxes on single-use plastic, may help but they are no longer enough. To develop tax systems fit for the 21st century, it is necessary to think more widely about what governments should be taxing, and how the tax revenues should be used.

Source: ACCA, 2019

**THE ACCOUNTANCY PROFESSION  
CAN PLAY A VITAL ROLE TO  
INFLUENCE FUTURE GREEN TAX  
POLICY DEVELOPMENT.**



# Acting to uphold the rule of law and fight corruption

Poor governance, economic crime and widespread corruption destroys public confidence in government, other institutions and business, and undermines social and economic progress. It destroys capital market confidence, discourages cross-border investment and trade and erodes trust in global supply chains, making economies less resilient. Economic crime is an increasingly critical issue, and professional accountants have a core role to play in tackling corruption and ensuring economic and legal obligations and sanctions are always adhered to.

The ascent of the global digital economy has further increased opportunities for corruption, as well as related fraud and money-laundering activities. The comparative ease of doing business across borders exposes organisations to unfamiliar regulatory environments and cultures, and the growth in digital technology has increased risks in everything from transacting anonymously to cybersecurity.

## ACCOUNTANCY FIRMS HELP BUSINESSES PROTECT THEMSELVES FROM BRIBERY AND CORRUPTION RISKS.

The accountancy profession has always played an integral part in the fight against corruption and economic crime, helping law makers and institutions to develop consistent regulations and processes that foster stakeholder trust. It will be key in the future to developing specific laws and regulations targeting discrete areas of corruption, such as combating bribery, money laundering or tax evasion activities, as well as offering advice and guidance for clients on mitigating these risks. Accountancy firms too help businesses protect themselves from bribery and corruption risks, and jurisdictions with greater numbers of accountants score better in international measures of corruption.



### CASE STUDY: Combatting money laundering in Ireland

**The challenge:** Money laundering fuels crime and is a major threat to a fair, thriving and sustainable economies. As Aidan Clifford, ACCA advisory services manager in Ireland, explains: 'There would be no drug trade if you couldn't launder the proceeds'.

**How the accountancy profession is helping:** With their ethical code and carefully-trained eye helping them to spot signs of criminal financial activity, accountants have a key role to play in anti-money laundering efforts.

In Ireland, ACCA has been working with its members, fellow professional bodies, business and government agencies to help combat it through an informal public/private partnership. This was set up by the Garda National Economic Crime Bureau (GNECB) and the Irish Financial Intelligence Unit with the aim of increasing anti-money laundering cooperation by sharing knowledge and insights on money laundering trends and typologies.

As a result, previously overlooked sources of money laundering activity have been identified and steps taken to combat it.

In addition to this kind of collaboration, ACCA helps to prevent money laundering by providing extensive training for its members. Steven Meighan, inspector

at the GNECB, highlights the danger that accountants could be exploited and used as unwitting accomplices to enable criminal enterprises. Such training helps professional accountants spot instances of money laundering and take corrective action. A helpline for ACCA members has also been established to help them when they encounter suspicious activity.

Seeing education as a foundation stone in the fight against money laundering, ACCA has been sharing lessons learned in Ireland with ACCA members in other countries, as well as other accountancy bodies and national governments. Building on its collaboration with the Irish government, ACCA has created a guide to spotting money laundering activities, for the benefit of other countries, helping the profession around the world to combat crime.

**The impact:** This collaboration between the accountancy profession and the government has helped Ireland boost its reputation as a robust and respected financial centre. Ireland's expertise and approach to money laundering has attracted the attention of international businesses looking to locate their anti-money laundering divisions in the country, increasing demand for skilled jobs. This, along with the benefits of reduced crime, is helping to shape a fairer, more thriving and sustainable economy for the benefit of all.



## 5. Transforming the public sector

A triple whammy of increased health and social care costs, higher expenditure on fiscal support packages and reduced revenue intakes are contributing to a debt legacy from the Covid-19 crisis running to trillions of dollars for governments around the world.

National leaders face other priorities too, from population challenges, the transition to low-carbon economies, building green infrastructure and upskilling populations to be the digital workforce of tomorrow. Across the world, governments are also tasked with achieving the United Nations Sustainable Development goals, a common roadmap for governments in transitioning to more inclusive and prosperous societies.

The journey to repairing public finances and making the right sorts of policy and spending decisions that lead to more digital, green, and equitable futures is essential.

## Ensuring sustainable public finances

With the total fiscal support in response to the Covid-19 crisis in trillions of dollars, and new concerns for some economies posed by the crisis in Ukraine, government budgets are facing pressures unseen in recent history owing to expansive fiscal policies and contracting economies.

Wage subsidy schemes, direct interventions to support industry and household income and health spending, a sharp contraction in tax receipts, reduced trade and 'below the line' unaccounted-for spending decisions have all brought new pressures to public sector finances. Government fiscal frameworks require a reset.

