

**2011 FIFTH ANNUAL
GLOBAL LEADERSHIP SURVEY**

February 2012



International
Federation
of Accountants

The mission of the International Federation of Accountants (IFAC) 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.

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2011 FIFTH ANNUAL GLOBAL LEADERSHIP SURVEY

Introduction

The International Federation of Accountants (IFAC) completed its fifth annual survey of the global accountancy profession in late 2011.

IFAC asked members' opinions about the most significant issues facing the global accountancy profession in 2012, as well as perceptions of the accountancy profession in members' country/jurisdiction. In addition, in an era of limited resources and high demand, IFAC sought members' input into strategic planning and priority-setting. To this end, IFAC asked respondents to rank:

- the importance of adoption and implementation of various standards
- the outcomes IFAC should prioritize
- how IFAC should allocate its resources
- the priority areas IFAC should focus on, as well as the ones IFAC should not focus on
- the public policy areas IFAC should take a position in and speak out on in 2012

Officers (generally presidents and chief executive officers) from IFAC's member bodies, associates, affiliates, and regional organizations and accountancy groupings were invited to participate in the *2011 IFAC Global Leadership Survey on the Accountancy Profession*. The survey results include data from 123 respondents from 71 countries and jurisdictions who took the survey from December 1, 2011 to January 11, 2012.

Major Themes Voiced By Respondents

Credibility of and Confidence in the Profession Continue to be a Key Focus Area

An overriding theme throughout the results related to respondents' views that IFAC should seek to maintain and improve the public's perceived views of the accountancy profession. Options that included the words "confidence," "reputation," and "credibility" were always top-ranked.

Importantly, the overall rating for Perception of the accountancy profession in your country/jurisdiction was 7.0 on a scale of 1 to 10. While this rating is above-average, it is not remarkable—implying that respondents think their profession needs to present itself better to gain higher approval with the public.

There is Strong Support for All of IFAC's Service Areas

Respondents noted the value of all of IFAC's service areas. Two areas that were considered particularly high priorities were IAASB, assisting Small and Medium Practices (SMPs) and Ethics standards.

Similarly, there are eight outcomes listed in the Strategic Plan that IFAC seeks to influence or have an impact on through its services. While respondents were asked to identify three priorities, there was a near-tie for five of the eight outcomes. Thus, respondents saw a majority of the eight outcomes as being important and expressed strong support for continuing to seek to influence or have an impact on them.

Developing and Developed Countries Have Different Priorities

Respondents from developing countries, overall, gave a higher priority to IFAC assisting them in education, helping improve practices of professional accountants, and supporting the implementation of international standards. These respondents were more concerned than those from developed countries with IFAC supporting them in helping their members excel at their work and offer increased value to clients. Respondents from developed countries had a more global view and were more concerned about economic events than respondents from developing countries. In addition, they often took a broader view of IFAC's role: one that promotes responsible, trusted services in part through effective international standards and acts and speaks out on behalf of the profession.

Regions Also Have Different Sentiments and Priorities

Half of the respondents were European, so they heavily influenced overall results. Other regional segments were quite small; as a result, caution should be used in interpreting these results.

As an overall statement, Europeans appear to be less confident about the economy and their profession, likely due to their own regional issues. In fact, Europeans ranked the perception of the accountancy profession at a 6.7 (on a scale of 1 to 10) compared with 8.7 by North American respondents.

Europe and Africa and the Middle East (AME) felt strongly about the needs of SMPs and small and medium entities (SMEs), while North America felt strongly about convergence and increased regulation.

Summary of Survey Findings

What do you think will be the most significant issues facing the global accountancy profession in 2012? Please choose your top 5 concerns.

Out of 19 choices, this question had a virtual three-way tie for first place. In addition, these three issues received a high number of votes, with more than 50% voting for each, suggesting that there was wide agreement on these three.

