



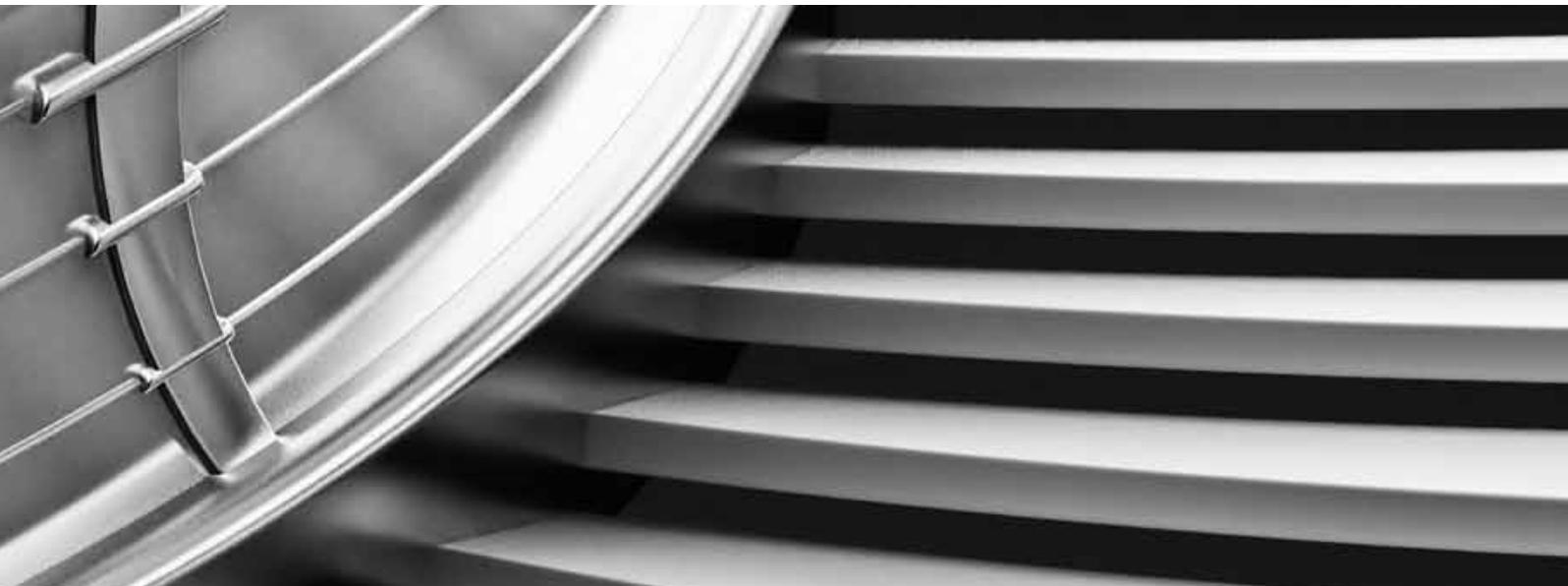
The Association of
Accountants and
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in Business

The global
body for
professional
accountants



ACCOUNTANCY FUTURES ACADEMY

100 drivers of change for the global accountancy profession

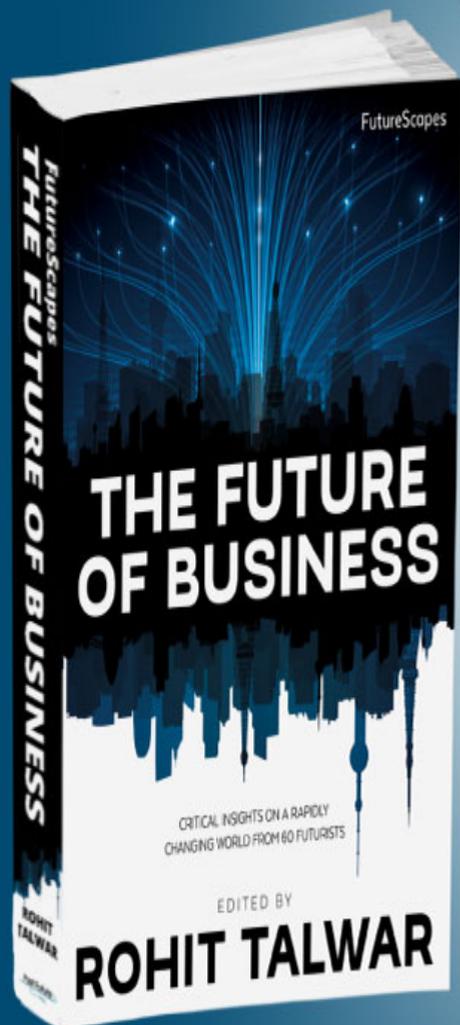


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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding 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 localised services through its offices in Montvale, N.J., USA; Zurich, Switzerland; Dubai, UAE; and Beijing, China.

About Fast Future

Fast Future Research is a global strategy, foresight research and consulting firm that undertakes horizon scanning, scenario planning and in-depth studies on the future of key sectors. Recent studies have looked at the future of airports, scenarios for Asia, the future narcotics landscape, emerging science and technology sectors, jobs of the future, demographic change, the meetings industry, travel and tourism and the future of HR. Fast Future works with clients in global businesses around the world to help them understand, anticipate and respond to the trends, forces and ideas that could shape the competitive landscape over the next 5–20 years. Fast Future's consulting draws on a range of proven foresight, strategy and creative processes to generate deep insight into a changing world. These insights are used to help clients develop innovative strategies, create disruptive business models and define practical actions to implement them.

In this study, professionals working in and close to the accountancy profession identify 100 drivers of change shaping the landscape for businesses and profession accountants over the next decade.

The potential impacts and 10 resulting imperatives are explored. Opportunities are identified for accountants to adopt a more strategic and trusted role.

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.

www.accaglobal.com/futures

Foreword

ACCA has a long history of forward looking research into the future of business and the accountancy profession. This report, builds on ACCA's groundbreaking research, *Where Next for the Global Economy? A View of the World 2030*,¹ and other strategic studies published by ACCA in recent years. That study considered issues such as the (re) distribution of global power, the scarcity and competition for resources, shifts in global markets and new business models, leading to new paradigms for governance and assurance.

This report thoroughly examines the key factors that ACCA and IMA members should be thinking about to prepare for future opportunities and challenges over the next 5–10 years. In so doing, it identifies 100 emerging drivers of change that directly or indirectly impact business and the accountancy profession. Additionally, it provides a number of future scenarios for the profession while sketching out the 'must do's' for them to be successful over the next decade.

How will businesses need to adapt to the myriad of changes? On one hand, they will need to develop an understanding of these forces and their future implications. This, in turn, will enable them to weather forthcoming shocks and capitalise on new opportunities. On the other, there is a need to assess the skills implications for accountants. The impact of the drivers of change outlined in this research encompasses everything from the CFO's role and reporting standards through to the training and development of tomorrow's accountants.

Uncertainty and volatility are the new normal. The global landscape will continually be reshaped by a combination of market volatility, globalisation and innovation in a climate where shifts of wealth and power, economic uncertainty and political transitions are also occurring. These challenges are also exacerbated by rapid advances in science and technology, demographic changes and the emergence of new business models. In a shifting social and economic environment, all of these will have serious implications on businesses and the accountancy profession.

This research draws on inputs from members of the Accountancy Futures Academy, members of IMA, and ACCA's other Global Forums to form the basis for high-level practical debates on how the profession can be better prepared to respond to the changing needs of businesses.

Ng Boon Yew FCCA
Executive Chairman
Raffles Campus



1. <http://www.accaglobal.com/content/dam/acca/global/PDF-technical/global-economy/where-next.pdf>

Executive summary

This report presents the results of an ACCA *Accountancy Futures* study on drivers of change for business and the profession. The aim was to address the question:

What are the key factors ACCA and IMA members should be thinking about to prepare for future opportunities and challenges over the next 5–10 years?

TURBULENCE IS THE NEW NORMAL

The overriding global themes for the decade ahead are those of shifts in regional wealth and power, extreme economic uncertainty and political transitions. At the same time, the business landscape is being reshaped by a combination of market volatility, globalisation and transformational innovation. The impact of these challenges is compounded by rapid advances in science and technology, demographic shifts and disruptive new business models. Collectively, these forces of change are driving new societal values, needs and expectations. In short, they are transforming every aspect of our world.

DEVELOPING A BUSINESS RADAR

In the face of such all-encompassing change, there is a growing recognition in business of the need to develop a rigorous understanding of these and other emerging drivers of change and to prepare for a range of possible future scenarios. Indeed, some businesses already have well-developed capabilities for scanning the horizon

and identifying key factors and forces shaping the future. These enable them to weather emergent shocks and capitalise on new opportunities. Others recognise that they do not as yet have such a well-tuned future radar and, as a result, have been caught out by changes in both the macroeconomy and their operating environment.

FUTURE-PROOFING THE ACCOUNTANCY PROFESSION

For accountants there is a twofold challenge: firstly, understanding how the key forces shaping the future could affect the organisations they serve. Secondly, they need to assess the implications for accounting standards and processes and the accountancy profession as a whole. The impacts encompass everything from the CFO's role and reporting standards through to the training and development of tomorrow's accountant.

THE 'DRIVERS OF CHANGE' STUDY

To help accountants and business leaders prepare for an uncertain tomorrow, the ACCA *Accountancy Futures Academy* commissioned Fast Future Research to undertake this study. The research explores the emerging drivers of change that could have the greatest impact on business and the accountancy profession over the next decade. The study draws on inputs from members of the *Accountancy Futures Academy*, members of the *Institute of Management Accountants (IMA)*, and ACCA's other *Global Forums*, coupled

with extensive desk research and analysis. In total, the member consultation and desk research identified 100 drivers of change. The drivers cover eight domains of relevance – the economy, politics and law, society and demographics, business, science and technology, environment, energy and resources, the practice of accounting and the accountancy profession.

The analysis was undertaken in four key stages:

- collation, definition and evaluation of the drivers
- identification of the critical impacts and implications for the economy, business and the accountancy profession
- prioritisation of key action imperatives to respond to the drivers and their impacts, and
- generation of alternative possible scenarios of the future for accountancy based on how accountants might respond to those action imperatives.

Figure 1: The 'drivers of change' study analysis framework



STRATEGIC IMPACTS FOR BUSINESS AND THE ACCOUNTANCY PROFESSION

Analysis of the drivers and the potential interactions between them suggests that the decade ahead will be characterised by a combination of critical forces acting on business and the profession – key among them being those outlined in Table 1.

Table 1: Forces shaping the business environment and driving change in the accountancy profession

Forces shaping the business environment	Forces driving change in the accountancy profession
<p>Global economy</p> <p>Continued globalisation is taking place against a backdrop of persistent economic turbulence and uncertainty and growing pressure to rethink the entire global economic and financial governance infrastructure.</p>	<p>Trust and reporting</p> <p>Pressures are increasing on the accountancy profession to strengthen its public image and go beyond current financial reporting practices to provide a more transparent, simplified but holistic picture of a firm's health and prospects.</p>
<p>Business environment</p> <p>Growing business and regulatory complexity is coupled with intensified global competition and shortening business cycles.</p>	<p>Regulatory expectations</p> <p>An increasing regulatory burden could drive up the cost of compliance.</p>
<p>Innovation and change</p> <p>Rapid advances in science and technology are driving disruptive innovation, overhauling industry structures, challenging and reinventing business models and spawning new sectors.</p>	<p>Standards and practices</p> <p>There is a drive to globalise accounting standards and practices.</p>
<p>Society and work</p> <p>Changing social values and expectations of work, an increasing global population and an ageing society working well past current retirement age are creating challenges for how technology is managed and leveraged to integrate a diverse multigenerational, multicultural and multinational workforce.</p>	<p>Intelligent systems and big data</p> <p>There is potential to use intelligent systems, data mining and predictive analytics to exploit the repositories of 'big data' that firms are amassing and as a result transform both the operational and interpretative elements of accountancy.</p>
<p>Learning and development</p> <p>The structure, techniques, distribution channels and costs of providing education and training are being transformed, with a growing trend towards online courses and accelerated learning.</p>	<p>Organisational remit</p> <p>There are increasing expectations that the CFO and accountancy function should play a far greater role in everything from strategic decision making to the design of new revenue models.</p>

RESPONDING TO THE DRIVERS: TAKING STRATEGIC ACTION

Through exploration of the drivers and analysis of their potential implications, a clear set of implications and priorities emerges for business and the accountancy profession. These priorities have been consolidated into

10 key 'strategic action imperatives' (see Table 2). These imperatives need to be addressed as a matter of priority if business and the accountancy profession are to ensure they can perform effectively in the decade of uncertainty and rapid change that lies ahead.

