

International Federation of Accountants

2010 4th Annual

Global Leadership Survey



IFAC's mission is to serve the public interest by:

- Contributing to the development, adoption and implementation of high-quality international standards and guidance
- Contributing to the development of strong professional accountancy organizations and accounting firms, and to high-quality practices by professional accountants
- Promoting the value of professional accountants worldwide
- Speaking out on public interest issues where the accountancy profession's expertise is most relevant

This report has been prepared by IFAC. The approved text of this report is published in the English language.

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ISBN: 978-1-60815-584-2

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EXECUTIVE SUMMARY

INTRODUCTION

The International Federation of Accountants (IFAC) completed its fourth annual survey of the global accountancy profession in early 2011. Governments and international organizations are continuing to address the causes and effects of the financial and sovereign debt crises, and are taking steps to create a more stable and secure global financial infrastructure, which will be more resistant to future threats. Knowing that significant efforts designed to achieve stability and prevention of future threats have been made in many countries around the world, IFAC asked leaders of the profession what their organizations had done in these areas, and what actions had been taken in their country or jurisdiction to improve the transparency and accountability of public sector finance.

IFAC believes that a single set of internationally accepted accounting standards for the public sector is critically important to the health and stability of the global economy, and asked respondents whether they had adopted, or were in the process of adopting, International Public Sector Accounting Standards (IPSASs), which are issued by the International Public Sector Accounting Standards Board (IPSASB). We sought their views on the importance of the perceived benefits of accrual accounting in the public sector and asked whether their governments had adopted, or were in the process of adopting, accrual accounting. We asked them for their assessment of IFAC's influence in the process of convergence of national and international standards, and invited their views on the three most important issues that IFAC should address this year, the risks that IFAC will face, and the actions we should take to address these risks.

We asked them to report on the current supply and demand for professional accountants, their projections of future trends, and their assessment of the attractiveness of the accountancy profession, and what IFAC, and the wider profession, can do to help.

Finally, we asked respondents to list the three ethical issues facing their organization and the profession that are of most concern to them, and asked them to report on actions taken in their country or jurisdiction to support corporate governance.

Officers (generally presidents and chief executive officers) from IFAC's member bodies, associates, affiliates, and regional accountancy organizations and groupings were invited to participate in the *2010 IFAC Global Leadership Survey on the Accountancy Profession*. The survey results include data from 123 respondents from 73 countries and jurisdictions who took the survey from January 10, 2011 to February 15, 2011.

CATEGORIES OF QUESTIONS

Part 1. Classification/Personal Information

Part 2. The Public Sector

Part 3. IFAC's Role in International Standard Setting

Part 4. IFAC as a Global Voice of the Accountancy Profession

Part 5. Supply of Professional Accountants

Part 6. Demand for Professional Accountants

Part 7. Attractiveness of the Accountancy Profession

Part 8. Ethical Issues Facing the Accountancy Profession in 2011 and Beyond

Part 9. Actions to Support Corporate Governance

MAJOR THEMES VOICED BY RESPONDENTS

Credibility of the Profession, Standard-Setting, and Adoption and Implementation Are Key Focus Areas

- As a representative of the global accountancy profession, IFAC should continue in its central role as an international standard setter. In addition, it should continue to work towards convergence, and the adoption and effective implementation of international standards. In the wake of the financial crisis, IFAC should proactively support and restore public confidence in the profession and the value of audit and other services provided by accountants. Not only were these seen as opportunities for IFAC, they were also viewed as specific risk areas to IFAC and the profession, if they are not addressed appropriately or effectively.

IFAC Should Take Steps to Enhance the Profession's Stature

- There was wide recognition that IFAC should take steps to increase and enhance the profession's presence on the world stage. Respondents suggested that IFAC forge and enhance relationships with global, regional and national bodies, agencies, and governments; deliver the profession's key messages—and extol its values and integrity—globally; increase communications and engagement with members; and offer solutions to the current financial and sovereign debt crises. IFAC was also urged to continue to develop standards of the highest quality and to inform the world of this work.

Demand for Professional Accountants Continues to Grow; Profession Remains Attractive

- Significant demand is seen across various sectors, particularly in public practice, and is expected to stay the same or increase over the coming years. And, despite education/qualification challenges, concern about liability, and negative publicity about the profession, accountancy continues to be an attractive profession due to career options, ability to work internationally, and earning potential.

Accrual Accounting in the Public Sector and Adoption of IPSAS are Gaining Ground

- A significant number of respondents reported that governments in their country had adopted or were in the process of adopting accrual accounting and/or IPSASs. There was substantial agreement among survey participants that adopting accrual accounting in the public sector would provide full accounting for liabilities, improve financial management, provide a clear picture of government's fiscal position, and enhance the effective

management of public resources—with expectations of these factors increasing in importance or at least maintaining importance in the coming three years.

IFAC Plays a Critical Role in Global Adoption and Implementation of International Standards

- There was universal sentiment that IFAC has a key role to play in convergence and leading the way in the global adoption and implementation of standards. Over 97% of respondents said that recognition of IFAC as the umbrella organization for international standards in the areas of auditing and assurance, education, ethics, and public sector financial reporting is very important or important, and that IFAC plays a very important or important role relating to confidence in international standards. In the areas relating to implementation and enforcement, IFAC's role and influence was also assessed as being very important or important, with percentages ranging from 75% to 88%.

A Global Code of Ethics is Necessary

- Participants stated that there is a clear need to have a global code of ethics to protect the fundamental qualities of the profession, particularly relating to independence. The code needs to take local culture into account, and needs to be effectively enforced. In addition, many fear that the current economic environment is a risk factor for professional ethics.

FULL SUMMARY OF SURVEY FINDINGS

PART 1 – CLASSIFICATION/PERSONAL INFORMATION

The International Federation of Accountants (IFAC), which conducted this annual Global Leadership Survey, is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. This report highlights the survey's notable findings. IFAC has 164 member bodies and associates in 125 countries. A complete list of organizations that responded to the survey appears as an appendix to this report.

PART 2 – THE PUBLIC SECTOR

This section was prefaced by the statement: *At IFAC, we believe that global standards are critically important to the health and stability of the global economy, especially in the aftermath of the financial and sovereign debt crises, which proved just how interconnected our world has become.* We then asked respondents:

- *To list the three most important initiatives their organization had taken in 2010 to address the issues surrounding the crises;*
- *Against the background of the intervening role forced on governments to assist in financial recovery, what actions, if any, had been undertaken in their country or jurisdiction to improve the transparency and accountability of public sector finance, especially at national level;*
- *Whether their government had adopted, or was in the process of adopting, accrual accounting;*
- *Whether their government had adopted, or was in the process of adopting, International Public Sector Accounting Standards (IPSASs);*
- *To rank various arguments in favor of accrual accounting on a scale of four points from very important to unimportant, and to offer their views as to how the ranking might change in the coming three years.*

Participants were invited to provide additional details and reasons in relation to the questions on accrual accounting and IPSASs.

2.1 - List the three most important initiatives that your organization has undertaken in 2010 to address the issues surrounding the economic, financial, and sovereign debt crises.

Respondents cited approximately 40 different initiatives and actions of their organizations, governments, and other agencies in response to this and the following question under the 'Public Sector' heading. As in the previous (2009) Global Leadership Survey, the leading initiative among organizations was the provision of advice and other assistance to governments, the public, and other stakeholders. This was achieved through conferences, seminars, forums, and research projects; and some organizations worked actively with government on legislation and other reforms. Raising public awareness of the reasons for the financial crisis was also stated as a priority for many respondents. Within organizations, many had taken active steps to promote high-quality public sector accounting; convergence with international accounting and auditing standards; improved audit quality; and more effective audit regulation. Corporate governance and ethics were also at the forefront. A number of respondents referenced the value and relevance of IFAC standards and other pronouncements in this context. Great emphasis was placed on the provision of additional, relevant CPD training for members.

2.2 - What actions, if any, have been undertaken in your country or jurisdiction to improve the transparency and accountability of public sector finance, especially at the national level?

