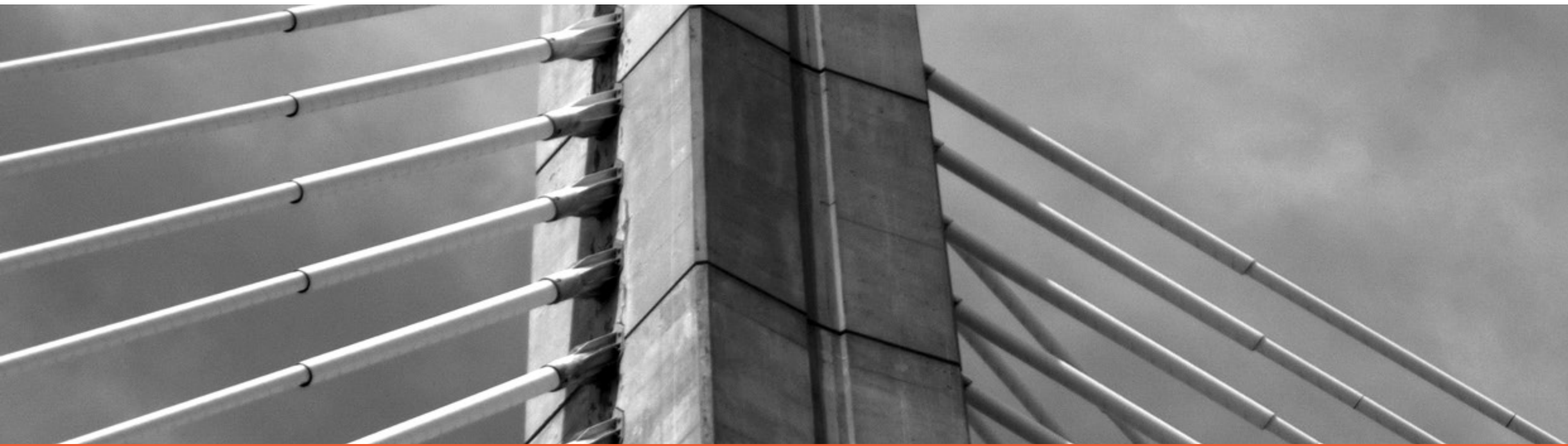
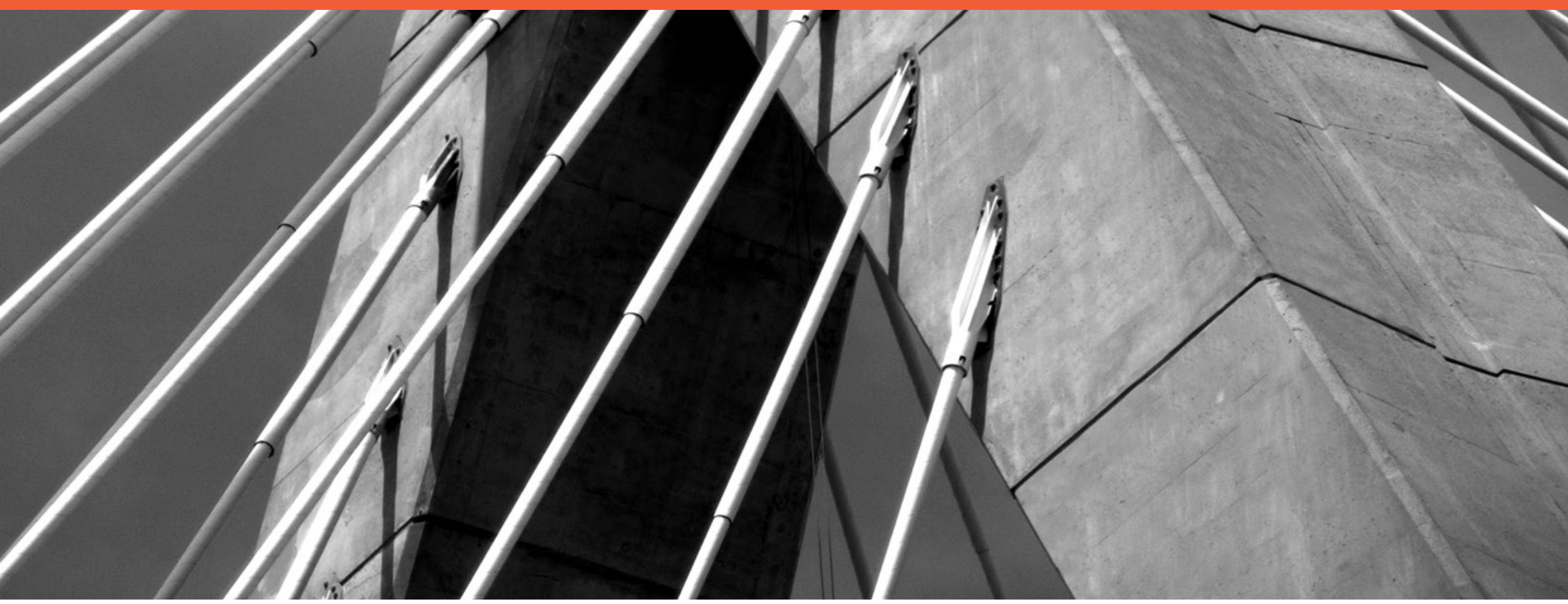
The Association of Accountants and Financial Professionals in Business

The global body for professional accountants



Global economic conditions survey report: Q4, 2012



ACCA AND **IMA**: GLOBAL BODIES EMPOWERING ACCOUNTANTS AND FINANCIAL PROFESSIONALS TO DRIVE BUSINESS PERFORMANCE

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.

We support our 154,000 members and 432,000 students throughout their careers, providing services through a network of 83 offices and centres. Our reputation is grounded in over 100 years of providing world-class accounting and finance qualifications. We champion opportunity, diversity and integrity, and our long traditions are complemented by modern thinking, backed by a diverse, global membership. By promoting our global standards, and supporting our members wherever they work, we aim to meet the current and future needs of international business.

ABOUT IMA

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

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November 2012

The ACCA/IMA Global Economic Conditions Survey is the largest and broadest regular economic survey of accountants in the world. This, the 16th edition of the survey, completes four full years of observations – a complete record of the global economic recovery so far, from the people who understand business best – professional accountants.

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Global economic conditions survey report: Q4, 2012

1. ABOUT THE SURVEY

The Global Economic Conditions Survey, carried out jointly by ACCA and IMA since late 2011, is the largest regular economic survey of accountants in the world, both in terms of the number of respondents and in terms of the numbers and scope of economic variables it monitors. Its main indices are good predictors of GDP in the OECD countries and daily trend deviations correlate well with the VIX or 'fear' index, which measures expected stock price volatility.

This is the 16th edition of the Global Economic Conditions Survey, marking four full years of coverage, and the 5th carried out jointly by ACCA and IMA. Fieldwork took place between 29 November and 19 December, attracting 1,994 responses from finance professionals around the world, including 640 senior managers and directors (and, within those, 154 CFOs). ACCA and IMA are grateful, as always, to all of our members who took the time to share their expert views. Their insights make this survey one of the most accurate snapshots of the global economy available to anyone.