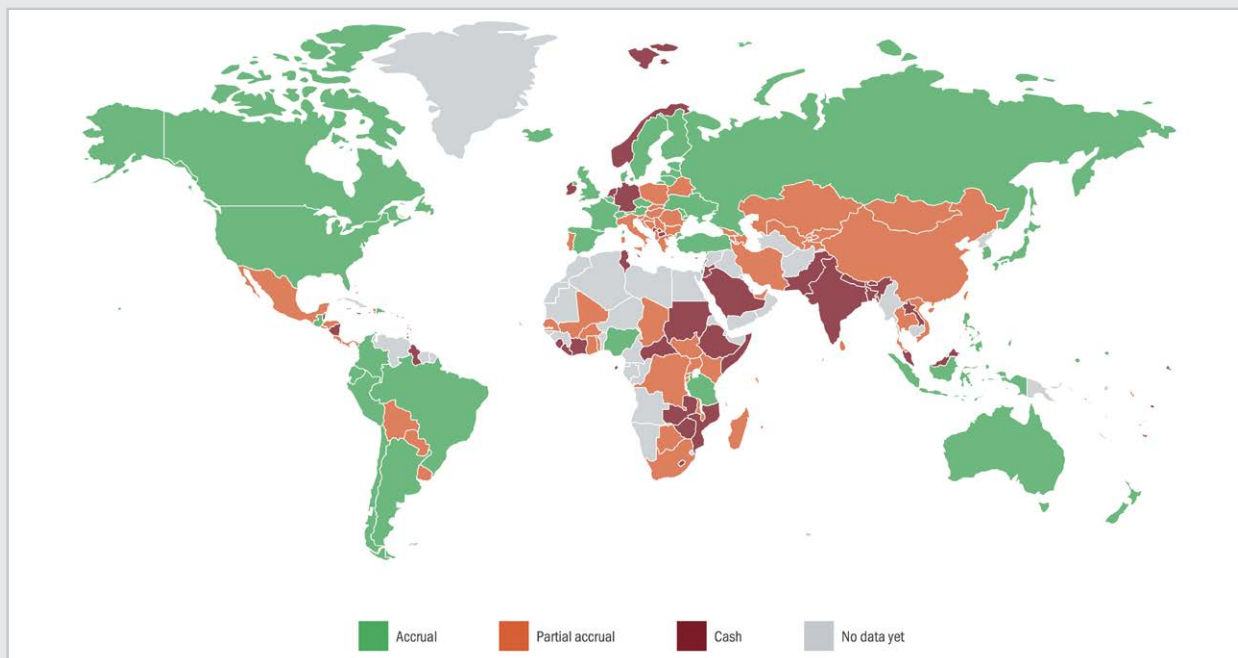
In efforts to rebuild their economies, governments are focusing on helping their societies to become more resilient, inclusive, and equitable. In supporting these ambitions, accountancy in the public sector is on a unique transformational journey too, tasked with providing financial support and expertise to support the myriad different, and often competing, national and subnational government priorities. Difficult policy decisions will have to be made. Professional accountants in the public sector have a huge opportunity to help government shape appropriate fiscal policies and frameworks for the future.

**ACCOUNTANCY IN THE PUBLIC SECTOR IS ON A UNIQUE TRANSFORMATIONAL JOURNEY.**

### SPOTLIGHT: the adoption of International Public Sector Accounting Standards (IPSAS) across the world

A global transition to accrual accounting by governments is under way. The adoption of IPSAS and accrual accounting by national governments and public sector bodies across the world has been essential for producing robust public sector financial information, understanding the true impacts of policy decisions, and increasing accountability and transparency on public sector spending for citizens.

IFAC and CIPFA's *International Public Sector Financial Accountability Index (2021)* reports that 30% of 165 jurisdictions were reporting on an accruals basis in 2020. By 2025 this is expected to rise to 50%, with a reduction, to 25%, in the proportion using cash accounting. The longer-term projection is that more than 70% of jurisdictions will report on an accruals basis.



IFAC Global Impact Map Adoption of IPSAS Forecast 2025.  
Source: IFAC and CIPFA, 2021

# Transforming public financial and risk management

Critically, the pandemic exposed the limitations in prevailing public financial and risk management practices. The disparities in the wealth of countries at the outset of the pandemic will be reflected in the capacity of national governments to rebuild finances over the longer term, though the immediate priority for national governments and public sector organisations is to stabilise public finances. It's here that the accountancy profession and finance professionals in the public sector will play a vital role in transforming public financial and risk management practices for the future, and ensuring they are flexible and resilient enough to deal with future crises.

Public financial management will in future support the range of government and public sector policy priorities in different ways. Accountants will drive better policy decisions by using better fiscal and financial data, leveraging analytics and business intelligence technologies to derive better insights. They will support investment appraisals and offer multiple-year perspectives on financial and non-financial performance indicators linked to the achievement of policy goals. They'll lead enhanced budgeting processes that will enable more effective planning, linking desired policy goals to better citizen outcomes and increased value for money. They will have a growing role in procurement and contract management to support governments and public sector bodies in becoming more efficient and deriving more commercial value from suppliers. They'll also be essential in bringing better stewardship and governance to public sector finances, which will help rebuild trust and accountability in national governments and across the sector.

## SPOTLIGHT: Recommendations for improving public financial and risk management

### 1. IMPROVING TRANSPARENCY AND ACCOUNTABILITY OF GOVERNMENT SPENDING BY:

- improving budget-oversight processes
- increasing the independence of supreme audit institutions.

### 2. BETTER PRIORITISATION OF RESOURCE ALLOCATION BY:

- using outcome-based or performance budgeting to make a clearer link between the allocation of resources and the effective delivery of public services
- implementing accrual accounting and budgeting to enhance financial decision making, maximise the return on public assets, gain deeper focus on value for money and standardise reporting on an international basis.

### 3. INTENSIFYING THE FOCUS ON RISK MANAGEMENT BY:

- embedding risk management in governance and leadership at all levels
- ensuring public financial management professionals contribute to the strengthening of their organisations' risk-management processes by identifying risks and helping decision makers evaluate financial aspects of risks.

### 4. UPSKILLING PUBLIC SECTOR FINANCE PROFESSIONALS BY:

- equipping the public sector with the future financial skills needed, capabilities and behaviours.
- a particular focus on ensuring finance professionals develop enhanced skills in specific areas such as outcome and performance-based budgeting, ERM, accrual accounting, procurement and contract management skills, technology capabilities, and sustainability skills, which are all key priorities
- equipping public sector finance professionals with recognised professional accountancy qualifications to enhance capabilities and stakeholder confidence and support talent mobility between the public and private sectors.

Source: ACCA, 2021h

**THE ACCOUNTANCY PROFESSION WILL PLAY A VITAL ROLE IN TRANSFORMING PUBLIC FINANCIAL AND RISK MANAGEMENT PRACTICES FOR THE FUTURE.**

### Case study: Public sector and the role of risk – Hamzah Chorghay, Turkey

While a non-profit organisation manages money differently than the corporate world, the pandemic has proved how important accountancy is for helping public sector organisations prove their purpose.



Hamzah Chorghay, director of risk and compliance at Turkish Red Crescent in Ankara, an ACCA member who worked in business risk advisory at Grant Thornton as well as in risk-based internal audit at Toyota in Saudi Arabia before entering the public sector, says that when Covid-19 struck, the Turkish Red Crescent set up a special commission to make sure there was continuous monitoring of the practical effects and what that meant for the stakeholders it serves in Turkey and across the globe.

‘I think this crisis has given accountants a mandate for providing a new level of insights for boards and senior management, and in getting risk involved in every conversation across the organisation.’