In response to this question, there was a wide range of actions with a common objective of improved transparency and accountability. Major legislation was cited in a number of cases, and it was clear that reform was high on the agenda in many countries. A number of new bodies had been established to improve oversight, increase investor protection, and deal with the challenge of corruption. Included in the reported actions were:

- The introduction or moves toward the introduction of IPSASs and/or IFRS adapted for use in the public sector;
- The introduction or moves toward the introduction of accrual accounting;
- Other initiatives in public sector accounting, such as improved information, supervision, the introduction of qualified accountants in government departments through employment, secondment and training partnerships;
- Increased transparency through public access to information databases; and,
- Enhancement of the audit of public sector accounts, including the adoption of International Standards on Auditing (ISAs).

2.3 - *Has your government adopted or is it in the process of adopting accrual accounting?*

Seventy-three percent of participants replied in the affirmative. It should be noted, however, that the actual percentage of countries around the world whose governments have adopted or are in the process of adopting accrual accounting is somewhat lower than 73%, since the accountancy profession has multiple organizations in some countries. The survey results also indicated that some jurisdictions not currently in the process of adopting accrual accounting will probably do so in future. Reasons for non-adoption included lack of expertise and understanding of the principles and either active negativity or a lack of sense of urgency at the government level. In addition, in some jurisdictions, accrual accounting is applied at a state/regional level, rather than at a federal/national level.

2.4 - *Has your government adopted or is it in the course of adopting IPSASs?*

Fifty-six percent of participants replied in the affirmative. (There is similar potential for skewing of figures in terms of the actual number of countries who have adopted or who are in the process of adopting IPSASs, as explained in the preceding paragraph.) A number of respondents indicated that, although IPSASs have not been adopted, their government use 'IPSAS inspired' standards. In addition, as in the case of accrual accounting, there are clear indications that some governments are considering adoption of IPSASs at some stage in the future. Again, lack of expertise was given as a reason for non-adoption or cited as a cause of difficulty in actual implementation. In some jurisdictions, IPSASs are applied in local government, but not by central government.

2.5 - How would you rank the arguments below as reasons for accrual accounting?

Provides full accounting for liabilities

Improves financial management

Provides a clear picture of government's fiscal position

Protects citizens

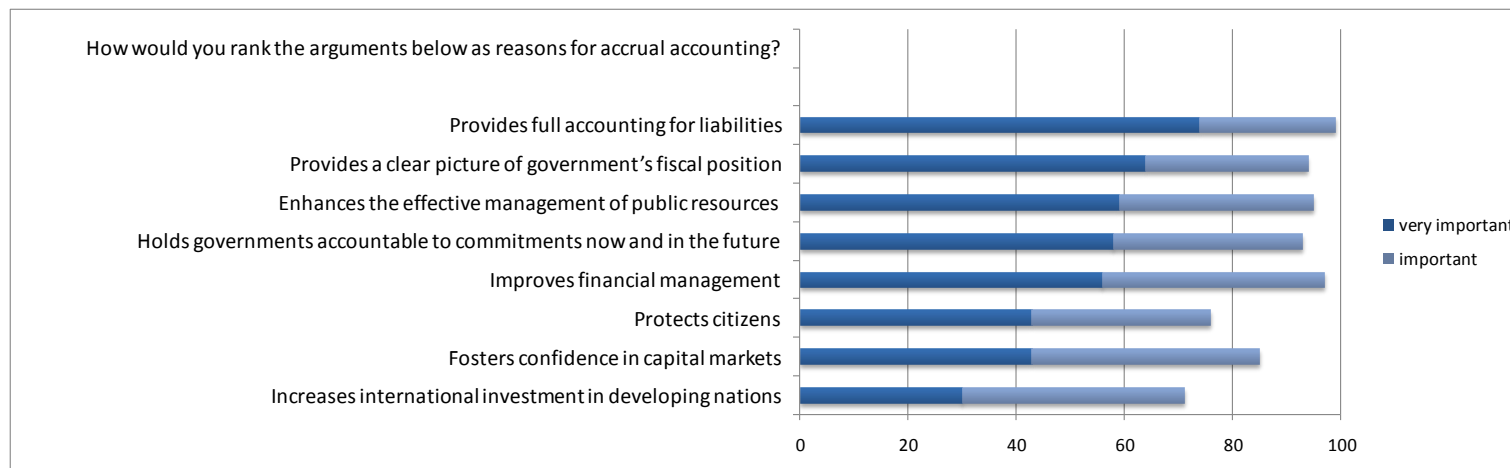
Holds governments accountable to commitments now and in the future

Increases international investment in developing nations

Fosters confidence in capital markets

Enhances the effective management of public resources

As shown below, many of these reasons were ranked as very important or important. The most significant reasons were: *provides full accounting for liabilities* (98%); *improves financial management* (97%); *enhances the effective management of public resources* (95%); *provides a clear picture of government's fiscal position* (93%); and *holds governments accountable to commitments now and in the future* (93%). Less favored—but still strongly positive—were *fosters confidence in capital markets* (85%); *protects citizens* (76%); and *increases international investment in developing nations* (70%).



2.5 a - *In the coming three years, do you expect the importance to increase, remain the same, or decrease?*

There was an almost even split between those who predicted an increase in importance and those who foresaw no change in importance for *provides full accounting for liabilities, improves financial management, and provides a clear picture of government's fiscal position*. For *protects citizens, increases international investment in developing nations, and fosters confidence in capital markets*, approximately 56-57% of respondents predicted no change, compared with approximately 42-43% that predicted an increase in importance. For *enhances the effective management of public resources and holds governments accountable to commitments now and in the future*, the responses were skewed in the other direction, with a small majority saying that they might increase in importance in the coming three years. There was effectively no support for any decrease in importance of any of the suggested reasons.

2.5 b - *Please provide any additional reasons and their level of importance.*

Some representative suggestions made under this heading include:

"Objectively, it is possible to further increase the positive perception of users of financial statements of public sector entities on the importance of information-based accounting, which consequently increases the efficiency of public resource management."

"We feel that unless cost-accounting standards and cost management framework are equally emphasized, performance management cannot be augmented. Pure financial reporting cannot improve performance."

"The very nature of transition and the information needed to move to accrual-based accounting has seen efforts to collate information on the worth of governments. It will further strengthen operational efficiency as governments can now be compared with other governments, as has been the case for companies."

"Accrual accounting identifies the full cost of public services—very important, and likely to remain so. Better management of assets (as they are periodically valued and their consumption recognized)—currently important but likely to increase in importance."

PART 3 – IFAC’S ROLE IN INTERNATIONAL STANDARD SETTING

3.1 - ***How would you rank IFAC’s influence in convergence and leading the way in the global adoption and implementation of standards in the areas listed below?***

