



The Association of  
Accountants and  
Financial Professionals  
in Business

The global  
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accountants



## Drivers of change in the UK

# Introduction

This report outlines the UK-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 UK'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 UK 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 US* (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)

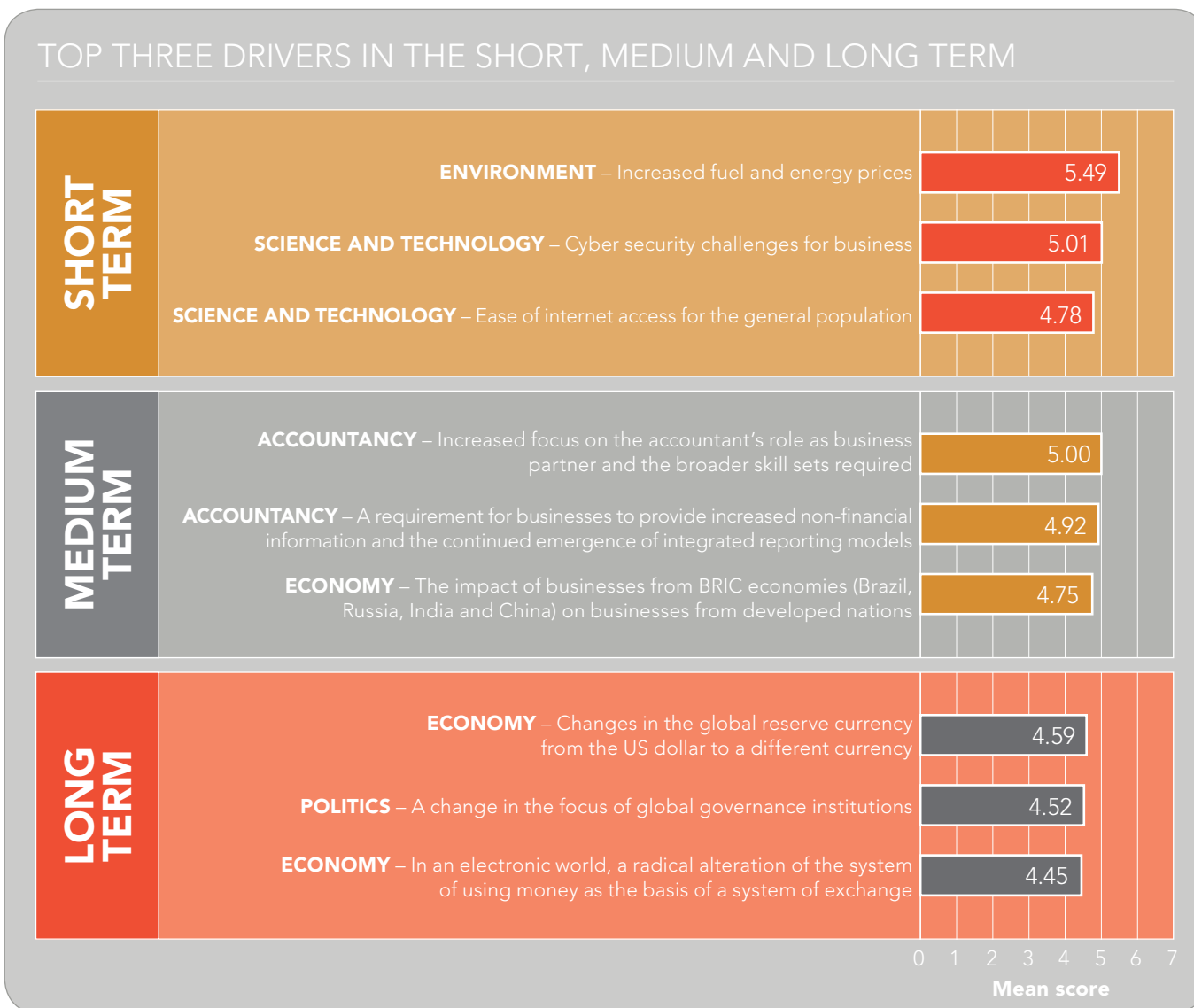
[www.accaglobal.com/futures](http://www.accaglobal.com/futures)



# Key findings: drivers and their impact

In the immediate future, businesses and accountancy professionals in the UK are most concerned, by far, with rises in fuel and energy prices. In the more distant future, however, trends related directly to the profession, the economy or politics will take precedent.

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

UK respondents reported that the rise in energy and fuel prices will be the most pressing issue facing businesses in the immediate future.