The top three issues represent ongoing concerns of the profession:

1. Reputation/credibility of profession
2. Needs of SMPs and SMEs
3. Difficult global financial climate

The next three issues align more with current events and/or have taken on a greater prominence in the last several years:

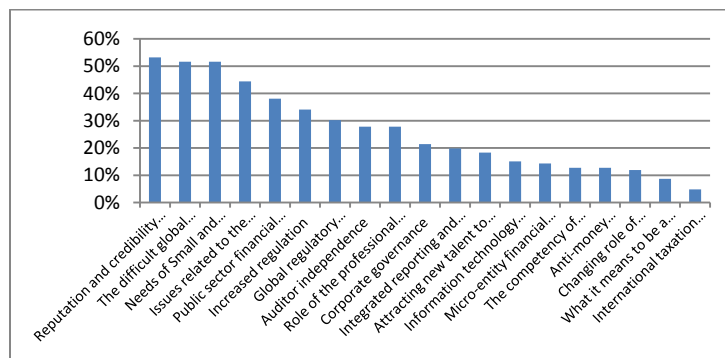
1. Issues related to European Union (EU) draft legislation
2. Public sector/sovereign debt issues
3. Increased regulation

Other issues in the top half of the list—and therefore still significant concerns—include:

1. Global regulatory convergence
2. Role of the professional accountant in business
3. Auditor independence

These results are comparable to last year's survey, where respondents said that the top three issues were Protecting the reputation of the profession, Transitioning to ISAs, and Addressing the needs of SMEs and SMPs.

Further down the list of concerns are Micro-entity financial reporting, Competency of financial statement preparers, What it means to be a professional and belong to a profession, and The changing role of professional accountancy organizations. These lower rankings do not necessarily suggest a lack of importance; rather, respondents feel that they are lower priority issues for IFAC to address at the global level.



Respondents from developing countries, however, were somewhat more concerned about these lower-ranked issues than were respondents from developed countries.

Regionally, groups also had specific concerns. Almost all regions highlighted Reputation/credibility of profession. Europe, North America, and Australasia/Oceania highlighted the Difficult global financial climate, while Europe and AME felt strongly about the Needs of SMPs and SMEs and Latin America and the Caribbean (LAC) highlighted Attracting new talent to the profession. Asia felt strongly about Global regulatory convergence, and AME and Australasia/Oceania highlighted Issues related to EU draft legislation. North America felt strongly about Increased regulation and Global regulatory convergence.

On a scale of 1 (very poor) to 10 (very good), how would you rank the perception of the accountancy profession in your country/jurisdiction?

The overall rating for this question was 7.0—above average but certainly not exceptional. This suggests some additional work needs to be done to improve public perception.

No one rated the profession a 1 or 2, only 5.7% rated it a 3 or 4, and 15% gave it high marks (9 or 10).

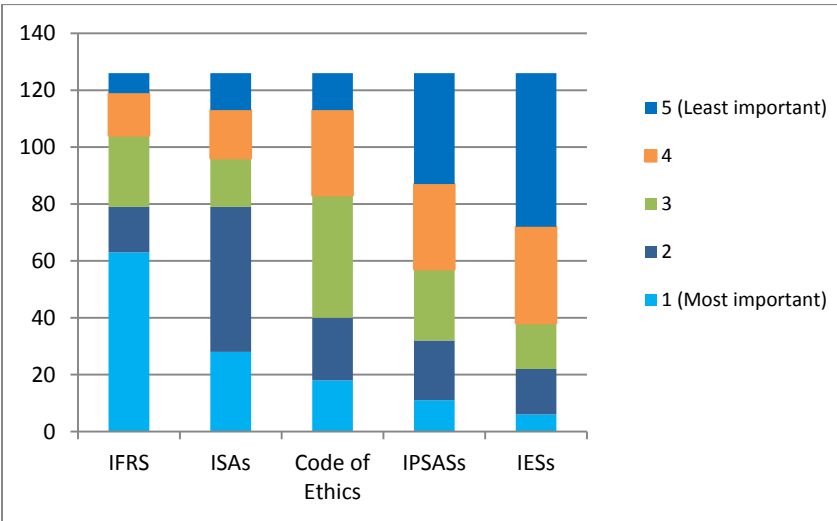
The ratings were not different for developing countries vs. developed countries—both were 7.0. By region, the rankings ranged from a low of 6.7 in Europe to a high of 8.7 in North America.

Which standards do you consider to be the most important for global adoption, implementation and enforcement? Please rank the following in order of importance from 1 (most important) to 5 (least important).

International Financial Reporting Standards (IFRS) were viewed as being most important for global adoption, implementation and enforcement; 50% of respondents ranked them most important. Interestingly, while Europeans and North Americans both ranked IFRS highest, 67% of the North American respondents ranked it highest, compared to only 45% of the European respondents.