Confidence in international standards

Adoption of high quality international standards

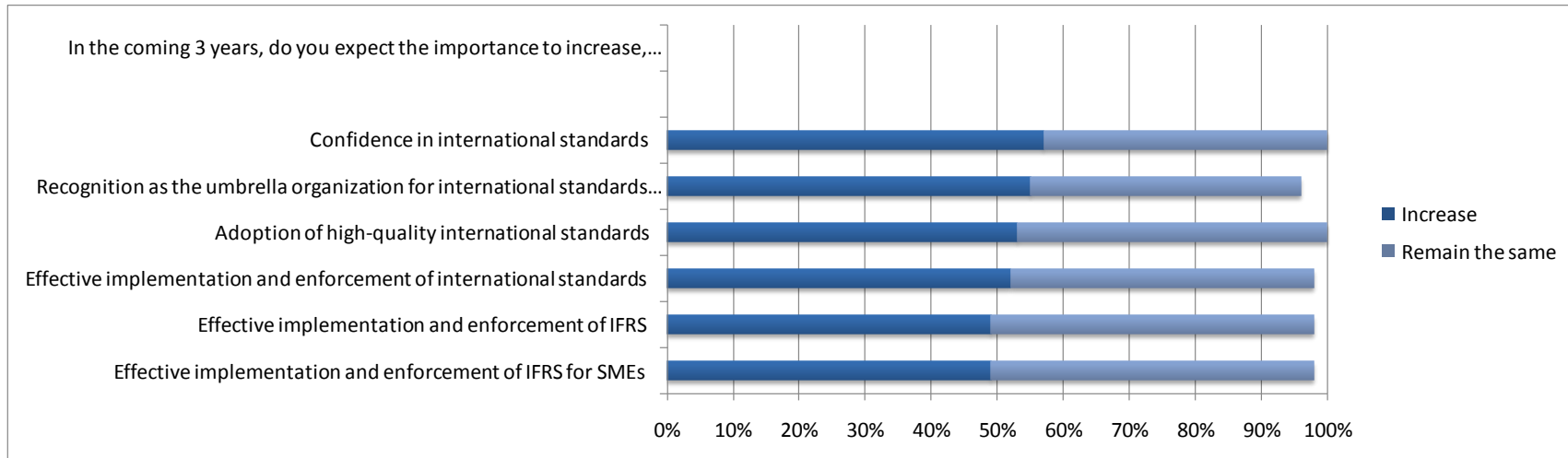
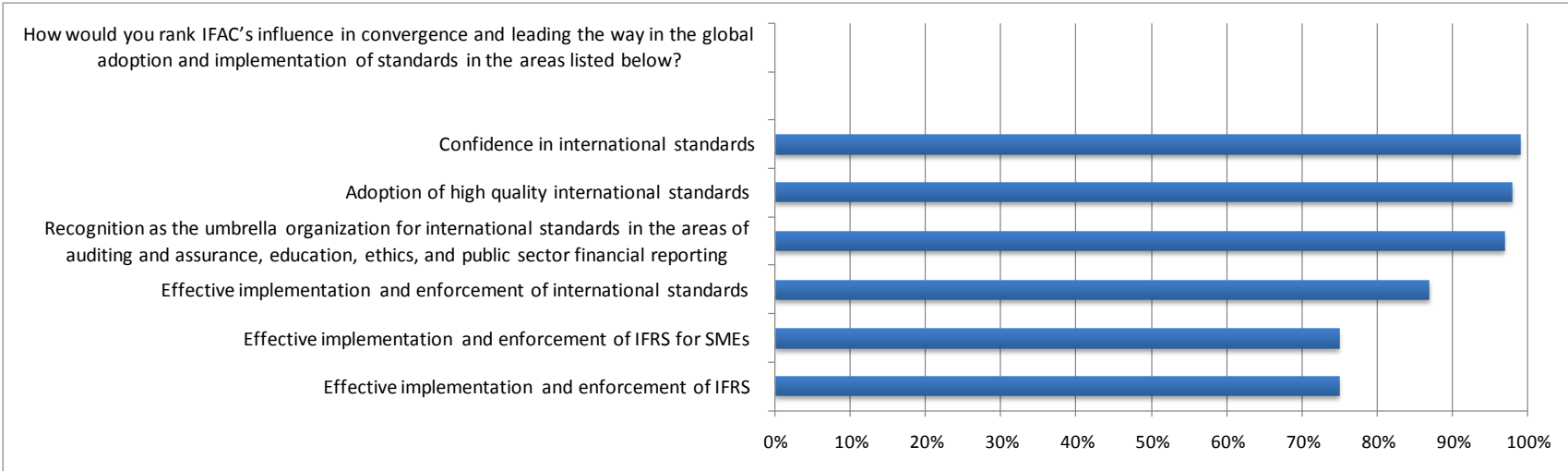
Effective implementation and enforcement of international standards

Recognition as the umbrella organization for international standards in the areas of auditing and assurance, education, ethics, and public sector financial reporting

Effective implementation and enforcement of IFRS

Effective implementation and enforcement of IFRS for SMEs

In general, respondents rated IFAC as being important or very important in all the areas under this heading. This was most marked in the areas relating to *confidence in international standards*, where 99% placed IFAC in the top two categories; *adoption of international standards*, where 98% placed IFAC in the top two categories; and *recognition of IFAC as the umbrella organization for all international standards in the areas of auditing and assurance, education, ethics and public sector financial reporting*, where 97% placed IFAC in the top two categories. In the areas relating to *implementation and enforcement*, IFAC was still assessed as being very important or important, with percentages ranging from 75% to 88%. All of these are expected to increase in importance or remain the same in the coming three years.



PART 4 – IFAC AS A GLOBAL VOICE FOR THE ACCOUNTANCY PROFESSION

4.1 - *As a representative of the global accountancy profession, what are the three most important issues IFAC should address in 2011?*

This open-ended question produced around 80 suggested initiatives for IFAC—some very specific and others more generic. However, the proposals of participants largely urge the continuation of existing strategy. The main proposals with greatest support among respondents were:

- ***IFAC should proactively work to restore public confidence in the profession in the wake of the financial crisis***

The proposals under this general heading are multi-faceted. Respondents recognize the value of IFAC as the sole voice for the profession and for member bodies—promoting the profession and responding to criticism. This was variously expressed as the need to reduce the audit expectation gap; “a need for good PR”; assisting in the restoration of public confidence in the profession, its integrity and quality of services; and the added value of audit and other assurance services. At the same time many respondents recognize the need for the profession to deliver services of consistently high quality. Accordingly, a number of participants urged IFAC to ensure compliance by members with its Statements of Membership Obligations (SMOs) and, in particular, quality assurance review, observance of the Code of Ethics for Professional Accountants, and of the precepts of good governance.

- ***IFAC should do everything possible to encourage the adoption and implementation of global standards***

Respondents said that IFAC should use its best endeavors to ensure adoption and effective implementation of its standards—particularly ISAs—and some expressed concern about the possible consequences of non-adoption of international standards in both the US and the EU. It was also suggested that IFAC should encourage the World Bank, IMF, and other international agencies to encourage the adoption of IPSASs.

- ***IFAC should continue to produce and publish international standards, guidance, and other pronouncements alongside a process of continuous review and improvement of existing standards, etc.***

It is clear from responses to a number of questions in this survey that participants highly value the standards, guidelines, and other pronouncements published under IFAC’s auspices and wish IFAC to continue in this core role. A number of respondents emphasized the need for ongoing review and updating of existing standards, reflecting the rapidity of change, and the need to respond to urgent issues. Responses also indicated that adoption and compliance with these standards can be highly challenging and IFAC needs to help with interpretation, and effective

implementation. There were also suggestions by a number of participants that IFAC produce standards for use in the provision of alternative services by non-auditors and internationally recognized standards for XBRL, CSR reporting, management commentary, etc.

- ***IFAC should offer greater support to SMEs and SMPs***

A number of participants called for greater recognition by IFAC of SMEs' needs, their economic value, and their significant importance in many national economies. Closely allied to this, IFAC is urged to provide greater support for SMPs in terms of standards and guidelines tailored to their needs, including 'tool kits.' IFAC is also encouraged to build the profile of SMP practitioners by emphasizing their professional capabilities and producing innovative ideas for alternatives to audit for use in the SME environment.

- ***IFAC should provide more support for developing countries***

A number of respondents highlighted difficulties faced by young professions in developing countries in terms of adoption and implementation of international standards, and there are calls for assistance in capacity building and for IFAC to involve itself in country action plans, and in ROSC processes (Reports on Observance of Standards and Codes, a product of the World Bank) and, more generally, for IFAC to have greater contact with member bodies in developing countries. Some Latin American respondents expressed feelings of isolation and urged IFAC to increase the frequency of meetings and other contact. It was also suggested that IFAC be seen to encourage the development of national qualifications in the developing world.

4.2 - As a representative of the global accountancy profession, what are the three most significant risks that IFAC will face in 2011?

Responses to this question showed significant commonality of view. As might be hoped, the most frequently cited concerns mirror those expressed in the immediately preceding question on the three most important issues IFAC should address. The three leading concerns were:

- ***Credibility of the profession***

This was the risk cited by the greatest number of participants. Again, respondents pointed to the loss of credibility caused by the financial crisis and to the possibility of another financial crisis, high profile audit failure, or collapse of a major audit firm, and the failure to narrow (or a widening of) the expectation gap. There were suggestions from respondents that more, rather than less, would be expected of auditors and that this might lead to a further loss of credibility if auditors were unable to meet enhanced expectations. Reference was also made to possible reputational damage flowing from the EU review on the future of audit.

