SUPPORTING ACCOUNTANTS IN BUSINESS & PUBLIC SECTOR THROUGH UNCERTAIN TIMES

IFAC International Federation of Accountants®

Message from Sanjay Rughani, IFAC Professional Accountants in Business Committee Chair

Like so many other meetings around the world, our recent PAIB Committee meeting, due to be held in Amsterdam, had to shift to a virtual format. The coronavirus (COVID-19) pandemic brings with it a wave of change for us all. Business as 'usual' across the accountancy profession is not an option.

For IFAC, it means a different way of working and connecting, maximizing virtual engagement with its members (professional accountancy organizations, PAOs) and other stakeholders globally, and finding ways to support PAOs through this crisis and the challenging times ahead.

For PAOs, it means supporting members and students working across sectors and industries, and in organizations of all sizes, providing updates on the latest government assistance, regulatory changes and other COVID-19 related guidance and resources. In many jurisdictions, PAOs have also been actively lobbying governments during this pandemic, advocating on behalf of finance and accounting professionals and the organizations they serve. This is all while having to adjust their own operating models, cancel or postpone all in-person activities, including events and conferences, continuing professional development (CPD) activities and examinations, and move to online service delivery.

And for professional accountants in business (PAIBs), myself included, we have to step up and play a leading role in supporting our organizations through this uncertain time, dealing with both short-term crisis management and the longer-term road to stability and recovery. As a CEO in the banking sector, I am turning to my CFO and finance team for support in areas such as risk assessment and stress scenario planning, assessing vendor continuity, liquidity and cash flow management, assessing foreign currency stress, exploring what can be hedged, and daily analysis on financials to better understand trends.

Unchanged in these new times are our priorities to maintain an attractive profession, support more relevant and effective learning and development, and help professional accountants enable sustainable business. Now more than ever, across the profession, we must optimize our strength and resourcefulness and maximize collaboration. The PAIB Committee embraced these values during our two-day virtual meet, making the most of our time together to focus on key topics of relevance and importance to PAIBs.

Central to our agenda, we continued to explore accounting for value creation and integrated thinking, as well as key areas of data relevant to PAIBs. We heard views from the recruitment market on accounting careers and sought-after skills and capabilities, and we started to explore approaches to learning and professional development (particularly for CPD). We also discussed innovation in public sector finance and accounting and learnt about efforts to increase PAIB membership in Japan.

I believe that through our new virtual way of working, we can maintain momentum and drive forward the key areas of our PAIB agenda covered in this report.

Stay well and blessed.

Sanjay Rughani

Chair

IFAC Professional Accountants in Business Committee

Contents

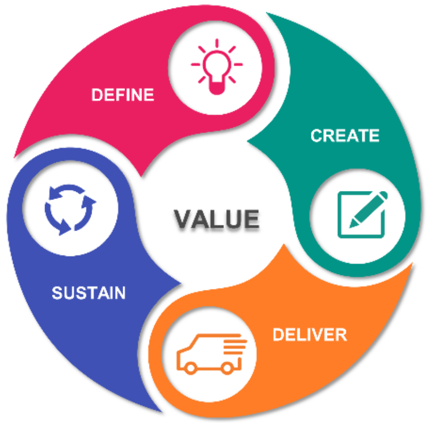
Value Creation and Integrated Thinking

Value creation is a critical platform for the future relevance of accountants and the attractiveness of accountancy as a profession. It is the foundation for integrated thinking and reporting which are the basis for decision making and effective communication that brings together a range of factors which affect an organization's ability to create and protect value over time.

While accounting for the balance sheet will always remain important, not least in preparing for and navigating difficult times, performance and value cannot be adequately captured and measured in financial terms by the balance sheet or by financial shareholder value metrics. Success requires creating value for all stakeholders, not just shareholders, and involves addressing expectations related to sustainability and social impact.

In the current crisis, organizations are primarily focused on how to adapt their operational and business models to respond to, and get ahead of, the COVID-19 crisis, as well as how to protect the interests of their key stakeholders and create social impact. Today's crisis shows more than ever the need for multi-capitals and connected thinking that leads to a broader value creation that benefits everyone (Crisis with a legacy: can we build something better?).

To become effective business partners, the CFO and finance function need to ensure that all relevant information around performance, opportunities, risks, and trade-offs is available to internal decision makers and to capital providers. Too often, the feedback from organizations implementing integrated thinking and reporting is that the finance function is not always proactively involved. A significant challenge for CFOs and finance functions is shifting mindset and focus beyond traditional financial reporting and investor perspectives. Digitalization and data provide a significant opportunity for the finance function to enhance their business partnership and to provide valuable insights on factors driving performance and value (see A Vision for the CFO and Finance Function).