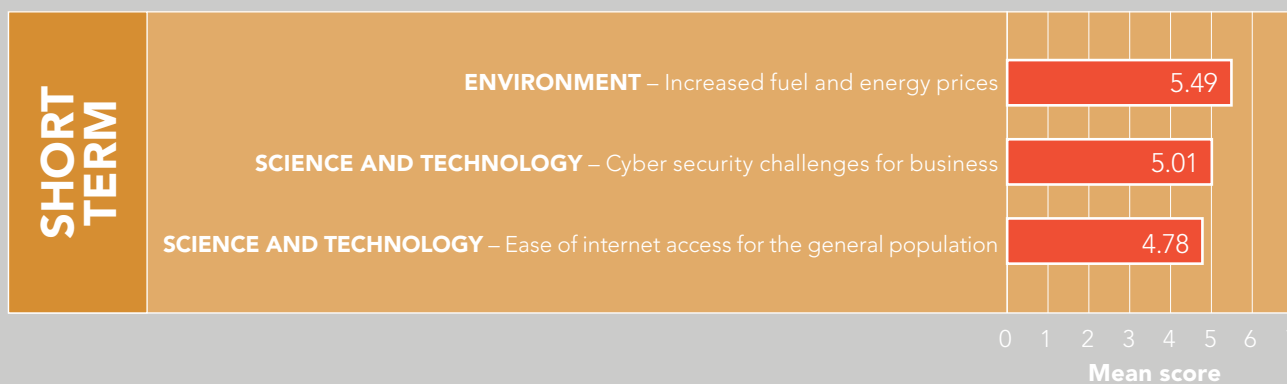
*‘High cost of fuel and energy reducing overall business profits’*

*‘Operating costs driven by energy scarcity’*

On the other hand, the second and third most critical drivers that are expected to have significant impact relate to science and technology.

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

## TOP THREE DRIVERS (SHORT TERM)



The cyber security challenges posed by an array of threats constituted the second most likely driver to have an impact in the short term. 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 ease of internet

access for the general population. Low-cost smartphones offer the potential to take the internet to almost every citizen in the next few years, and the true potential of the Web has yet to reveal itself. The internet is transforming industry supply chains in many sectors and threatening to reinvent completely some industries, such as publishing. At the same time, social media are creating new opportunities to engage the public and expand individual social spheres in a manner unthinkable before.

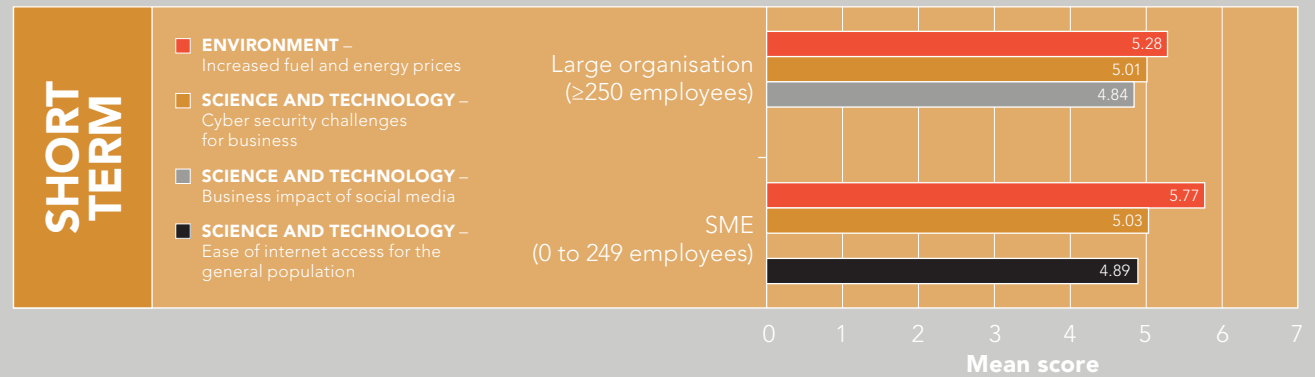
# Analysis: by size and sector

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

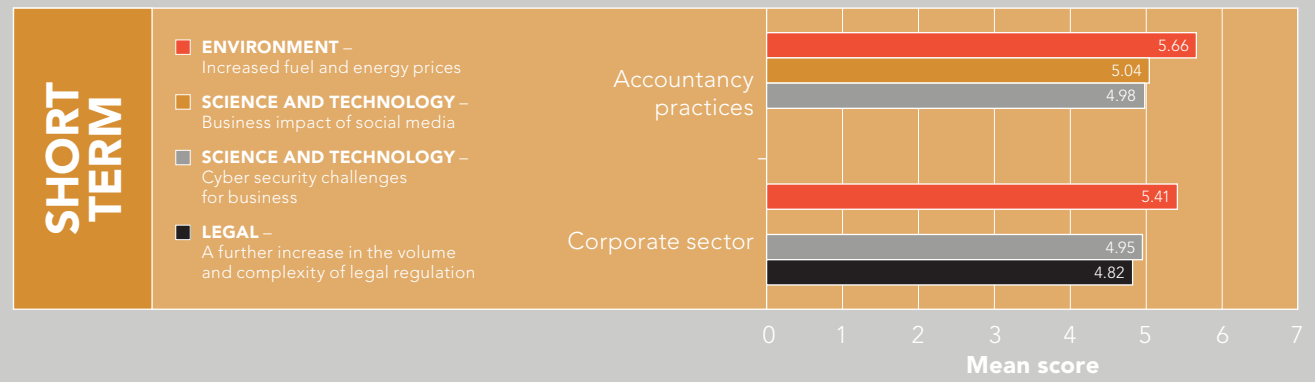
Large organisations (with more than 249 employees) placed 'the business impact of social media' in third place in their list of concerns while SMEs gave more importance to the 'ease of internet access for the general population'.