The crisis presented an opportunity to show how the Turkish Red Crescent makes a positive impact on society during catastrophes. ‘We want our organisation to be ready to withstand what’s coming at us, but at the same time make sure we are agile enough to capitalise on the opportunities that a crisis presents. This is what I advise

to my Board and this is what we try to emphasise to stakeholders. Our job is to be by your side during the bad days whether in getting food to people or providing hospitals with much-needed equipment.’

Keeping the KPIs updated and relevant is crucial during a fast-changing situation. ‘When you think of how much aid was delivered, the many lives that were impacted, as well as the money we raise and spend, there are a lot of risks and KPIs that we are constantly monitoring.’

Regarding the inherent risks, geopolitical risk is a key concern for them when it comes to aid and humanitarian organisations. ‘Even local individual donors who used to donate for international causes now are tending to become more supportive of causes closer to home because of the pandemic and this requires everyone in the industry to change their fundraising and aid deployment strategies.’

Chorghay says that timely risk data proved vital to decision making and helped Turkish Red Crescent respond quickly

during the pandemic. ‘As we have learned, whether they are financial or non-financial, the risks are increasingly interconnected.’

The Turkish Red Crescent also owns relevant businesses, for example, a tent manufacturer and a water company, as well as a medical supplies manufacturer. Some of the natural disasters that have happened recently have increased demand for these, but ‘external risks that are not apparent one day can also hit from behind the next, so our matrices are always changing’.

While non-financial risks are considered in a ‘subtler’ way, he says the pandemic is giving everyone an opportunity to consider how to get other non-key metrics-related risks recognised. ‘In terms of projections and profitability, one needs to talk about the underlying operational risks that are hiding under those numbers. I think accountants everywhere need to take on that ownership a little bit more if they are to add value in the new norm.’

Source: ACCA, 2021f



**THE PROFESSION WILL USE ITS VITAL SKILLS  
IN HELPING GOVERNMENTS PERFORMANCE-  
MANAGE THEIR CONTRIBUTION TO THE SDGs.**

## Helping achieve the UN SDGs

One of the biggest challenges facing governments over the next decade is meeting the ambitions of the United Nations Sustainable Development Goals (SDG's). This roadmap for transitioning national economic, environmental and societal prosperity by 2030 is complex and wide scale. Yet the accountancy profession has opportunities to contribute to the achievement of profound change across the public sector, helping national administrations codify and manage the multi-dimensional and cross-cutting policy-related initiatives as part of a broader plan of delivery.

The profession will be instrumental in helping build the infrastructure and management systems to meet the SDG goals. Accountants will help develop SDG initiatives, policies and outcomes that are coordinated and aligned across the entire span of governmental activities, as well as recognising the inter-dependencies between the goals. They will need to align SDG achievement with all the other priorities that governments are facing.

The profession will use its vital skills in helping governments performance-manage their contribution to the SDGs, from leveraging technology to analysing data and producing fresh insights into goal attainment, establishing performance metrics to track progress, enhancing control environments, managing emerging risks, and developing reporting processes that support proactive public-sector decision-making. These steps can make the achievement of the goals a reality. In particular, as government goals to reduce carbon emissions cut across many of the SDG ambitions, finance professionals across the public sector will give policymakers a better understanding of environmental and climate impacts, through initiatives such as 'green budgeting' and sustainability reporting.



## SPOTLIGHT: The role of supreme audit institutions (SAIs) in addressing the SDG challenges

SAIs' approaches to ways of working and strong engagement with the 2030 SDG Agenda can be a model for others looking to take on today's challenges. They achieve this through:

- well-developed and articulated global and regional knowledge-sharing systems
- a strong ethos and practice of cooperative working
- regional and global voice and advocacy coordination
- guidance on and processes to support new audit areas presented by the SDGs
- online tools and resources to support the community.

The steps taken by SAIs to be involved in assessing progress towards these 21st century challenges are part of the foundations of building a more resilient, SDG-aligned economy and society.

Interconnected areas for the future of collaboration by SAIs, governments and civil society for achieving the SDGs include:

- finding more ways of incorporating SAIs into SDG assessment as early as possible – and stronger advocacy of the case for doing so to improve governments' SDG-related action
- engaging with a wider role for SAIs, given the civil society-centred focus of the SDGs
- building resources and thinking for addressing new data challenges that the SDGs present
- continuing to construct a networked approach to the SDGs to fully realise the potential of addressing interconnected challenges together.

Source: ACCA, 2020d





## CASE STUDY: Building a public sector that works for everyone

**The challenge:** The public sector accounts for 33% of the global workforce and 30% of global GDP. Its budgets everywhere are under pressure at a time when the services they provide are needed most. The sector faces huge challenges helping economies recover from the pandemic, dealing with ageing populations, environmental crises and declining infrastructure, and ensuring education, security, health and social care. The challenge is paying for these services, while getting the best possible return for society from the taxes people pay to fund them.

**How the accountancy profession is helping:** Public sector finance professionals play a valuable role in meeting this challenge. ACCA is dedicated to contributing to an effective public sector that commands the trust and respect of the whole of society.

The ACCA International Public Sector Conference responds to this, uniting leaders from around the world. Since it started in 2010, ACCA has hosted the event around the globe – including in London, Singapore, Johannesburg and Prague. The 2021 event was held online with the theme ‘Leading recovery in public finance’. It attracted more than 15,000 public sector finance chiefs, senior auditors and accountants, and academics. They heard talks by Helen Brand, ACCA chief executive; Ian Ball, Professor of Public Financial Management, from Victoria University of Wellington; and Michael Hadjipantela, Minister of Health for Cyprus Government.

The conference over the years has led the way in calling for accrual accounting, which measures value against the lifetime of an investment rather than the immediate cash impact. It has also called for honest contract tendering, with fully public registers, to increase accountability and tackle fraud.

**The impact:** The annual event has served as a powerful rallying point to strengthen the work of the public sector. Every year it underlines how healthy economies and societies need strong public sectors as well as thriving private sectors. The impact of the conference is widespread, with benefits rippling around the world thanks to ACCA’s global network of dedicated public sector professionals, including more than 67,000 ACCA members and future members.

‘Even societies and nations which place the free market and private enterprise first in their economic models must still take as their foundation a strong public sector, where the profits of flourishing enterprises help sustain a good environment; infrastructure that works; and all those public services which make a civilised and happy society for all citizens. And the world needs public sector accountants to provide the leadership, behaviours and standards to meet the challenges we all have’.