A key aspect of our thinking has been on operationalizing an approach to accounting for value creation through a management process of defining, creating, delivering and sustaining value. These components help to build a complete picture of what value creation means and how value is delivered to stakeholders incorporating:

- How value is ***defined*** by customers, investors and other stakeholders. This involves stakeholder engagement and provides the basis for identifying value creating topics and connecting purpose to stakeholder outcomes and measures of success
- How value is ***created*** through the organization's purpose, strategy and business model taking into account all resources, capitals, and relationships in an integrated way. Key questions include:
  - How do products/services meet customer needs and respond to societal challenges?
  - Who are our critical partners and collaborators in value creation?
  - How are resources allocated to meet objectives?
  - How are trade-offs between stakeholder interests managed?

- How value is ***delivered*** to customers, governments and society through responsible products and services, and channels to market, all at an appropriate cost and price. The way value is being delivered is changing rapidly through technology, digital and data, and in the current environment, operating virtually.

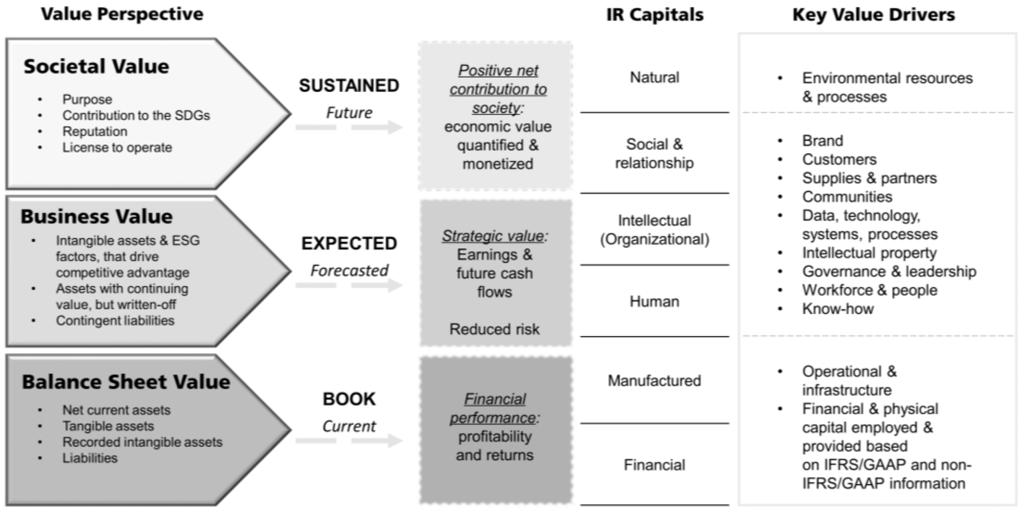
- How value is ***sustained*** and captured by appropriate reinvestment and distribution to shareholders and wider society. Ideally, there needs to be a balanced approach between the retention of value derived by the organization and the distribution of value to its stakeholders aligned to its purpose and value objectives.

The second aspect of our thinking is around providing information on how value is created, both today and in the future, using a comprehensive performance and value scorecard combining three linked value creation perspectives: traditional accounting perspective captured by the balance sheet, an investor's perspective captured by expected business value, and society's perspective represented by positive and negative impacts on stakeholders (*see working diagram below*). Connecting these three value perspectives allows for relevant information, factors, and issues to be integrated in a way that both the organization and investors consider to be material to financial performance and risk and relevant to value creation over time.

Consequently, the way performance and value are measured and tracked will be multi-dimensional with various types of metrics, KPIs and monetized information needed to track drivers of value creation and impacts. Relevant information might already be incorporated, at least to some extent, in current management scorecards and dashboards such as a balanced scorecard.

To be at the heart of accounting for value creation, it is important for CFOs and their teams, with their view of the whole organization, to deliver an improved understanding of how value is created and shared with stakeholders, and to communicate value creation in an integrated way.

Understanding Value Beyond the Balance Sheet



PAO Resource

[Value Creation Decisions and Measurement Primer]

CPA Canada has initiated a project to explore ways in which the CPA Profession could transform itself to include a strong focus on value creation. This primer explores fundamental concepts and definitions of value creation underpinning their work.

➢ Case Study: ABN AMRO

Tjeerd Krumpelman, Global Head of Advisory, Reporting & Engagement presented on ABN AMRO's experience of integrated thinking and reporting. ABN AMRO is a Dutch based bank with around 20,000 employees.

Achieving long-term value creation is enabled by both integrated thinking and reporting. In terms of the journey, some organizations start with integrated thinking and others initially focus their efforts on their reporting. ABN AMRO's starting point in 2015 was integrated reporting and using the guiding integrating reporting principles in the International Integrated Reporting Framework to enhance their reporting and communication on value creation.

ABN AMRO uses the core and more approach to reporting which allows for a more targeted approach to concisely telling its story and addressing the interests from different stakeholder groups. The Integrated Annual Review is their core report concisely bringing together relevant information on how the bank creates value for various stakeholders. Additional 'more' reports include a suite of reports and disclosures including the annual financial report, SDG report, human rights report, and an impact report. This reporting approach is based on targeting different stakeholders with specific information that they are seeking.