International Standards on Auditing (ISAs) were ranked second, followed by the Code of Ethics for Professional Accountants, and International Public Sector Accounting Standards (IPSASs).

International Education Standards (IESs) were ranked fifth, with a substantial 43% ranking it least important. While only 18% of survey respondents overall ranked IES a 1 or 2, 30% of respondents from developing countries ranked it a 1 or 2, compared to only 2% of those in developed countries.



How do you believe IFAC should allocate its resources (both human and financial) to its 4 main service areas? Please indicate a percentage of resources that you feel IFAC should allocate to each; the total should equal 100%.

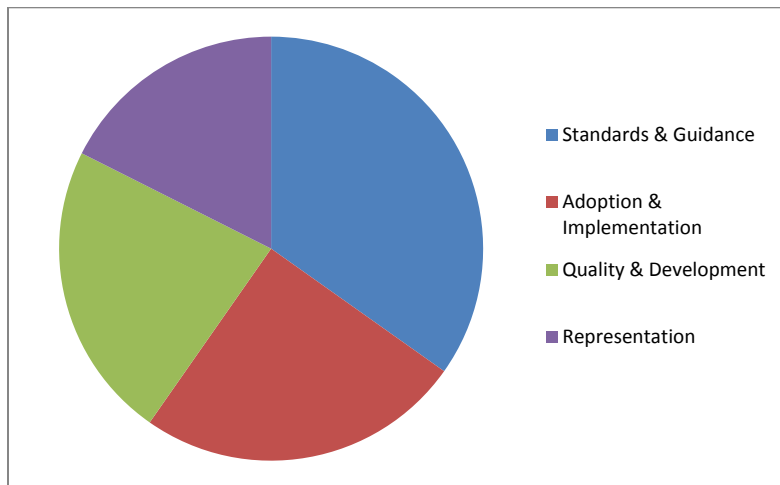
Respondents indicated that IFAC's top priority should be setting standards and guidance; they said that the largest proportion of resources should be allocated to it. However, all of the service areas were seen as fairly important, with human/financial resource allocations ranging from approximately one-fifth to one-third. Thus, respondents didn't have an overwhelming favorite, suggesting they see value in all four IFAC service areas.

The rankings and resource allocations were as follows*:

- #1: Standards and guidance 35%
- #2: Adoption and implementation 25%
- #3: Quality and development 23%
- #4: Representation 18%

**%s add to more than 100% due to rounding.*

These results are comparable to last year's survey, where responses to a number of questions demonstrated that the standards, guidelines, and other pronouncements published under IFAC's auspices are highly valued and that respondents wished IFAC to continue in this core role. Responses also indicated that adoption and compliance with these standards can be highly challenging and IFAC needs to help with interpretation, and effective implementation.

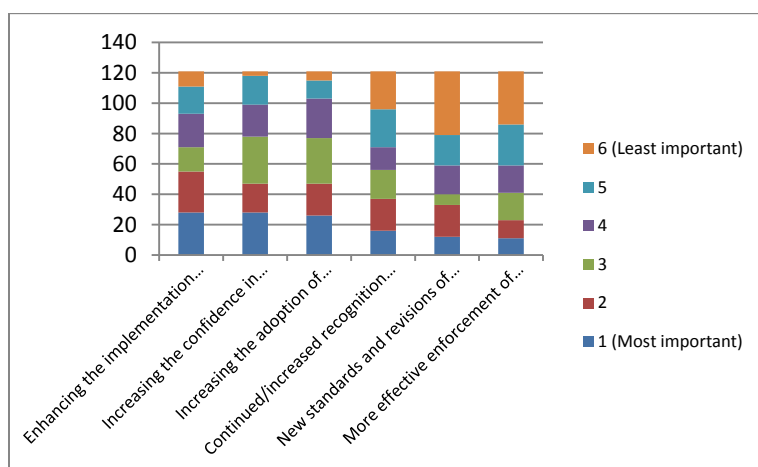


What do you consider to be the highest priority standard-setting issues for IFAC during 2012, keeping in mind the organization’s limited resources? Please rank each of the 6 options below from 1 (most important) to 6 (least important).

Responses on this question were not as clear cut as they were for the question, *Which Standards Do You Consider to Be The Most Important for Global Adoption, Implementation and Enforcement?* This could imply that respondents have strong opinions on the standards that are most in need of global adoption, but they are less unanimous on how IFAC should be assisting in this endeavor.

