



The Association of  
Accountants and  
Financial Professionals  
in Business

The global  
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accountants



## Drivers of change in the US

# Introduction

This report outlines the US-relevant findings from a global survey conducted in 2012 by ACCA and IMA across their membership on drivers of change for the accountancy profession. It presents the US's key drivers of change in the short, medium and long term for a variety of businesses. By identifying and exploring emerging trends, it can help accountants and business leaders prepare for an uncertain tomorrow.

This report goes further than simply identifying critical drivers across various time frames: it explores the extent of their impact according to a firm's size and activity.

What is most telling from the analysis is that accountants share similar lines of thought with senior executives. For instance, both accountants and senior executives highlight a need for more use of non-financial and integrated reporting, as well as the need for accountants to have a more strategic role.

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# About the survey

In 2012, ACCA and IMA conducted a global survey to identify future drivers of change that will affect businesses and the global accountancy profession across three time frames: the short term (up to three years into the future), the medium term (4–9 years) and the long term (10+ years).

Over 550 professional accountants and business leaders from different sectors of the US economy offered their insights.

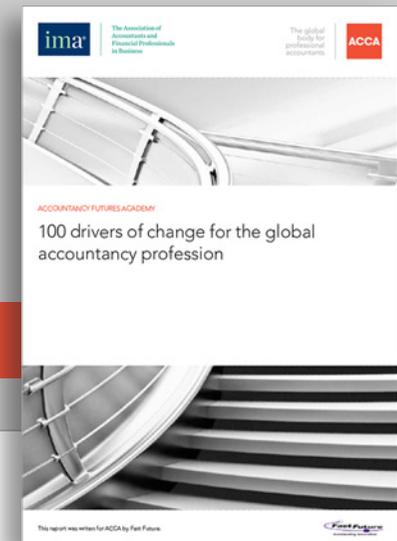
Respondents were asked to rate each of the drivers on a scale of 1 to 7 (where 1 = no impact and 7 = significant impact).

## FURTHER READING

**Other reports related to ACCA's global Drivers of Change survey are also available:**

- *Drivers of Change in the UK* (ACCA and IMA, February 2013)
- *Drivers of Change in Asia-Pacific* (ACCA and IMA, February 2013)
- *Drivers of Change: Global Perspective* (ACCA, and IMA February 2013)
- *100 Drivers of Change for the Global Accountancy Profession* (ACCA and IMA, September 2012)

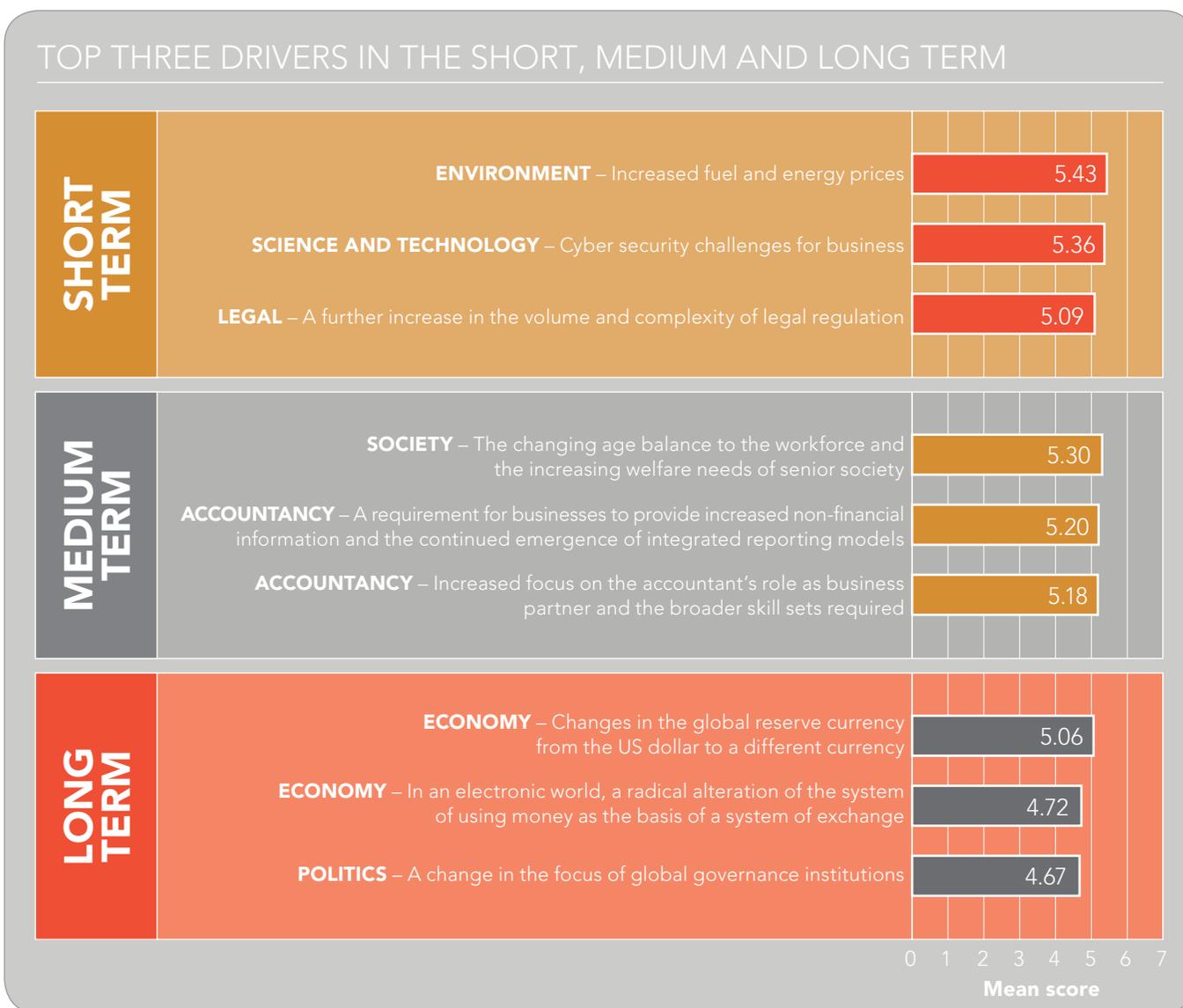
[www.accaglobal.com/futures](http://www.accaglobal.com/futures)



