



International  
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of Accountants®

# ENGAGING PROFESSIONAL ACCOUNTANTS IN BUSINESS

*How to Build a More Relevant PAO and Profession*

PAO Capacity Building Series

IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.

This guidance was developed with the support and input of the IFAC Professional Accountants in Business Committee.

We welcome additional case studies from PAOs who have successfully incorporated professional accountants in business into their organization and governance structure. If you would like to submit information for a possible case study, please email Stathis Gould, IFAC Head of Professional Accountants in Business ([stathisgould@ifac.org](mailto:stathisgould@ifac.org)).

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# Table of Contents

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<b>ACCOUNTANTS IN BUSINESS: PART OF OUR PROFESSION</b>	<b>5</b>
<b>THE ROLES THEY PERFORM</b>	<b>6</b>
<b>THE IMPORTANCE OF ENGAGING PROFESSIONAL ACCOUNTANTS IN BUSINESS</b>	<b>7</b>
<b>A WAY FORWARD FOR PAOS</b>	<b>8</b>
<b>ESTABLISHING YOUR PROFESSIONAL ACCOUNTANTS IN BUSINESS GROUP: STEPS AND GUIDING PRINCIPLES</b>	<b>10</b>
<b>CASE STUDY: INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b>	<b>12</b>

Professional accountants in business are a significant part of the global accountancy profession.

Working in business and industry and the public and not for profit sectors, they drive sustainable organizational success through their roles in leadership and management, finance, operations, risk and control, and stakeholder communications.

Their involvement in the accountancy profession at the global, regional, and local enhances the relevance of the profession and helps to build trust with business and government, ultimately supporting the profession's contribution to stronger economies.

Professional accountancy organizations (PAOs) often struggle to engage this constituency when professional accountants in business are not part of a PAO's governance and decision-making structure. Engagement with professional accountants in business presents a significant opportunity for your PAO to expand its reach and influence, and contribution to a stronger national economy. It also helps your PAO remain relevant to the needs of professional accountants business and those they serve.

Accountants in business enable a broader and more diverse PAO membership base, a key area of focus of all PAOs (see the PAO [Global Development Report](#) for more details).

This guidance helps PAOs support their professional accountants in business members through more direct engagement. It is part of the PAO Capacity Building Series, which includes [Establishing Governance: A Guide for Professional Accountancy Organizations](#).

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*Engaging, supporting, and developing professional accountants working in business frequently represents a missed opportunity for PAOs*

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## Accountants in Business: Part of Our Profession

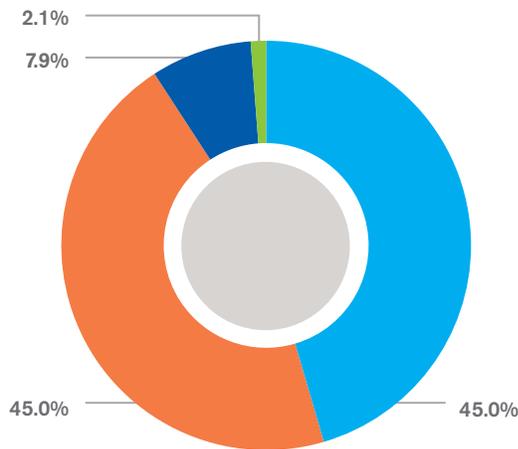
At least 1.5 million of the approximately 2.8 million professional accountants (i.e., members of IFAC member organizations) work in business and industry, the public and not-for-profit sectors, and academia/education (see [Nexus 1: The Accountancy Profession, Behind the Numbers](#) for more information on the profession). Not only do professional accountants in business represent a significant part of the global profession, they are also the fastest growing segment.

PAOs operate under different legal and regulatory frameworks. Although most of the membership

of most IFAC member organizations include professional accountants from all sectors, a few PAOs focus solely on professional accountants in business and management accounting.<sup>1</sup> Others do not permit those who leave public practice for a career in business or the public sector to remain in their membership.