There was not a significant difference between the average rankings for the top three choices. However, these three were chosen much more than the next three:

1. Increasing the confidence in international standards
2. Increasing the adoption of international standards
3. Enhancing the implementation of international standards



There were some interesting differences among regions and developing countries vs. developed countries. Overall, 24% ranked Increasing the confidence in international standards most important; but there were significant differences between the percentages of developing countries (11%) and developed countries (35%) that ranked it most important . By region, 30% of Europeans ranked Increasing the confidence in international standards most important, vs. 0% of North Americans.

In addition, developing country respondents said that Enhancing the implementation of international standards was the highest priority: 36% ranked most important, vs. only 13% for developed country respondents. More effective enforcement of international standards was ranked last overall; however, developing countries placed a higher value on it: 13% ranked it most important, vs. only 2% for developed countries.

In a related question last year, 99% of respondents rated IFAC as being important or very important in building Confidence in international standards, and 98% said IFAC was important or very important in Adoption of international standards.

What do you consider to be IFAC’s highest priority activity areas for 2012, keeping in mind the organization’s limited resources? Please check the 3 activities where you believe IFAC should place the highest priority.

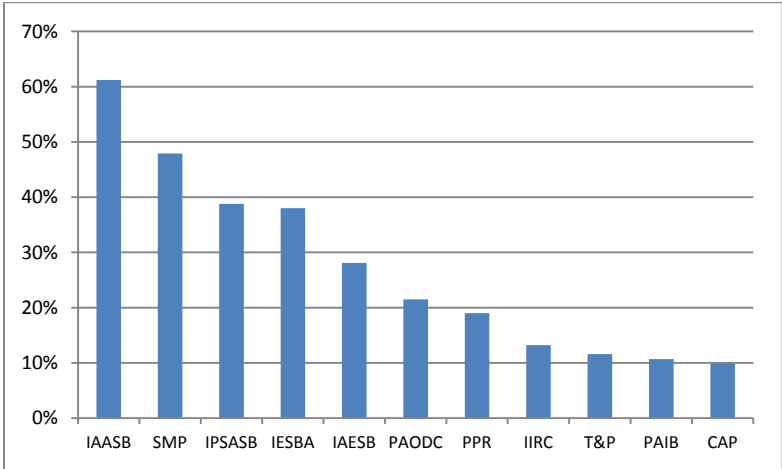
There were two strong favorites out of the 11 possibilities: the International Auditing and Assurance Standards Board was in the top spot; 61% rated it a high-priority activity. North America indicated this preference even more strongly, with 83% of respondents ranking it a high-priority activity, compared to 60% of European respondents. Ranked second overall was the Small and Medium Practices (SMP) Committee, with nearly half (48%) of respondents rating it a high-priority activity.

Tied in third place were the International Public Sector Accounting Standards Board (IPSASB) and the International Ethics Standards Board for Accountants (IESBA), with 39% of respondents rating each of these as one of their top three priorities.

For the remaining seven activity areas, only 10-25% rated each as a high-priority activity. Thus these activities are viewed as being relatively less important for IFAC in 2012, taking into account IFAC’s limited resources.

While both developing countries and developed countries ranked IAASB highest, 49% of developing countries rated the International Accounting Education Standards Board (IAESB) as a high priority, tied for second place with the SMP Committee. In comparison, only 6.5% of developed countries chose IAESB as a high priority. For developed countries, second place was the SMP Committee, followed by IESBA.

Regionally, most of the world chose IAASB as a top priority; only AME placed it second, with the SMP Committee in the top spot. Respondents from Asia elevated IAESB to the second place, while Australasia/Oceania had Public Policy and Regulation (PPR) in second place.



What do you consider to be IFAC’s lowest priority activity areas for 2012, i.e., where should IFAC stop/reduce activity? Please check the 3 activities where you believe IFAC should stop/reduce activity.

As might be expected, answers to this question were primarily the opposite of the previous question. However, there was less unanimity on what should be the three lowest priorities—e.g., percentages were more spread out across the options. This result is indicative of IFAC’s broad membership and diverse constituencies, and highlights the difficulty of stopping or reducing any particular activity area—which, while it may be a low priority for one membership segment, is considered a higher-value activity by other membership segments.