2. WEAK BUSINESS CONFIDENCE DESPITE HOPE FOR THE GLOBAL ECONOMY

Respondents to the Global Economic Conditions Survey reported a mild fall in business confidence in late 2012 (see Figure 1), with 19% (unchanged) of the sample reporting rising confidence in the prospects of their organisations and 43% (up from 41%) reporting declines. On the other hand, respondents' views of the global economy have improved marginally, with 30% (up from 29%) believing it is recovering or about to do so, and 65% (down from 67%) believing it is deteriorating or stagnating.

Closer analysis[1] reveals that, while business confidence is definitely down on mid-2012 levels, the fall in the last quarter has not been significant enough to reflect materially on output growth. Similarly the recovery index has risen only marginally and is now almost exactly at mid-2012 levels.

The GECS Confidence and Recovery indices are usually closely correlated at the global level and it is unusual for them to move in opposite directions. The last time this happened was in early 2010, when the global recovery first started running out of steam. This could be a negative indication – suggesting that respondents can see the challenges facing their own organisations but do not realise yet how many other businesses are in a similar position.

3. ASIA, AFRICA AND WESTERN EUROPE LEADING A WEAK RECOVERY IN Q4

In Q4 2012, the Middle East lost its narrow lead over Africa in terms of business confidence (see Figure 2), led by a consistent slowdown in the UAE (see Figure 3) which has persisted for three quarters; Egypt notably underperformed the wider region. On the other hand, confidence bounced back uniformly in Africa, with only Ethiopia and Malawi lagging somewhat. Business confidence also recovered in the Asia-Pacific region in late 2012, driven mostly by mainland China and Australia, although Hong Kong SAR and Malaysia saw confidence gains as well.

Business confidence in Western Europe has continued to surprise with a weak but real recovery throughout the last half of 2012; confidence rose marginally in the UK and Cyprus, and fell only slightly in Ireland, while further analysis reveals that Switzerland fared the worst out of the ACCA and IMA markets in the region. In Central and Eastern Europe (CEE), confidence continued to fall for the third consecutive quarter, but some countries, including Latvia, Slovakia and the Czech Republic, bucked the trend.

The Americas followed a similar trajectory of consistently falling confidence. Although the US led this decline, respondents were even less upbeat in the Caribbean, where confidence has been more stable, but consistently lower than in North America.

Within the US, no region has managed to resist the gloom (see Figure 4), although the performance of individual regions has diverged over the last year. The South and Midwest have lost the most confidence and in fact have seen a negative trend for a year now. The West and Northeast performed better in early 2012 but have since followed the rest of the country into negative territory. Only

1. To control for slight changes to the composition of the sample, ordinal regression analysis is applied to the confidence and recovery indices, controlling for country, sector, business size, role and seniority effects. Quarter-on-quarter changes are seen as significant if they remain statistically significant after these controls.

the mid-Atlantic, where confidence was lowest to begin with, has seen more stability in the last three months. Overall, there is evidence that the political uncertainty and polarised climate surrounding the US presidential elections and discussions about the debt ceiling and the Fiscal Cliff has taken its toll on business confidence (See Figure 3) and may continue to do so.

Finally, respondents in South Asia have reported a substantial loss of confidence across the region, and one based on substantially deteriorating fundamentals.

4. EMPLOYMENT, DEMAND, PRICES STABILISE; CASHFLOW ISSUES BEGIN TO BITE

An analysis of business conditions on the ground suggests that the global economy made some progress in the last three months. In the three regions that led the recovery in the last quarter, revenues and new orders rebounded, and opportunities for producers of niche, high quality and innovative goods and services have proliferated; overall the situation is improving.

Respondents in Western Europe, Asia-Pacific and Africa point to recovering labour markets, although their colleagues in the Americas, the Middle East and particularly South Asia are less upbeat. Overall, fewer businesses appear to be laying off staff and, although those that are hiring are also fewer, on balance the global employment index is up both quarter on quarter and year on year.

Finally, after a year of steadily rising input prices, the number of businesses reporting rising inflation has fallen sharply, to levels lower than those seen a year ago, with the exception of commodity-producing regions such as Africa and the Middle East.

That said, the third quarter of 2012 saw cashflow problems, late payment and insolvencies return in earnest to the global economy (see Figure 5). This trend continued into late 2012 and will most likely persist. It is, moreover, a trend common to both faster- and slower-growing regions: only