Most PAOs find it a challenge to remain relevant to professional accountants in business post-qualification.

IFAC PAO MEMBERSHIP, BY SECTOR 2013



Public Practice      Business and Industry      Public Sector      Academia/Education

<sup>1</sup> This includes IFAC members Chartered Institute of Management Accountants (UK); Institute of Certified Management Accountants of Sri Lanka; Institute of Cost Accountants of India; Institute of Cost and Management Accountants of Bangladesh; and Institute of Management Accountants (US), among other organizations.

## The Roles They Perform

Together with their counterparts in public practice, professional accountants working in business support the business reporting supply chain by providing decision-relevant information to internal and external stakeholders. In addition to their critical roles in reporting, many of them work to create, enable, and preserve value (for more on the varied roles, responsibilities, and contributions from accountants in business, see [Competent and Versatile: How Professional Accountants in Business Drive Sustainable Success](#)).

Professional accountants in business perform a wide range of jobs at various levels, including:

- in leadership and management, such as CEO, CFO or financial director, chief operating officer, director of governance or operations, or treasurer;
- in operations, such as a business unit controller, financial or performance analyst, cost accountant, resources manager, business support manager, or systems analyst;
- in management control, such as a business assurance, risk, or compliance manager, or internal auditor; and
- in accounting and stakeholder communications, such as a group controller, head of reporting, investor relations' manager, or financial or management accountant.

Professional accountants in business are spread over many organizations in various locations, often

in small numbers.

They represent a broad spectrum of expertise and have access to vast

information

sources, often competing for their attention.

Consequently, professional accountants often become disconnected from their PAOs—to the detriment of individual accountants, the profession, the PAO, and—ultimately—the public interest.

If not actively addressed this disconnect presents the profession and PAOs with challenges that include:

- diminishing influence in society, given professional accountants in business' contribution to better governed, managed, and more transparent organizations;
- a narrow public perception of the relevance of PAOs and professional accountants;
- members that do not have the broader skills and competencies needed to perform in “business partner” roles in organizations; and
- other professional organizations stepping in to fill the void.

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*Engaging professional accountants in business presents a practical challenge since they are scattered over many organizations and locations, often in small numbers*

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# The Importance of Engaging Professional Accountants in Business

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It can be challenging for PAOs to mobilize and connect with accountants in business as a collective and identifiable group. But there are many benefits for both the profession and your PAO by meaningfully engaging with and supporting professional accountants in business.

- For your PAO and local profession
  - Increased relevance through new ideas for member development and support created by drawing new skills and experiences into the governance of your PAO
  - Stronger relationships between your PAO and the business community and public sector, which can lead to creating competency frameworks that address the needs of employers
  - Elevated status and reputation for your PAO's designation and those who hold it when senior business and finance leaders who are professional accountants become PAO members and role models
  - Talented students attracted to accountancy through the opportunity of pursuing varied and interesting career paths
  - Amplified influence and a stronger reputation with government bodies and regulators, which can increase your PAO's ability to advocate for market and business friendly standards and regulation
- For the economy and society
  - Higher standards of ethical behavior in organizations leading to increased confidence in financial and business reporting in the public and private sectors, and anti-fraud and corruption measures
  - Increased confidence driven by wider adoption of best business practices and improved engagement on business-critical

issues between professional accountants in business, regulators, and government bodies

- Improved financial literacy in business and society more broadly
- A greater contribution from the profession to the international development agenda, as represented by the UN Sustainable Development Goals
- For professional accountants in business
  - Opportunities to share industry best practices and facilitate networking, and influence public policy and regulation at the local, regional, and global levels by leveraging the diversity of accountants in business members' experiences and expertise
  - Network of support for those transitioning from working in public practice to working in the public/private sectors and vice versa
  - More relevant continuing professional development and member service activities, such as mentoring
- For the global profession
  - Stronger communication and connection with the profession globally, which provides opportunities to establish effective conduits and forums to share ideas between PAOs, government, and the profession.