From a sectoral perspective, UK businesses identified a further increase in the volume and complexity of regulation as a critical short-term driver likely to dampen growth while accountancy practices highlighted the impact of social media on business.

## TOP THREE DRIVERS: BY SIZE OF ORGANISATION

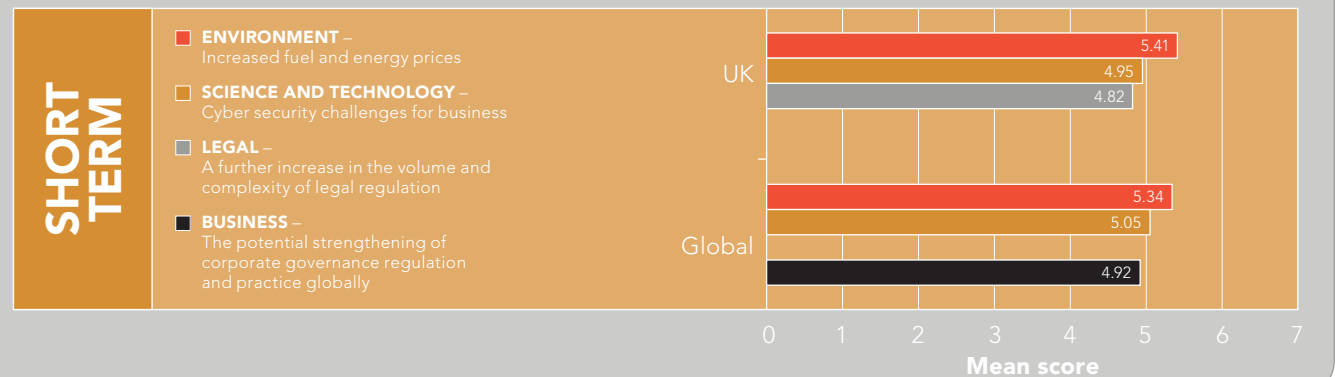


## TOP THREE DRIVERS: ACCOUNTANCY PRACTICES COMPARED WITH CORPORATE SECTOR

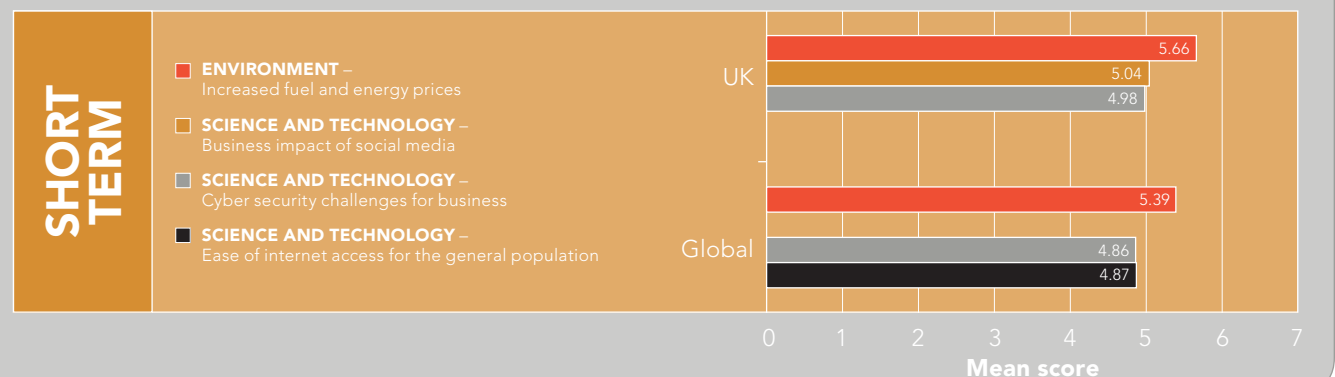


Unlike their overseas peers, respondents in the UK corporate sector tended to be more worried about the complexity of regulation and less concerned about the potential strengthening of corporate governance regulation and practice globally.