Figure 1: Major ACCA/IMA GECS Indices

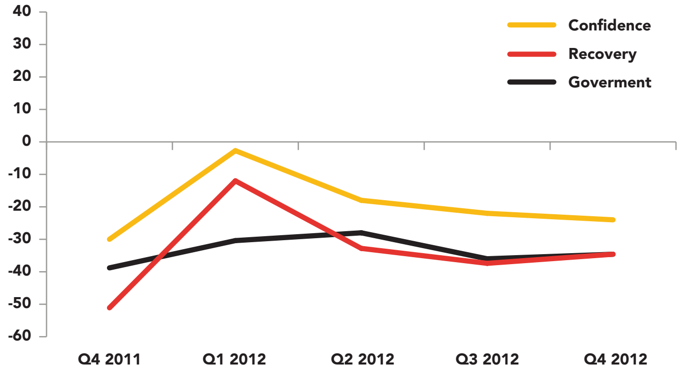


Figure 2: Business confidence index by region

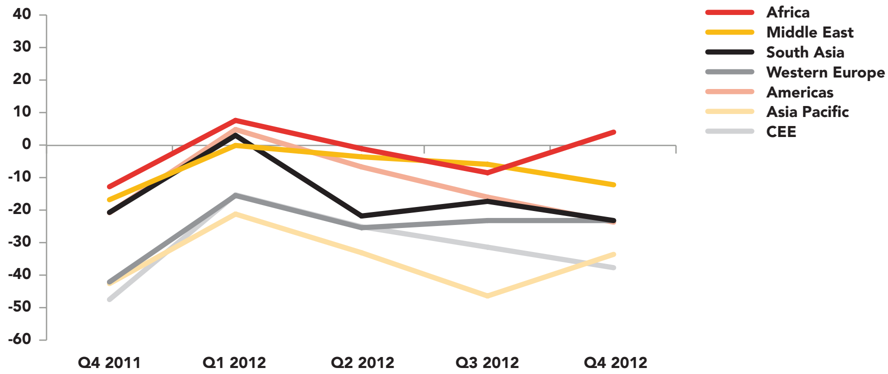


Figure 3: Business confidence index in selected markets

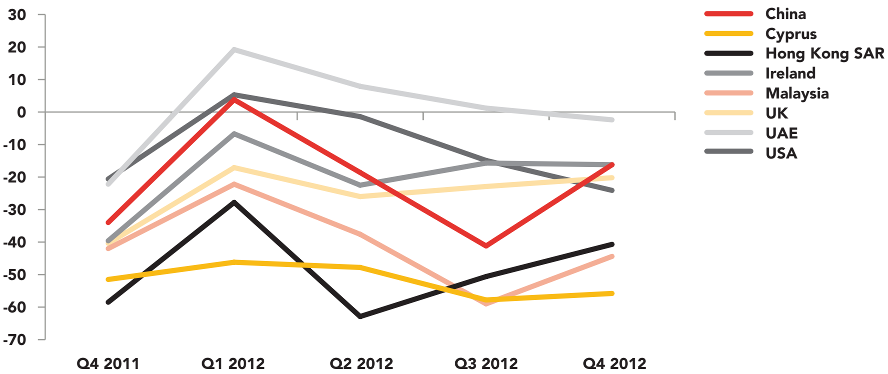


Figure 4: Business confidence index in the US regions

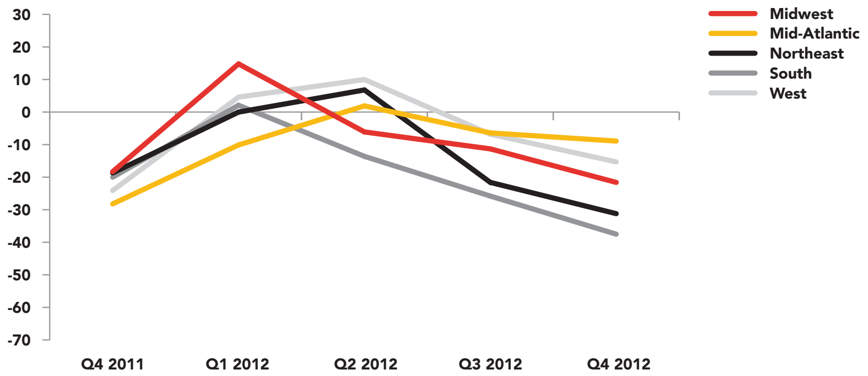


Figure 5: Cashflow -related problems reported by GECS respondents

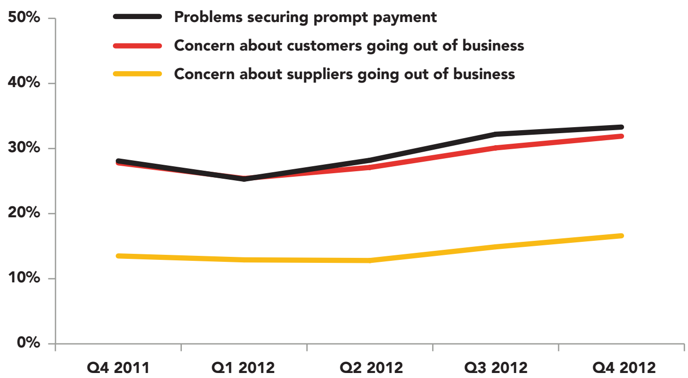
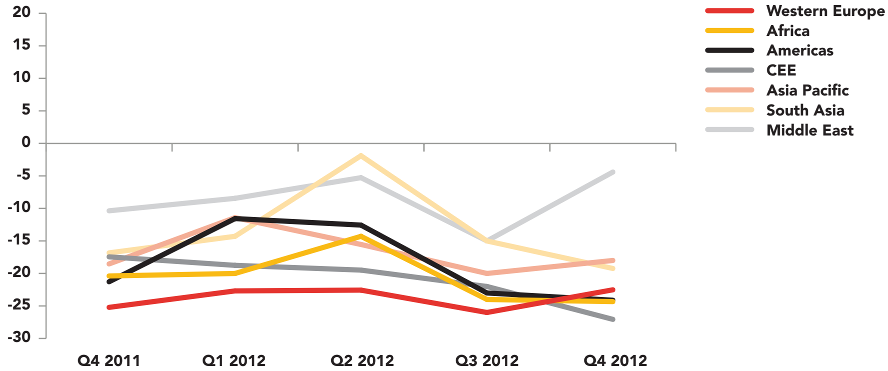


Figure 6: Capital spending index changes across the regions



respondents in Africa reported fewer cashflow-related issues in the last three months than in the previous quarter.

5. INVESTMENT RECOVERS BUT INCENTIVES PUSH INVESTORS OFFSHORE

At the global level, business investment was still down on Q2 2012 but had recovered marginally from the previous quarter. This cautiously upbeat outlook, however, disguises significant disparities.

Despite falling confidence, capital spending increased sharply in the Middle East (see Figure 6), while Western Europe and the Asia-Pacific region also saw modest gains. Particularly encouraging was the rebound in Hong Kong and the UAE, following six months of very subdued investment, while the most positive success story came from Ireland, which saw a full year of increased capital spending despite an aggressive programme of fiscal consolidation. Less encouraging was the marginal fall in capital spending in the US, where last quarter's losses were not reversed in the end of the year.

An interesting trend emerging from further analysis is that a number of low-tax jurisdictions have bucked the trend towards diminishing investment since mid-2012, which could indicate that an increasing amount of investment is being redirected through them. At the same time, public sector organisations and non-profits are reporting increased investment, after accounting for economic fundamentals. It appears that both trends are the result of a general shift towards higher government spending and taxation as government policy is shifting towards greater stimulus.

6. RECOVERY IN THE WEST FAVOURS AUSTERITY DESPITE ERRORS OF THE PAST

As Figure 7 shows, mid-2010 marked the height of the 'austerity honeymoon' in Europe, as members digested the news coming out of Greece and the European periphery and their governments prepared fiscal consolidation packages of varying ambition. Since then, finance professionals' expectations and preferences on fiscal policy have changed significantly, as the sovereign debt crisis persisted and major stakeholders such as the IMF and the European Commission were forced to concede that the impact of fiscal consolidation on European economies had been more substantial than expected – by a factor of 2 or even 3 (Blanchard & Leigh, 2013 ; Cabanillas & Terzi, 2012).

By the end of the third quarter of 2012, respondents on average clearly wanted their governments to stop cutting. Findings from the latest quarter suggest that, however weak, the recovery in Western Europe has helped to contain the worst fears of 'fiscal slippage' over the last six months – and finance professionals are once again in favour of some consolidation, though not what their governments have planned.

In the US, the picture is completely different as fiscal expansion continues. Unlike in Western Europe, our data series on expected and desired fiscal spending for the US are inversely correlated, and so divergent they cannot even be properly displayed on the same axis (see Figure 8). US respondents have long been in favour of fiscal consolidation (at least in terms of spending cuts) and worried about the pace of government spending, but, following the 2012 presidential election, this contrast between preferences and expectations has widened to unprecedented levels. It should be noted that fieldwork took place before US policy-makers reached a temporary deal to avoid the Fiscal Cliff in early January 2013: indeed the heated and rather polarised debates surrounding US economic policy in late 2012 may have contributed to a darkening mood among finance professionals.