These benefits are difficult to realize without engaging those members of the profession that work in the public and private sectors—and incorporating them into your PAO's governance and affairs. We recommend considering the benefits of change, or advocating for change. Ultimately, engaging accountants in business will lead to a more unified profession that more fully contributes to the development of the profession and improving its ability to serve the public interest and society.

## A Way Forward for PAOs

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Engage

Integrate

Establish group

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A strong and well-governed PAO that develops and sustains a strong accountancy profession serves the public interest by creating economic stability and sustainable growth. A successful PAO gains much of its strength from the sense of identity, benefits, and rights that members derive from membership, and from the contributions that individual members and firms make.

### **Engagement with Professional Accountants in Business**

For the profession and your PAO to support and prepare professional accountants for the demands and expectations of employers and the wider business community, greater and more meaningful engagement is required. It is critical to ensure that your professional accountants in business members believe there is value in being a member—of your PAO and the profession.

To both demonstrate this value and live up to it, your PAO can integrate accountants in business and their issues and concerns into your organization, which will ultimately enhance the thinking and culture of your PAO. The most effective means of doing this is involving accountants in business in your governance structure.

### **Integration into PAO Governance**

Including professional accountants in business within your governing body (e.g., council, board,

and/or other relevant committees) is an important early step. This demonstrates your PAO is aware of the context professional accountants in business work in and ensures it is striving to adequately consider and support their needs.

### **Establish a Dedicated Group**

A next step is to establish and institutionalize a professional accountants in business forum, advisory group, or formal committee as a proactive body that is also part of your PAO's governance structure. Once created, this group can establish a sustainable infrastructure for meaningful engagement with professional accountants in business and ensure contribution and involvement with your PAO's objectives, development, and growth.

# Establishing Your Professional Accountants in Business Group: Steps and Guiding Principles

## COMMUNICATE THE BENEFITS

- Communicate with your leadership and membership to fully explain the benefits of engaging with professional accountants in business and establishing a specialized group

## FORM THE GROUP

- Formalize the group, forum, or committee through a resolution or directive of your PAO's governing body
- Identify leadership and membership for the group, perhaps PAO members who are in finance or leadership positions in their organizations
  - To ensure a diverse and balanced composition, identify members from a range of sectors, including commerce and industry, public and not-for-profit sectors, and academia as well as from any accountants in business that are already members of your PAO's governing body
  - Keep in mind the importance of appointing members who can relate to and identify the needs of professional accountants in business
- Establish clear objectives and deliverables and consider connecting to the IFAC Professional Accountants in Business Committee and its members to help ensure aligned objectives throughout the profession
- Develop terms of reference that set a clear remit and provide for regular meetings and protocols. Terms of reference can be approved by your PAO's governing body
- Consider any human resources needed to support the work of the group. Mentoring support on establishing the group might be found through IFAC and regional bodies

## SET THE GROUP'S OBJECTIVES

- Build and sustain the status and standing of accountants working in business and the public sector that hold your PAO's designation
  - For example, by promoting and supporting the contributions of professional accountants in business to high-quality financial and business reporting, and their adherence to good governance and ethical practices
- Facilitate input from accountants in business and their employers in developing a relevant curriculum and competency framework for professional accountants
- Support the professional development needs of members by creating education and training that is relevant to a career in the public and private sectors
  - A typical program that includes the needs of accountants in business might include a mix of networking events, competitions and awards, events, thought leadership and guidance on topical issues, and public policy representation on upcoming legislation and regulation
  - Providing useful professional support and guidance can also include supporting career development, such as through a structured program to support growth as finance leaders and

#### SET THE GROUP'S OBJECTIVES

providing intellectual support, resources, and tools, including access to the [IFAC Global Knowledge Gateway](#)