# Key findings: drivers and their impact

For the immediate future, businesses and the accountancy professionals in the US are most concerned, by far, with rises in fuel and energy prices. In the more distant future, however, trends related directly to the profession and to society are more important.

Accountants will be expected to play a far greater role in everything from strategic decision making to the design of new revenue models, while maintaining a balance between financial stewardship and entrepreneurship in a global economy where businesses are operating in a volatile, uncertain and competitive environment.



# Key findings: short term

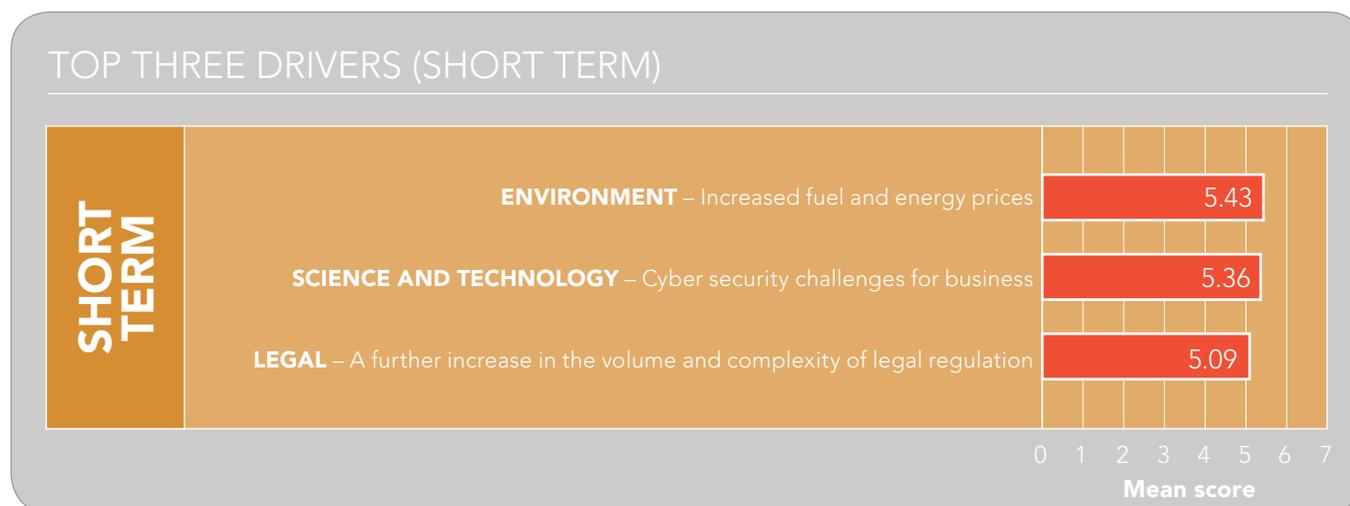
US respondents cited the rise in energy and fuel prices as the most pressing issue facing businesses in the short term. The second and third critical drivers that are expected to have significant impact relate to legal issues and science and technology.

*‘High cost of fuel and energy reducing overall business profits’*

*‘Operating costs driven by energy scarcity’*

Cyber security challenges, which are posed by an array of threats, constituted the second driver identified. As the world has become ever more reliant on computers, the continued digitisation of financial services has opened up individuals and organisations to threats from cyberspace, and new forms of cyberterrorism, cybercrime and cyberfraud will continue to emerge.