- ***Increased regulation***

Increased regulation and governmental intervention in the aftermath of the financial crisis were seen as closely connected with the credibility of the profession. A number of respondents expressed concern that loss of credibility could lead to withdrawal of support by regulators and even cause IFAC to lose its standard-setting function. Aligned to this, the point was made that it was essential that IFAC and the boards it supports be seen as independent and able to carry out their public interest roles effectively.

- ***Failure to achieve convergence and failure to implement international standards***

Failure of major economies to adopt and implement international standards was cited as a significant risk. Respondents also pointed to resistance to their adoption in certain countries, including some in the developing world. The use of local auditing standards, rather than ISAs, was specifically mentioned by some participants. Ineffective implementation was seen by a number of respondents as a significant risk, the point being made that adoption was not the same as full implementation.

In addition to these three main concerns, some respondents referred to the possibility of a widening of the gap between the developed and developing worlds, and the different priorities of constituents—from the major firms to SMPs—which could produce dissent among IFAC members and lead to a loss of membership loyalty and commitment. In both cases, the challenge of achieving an appropriate balance of representation on IFAC boards and committees was cited. On the other hand, other participants pointed out that unity within the profession was very important and that sectional interests posed a risk for IFAC. Others expressed concern that IFAC might become involved in too broad a range of activities with too many initiatives, and that this could cause budgetary and other problems.

4.3 & 4.4 - ***What are the most effective steps IFAC can take to increase our presence on the world stage?***

Responses to this question also showed significant commonality. Proposed steps included that IFAC should:

- Heighten its profile and influence globally, and deliver a clear message on behalf of the international accountancy profession regarding the value of the profession, its integrity, and compliance with standards.

- Develop new connections and maintain and enhance existing working relationships with groups such as the G8 and G20, the European Commission, national governments, regulators, and international agencies, such as the World Bank and the IMF.
- Offer solutions to the current financial and sovereign debt crises.
- Have a communications policy delivering consistent messages on key issues, and participate in more events, such as conferences around the world, to deliver the profession's message in plain language.
- Improve communications with its member bodies and engage more with member bodies in joint initiatives.

Beyond these, IFAC is urged to continue to issue standards of the highest quality and to publicize this role effectively; to provide more support for developing countries, to support the establishment of new accountancy bodies, and to encourage the development of the profession in countries where the profession does not formally exist; and to embrace a multi-lingual approach.

4.5 - ***How important are the following issues for the accountancy profession?***

Responses to this survey question confirm areas of key importance for the accountancy profession reflected in responses to previous questions. The issues listed in this section are shown below, with the percentage of respondents who rated them as being either very important or important:

Protecting the reputation of the profession - 100%

Transitioning to ISAs - 96%

Addressing the needs of SMEs and SMPs – 95%

Addressing auditor independence – 91%

Developing guidance to support the implementation of international standards and corporate governance principles – 91%

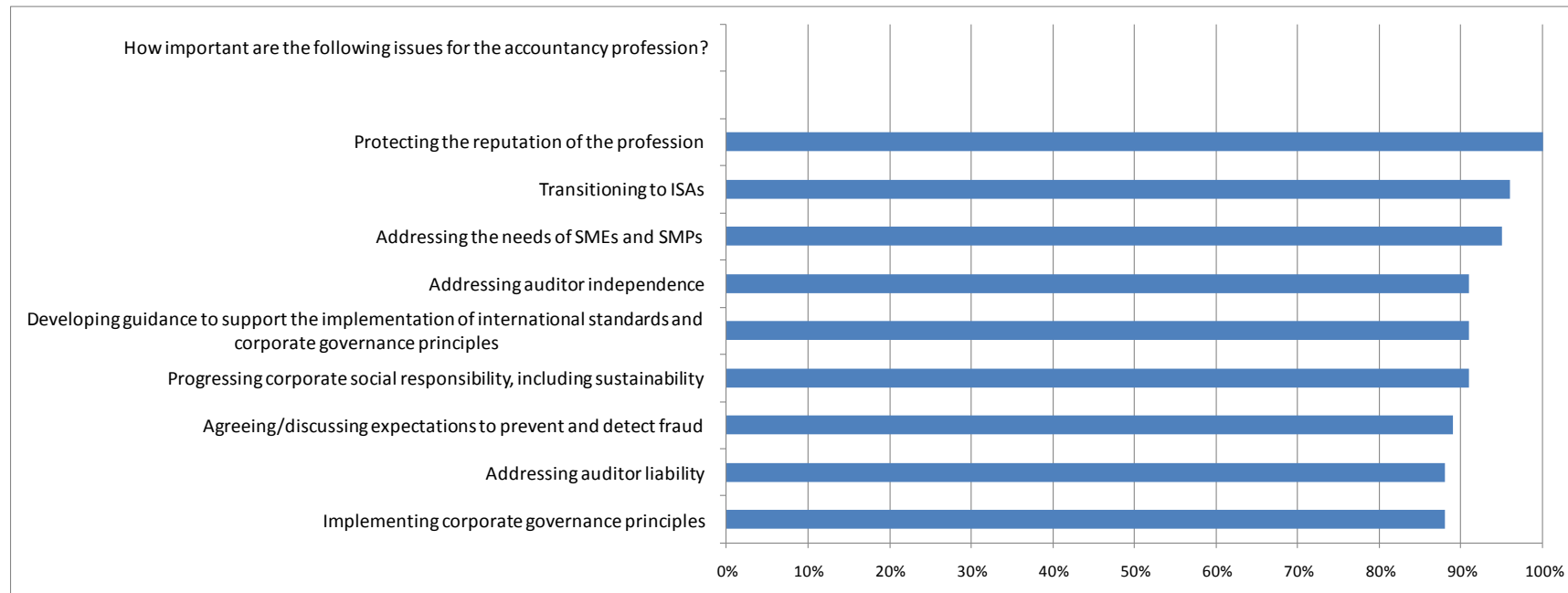
Progressing corporate social responsibility, including sustainability – 91%

Agreeing/discussing expectations to prevent and detect fraud – 89%

Addressing auditor liability – 88%

Implementing corporate governance principles – 88%

A significant majority said that *protection of the reputation of the profession; managing expectations in relation to fraud; developing guidance on implementation of international standards and corporate governance principles; progressing corporate social responsibility and sustainability; and addressing the needs of SMEs and SMPs* would increase in importance over the coming three years. In addition, virtually all respondents agreed that none of the issues would become less important.



Compared to 2007, the first year IFAC conducted this survey, it appears that reputation and integrity are still key concerns. In contrast, auditor liability is of less importance now, while supporting SMEs and SMPs is of slightly more importance. Specifically, in the 2007 survey respondents cited the most important issues as being:

- *Perceptions of the profession's integrity by the public and regulators – 98%*
- *Staying current with professional standards – 95%*

- *Answering to the new demands of the market* – 95%
- *Auditor liability* – 94%
- *Supporting SMEs and small and medium practices (SMPs)* – 91%

In the 2009 survey, respondents also ranked *protecting the reputation of the profession* as the most important (99%), followed by *addressing the needs of SMEs and SMPs* and *ongoing education/development of professional accountants* (95% for both issues). Also ranked high were: *expectations to prevent and detect fraud* (93%), *auditor independence* (91%), and *auditor liability* (89%). The need to *implement corporate governance principles* and to *develop guidance for the implementation of international standards* followed closely (90% for each) as the next areas of major importance.