- Encourage a connection between the local and international professional accountants in business communities so that:
  - accountants in business have a greater connection to regional bodies and IFAC through your PAO—helping them feel a part of a global community and giving them a voice in that community;
  - ideas can be exchanged and cross-cultural dialogues facilitated on the challenges and best practices prevalent across the globe; and
  - your PAO is able to use resources from IFAC and regional bodies to develop support services for your professional accountants in business
- Provide networking opportunities and opportunities for sharing members' experiences
  - This also provides a basis for new support services, such as sharing best practices and establishing mentoring programs
- Provide an effective conduit between the PAO, government authorities, and accountants in business by:
  - identifying public policy issues faced by business and industry, for example government fiscal and tax policy, or in relation to financial reporting;
  - providing the accountant in business perspective on current practices, such as the quality and effectiveness of approaches to governance, risk management and internal control, and audit quality;
  - contributing to public and private sector development activities through advocacy, representative forums, and involvement in relevant government level committees



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## Case Study: Institute of Chartered Accountants of Pakistan

The [Institute of Chartered Accountant of Pakistan](#) (ICAP) was established in 1961 to regulate the accounting and auditing in Pakistan and grant the Chartered Accountancy qualification in the country. ICAP has grown from a few hundred members to approximately 7,000 active professionals recognized and respected globally for their technical expertise and adherence to ethics and integrity. ICAP helps to strengthen the regulatory framework in Pakistan by working in cooperation with policy makers, regulators, and the business community. ICAP members are widely recognized for their key role in reforming and building institutions, with a number of senior members serving the boards of leading public and private sector companies.

ICAP's members work across the globe in various positions in business and industry, professional practice, education, and the public sector. More than 70% of ICAP members are accountants in business and work in banking and finance, utilities, and the textile, telecom, fast-moving consumer goods, pharmaceutical, engineering, automotive, and information technology industries.

Engaging and making stronger connections with professional accountants in business members was an important challenge ICAP faced for a long time, as these members were missing from the governing structure. In 2008, the Professional Accountants in Business (PAIB) Committee was formed to engage with and develop this constituency. In 2009, a few senior members working in industry were elected to the governing council, one of whom became chair of the committee—Yacoob Suttar, CFO of the Pakistan State Oil Company. Under Mr. Suttar's leadership, ICAP launched a major campaign to engage members in industry.

The IFAC's PAIB Committee's objectives were used to frame the purpose and direction of ICAP's committee. ICAP's two mutually reinforcing objectives for service delivery to professional accountants in business are to:

- promote and contribute to the value of professional accountants in business by working on their development and increasing awareness of the important roles they play; and

- provide leadership and guidance on relevant issues pertaining to professional accountants in business and the business environment in which they work.

The ICAP PAIB Committee developed a plan of relevant initiatives and activities to support the delivery of both objectives.

Diversity on the ICAP PAIB Committee was a key requirement. Members included ICAP members working in various sectors, including engineering, oil and gas, retail, telecoms, consumer products, and the financial and public sector. With greater engagement with and awareness of professional accountants in business came increased involvement in all ICAP activities, which in turn brought increased applications for the PAIB Committee. Volunteer applications went from 13 for 2009-2010 to 59 for 2014-2015.

In just over six years, the ICAP PAIB Committee developed into a dynamic platform of, and for, finance leaders working in industry. The gradual increase in the PAIB Committee strength speaks to the successful engagement with these members by ICAP.

In addition to task forces for various PAIB Committee initiatives, the Committee has also replicated the IFAC PAIB Committee sub-group structure, thereby allowing greater engagement of professionals in different areas. These task forces and sub-groups help identify and deliver activities and projects in an efficient and effective manner. The structure also helps in ICAP PAIB Committee members working on topics or issues the IFAC Committee is also addressing, thereby:

- increasing the ICAP Committee's association with larger global community;
- improving the awareness and adoption of various global initiatives in reporting, auditing, governance, and ethics; and
- improving the quality of contribution from ICAP into the IFAC PAIB Committee.