**Mark Millar FCCA**, former president, ACCA and deputy chair of East Suffolk and North East Essex NHS Foundation Trust, England



## 6. Supporting entrepreneurial growth

**Small businesses are the engine of the global economy, employing 2bn people globally and accounting for 90% of the world's businesses.**

Innovation and entrepreneurial endeavour, coupled with technology change, are the driving force behind the fourth industrial revolution and future growth.

The accountancy profession is a foundational pillar at the heart of this future entrepreneurial economy, building core financial and business skills. Accountancy firms will play an essential role as the natural trusted adviser to small businesses in the future, helping start-ups and small businesses to harness digital technologies and data analytics or emerging innovative practices to achieve success.





## CASE STUDY: Supporting small farmers in Nigeria through social enterprise

**The challenge:** Small-scale farmers in Nigeria have historically found it difficult to access customers and funding, making it difficult for many to prosper. This, in turn, has contributed to food security issues in parts of the country.

**How the accountancy profession is helping:** ACCA member Akindele Phillips identified an opportunity to address inefficiencies in the food supply chain by providing a platform for farmers to talk business and 'think finance', helping them to address challenges with securing capital, agronomic knowledge and access to the market.

Professional accountants are trained to spot challenges for business owners and help mitigate them, and can offer solutions to turn ideas into reality. With the knowledge from his ACCA Qualification and background in providing outsourced accountancy services, Akindele co-founded Farmcrowdy to help introduce crowdfunding to Nigerian farmers.

However, the challenge with crowdfunding is that it is often short term. As a result, Farmcrowdy pivoted to connecting smallholder farmers on its farmer network database to institutions, government agencies, and other providers of development funds. It also negotiates with suppliers on farmers' behalf, shares technical knowledge with them and helps them sell their produce directly to customers, cutting out intermediaries who previously took large shares of the profits. Farmcrowdy's strategy

therefore brings together the key players in the food value chain, including producers and retailers, in addition to the buyers themselves, providing them with access to markets, viable inputs and processed foods.

**The impact:** To date, over \$15m of transactions have been traded on Farmcrowdy's platform, and 424,000 farmers have entered Farmcrowdy's network across 36 Nigerian states. So far, the average income of farmers in the network has gone up by 68% and there have been many community improvements, including the building of dams, boreholes, and improved security.

Farmcrowdy has more recently aligned its business model with the 'zero hunger' United Nations Sustainable Development Goal (SDG 2).

Akindele values his ACCA membership and the wider network it offers, helping people to communicate across borders and speak the same language of business. As a result, he is able to reach out to other members when brokering international deals, helping to empower many more farmers and continuing to strengthen the local food supply chain in Nigeria and across Africa.

'We need to solve the food security problem and we need to solve it in a sustainable way'.  
**Akindele Phillips**, co-founder and CEO, Farmcrowdy



# Helping start-ups

The accountancy profession and particularly small accountancy practices are essential in supporting entrepreneurs and small businesses to start up and grow in local economies. Smaller accountancy firms don't offer just financial advice and compliance services to their clients: they're a vital part of the much broader small-business support eco-system. They're the natural business adviser at every stage of the growth process, from initial business conception and financing through to supporting wider business expansion plans and strategy development.

## ACCOUNTANCY FIRMS ARE THE NATURAL BUSINESS ADVISER TO START-UPS.

Smaller accountancy firms help entrepreneurs by providing connections to governments, regulators, banks and other sources of finance, such as start-up loans, venture capital or government grants. They provide other early-stage support, such as for pitching to investors, helping build initial financial plans and forecasts, or providing advice on leadership and management structures or acquiring tax reliefs and grants.

They're also key to enabling small businesses to navigate the maze of legal and regulatory requirements that entrepreneurs need to meet or understand the complexities of cross-border trading. They support entrepreneurs and small businesses in tapping into new business-support models, such as accelerator and incubator schemes that offer services such as office space, training and mentoring, access to networks and information, and equipment provision.

### SPOTLIGHT: Support offered by small and medium-sized accountancy firms for entrepreneurs and small businesses

|  |  |
|--|--|
| <b>Enabling growth</b>               | Chief financial officers (CFOs) within SME sectors or SMPs acting as portfolio CFOs, looking beyond compliance, provide the expertise and insight needed to drive business growth and are often seen as growth enablers, which is aligned with the overall goal of small business support models, whether accelerators or incubators.  |
| <b>Early-stage start-up support</b>  | Accountants provide their clients with the solid financials and forecasting needed to enter incubation and acceleration programmes and pitch to investors. They help start-ups in telling their story using financial data.<br>Start-ups often struggle to cover the costs of accountancy and accountants can offer support in exchange for support, particularly technical support, or even good will.  |
| <b>Access to finance</b>             | Finance is key to start-ups and accountants are best placed to guide their clients through the maze of finance options available and the pitfalls and benefits associated with each. They may even be able to connect their clients directly to sources of finance, possibly available within business support models, including accelerators and incubators.  |
| <b>Mentoring</b>                     | Entrepreneurs whose businesses grow will be moving into unfamiliar territory which will challenge their business knowledge. Accountants who have developed their own business advisory capabilities will be able to both support clients in decision making and develop them as business leaders. Accountants are often invited to act as mentors on incubation and acceleration programmes.   |
| <b>External finance function</b>     | One of the key benefits of incubators is the 'back office' support they provide to entrepreneurs who may lack the skills to deal adequately with financial matters, or simply be better positioned for developing and promoting their business. Digital accountants can play a part in this, by providing packaged services, access to platforms or even a fully outsourced finance function.  |
| <b>Networking</b>                    | Accountants can offer their clients a wide range of networking opportunities, both within their own client base and through their wider connections with the local or even global business community and support models such as incubators and accelerators.<br>In this evolving ecosystem, accountants are collaborating with each other more actively to bring complementary skill sets to clients and small business support ecosystem.   |
| <b>Technology evangelists</b>      | Accountants and SMP firms are 'technology evangelists' for small business and the start-ups sector. They are at the forefront of wider small business digital transformation, not only implementing finance technology solutions, but also creating 'app stacks' within a particular app ecosystem or integrating 'best of breed' solutions tailored to small businesses.<br>Technology is an important pillar for both the recovery and enhanced growth of the small business sector and accountants and those operating small business support models should see this as an increasingly interesting point of synergy.   |
| <b>Post-Covid recovery</b>         | Incubator and accelerator communities have risen strongly to the challenge of Covid-19 to create innovative solutions to problems created by the crisis, and to anticipate the needs of the post-Covid world. So have the accountancy community and SMPs, that were often referred to as the "emergency services" for small business sector working individually and collectively to keep thousands of small businesses afloat.<br>As part of SME support ecosystem, the communities of accelerators and incubators and SMPs are expressing interest in further developing cooperation to support small business recovery. |