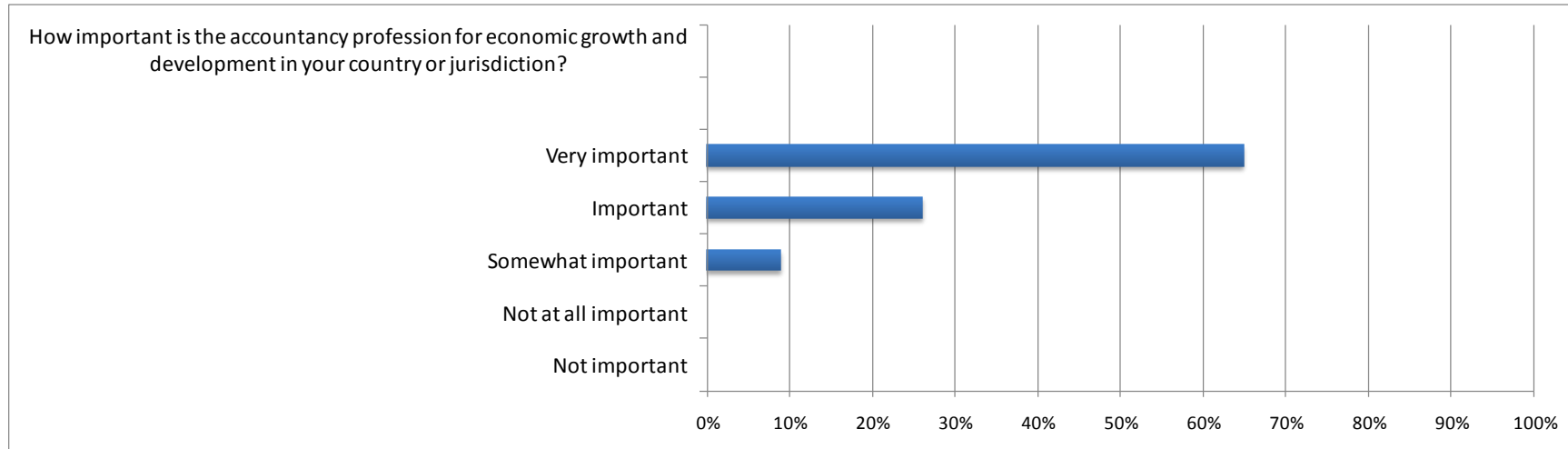
4.6 - List any additional strategic themes that IFAC should consider in 2011

Some twenty suggestions were made in response to this request, many of which had been referenced in previous responses. Suggestions included: establishing a tax working party to support accountants acting as tax practitioners; developing uniform accounting industry standards for microfinance, given that almost all developing member countries are using microfinance as a key tool for poverty alleviation; and, exploring the issue of conflict of interest arising from the two very different roles of finance professionals as business partners and entrepreneurs, on the one hand, and controllers applying tight financial controls, on the other.

PART 5 – SUPPLY OF PROFESSIONAL ACCOUNTANTS

5.1 - **How important is the accountancy profession for economic growth and development in your country or jurisdiction?**

Approximately 91% of respondents considered the profession as being either very important or important, with the remaining 9% saying the profession is somewhat important, for economic growth and development. In 2008, 98% of respondents ranked it as very important or important, and in 2007, 94% of respondents considered the profession as being either very important or important.



5.2 & 5.3- **How would you characterize the current supply of professional accountants in your country, region, or jurisdiction?**

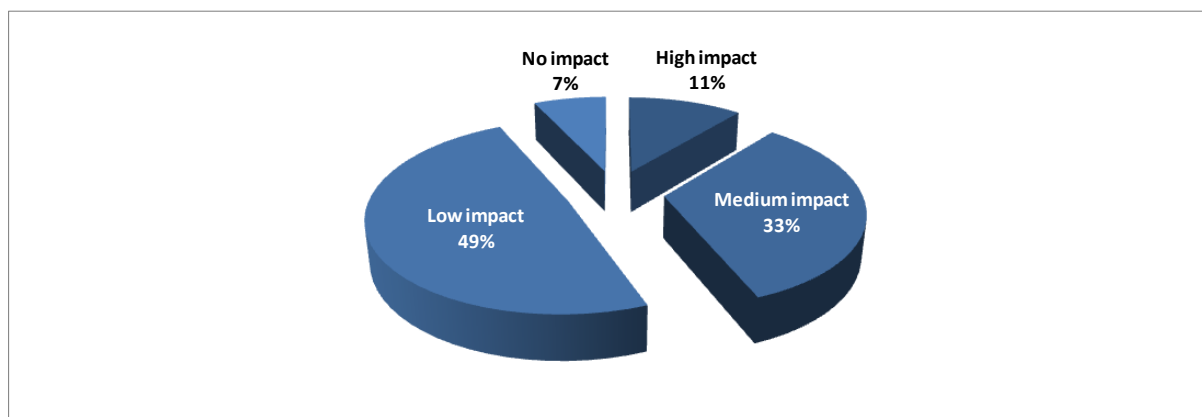
Over two-thirds of respondents, 71%, indicated sufficiency or near sufficiency, and 29% reported a shortage. When asked to forecast the coming three years, answers suggested that some improvement was expected, with approximately 78% expecting sufficiency or near sufficiency and 22% expecting a shortage. As a basis of comparison, in our first (2007) survey 60% of respondents said that the shortage of qualified accountants in their countries was very challenging or challenging.

5.4 - *What are the main causes/drivers for these changes in supply?*

Respondents who reported shortages were generally those in countries where the economy is growing, sometimes exponentially, and supply simply cannot keep up with demand. As one respondent said, “It takes a long time to produce an accountant.” Responses from those operating in growing economies were generally optimistic, on the basis that new opportunities and good prospects for employment would encourage good candidates to choose accountancy as a career, thus improving the supply. Among the reasons given for problems of recruitment were: difficulty of attaining a professional qualification in accountancy; concern about risk—particularly in audit—and perception that better money could be earned in other professions, such as IT; lingering perceptions that accountancy and accountants are boring; other negative publicity about the profession eroding status in the professional community. More specifically, some respondents from countries where mandatory audit requirements have been significantly reduced gave this as a reason for the profession becoming less attractive.

5.5 - *To what extent is retirement impacting the availability of qualified and experienced professional accountants in your country, region, or jurisdiction over the next few years?*

Around 11% of respondents indicated that retirement would have high impact on the availability of qualified and experienced professional accountants; 33% chose medium impact; 49% indicated low impact; and 7% said that it would have no impact.



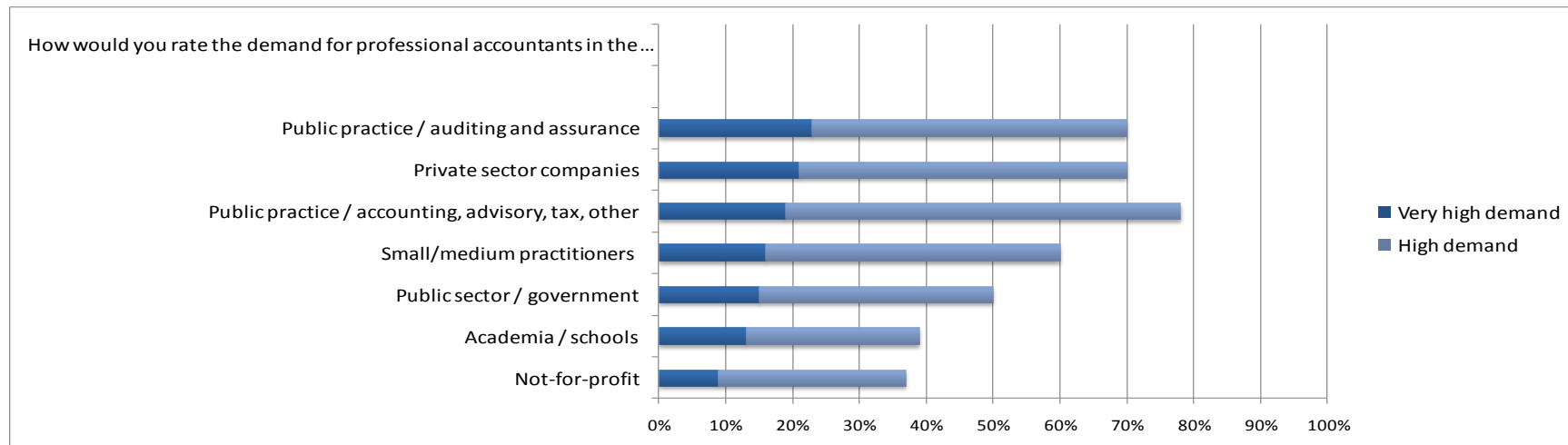
PART 6 - DEMAND FOR PROFESSIONAL ACCOUNTANTS

6.1 - How would you rate the demand for professional accountants in the following sectors?