The third critical driver that is expected to play a role in the immediate future is the further increase in the volume and complexity of regulation. The major trend at the moment is the rising demand for



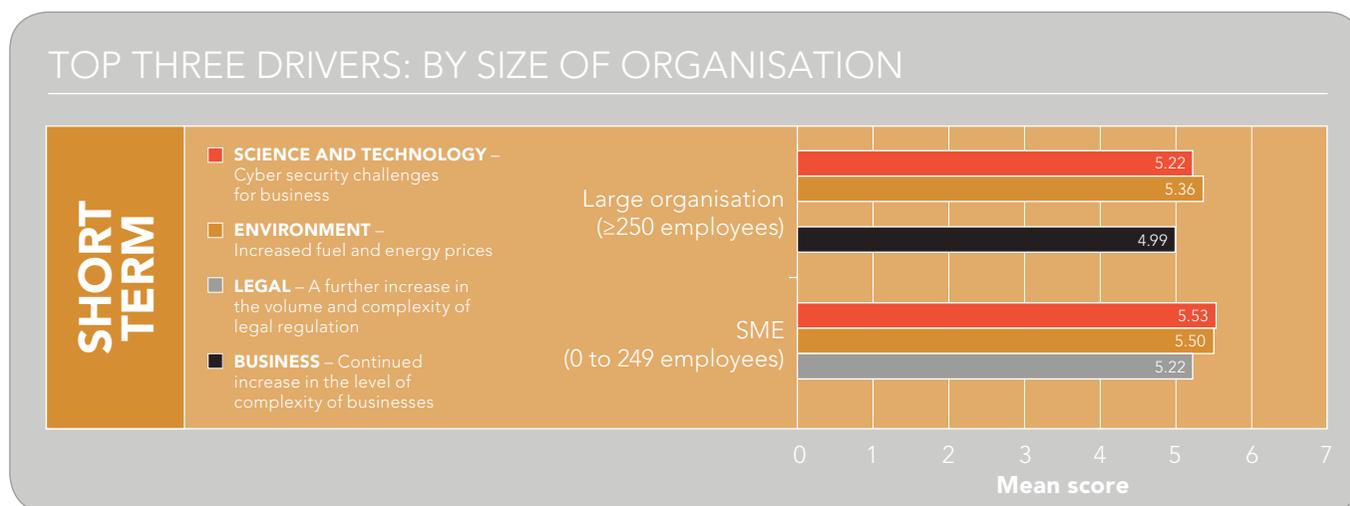
a regulatory response to the continuing economic crisis. The global financial crisis has negatively affected public perceptions of business and the whole financial services industry, in particular, in many countries. In a bid to prevent a repeat of the financial collapse and corruption scandals of recent years, governments are increasing regulatory requirements for transparency and the management and reporting of risk. How these national mandates mesh with global and regional regulations will be key to shaping the future boundaries within which business and the accountancy profession operate.

How do these drivers in the US compare with global findings? The US’s first and second critical drivers mirror those reported on a global level. The third short-term driver, however, differed. Globally, the evolution and strengthening of global corporate governance regulation and practice were identified as being of more importance than the increase in volume and complexity of regulation.

# Analysis: by size and sector

The rise in energy and fuel prices and the cyber security challenge were the most reported drivers of change by companies, irrespective of their size. It is no surprise, however, that small and medium-sized enterprises (SMEs) reported higher levels of concern for rising fuel prices and energy costs as these costs represent a heavier burden for them than for larger organisations.

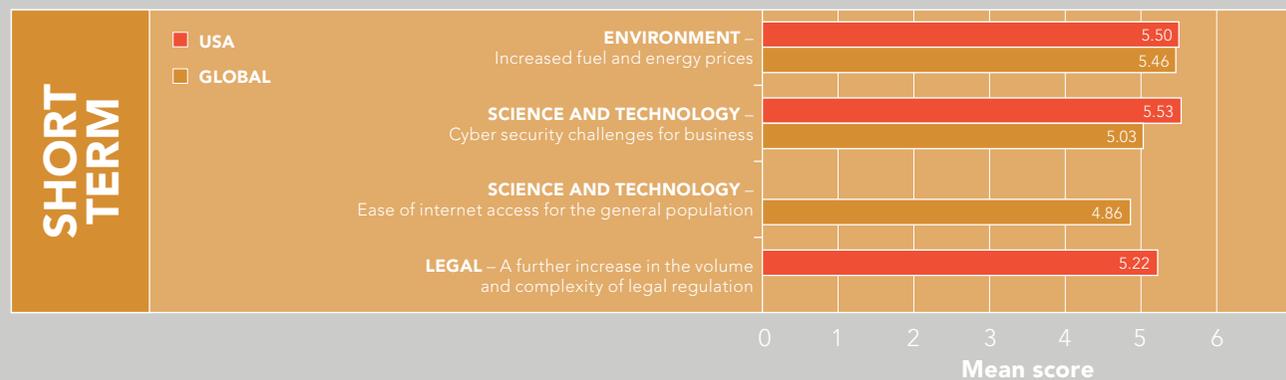
Large organisations (with at least 250 employees) placed 'continued increase in the level of complexity of businesses' in third place in their list of concerns while SMEs gave more importance to the 'further increase in the volume and complexity of global regulation'.