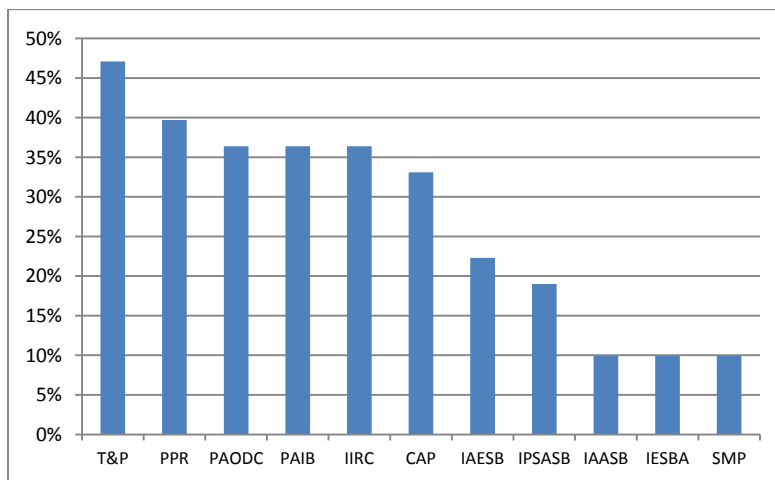
Ranked as the lowest priority was Translations/Permissions (T&P), with nearly half (46%) citing it as a low priority activity for IFAC. However, this may be due to the number of English-speaking respondents, as well as non-English-speaking respondents who have already progressed their translation activities.

One-third to 40% thought each of the following was a low priority:

1. Public Policy and Regulation (PPR)
2. Professional Accountancy Organization Development Committee (PAODC)
3. Professional Accountants in Business Committee (PAIBC)
4. Integrated Reporting/IIRC
5. Compliance Advisory Panel (CAP)

For the remaining five choices, percentages dropped sharply. As noted above, these very low rankings support respondents’ views that these five in fact are all high priorities, as shown by the responses to the previous question.

There were some regional differences: Latin America/Caribbean and Australasia/Oceania each ranked the CAP as the lowest priority, and AME ranked PPR as the lowest priority. North America included IAESB and the SMP Committee among their lowest priorities.



IFAC’s Strategic Plan lists 8 outcomes that IFAC seeks to influence or have an impact on through its services. Keeping in mind the organization’s limited resources, please choose the 3 outcomes that you believe should be IFAC's highest priorities.

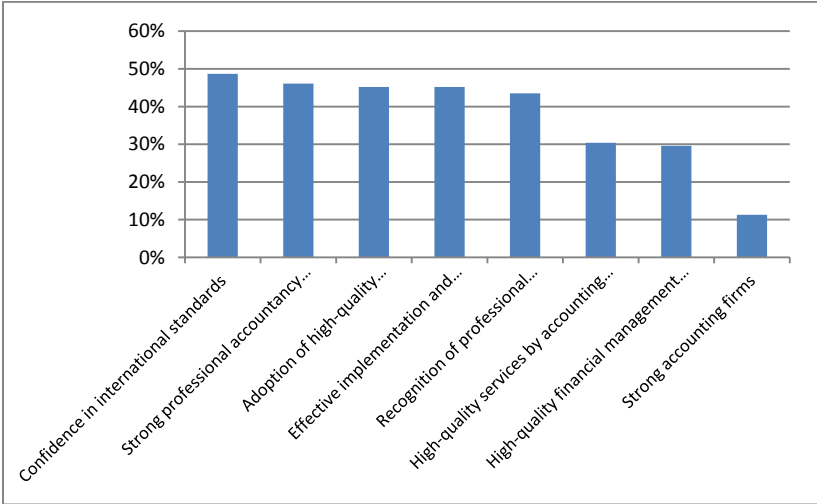
Reponses to this question showed only a small difference in percentages between the top five choices, with 44% to 49% indicating these are high priorities:

1. Confidence in international standards
2. Strong professional accountancy organizations
3. Adoption of high-quality international standards
4. Effective implementation and enforcement of international standards
5. Recognition of professional accountants as business leaders and strategic partners

However, there were sharp differences between the responses from developing countries and developed countries. Ranked first by developing countries was Strong professional accountancy organizations, with 55%; only 31% of developed countries saw this as a high priority. Recognition of professional accountants as business leaders and strategic partners also received a much higher rating from developing countries.