This question asked respondents to rate demand for professional accountants in specific areas of the private and public sector in terms of very high, high, moderate, low, and no demand. Overall, the responses suggest significant demand across various sectors. Within the private sector, *public practice (accounting/advisory/tax/other and auditing/assurance)* received the highest ratings, with 78% and 71%, respectively, saying demand is very high or high. *Private sector companies and small/medium practitioners* were somewhat lower, with 70% and 60%, respectively, saying demand is very high or high. In the public sector, ratings were lower, with 37% to 50% saying demand is very high or high, and 12% to 14% saying demand is low or non-existent.

These results compare positively to our 2009 survey, in which 77% and 65%, respectively, of respondents cited very high or high demand in *public practice-accounting/advisory/tax/other* and *public practice-auditing/assurance*. *Private sector companies and small/medium practitioners* also saw improvement from last year, when 65% and 50%, respectively, of respondents said demand is very high or high.

When asked to forecast shifts in demand over the coming three years, respondents were generally optimistic, with between 35% and 50% of respondents forecasting increases in demand across all sectors and between 50% and 63% estimating no change. Almost no one saw a decline in demand in any sector.



PART 7 - ATTRACTIVENESS OF THE ACCOUNTANCY PROFESSION

7.1 - **How would you rate the attractiveness of the accountancy profession in the following groups?**

Secondary/high school students

College/university students

Young professionals

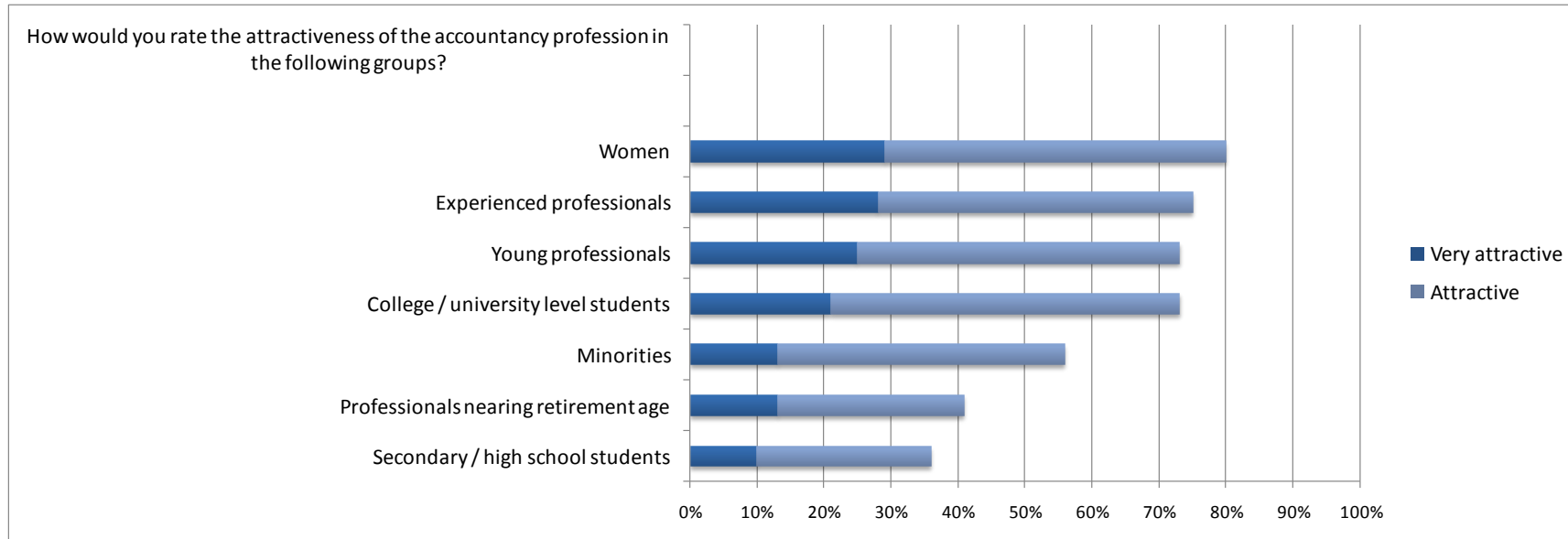
Experienced professionals

Professionals nearing retirement age

Women

Minorities

Responses to this question indicated that many see the accountancy profession as being particularly attractive to *women*, with 80% of respondents rating it as being attractive or highly attractive to *women*. Participants also saw the accountancy profession as attractive or highly attractive to *experienced professionals*, *young professionals* and *college/university students*; *professionals nearing retirement age* and *minorities* were thought to be less attracted to the profession. Only 36% thought that *students in secondary/high school* would consider accountancy to be either attractive or highly attractive; this is a decrease from our 2009 survey, in which 43% thought that *secondary/high schoolers* would consider accountancy to be either attractive or highly attractive. Looking out three years, a large proportion of respondents said they expect most categories to remain the same (49%-78%); a strong percentage feel that the profession will become even more attractive to *college/university level students* (46%), *young professionals* (43%), and *women* (43%).

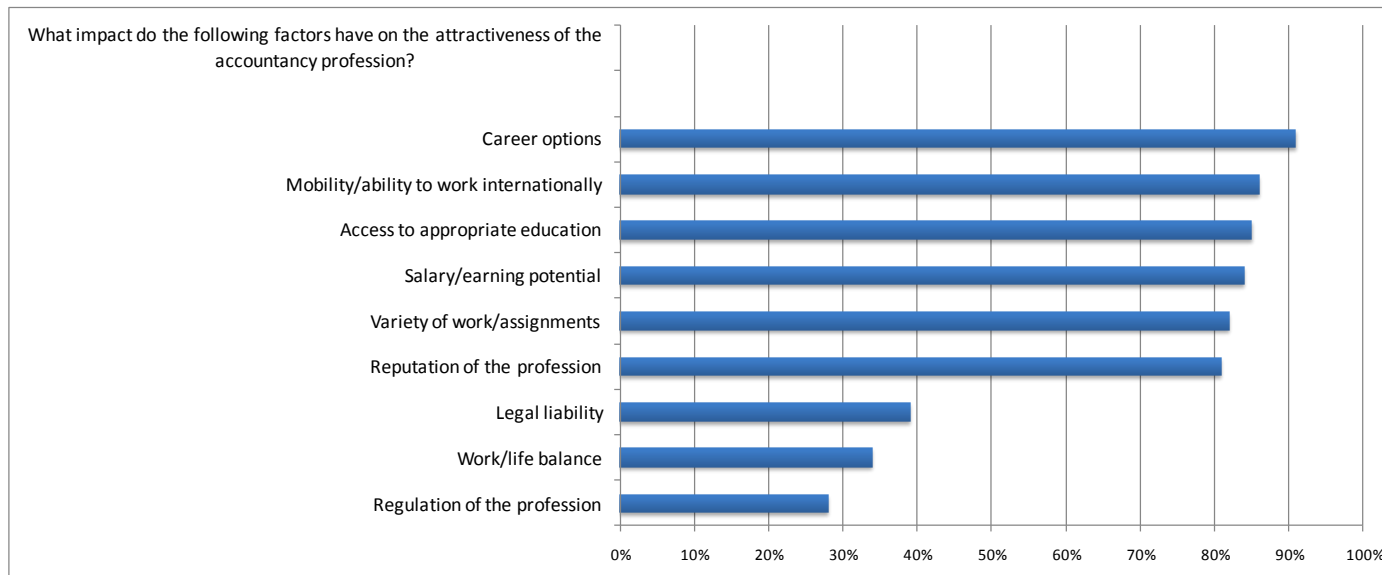


7.1 a - What are the three main causes/drivers for changes in the attractiveness of the profession?