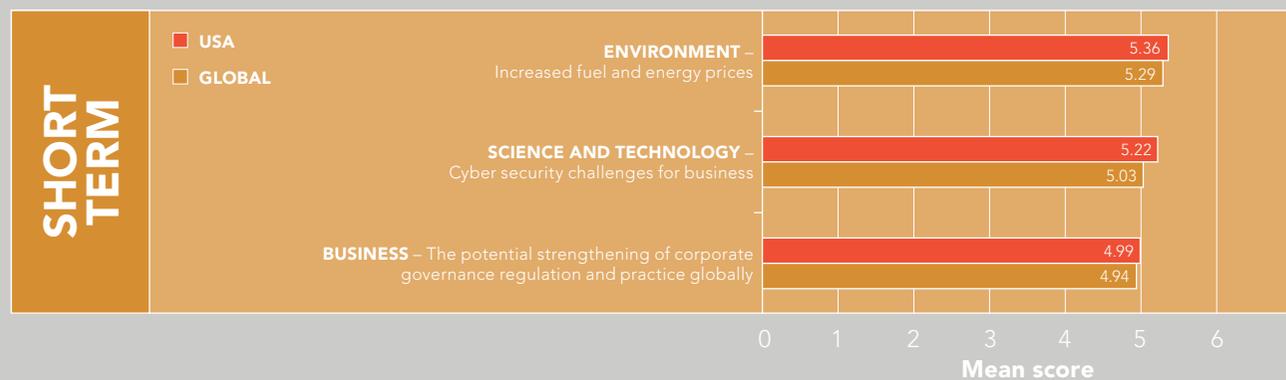
US SMEs were more conscious of cyber security challenges and further increases in the volume and complexity of regulations. Cyber attacks can directly affect both operations and the reputation of businesses, particularly when 97% of respondents based in the US claimed to use the internet to look for local goods and services. Businesses need to be where their customers are and must ensure their customers' details are kept secure. Recent research by Symantec revealed that the number of SME businesses subjected to cyber attacks doubled during the six months to the end of June 2012. Recent research has also found that theft of digital information has become the most commonly reported fraud, surpassing physical theft.

Large US enterprises identified the same top three drivers, mirroring those reported on a global level.

### TOP THREE DRIVERS: US SMEs COMPARED WITH THEIR GLOBAL COUNTERPARTS



### TOP THREE DRIVERS: LARGE US ORGANISATIONS COMPARED WITH THEIR GLOBAL COUNTERPARTS



## Analysis: by role of respondents

Increases in energy and fuel prices were cited by both accountants and senior executives as the most important driver in the immediate future.

Senior executives, managers and accountants based in the US all identified the cyber security challenges facing businesses as the second critical driver. Accountants ranked the increasing cost and accessibility of higher education as third: 66% of them mentioned this, while senior executives gave more importance to the further increase in the volume and complexity of regulation.

### INCREASE IN FUEL AND ENERGY PRICES

REPORTED BY

senior executives: **74%**

accountants: **80%**

### CYBER SECURITY CHALLENGES

CITED BY



**3** out of **4**  
senior executives and accountants

# Key findings: medium term

The global economy is underpinned by a complex infrastructure that allows it to function. In this infrastructure, the accountancy profession plays a large role.

In the US, the third most significant driver, in the medium term, 2016 to 2022, is the increasing importance of the accountant as a business partner and the need for accountants to have a broader skill set. This is not surprising. Owing to the sheer breadth of economic, commercial and regulatory challenges and changes on the horizon, the CFO and the accountancy function will play an increasingly central role in business. Three particular aspects of this enlarged remit were emphasised: accountants' enhanced strategic responsibility; the broadening of audit and compliance; and the importance of an assessment of 'total sustainability'.

*'Accounting staff need to be integrated further into operations as business partners'*

## TOP THREE DRIVERS (MEDIUM TERM, 4–10 YEARS): US



The second critical driver is the requirement for businesses leaders to be responsive to change and disruption and for accountants to provide increased non-financial information coupled with the emergence of integrated reporting models. Non-financial information is increasingly recognised as being as important as financial information as a driver of business value and risk. Also, in response to demands for a holistic picture of organisational health, models of integrated reporting are being increasingly adopted.

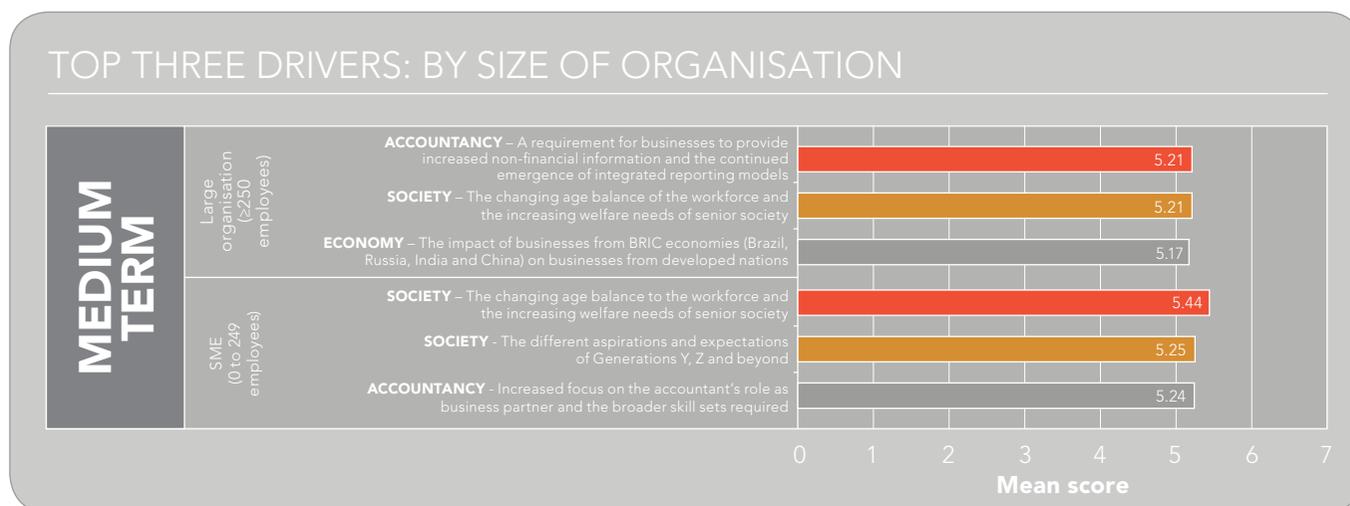
When compared with global results, respondents in the US expect the move towards greater harmonisation of global accounting standards to play a greater role than the ability of business leaders to react to changes that may arise from a turbulent operating environment.