### TOP THREE DRIVERS: COMPARISON OF UK AND GLOBAL CORPORATE SECTORS



### TOP THREE DRIVERS: COMPARISON OF UK AND GLOBAL ACCOUNTANCY PRACTICES



# Analysis: by role of respondents

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

UK senior executives and managers identified cyber security challenges facing businesses as the second critical driver while accountants gave more importance to the increasing cost and accessibility of higher education, mentioned by 68% of these respondents. Accountants ranked cyber security challenges as their third critical driver.

The impact of social media in creating new mechanisms for engagement with customers and business partners was highlighted as the third most important driver by senior executives while managers felt that the strengthening of corporate governance regulation and practice globally would play a greater role.

## INCREASE IN FUEL AND ENERGY PRICES

REPORTED BY



## CYBER SECURITY CHALLENGES

CITED BY





## 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 crucial role.

In the UK, the driver that is expected to have the most impact 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'.

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

The second critical driver is the requirement for businesses to provide increased non-financial information coupled with the emergence of integrated reporting models. Non-financial information is increasingly recognised as being

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



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.

The impact of emerging economies in Brazil, Russia, India and China (BRIC) on businesses in other parts of the world ranked third. As the global economy re-balances, traditional markets and zones of economic and political power are experiencing considerable turbulence, while new centres of influence are emerging. The BRIC economies are becoming increasingly important 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. They are becoming increasingly similar, in terms of economic power, to the older industrial economies with which they are now competing. For example, in 2012, Brazil overtook the UK to become the sixth-largest economy, globally, in GDP terms.

*'Effect of emerging economies on how and where we do business'*

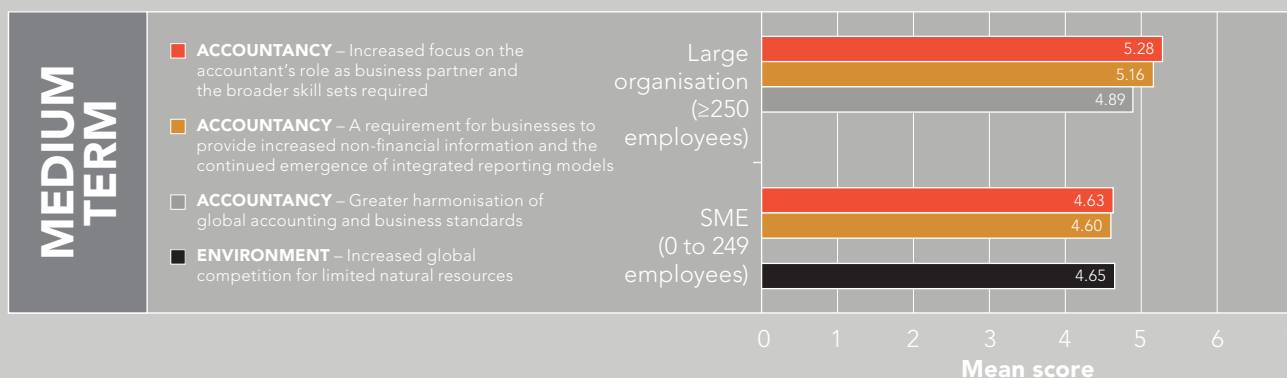
# Analysis: by size and sector

Differences can be found between organisations of different sizes. Large enterprises highlight the increased focus on the accountant’s role as business partner and the broader skill sets required as the most important driver.

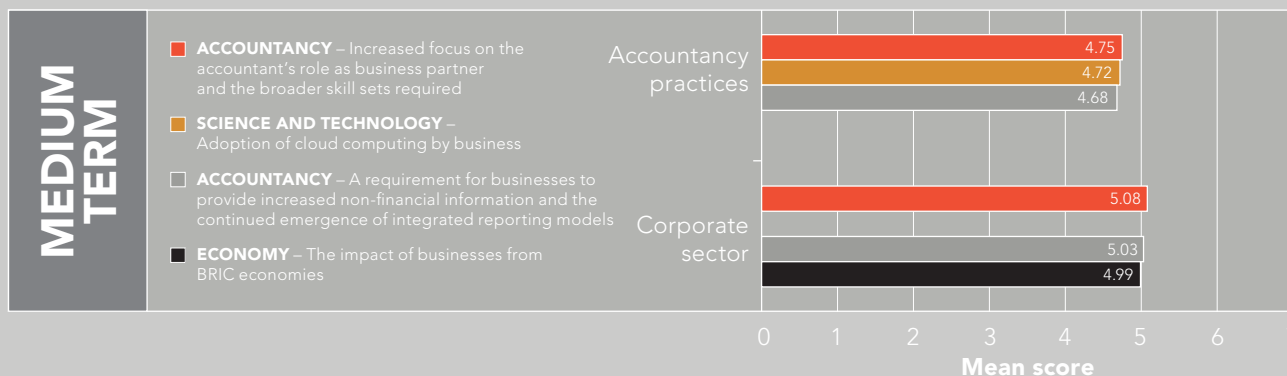
On the other hand, SMEs highlight that the main driver in the medium term is the increased global competition for limited natural resources such as fossil fuels and water. It is no surprise, however, that SMEs reported higher levels of concern for natural resources, as any incremental rise in fuel prices and energy costs tends to represent a heavier burden for them than for larger organisations.