Although respondents offered their opinions from very different perspectives and circumstances, the messages were consistent. Positive drivers included: *broad career options*—for example, in public practice, commerce and industry, the public sector, tax, etc.; the prospect of *foreign travel*; globalization of standards providing *new opportunities*; and the development of specializations offering *new, well-paid opportunities* for accountants. In addition, more general drivers of change, which would apply to other professions and occupations, included: *work/life balance, employment prospects, salary, job security, quality of work, variety of work, and status in society*. Among the drivers reducing the attractiveness of the profession, were: the *expense and duration of training; low salaries; long working hours; workplace stress; over-regulation; exposure to professional liability claims; routine box-ticking work, particularly for audit trainees; and, perceptions of the profession and the work of accountants*.

7.2 - What impact do the following factors have on the attractiveness of the accountancy profession?

The responses to this question are shown in the table below and, by and large, they tally with the responses to the preceding question. Factors rated as having a very positive or positive impact on the attractiveness of the profession included *career options* (91%), *mobility/ability to work internationally* (86%), *access to appropriate education* (85%), *salary/earning potential* (84%), *variety of work/assignments* (82%) and *reputation of the profession* (81%). Factors rated as having a very negative or negative impact on the attractiveness of the profession included *legal liability* (39%), *work/life balance* (34%), and *regulation of the profession* (28%).



7.2 a - *Is your organization undertaking initiatives/communications in these areas to increase attractiveness of the profession?*

Respondents indicated they are working within their organizations to protect and foster a positive *reputation of the accountancy profession* (96%), increase *access to appropriate education* (94%), and communicate more about *career options* (89%).

7.3 - *What other initiatives is your organization undertaking to increase the attractiveness of the profession?*

Responses to this question included: *collaboration with academia, professional networking, advertising, outreach, and promotion of career opportunities*. Responses relating to other activities included *communications with governmental and other bodies, employer alliances, business forums promoting the profession*, and the like.

7.4 - *What should IFAC and the wider accountancy profession do to enhance the attractiveness of the profession?*

Many respondents repeated here the need for advocacy, to promote the global image of the profession, and enhance its standing—and want IFAC to be actively involved. This included the suggestion that “IFAC and the wider accountancy profession should launch a global advertising campaign to promote the accountancy profession as one that is highly respected, well-remunerated and able to make a significant contribution in various aspects such as society, economy, etc.” One theme running through the responses was the need to educate the public on the value of accountancy and audit, and to dispel the idea that accountants cause corporate failure. Promotional activity of all kinds featured strongly in the responses and this included the suggestion of virtual conferences to reach a wider audience. There was also reference to the need to maintain educational and other standards and to produce accountants who are more than number crunchers.

PART 8 – ETHICAL ISSUES FACING THE ACCOUNTANCY PROFESSION IN 2011 AND BEYOND

8.1 - *As president or chief executive, what are the ethical issues faced by your organization that most concern you?*

Independence and professional inadequacy and incompetence were cited by significant numbers of respondents. Respondents were concerned about a lack of understanding of ethics and the inability of their organization to effectively deal with breaches of their code; two respondents said that their organizations have no code of ethics. There was also reference to corruption, too-close relationships in small countries, patchy compliance with ethical provisions, and anxieties that the pressures of the current economic climate might lead members to act unethically. There were more general references to

pressure from government on accountants to obey politicians, rather than to do their professional duty. Several respondents made reference to the dilemma of balancing their public interest function with the needs and wishes of their members.

8.2 - *As a representative of the global accountancy profession, what are the three most important ethical issues you see facing the global profession in the future?*

The responses to this question can usefully be considered alongside answers to the preceding question. There was widespread agreement that the key issues would be the various facets of independence issues—auditor independence; the conflict between independence and the role of the accountant as advisor, especially to SMEs; provision of non-audit services alongside audit; independence and objectivity of services; and potential problems arising from multi-disciplinary practice. A number of respondents made reference to the possible impact of the current economic climate on independence and professional conduct, and the perception that corruption, conflicts of interest, and self-seeking political and commercial pressures on accountants will continue to present challenges.

On the other hand, concerns about excessive emphasis on independence emerge in some of the answers. The fear is expressed about too narrow a focus on independence, the challenge of retaining independence in assurance engagements without losing the ability to add value, and ‘the increasing complexity of independence regulation’ that might stultify the profession and make it difficult for accountants to add value in a way that would most benefit clients. Concern was also expressed about the possibility of accountants and auditors reporting in compliance with disclosure requirements, rather than ‘telling it as it is.’

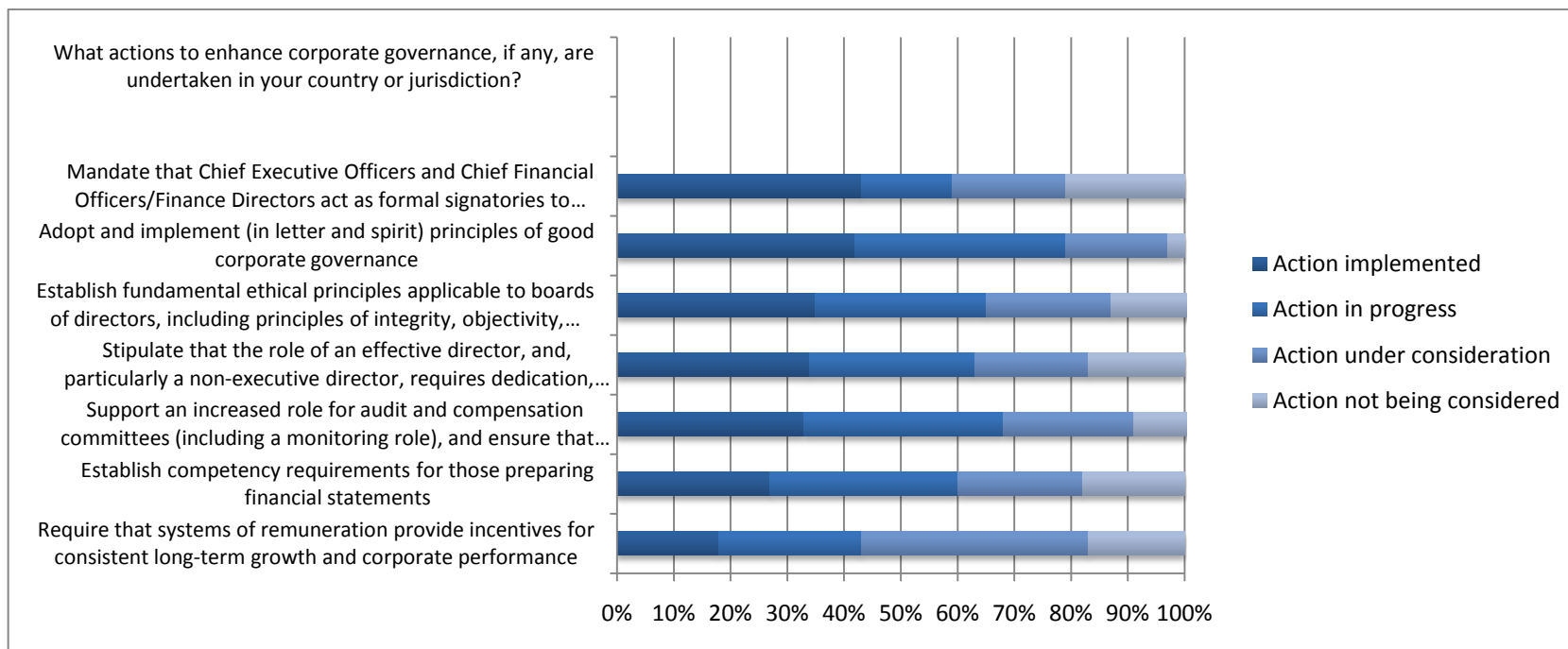
At the international level, a number of participants saw the need for a consistent code of ethics that was applied and enforced uniformly and referenced the advantages of applying the new Code of Ethics for Professional Accountants internationally, with the proviso from one respondent that cultural difference should be taken into account. There was widespread recognition of the need to address corruption and general concern that what one respondent described as ‘the scramble for fees’ in the poor economic environment would lead to a deterioration of professional behavior. There is clear understanding of the need for respect of the fundamental principles of objectivity, integrity and professional confidentiality; concern about the need to increase understanding of the new Code of Ethics for Professional Accountants; and a desire to see uniform application of ethical standards and effective enforcement.