Similarly, respondents from the AME region ranked Strong professional accountancy organizations as the top priority. Respondents from the LAC region ranked High-quality services by accounting firms and practitioners in the second spot.

These results are comparable with last year, when respondents to a similar survey question said that IFAC was important or very important in building confidence in international standards and achieving adoption and implementation of international standards.



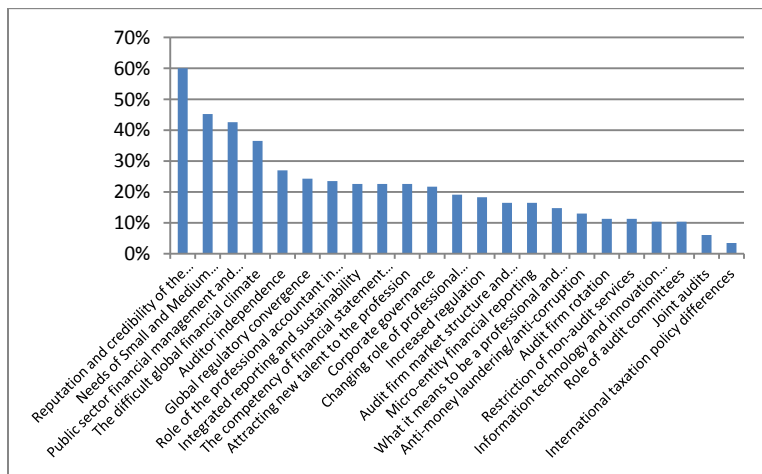
Of the public policy areas listed below, which ones do you believe IFAC should take a position on and speak out on in 2012? Keeping in mind the organization's limited resources, please choose the 5 areas that you believe should be IFAC's highest priorities.

Rankings on this question were very similar to those from the first question, *What Do You Think Will Be The Most Significant Issues Facing the Global Accountancy Profession In 2012?* There was strong agreement that IFAC should focus heavily on Reputation and credibility of the profession in 2012. With 23 options to choose from, 60% of respondents chose this as a priority. Needs SMPs and SMEs was ranked number two, with 45% of respondents citing this as a priority.

Highlighting current events, the ongoing global financial crisis, and potentially the pending regulation, the next three rankings were:

1. Public sector financial management and sovereign debt issues
2. The difficult global financial climate
3. Auditor independence

There were significant differences between developing countries and developed countries for some of the areas. Respondents from developing countries appear to be more concerned about issues related to specific professional accountants and gave higher ratings to answers such as The competency of financial statement preparers, What it means to be a professional and belong to a profession, and Role of the professional accountant in business. These results suggest that respondents from developing countries are looking to IFAC to help them provide education and guidance to their members. In contrast, responses from developed countries suggest greater concerns around the more far-reaching issues of the global economy, regulatory convergence, and integrated reporting and sustainability.



IFAC Global Leadership Survey Participants

The International Federation of Accountants (IFAC) received 123 responses to the Fifth Annual Global Leadership Survey. A total of 92 member bodies and associates in 71 countries and jurisdictions, as well as four regional organizations, and two accountancy groupings, responded to the survey.

Member Bodies and Associates

Albania	Institute of Authorized Chartered Auditors of Albania
Armenia	Association of Accountants and Auditors of Armenia
Australia	CPA Australia Institute of Chartered Accountants in Australia Institute of Public Accountants
Austria	Institut Österreichischer Wirtschaftsprüfer
Azerbaijan	Chamber of Auditors of Azerbaijan Republic
Belgium	Institut des Experts-comptables et des Conseils Fiscaux – Instituut Van de Accountants en de Belastingconsulenten
Bosnia and Herzegovina	Association of Accountants and Auditors of Republic of Srpska
Botswana	Botswana Institute of Chartered Accountants
Brazil	Conselho Federal De Contabilidade Instituto dos Auditores Independentes do Brasil (IBRACON)
Cambodia	Kampuchea Institute of Certified Public Accountants and Auditors
Canada	Canadian Institute of Chartered Accountants Certified General Accountants Association of Canada Certified Management Accountants of Canada
China	Chinese Institute of Certified Public Accountants
Czech Republic	Union of Accountants of the Czech Republic
Denmark	FSR - danske revisorer
El Salvador	Instituto Salvadoreño de Contadores Públicos
Finland	KHT-yhdistys – Föreningen CGR ry
France	Compagnie Nationale des Commissaires aux Comptes Conseil Supérieur de l'Ordre des Experts-Comptables
Georgia	Georgian Federation of Professional Accountants and Auditors
Germany	Institut der Wirtschaftsprüfer in Deutschland e.V.
Greece	Institute of Certified Public Accountants of Greece (SOEL)
Hong Kong (Special Administrative Region of China)	Hong Kong Institute of Certified Public Accountants
Hungary	Chamber of Hungarian Auditors
Iceland	Félag löggiltra endurskoðenda
Indonesia	Indonesian Institute of Accountants
Iran (Islamic Republic of)	Iranian Institute of Certified Accountants
Iraq	Iraqi Union of Accountants & Auditors
Ireland	Accounting Technicians Ireland Chartered Accountants Ireland 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