Accountancy practices and the corporate sector (including financial services) share similarities in that both rate the broader, strategic role of the accountant and the requirement for businesses to provide increased non-financial information as the top two drivers. Accountancy practices, however, identified the adoption of cloud computing by businesses as the third driver that will affect businesses while the corporate sector gave more importance to the increasing role of BRIC economies.

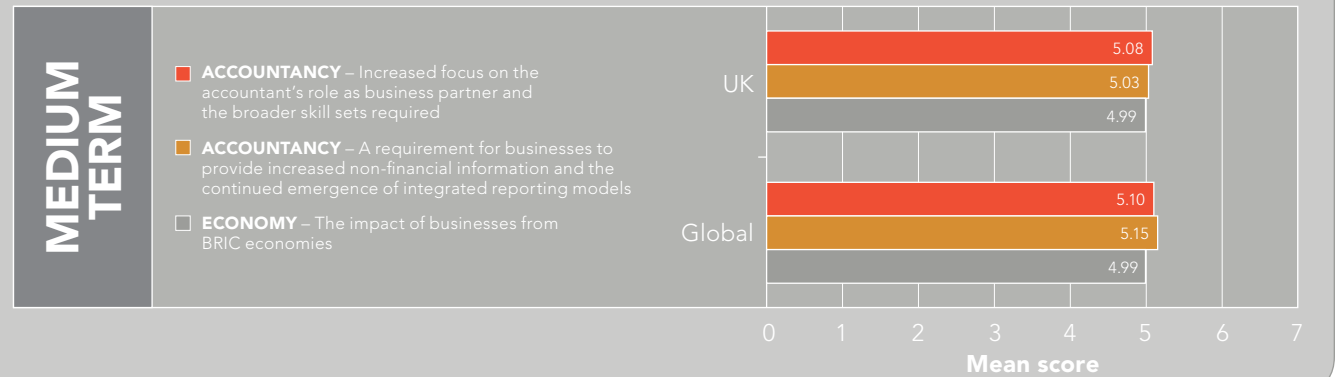
## TOP THREE DRIVERS: BY SIZE OF ORGANISATION



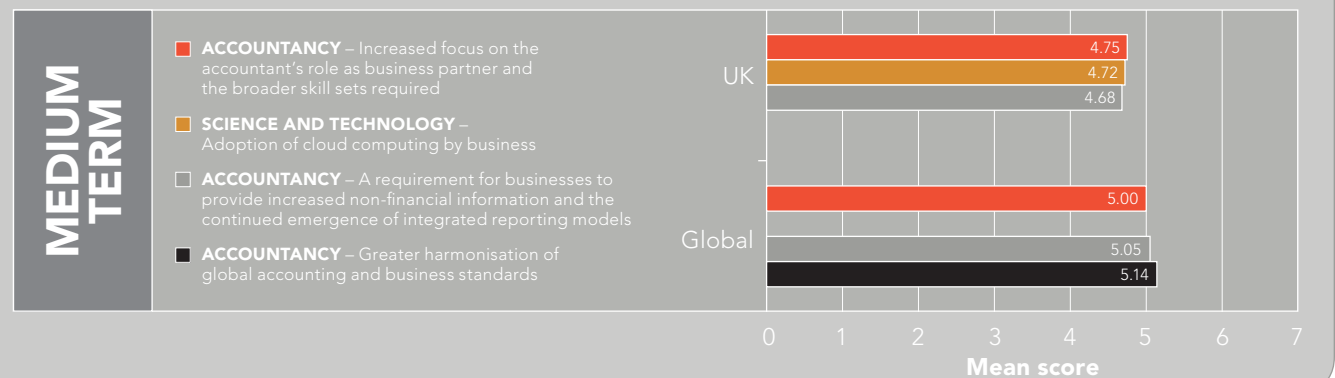
## TOP THREE DRIVERS: ACCOUNTANCY PRACTICES COMPARED WITH THE CORPORATE SECTOR



### TOP THREE DRIVERS: COMPARISON OF UK AND GLOBAL CORPORATE SECTORS



### TOP THREE DRIVERS: COMPARISON OF UK AND GLOBAL ACCOUNTANCY PRACTICES



## Analysis: by role of respondents

Irrespective of their role, UK respondents reported the same top two drivers as the most important in the medium term: the importance of the accountant's role as business partner and the rise in demand for non-financial information. The third most crucial driver, however, depended on the respondent's job role.