Table 2: Ten strategic action imperatives for business and the accountancy profession

Five imperatives for business	Five imperatives for the accountancy profession
<p>Assume and plan for volatility</p> <p>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.</p>	<p>Embrace an enlarged strategic and commercial role</p> <p>As businesses adapt to a turbulent environment, 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.</p>
<p>Build the radar</p> <p>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.</p>	<p>Establish trust and ethical leadership</p> <p>The profession needs to be seen to be addressing clear public concerns. According to the research conducted for this report, there is a perception that the profession 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 the ensuing economic uncertainty.</p>
<p>Pursue technology leadership</p> <p>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.</p>	<p>Focus on a holistic view of complexity, risk and performance</p> <p>There is growing consensus on the need for reporting to provide a firm-wide view of organisational health, performance and prospects. Such a holistic perspective must acknowledge the complexity of modern business and encompass financial and non-financial indicators of a firm's status and potential.</p>
<p>Prepare for true globalisation</p> <p>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.</p>	<p>Develop a global orientation</p> <p>The pace of global expansion of firms from developed and developing markets alike is placing the spotlight on accountancy's ability to master the technical, language and cultural challenges of cross-border operations.</p>
<p>Develop a curious, experimental and adaptable mindset</p> <p>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.</p>	<p>Reinvent the talent pool</p> <p>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. Characteristics such as entrepreneurial spirit, curiosity, creativity and strategic thinking skills could assume far more significance in the selection of tomorrow's accountants.</p>

**FROM ACTION TO OUTCOMES:
SCENARIOS FOR THE FUTURE OF
THE PROFESSION**

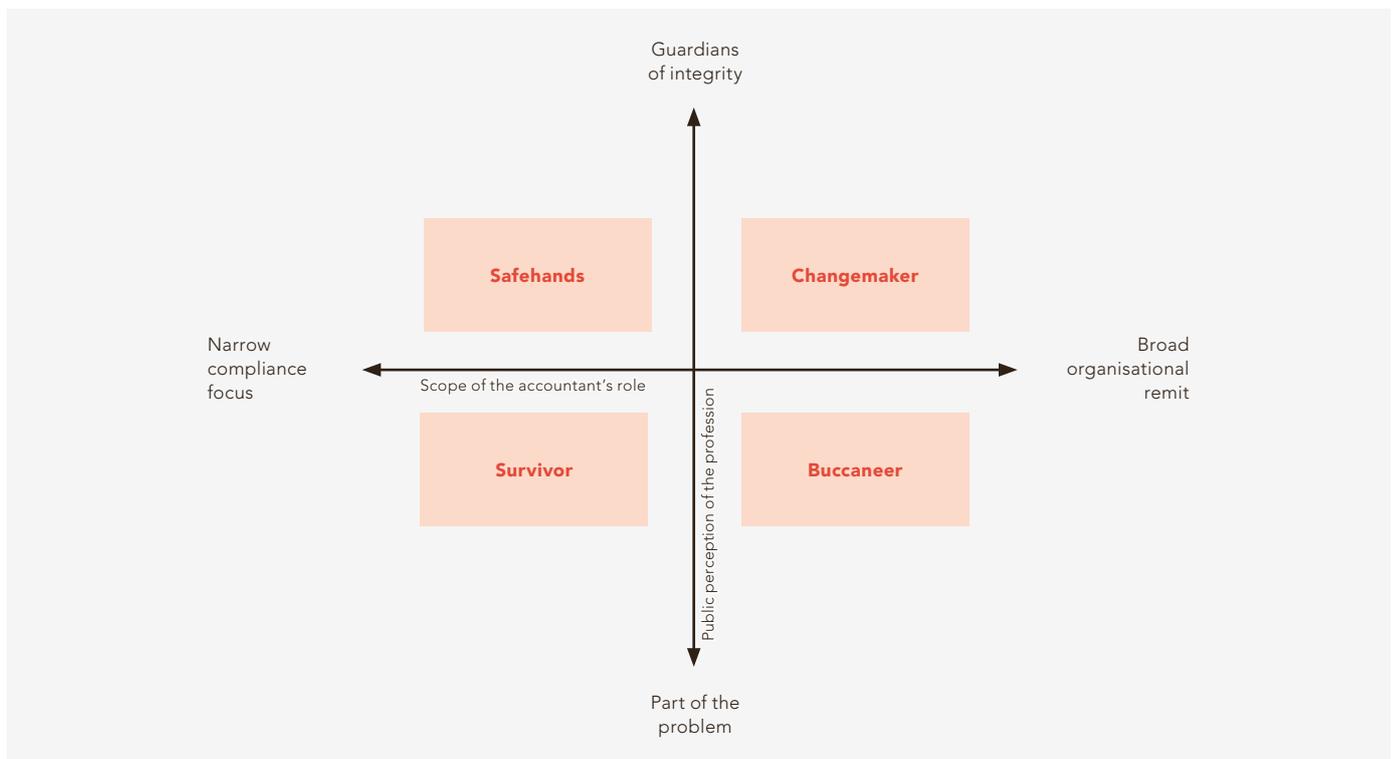
There are significant uncertainties over exactly how the driving forces presented in this report may play out. What is clear is that, however they unfold, the resulting impact will be transformational both for business as a whole and for the accountancy world in particular. The 10 strategic action imperatives provide a clear focus for leadership attention. The ways in which

companies and the profession respond and the relative importance and priority they attach to the different imperatives could lead to a range of alternative possible outcomes or scenarios. To explore these different possible outcomes, the study has outlined four alternative scenarios for the future of the accountant’s role in a changing world over the next decade. The scenarios are based on two key influencing factors, with a range of options for how they might evolve during this time:

- public perception of the profession – with a spectrum of possibilities ranging from ‘part of the problem’ to ‘guardians of integrity’
- scope of the accountant’s role – ranging from a ‘narrow compliance focus’ to a ‘broad organisational remit’.

As a result of considering the extremes of the spectrum, four possible scenarios emerge; these are presented looking back from a point 10 years into the future and are summarised in Figure 2.

Figure 2: Scenarios for the future of the accountant’s role



Changemaker
(Perceived as 'guardians of integrity',
broad organisational remit)

In this scenario, over the decade since 2012, many in the profession have succeeded in balancing public expectations for responsible financial management with an enlarged and more entrepreneurial stance within the firm. The need to ensure sound and ethical practice has been a key driver in the gradual assumption of a wider remit by the CFO and accountancy function, which are seeking to encourage performance with accountability. The key challenge here is maintaining the balance between encouraging entrepreneurial behaviour and ensuring the highest standards of financial stewardship.

Buccaneer
(Perceived as 'part of the problem',
broad organisational remit)

Here, many in the profession are playing a more central role in value creation activities. There is public concern, however, that accountants have compromised their ethical financial stewardship role in the pursuit of profit. This scenario may be considered too unstable by many because a short-term, profit-driven focus is not tempered by ethical financial stewardship, or entrepreneurship for long-term performance.

Safehands
(Perceived as 'guardians of integrity',
narrow compliance focus)

Here, the profession has succeeded in re-establishing public faith in its role over the last decade. For many this has been achieved by deliberately maintaining a focus on the largely technical elements of the role while seeking to ensure compliance with both the spirit and the full regulatory requirements of the law. This is perceived as a stable scenario,

particularly in turbulent times where firms want to demonstrate exemplary financial stewardship.

Survivor
(Perceived as 'part of the problem',
narrow compliance focus)

In this scenario, survival seems the priority for many in the profession, who focus on a relatively narrow technical and strict regulatory remit. Society perceives the profession to have failed in its duty of care to highlight and help prevent the issues that caused the global financial crisis of 2007–9 and the subsequent decade of financial and economic uncertainty. Again, this might be considered an unstable scenario due to the perceived lack of integrity. Hence a goal for those in this scenario may be to evolve to the positioning of those in the Safehands scenario.

**CONCLUSION: THRIVING IN
TURBULENCE, SEIZING THE
OPPORTUNITY**

The research emphasises that we are entering an increasingly uncertain world where almost every aspect of the economy, business and the accountancy profession will be in a state of constant transition. The drivers presented in this report highlight critical issues that will shape the emerging landscape. The fact that these drivers have been identified by those working in, and close to, the profession is a clear demonstration of the accountancy sector's ability and willingness to engage in long-term strategic thinking. A key question is:

**What do we do with these powerful
insights that our colleagues have laid
before us?**

Analysis of the drivers has highlighted key areas of the economy, business and the profession that could be affected the most. Assessment of the impacts suggests 10 critical strategic action imperatives on which business and the profession should focus as they try to navigate through a turbulent economy and rapidly transforming business and regulatory landscape. The different ways in which the profession, in particular, responds to these imperatives could lead to a range of possible scenarios.

Faced with an ever-growing operational and regulatory compliance workload, an understandable choice would be to opt for the Safehands scenario and focus on a purely technical and more traditional definition of the accountant's role. The emphasis on integrity would meet with strong public approval. However, as the analysis of drivers and the scenarios suggest, there is also a clear opportunity for the profession to aspire to the Changemaker scenario and embrace an increasingly strategic opportunity. This would entail meeting the public's need for the highest standards of integrity while taking a broader leadership role within both business and the wider economy.

While there is clearly no 'correct' scenario, the role of Changemaker is perhaps the most exciting and rewarding option both for those within the profession and for would-be recruits. The quality of insights provided by those who participated in the study suggests that, although demanding and difficult, this broader remit is definitely achievable for many within the profession. This report and the activities that follow from the ACCA Accountancy Futures Academy are designed to help accountants on the journey to becoming genuine agents of change in both business and the wider economy.

1. Introduction

OVERVIEW

This report presents the findings of a study on drivers of change for global business and the accountancy profession. The research was commissioned by ACCA's Accountancy Futures Academy and conducted by Fast Future Research.

The report draws on extensive consultation with members of the ACCA Accountancy Futures Academy, and members of the Institute of Management Accountants (IMA) and the ACCA Global Forums. ACCA and IMA have formed a strategic partnership to support research.

The findings highlight what global experts see as key drivers of change over the next decade and beyond. These drivers could have a critical impact on business, the accountancy profession and the global environment in which accountants will operate.

The starting point of this study was to address the following question:

What are the key factors ACCA and IMA members should be thinking about to prepare for future opportunities and challenges over the next 5–10 years?

METHODOLOGY

The exercise was conducted in two stages.

An initial series of telephone discussions and email consultations were held with members of the ACCA Accountancy Futures Academy,² which yielded a list of 62 drivers of change. Contributors identified what they perceived to be key drivers of change that would shape critical business and policy spheres and, as a result, the accountancy profession over the next 5–10 years.