PART 9 – ACTIONS TO SUPPORT CORPORATE GOVERNANCE

9.1 - *What actions, if any, to enhance corporate governance, are undertaken in your country or jurisdiction?*

The questionnaire asked for responses in a number of areas, as shown in the table below. Responses showed a high level of activity, with a substantial majority of participants stating that key principles had either been implemented or were in the process of being implemented. Given that accountancy organizations are not in a position to take such action in a number of countries, where responsibility lies with government or other agencies, and that some of the principles do not apply to all countries, the percentages are particularly noteworthy.

This is consistent with 2009 results, in which a significant majority of respondents said their jurisdictions had either implemented enhancements, or had actions in progress.



APPENDIX

IFAC GLOBAL LEADERSHIP SURVEY PARTICIPANTS

The International Federation of Accountants (IFAC) received 123 responses to the Fourth Annual Global Leadership Survey. A total of 94 member bodies and associates in 73 countries and jurisdictions, as well as five affiliates, regional accountancy organizations, and groupings, responded to the survey.

ARGENTINA	Federación Argentina de Consejos Profesionales de Ciencias Económicas
AUSTRALIA	Certified Practising Accountants Australia
AUSTRALIA	The Institute of Chartered Accountants in Australia
BAHAMAS	The Bahamas Institute of Chartered Accountants
BANGLADESH	The Institute of Chartered Accountants of Bangladesh
BELGIUM	Institut des Réviseurs d'Entreprises
BOLIVIA	Colegio de Auditores de Bolivia
BOSNIA AND HERZEGOVINA	The Association of Accountants and Auditors of Republic of Srpska
BOSNIA AND HERZEGOVINA	Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina
BOTSWANA	Botswana Institute of Accountants
BRAZIL	Instituto dos Auditores Independentes do Brasil
CANADA	The Canadian Institute of Chartered Accountants
CANADA	Certified General Accountants' Association of Canada
CANADA	Certified Management Accountants
CAYMAN ISLANDS	Cayman Islands Society of Professional Accountants
CHINA	The Chinese Institute of Certified Public Accountants
CHINESE TAIWAN	Federation of CPA Associations of the Chinese Taiwan National Federation of Certified Public Accountants Association of the R.O.C.
COLOMBIA	Instituto Nacional de Contadores Públicos de Colombia
CYPRUS	The Institute of Certified Public Accountants of Cyprus
FINLAND	HTM-tilintarkastajat ry - GRM- revisorer rf
FINLAND	KHT-yhdistys-Föreningen CGR ry
FRANCE	Compagnie Nationale des Commissaires aux Comptes
GEORGIA	Georgian Federation of Professional Accountants and Auditors
GERMANY	Institut der Wirtschaftsprüfer
GERMANY	Wirtschaftsprüferkammer

GHANA	The Institute of Chartered Accountants
GUATEMALA	Instituto Guatemalteco de Contadores Públicos y Auditores
HONG KONG (Special Administrative Region of China)	Hong Kong Institute of Certified Public Accountants
HUNGARY	Chamber of Hungarian Auditors
INDIA	Institute of Cost and Works Accountants of India
INDONESIA	Indonesian Institute of Accountants
IRAN	Iranian Association of Certified Public Accountants
IRAQ	Iraqi Union of Accountants and Auditors
IRELAND	Accounting Technicians Ireland
IRELAND	Chartered Accountants Ireland
IRELAND	The Institute of Certified Public Accountants in Ireland
ISRAEL	Institute of Certified Public Accountants in Israel
ITALY	Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili
JORDAN	Arab Society of Certified Accountants
JORDAN	Jordanian Association of Certified Public Accountants
KENYA	Institute of Certified Public Accountants of Kenya
KOREA	Korean Institute of Certified Public Accountants
KOSOVO	Society of Certified Accountants and Auditors of Kosovo
KYRGYZSTAN	Union of Accountants and Auditors
LATVIA	Latvian Association of Certified Auditors
LESOTHO	Lesotho Institute of Accountants
LITHUANIA	Lithuanian Chamber of Auditors
MACEDONIA	Institute of Certified Auditors of the Republic of Macedonia
MADAGASCAR	Ordre des Experts Comptables et Financiers de Madagascar
MALAYSIA	Malaysian Institute of Accountants
MALTA	The Malta Institute of Accountants
MOLDOVA	Association of Professional Accountants & Auditors of the Republic of Moldova
MONGOLIA	Mongolian Institute of Certified Public Accountants
NAMIBIA	Institute of Chartered Accountants of Namibia
NETHERLANDS	Koninklijk Nederlands Instituut van Registeraccountants- Royal NIVRA
NEW ZEALAND	New Zealand Institute of Chartered Accountants
NIGERIA	The Institute of Chartered Accountants of Nigeria
NORWAY	Den Norske Revisorforening

PAKISTAN	The Institute of Chartered Accountants of Pakistan
PAKISTAN	Pakistan Institute of Public Finance Accountants
PANAMA	Colegio de Contadores Publicos Autorizados de Panama
PHILIPPINES	Philippine Institute of Certified Public Accountants
POLAND	Accountants Association in Poland
PORTUGAL	Ordem dos Revisores Oficiais de Contas
REPUBLIC OF ARMENIA	Association of Accountants and Auditors of Armenia
REPUBLIC OF SERBIA	Serbian Association of Accountants and Auditors
ROMANIA	The Body of Expert and Licensed Accountants of Romania
ROMANIA	The Chamber of Financial Auditors of Romania
RUSSIAN FEDERATION	The Audit Chamber of Russia
RUSSIAN FEDERATION	The Institute of Professional Accountants of Russia
SINGAPORE	Institute of Certified Public Accountants of Singapore
SLOVAKIA	Slovenska Komora Auditorov
SLOVENIA	The Slovenian Institute of Auditors
SOUTH AFRICA	South African Institute of Professional Accountants
SPAIN	Instituto de Censores Jurados de Cuentas de España
SRI LANKA	Institute of Certified Management Accountants of Sri Lanka
SRI LANKA	The Institute of Chartered Accountants of Sri Lanka
SWAZILAND	Swaziland Institute of Accountants
SWEDEN	Far
SWEDEN	Nordic Federation of Public Accountants*
TANZANIA	National Board of Accountants and Auditors
TURKEY	Expert Accountants' Association of Turkey
TURKEY	Union of Chambers of Certified Public Accountants of Turkey
UKRAINE	Ukrainian Federation of Professional Accountants and Auditors
UNITED KINGDOM	Association of Accounting Technicians
UNITED KINGDOM	The Association of Chartered Certified Accountants
UNITED KINGDOM	The Chartered Institute of Management Accountants
UNITED KINGDOM	The Chartered Institute of Public Finance and Accountancy
UNITED KINGDOM	The Institute of Chartered Accountants in England & Wales
UNITED KINGDOM	Institute of Chartered Accountants of Scotland
UNITED KINGDOM	Institute of Financial Accountants

URUGUAY
USA
UZBEKISTAN

Colegio de Contadores, Economistas y Administradores del Uruguay
American Institute of Certified Public Accountants
National Association of Accountants and Auditors of Uzbekistan

Affiliates

National Association of State Boards of Accountancy

Recognized Regional Organizations

Confederation of Asian and Pacific Accountants/ Yonsei University
Eastern, Central and Southern African Federation of Accountants
Inter-American Accounting Association

Acknowledged Accountancy Grouping

Fédération Internationale des Experts-Comptables Francophones

**comprised of:* The Danish Institute of State Authorized Public Accountants, Den Norske Revisorforening, Far, Foreningen Registrerede Revisorer, HTM-tilintarkastajat ry - GRM- revisorer rf, Icelandic Association of State Authorized Public Accountants, KHT-yhdistys-Föreningen CGR ry



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