Jamaica	Institute of Chartered Accountants of Jamaica
Kazakhstan	Chamber of Professional Accountants of the Republic of Kazakhstan
Kenya	Institute of Certified Public Accountants of Kenya
Kosovo	Society of Certified Accountants and Auditors of Kosovo
Lesotho	Lesotho Institute of Accountants
Liberia	Liberian Institute of Certified Public Accountants
Lithuania	Lithuanian Chamber of Auditors
Madagascar	Ordre des Experts Comptables et Financiers de Madagascar
Malaysia	Malaysian Institute of Accountants Malaysian Institute of Certified Public Accountants
Malta	Malta Institute of Accountants
Mauritius	Mauritius Institute of Professional Accountants
Mexico	Instituto Mexicano de Contadores Públicos, A.C.
Montenegro	Institute of Certified Accountants of Montenegro
Nepal	Institute of Chartered Accountants of Nepal
Netherlands	Koninklijk Nederlands Instituut van Registeraccountants (Royal NIVRA)
Norway	Den norske Revisorforening
Pakistan	Institute of Chartered Accountants of Pakistan Institute of Cost and Management Accountants of Pakistan
Panama	Colegio de Contadores Públicos Autorizados de Panamá
Peru	Junta de Decanos de Colegios de Contadores Públicos del Perú
Philippines	Philippine Institute of Certified Public Accountants
Poland	Accountants Association in Poland National Chamber of Statutory Auditors
Portugal	Ordem dos Revisores Oficiais de Contas
Korea (Republic of)	Korea Institute of Certified Public Accounts
Romania	Body of Expert and Licensed Accountants of Romania (CECCAR) Chamber of Financial Auditors of Romania
Russian Federation	Institute of Professional Accountants of Russia Russian Collegium of Auditors Ordre National des Experts Comptables et Comptables Agréés du
Senegal	Sénégal
Serbia (Republic of)	Serbian Association of Accountants and Auditors
Sierra Leone	Institute of Chartered Accountants of Sierra Leone
Singapore	Institute of Certified Public Accountants of Singapore
Slovakia	Slovenska Komora Auditorov
Slovenia	Slovenski Inštitut Za Revizijo
South Africa	South African Institute of Chartered Accountants
Spain	Instituto de Censores Jurados de Cuentas de España
Sweden	Far
Switzerland	Treuhand-Kammer
Trinidad and Tobago	Institute of Chartered Accountants of Trinidad and Tobago
Turkey	Expert Accountants' Association of Turkey Union of Chambers of Certified Public Accountants of Turkey
Uganda	Institute of Certified Public Accountants of Uganda
United Kingdom	Association of Accounting Technicians Association of Chartered Certified Accountants

	Chartered Institute of Management Accountants
	Chartered Institute of Public Finance & Accountancy
	Institute of Chartered Accountants in England and Wales
	Institute of Financial Accountants
United States of America	American Institute of Certified Public Accountants
Uruguay	Colegio de Contadores, Economistas y Administradores del Uruguay
Uzbekistan	National Association of Accountants and Auditors of Uzbekistan

Regional Organizations

Confederation of Asian and Pacific Accountants
 Fédération des Experts Comptables Méditerranéens
 Interamerican Accounting Association
 Pan African Federation of Accountants¹

Accountancy Groupings

Fédération Internationale des Experts-Comptables Francophones
 Association of Accountancy Bodies in West Africa

¹ Application for recognition received in 2012.



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