Source: ACCA, 2020e

## Driving business innovation

Small-business growth continues to accelerate as barriers to market entry fall, and better technology lowers operating costs and transforms connectivity. The growth in use of the Cloud and of more connected workplace technologies affords new opportunities for business collaborations and partnerships for start-ups, as well as online access to talent in the sharing economy. The ways in which new businesses are funded continues to evolve too, from crowdfunding platforms, venture capital, and government grants, to loans specifically designed to encourage entrepreneurialism in marginalised or under-represented parts of society.

Here the transformation of the small and medium-sized accountancy practice as the trusted adviser to small business truly comes to fruition, with smaller accountancy firms evolving their service lines and transforming their digital capabilities to expand service offerings and find new ways of innovatively connecting with and supporting clients.

**DIGITAL IS AFFORDING  
ACCOUNTANCY  
FIRMS NEW WAYS TO  
INNOVATIVELY CONNECT  
AND SUPPORT CLIENTS.**

Key to expanding this superior advice service is the ascent of digital capabilities within small practices. Digital technology has evolved through Cloud-based applications: the expansion of connectivity and growth of mobile networks is transforming client offerings from traditional bookkeeping services to mobile-led added-value offerings. Now, technology isn't just about cutting inefficiencies and speeding up client service, it is also providing access to shared client data platforms and extending the levels of data insight and analytics capabilities that small firms can bring to their clients, helping them take the best decisions, exploit new market opportunities, and transform their organisations into sustainable business models for the future.





## CASE STUDY: Impact accountancy for SMEs – Mark De Lat, the Netherlands

Mark de Lat is a partner of a medium-sized accountancy and advisory practice, Eshuis Accountants en Adviseurs, in the Netherlands, where he runs the firm's dedicated sustainability service line.



The firm has been dubbed 'Impact Accountancy' and the team aims to work with small and medium-sized businesses to help them integrate, report, and assure the measures they take to become sustainable companies.

De Lat's philosophy is that if companies don't focus on sustainability, their business models will come to a natural end. 'I want better business models for a better world', he says. He hopes that his business will grow and expects that this will be helped by pressure from large companies on the smaller companies in their supply chains to ensure and attest to their sustainability.

De Lat's business has, perhaps, an unusual advantage in advising SMEs on their sustainability, since his own business is in the process of becoming a B Corp. 'This means we are going through the same process', he says. He outlines the approach his team of accountants, business analysts and advisers uses, and it becomes clear that he is talking about an accessible sustainability template for SMEs, who are often confused about where and how to start. 'First, we talk to owners about their vision – is the company one who is looking at sustainability because of regulations, or are they looking at it because they want to, and because they see the opportunity?' he says.

Source: ACCA, 2021i

'From that point we assist the client in formulating a roadmap for a sustainable business model. In this roadmap the use of available data is a very relevant step'.

Then, de Lat says, they work with the company to disclose and assure the data with the help of their team consultants, impact accountants and advisers.

'We don't use fancy tech tools to do this – we have the tools to hand already, and they are the tools accountants and advisers use already'. The Cloud, says de Lat, is all well and good, but if a company is not able to report 'on paper' the Cloud won't help them get there. 'A fool with a tool is still a fool!' he says, laughing.

The company has found that some of its traditional clients are also becoming interested in sustainability. 'Step-by-step, they are seeing that it can be done', says de Lat.

'We commissioned some research from a university on what makes owners want to take the first step, and what we found confirmed what we already knew: that most owners only want to do something if they feel they have

to and, more important, when they want to'. Thankfully, he says, the headlines, and dinner-table conversations with their children are making some owners 'pull their heads out of the sand'.

But, says de Lat, it's not only the businesses that need to change, but the accountants too. 'In the 1990s, the role of the accountant was as a partner to the finance part of the business. In the late 20th century we saw them change their sphere of operations as M&A [mergers and acquisitions] became a huge trend. Now they have to change again'. De Lat says that it is essential for sustainability to move out of the communications function in business, and into the finance function or, in his words, 'the value function'. And accountants 'need to learn to partner with many more and different types of experts', he says.

Ultimately, says de Lat, 'accountants have a huge role to play in being an adviser on sustainability – there is a great opportunity for them to do something really important here'. He wants to see accountants working as impact accountants across the business and throughout the supply chain to make sustainability operable and assurable, no matter what the size of the business.

'Simply pledging to change is not enough', he says.

## Supporting local entrepreneurial talent

The role the accountancy profession plays in local economies and across local communities is also vital in helping entrepreneurship to flourish. Smaller accountancy practices are essential in promoting accountancy across educational establishments, including schools, as a rewarding career and gateway to satisfying entrepreneurial ambitions. This not only helps educate young local talent on the opportunities in the profession, but simultaneously ensures that smaller firms are seen as socially responsible and supporting local communities and individuals to thrive.

Smaller accountancy firms are also a classic 'gateway' for young entrepreneurial finance talent to enter the workplace. Many offer workplace placement, mentoring opportunities, training and apprenticeship programmes to school leavers, providing exposure to real business and a first taste of working life. Some combine this with a commitment to social inclusion, taking advantage of government schemes that target groups such as the long-term unemployed or those with disabilities. Others have been flag bearers for using digital technologies to promote flexible working practices and better work-life balance, enabling people to combine a career with family life or to overcome mobility issues.

**SMALLER ACCOUNTANCY FIRMS ARE ALSO A CLASSIC 'GATEWAY' FOR YOUNG ENTREPRENEURIAL FINANCE TALENT TO ENTER THE WORKPLACE.**



### CASE STUDY: Fostering entrepreneurialism in Pakistan

Incubation is relatively new in Pakistan, but has seen a boom in the last three to four years, as the government has recognised the need to boost the technology sector and innovation and hence has created the National Incubation Centre (NIC).