The ICAP PAIB Committee activities now include:

- CFO conferences

Two CFO conferences (one in south Pakistan and one in north Pakistan) are held annually and considered to be the ICAP's flagship events, and the most anticipated events for members and other finance professionals. With well-developed agendas designed to provide a rich source of knowledge and experience, the conferences are very well attended with almost 1,500 attendees in 2015. 2015 also saw the launch of live streaming to enable participation by ICAP members outside of Pakistan or those unable to physically attend. More than 1,500 participants from five different continents benefited from livestreaming, the first of its kind for ICAP. ICAP also hosted a CFO conference in Dubai in 2015, where many ICAP members are located.

Additionally, workshops and training sessions on issues of importance for professional accountants in business are held regularly by PAIB Committee.

- Professional Excellence Awards: recognizing the contributions of accountants in business

Every year, the Professional Excellence Awards recognize the contributions of professional accountants in business. Submitted projects from finance and accounting teams in business and industry are evaluated by a panel of eminent industry professionals. The top three entries are lauded at the annual CFO conferences and receive a prize.

- National Finance Olympiad

In 2015, ICAP PAIB Committee, in collaboration with Unilever Pakistan, organized its first National Finance Olympiad—Pakistan's first ever competition for finance professionals working in industry, in collaboration with Unilever Pakistan. The Olympiad had teams from 28 leading organizations competing against each other. The Olympiad encourages participants to demonstrate and increase their knowledge and application of accounting, finance, and

governance standards and best practices, facilitate networking, and recognize finance talent.

Industry leaders and accounting professionals hailed the Olympiad as a significant initiative to bring finance talent into the spotlight and encourage them to discover their potential and celebrate their competence.

- Toastmasters Club

The ICAP PAIB Committee initiated the creation of the ICAP Toastmasters Club in 2014 to equip members with essential effective communication skills and help them realize their full professional potential. The Club provides a supportive and positive learning experience, empowering members to develop communication and leadership skills, resulting in greater self-confidence and personal growth.

- ICAP Mentorship Program

The ICAP PAIB Committee Mentorship Program encourages early-career members to think clearly about their career and professional development to both define their professional development goals and determine the right strategies to achieve these goals. The program helps ICAP contribute to the growth and value of its members, and, therefore, the organizations they work for.

- Development of guidance

The ICAP PAIB Committee strives to provide and promote meaningful professional support and guidance to members working in industry. Guidance has been shared on a range of topics including human resource management, credit, investments, limits/delegation of authority, procurement, and accounts payable.

- Contributing to the global profession through IFAC

The IFAC PAIB Committee includes a member from the ICAP PAIB Committee who shares ideas and experiences with other PAOs. After first serving as a member, Mr. Suttar is Deputy Chair of the IFAC PAIB Committee, 2014-2016.

**The Impact of a Vibrant ICAP PAIB Committee**

ICAP has been able to rekindle its connection with professional accountants in business through its vibrant PAIB Committee—increasing numbers of accountants in business and industry participating in ICAP's programs and volunteering for committees is a testament to ICAP's continued success.

This engagement is beneficial for ICAP, its members in business and industry, society, and the global profession.

This greater engagement has also led ICAP to be able to cater to the issues of accountants in business and industry and facilitate their professional development and growth.

For ICAP, including accountants in business' perspectives in policies, including education, training, governance, and more, brings a broader outlook, innovation, and practical insight, thereby improving quality in all spheres of ICAP operations.

With both ICAP and accountants in business engaged, ties with the industry are automatically strengthened, allowing effective coordination on common opportunities and challenges.

*For additional information on the ICAP PAIB Committee, see IFAC Compliance Advisory Panel member Khalid Rahman's [presentation during a workshop](#).*

*We welcome additional case studies from PAOs who have successfully incorporated professional accountants in business into their organization and governance structure. If you would like to submit information for a possible case study, please email Stathis Gould, IFAC Head of Professional Accountants in Business ([stathisgould@ifac.org](mailto:stathisgould@ifac.org)).*



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