ABN AMRO's journey has since evolved to focus on integrated thinking. A bank-wide integrated thinking community was established in 2017 and comes together every quarter. This group identifies, monitors and reports on value-creating topics (currently around 35 significant value creating topics) for which different functions and teams are responsible e.g., human resources for human capital information. As a result of this greater internal connectivity, pre-financial information is increasingly integrated and used across the bank to make better decisions related to long-term value creation.

Although initially slow to become actively involved in the process, the finance team has become a critical part of the community providing needed data and support.

Value creating topics and indicators evolve over time, so integrated thinking is a continuous and dynamic process – what was relevant historically may not be as relevant today or in the future – and can change quickly according to external events and trends.

The benefits of integrated thinking and reporting to the Bank

- Enhancing management reporting by incorporating relevant pre-financial evidence-based information that provide insights on where the company is heading;
- Aligning the strategic risk assessment and risk reporting to the value creation and materiality process; and
- Aligning management and risk reporting to the annual integrated review and external reporting process.

"At ABN AMRO, we consider financial and non-financial value to be equally important. The process of creating an Integrated Annual Review works like a management tool: it raises questions, introduces discipline, and gives us insight into the value we have created in the previous year and what steps we need to take in order to keep creating sustainable value for all our stakeholders. Our integrated reporting helps make this value transparent."

From value creation to impact

A challenge in measuring value creation is evaluating whether value is being created or destroyed, and whether all relevant stakeholders and capitals are being taken into account in decision making and reporting.

To make the concept of value creation more actionable, ABN AMRO emphasizes the need to measure, report and steer on value creation for all stakeholders. This involves measuring and monetizing impacts.

Their Impact Report (2019) captures ABN AMRO's positive and negative impacts on relevant stakeholders (clients, employees, investors and society) across the six capitals captured in the International Integrated Reporting Framework. Impacts are summarized in an integrated profit and loss report.

Ultimately, the goal is to incorporate this information to steer the organization towards creating greater positive impacts and minimizing negative impacts. The approach helps to highlight trade-offs between stakeholders and make decisions on how to create greater positive impacts. For example, the opportunity to create significant positive social value in the current crisis is being achieved by suspending loan payments. The implications of this can be tracked through impact measurement.

ABN AMRO's approach is evolving and is based on an open source methodology that includes definitions and assumptions. Although challenging, ABN AMRO is finding that monetization of impacts is helpful for decision making and communication and is an opportunity to connect a range of functions into discussions on the overall value creation approach linked to the Bank's objectives.

Tjeerd is also chair of the IIRC Special Interest Group on Integrated Thinking and Strategy which recently released Integrated Thinking and Strategy State of Play Report.

Accountancy Careers and Roles

Careers in accountancy are evolving. With shifting demands on the finance function, the nature of work undertaken by finance and accounting professionals is changing. Accountants are having to re-invent themselves to be more 'marketable' and to better fulfill business and commercial facing roles.

To better understand views from the recruitment market on what employers are looking for in professional candidates, two recruitment specialists shared their insights, focusing on global talent trends (as well as trends in the Asian market), the desired skills for finance and accounting professionals, and the implications for learning and professional development.

Finance leadership – what really matters

Ritu Kochhar, *Partner, Spencer Stuart (Mumbai)*

Spencer Stuart research has identified 6 capabilities that account for 85% of any executive role. For CFO hires, employers look for a combination of competencies and experiences.

These will ultimately be determined by the requirements of a specific situation. As a guide for executive recruitment, Spencer Stuart has created a leadership framework with four key areas to consider: business context; current and potential capability; character and interpersonal style; and outcomes.

Ritu emphasized that candidates can have the best knowledge and skills, with strong strategic capabilities, but key to the long-term success for any CFO in any environment is cultural alignment.

Ritu also shared with the committee insights from the recruitment market in Asia, as well as results of global research on CFO recruitment, sharing insights on factors such as previous CFO experience, internal vs external hires, average CFO tenure, gender, age, and nationality. READ MORE

Global recruitment trends

Fiona Wilson, *Managing Director and Headhunter, FJWilson Talent Services*

Based on global research, Fiona shared perspectives at both the professional executive level, and more specifically for accounting and finance.

There are chronic shortages of accounting and finance professionals with the right blend of technical, business and soft skills. In high demand are professionals with skills to enable broader value creation (i.e. to be partners or advisors in business transformation), including:

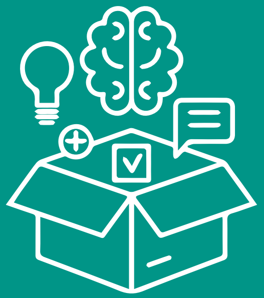
- Higher level cognitive skills - complex problem solving; critical thinking; cognitive flexibility; strategic thinking; innovative thinking; evaluation and decision making.
- Skills for collaboration and relationship building - emotional intelligence; service orientation; negotiation; communication.