'It's not just exports, not just new ideas that they wanted to grow', says Farhad Shafqat Qayyum, who manages the incubation programme in Peshawar. 'The main objective behind this is that we need jobs, we need people to have different sources of income. So more businesses mean more job opportunities'.

An important part of the centre's work in Peshawar is getting businesses properly set up and registered for taxes. The Centre works very closely with ACCA Pakistan, both helping ACCA students to set up their own businesses and matching start-ups with accountants:

'People often think that getting a chartered accountant is going to cost them a lot, which results in start-ups not getting accurate data, not knowing the future'.

'What we're doing is [that] we're making start-ups realise how important it is to be...crystal clear in your finances, registering your company, how you pay taxes and everything', says Bilal Farooq Khan, who is responsible for marketing and communications at NIC Peshawar.

The centre in Peshawar focuses on various sectors: health, biotech, FinTech and agriculture. Through the programme of the incubation centre, start-ups get support in areas such as hiring, talking to investors, preparing pitch decks, branding and promotion. Matching start-ups with the right sources of finance is vital.

'When we look for an investor, we try to find someone who brings in a skill set for the start-up, not just money. You can get money from a bank, but the bank does not give you any support', says Qayyum. The Centre also matches start-ups with experienced entrepreneurs as mentors and coaches, who work on a one-to-one basis with the start-up on an intensive six-month programme. 'In this six months of focus time, start-ups grow really well', says Qayyum. 'We've seen huge difference in the revenues'.

The final stage is networking start-ups with vendors, manufacturers and global investors: 'everything that you can think of that can be done with a start-up, we do it', says Qayyum.

Qayyum says that Pakistan is experiencing a steep growth in the number of start-ups as people spot the opportunities. The NIC programme in Peshawar gets 400–500 applications for every 20 places and even when companies do not get on the programme they still pursue their goal.

'What we've noticed is that people who have applied for incubation at our centre and were not successful for the first time, applying at "idea-stage start-up", come back later with a working prototype, which means that they are really interested in pursuing their idea'.

Source: ACCA, 2020e



## CASE STUDY: Building confidence among young entrepreneurs in Kenya

Robert Belle, CEO of SMIP Consultancy, Kenya

Robert's driving purpose is to address the low survival rate of entrepreneurs' small businesses, which often fail needlessly in their first few years. This led him to expand his business beyond accounting and bookkeeping to add true value to his clients as a business adviser.

'My main driver is the high failure rate of small businesses, I have too many friends who have gone to the wall because there is not that level of support', he says. 'Even getting a competent accountant can be hard'. He offers a lot of basic tips and advice to entrepreneurs on a pro bono, no-obligation basis, and for his clients he develops a more customised approach which looks beyond survival to growth and sustainability.

This approach addresses not just the 'hard skills' needed to run a business but gives entrepreneurs the confidence to transcend their limiting beliefs and develop, contributing to employment and economic growth. He focuses particularly on the service sector, where there is less support than for suppliers of physical goods

Robert supports this by talking in schools and colleges, offering more practical advice to graduates and acting as a role model in schools, as well as by working with ACCA to encourage more members to take on this role. He facilitates work experience, both in his own business and in his network, and has been successful in taking on ACCA students and developing them to help expand his firm.

He recently took on a pro bono project for a fast-growing church, digitising its finance and membership records to create transparency and trust. This became an opportunity to spread the positive message about entrepreneurialism

and confidence in seminars to its young congregation, and Robert is looking to build on this with similar projects for other organisations.

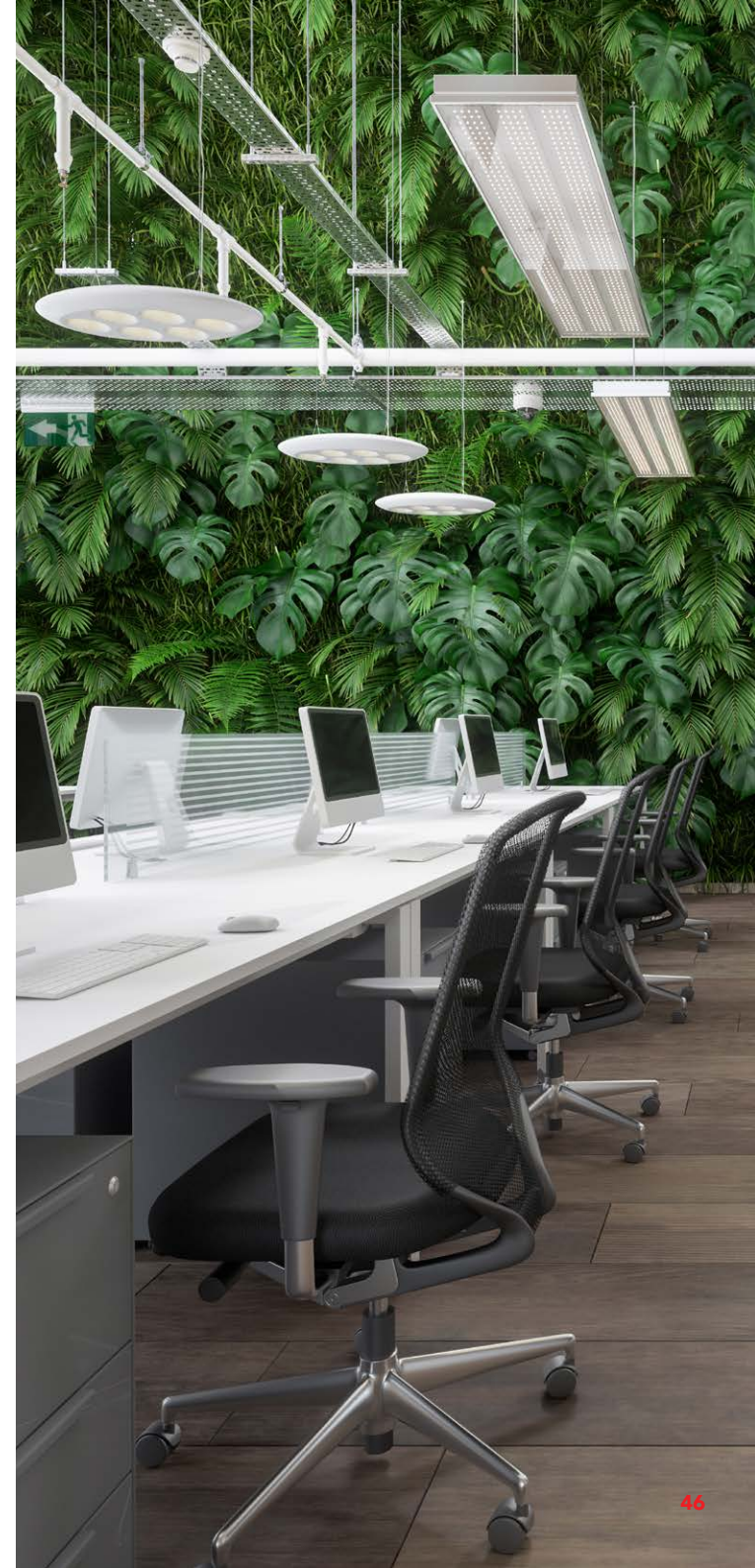
Robert is a champion of creativity with a passion for helping accountants to leverage and harness their emotional and creative skills, and helping entrepreneurs to 'tell their story' and unleash their own creativity.