# Analysis: by size and sector

Differences and similarities can be found between organisations of different sizes (number of employees). SMEs in the US highlight the importance of an increased focus on the accountant’s role as business partner while large organisations cite the increase of non-financial reporting and integrated reporting models as drivers in the medium term.

Additionally, irrespective of organisation size, respondents emphasised the role of a changing workforce age structure and the increasing welfare needs of senior society as a critical driver in the medium term. The workforce age structure will undoubtedly undergo adjustments as an effect of the downward trend in global fertility coupled with an ageing society: even though the population is growing, the average age is also rising, which will strain public services ranging from healthcare to education.

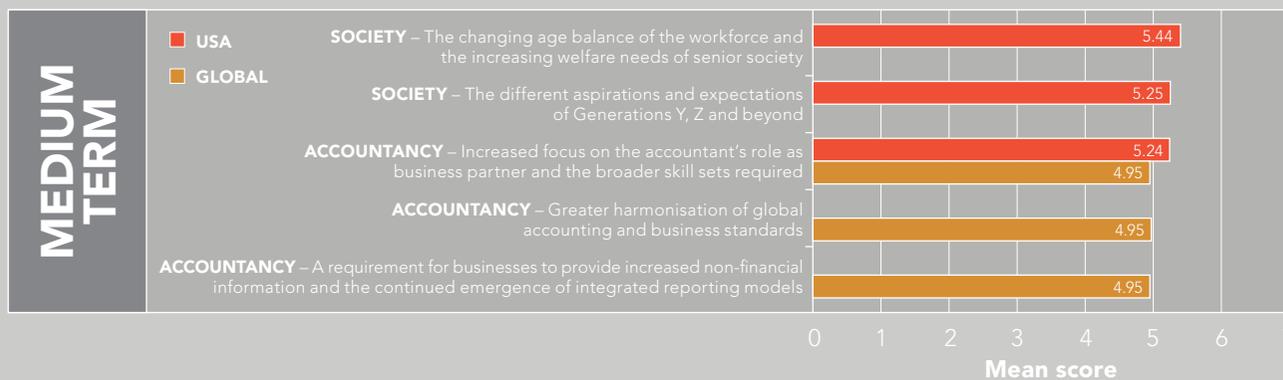
Large organisations also identified the impact of the growth of economies in Brazil, Russia, India and China (BRIC) as the third driver of change, in order of importance. The BRIC economies are becoming increasingly central as markets in their own right and as sources of future competition for the traditionally dominant economies. These nations, and India and China in particular, represent the fastest growing of the world’s emerging large economies.



US SMEs rated the increased focus on the accountant’s role as a business partner higher than that reported on a global level (mean score of 5.24 compared with 4.95). Societal drivers and workforce age structure and diversity were both reported by SMEs in the US as critical drivers in the medium term. This is owing to the rate of change at the interface of technology, society and environment, which is expected to accelerate in the next decade and this could potentially increase the expectation gap between existing employees and future generations coming into the workplace.

Not unlike their global counterparts, large organisations identified the increasing requirements of non-financial reporting as the most important concern. The other drivers critical to respondents based in the US are quite different from the global results as they put the changing demographics of the workforce and the impact of BRIC economies in second and third place respectively. On a global level, drivers that directly relate to the accountancy profession received the most attention.

### TOP THREE DRIVERS: US SMEs COMPARED WITH THEIR GLOBAL COUNTERPARTS



### TOP THREE DRIVERS: LARGE US ORGANISATIONS COMPARED WITH THEIR GLOBAL COUNTERPARTS



## Analysis: by role of respondents

Irrespective of their job role, all respondents based in the US reported the changing age balance of the workforce and the increasing welfare needs of senior society as a critical driver in the medium term.

Senior executives placed importance on the accountant's role as business partner and the broader skill sets required owing to the rise in demand for non-financial information and the continued emergence of integrated reporting models. On the other hand, US accountants placed emphasis on the different aspirations and expectations of Generations Y, Z and beyond, the growth of data mining and the development of predictive analytics – including sentiment analysis and future prediction using social network data.