These 62 drivers were then sent to expert members of IMA, and ACCA's Global Forums, for review, comment and identification of additional drivers. A further 38 drivers were identified at this stage.

This report is based on the output from this broad engagement and contains descriptions and analysis of a total of 100 drivers of change.

The ACCA Global Forums and Accountancy Futures Academy

As the global body for professional accountants, part of ACCA's mission is to provide opportunity and access to people of ability around the world and support our members throughout their careers in accounting, business and finance.

To ensure future success and provide members with the best possible service, ACCA developed an innovative programme of Global Forums which bring together respected thinkers from the wider profession and academia around the world.

As part of this programme, the Accountancy Futures Academy provides a platform for ACCA to have a forward-looking radar tuned in to the emerging trends, discussions and reforms in the global business and policy spheres.

Looking at a time horizon of 5–10 years or more, the Academy identifies and explores issues of major significance for the global accountancy profession to ensure it complements the other ACCA Global Forums.

2. <http://www.accaglobal.com/en/research-insights/global-forums/futures-academy2/members.html>

REPORT STRUCTURE

The 100 drivers are introduced and summarised in Chapter 2. A fuller description of each driver is presented in the Appendix using the following characteristics:

- a short description
- a possible impact time frame, suggesting when the originator(s) think it could affect at least 20% of the profession globally
- possible implications for and impacts on business and the accountancy profession, and
- key questions and uncertainties raised for the accountancy profession.

When viewed collectively, the set of 100 drivers explored in this report present fundamental challenges for business and the accountancy profession. These challenges encompass literally every dimension of business from governance and strategy through to operations and talent development. Chapter 3 explores those impacts in greater detail. After this, Chapter 4 examines the perspectives shared by members of the ACCA Global Forums on the drivers expected to have the greatest impact. It then goes on to assess the key implications of the 100 drivers for the economy, business and the accountancy profession.

A number of the drivers focus on key advances in science and technology, and their potential impact on business and the practice of accountancy are discussed in this chapter. Chapter 5 examines the priorities that emerge as businesses and the profession seek to move from insight to action. Finally, Chapter 6 considers a range of different possible future scenarios for the profession over the next decade.

A PLATFORM FOR ENGAGEMENT

Strategically, the aim is for this project to provide a platform for engagement between members of ACCA's Global Forums, members of IMA, and their broader memberships and the wider community of stakeholders on the future of accountants and the accountancy profession. It is also intended to help facilitate a debate on the topics that the Futures Academy should pursue in greater detail.

No future work of this type can ever hope to be definitive, but this report provides an important input into the development of future organisational strategy. It provides accountancy organisations and professionals, and the businesses in which they work, with a framework for preparing for, adapting to and influencing change.

The research partner in this project was Fast Future Research, a foresight research and consulting firm that works with clients around the world to help them identify, anticipate, evaluate and respond to the trends, forces and ideas that shape the global economic and business landscape over the next 5–20 years.

2. 100 drivers of change

CATEGORISATION OF THE DRIVERS

Through the various stages of consultation and desk research, a total of 100 drivers of change were identified. These are described in full in Appendix 1. Table 2.1 groups the 100 drivers in eight separate categories:

- economy
- politics and the law
- society
- business
- science and technology
- environment, energy and resources
- practice of accounting
- accountancy profession.

The key themes explored in the forces covered under each category are as follows.

ECONOMY

This set of drivers explores the fallout from the global financial crisis and the long-term impact of current turbulence. They encompass the sustainability of debt, prospects for growth and overall effectiveness of the global economic infrastructure. Consideration is also given to stability of national revenue bases, the role of global reserve currencies, and the need to consider alternative economic management models.

Public attitudes to pure capitalism, concerns over protectionism and changing notions of currency are all explored as part of the response to both the global financial crisis and continuing volatility. In exploring possible routes forward for the global economy, factors considered include the level of inequality, the role of the knowledge economy and that of micro-businesses. Finally, consideration is given to factors such as infrastructure investment, labour mobility, stock exchange mergers and the impact of the BRIC economies on global accountancy firms.

POLITICS AND LAW

From a business and accountancy perspective, drivers considered to be of critical importance are the level of political volatility and the rate of democratic transition. Alongside these the role of global institutions and the impact of cultural globalisation are also highlighted as key drivers. The scale and complexity of regulation and the twin challenges of governance and quality assurance of public sector outsourcing are also emphasised.

SOCIETY

The rate and distribution of global population growth, and the resulting implications for workforce age structure are highlighted as important drivers. Increased female participation in the workforce, expectations of emerging generations and cultural diversity are all emphasised as critical social drivers for business. Issues around workforce capability are also identified with particular emphasis placed on the cost and ease of access to higher education and the growing role of online learning.

BUSINESS

There is a clear emphasis on the need for fundamental change in every aspect of business from governance and leadership through to approaches to innovation. There is scrutiny of the critical role of leaders' attitudes to change, the level of business complexity, the rate of change in business cycles and adoption of new business models. Other strategic drivers considered include the need to consider alternative business and market paradigms and the management of enterprise risk, accountability and compliance.

Globalisation is seen to create both opportunities and challenges. A focus is placed on the scale of international mergers and acquisitions, the global talent pool, choice of business languages, reverse innovation from emerging economies and the impact of new financial centres. Key managerial challenges highlighted for the next decade include the importance of reputation management, the adoption of corporate 'living wills', the level of foreign direct investment and the use of integrated systems thinking.

Business responsibility is identified as a crucial issue for the coming decade with a focus on social business, the level of social entrepreneurship, evolution of corporate governance and managing diverse stakeholder expectations. Other important drivers explore the role of cash in financial transactions, the role of intermediaries and the emergence of new industry sectors.

SCIENCE AND TECHNOLOGY

The digitisation of business and everyday life are highlighted with a focus on our growing personal technology ecosystems, the ease of access to the internet and social media and their impact on attention spans. For business, the impact of cloud computing, the valuation of digital assets, cybersecurity, the rise of 'big data' and the value of data mining are all emphasised.

Attention is drawn to the disruptive potential of new industries and production models, and developments such as digital publishing, intelligent accounting systems, predictive analytics and augmented and virtual reality. Emerging areas of science expected to have significant business and commercial impact in the next decade include genetics, personalised health care, brain science, robotics and nanotechnology.

ENVIRONMENT, ENERGY AND RESOURCES

Concerns over the sustainability of current patterns of consumption loom large, with particular attention being paid to climate change, the biodiversity impacts of business and competition for natural resources. Expectations about corporate eco-literacy, green practices, and ethical consumption in business are explored. Consideration is also given to the 'marketisation of green' through mechanisms such as carbon trading, environmental financial markets and the take-up of green energy.

PRACTICE OF ACCOUNTING

Both strategic and operational drivers are explored. The changing scope, scale and complexity of the CFO role are examined, particularly in relation to growth in demand for non-financial and integrated reporting. The ramifications of the globalisation of accounting regulation, standards and supply chains are explored along with the implications for the strategies and structures of accountancy firms. Operational considerations include defining audit's role, managing internal audit, balancing managerial and financial accounting, valuation of intangible assets and the rate of adoption of XBRL as an accounting data standard.

ACCOUNTANCY PROFESSION

In the wake of the financial crisis, public expectations of the profession, its attractiveness and definitions of its role are central to many of the drivers emphasised. Importance is also placed on the flexibility and suitability of accountancy training. Particular attention is given to building capacity in transitional economies and developing entrepreneurial skills and business awareness. Other factors highlighted include establishing the role of industry associations in developing markets and the impact of entrants from outside the profession on the accountancy services sector.

Table 3: 100 drivers of change

	Impact time frame				
	1–12 months	1–3 years	4–5 years	6–10 years	10+ years
Economy	<p>Proportion of knowledge-creation activities as a share of the economy at the national and global level</p> <p>Stability of national revenue bases</p> <p>Manageability of national and international debt</p> <p>Level of investment required to maintain national physical infrastructure</p>	<p>Stability of the global economic infrastructure</p> <p>Public attitudes to pure capitalism</p> <p>Consideration of alternative economic perspectives</p> <p>Globalisation vs. protectionism in times of economic uncertainty</p> <p>Extent of mergers of international stock exchanges</p>	<p>The level of economic growth</p> <p>Total scale and distribution of global inequality and unmet needs</p> <p>Standing of the US dollar as the global reserve currency</p> <p>Broadening measurement of business value and progress</p> <p>Freedom of mobility for global labour</p> <p>Number and impact of micro-businesses on the overall health of the economy</p>	<p>Impact of BRIC market development on global accountancy firms</p>	<p>Notions of value and currency</p>
Politics and law	<p>Level of international political volatility</p>	<p>Rate of democratic transition</p> <p>Pace and extent of cultural globalisation</p> <p>Volume and complexity of legal regulation</p>	<p>Governance and delivery of outsourced public services</p>		<p>Focus of global governance institutions</p>
Society	<p>Scale and distribution of global population growth</p> <p>Uptake of online learning models in education</p>	<p>Cost and ease of access to higher education</p>	<p>Spread of cultural diversity in society and the workplace</p> <p>The workplace expectations of Generations Y, Z and beyond</p> <p>Level of female participation in the workforce</p>	<p>Workforce age structure</p>	

	Impact time frame				
	1–12 months	1–3 years	4–5 years	6–10 years	10+ years
Business	<p>Quality and availability of the global talent pool</p> <p>Scale of global mergers and acquisitions (M&A)</p> <p>Extent of foreign direct investment in developed and developing economies</p> <p>Scale of reverse innovation flow from emerging economies to the industrialised world</p> <p>Extent of social entrepreneurship in social and business sectors</p> <p>Pressure to manage corporate reputation as part of business strategy</p> <p>Level of corporate commitment to social responsibility, investment, philanthropy and volunteer work</p>	<p>Speed and duration of business cycles</p> <p>Experimentation with and adoption of new business models</p> <p>Level of complexity in business</p> <p>Enterprise risk management capability</p> <p>Evolution of corporate governance regulation and practice</p> <p>Use of cash for financial transactions</p> <p>The future role of intermediaries</p>	<p>Business leader responsiveness to change and disruption</p> <p>Crowdsourced funding for innovation: the consumer as investor</p> <p>Adoption of integrated systems thinking to manage business complexity</p> <p>Living wills for businesses</p> <p>Scope and diversity of expectations of external stakeholders</p>	<p>Capitalism next: future governing business and market paradigms</p> <p>Influence of emerging financial centres</p> <p>Choice of global business languages</p> <p>Management of accountability and compliance within the firm</p> <p>Emergence of new industry sectors and professions</p>	
Science and technology	<p>Impact of the internet and personal technology upon attention spans, learning, and knowledge retention</p> <p>Business impact of social media</p>	<p>The digitisation of work</p> <p>The use of personal technology in business</p> <p>Ease of internet access</p> <p>Cybersecurity challenges for business</p> <p>Scale of business opportunities associated with augmented and virtual reality</p> <p>Impact of nanotechnology advances across business sectors</p>	<p>Adoption of cloud computing by business</p> <p>Creation and valuation of digital assets</p> <p>The future of digital publishing</p> <p>New industries and production models</p> <p>Impact of advances in robotic science across business sectors</p>	<p>Big data: the development and exploitation of large organisational databases</p> <p>Data mining and predictive analytics</p> <p>'Intelligent' accounting systems</p> <p>Advances in genetic science</p> <p>The role of genetics in personalised health care</p>	<p>Advancements in brain science</p>

	Impact time frame				
	1–12 months	1–3 years	4–5 years	6–10 years	10+ years
Environment, energy and resources			<p>Global climate change</p> <p>Level of trade in environmental finance markets</p> <p>Extent of eco-literacy, green practices, and ethical consumption in business</p> <p>Developing materiality of biodiversity impacts to business</p> <p>Scale of take-up of alternative energy by business</p>	Global competition for limited natural resources	Carbon tax and other environmental market mechanisms
Practice of accounting	<p>Size and complexity of the CFO's remit</p> <p>Internal audit management</p> <p>Importance of non-tangible assets in company valuation</p>	<p>Clarity in financial reporting and defining the audit function</p> <p>Impact of size specific business regulation upon accounting practices</p> <p>Rate of adoption of XBRL as an accounting data standard</p>	<p>Defining the scope of the accountant's role</p> <p>Non-financial information and integrated reporting</p> <p>Balance between external financial accounting and internal managerial accounting</p> <p>Changing structures and business models for accountancy firms</p> <p>Opportunities arising from adoption of global regulation</p> <p>Evolution of the global accounting supply chain</p> <p>Adoption of globally accepted accounting standards</p>		
Accountancy profession		<p>Flexibility, suitability and cost of accountancy training</p> <p>Accounting skills capacity in transitional economies</p> <p>Public perception and attractiveness of the accountancy profession</p> <p>Impact of competition from entrants outside the profession on the provision of accountancy services</p>		<p>Establishment and recognition of accountancy associations in developing markets</p> <p>Level of entrepreneurial skills in the accountancy profession</p>	Societal expectations and definitions of accountancy

3. Evaluating the driver impacts ACCA Global Forum member priorities

As part of the broader consultation with members of IMA and ACCA's Global Forums, respondents were asked to identify the five drivers from the initial list of 62 that in their opinion would have the greatest impact on the accountancy profession worldwide over the next 10 years. A total of 29 responses were received. Table 4 lists the highest-ranked selections.