With 5 generations currently in the workplace, candidate expectations are also changing. READ MORE

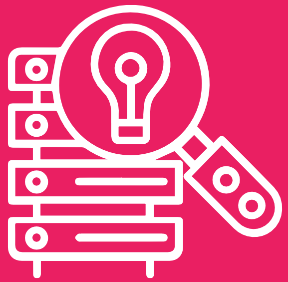
Implications for the profession

There is a need to focus on fostering an attractive profession to potential students, and to employers by positioning accountants as knowledgeable professionals critical to value creation.

Given the proliferation of choice in terms of continuing professional development (CPD), PAOs need to help individuals navigate their options, for example through competency and career frameworks.



A deliberate effort is needed by PAOs and educators to provide training and development in emerging areas, along with innovative approaches to delivering support to accountants e.g., learning resources, and support groups.



Education and learning should be data-driven recognizing employer / stakeholder expectations and demand.

PAOs and other accountancy educators need to cultivate an ongoing learning mindset philosophy among their members.

Learning and Professional Development

Education needs for accountants, particularly when it comes to CPD, continue to shift from a focus on technical skills to supporting development of professional skills. As sought-after skills and competencies for accountants continually expand, there is pressure on PAOs and other accountancy education providers to rethink traditional learning and education approaches.

Accountancy education core remains valid with new knowledge areas incorporated, but it cannot cover everything in-depth. More options are needed at the professional level of education for more effective and relevant CPD. Balance is also needed between formal and structured education, lifelong learning, and social and community-based peer-to-peer approaches.

Organizations seek to develop teams of people with different and compatible skills and competencies. It is important for individuals to understand the level of knowledge and the skills and competencies needed for their current or desired roles, while recognizing that it is not possible or necessary to be an expert in all areas.

The committee heard an example approach to support individuals in creating a learning outcomes-based action plan from Prof. dr. Eddy Vaassen, who shared an overview of a vision and maturity model for finance professionals developed with the Royal NBA in the Netherlands, aimed at maturing the profession (see page 11).

Competency frameworks can also be useful for helping accountants self-assess and guide professional development. Comprehensively mapping out areas of expertise can be helpful. These may include governance, risk and compliance, performance management, finance operations and reporting, and strategy, as well as incorporating other areas like corporate finance, accounting for value creation, and soft skills.

Such approaches must also cover various perspectives, recognizing career paths are changing and do not necessarily always move from junior to senior roles.

> "Skills required by employers are evolving in a rapidly changing world. Desired skills are a moving target and therefore, there is a need for continual learning."

PAO Resource

ACCA Future ready: accountancy careers in the 2020s

This report draws on ACCA's collective research, and sets out 20 trends shaping future careers, as well as the implications for individuals navigating their own future careers.

A Finance Professional Maturity Model

Prof. dr. Eddy Vaassen RA, *Tilburg University | Erasmus University Rotterdam*

Individuals can use the finance professional maturity model to complete a self-assessment, the results of which can serve as the starting point for their CPD portfolio based on learning outcomes.

The maturity model is based on a vision, first created in 2014 and subsequently updated and simplified in 2017, which sets out a model of the finance professional, comprising of 5 components:

- The **level** at which the finance professional operates (strategy formulation; strategy implementation)
- The **perspective** from which the finance professional performs their role (business; information & data; IT)
- The **roles** that the finance professional can perform (sensor; navigator; coach; analyst; gatekeeper)
- The **areas of expertise** that the finance professional focuses on (governance, risk & compliance; performance management, finance operations & reporting; strategy)
- **Value preservation** (important, but does not lead to superior performance - 'hygiene factors') and **value creation** (increasing the value of an organization)

This model of the finance professional was then used as a basis for developing the finance professional maturity model in 2019, with input from roundtables, a symposium, and a survey. The model is based around 4 profiles:

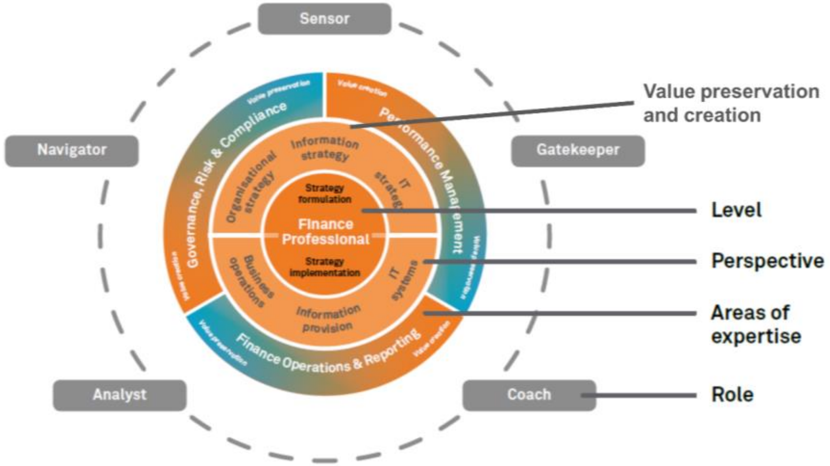
Starter – newly qualified professional accountant, limited experience (3 years minimum)