Figure 7: Medium-term government spending trends in W. Europe

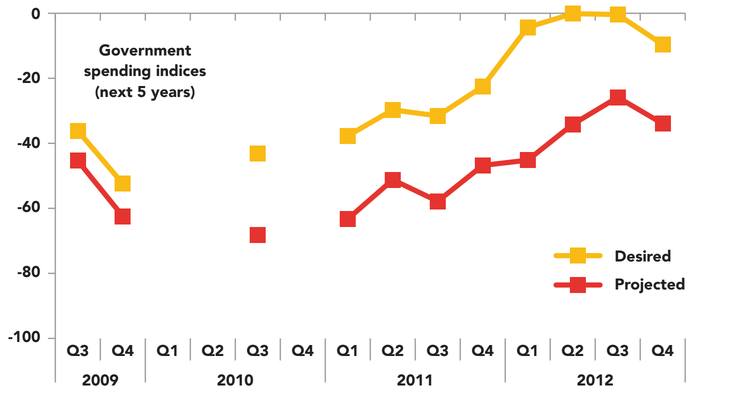


Figure 8: Medium term government spending trends in the USA

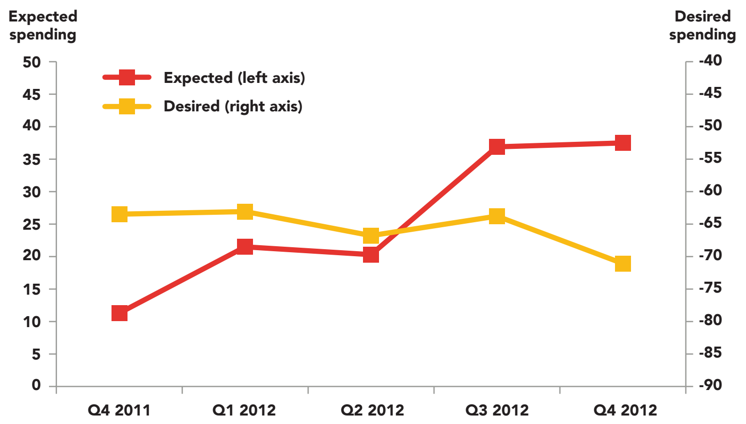


Table 1: Detailed Recovery Index for selected markets

	Getting better	At the bottom and will improve	At the bottom and will remain	Getting worse	Don't know	Index	Comparison with Q3
Total	16.5%	13.7%	36.8%	28.0%	4.9%	-34.6	▲
OECD	16.1%	14.3%	42.3%	24.1%	3.2%	-35.9	▲
Non-OECD	17.0%	13.0%	30.8%	32.4%	6.9%	-33.2	▼
Americas	22.9%	14.9%	34.9%	23.9%	3.4%	-21.1	▲
Middle East	24.4%	20.0%	32.2%	18.9%	4.4%	-6.7	▼
Asia Pacific	13.8%	10.6%	32.7%	32.9%	10.0%	-41.1	▲
CEE	7.1%	7.1%	31.8%	47.1%	7.1%	-64.7	▼
South Asia	25.0%	11.5%	38.5%	23.1%	1.9%	-25.0	▼
W. Europe	7.9%	12.4%	49.4%	27.5%	2.8%	-56.6	▲
Africa	31.1%	25.0%	17.6%	25.0%	1.4%	13.5	▲
USA	23.1%	14.7%	36.5%	22.0%	3.8%	-20.7	▼
UK	9.9%	12.7%	51.9%	22.4%	3.1%	-51.7	▼
Hong Kong	13.1%	10.0%	26.6%	36.7%	13.5%	-40.2	▲
China (ex HK)	17.1%	8.6%	39.0%	24.8%	10.5%	-38.1	▲
Ireland	7.1%	13.1%	54.5%	23.2%	2.0%	-57.5	▲
Malaysia	9.7%	12.9%	35.5%	38.7%	3.2%	-51.6	▼
Cyprus	1.9%	5.8%	32.7%	57.7%	1.9%	-82.7	▲
UAE	31.7%	14.6%	36.6%	12.2%	4.9%	-2.5	▼

Table 2: Detailed Confidence Index for selected markets

	Much less confident	Less confident	No change	More confident	Much more confident	Index	Comparison with Q3
Total	12.2%	30.9%	37.9%	16.8%	2.2%	-24.0	▼
OECD	11.7%	29.6%	39.0%	17.4%	2.3%	-21.7	▼
Non-OECD	12.6%	32.2%	36.9%	16.2%	2.1%	-26.6	▼
Americas	11.5%	32.3%	35.9%	18.1%	2.1%	-23.6	▼
Middle East	11.0%	24.2%	41.8%	17.6%	5.5%	-12.1	▼
Asia Pacific	11.8%	36.4%	37.0%	13.4%	1.4%	-33.5	▲
CEE	14.1%	30.6%	48.2%	5.9%	1.2%	-37.6	▼
South Asia	9.6%	28.8%	46.2%	13.5%	1.9%	-23.1	▼
W. Europe	13.7%	27.4%	41.0%	15.9%	2.0%	-23.1	▲
Africa	10.9%	23.8%	26.5%	34.0%	4.8%	4.1	▲
USA	11.9%	32.5%	35.2%	18.7%	1.7%	-24.1	▼
UK	11.2%	28.0%	41.9%	16.8%	2.2%	-20.2	▲
Hong Kong	11.2%	40.3%	37.6%	10.1%	.8%	-40.7	▲
China (ex HK)	10.5%	30.5%	34.3%	22.9%	1.9%	-16.2	▲
Ireland	10.1%	25.3%	45.5%	16.2%	3.0%	-16.2	▼
Malaysia	15.9%	36.5%	39.7%	6.3%	1.6%	-44.4	▲
Cyprus	34.6%	30.8%	25.0%	9.6%		-55.8	▲
UAE	9.8%	19.5%	43.9%	22.0%	4.9%	-2.4	▼

7. SPECIAL TOPIC: THE FINANCE LABOUR MARKET

Each edition of the Global Economic Conditions Survey records respondents' experiences of the changes taking place in their organisations' finance functions. Over the four years since the survey was first launched, this has resulted in a wealth of information about what drives the finance labour market and the structure of finance functions.[2] To mark the survey's fourth anniversary, this edition features a special report on the subject. Detailed findings are reported in the Appendix.

What drives employment in finance?

Over the last four years, new permanent finance hires have gradually risen from the lows of mid-2009, driven largely by corporates and small financials. As a rule, recruitment of new permanent finance staff is strongly correlated to hiring trends among other staff, especially in developing countries. But it is additionally related to perceptions of the state of the global economy, growing demand, investment in capital projects and cashflow-related risks (as proxied by concerns about customers going out of business).

2. This section has relied on CHAID or decision tree analysis to isolate significant relationships between trends in the finance function, business characteristics, geography, government policy, the business environment and macro-economic conditions. All results reported here are statistically significant at the 10% level or better.

Compulsory redundancies were quite common during the downturn of 2008-9, but bottomed out in late 2010 and have remained steady ever since in most sectors. The exceptions are large financials, which entered a new round of redundancies with the onset of the sovereign debt crisis, and public sector bodies, where redundancies have steadily increased during the recovery during successive waves of rationalisation.

The drivers of compulsory redundancies among finance staff are more complex than those of permanent hires. A significant difference is the fact that redundancies are driven significantly by business confidence in addition to fundamentals (especially capital spending), and are more volatile among larger and more complex businesses. Redundancies are less common among businesses facing price pressures, particularly because of FX volatility, probably because businesses need to hold on to finance staff in order to help control volatile costs. In developing countries they are also driven by rising levels of new orders and, within banks, by bad debts and looming counterparty risks.

The incidence of voluntary redundancies peaked during 2009 and has been falling steadily ever since, although they too have increased steadily in the public sector. Voluntary redundancies are a very different phenomenon than compulsory ones, being much more common among developed countries. They are driven much more significantly by concerns about customers going out of business – as long as these do not translate to actual late payments and threaten cashflow. Once again, those businesses pursuing cost-cutting initiatives are more likely to hold on to valuable finance staff, especially if cost-cutting leads to tough decisions about capital spending.