The priority issues identified were grouped into four main topics:

- complexity in business
- economic uncertainty
- cost of compliance
- the changing shape of the global workforce.

The top-ranked selections reflect the extent to which the business environment is changing and becoming more complex. These factors were expected to affect both management practices and the need for reporting of the non-financial activities of global firms in an integrated manner. The legacies of the financial crisis, coupled with continued economic uncertainty, are also reflected in the priority given to the stability of the global economic infrastructure. In addition, some priority is given to public concerns over the viability of and risk associated with the models of pure capitalism that are seen to have contributed at least in part to the current volatility.

The sheer level of complexity in business is emphasised as an important factor. Similarly, concerns are also raised over the ability of business and the finance function to keep pace with and control the costs of compliance, given a growing volume and complexity of legal regulation. Equal priority is given to the impact of an ageing society in Western nations and the resulting effects on workforce age structure. Increasing age diversity in the workplace is identified as bringing its own challenges relating to differences in working practices, use of technology, use of language and developing social cohesion.

Table 4: Global Forum member rankings of drivers expected to have the greatest impact on the accountancy profession

Rank	Driver
1	Non-financial information and integrated reporting
2	Stability of the global economic infrastructure
=3	Public attitudes to pure capitalism
=3	Level of complexity in business
=5	Volume and complexity of legal regulation
=5	Workforce age structure
7	Enterprise risk management capability
=8	Focus of global governance institutions
=8	The workplace expectations of Generations Y, Z and beyond
=8	Quality and availability of the global talent pool
=8	Evolution of corporate governance regulation and practice
=8	Societal expectations and definitions of accountancy

4. Assessing the impact

This chapter addresses the 'so what' question – examining key implications of the 100 drivers for business decision making and the future role of the accountancy profession. Table 5 and the discussion below draw out key findings from the analysis of the 100 drivers. The analysis highlights how the drivers could have an impact across critical dimensions of the economy, business and the accountancy profession over three key planning time frames:

- the next 3 years
- 4–10 years
- 10+ years.

The implications are explored across eight key impact areas:

- economic context
- challenges for business
- business strategies and priorities
- accountancy's public image
- accountancy's positioning in the business
- measurement and reporting
- accountancy practices
- skills, training and development.

Within each of the eight areas, a number of critical challenges are identified along with the potential implications for business and the accountancy profession. To help connect these insights and their implications to tangible actions, Chapter 5 highlights and describes the key 'strategic action imperatives'. These are seen as the priorities for business and the accountancy profession arising from the analysis of drivers and the assessment by impact area.

Table 5: Impacts of the drivers on the economy, business and the accountancy profession

	Next 3 years	4–10 years	10+ years
Economic context	<p>Uncertainty over stability of global economic infrastructure and integrity of the Eurozone</p> <p>New economic models and perspectives explored, eg Collapsonomics and closed-loop economics</p> <p>Broader adoption of protectionist policies to protect internal markets and control export of valuable raw resources</p> <p>Knowledge-creation activities represent a growing share of the national and global economy creating a 'knowledge economy'</p> <p>Decreased use of physical currency</p>	<p>Continuing concern around volatility and low levels of economic growth</p> <p>Risk of increasing income inequality between and within developed and developing countries</p> <p>Increased global competition for finite resources</p> <p>Emerging centres of financial power in the East, eg Shanghai, Mumbai, Seoul</p> <p>Greater private-sector delivery of public services</p> <p>Governments struggle to control public debt across the developed market economies</p>	<p>Key global institutions such as the UN and WTO reformulated to reflect the new distribution of global power</p> <p>Increase in total global population, but continued population decline across much of the developed world</p> <p>Greater reliance in the West on economic migrants from developing countries</p>
Challenges for business	<p>Shortening of business cycles</p> <p>Increased competition for top global talent</p> <p>Decreased business intermediation as consumers interact directly with producers</p> <p>Challenges of managing a continuously digitally connected 24/7 workforce with decreased attention spans and increased distractions</p> <p>Cybersecurity risks of fraud and theft of intellectual property and sensitive corporate and financial information</p>	<p>Increased competition across all sectors from BRICS market firms selling innovative quality products at lower prices</p> <p>A decrease in the mobility of global labour</p> <p>An ageing workforce in much of Europe and East Asia</p> <p>Challenges of incorporating of Generations Y and Z into the workforce and meeting their expectations</p> <p>Increased participation of women in the workforce globally, especially in senior management</p> <p>Growing public and government demands on business to demonstrate greater transparency, regulatory compliance and ethical behaviour</p>	<p>Fundamental reshaping of industry value chains and business models</p> <p>Impact of human enhancement (chemical, genetic and technological) increasingly apparent in the workplace</p> <p>Shift in industrial logic from machine age thinking to biological models of design</p>
Business strategies and priorities	<p>Increased focus on tackling complexity</p> <p>Shift from asset ownership to rental</p> <p>Wide adoption of new business models, eg crowdsourcing for funding innovative ideas</p> <p>Further pressure to manage corporate reputation for competitive advantage and to address public concerns</p> <p>Increased corporate social responsibility and sustainability efforts</p> <p>Newly democratising countries creating fresh market opportunities for foreign business</p> <p>Increased digitisation of work and company assets</p> <p>Greater social entrepreneurship creating social goods and ethical business practices and strategies</p> <p>Use of social media to interact with stakeholders and develop new business relationships</p>	<p>Greater emphasis for business leaders to recognise and respond to global changes and disruptions, or be left behind</p> <p>Increased focus on organisational resilience plans vis à vis political volatility, the impacts of climate change and unforeseen 'black swans'</p> <p>Greater use of concepts such as chaos theory and integrated systems thinking to manage complexity</p> <p>Technology and globalisation enable a new generation of emergent global micro-business</p> <p>Adoption of 'living wills' helps to facilitate orderly financial unravelling of failed companies</p> <p>Firms go beyond mere regulatory compliance by adopting exemplar behaviours voluntarily</p> <p>Exploiting new technologies and production models, eg 3D printing, nanotechnology, and biomimicry</p> <p>Increased adoption of cloud computing reduces the size of firms' technology infrastructures</p>	<p>Significant shifts in global centres of R&D and innovation now apparent</p> <p>Social goals rank equally with financial returns for many firms</p> <p>New organisational forms and business models emerge driven by Eastern philosophies</p> <p>Intelligent systems now at the heart of corporate decision making</p> <p>Immersive, multi-dimensional, gesture-based, tactile and voice-controlled interfaces to most systems and devices</p>

	Next 3 years	4–10 years	10+ years
Accountancy's public image	Process of rebuilding public trust after the perceived failings of accountants that came to light during the financial crisis	Establishment of accountancy associations in developing markets to provide a collective voice for the profession, as well as training and standardisation of practice	The changing role of accountants within business and the use of emerging technologies radically redefines the accountancy profession
Accountancy's positioning in the business	Expansion in the size and complexity of the CFO's remit Growing strategic responsibility for value maximisation Increasingly prominent role in strategic decision making Watchdog role to ensure compliance with new legal regulations, enforcing transparency and the management and reporting of risk Expansion of the internal audit function from being simply an independent assurance function to becoming a management adviser	Accountants take on a more strategic role, helping to explore the merits of potential new business models and markets Greater focus on managerial accounting within organisations alongside external financial accounting A greater role in constructing M&A strategies to help plan for future growth and stability Accountants playing a key role in implementing green practices through the minimisation of waste and identification of green opportunities such as use of alternative energy	Increasing use of big data, predictive analytics and intelligent accounting systems to develop and evaluate strategies, business models and pricing approaches Accountants ensure compliance with regulations such as a carbon tax and other emerging environmental market mechanisms Auditing of the genetic health of the workforce
Measurement and reporting	Greater push for simplified and transparent financial reporting to gauge the true health of an organisation and discourage financial malpractice Increased importance of non-tangible assets in company valuation, eg R&D	Accounting in multiple strong global currencies, ie US dollar, yuan and euro 2.0 Increased use of alternative business measures, eg innovation, trust, happiness and sustainability Greater integration of non-financial information into auditing reports Increased auditing of environmental impact of organisations Increasing use of data mining to create tailored financial reports	Challenge of responding to a proliferation of local and virtual currencies, and new methods of payment, eg 'time banking' Greater experimentation with immersive financial reporting using data mining, augmented reality and virtual reality
Accountancy practices	Increasingly complex regulatory landscape with regards to different types and sizes of business Widespread adoption of XBRL as an accounting data standard Increased competition in the provision of accountancy services from non-accountants	Increased global regulation of the accountancy profession Widespread international adoption of common global accounting standards and practices, eg IFRS Adoption of new structures and business models for accountancy firms Increased off-shoring of accounting, especially lower value routine tasks Greater focus on audit of non-tangible and digital assets, eg virtual real estate, digital music, and intellectual property	Advances in fields such as artificial intelligence and predictive analytics could create truly intelligent automated accounting systems
Skills, training and development	Increased cost of higher education More organisations offer to pay full or part course fees in return for students' agreement to work within the company. Increased uptake in online learning for academic study and business training Greater emphasis and expansion of continuous professional development to ensure staff are up to date with a rapidly changing world Harmonisation of accountancy education in developing countries with international competency standards	Emphasis on language acquisition and cultural training to accommodate a diverse workforce and operate in emerging markets Greater focus on accountants' ability to analyse larger datasets Greater emphasis on basic entrepreneurial skills such as business insight and leadership, creativity, and communication Widespread provision of free open and unrestricted access to intellectual content	Brain-machine interface allows education modules to be downloaded straight into the mind

ECONOMIC CONTEXT

Much of current thinking about the future of the global economy over the next decade has, unsurprisingly, been influenced by the fallout from the global financial crisis. Thinking is also being shaped by continued economic uncertainty fuelled by high levels of sovereign debt, and rising concerns over the scale of potential regulatory abuses within the financial system. As a result, five aspects of the global economic system are expected to see significant - if not transformational - change.

i. Societal expectations

Public anxiety is expected to increase over systemic weaknesses and the mismatch between a relatively narrow distribution of rewards and a wide public ownership of the downside risk. At the same time, the social and psychological costs of economic austerity are expected to cast a shadow that lasts a decade or more over the countries that are worst affected by sovereign debt, such as Greece and Spain. The income gap and scale of inequality between rich and poor nations could also become a growing cause of tension and guilt within the global system.