Of the UK accountants responding, 59% highlighted the increased privatisation and outsourcing of public services as a critical driver. Managers cited the move towards greater harmonisation of global accounting and business standards (66%) while senior executives cited the changing age balance of the workforce and the increasing welfare needs of senior society (61%).

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

CITED BY



**3** out of **4**

senior executives and accountants

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

CITED BY



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

senior executives and accountants

## Key findings: long term

The driver expected to have the greatest impact on businesses and the accountancy profession in the long term arises from the changes in the current role of currencies, where the position of the US dollar, as the global reserve currency, is being questioned. Aside from the rise in importance of the currencies of other economic blocs, an example of alternative currencies that are gaining momentum is Bitcoin, a purely peer-to-peer digital currency that is traded online without going 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 are faced with 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).

### TOP THREE DRIVERS (LONG TERM, 10+ YEARS)



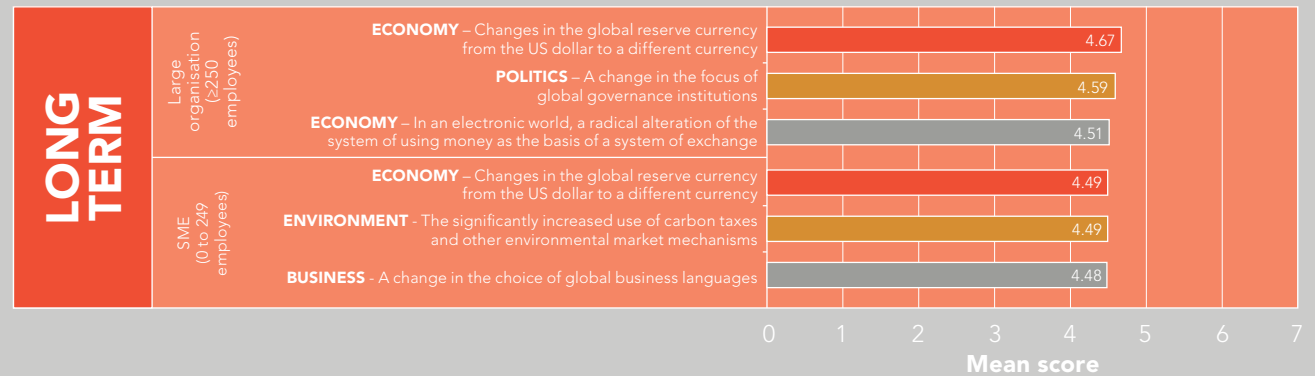
# Analysis: by size and sector

Potential changes in the global reserve currency were identified as the main driver, irrespective of the size of the organisation, but the choice of second and third critical drivers varied.

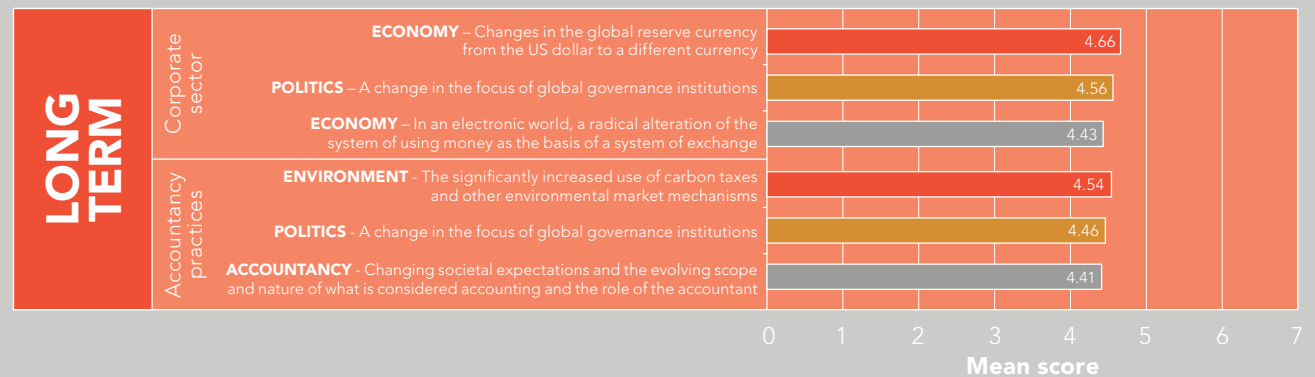
SMEs were more concerned with the significant increase in the deployment of carbon taxes and other environmental market mechanisms and the change in the choice of global business languages (second and third respectively). On the other hand, large organisations identified the critical drivers for them in the long term as 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.