Supporter – mainly executes delegated tasks within the business domain

Manager – independently makes decisions (solely in the business domain) – value preservation

Partner – financial co-pilot (e.g. CFO, financial controller), participates in strategic decision making – value creation

The maturity model links the professional profile to career paths, allowing individuals to assess where they are now and ascertain where they want to be. Individuals will also need to consider what they need to accomplish to meet their desired future, what help they need from others, and a timeframe. To complete the assessment, individuals answer a series of questions that combine 2 variables (for example on roles: "Are you a navigator or a sensor?"). Using a statistical method, the model provides a score between 0 and 1 for each of the five components of the model, ranking the importance of each criterion. A second component of the assessment measures competencies.



01
02
03
04
05
06

Key Areas of Data for PAIBs

Previous PAIB Committee discussions on data have predominantly been through the lens of the CFO and their finance teams who, given their view across an organization, are uniquely positioned to play a pivotal role in harnessing and managing data. A role that, as organizations increasingly rely on data-driven decisions for their success and growth, is crucially important to ensure future relevance of accountants as value-adding partners to the business.

However, it is important to recognize that ownership, governance, and responsibilities for data transcend functions and business units within an organization. And also, that PAIBs themselves often work in roles outside of the finance function, for example in governance roles on boards and audit committees, and in roles directly within the business.

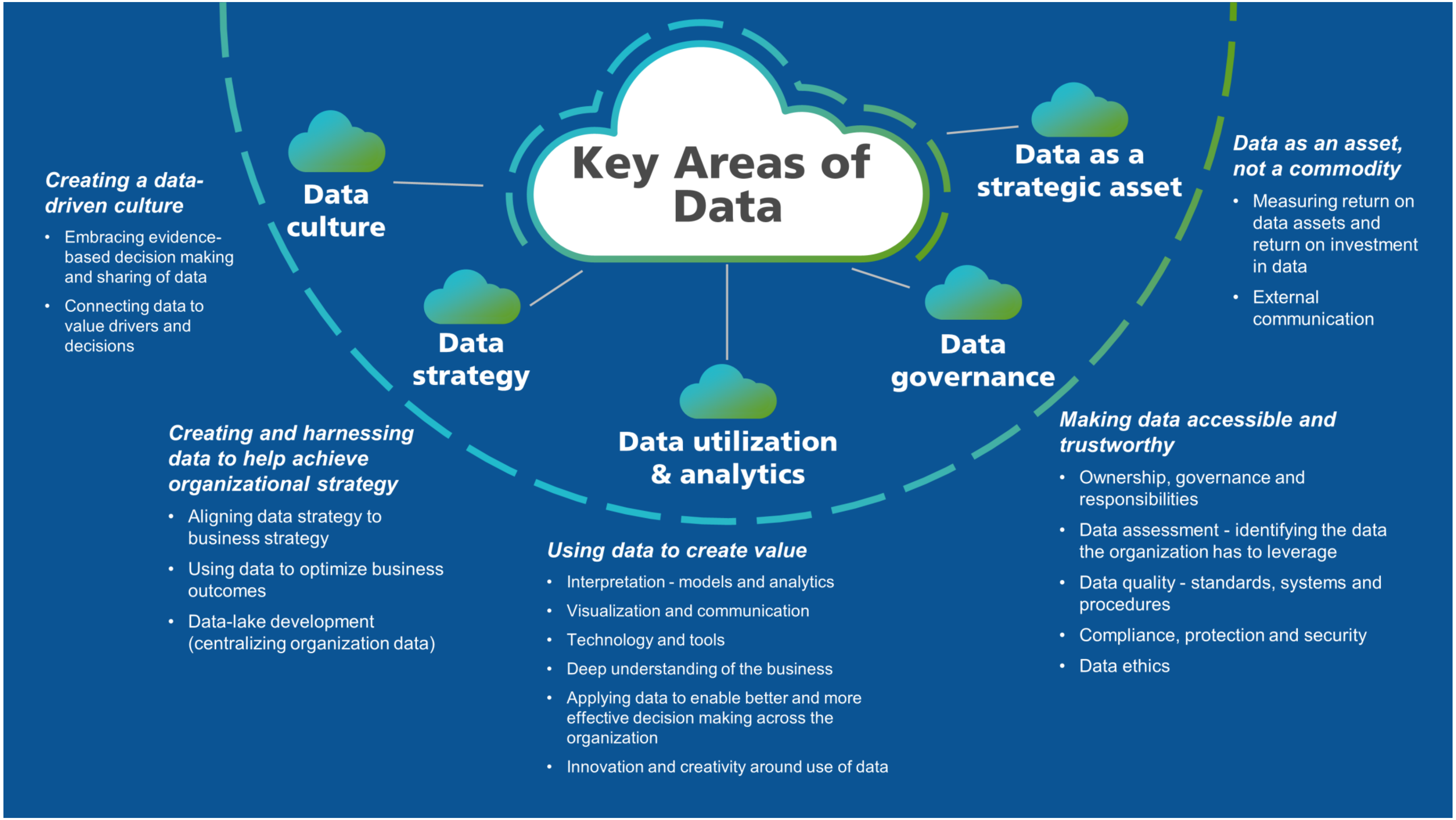
Resources from previous PAIB Committee sessions on data