This is exemplified by his response to the Covid-19 virus: his client base is mainly service based and has therefore been hit very hard, and Robert is helping them to think creatively and 'pivot' to exploit new business opportunities using their skills and service offerings, whether digitally or through other channels, and thereby keep the 'money tap' flowing.

Robert has also been instrumental in developing and delivering government schemes targeting Kenya's high unemployment rate through entrepreneurship, and he hopes to develop these into more scalable programmes.

'My ultimate aim is to impact policy to support small businesses. I actually partnered with the government on a project to leverage the impact of online and digital working by providing entrepreneurial training and tax advice. Seeing these businesses survive means more employment and more economic growth – if I turn away that support is not there'.

Source: ACCA, 2020b



## 7. Strengthening ethics and trust

**A deficit of trust prevails. Global society continues to grapple with major trust-related issues, such as concerns with data privacy, intrusion, free speech, income disparity, government corruption, unequal access to employment opportunities, inadequate provision of public services and broader systemic racial and other equality challenges.**

There is an increased demand for inclusivity and accountability, a desire for more trust and confidence in governments, organisations, and the people who lead them, with corporate purpose, equity, and social inclusion high up the business agenda. In the face of a number of well-publicised corporate failures, the accountancy profession itself also faces the challenge of rebuilding trust.

## Acting in the public interest

Trust and ethical behaviour are a cornerstone of the global accountancy profession. The international Code of Ethics issued by IESBA binds professional accountants to act 'in accordance with fundamental principles of professional and personal ethical behaviour, ensuring the use of appropriate ethical frameworks and compliance with laws and regulations'. This code of behaviour is central in ensuring that professional accountants discharge their responsibilities appropriately and operate in the public interest, but it's also underpinned by the regulation and oversight of professional accountants and firms of accountants by the accountancy profession itself, ensuring that high standards are upheld. Yet as the global economy continues to evolve and technology transforms, digital itself will raise new ethical challenges or creates new behavioural

risks for the profession to navigate. It will be essential that the profession supports the next generation of professional accountants in managing these new ethical situations.

The mandate for the accountancy profession to always operate in the public interest is amplified where public scrutiny of the performance of organisations grows, and where poor corporate behaviour destroys value. The practice of both good corporate reporting (by 'the preparer') and the subsequent audit (by 'the assurer') goes to the heart of the trust agenda. Sound corporate reporting is integral to well-functioning capital markets and economic growth, and independent assurance of the quality of corporate reports, executed with the appropriate objectivity, due care, and ethics by auditors, enables investors and wider

stakeholder groups to assess a company's performance more accurately, and gain more confidence in its overall management and governance. Independent oversight of auditors by appointed regulators across different jurisdictions further strengthens trust in the profession.

**TRUST AND ETHICAL BEHAVIOUR ARE A CORNERSTONE OF THE GLOBAL ACCOUNTANCY PROFESSION.**





### SPOTLIGHT: Further improvement through audit reform

The audit profession continues to respond to challenges about audit quality, particularly in the face of a number of well-publicised corporate failures in recent years. Reviews across different jurisdictions focus on a number of key areas, from the definitions of public-interest companies that require statutory audits, the provision of wider assurance services, regulatory and legislative developments for director responsibilities, reporting about internal control frameworks, and the issue of competition and choice in the audit market. These developments collectively are intended to enhance audit quality and lead to greater trust in corporate reporting assurance.

One area in which further developments can be expected is fully understanding the impacts on auditing practices from the Covid-19 crisis. In particular there has been increased focus on audit evidence gathering in remote working environments, and recognition of increased risks in relation to the valuation of assets, completeness of liabilities, going concern and potential fraud issues. Standard setting bodies supported by professional accountancy bodies in different jurisdictions are continuing to develop their guidance to address issues such as these.

Yet the roles and responsibilities of the accountancy profession beyond audit and corporate reporting are equally important in strengthening ethics and building stakeholder trust. Corporate purpose, equity and social inclusion are now dominating the business agenda, and there is a growing emphasis on connecting desired social outcomes with tangible business performance. It's here that professional accountants operating in broader financial, performance-management and leadership roles can make a real difference. CFOs and financial managers are the natural corporate stewards, using data to generate information and creating strong financial and risk-management processes that increase transparency and accountability in decision making. This is the professional accountant as the 'corporate consciousness' of the organisation, ensuring sustainable decision making for investments, championing the adoption of ethical business practices, and promoting the benefits of strong financial and organisational governance.

## CORPORATE PURPOSE, EQUITY AND SOCIAL INCLUSION ARE NOW DOMINATING THE BUSINESS AGENDA.

### SPOTLIGHT: The five fundamental principles of ethics for professional accountants

- a. **INTEGRITY** – to be straightforward and honest in all professional and business relationships.
- b. **OBJECTIVITY** – to exercise professional or business judgement without being compromised by:
  - Bias;
  - Conflict of interest; or
  - Undue influence of, or undue reliance on, individuals, organisations, technology or other factors
- c. Using **PROFESSIONAL COMPETENCE** and **DUE CARE** to:
  - attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organisation receives competent professional service based on current technical and professional standards and relevant legislation, and
  - act diligently and in accordance with applicable technical and professional standards.
- d. **CONFIDENTIALITY** – to respect the confidentiality of information acquired as a result of professional and business relationships.
- e. **PROFESSIONAL BEHAVIOUR** – to:
  - comply with relevant laws and regulations
  - behave in a manner consistent with the profession's responsibility to act in the public interest in all professional activities and business relationships; and
  - avoid any conduct that the professional accountant knows or should know might discredit the profession.

Source: IESBA 2021 Handbook of the International Code of Ethics for Professional accountants

## Promoting good governance

Good corporate governance is fundamental to building stakeholder trust and sustainable business performance. It's key to ensuring organisations act with ethical purpose, behave responsibly and play their role in creating, rather than extracting, value. The new ISO 37000, Governance of Organisations, released in September 2021, puts ethical purpose and value creation at the core of best-practice corporate governance. It's here that the accountancy profession is becoming more important in helping organisations activate strategies aligned with an ethical purpose and the values behind it.

**PROFESSIONAL ACCOUNTANTS PROVIDE THE CORPORATE INFORMATION THAT UNDERPINS GOOD ORGANISATION GOVERNANCE.**

As trusted advisers to both the boards of directors and fellow executives, accountancy professionals can support organisations in adopting and putting into practice effective governance frameworks, such as ISO 37000, across all activities. They can ensure that the processes within them are monitored regularly and continuously upheld as part of the prevailing culture of the organisation. They can help evaluate how these frameworks and processes can be improved to address the evolving issues and threats the organisation faces. In this way, accountants can guide organisations to become sustainable.

But good governance requires more than frameworks: it also needs action based on reliable information. It's here that professional accountants are vital in helping organisations determine appropriate operational, financial, risk-management and reporting processes. Analysis of these is essential to enable boards and organisation leaders to make well-informed decisions. This goes to the heart of good governance in the face of rapidly changing business environments, where new externalities and risks continue to emerge. These activities help boards understand the relationship between their risk appetite and their strategy and highlight potential threats or outcomes of various scenarios. Professional accountants are providing the corporate information that underpins the mechanics of effective organisation governance.



## CASE STUDY: Navigating the ethics of the digital era

**The challenge:** Professional accountants are generally viewed as the ethical conscience of their organisations. They are also at the heart of leveraging technological advances, such as big data, automation, artificial intelligence (AI) and machine learning. These provide us with huge opportunities, but they also present new ethical challenges, ranging from cybersecurity, confidentiality of data, and ensuring data-driven decisions retain an ethical lens. An ethical approach is also needed on technology and ESG – environmental, social and governance – so that advances such as AI are in the best interests of society and the environment.

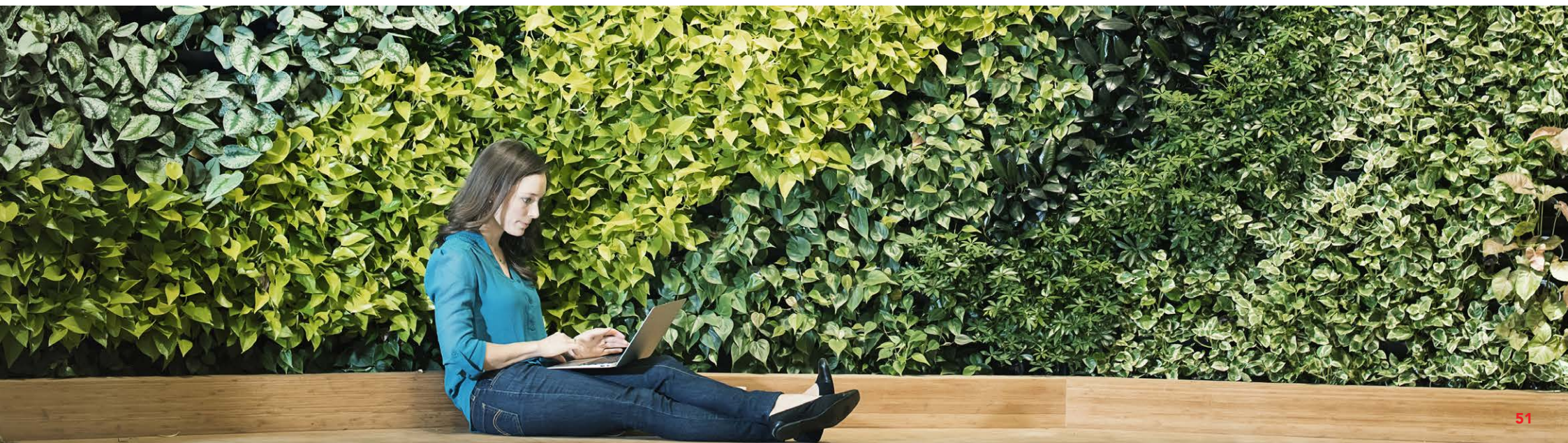
**How the accountancy profession is helping:** ACCA has been leading thinking and mobilising action in this area through its research and engagement activities, prompting fresh thinking and rallying action. Professional accountants, working in a huge range of roles across organisations of all shapes and sizes, are well placed to drive action from the inside.

In 2017, ACCA conducted a global study among 10,000 professional accountants and over 500 C-suite leaders on ethics and trust in a digital age. The report provided a wealth of information and knowledge sharing. It called on professional accountants to build their knowledge of emerging technologies, combine process control with a strategic view to reduce unintended consequences, and look at mechanisms for reporting unethical behaviour.

Further research in 2020 explored how we should manage the coming mass adoption of AI in an ethical, responsible manner, essential if we are to derive long term value from it. This involved a survey of over 5,000 finance professionals and 42 online discussion groups, carried out with our research partner, Chartered Accountants Australia and New Zealand. The project also received guidance and support from the International Ethics Standards Board for Accountants (IESBA).

**The impact:** The wide engagement and work to share research findings in an impactful way is helping drive new thinking across countless organisations. Both reports were widely covered in the global media and used as the basis for events and discussions, helping to create much needed focus on the ethical implications of the rapid digital advances we are all experiencing. This is helping the world harness the opportunities provided by technology in ways that are positive, and reduce the risks of unintended and damaging consequences.

‘The question is always: how are we acting in the public interest, and how is this changing? There are always new developments, take cyber-attacks for example, the factors involved in public interest are always evolving.’  
**Lucy Winskell**, chair of the regulatory board, ACCA



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