Accountancy practices placed greater emphasis on the significantly increased use of carbon taxes and other environmental market mechanisms and the evolving scope and nature of what is considered to be accounting and the role of the accountant. Corporate sector respondents, on the other hand, identified the areas within politics and the economy as the critical factors.

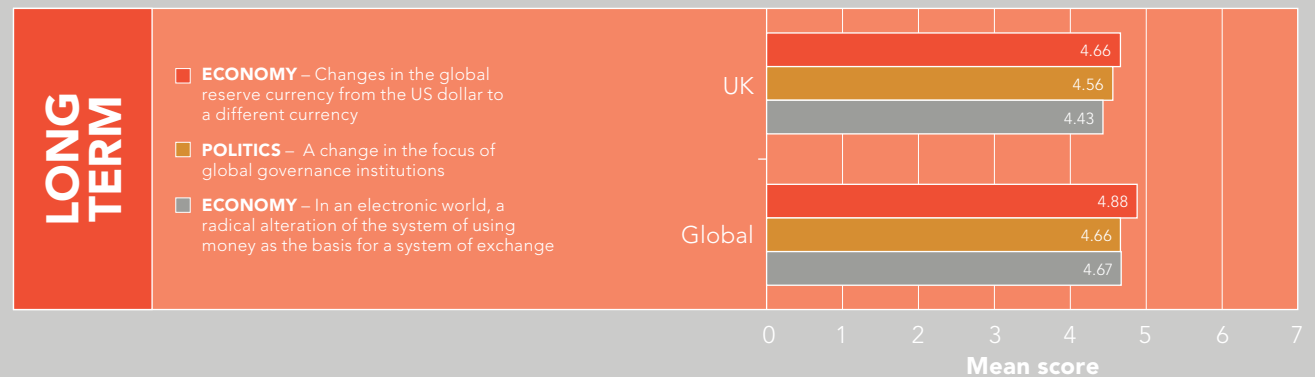
## TOP THREE DRIVERS: BY SIZE OF ORGANISATION



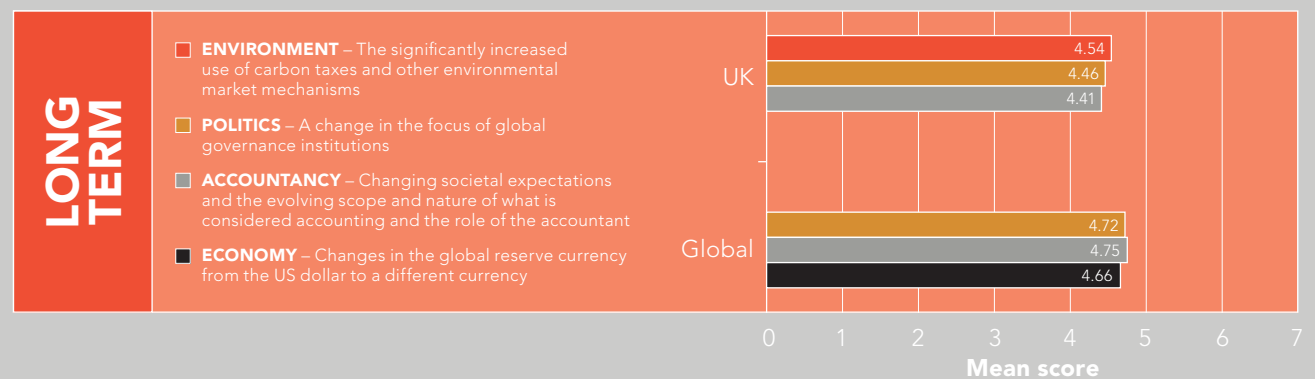
## TOP THREE DRIVERS: BY SECTOR



### TOP THREE DRIVERS: COMPARISON OF UK AND GLOBAL CORPORATE SECTORS



### TOP THREE DRIVERS: COMPARISON OF UK AND GLOBAL ACCOUNTANCY PRACTICES



# Analysis: by role of respondents

In the UK, accountants and senior executives share very similar opinions as to which drivers will have the most impact on business and the accountancy profession in the next decade and beyond.

Topping the list are the issues stemming from a potential change in the global reserve currency, moving away from the US dollar to one or more of the currencies of the emerging or established economic blocks. The second and third concerns are the change in the focus of global institutions and the increased use of carbon taxes and other environmental market mechanisms (such as 'cap and trade' policies).