Implications

Collectively, these factors are expected to lead to demands for more responsible approaches to capitalism and a system that ensures more transparent and equitable distributions of risk and reward.

ii. Rethinking the growth paradigm

The next decade will be one in which 'growth for all' can no longer universally be assumed as the dominant paradigm. While some developing countries in particular may be able to pursue an uninterrupted 10-year growth path, for many the outlook is a lot more uncertain. For developed economies a major dampening of growth is expected owing to continued efforts to resolve the debt problems of the Eurozone, Japan and the US. At the same time, potential slowdowns and debt challenges in the major emerging economies such as China and India are expected to retard expectations of global growth still further.

Implications

Countries, businesses and accountants alike will be forced to consider a range of possible growth scenarios when developing their future plans, and prepare for the possibility of a low to no-growth world.

iii. Reworking financial systems and governance

Much of the economic governance focus of the next decade will be characterised by new thinking, experimentation and debate over alternative models for managing the global system. The goal will be to try to evolve a new financial architecture, governance framework and regulatory approach. Any new model must be capable of managing a complex global economy in a fairer, efficient and more transparent manner. These changes will require an unprecedented level of vision and coordination among policymakers, central bankers, standard setters, legislators and private sector financial institutions around the globe.

The conceptual underpinning of the new models may well draw on lessons from other fields – such as the biological world – looking, for example, at the design of resource-efficient closed-loop systems. Ideas may also come from fields such as 'chaordic' design (defined as 'systems functioning on the edge of chaos with enough order to give them pattern') and Collapsonomics, which seeks to understand the behaviour of systems on the verge of collapse. To gain societal approval globally, any new models will almost certainly need to incorporate a range of measures of human progress and non-financial assessments of systemic performance.

Implications

Tolerance of uncertainty will become a core competency for business leaders and accountants alike. Accountancy practices and training courses may need to exist in a state of constant evolution for the next decade or more as the world tries to establish sustainable economic management models.

iv. Revisiting the currency debate

A number of potentially conflicting forces will shape decisions about currency unions, reserve currencies and alternative tokens of exchange. Most would acknowledge that 50 years from now there could well be a single global currency represented entirely in electronic form. The issue is how does the world get there from here? The Eurozone has demonstrated the difficulty of achieving successful monetary union without close alignment of political and economic policies. At the same time, there is a growing expectation that the next decade could see a number of other currencies, such as the yuan, become increasingly influential and share the role of global reserve currency with the US dollar.

While mainstream currencies should dominate for the foreseeable future, there is clear potential for alternatives to financial mechanisms of exchange to be adopted for a range of transactions. A number of examples are already in use, such as the QQ virtual currency in China. Others include sub-national currencies, peer-to-peer credit networks and time banking. In toughened circumstances, where incomes are expected to remain under pressure for some time to come, the popularity of such alternative non-financial tokens of exchange is expected to grow.

Implications

For accountants, currency issues and the management of the interface between financial and non-financial exchange mechanisms will become higher priorities and present new challenges.

v. Drivers of future growth

Despite immense uncertainty over the future of the global economy, nations must still find ways of feeding their populations and establishing whatever the 'new normal' will be. As a result, there is an increasing focus globally on encouraging the development of new market sectors ranging from genetics and human enhancement through to new materials and 3D printing. At the heart of such strategies lies the notion of leveraging science, technology and innovation for growth.

An example of the search for new sources of growth is the European Union (EU) Horizon 2020 research and development programme. The EU is currently in the process of approving this ambitious €80 billion initiative. The goal is to stimulate the growth of key sectors across the continent. The challenge in such funding programmes is to ensure that sufficient resources go to 'pure' discovery-based research activities rather than focusing too heavily on 'applied' developments that are closer to market.

One of the big concerns surrounding the industries of the future is their impact on total employment. Typically, these information-age and biological-era businesses tend to employ proportionally fewer staff than their industrial-age counterparts. As the major employers of recent times rationalise in the face of an uncertain future, the new entrants are not always taking up the displaced labour – creating the very real prospect of jobless recovery and growth. As a result, there is expected to be a major increase in emphasis on encouraging

entrepreneurship, support for small-to-medium enterprises (SMEs) and the creation of micro-businesses.

Implications

Firms may increasingly be evaluated on the quality of their science and innovation base and their ability to benefit from future growth sectors. Industrial policy and legislation may evolve to place legal requirements on firms to help nurture the development of micro-businesses and SMEs.

CHALLENGES FOR BUSINESS

For firms with global ambitions, faced with an economy in transition and changing societal expectations of business, three critical challenges rise to the fore: situational awareness, stewardship and talent.

i. Situational awareness

'Heads up' could become the business catchphrase of the next decade as firms seek to build effective mechanisms to scan for even the weakest signals of possible change in their environment. Many may struggle with the challenge of balancing short and long term planning horizons. Some may see a contradiction between the need for longer-term scanning and the constant shortening of business cycles. The latter arising from economic uncertainty coupled with technological disruptions that are driving firms to try to achieve their goals ever faster.

Implications

Balancing both short-term priorities and the longer-term need to 'look round corners' will become a hallmark of well-managed organisations.

ii. Stewardship

A clear premium will be placed on leaders who have the ability to steer global enterprises in the face of ever more complex and challenging stakeholder demands. Factors such as executive rewards, trust, social values and business culture are already under the microscope. Part of the shift that firms will need increasingly to reflect in their governance approaches is the evolution away from machine-age metaphors of the organisation. In their place, there is growing interest in taking a biological-era view of the firm as a living, constantly evolving and adapting ecosystem. Hence the stewardship role will extend to monitoring and nurturing the health of the firm's entire ecosystem' of partnerships and relationships.

Implications

Governments, citizens, regulators, customers and partners will all be demanding greater transparency, regulatory compliance and ethical behaviour. The ability to work effectively in a constantly evolving 'ecosystem' will become increasingly important.

iii. Talent

Western populations, in particular, are ageing rapidly and financial pressures could mean that people have to work on into their late-60s, 70s or 80s. Hence the challenges of managing and addressing the needs and expectations of a multicultural, global and age-diverse workforce will become ever more complex. Technology and the internet now sit at the core of the modern enterprise and may offer some solutions for workforce integration. They also, however, bring with them issues of shortening attention spans and easily distracted employees.

In the longer term, advances in science and technology applied for human enhancement will create a wholly new set of challenges. A range of chemical, biological and technological developments offer the potential for significant human augmentation. The idea that individuals and even entire firms will seek to enhance themselves is becoming an ever more serious issue.

Implications

How well a firm manages its global talent pool and its stance on issues such as human performance enhancement will assume increasing importance as recruitment factors. The quality of talent management could also be adopted as an evaluation criterion as analysts broaden the set of measures by which they assess a firm's health and prospects.

BUSINESS STRATEGIES AND PRIORITIES

Traditional processes of crafting and implementing strategy will need to be reworked as society begins to embrace the notion of the firm as a complex living and evolving ecosystem. To this end, strategy will increasingly focus on three key issues – mindset, markets and models.

i. Mindset

An emerging development priority for leaders is the need to learn how to make use of concepts such as chaos theory and integrated systems thinking to manage complexity within the firm. Themes such as enterprise social responsibility will also become part of the core planning and management process rather than standalone activities. Notions of responsibility will extend to adopting 'living wills' that allow for the orderly termination of a firm's affairs in the event of major failure.

Ever-present spectres for business include economic turbulence, technological disruptions, environmental disasters, terrorist incidents and social unrest. These heighten the importance of enterprise risk management and planning for resilience and adaptation. This, however, typically means building redundancy and spare capacity into the system – which runs counter to a lot of modern day 'lean management' thinking.

Implications

Ecosystem thinking, risk management, tackling complexity and resilience planning will all need to become part of the core training and development programmes for managers, leaders and accountants.

ii. Markets

Driven by concerns over sluggish or negative growth and a lack of optimism in the developed economies, medium to large enterprises are expected to make an ever more concerted push to enter developing economies. The competitive challenge of securing rapid market entry and shortening the time for achieving profitability in a new country will lead firms to focus on their approach to market planning.

The emphasis will be on development of rapid globalisation models. The goal will be to enable firms to fast track the process of assessing markets and identifying risks. Key to this will be understanding business culture, accepted practices and critical success factors. Coupled with these will be a focus on rapid execution and establishing localised management teams as quickly as possible. Equally important will be the 'exit plan' so the firm's affairs can be unwound rapidly. Exit plans might be triggered should the market prove too difficult or expensive to penetrate or the local government becomes less supportive of foreign entrants.

Implications

Cultural understanding, language skills and 'street level' awareness are becoming increasingly key skills for those involved in international activities. This is particularly important for functions such as finance, which may need to have extensive contact with overseas operations and manage a complex collage of local differences in accounting regulations and practices.

iii. Models

A key focus in developing competitive strategy is the search for differentiated business models. There is also recognition that the advantages of most new business models are relatively short-lived and rarely sustainable. Business model evolution is likely to be focused at three levels – asset financing, new product development and revenue generation. Firstly, at the asset financing level, a shift is already taking place from ownership to rental. Cloud computing is perhaps the most widely adopted approach for taking assets off the balance sheet and turning them into rented services paid for on the basis of usage. With organisations such as Shell already embarking on major programmes of asset divestiture as a hedge against uncertainty, this is likely to become a mainstream trend.

At the operating level, models for funding new product development are already being affected by the adoption of crowdsourcing models. Using platforms such as Kickstarter, customers commit to purchasing a product or service before the development has taken place – thus eliminating a major source of risk. Finally, the internet, in particular, is opening up a range of approaches to charging for goods and services. For example, the auction model has proved popular for vendors of everything from consumer electronics to airline tickets. Similarly, aggregated buying services such as Groupon are now being used to sell items as diverse as personal grooming products and university courses.

Implications

The development and testing of new business models will become a core value-adding role for the accountancy function.

ACCOUNTANCY'S PUBLIC IMAGE

There is a clear sense that the profession needs to work hard to communicate the value it brings, both to help regain public trust and to ensure it has a strong recruitment brand to attract the best talent.

i. Public trust

The public may not fully understand the intricacies of the accountant's role. However, there is general awareness that the profession is there – at least in part – to ensure ethical financial behaviour and regulatory compliance. The consultation for this study identified a feeling in some quarters that accountants could have done a better job of highlighting risks and providing early warnings over the problems accumulating in many of the institutions at the heart of the global financial crisis. Restoring public trust in the profession will therefore be paramount. Another key trust-building priority will be extending the reach of the profession into developing economies by helping to establish strong national professions. The priority for associations in developing markets will be to provide training, establish and enforce standards, and give practitioners a collective voice.

Implications

Restoring public faith in the profession is increasingly a role for accountants working in business as well as those in accountancy firms and the accountancy associations.

ii. Recruitment brand

Despite concerns over rising graduate unemployment in many economies, the competition for top talent remains intense. The profession must demonstrate that it can offer an exciting and rewarding career for graduates and those seeking to retrain for a new profession in mid-career. This implies developing a deep understanding of the motivations, aspirations and expectations of would-be entrants to the profession and tackling head on the trust and image issues that the profession faces in some quarters.

Implications

The profession needs to communicate how the nature of the accountant's role is changing and emphasise its potential for fulfilling an increasingly broad strategic remit in business.