What alternatives to staff cuts are businesses using?

Often organisations opt to redistribute finance staff to other parts of the business rather than lay them off, and use of this option has been unaffected by the recovery and the state of the global economy, being driven mostly by factors internal to the business. Larger, more complex businesses have greater discretion in redistributing staff among different finance functions, although some SMEs are also likely to consider this when business confidence is low. From a regional perspective, businesses in Europe and South Asia are more likely to redistribute staff, while those in Africa and Central or Eastern Europe are less likely to do so. Businesses are more likely to redeploy staff when they are under pressure from poor access to finance and are forced to scale back capital spending, or when they are facing the prospect of customers going out of business.

Temporary employment in finance has risen throughout the recovery in most sectors. It is more common in larger organisations, with those in developed economies making greater use of temporary employment contracts. Within SMEs, on the other hand, temporary employment is rare, especially in developed economies. Businesses are more likely to take on temporary finance staff when facing cashflow pressures due to late payments and FX rate volatility, and especially if they are in the process of cutting capital spending.

The tendency to outsource particular finance functions has risen throughout the recovery and across sectors. Often the result of cashflow and cost pressures, outsourcing is more common among large multinationals, especially corporates and financials. That said, organisations outsourcing finance functions very often end up bringing them back in-house, especially if they are having trouble accessing external finance or are anticipating bad debts. Finally, organisations may also reverse previous outsourcing of some finance functions as part of a wider investment in high quality standards. This trend has increased among most sectors during the recovery.

The trend towards greater use of shared services has accelerated in most sectors since the global economic recovery ran out of steam in mid-2010, driven largely by large, complex organisations and particularly corporates. Some smaller organisations, particularly in emerging economies, also turned to shared services after mid-2010, under pressure from cost-cutting plans and external pressures, most notably volatile FX rates. This was often accompanied by a general reduction in capital spending.

Are organisations investing in financial skills?

Financial training has become more common in most sectors during the recovery, particularly among financial services firms. It has been strongest in emerging economies in the Asia-Pacific region, Africa and the Middle East, particularly where organisations have faced pressures from large customers seeking to strengthen their supply chains. This tactic, however, depends on the availability of finance for investment, which has often been constrained. In South Asia and Central and Eastern Europe as well as the Caribbean, training has often depended on economic fundamentals, and particularly demand, although the effect of falling demand on training has become smaller as the global economy emerged from the downturn of 2008-9.

Training has been weakest throughout the recovery in Western Europe, particularly among organisations scaling back their capital spending. Indeed, cuts in financial training for staff have been more substantial across regions wherever organisations have reduced capital spending. Cuts have generally not increased during the recovery, with the exception of the public sector where budget constraints have steadily increased. The volume of training has been more volatile among larger and more complex businesses with more substantial training budgets, especially in response to falling demand. It has also proven quite volatile among smaller businesses in emerging markets, particularly in the Middle East and South Asia.

VIEWS FROM THE COALFACE

Impressions and commentary from selected markets

"Our company relies on the residential and commercial markets which both have declined significantly, not just over the last three months. The biggest impact to our company is the rising cost of fuel, sheet metal, and copper for these are large expenses to our operation."

COO, mid-sized manufacturer, USA (South)

"[The] Euro Crisis has reduced demand in the US, resulting in lower revenues. In the US the fear spouted in the election [period] has caused the management team to anticipate downturns that have been less severe than expected, thus causing staff reductions that were not necessary."

Senior Manager, large manufacturer, USA (West)

"The continued downturn has reduced tax revenue making further spending cuts necessary. We cannot make further savings of the scale required through outsourcing, voluntary redundancy and efficiencies so we must reduce the services we provide to the public, yet there is very little appetite by ministers to contemplate this. Indeed they want even more for even less. That is just not realistic."

Senior manager, Large public sector body, England (East)

"Mario Draghi's "Whatever it takes" speech, coupled with the EU plans to resolve the debt crisis (central banking supervision, etc.) has lowered our cost of funds for lending."

Director, Large Financial, Ireland

"The uncertainty of the election date has caused our organisation to withhold all potential investment. The implementation of minimum wages effective from year 2013 has [had a] significant impact on the organisation in terms of labour cost as this organisation is highly labour intensive. This has had a great impact on the product margin which will then directly affect the profitability and the performance of the organisation. Most financial institutions have relatively low ratings on Malaysia's economy, especially the manufacturing sector, due to those adverse factors."

Controller, large corporate, Malaysia

"The Arab Spring has had a positive impact in terms of people and capital moving to a perceived safe haven."

CFO, large financial, UAE

"Fluctuation in copper prices had a significant role in the availability of revenues. This thwarted all the investment plans for the company and affected the staffing levels leading to redundancies."

Director, small business, Zambia

"The discovery of Oil and other minerals like titanium has increased the legal work for our firm especially in the structuring of the resource sharing legal framework."

Accountant, mid-sized law firm, Kenya

"The availability of forex made our organisation perform better in the last three months because businesses were able to get forex and import goods for selling, raw materials for manufacturing various products. Therefore we were able to collect more revenue from imports and VAT on goods sold."

Supervisor, large public sector body, Malawi

"[The] failure of the government to secure an IMF agreement has had a negative impact on the foreign exchange rates and widespread uncertainty in the local economy."

Internal auditor, medium-sized public sector body, Jamaica

"As an organisation involved in the telecommunications sector and being an SME the [custom] of two significant market leaders within the sector allows our organisation to develop and maintain our niche. The decision making process remains aggressive and adjustments to the services we provide are easily tailored and marketed to customer requirements."

CFO, Small Telecom, Trinidad & Tobago

"Many organizations (especially in the textile sector) have gone out of business or face difficulties due to the power crisis and increased cost of inputs. Hence there is little room for business risk advisory services to be sold where the risks have already materialised."

Manager, Big Four, Lahore, Pakistan

"The possibility of diesel price increases significantly impacted our organisation. Also the measures from Central Bank in India (RBI) [aimed at] curbing inflation have been an important factor for our organisation's business."

Senior manager, large manufacturer, India

"The strong S$ has had a significant impact on exports; the rising cost of utility service and transport costs has also affected the bottom line."

Director, Small Financial, Singapore

"[There has been a] decrease in construction output due to finished construction contracts, and big customers have gone bankrupt of due to loss of infrastructural construction contracts."

Controller, large corporate, Poland

9. CONCLUSIONS

The fourth anniversary of the Global Economic Conditions Survey brings us no closer to sustained recovery for the world economy but there is still much room for hope.

While there has been little real change in business confidence, the portents for the new year are poor, with fundamentals still deteriorating in much of the world. The good news are that more and more respondents are becoming convinced that Europe now has the tools to deal with its sovereign debt crisis and that the threat of a hard landing in China has been averted – for now. Even the major issues facing the US economy – the Fiscal Cliff and the debt ceiling – appear to be within the gift of policymakers to resolve. For now this is enough to reassure most that the worst fears of 2012 will not come to pass in the near future.