- **Data analytics** *(pg. 22 – 24)*
- **Building data science and analytics capabilities**
- **Leveraging the value of data**
- **Data modeling beyond financial accounting and reporting** *(pg. 25)*

Though recognized as one of the most important resources, many organizations are still struggling to get the basics right when it comes to data collection and management (beyond the financial data). Some of the practical challenges that PAIB Committee members have experienced in their own organizations include:

- Obtaining and collating data with numerous sources and systems
- Cleaning legacy data and ensuring the integrity of data collected
- Encountering data siloes within the organization
- Changing behaviors and attitudes to data across the organization
- Identifying the most important data from the masses of data collected
- Building data skills and competencies

The PAIB Committee discussed five ***key areas of data*** (*see diagram on page 13*) that PAIBs should be aware of and contribute to. IFAC will use this as a framing to collate and communicate existing guidance and resources from PAOs and others, and to identify any gap areas for future focus.


Key Areas of Data
Data culture
Creating a data-driven culture
• Embracing evidence-based decision making and sharing of data
• Connecting data to value drivers and decisions
Data strategy
Creating and harnessing data to help achieve organizational strategy
• Aligning data strategy to business strategy
• Using data to optimize business outcomes
• Data-lake development (centralizing organization data)
Data utilization & analytics
Using data to create value
• Interpretation - models and analytics
• Visualization and communication
• Technology and tools
• Deep understanding of the business
• Applying data to enable better and more effective decision making across the organization
• Innovation and creativity around use of data
Data governance
Making data accessible and trustworthy
• Ownership, governance and responsibilities
• Data assessment - identifying the data the organization has to leverage
• Data quality - standards, systems and procedures
• Compliance, protection and security
• Data ethics
Data as a strategic asset
Data as an asset, not a commodity
• Measuring return on data assets and return on investment in data
• External communication

In meeting today's complex challenges, more radical forms of innovation in the public sector are needed. That was one of the key messages from Alex Metcalfe, Head of Public Sector Policy at ACCA, who shared with the committee findings from ACCA's recent research *Innovation in public finance*.

The committee also heard from new member Margaret Muinde, Financial Controller at Kenya Roads Board on the opportunities and challenges for public finance professionals in helping shape innovation in their organizations, as well as their training and development needs.