*'Change in the way accounting is viewed. Accountants becoming a more integral part of the decision-making process'*

*'Finance teams must analyse the business and provide meaningful information and data to management for decision making (be a Business Partner). It's about much more than closing the books & recording financials.'*

### CHANGING AGE BALANCE OF THE WORKFORCE AND THE INCREASING WELFARE NEEDS OF SENIOR SOCIETY

CITED BY

senior executives: **81%**  
accountants: **78%**

### INCREASED FOCUS ON THE ACCOUNTANT'S ROLE AS BUSINESS PARTNER AND THE BROADER SKILL SETS REQUIRED

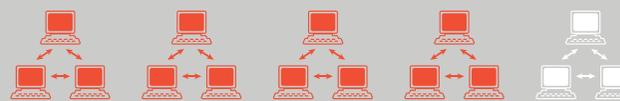
CITED BY

**78%**  
senior executives

*'Increasing role of technology to streamline businesses, give market advantages and change the way we work'*

A REQUIREMENT FOR BUSINESSES TO PROVIDE INCREASED NON-FINANCIAL INFORMATION AND THE CONTINUED EMERGENCE OF INTEGRATED REPORTING MODELS

CITED BY



**4** out of **5**  
senior executives

GROWTH IN DATA MINING AND THE DEVELOPMENT OF PREDICTIVE ANALYTICS – INCLUDING SENTIMENT ANALYSIS AND FUTURE PREDICTION USING SOCIAL NETWORK DATA

CITED BY



**7** out of **10**  
accountants

# Key findings: long term

The drivers expected to have the greatest impact on businesses and the accountancy profession from 2023 onwards relate to changes in the current roles of currencies, with the position of the US dollar as the global reserve currency and the commonly accepted store of value and means of exchange being questioned. An example of this is Bitcoin, a peer-to-peer digital currency that is traded online without the need to be exchanged through a financial institution.

The focus of global governance institutions has been also cited as one of the top three long-term drivers. Institutions such as the World Bank, IMF and UN face greater pressures to respond to global changes from emerging nations that are becoming more influential. At the same time, there is an increase in the number of institutions operating on a regional level (for example, the Association of Southeast Asian Nations (ASEAN) and the Gulf Cooperation Council).



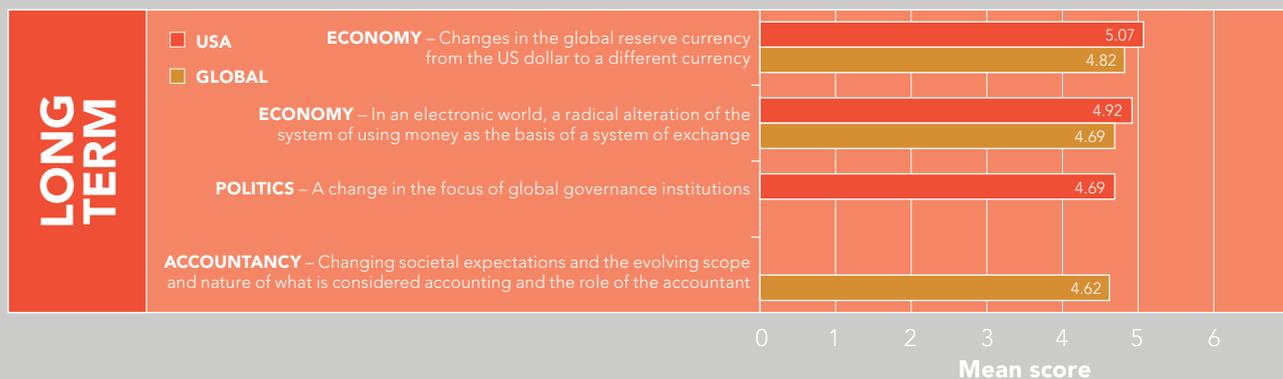
# Analysis: by size and sector

Irrespective of their size, US organisations were unanimous on the top three drivers in the long term; they all considered the potential change in the global reserve currency to be the main driver.

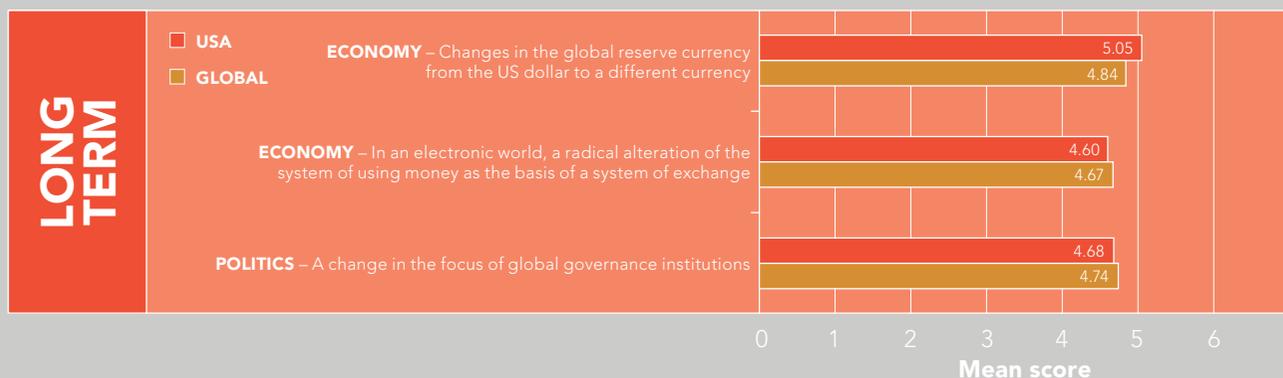


When comparing US-based companies with organisations of similar size from all over the world, similar opinions were held on what the main drivers will be in the long term. Large US organisations reported the same top three critical drivers. SMEs, however, placed more importance on the change in focus of global governance institutions.