ACCOUNTANCY'S POSITIONING IN THE BUSINESS

The sheer breadth of economic, commercial and regulatory challenges and changes on the horizon suggest that the CFO and the accountancy function will play an increasingly central role in business. Three particular aspects of this enlarged remit were emphasised through the drivers – enhanced strategic responsibility, broadening of audit and compliance, and assessment of total sustainability.

i. Enhanced strategic responsibility

Long-term volatility combined with downward pressure on profit margins in many markets means that even small changes can have a major impact on financial performance. In these circumstances, the CFO and accountancy function could be drawn into a much wider strategic decision-making role. A particular focus will be placed on helping the organisation maximise value creation through smart financial strategies.

In the longer term, the accountancy function is expected to play an ever more central role in developing and evaluating business models and pricing strategies. An enlarged long-term remit in merger and acquisition (M&A) activity is also envisaged. Similarly, in the longer term there is an expectation that business decision making could increasingly be driven by intelligent accounting systems and predictive analytics. These would help analyse and exploit the huge volumes of accounting data that corporations are building up through their daily activities and transactions.

Implications

An enlarged strategic remit may require many to rethink the organisational design of the accountancy function and its interfaces with the rest of the firm. A wider remit also implies rethinking the technical and emotional capabilities required to fulfil ever-broadening responsibilities effectively.

ii. Broadening of audit and compliance

Growing compliance expectations, coupled with demands for broader reporting of firm-wide risk and total transparency will create an increased technical workload. These requirements will also drive demand for internal audit to play an ever-greater role as management adviser. Helping firms ensure prudent financial management will drive a growing focus on management accounting and more holistic reporting of organisational performance and health. The growing compliance requirements concerning carbon emissions and environmental performance may also become embedded in the internal audit remit.

Implications

At the operational level, internal audit may need to re-engineer its own processes to encompass a larger advisory role and broader audit and compliance requirements.

iii. Assessment of total sustainability

In an austere environment with continuous pressure on headcount, CFOs may well assume ultimate responsibility for ensuring total sustainability of their firms. This implies pursuing truly sustainable triple bottom line strategies – encompassing people, planet and profits. As the understanding grows that financial sustainability cannot be achieved without environmental sustainability, the accountancy function may increasingly take on the mantle of measuring and reporting on the firm's environmental footprint. The remit may even extend to driving implementation of greener processes and practices. A decade or more from today, practices such as human augmentation may have become a reality. The accountancy function may also have to take on ultimate responsibility for auditing and reporting on human augmentation and the genetic health of the workforce as part of total enterprise reporting requirements.

Implications

Technology should go some way towards delivering on the data requirements of total enterprise reporting. In practice, the biggest challenge will be to realign mindsets and processes in the finance function to encompass this responsibility for providing a perspective on total organisational health and sustainability.

MEASUREMENT AND REPORTING

There is a clear sense from respondents that the fallout from the financial crisis and continued uncertainty, at the macro and micro levels, are driving the need for fundamental change both in what gets reported and how reporting is done.

i. What gets reported

There is increasing demand from a range of stakeholders for the annual report and accounts to provide a holistic picture of an organisation's health and future prospects. This implies greater emphasis on factors such as risk, sustainability of revenue streams and exposure in volatile markets. Typical non-financial measures might include environmental performance, robustness of key relationships, innovation, trust, and workforce health and happiness. The valuation and reporting of intangible assets such as R&D and intellectual property (IP) has always been seen as a somewhat complex area. The role of IP is growing in importance with the shift from physical to virtual assets. The issue becomes even more complex when trying to value digital assets, which may have a very short lifespan.

Implications

Important issues will need to be resolved regarding responsibility for setting the standards for such an integrated approach to assessing firm health and who conducts the audit(s). The question also arises as to who internally owns the ultimate responsibility for holistic external reporting – the CFO, CEO or board and management team collectively?

ii. How reporting is done

There is likely to be growing pressure for simplified and increasingly transparent reporting mechanisms. At the same time, as firms extend their geographic horizons, so the challenge of multi-currency accounting could become ever more complex. The challenges could be even greater as firms adopt alternative revenue models, such as auctions, and transact with other exchange mechanisms such as virtual currencies and time banking/trading systems. The technologies for delivering financial reports are likely to evolve dramatically – incorporating 3D presentation of graphics and gestural interfaces. In the longer term, the process of presenting company accounts could be transformed through multi-sensory immersive reporting incorporating augmented and virtual reality.

Implications

A key priority will be developing effective processes for measuring and reporting on total organisational health. Firms will seek to reach out and assure diverse stakeholders of their governance, probity and prospects. Hence, capabilities such as narrative construction, business storytelling and visual presentation of data could assume increasing importance.

ACCOUNTANCY PRACTICES

At the operating level, the spotlight is expected to fall on regulation, standards and systems on the one hand and on the accountancy services sector on the other.

i. Regulation, standards and systems

The regulatory compliance and standards backdrop is expected to become increasingly challenging. The driver here is the desire of governments and standards bodies to prevent financial excesses and provide governance to an increasingly complex and highly digitised business landscape. While efforts will be pursued to minimise the burden on smaller firms, there are concerns that new regulations could increase complexity.

The universal adoption of global standards and practices is expected by many to take a decade or more, while others doubt if it is even possible. Nonetheless, if implemented, global standards could bring major benefits in the form of consistent reporting and financial management of multinational enterprises. The take up of XBRL as a data standard is expected to contribute significantly to streamlining accounting processes – particularly across borders. Finally, adoption over time of increasingly intelligent accounting systems could lead to far greater automation, even of expertise-driven and creative tasks such as interpreting and commenting on results.

Implications

Concerns over the cost and complexity of compliance could drive accountants and service providers to seek process efficiencies and accelerate the development and deployment of increasingly intelligent systems.

ii. The accountancy services sector

In the short term, the industry must address the twin challenges of globalising firm structures and coping with the emergence of non-accountants who offer services to clients. The demand for lower-cost service provision on outsourced activities will force accountancy service providers to respond. Solutions may include a drive to automate tasks and conduct them in whatever location that can undertake them at the lowest cost for a given level of quality.

As requirements grow for firms to provide a more holistic view of their organisation, opportunities may open up for some accountancy firms to provide services advising clients on how to set up such mechanisms. The potential for conflict between advisory and audit roles could arise – leading to a new wave of calls for accountancy firms to divest their advisory and consulting activities. In the medium to long-term, firms in more mature economies may also experience the entry of energetic competitors from the emerging markets. Collectively these challenges could see the accountancy services industry embark on a period of continuous change, adaptation and innovation. As a result, the next decade could see big shifts in business strategies, choice of geographic locations, business models and operating structures for accountancy firms.

Implications

Pressure could mount on the accountancy services sector to demonstrate that it is sharing the burden of economic uncertainty with its clients by reworking its business models, and placing a greater emphasis on innovation.

SKILLS, TRAINING AND DEVELOPMENT

The training agenda is going to be influenced by the sheer scale of change anticipated within the accountancy profession, coupled with an equivalent set of transformations under way in higher education. Together, these suggest that both the curriculum and delivery methods for training tomorrow's accountants will evolve significantly in the decade ahead.

i. A new learning agenda

Both the core accountancy curriculum and continuing professional development programmes will be affected by the need for accountants to play an increasingly strategic and entrepreneurial role within the firm. The cultural and language requirements for operating in a global environment will also have an impact on in-service training. As technology penetrates ever further, so accountants will need to acquire a deeper understanding of how to deploy intelligent systems to best effect. Key here will be learning how to manage and exploit the 'big data' that sits at the heart of the modern firm.

Implications

Core accountancy training and continuing development programmes will need to be reviewed and updated on a regular basis to reflect the changing expectations and needs of business and the profession.

ii. Transforming education delivery

The online environment, cost pressures and new insights on learning are combining to reshape the provision of higher education. Well over 1,000 universities such as Harvard and MIT and others such as the Khan Academy, are making a wide range of courses freely available online to anyone around the world who wants to take part. The only charges applied are typically for those who wish to receive some form of examination accreditation at the end of the course.

Increasing use is also expected of virtual worlds, simulations and serious gaming to help enhance the quality of education and training experiences. In the much longer term, advances in cognitive science and brain-machine interfaces offer the potential for downloading content directly to students' brains.

Implications

The profession needs to ensure that it is taking full advantage of the potential of online education and developments in educational technology. At the same time, education business models may need to be reworked in a world where accountancy course content is freely available online.

THE IMPACT OF SCIENCE AND TECHNOLOGY

This section explores key science and technology developments that could have a major bearing on business and accountancy. Advances in science and technology lie at the heart of many of the developments that will shape the commercial landscape over the next decade. They offer the potential for disruptive innovation in literally every aspect of human life, society and work. The ability to master these developments could be the key differentiator between success and failure.

Throughout the analysis of the drivers, the direct and indirect impacts of emerging science and technology advances are explored. The impact of seven key areas of development are examined below and summarised in the futures wheel presented in Figure 3 (see page 31). These seven areas are:

- increasing spread and ease of internet access
- big data and the digitisation of work
- increased use of augmented and virtual reality
- new industries and production models
- advances in robotics
- advances in brain science
- advances in genetic science.

i. Increasing spread and ease of internet access

With low-cost smartphones offering the potential to take the internet to almost every citizen on the planet within a decade, 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. Social media are creating new mechanisms for engagement with friends, customers and business partners. Social networks are providing a genuine platform for two-way exchange and forcing a level of transparency and openness for which few are prepared.

Use of the Web enables the renting of processing capacity, applications and storage via cloud computing. Operating in the digital environment is also enabling firms to create electronic assets and spawning virtual currencies as a medium of exchange in both the virtual and physical world. The downsides of this growing dependency on the Web are the risks of cybercrime, increased workplace distractions and decreasing attention spans.

Implications

Future measures of firm health could include the extent and quality of a firm's exploitation of the internet.

ii. Big data and the digitisation of work

As automation spreads through every aspect of business and private life, vast quantities of transactional data are being amassed. Tools will increasingly become available to enable mining of this data and the prediction of future possibilities on the basis of past patterns of events.

Advances in the sophistication and power of mobile devices, such as tablet PCs, are also driving a revolution where these tools are becoming an essential part of our personal ecosystem. The ease of use of these personal platforms is driving the desire to 'bring your own device' (BYOD) to work and use it for core business activities. Such developments offer a potential cost saving, reducing the need to provide computers for staff, but they create major operational challenges for ensuring the security of data held on these devices.

Implications

The ability to exploit big data and infer future behaviours from past patterns offers the potential to transform the cost and effectiveness of processes such as new product development, market targeting and price setting. For the accountancy profession, adoption of intelligent tools that can analyse and interpret large volumes of data rapidly could transform activities such as audit and forensic accounting.

iii. Increased use of augmented and virtual reality

Applications that enable augmentation of what one sees by overlaying digital information over real world objects offer the potential to enhance a range of reporting and analysis tasks. Virtual reality offers the potential for going a step further and immersing oneself in a manner that enables the delivery of multi-sensory experiences – for example feeling, tasting and smelling an earnings forecast.

Implications

Augmented and virtual reality offer the potential to simplify and enhance the communication of complex information to diverse non-expert stakeholder groups.

iv. New industries and production models

The industrial landscape could be reshaped over the next two decades. The transformation is being driven by 'blockbuster' industries resulting from the convergence of advances in fields as diverse as materials science, biology, information technology and the cognitive sciences. For example, sectors such as human augmentation, personal genetics, vertical farming, 3D printing (additive manufacturing) and laboratory-grown meat all have the potential to become trillion-dollar industries in 20 years or less.