Our findings from the last six months, from the US to South Asia and Eastern Europe, serve as a reminder that politics can have a very real effect on the economy – even in the absence of actual shifts in policy. As the recovery falters, the year 2013 seems likely to be dominated by such political disputes, as arguments about issues ranging from fiscal and monetary policy to trade barriers, incentives for investors and industrial relations, continue to rage.

Going forward, it will be interesting to see how resilient Europe's mild recovery will prove to be – the financial sector will no doubt respond well to further signs of stability and this could have a positive effect on the real economy. Meanwhile, in the US, concerns about the sustainability of government finances will continue to fuel debate and when fiscal consolidation comes (as it will, even by the more dove-ish plans currently on the table) the resilience of the world's largest economy will be tested – the Fiscal Cliff has already given the world a taste of the likely impact. In Africa, the discovery of new natural resource reserves will test the continent's leadership and governance and attract a flood of investment which could accelerate growth and development. Finally, in Asia, the rebalancing of export-led economies, including China's, will become even more urgent.

Well-rounded finance professionals continue to be in great demand. As demonstrated in our review of the global finance labour market, organisations need their skills even in the worst of times in order to ensure flexibility and resilience. Tightening global supply chains will continue to make the case for financial training to even the smallest of businesses. Going forward, these lessons will be learnt and re-learnt, even in public sector bodies under pressure to deliver savings – perhaps, in time, especially there.

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APPENDIX

Table A.1: % of respondents reporting developments in their organisations' finance functions, by sector

Sector		Survey Quarter Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Big Four	Compulsory redundancies	43%	64%	61%	58%	39%	40%	41%	25%	22%	21%	31%	25%	27%	27%	30%	26%
	Voluntary redundancies	39%	40%	46%	38%	29%	34%	25%	33%	27%	17%	29%	28%	27%	23%	27%	29%
	Finance staff redeployed	48%	48%	36%	38%	43%	35%	19%	33%	27%	28%	27%	23%	30%	26%	35%	36%
	Fewer finance staff trained	43%	44%	36%	36%	25%	38%	28%	33%	34%	26%	32%	32%	27%	32%	43%	29%
	Outsourcing	4%	8%	11%	5%	7%	14%	8%	17%	13%	16%	13%	17%	19%	15%	25%	19%
	More finance staff trained	9%	12%	7%	3%	14%	10%	8%	8%	15%	19%	21%	17%	14%	21%	18%	17%
	More temporary finance staff	13%	16%	18%	14%	21%	25%	26%	8%	27%	23%	33%	24%	16%	32%	21%	43%
	More permanent finance staff	13%	8%	0%	5%	11%	11%	16%	17%	19%	22%	30%	21%	24%	18%	10%	21%
	Finance functions brought back in house				0%	4%	8%	2%	0%	3%	5%	12%	8%	11%	2%	9%	5%
	Use of shared services				17%	21%	23%	21%	17%	22%	35%	28%	35%	22%	27%	27%	24%
Small and medium sized enterprises	Compulsory redundancies	26%	40%	48%	45%	38%	30%	25%	26%	24%	22%	21%	25%	25%	24%	23%	33%
	Voluntary redundancies	23%	7%	19%	16%	18%	13%	10%	13%	11%	15%	12%	14%	17%	14%	17%	16%
	Finance staff redeployed	17%	19%	23%	20%	17%	21%	16%	30%	18%	18%	16%	22%	26%	23%	27%	24%
	Fewer finance staff trained	34%	33%	34%	34%	27%	29%	25%	17%	19%	30%	25%	29%	31%	30%	35%	33%
	Outsourcing	11%	0%	5%	10%	10%	12%	13%	9%	11%	13%	12%	11%	14%	13%	13%	14%
	More finance staff trained	3%	7%	4%	11%	5%	7%	10%	6%	9%	11%	9%	10%	14%	13%	14%	13%
	More temporary finance staff	26%	12%	24%	20%	19%	21%	26%	30%	19%	24%	25%	24%	26%	24%	30%	26%
	More permanent finance staff	6%	14%	12%	13%	18%	17%	16%	15%	17%	20%	19%	19%	21%	19%	15%	15%
	Finance functions brought back in house				6%	5%	3%	6%	6%	6%	6%	10%	5%	7%	7%	6%	4%
	Use of shared services				21%	21%	23%	25%	22%	22%	24%	23%	28%	25%	23%	17%	21%
Large Corporates	Compulsory redundancies	47%	47%	51%	42%	41%	36%	31%	32%	33%	32%	26%	28%	37%	30%	32%	32%
	Voluntary redundancies	33%	24%	36%	25%	24%	29%	23%	30%	22%	19%	20%	22%	23%	19%	22%	19%
	Finance staff redeployed	29%	39%	35%	34%	29%	31%	27%	25%	28%	25%	27%	25%	32%	26%	29%	28%
	Fewer finance staff trained	38%	50%	32%	40%	35%	30%	29%	19%	27%	29%	28%	29%	36%	27%	32%	31%
	Outsourcing	19%	16%	18%	20%	18%	20%	24%	26%	23%	18%	24%	25%	28%	28%	24%	24%
	More finance staff trained	6%	2%	6%	6%	5%	8%	10%	8%	10%	11%	9%	11%	10%	13%	10%	15%
	More temporary finance staff	19%	15%	23%	29%	27%	28%	27%	34%	31%	28%	34%	27%	20%	29%	35%	27%
	More permanent finance staff	11%	2%	12%	8%	12%	11%	16%	11%	18%	19%	14%	15%	16%	17%	17%	17%
	Finance functions brought back in house				3%	4%	5%	5%	3%	6%	5%	6%	5%	6%	4%	3%	4%
	Use of shared services				43%	41%	48%	49%	55%	51%	42%	43%	48%	53%	45%	43%	42%