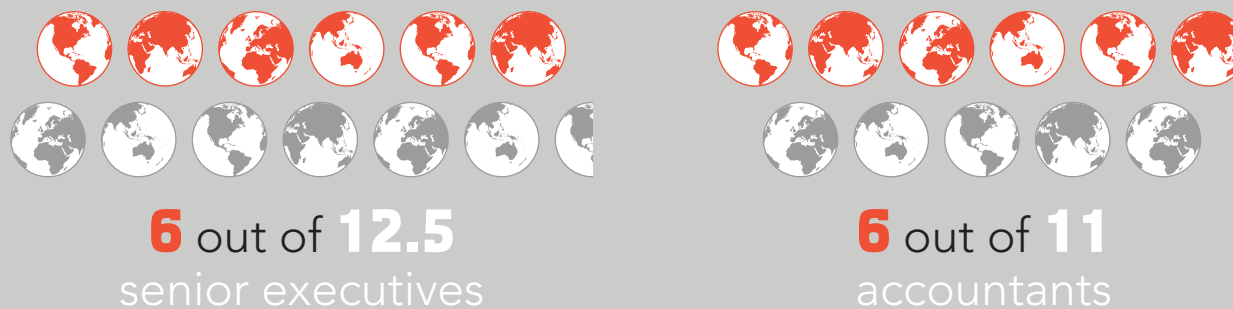
CHANGES IN THE GLOBAL RESERVE CURRENCY FROM THE US DOLLAR TO A DIFFERENT CURRENCY (EG THE EURO OR YUAN)

CITED BY



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



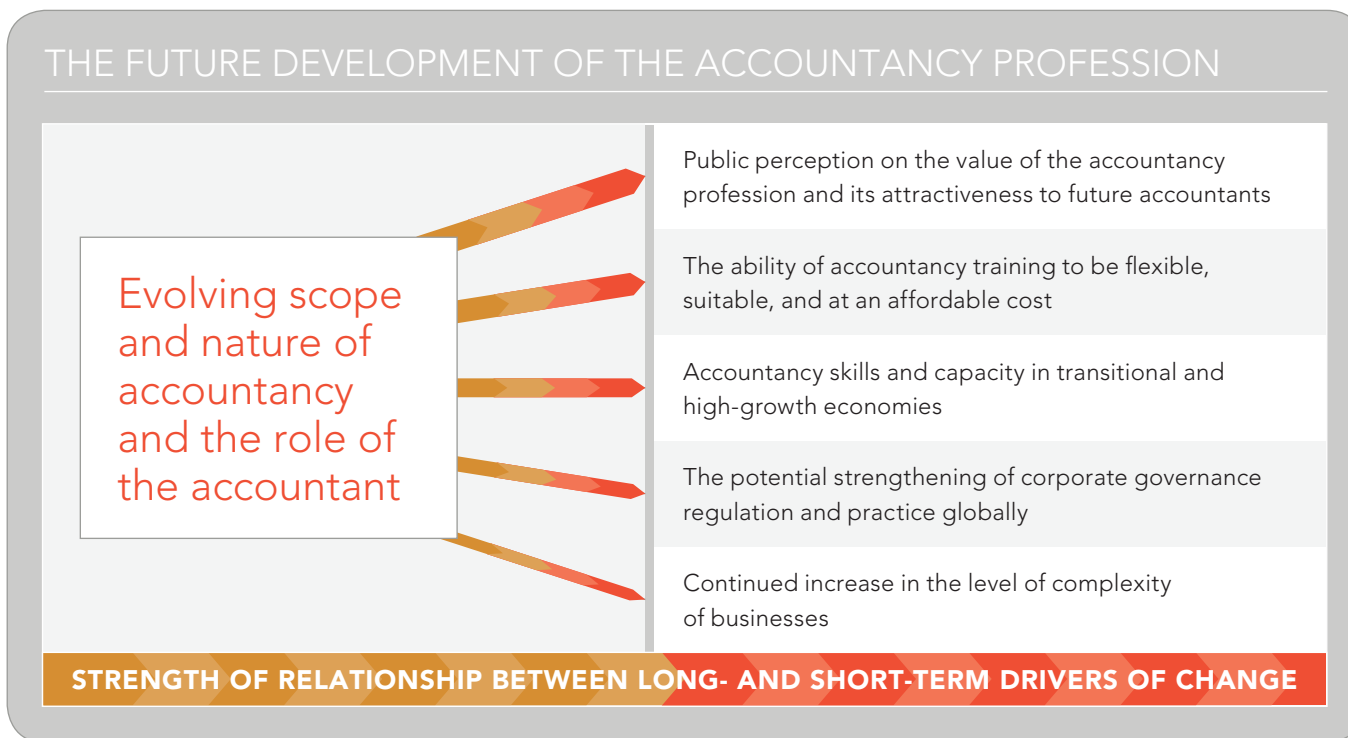


# Drivers and how they relate to each other

This section of the report considers 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 this relationship was established, its strength was then determined by connecting the short-term and long-term scores.

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



# 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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