Implications

New skills will be required to assess the risks and potential of rapid growth industries for which there are few precedents or comparable development models.

v. Advances in robotics

While industrial robots have been in service for over 20 years, the next decade should see a massive expansion in their deployment in business and domestic settings. Advances in artificial intelligence, materials and mobility open up the potential for robots to be used in roles as diverse as hotel butlers through to companions for the elderly. In the field of medicine, the goal is to develop miniaturised robots that can be ingested and then used to repair damaged cells within the body.

Implications

The opportunity will emerge within five years or less to use robots to perform a diverse range of accounting and audit tasks reliably.

iv. Advances in brain science

Neuroscience is helping to explain the functioning of the brain and interpret the patterns of electrical impulses that go with each thought or action. Basic applications already include headsets that can be trained to recognise the pattern of brain activity associated with particular thoughts. The headset then uses the signals identified to control electrical devices and computers. The evolutionary path of such developments could lead to the widespread use of brain-machine interfaces that allow for the direct uploading and downloading of information to our memory.

Implications

Firms will need policies regarding cognitive augmentation of their own staff. Will analysts place higher valuations on firms whose staff have had their mental faculties enhanced, thus enabling them genuinely to 'out-think' their competitors?

vii. Advances in genetic science

The mapping of the human genome has created a vast range of new possibilities, such as the pre-birth scanning of possible medical problems in an unborn child. Genetic science has also opened up the potential to create synthetic life-forms that could be in a variety of applications such as generating energy and absorbing waste.

Implications

Genetic profiling of the workforce will enable firms to assess employee health risks more accurately and, thereby, help control health insurance costs.

Figure 3: Futures wheel – the impact of advances in science and technology upon accounting and the accountancy profession



5. Strategic action imperatives

FROM INSIGHT TO TRANSFORMATION

The analysis of the 100 drivers has highlighted the sheer scale of change they could bring about for individuals, society, business, entire nations, the global economy and the accountancy profession. So where and how can the massive set of issues, opportunities and options for change laid out here begin to be addressed?

The leadership challenge is one of using these insights to catalyse the kinds of evolutionary and

transformational developments that will be required for businesses to survive and thrive in the decade ahead. In practice, few have the capability or inclination to try and tackle all the issues and opportunities at the same time. Recognising this need for focus, the priorities have been consolidated into 10 key 'strategic action imperatives' which are described in this chapter. Table 6 below outlines how these 10 imperatives can help to address the challenges and opportunities created by the eight impact areas and the science and technology advancements identified above.

Clearly, most of the imperatives map, in some way, to all the impact areas. For example, the imperatives to 'Embrace an enlarged strategic and commercial role' and 'Reinvent the talent pool' could both help in responding to all the driver impacts identified. Equally, the need to 'Build the radar' to scan for emerging trends and developments and 'Develop a curious, experimental and adaptable mindset' are arguably essential parts of anticipating and responding to an uncertain future. Nonetheless, for clarity, the focus here is on highlighting the critical imperatives that could help most in addressing each of the impacts.

Table 6: Mapping of strategic action imperatives to major driver impact areas

	Economic context	Challenges for business	Business strategies and priorities	Accountancy's public image	Accountancy's positioning in the business	Measurement and reporting	Accountancy practices	Skills, training and development	The impact of science and technology
Business imperatives									
Assume and plan for volatility	✓			✓	✓				✓
Build the radar	✓	✓	✓						✓
Pursue technology leadership						✓	✓	✓	✓
Prepare for true globalisation	✓		✓				✓		
Develop a curious, experimental and adaptable mindset	✓		✓					✓	✓
Imperatives for the accountancy profession									
Embrace an enlarged strategic and commercial role		✓	✓	✓	✓				
Establish trust and ethical leadership		✓		✓	✓	✓			
Focus on a holistic view of complexity, risk and performance					✓	✓	✓	✓	
Develop a global orientation						✓	✓		
Reinvent the talent pool		✓		✓				✓	✓

FIVE IMPERATIVES FOR BUSINESS

i. Assume and plan for volatility

Expectations of economic uncertainty and turbulence now stretch out for a decade or more – driven by serious concerns over the scale of debt at the sovereign, corporate and individual level. At the same time, rapid shifts of wealth and power are taking place across the globe while concerns remain over the robustness of the global economic infrastructure. Under such conditions, a single business plan and a set of governing assumptions are no longer sufficient.

Leaders have to ensure that their organisations can survive and thrive under a range of scenarios. Leaders must also develop a core competency for thinking the unthinkable and preparing for it. Planning assumptions must consider the potential for economic collapse, nationalisation of assets by governments and disruptive innovations that could transform markets, industries or entire economic systems.

ii. Build the radar

Thinking about the future is no longer a luxury or a short discussion in the annual management retreat. Systematic and organisation-wide approaches are now required to scan, explore and assess the implications of key future factors across the short, medium and longer term. Clear responsibilities need to be allocated for identifying and acting on future insights. Companies must be capable of wide-range 'horizon scanning' to capture diverse future factors such as driving forces, persistent factors and emerging trends. Consideration must also be given to weak signals, wild cards and the ideas,

developments and individuals that could shape the global economy and the operating environment within the industry. Scanning and 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.

iii. Pursue technology leadership

The pace of ICT advancement, the sheer potential of what it can deliver and the pervasiveness of adoption now place technology at the heart of strategy and operations of businesses of almost any size. New mindsets and approaches to technology management are required for this rapidly evolving environment where the firm owns less of the computing and communications assets it relies on. The key drivers here are a shift to staff using their own devices, applications and databases being run remotely through cloud computing and the internet becoming the backbone of most enterprises. Each new generation of systems offers increasing intelligence, enhanced flexibility and ever-greater potential to transform working practices. Technology advances are enabling new business models, disrupting value chains and transforming entire industries.

iv. Prepare for true globalisation

Although many firms have embraced a truly global operating model, others are still in the process of learning what this entails. Becoming truly global implies moving beyond the export of home country paradigms and operating models. Long-term success across multiple geographies and cultures demands the development of genuinely global management approaches. These must encompass everything from

strategy formulation through to business innovation and talent recruitment and development. Although technology is a critical enabler of the effective operation of the global enterprise, the key factor is the capability of management to work with, adapt to and get the best out of a multi-location, multicultural and age-diverse workforce.

v. Develop a curious, experimental and adaptable mindset

The pace of business change and the rate of growth of operational complexity can render changes obsolete before they have even been implemented. Hence, organisations must learn to balance the focusing effect of a clear long-term vision with the pragmatism of a flexible implementation approach. There is a clear need for operational flexibility and adaptability in the choice of strategies and tactics adopted to achieve the desired outcomes. For many, this means adopting asset-light business models. It also requires a willingness to experiment continuously with everything from product and service design through to revenue models and distribution channels.

A critical success factor in this new order is developing a culture that is genuinely curious about the world and open to new ideas from outside the organisation. Such cultures must also foster and reward a willingness to enter into new working relationships across the entire network of customers, suppliers, partners and competitors that define the modern business 'ecosystem'.

FIVE IMPERATIVES FOR THE ACCOUNTANCY PROFESSION

i. Embrace an enlarged strategic and commercial role

As businesses evolve their strategies, structures and business models to survive and thrive in a turbulent environment, there is a clear opening for accountants to assume a far greater organisational remit. The need to ensure responsible practices in the pursuit of growth opens the door for accountants to participate in broader business decision making. This broader role will require accountants to apply financial expertise in combination with analytical, creative and risk-management skills. These capabilities will prove equally valuable in everything from assessing country risk to developing and testing innovative new revenue models.

ii. Establish trust and ethical leadership

The profession needs to be seen to be addressing the clear ethical concerns of diverse stakeholders. There is an expectation 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 current economic uncertainty. The focus needs to shift from rule conformance to genuine compliance with the spirit of regulation. The shift will be challenging, given the scale of impending regulation that many of our contributors have identified. The ethical remit has clear implications for both the training and continuing professional development of accountants and for the design of core internal audit and accounting processes.

iii. Focus on a holistic view of complexity, risk and performance

A very clear message is emerging on the need for company reporting to provide a firm-wide view of organisational health, performance and prospects. Such a holistic perspective needs to take account of the complexity of modern business and highlight the efforts to address it. Such an integrated view must also report on non-financial measures such as innovation. Equally important will be the assessment of the strength of core business relationships, the overall vibrancy of a firm's culture and employee health and happiness. Taking the holistic view goes well beyond the current remit of the CFO's organisation and has major implications for training and the development of the accountancy function.

iv. Develop a global orientation

The pursuit of global opportunities is now a clear priority for large, medium and small enterprises from developed and developing markets alike. The implications for the accountancy function are immense. The first priority is gaining rapid mastery of relatively straightforward matters such as understanding local accounting rules, taxation laws and procedures for profit repatriation, all of which may influence market entry decisions. Then come the more complex challenges of getting a thorough understanding of local business customs and practices, cultural norms and language differences. Key here is developing the mindset within accountancy that is respectful of different practices and cultures and open to ideas, wherever they originate.

v. Reinvent the talent pool

The range of driving forces identified in this study suggests a diverse and growing set of demands and impacts on the accountant's role in the future. This has a direct bearing on recruitment, professional training and development. The speed of change and the rate of emergence of new requirements place an emphasis on the need for 'on demand' accelerated learning-based solutions. Increasingly these will be delivered via the internet and mobile devices. At the same time, an increasingly broad, complex and demanding remit will influence the type of people that the profession seeks to attract. Alongside the traditional characteristics typically associated with the profession, traits such as entrepreneurship, curiosity, creativity and strategic thinking skills will become of increasing importance for tomorrow's accountant.

FROM IMPERATIVES TO OUTCOMES – SHAPING THE FUTURE OF THE PROFESSION

The choice of imperatives flows in a relatively natural manner from the prioritisation of the drivers and their impacts. However, the steps to implement them will vary quite dramatically between firms, sectors, countries and regions. For businesses and accountancy professionals alike, different levels of commitment to, and action on, these imperatives could result in a very diverse range of outcomes. At the strategic level, these outcomes will have a direct effect on how the standing of the accountancy profession might evolve over the next decade. Four such scenarios are presented in the following chapter.

6. Scenarios for the future

The analysis presented in previous chapters suggests that, taken collectively, the 100 drivers listed in the Appendix have the potential to bring about transformational changes in the accountant's role and the positioning of the profession. Depending on how accountants respond to the imperatives defined in chapter 5, there are great differences in how the profession could be perceived over the next decade. Equally, the future of the profession could also play out differently around the world.

To help explore the range of possible outcomes, four generic scenarios for the future of the profession over the next decade have been developed. The analysis of the drivers and their impacts suggests that the two most important influencing factors will be, firstly, the public perception of the profession and, secondly, the scope of the accountant's role in medium to large firms. For each of these factors, a spectrum of possible outcomes exists.