Table A.1 continues ▶

Sector		Survey Quarter Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Large financials	Compulsory redundancies	54%	53%	61%	41%	40%	28%	28%	31%	27%	25%	30%	34%	38%	38%	42%	34%
	Voluntary redundancies	15%	21%	33%	29%	27%	25%	27%	22%	21%	23%	21%	21%	24%	26%	22%	22%
	Finance staff redeployed	31%	34%	40%	41%	40%	33%	34%	36%	27%	27%	37%	32%	27%	32%	36%	35%
	Fewer finance staff trained	23%	39%	33%	28%	23%	30%	27%	25%	24%	31%	25%	27%	30%	25%	38%	27%
	Outsourcing	15%	11%	25%	16%	24%	19%	16%	19%	16%	18%	16%	24%	23%	25%	27%	30%
	More finance staff trained	0%	3%	4%	6%	9%	4%	8%	8%	7%	8%	5%	10%	6%	6%	6%	7%
	More temporary finance staff	23%	18%	32%	29%	39%	27%	30%	44%	35%	34%	42%	28%	32%	36%	32%	41%
	More permanent finance staff	15%	13%	11%	14%	15%	14%	26%	11%	16%	14%	14%	14%	12%	11%	13%	12%
	Finance functions brought back in house				3%	5%	3%	5%	6%	8%	2%	3%	5%	5%	3%	7%	5%
	Use of shared services				35%	24%	30%	25%	31%	31%	31%	34%	36%	36%	33%	34%	29%
Small and medium sized practices	Compulsory redundancies	41%	41%	30%	38%	30%	30%	22%	26%	24%	20%	28%	20%	27%	21%	19%	20%
	Voluntary redundancies	9%	12%	19%	9%	16%	9%	10%	19%	19%	14%	10%	12%	23%	13%	20%	14%
	Finance staff redeployed	12%	6%	17%	15%	19%	15%	21%	11%	17%	22%	19%	20%	21%	22%	22%	18%
	Fewer finance staff trained	32%	53%	42%	29%	40%	32%	43%	37%	28%	33%	27%	37%	40%	43%	29%	32%
	Outsourcing	12%	12%	10%	9%	16%	10%	16%	15%	11%	19%	20%	17%	21%	16%	13%	19%
	More finance staff trained	12%	18%	7%	3%	11%	9%	12%	4%	9%	9%	14%	17%	23%	14%	16%	11%
	More temporary finance staff	21%	24%	23%	20%	25%	23%	28%	19%	33%	22%	27%	34%	33%	25%	36%	28%
	More permanent finance staff	18%	12%	14%	12%	13%	14%	19%	4%	15%	8%	21%	13%	13%	13%	19%	14%
	Finance functions brought back in house				6%	5%	3%	5%	0%	7%	10%	5%	4%	6%	5%	5%	8%
	Use of shared services				11%	14%	8%	12%	7%	10%	10%	12%	17%	15%	14%	14%	15%
Public sector	Compulsory redundancies	5%	15%	15%	20%	18%	14%	9%	33%	21%	23%	27%	27%	27%	23%	20%	26%
	Voluntary redundancies	14%	0%	30%	24%	25%	25%	24%	48%	28%	44%	37%	41%	36%	38%	30%	29%
	Finance staff redeployed	30%	23%	28%	28%	28%	26%	20%	29%	27%	36%	24%	35%	28%	27%	32%	32%
	Fewer finance s taff trained	45%	31%	46%	39%	30%	28%	37%	33%	41%	42%	41%	45%	42%	46%	51%	46%
	Outsourcing	9%	0%	10%	7%	11%	10%	6%	12%	8%	11%	9%	10%	15%	14%	15%	26%
	More finance staff trained	2%	31%	3%	8%	14%	11%	9%	0%	8%	6%	8%	6%	10%	10%	8%	12%
	More temporary finance staff	30%	31%	31%	26%	29%	39%	31%	19%	31%	20%	24%	27%	24%	34%	30%	36%
	More permanent finance staff	23%	15%	9%	11%	16%	16%	9%	0%	13%	9%	11%	7%	3%	13%	12%	15%
	Finance functions brought back in house				6%	3%	7%	3%	0%	4%	5%	3%	2%	3%	4%	3%	8%
	Use of shared services				25%	25%	23%	30%	24%	23%	33%	29%	26%	33%	27%	30%	26%

Table A.2: % of respondents reporting developments in their organisations' finance functions, by region

Region		Survey Quarter Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Americas	Compulsory redundancies	42%	42%	43%	37%	44%	27%	29%	*	28%	30%	21%	26%	30%	28%	25%	26%
	Voluntary redundancies	16%	13%	24%	17%	22%	21%	12%	*	17%	20%	16%	19%	22%	18%	20%	17%
	Finance staff redeployed	16%	29%	30%	17%	20%	27%	27%	*	21%	18%	27%	25%	27%	29%	30%	23%
	Fewer finance staff trained	47%	52%	52%	37%	30%	38%	33%	*	30%	32%	30%	35%	36%	36%	35%	32%
	Outsourcing	21%	10%	13%	9%	9%	21%	16%	*	18%	9%	13%	20%	21%	20%	20%	21%
	More finance staff trained	5%	6%	9%	5%	11%	9%	9%	*	9%	10%	13%	10%	10%	15%	12%	15%
	More temporary finance staff	21%	16%	30%	24%	25%	31%	32%	*	31%	28%	33%	26%	22%	25%	32%	29%
	More permanent finance staff	5%	3%	9%	6%	14%	14%	18%	*	16%	15%	15%	16%	16%	18%	14%	17%
	Finance functions brought back in house				5%	2%	5%	7%	*	6%	7%	4%	4%	5%	6%	5%	4%
	Use of shared services				31%	31%	26%	34%	*	29%	25%	23%	37%	38%	36%	31%	30%
Middle East	Compulsory redundancies	27%	42%	44%	57%	33%	39%	27%	*	33%	36%	29%	29%	31%	31%	34%	40%
	Voluntary redundancies	18%	5%	11%	17%	27%	21%	19%	*	29%	24%	17%	24%	22%	21%	23%	17%
	Finance staff redeployed	27%	37%	33%	43%	47%	36%	22%	*	25%	32%	24%	28%	33%	27%	39%	39%
	Fewer finance staff trained	45%	42%	56%	35%	40%	18%	19%	*	31%	32%	39%	32%	35%	31%	40%	29%
	Outsourcing	9%	5%	0%	9%	7%	7%	8%	*	14%	8%	15%	18%	20%	19%	16%	14%
	More finance staff trained	9%	11%	11%	4%	0%	18%	19%	*	8%	14%	5%	18%	18%	21%	19%	16%
	More temporary finance staff	9%	5%	22%	9%	20%	21%	27%	*	29%	28%	36%	31%	28%	27%	32%	24%
	More permanent finance staff	27%	21%	11%	4%	0%	14%	16%	*	20%	30%	22%	22%	28%	28%	26%	26%
	Finance functions brought back in house				4%	0%	7%	3%	*	6%	4%	12%	12%	13%	14%	9%	13%
	Use of shared services				39%	13%	25%	27%	*	29%	30%	27%	26%	26%	37%	31%	31%
Asia Pacific	Compulsory redundancies	35%	47%	36%	38%	29%	22%	22%	20%	18%	21%	19%	22%	21%	25%	22%	17%
	Voluntary redundancies	25%	21%	31%	21%	14%	18%	13%	8%	12%	17%	13%	19%	19%	16%	18%	19%
	Finance staff redeployed	32%	28%	29%	25%	16%	23%	20%	26%	20%	25%	20%	24%	18%	25%	27%	25%
	Fewer finance staff trained	41%	50%	38%	35%	31%	31%	26%	26%	23%	29%	25%	29%	39%	32%	35%	31%
	Outsourcing	23%	17%	16%	17%	17%	18%	20%	24%	18%	23%	25%	23%	21%	25%	20%	21%
	More finance staff trained	9%	7%	12%	13%	11%	12%	13%	16%	15%	17%	12%	12%	18%	13%	15%	15%
	More temporary finance staff	29%	25%	31%	29%	27%	27%	26%	20%	31%	28%	31%	31%	26%	31%	27%	22%
	More permanent finance staff	12%	12%	13%	10%	20%	22%	24%	22%	27%	24%	23%	16%	14%	17%	17%	25%
	Finance functions brought back in house				7%	9%	7%	9%	4%	10%	9%	12%	7%	7%	5%	7%	10%
	Use of shared services				33%	37%	39%	38%	34%	40%	42%	40%	41%	37%	37%	29%	28%