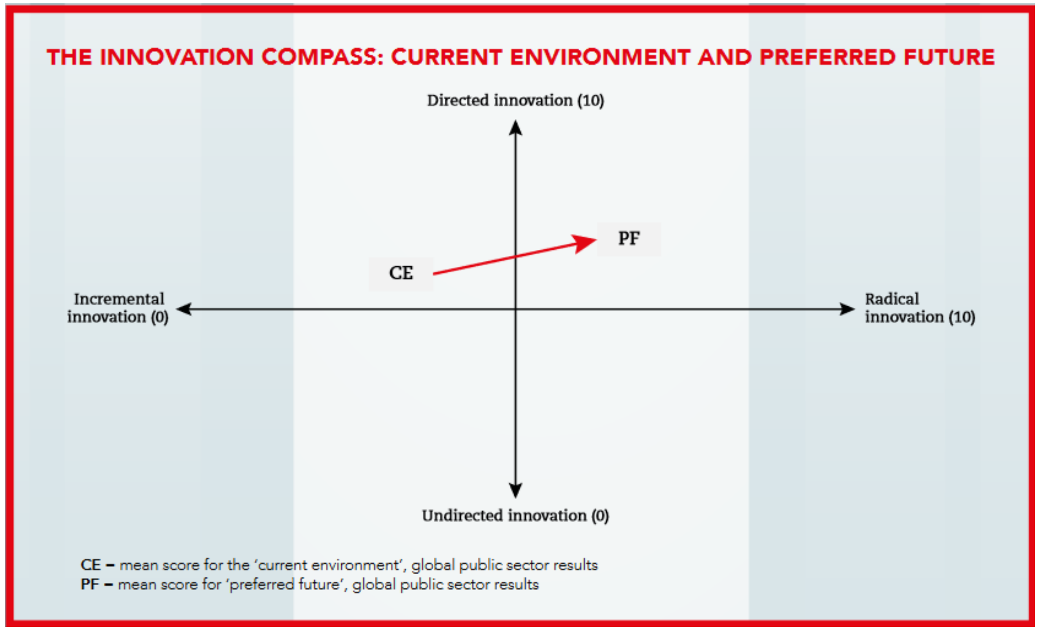
Innovation in public finance

Alex Metcalfe, *Head of Public Sector Policy, ACCA*

ACCA's research *Innovation in public finance*, is comprised of a member survey with 4,500 responses from over 100 countries, focused online panel discussions, expert interviews and a comprehensive literature review.

Innovation in the public sector is defined in the report as a change or initiative that was ***new*** to the context, had been ***implemented***, and sought to improve ***public value.*** Using this definition, the survey results suggest that innovation is just as likely in the public sector as in the private sector, with 91% of respondents in the public sector indicating that innovation had happened in their organizations in the last 12 months, compared with 89% in the private sector.

ACCA developed the innovation compass to map the types of innovation happening currently, as well as innovation desired in the future.



The compass maps two variables of innovation:

- **Directed** (top down management led) vs **undirected** (bottom up grass root level change)
- **Incremental** (minor changes) vs **radical** (fundamental reorganization)

Currently, most innovation is incremental and directed.

The main challenges respondents in the public sector thought required innovation were skills and talent shortages, budget reductions, regulatory compliance, technological disruption, and public trust. Surprisingly, systemic issues such as demographic change and climate change didn't rank highly (12% and 7% respectively). The preferred future to meet the main challenges, is a shift from incremental to more direct forms of radical innovation. Radical is defined by:

- Large-scale changes to systems;
- Fundamental reorganization of the ways value is created in an organization; or
- Substantial reallocation of power between public managers, professionals, the public, and politicians.

Unique challenges for the public sector:

- Maintaining a stable environment while innovating
- First-mover disadvantage (where innovative practices succeed, there can be system-wide benefits for the public sector. But the first organization to experiment with new initiatives carries the inherent risk of individual high-profile failure)
- The challenge of diffusion (what may work well in one context, may not work well in another).

Enabling innovation in public sector organizations requires the finance function, with its capacity to work effectively across functions, to play a critical role.

> "75% of radical innovators in the public sector, have a finance function that is leading, or working jointly with other teams, on innovation."

➢ Case Study: Kenya Roads Board

Margaret Muinde, *Financial Controller, Kenya Roads Board*

About [Kenya Roads Board] (KRB):

- State Corporation established by an Act of Parliament, KRB Act, 1999
- Oversees, maintains and develops the road network in Kenya (161,451 km plus an estimated additional 85,000 km)
- Main source of funding from road maintenance levy fund USD 762 million/year

Current finance function responsibilities

- Strategy formulation, implementation and reporting
- Risk management
- Resource mobilization, monitoring and safeguarding
- Business advisory (review of fuel levy rates, charges on road related activities, identifying appropriate and sustainable sources of revenue (innovative financing), investment appraisals
- Governance and compliance with laws, regulations, circulars and policies/guidelines
- Budgeting and cost control
- Treasury management
- Reporting – financial and non-financial reports (in compliance with IPSASs and other reporting standards)
- Setting and enforcing effective and efficient financial controls, procedures and processes
- Custodian of assets, financial resources, documents, records and data.

Training and development needs for public sector accountants

- International Public Sector Standards (IPSASs) and public finance management
- Integrated thinking and reporting and SDGs reporting
- Data governance, management and analytics
- Enterprise risk management
- Governance and ethics

Opportunities and Challenges for Kenya Roads Board's Finance Function

Challenges

- Inadequate funding for road maintenance and development needs
- Restrictions/limitations of budget for innovation
- Technology – lack of systems integration
- Change management and aligning people with new operating models
- Demonstrating value for money
- Changing role of accountants

Opportunities

- Digitally enabling the finance function
- Innovative and sustainable financing
- Finance business partnering – aligning strategy and priorities to operational execution and resource allocation
- Broad-based information and analysis beyond the financials
- Understanding value creation through integrated reporting using the 6 capitals

Support for PAOs expanding their membership

Numerous PAOs are seeking to broaden their membership beyond those members working in public practice to also include accountants working in the private and public sectors. Various opportunities and challenges exist for those PAOs on this journey to broadening their membership.