PUBLIC PERCEPTION OF THE PROFESSION

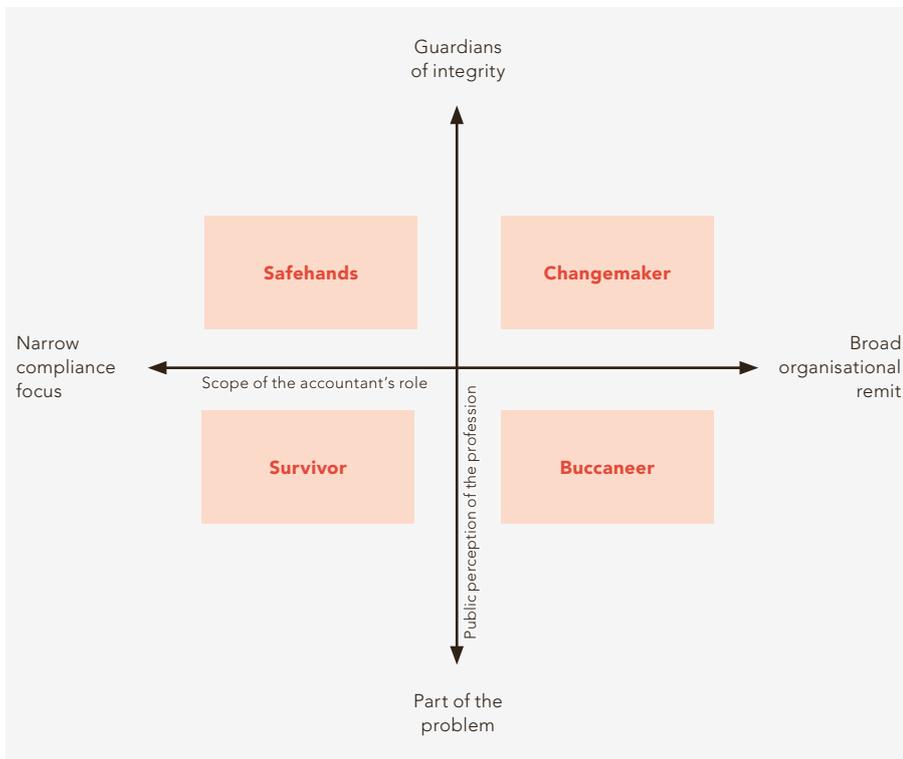
At one end of the spectrum, accountants could be viewed as 'part of the problem' that caused the financial crisis and continued economic uncertainty, by failing to provide sufficient early warnings and risk alerts. At the other extreme is the possibility that accountants could be viewed and valued by society as true 'guardians of integrity'. Such a positioning implies operating to the highest ethical standards and ensuring that their firms comply with both the letter and the spirit of regulatory requirements.

SCOPE OF THE ACCOUNTANT'S ROLE

At one end of the spectrum, accountants focus solely on compliance. This approach obviously stresses the importance of meeting the core accounting and regulatory reporting requirements without driving a larger sphere of activity. At the other end of the spectrum, the finance function moves well beyond the realm of compliance and adopts a broader remit. Hence, accountants play a far greater role in everything from strategy formulation through to new product development and defining new business models.

By focusing on these two key factors and the range of possible outcomes, a number of different possible 'generic' scenarios emerge. The four selected here are based on the extremes of each key influencing factor (Figure 4). These are summarised below and described looking back from a point 10 years into the future. Table 6 (see page 38) examines how the choices made for each of the 10 imperatives help shape each of the scenarios.

Figure 4: Scenarios for the future of the accountant's role



Changemaker
(Perceived as 'guardians of integrity', broad organisational remit)

In this scenario, many in the profession have succeeded in balancing public expectations for responsible financial management with a more entrepreneurial stance within the firm. The need to ensure sound and ethical practice has been a key factor in the gradual assumption of a wider remit by the CFO and accountancy function, in seeking to encourage performance with accountability. There is widespread acknowledgement among stakeholders that the profession has succeeded in providing rigorous checks and balances while enabling the entrepreneurial spirit to flourish. They are able, therefore, to build on their reputation as a trusted pair of hands to develop greater influence across their organisations.

The transition to an enlarged role was driven by the downsizing of many companies in the face of uncertainty and the handing of greater responsibility to the accountancy function. While there were initial concerns that accountants might hold back progress at a time when revenue was paramount, perceptions changed as the accountants developed into their new role and the business saw the value of performance with probity. The prospect of 'having it all' has proved a major fillip in attracting recruits to the profession and encouraging people to make mid-career changes to retrain as accountants. The key challenge here in sustaining this strategic positioning is maintaining the balance between encouraging entrepreneurial behaviour and ensuring the highest standards of financial stewardship.

Buccaneer

(Perceived as 'part of the problem', broad organisational remit)

Here, many in the profession are seen to have succeeded in stepping up to assume a far more strategic stance, playing an increasingly central role in value creation activities. Over the last decade, the CFO and accountancy function have assumed a more significant role in every major business decision from choice of target markets to the pricing of products and services. The downside is that the perceived focus on short-term profit maximisation takes centre stage at the expense of wider issues such as effective risk management, public value and longer-term growth and is seen by the public to have compromised the ethical financial stewardship role.

With problems still rife in the economy, the concern is that, instead of standing firm to prevent financial irregularities, the accountants become very much part of the problem. Perception of accountants has become mixed; recruitment initiatives for finance professionals attract chiefly those excited by a wider-ranging entrepreneurial brief but deter candidates who have become concerned about the public image of a changing profession. Within the firm, the increasing 'profit first' focus elevates the standing of the accountancy function. This scenario may be considered too unstable by many because a short-term, profit-driven focus is not tempered by ethical financial stewardship, or entrepreneurship for long-term performance. The role of the accountants in this scenario may evolve into the Changemaker scenario where a balance is found between entrepreneurship and ethical financial stewardship.

Safehands

(Perceived as 'guardians of integrity', narrow compliance focus)

The profession has succeeded in re-establishing public faith in its role over the last decade. For many this has been achieved by deliberately maintaining a strict focus – seeking to ensure compliance with both the spirit and the technical regulatory requirements of the law. Early warning systems based on robust risk assessments lead to regular examples of companies that are forced to face up to and address potential financial issues that might previously have been buried in the accounts. CFOs regularly resign over conflicts regarding the compromising of their firms' ethical standards and financial good practice. Auditors are increasingly at odds with their clients over their willingness to qualify accounts or refuse to sign them off.

The profession is seen to have become more proactive in anticipating stakeholder concerns and driving the development of rigorous technical standards and practical safeguards. Accountants in the short term became unpopular within many firms because of their tough stance on ensuring sound financial practices and robust risk management. Nonetheless, the long-term benefits are clear in terms of the enhanced standing of the profession, the ratings given to firms seen to have robust accounting practices and the impact on attracting recruits to the profession. This is perceived as a stable scenario – particularly in turbulent times where firms want to demonstrate exemplary financial stewardship.

Survivor

(Perceived as 'part of the problem', narrow compliance focus)

In this scenario, survival seems the priority for many in the profession, who are seen to have chosen to focus on a relatively strict technical and regulatory remit. Problems in the economy are escalating and financial markets appear to lurch from one crisis to the next. Stakeholders in society are increasingly critical of the profession's failure to provide sufficient early warnings of impending issues – both for the macroeconomy and at the level of the individual firm.

Accountancy professionals are perceived by the public to have failed in their duty of care and to have been either complicit in the crisis or ineffectual in their efforts to prevent and address it. The profession's defence against these arguments is that it fulfilled its legal responsibilities and that the problems are caused by factors outside its regulatory remit. Accountancy becomes a far less attractive career option for many potential recruits and within the firm its role is largely perceived as a specialised technical support function. Again, this might be considered an unstable scenario due to the perceived lack of integrity. Hence a goal for those in this scenario may be to evolve to the positioning of those in the Safehands scenario.

Table 7: Potential responses to strategic action imperatives under each scenario

	Changemaker	Buccaneer	Safehands	Survivor
Public perception	Guardians of integrity	Part of the problem	Guardians of integrity	Part of the problem
Scope of the accountant's role	Broad organisational remit	Broad organisational remit	Narrow compliance focus	Narrow compliance focus
Assume and plan for volatility	Ensures that business plans and risk management strategies cover a range of scenarios including new opportunities and the potential for economic collapse. Considers external impact of mitigation actions.	Constantly looking for opportunities arising out of volatility and reviewing the firm's exposure to economic risk. Focuses on minimising business impact of external change.	Regularly alerts management to financial and regulatory compliance risks resulting from external change. Alerts the authorities quickly if serious issues emerge.	Acts on external changes that could affect the firm's regulatory responsibilities and reporting requirements.
Build the radar	Scans the environment for trends, developments and 'weak signals' of change that could have an impact across the business and its ecosystem.	Focuses on seeking out trends that could create growth opportunities.	Stays abreast of regulatory developments and changes in broader stakeholder expectations.	Responds to new compliance requirements as they arise.
Pursue technology leadership	Stays abreast of developments. Seeks innovative ICT applications that could bring both hard and soft benefits throughout the enterprise.	Technology investments focused on applications that could drive competitive advantage or have a clear return on investment.	Regular review of accounting systems to ensure that they can address current and impending regulatory requirements.	Seeks to control costs of ICT – upgrading only to address issues of system failure, poor performance or changing compliance requirements.
Prepare for true globalisation	Ensures that the firm is developing a robust globalisation model that encompasses, people, culture, processes, systems and contribution to the community.	Aims for a rapid globalisation model that seeks out profitable opportunities wherever they arise.	Seeks to understand and comply with legal requirements and key stakeholder expectations for each location.	Fulfils regulatory and reporting obligations in compliance with minimum legal requirements for each country.
Develop a curious, experimental and adaptable mindset	Pursues asset-light philosophy. Encourages staff to seek new ideas and experiment with business models. Explores new partnership opportunities.	Champions innovations that generate business efficiency and create new growth potential.	Involved in business change from an early stage to ensure what's proposed can be supported from an accounting and compliance perspective.	Responds to business innovation when changes in accounting systems and processes are required.
Embrace an enlarged strategic and commercial role	Develops an entrepreneurial outlook. Actively seeks out opportunities to participate in wider business decision making. Positions accountancy as an internal innovation partner. Plays a leading role in M&A, globalisation and business model development.	Highly entrepreneurial. Broad engagement with market-facing activities in particular. Encourages use of the accountancy function to participate in and validate business initiatives.	Seen as a potential barrier to innovation by opposing proposed changes that could compromise the firm's financial integrity.	Positions the accountant's role as an internal technical support and compliance function.

	Changemaker	Buccaneer	Safehands	Survivor
Establish trust and ethical leadership	Plays an active role in the debate about professional ethics. Considers broader impacts of all key strategic decisions. Enforces rigid compliance with ethical and compliance best practice.	Business decisions evaluated from a mainly financial and regulatory perspective.	Reviews accounting systems and reporting processes on a regular basis to ensure they comply with the letter and spirit of accounting standards and the law of each country.	Ensures all core financial and reporting processes are compliant with regulatory requirements, standards and guidelines.
Focus on a holistic view of complexity, risk and performance	Adopts a proactive approach to reducing firm-wide complexity. Seeks to establish a total enterprise perspective in reporting on both financial and broader indicators of business performance, organisational health, environmental impacts and future prospects.	Champions continuous simplification of business processes. Broadens performance reporting to encompass all key enablers of future growth.	Aims for transparency in reporting on the firm's financial affairs that is consistent with best demonstrated practice and meets key stakeholder expectations.	Reworks accounting processes in the event of demonstrable failures or new requirements. Produces accurate management and regulatory reporting to agreed standards.
Develop a global orientation	Seeks to ensure the accountancy function can support international operations by encouraging staff to develop a thorough understanding of regulatory requirements, business practices and cultural norms for each market.	Emphasises the need to develop a rapid and rigorous understanding of all the key legal commitments and operational processes required to enable international offices to operate effectively.	Ensures employees understand both the technical requirements and relevant accounting-related business customs and practices for each market served.	Implements staff training as required to fulfil the legal and operational requirements of running a multinational firm.
Reinvent the talent pool	Displays a strong commitment to learning. Encourages continuous staff development and seeks out new approaches, eg accelerated learning. Recruits candidates interested in a wider organisational and entrepreneurial remit.	Supports training on a needs-driven basis. Focuses recruitment on high achievers with an entrepreneurial spirit.	Invests in training to ensure that staff are up to date with compliance requirements and wider stakeholder expectations. Technical capability and ethical integrity are key factors in recruitment.	Training provided when new requirements emerge. Staff recruited on basis of technical proficiency alone.

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