Table A.2 continues ▶

Sector		Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Survey Quarter Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Central & E. Europe	Compulsory redundancies	35%	44%	59%	51%	40%	38%	31%	*	39%	37%	35%	35%	37%	32%	38%	43%
	Voluntary redundancies	27%	13%	13%	23%	27%	25%	19%	*	25%	20%	30%	21%	14%	31%	23%	29%
	Finance staff redeployed	23%	25%	13%	28%	18%	13%	10%	*	23%	14%	17%	11%	14%	12%	24%	29%
	Fewer finance staff trained	62%	50%	44%	51%	49%	37%	44%	*	36%	30%	26%	35%	37%	39%	39%	51%
	Outsourcing	12%	6%	6%	7%	13%	11%	8%	*	13%	22%	17%	22%	6%	21%	14%	22%
	More finance staff trained	4%	0%	3%	4%	16%	7%	10%	*	9%	11%	2%	5%	14%	6%	10%	8%
	More temporary finance staff	12%	19%	16%	14%	18%	22%	18%	*	23%	19%	29%	14%	14%	20%	20%	16%
	More permanent finance staff	15%	0%	6%	5%	16%	7%	8%	*	5%	13%	7%	21%	11%	10%	8%	14%
	Finance functions brought back in house				3%	4%	2%	2%	*	5%	2%	7%	5%	3%	3%	1%	0%
	Use of shared services				15%	18%	16%	21%	*	26%	22%	23%	24%	26%	21%	16%	24%
S. Asia	Compulsory redundancies	27%	57%	25%	34%	29%	36%	29%	*	20%	29%	23%	27%	18%	24%	25%	30%
	Voluntary redundancies	20%	29%	38%	13%	24%	31%	22%	*	18%	21%	29%	14%	22%	15%	25%	11%
	Finance staff redeployed	33%	29%	25%	36%	35%	36%	24%	*	38%	29%	37%	35%	29%	24%	32%	24%
	Fewer finance staff trained	53%	71%	31%	32%	24%	36%	36%	*	31%	35%	36%	26%	31%	29%	42%	35%
	Outsourcing	20%	14%	6%	13%	6%	14%	14%	*	11%	8%	17%	9%	22%	19%	15%	11%
	More finance staff trained	20%	0%	0%	11%	12%	5%	9%	*	6%	13%	21%	12%	16%	13%	11%	11%
	More temporary finance staff	13%	0%	19%	19%	24%	34%	43%	*	35%	35%	33%	30%	42%	44%	24%	30%
	More permanent finance staff	13%	0%	19%	13%	24%	14%	19%	*	22%	26%	25%	12%	11%	18%	21%	19%
	Finance functions brought back in house				6%	6%	7%	3%	*	8%	8%	13%	8%	9%	4%	7%	0%
	Use of shared services				23%	6%	29%	24%	*	23%	34%	36%	29%	31%	22%	13%	16%
W. Europe	Compulsory redundancies	45%	53%	51%	46%	42%	37%	31%	30%	33%	27%	34%	35%	37%	33%	27%	36%
	Voluntary redundancies	27%	18%	31%	28%	23%	28%	27%	30%	27%	26%	27%	32%	28%	26%	28%	24%
	Finance staff redeployed	28%	30%	30%	33%	32%	32%	29%	26%	28%	27%	25%	27%	29%	28%	28%	31%
	Fewer finance s taff trained	28%	30%	35%	30%	28%	27%	27%	24%	26%	30%	26%	26%	30%	25%	31%	32%
	Outsourcing	11%	4%	13%	15%	16%	15%	14%	16%	14%	14%	15%	16%	19%	18%	19%	24%
	More finance staff trained	2%	3%	3%	2%	3%	4%	6%	6%	6%	6%	6%	8%	6%	7%	10%	9%
	More temporary finance staff	20%	15%	25%	26%	30%	27%	30%	30%	27%	27%	32%	29%	34%	33%	35%	39%
	More permanent finance staff	11%	11%	8%	10%	12%	9%	12%	8%	12%	11%	13%	11%	9%	10%	13%	11%
	Finance functions brought back in house				2%	3%	3%	3%	4%	4%	4%	4%	5%	4%	4%	4%	6%
	Use of shared services				26%	23%	25%	26%	28%	28%	26%	28%	32%	27%	28%	29%	29%

Table A.2 continues ►

Sector		Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
		Survey Quarter															
Africa	Compulsory redundancies	13%	29%	15%	12%	14%	19%	10%	*	17%	14%	18%	15%	10%	14%	19%	21%
	Voluntary redundancies	13%	14%	22%	12%	13%	12%	8%	*	13%	15%	12%	12%	17%	11%	14%	16%
	Finance staff redeployed	18%	29%	22%	21%	21%	24%	19%	*	19%	24%	24%	19%	25%	24%	29%	24%
	Fewer finance staff trained	41%	32%	43%	49%	37%	42%	38%	*	36%	37%	38%	43%	35%	37%	45%	45%
	Outsourcing	10%	4%	9%	7%	12%	11%	9%	*	7%	11%	8%	7%	12%	10%	10%	11%
	More finance staff trained	10%	25%	0%	15%	18%	11%	16%	*	13%	15%	16%	15%	20%	14%	14%	12%
	More temporary finance staff	23%	18%	33%	23%	19%	25%	29%	*	23%	21%	25%	17%	31%	30%	32%	34%
	More permanent finance staff	23%	7%	15%	15%	15%	15%	13%	*	17%	17%	19%	22%	18%	27%	18%	19%
	Finance functions brought back in house				7%	6%	3%	5%	*	5%	3%	3%	3%	2%	3%	8%	6%
	Use of shared services				22%	27%	29%	34%	*	29%	34%	28%	30%	24%	24%	26%	19%

* insufficient data / small sample

ACCA, IMA and the global economy

Global economic conditions continue to dominate business life. They are at the top of the world's political agenda, and updates and debates on economic issues are almost constantly the focus of media attention. While most national economies are now growing once again, it is far from clear how sustainable this growth is or how long it will be before a sense of normalcy returns to the global economy.

ACCA and IMA have been prominent voices on what the accounting profession can do to help turn the global economy around. Both bodies have published extensively on a range of topics from the regulation of financial markets or the prevention of fraud and money laundering, to fair value or the role of international accounting standards, to talent management and the development of an ethical business culture.

ACCA and IMA aim to demonstrate how an effective global accountancy profession contributes to sustainable global economic development; to champion the role of accountants as agents of value in business; and to support their members in challenging times. Both professional bodies believe that accountants add considerable value to business, and never more so than in the current environment.

Accountants are particularly instrumental in supporting the small business sector. Small and medium-sized enterprises (SMEs) account for more than half of the world's private sector output and about two thirds of all employment. Both ACCA and IMA focus much of their research and advocacy efforts on articulating the benefits to SMEs of solid financial management and reliable financial information.

WHERE NEXT?

As countries around the world once again consider strategies to promote stability and stimulate growth, the interconnectedness of our economies, and how they are managed and regulated, is now firmly in the spotlight. The development of the global accountancy profession has benefited from, and in turn contributed greatly to, the development of this interconnected global economy. The fortunes of the two are tied. ACCA and IMA will, therefore, continue to consider the challenges ahead for the global economy, and focus on equipping professional accountants for the uncertain future.

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