PAIB Committee member, Ichiro Waki provided insights on the Japanese Institute of CPAs experiences in the context of business and accounting practices in Japan (*see case study on page 19).*

In addition to the resources that IFAC has already provided (see pullout box) to help PAOs think about incorporating a PAIB perspective into their governance, strategy and plans, IFAC is considering additional actions to assist its members including:

- Communicating to PAOs why expanding membership is beneficial
- New advocacy efforts to support PAOs in communicating to employers and other stakeholders the benefits that professional accountants bring to the public and private sectors. Various PAOs have suggested that it is important to highlight:
    - The broader skillset of accountants beyond audit and tax
    - The relationship between the involvement of PAIBs in finance functions and positive business outcomes in terms of traditional areas such as enhancing profitability, as well as in new areas such as integrated thinking and reporting
- Leveraging existing IFAC and PAO publications and activities such as through localization and translation of content to help them support PAIB members.

The PAIB Committee also considered actions that might enhance the local relevancy of PAIB related outputs. It will be important to take forward discussions with specific regional and national bodies to identify targeted activities that would be useful in different jurisdictions. Although the PAIB Committee is a forum for sharing and developing thinking on global best practices, different PAOs and jurisdictions are at different stages of development and maturity with varying needs of support.

IFAC Resources

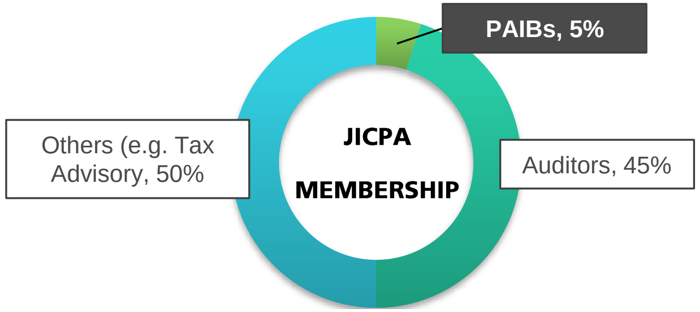
In 2018, a Self-Assessment Evaluation Tool for PAOs was launched to help them identify where to develop capacity in those aspects of governance, strategy, planning, and member and stakeholder engagement that can lead to growth in activities and services valued by members working in business.

In 2016, guidance was issued on Engaging Professional Accountants in Business: How to Build a More Relevant PAO and Profession

Increasing PAIB membership in Japan

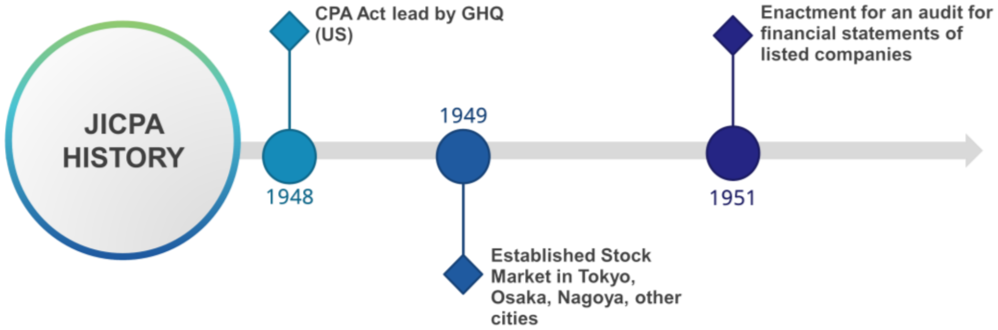
Ichiro Waki, Executive Board Member of JICPA

Historically, the main role of CPA in Japan has been "audit." Currently, the PAIB membership of the JICPA is at around 5% of its total membership of over 37,000 members and is increasing year on year.



The recent increase in demand for CPAs working in business is mainly driven by:

- Convergence to international financial reporting standards
- The need for better engagement and communication with auditors
- To improve governance practices, particularly in relation to combatting fraud
- To support specific events such as IPOs and mergers and acquisitions.



The historical and cultural context of the role of CFOs and finance functions in Japanese companies has generally been focused on managing debt finance and relationships with debtors such as banks rather than raising equity. CFO and finance function roles have historically been viewed as providing specialist services focused primarily on accounting and treasury rather than being a business partner working across functions to support strategy and operations. CFOs of traditional large businesses typically have a general management background. The implementation of emerging areas such as integrated reporting is typically being led by business planning departments.

The positioning of CFOs and their finance functions is starting to evolve in some organizations towards supporting business units and other functions with decision making and taking actions such as profitability improvement. Furthermore, with an increasing number of newly listed companies on the Tokyo Stock Exchange being small or medium-sized enterprises who need to adopt more mature governance and reporting practices, more opportunities are arising for accountants to develop their careers in business.

In responding to the increase in its PAIB members, the JICPA is prioritizing

- Evolving its education and training to enhance skills, particularly focusing on supporting the acquisition of skills and knowledge needed for a career beyond audit
- Networking among members
- Advocating and marketing the value of CPAs in business to expand career opportunities
- Evolving its member registration system.

@IFAC

IFAC

International Federation of Accountants

For more information about IFAC please contact:

IFAC
529 Fifth Avenue
New York, NY 10017 USA
+1 (212) 286-9344

ISBN: