

# The accountancy profession's role in creating public value

SURVEY REPORT



In the aftermath of the global financial crisis, interest in the role of the accountancy profession in supporting public value remains high.

The way that individual accountants apply accounting, reporting and auditing standards has a powerful impact on the stability of financial markets. Their determination to meet high ethical standards in all aspects of their work is also vital for maintaining confidence and promoting public value. Alongside individual professionals, accountancy bodies too have essential roles to play in the development and application of consistent global professional and ethical standards, in promoting good corporate governance, and supporting economic development through access to finance.

ACCA's strategic goal is to be recognised as the leading global accountancy body by reputation, influence and size. Integral to the achievement of this goal is to leverage ACCA's values and public-facing obligations to build its reputation. Promoting the public interest and adding public value is core to what ACCA does and ACCA's credibility depends on society recognising that ACCA should, and does, work for the public good. Understanding the perception of this part of the profession is key to future advancement.

In January 2011 ACCA conducted an international survey among chief financial officers and finance directors or their nominated equivalents across 20 countries, seeking their views on the public value delivered by the accountancy profession and how it could be increased. The 1,384 participants were drawn from across Africa (301), the Americas (159), Asia (50), Asia-Pacific (362), Australasia (52), Eastern Europe (157) and Western Europe (303).

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## ACCOUNTANCY PROFESSION HAS HIGH PUBLIC VALUE

The accountancy profession has a key role in delivering public value, the survey findings show. Asked to rate a number of professions or sectors in terms of their public value, 38% of participants give accountancy a 'very high' rating, placing it second only to the medical profession (rated 'very high' by 43%).

However, when also taking into account participants who perceive 'high' public value, the accountancy profession moves ahead of all others – being seen as having 'high' or 'very high' public value by 88% of participants, compared to 78% for the medical profession and 77% for banking.

## ETHICS AND TRANSPARENCY ARE KEY TO HIGH PUBLIC VALUE

In order to contribute to public value, what values, attributes or behaviours should a global accountancy body demonstrate?

Respondents show strong agreement over two characteristics in particular, with 44% identifying ethical conduct as key, and 37% focusing on the need for openness and transparency.

Many other factors are also identified. Participants believe that, in order to contribute to public value, a global accountancy body should:

- contribute to the development of the economy (26%);
- contribute to the development of society (25%);
- drive a common standard for financial regulation (24%);
- be a trusted organisation (23%);
- promote good corporate governance (23%).

A few participants identify a range of other necessary qualities, such as professionalism, competence, good service provision, knowledge and independence.

## HOW WELL DOES THE ACCOUNTANCY PROFESSION DO NOW?

The accountancy profession is rated highly in terms of its demonstration of certain values, attributes and behaviours considered important for supporting public value.

Two thirds of participants (66%) believe the accountancy profession contributes to the development of the economy. Given the high emphasis previously placed on ethical conduct, it is also encouraging that 65% of participants consider the accountancy profession to be ethical in its dealings with stakeholders.

Over 60% of participants also think the accountancy profession promotes good corporate governance, drives a common standard for financial regulation

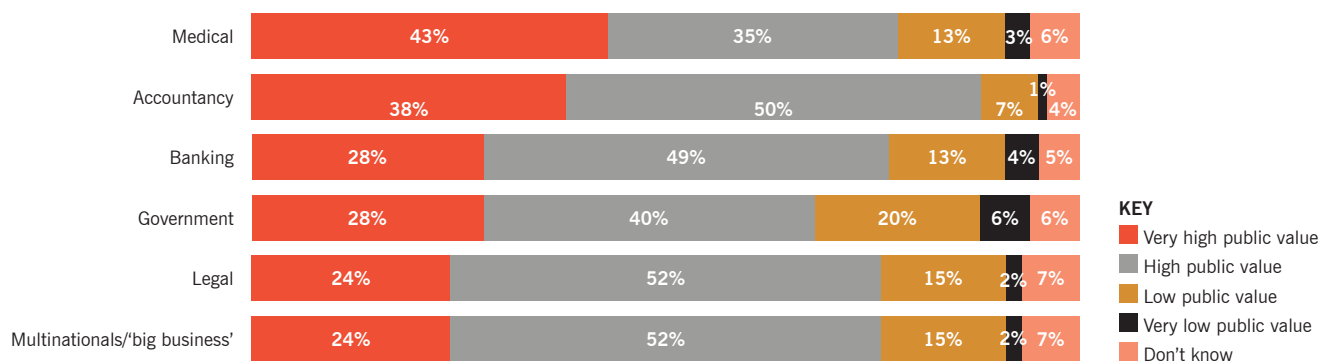
and is trusted. Over half also think the accountancy profession is open and transparent and contributes to the development of society.

Survey respondents reveal similar perceptions of individual accountants – particularly in terms of their ethical conduct (61%), trusted status (57%) and openness and transparency (54%).

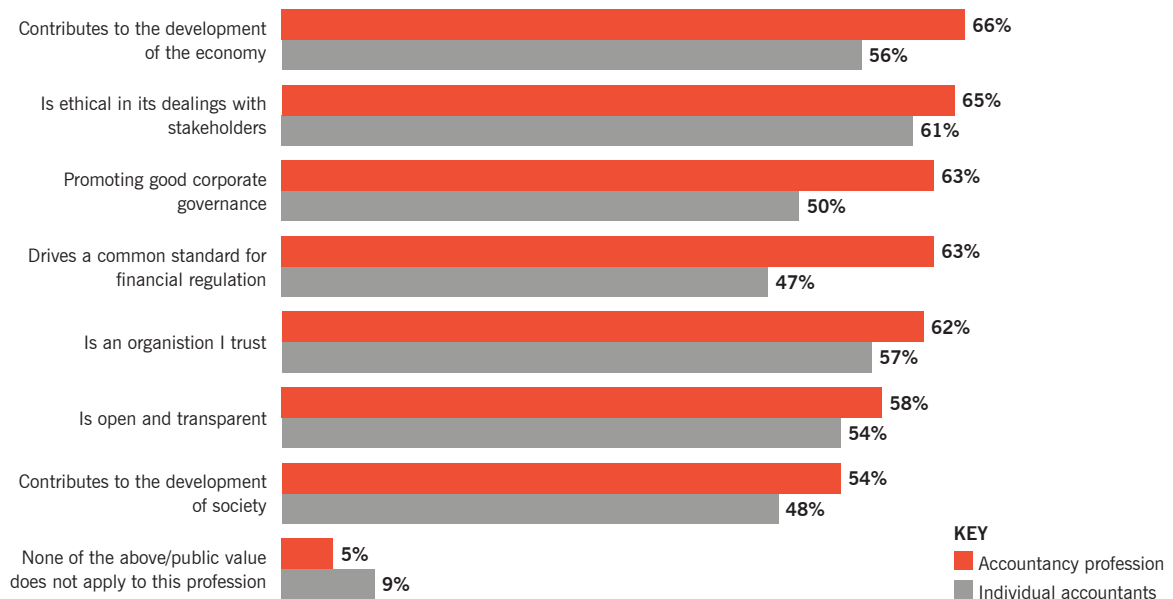
The widest divergence in perceptions of the profession as a whole and of individual accountants arises in relation to driving a common standard for financial regulation. This perhaps suggests a perception that individual accountants have less influence over the development of common regulatory standards around the world than do the professional bodies to which they belong. It emphasises the importance of accountancy bodies working together to help achieve high quality, globally consistent regulatory standards.

There is also a notable divergence in perceptions of an individual accountant's current promotion of good corporate governance, as compared to the profession as a whole, and of their contributions to the development of the economy. One accountant in isolation can do so much, but a body of professionals acting together has far greater influence.

## PERCEPTIONS OF PUBLIC VALUE



HOW WELL DOES THE ACCOUNTANCY PROFESSION DO?



HOW COULD PUBLIC VALUE BE INCREASED?

When asked how a global accountancy body should be increasing its public value going forward, survey participants' most popular recommendation (18%) focuses on improving accountancy standards and expertise. Participants highlight the challenge faced in keeping up to date with global changes in financial reporting and other standards, emphasising the support accountancy bodies can provide by running courses, sharing information and restructuring qualification syllabuses to meet the needs of developing countries.

Consistent with responses to other survey questions, 15% of participants identify the need to act ethically and show integrity. Some participants highlight the need to clearly broadcast their rules and regulations, monitor the activities of members, and ensure transparency over their admissions and other processes.

A significant proportion (14%) suggests increasing presence/involvement and raising general awareness of the impact that the accountancy body and individual accountants have on business, society and hence public value.

Other suggestions centre on showing social responsibility (8%), providing better or more relevant services (6%), and meeting corporate and governance standards (6%).

CORPORATE SOCIAL RESPONSIBILITY REPORTING

If accountancy bodies are to raise awareness of the public value they deliver, one way to do so is through their corporate social responsibility (CSR) reporting. Participants identify a range of content that accountancy bodies should disclose in this context.

The largest proportion (16%) support high transparency and the disclosure of all relevant information, while 15% logically identify the reporting of social responsibility issues.

There is support for a degree of financial detail in CSR reporting, with 12% thinking it important that disclosures include financial facts, costs and information on how money is spent.

Some participants also think accountancy bodies should report on compliance and regulatory matters (8%) and environmental issues and impact (6%).

PARTICIPANTS' COMMENTS

"Keeping up to date with the global changes, information is critical so it should be shared, maintaining standards as it grows."

UGANDA

"Should restructure the syllabus so it helps developing countries. Act locally and internationally".

NIGERIA

"They should always put up rules and regulations to monitor the activities of their members."

ZAMBIA

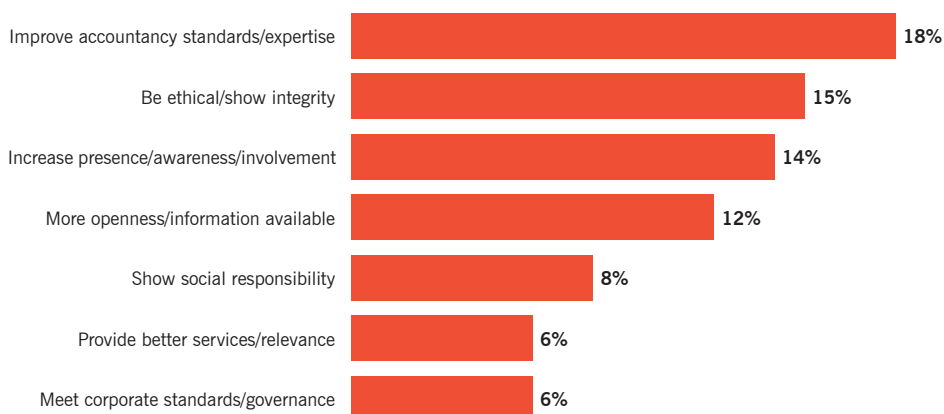
"They need to be more transparent/less concentration on the agenda but more in the financial reporting in the country. The admission process of the bodies should be more transparent."

POLAND

"Upgrade their standards. More financial disclosure, update members and students with new information, courses."

HONG KONG

IMPROVING PUBLIC VALUE



**PARTICIPANTS' COMMENTS**

"I would like them to disclose the activities and the cost involved in meeting their corporate social responsibilities."

**MALAYSIA**

"Anything it does in the areas of helping the environment, charity, education, improving the lifestyle of stakeholders."

**CARIBBEAN**

"What it has done for the community – has it donated money or has it run programmes that have aided the general public financially. Has it engaged its members in corporate social responsibility practices, Also, is it itself transparent in its own operations."

**AUSTRALIA**

"What are they doing to lower their own carbon footprint. What is their carbon footprint. And how they are working towards a paperless society."

**UK**

There is also demand for meaningful disclosure, with 6% of survey respondents specifically identifying the need to talk about what CSR actions the body is taking.

**CONCLUSION**

Given the key findings of the global survey of employers – where 88% of respondents believed that the accountancy profession delivered high public value and ethical conduct and transparency are key to demonstrating public value – there is an expectation in the market place of the value accountants bring to society. The challenge for ACCA is to meet that expectation. ACCA therefore needs to do, and be seen to do, the right things, in the right way and to a high standard.

ACCA delivers public value in a number of ways by:

- removing artificial barriers and providing access to the profession to anyone with ability regardless of background
- embedding ethics and professionalism into the syllabus to produce accountants who meet the current and future needs of employers, regulators and the public at large

- a commitment to high global standards robustly and transparently enforced, for example members who do not comply with CPD are automatically removed from the register
- sharing our knowledge and expertise with organisations around the world to develop the global accountancy profession
- providing unique viewpoints to challenge legislators and policy makers
- encouraging businesses to grow in a controlled and socially responsible way thus helping to build a more sustainable and resilient society, for example encouraging businesses to include all aspects of its health in one report (integrated reporting)
- promoting and living ACCA's values – integrity, accountability, opportunity, diversity and innovation – which provide the context and framework for what we do and how we do it, including a willingness to walk away from situations and business opportunities where ACCA's values may be compromised.
- ACCA's commitment to public value, across the spectrum, will continue to drive how it operates and will remain absolutely central to the strategy we pursue on behalf of our stakeholders and in the interest of the global profession.