### TOP THREE DRIVERS: US SMEs COMPARED WITH THEIR GLOBAL COUNTERPARTS



### TOP THREE DRIVERS: LARGE US ORGANISATIONS COMPARED WITH THEIR GLOBAL COUNTERPARTS



# Analysis: by role of respondents

In the US, accountants and senior executives shared very similar opinions as to what drivers will have the most impact on business and the accountancy profession from 2023 onwards.

Foremost was the issue of potential changes in the global reserve currency, moving away from the US dollar to either the euro or yuan. The second and third concerns are the change in the focus of global governance institutions and the potential change away from conventional money as the basis of a system of exchange, in response to a more digital world. Senior executives gave priority to the latter while accountants prioritised the former.

CHANGES IN THE GLOBAL RESERVE CURRENCY FROM THE US DOLLAR TO A DIFFERENT CURRENCY (EG THE EURO OR YUAN)

CITED BY

senior executives: **64%** accountants: **72%**

A CHANGE IN THE FOCUS OF GLOBAL GOVERNANCE INSTITUTIONS – VIA EITHER INCREASING INFLUENCE WIELDED BY EMERGING GLOBAL POWERS, OR AN INCREASE IN THE NUMBER OF REGIONAL INSTITUTIONS

CITED BY



**1** out of **2**

senior executives



**7** out of **11**

accountants

IN AN ELECTRONIC WORLD, A RADICAL CHANGE AWAY FROM CONVENTIONAL MONEY AS THE BASIS FOR A SYSTEM OF EXCHANGE

CITED BY

senior executives: **57%** accountants: **55%**

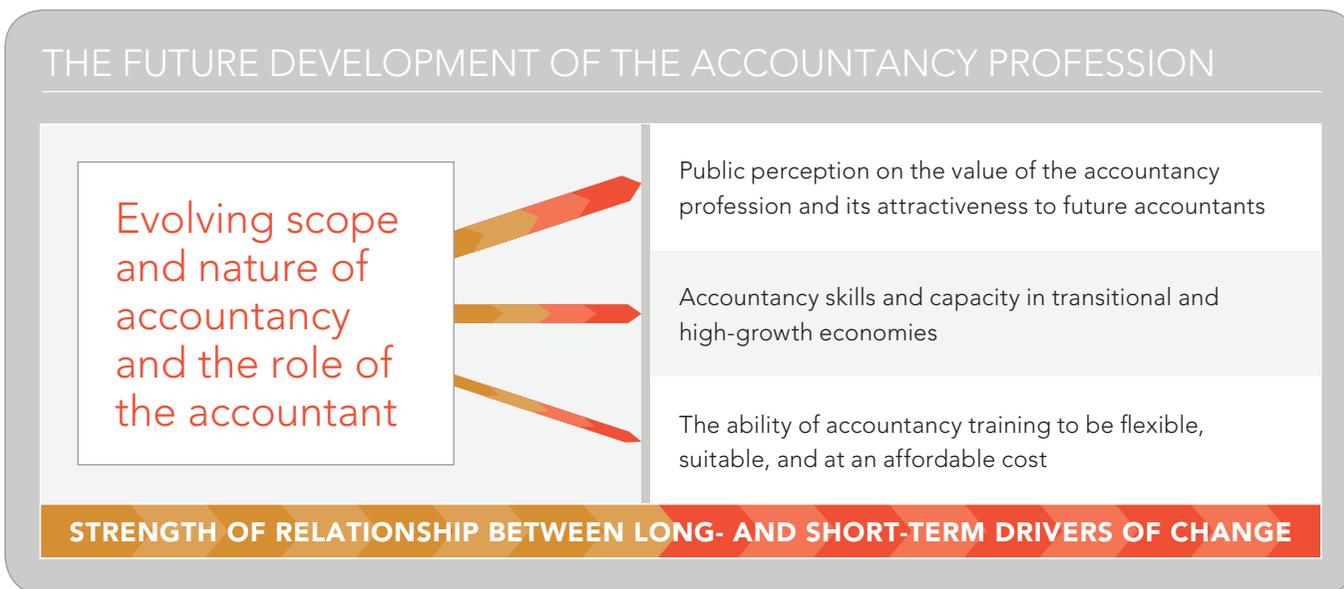
# Drivers and how they relate to each other

This section of the report looks at the relationship between the short-term and long-term drivers.

First, analysis was conducted to gauge whether, on the basis of respondents' views, a relationship exists between short-term and long-term drivers. Once established, the strength of the relationship was then determined by connecting the short-term and long-term scores.

The strongest correlations were found between what respondents cited as the key short-term and long-term drivers of change: the changing societal expectations and the evolving scope and nature of what accountancy is considered to be and the role of the accountant.

In addition, a significant degree of correlation is also apparent between the long-term expectation of a change in the focus of global governance institutions – via either increasing influence wielded by emerging global powers or an increase in the number of regional institutions – and the drivers shown opposite in the short term.



# Five imperatives for the accountancy profession

## 1

### EMBRACE AN ENLARGED STRATEGIC AND COMMERCIAL ROLE

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Opportunities are emerging for accountants to assume a far greater organisational remit. The potential exists to leverage the capabilities of the accountant across all aspects of corporate decision making from strategy formulation through to defining new business models.

## 2

### ESTABLISH TRUST AND ETHICAL LEADERSHIP

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The profession needs to be seen to be addressing clear public concerns. There is a perception that it could do more to highlight and prevent everything from small-scale financial irregularities through to the major systemic failures that helped cause the global financial crisis and ensuing economic uncertainty.

## 3

### FOCUS ON A HOLISTIC VIEW OF COMPLEXITY, RISK AND PERFORMANCE

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There is growing consensus on the need for reporting to provide a holistic perspective of a business and that this perspective must acknowledge the complexity of modern business and encompass financial and non-financial indicators of a firm's financial status and potential.

## 4

### DEVELOP A GLOBAL ORIENTATION

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The pace of global expansion of firms from developed and developing markets alike is emphasising the need for accounting and finance professionals to master the technical, language and cultural challenges of cross-border operations.

## 5

### REINVENT THE TALENT POOL

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The diverse range of demands and impacts on the profession is forcing a rethink of everything from training and development through to the type of people being recruited.

# Five imperatives for business

## 1

### ASSUME AND PLAN FOR VOLATILITY

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With uncertainty as the new normal, businesses have to factor in turbulence as a very real possibility and develop strategies for a range of different economic and market scenarios.

## 2

### BUILD THE RADAR

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Systematic, organisation-wide approaches are required for scanning the future external environment. Preparing for a wide range of possibilities, tolerance of uncertainty, curiosity and 'seeing round corners' are becoming critical development priorities for managers and leaders alike.

## 3

### PURSUE TECHNOLOGY LEADERSHIP

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The pace and disruptive potential of information and communications technology (ICT) development has placed technology at the heart of strategy and operations of businesses of almost every size. New mindsets and approaches to technology management are required to exploit and extract full value from the next decade of advances.

## 4

### PREPARE FOR TRUE GLOBALISATION

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Development of a truly global operating model is becoming a priority. A clear emphasis is required on leveraging technology effectively. Equally important is developing the capability of management to work with, adapt to and get the best out of a multi-location, multi-cultural and age-diverse workforce.

## 5

### DEVELOP A CURIOUS, EXPERIMENTAL AND ADAPTABLE MINDSET

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A critical success factor in an increasingly complex and fast-changing environment is building a 'curious' culture. This implies nurturing an environment that is open to external ideas and in which participants are encouraged to forge a network of strong working relationships across the entire business ecosystem.

# Methodology

This report presents mean scores because they help to provide one single result for a scale question that is representative of all the scores assigned by all the respondents, which is calculated by giving an average of those scores. This helps to give a quick understanding of the general opinion across a whole group, while still taking the full results into account. It also can help to make a clear distinction between the results of a large number of scale ratings, and that single score per rating then enables a ranking to be calculated that is based on highest rated first.

The mean scores are based on base sizes of at least 40 responses used in market research (which aims toward a 90% confidence level). When 'low base size' is indicated, this means the proportion

answering the question of all who could have answered is low, and hence the results have a wider margin of error. They are at lower level of statistical reliability than the generally high standard used in reporting market research results where there are at least 40 responses.

Where percentages are reported these are based on the top three drivers that have been identified, which are then analysed by respondents' job roles. The figures express the percentage of respondents by job role saying they expect a particular driver is going to have an impact.

## Correlation

By looking at how individuals who answered a specific question in a certain way then answer

another question, patterns can be established that can provide a better understanding of trends and relations in respondents' sets of beliefs, and correlations can be identified.

Pearson's correlation coefficient was used to look for apparent correlations between what respondents believe are key short-term and long-term drivers of change. This helped in determining how issues that respondents believe are likely to have the most effect in the near future relate to what they believe are likely to be particular concerns later on.

## About the author



Faye Chua is ACCA's head of future research and leads its global research and insights programme that focuses on the future directions of business and the accountancy profession across a range of subjects. She has over 10 years of experience in research across different sectors of the economy and has worked in North America, Asia-Pacific and Europe.

## About ACCA

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

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and

we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

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

## About IMA®

IMA® (Institute of Management Accountants), the association for accountants and financial professionals in business, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) programme,

continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 60,000 members in 120 countries and 200 local chapter communities. IMA provides localised services through its offices in Montvale, N.J., USA; Zurich, Switzerland; Dubai, UAE; and Beijing, China.

## The Accountancy Futures Academy

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

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

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