



Think Ahead

PROFESSIONAL ACCOUNTANTS AT THE HEART OF SUSTAINABLE ORGANISATIONS



About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **233,000** members and **536,000** future members based in **178** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in **our purpose**. In December 2020, we made commitments to the **UN Sustainable Development Goals** which we are measuring and will report on in our annual integrated report.

We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation.

Find out more at [accaglobal.com](https://www.accaglobal.com)



About this report:

This report explores the future of the accountancy profession, examining the drivers of change shaping sustainable organisations as we look ahead, and the next decade of work for finance professionals as well as the capabilities and the skills most prized.

Building on ACCA's global research programme over the past two years it also includes a survey of over two thousand responses of finance professionals further enriched by a wide ranging and extensive engagement programme of roundtables, interviews and focus groups across the globe which explored further the drivers of change, as well as informing the core capabilities needed in the future for professional accountants in whatever role they perform.

In the decade ahead, this is the professional accountant playing an integral role at the heart of sustainable organisations of the future as the sustainable business and finance professional.

ACCA foreword



Helen Brand
Chief executive, ACCA

This is the decade of the professional accountant as the sustainable business and finance professional, with a vital role to play in driving positive change – it’s an opportunity the profession has to grasp.

The amount of change we’re seeing across global markets in the wake of the Covid-19 crisis is unprecedented, and many of the trends that were already developing prior to the onset of the pandemic are accelerating.

This new research identifies five dynamic areas of change over the next decade that will affect how organisations – from SMEs to large corporates to public sector bodies – seek to deliver long term, sustainable value. All of this is compounded by the very significant challenges presented by the growing environmental emergency.

These changes will indelibly impact and shape the role of the professional accountant as the sustainable business and finance professional as they help organisations navigate through these challenges.

The Covid-19 crisis has also put a spotlight on systemic societal challenges across the world which demand new thinking and recast the role of business within society. Organisations of all sizes must also continue to grapple with accelerating technological and extensive workforce change.

Yet these developments also present brilliant opportunities for the accountancy profession over the coming years. A future path ahead that reinforces and widens the role of professional accountants, and opens new doors.

Sustainable business and finance professionals will be essential in helping organisations in all sectors create long term value that benefits all stakeholders, playing their part in building a more prosperous future for wider society. From driving good business decision-making, as business leaders, partners and analysts, and helping to execute better strategies and activities that deliver more sustainable value, through to championing the ESG agenda. From emerging practices in audit that help strengthen the integrity of business performance, through to evolving assurance practices that support organisations in grappling with the challenges of climate change.

The role of the sustainable business and finance professional in all organisations of the future will be vital. And as this research shows, to capitalise on new opportunities, they’ll need to be equipped with a number of core emerging capabilities – must-have skills and behaviours that are essential across all roles and at any career stage in the future which underpin professional competence and effective performance.

Global engagement

In developing this research and identifying the drivers of change and core capabilities needed for the future ACCA undertook an extensive global engagement process starting in October 2020. This included roundtables, focus groups, consultations with ACCA expert groups and interviews held across the world. These activities were supplemented by a global member survey and qualitative research. We would like to thank everyone for their participation in these engagements that have supported the production of this report.

Roundtable, focus group and interview locations:

North America (US and Canada)
MESA (Middle East and South Asia)
Western Europe
Ireland
UK
Sri Lanka
Africa
Central & Eastern Europe
China
ASEAN
India
Singapore
Malaysia
Nigeria
Pakistan
Turkey
Vietnam



ACCA Technical expert groups:

Accountants for Business Global Forum and
Technology Global Forum (joint session)
Sustainability Global Forum
Public Sector Global Forum
SME Global Forum
Expert group – audit and tax
Expert group –
performance management
Expert group – financial
and risk management
Expert group – corporate
and business reporting
Talent and HR leader
Leaders of tomorrow roundtable

Preface

It isn't the future we perhaps expected when we last wrote a report envisioning what lay ahead for the accountancy profession in 2016. Who could have predicted this? Not many did, in truth. As the Covid-19 pandemic has raged across the planet, livelihoods have been turned upside down and governments have been rocked. It's true there have been some winners but mostly we have collectively lost; estimates abound – in trillions of dollars – of the financial impact from this unprecedented economic crisis. Beyond the money, the true social and health fallout is incalculable. As always, the poorest have been worst hit.

But perhaps not all is lost. The Covid-19 (SARS-CoV-2) crisis has reminded us of the role of business in society: organisations large and small will play an essential role in forging a better world for the longer term beyond the ravages of the pandemic. There is a growing appetite to address prevailing socio-economic injustices exacerbated by the crisis: growing income disparity, unequal access to employment opportunities; and inadequate provision of public services, to name a few. Yet while the lessons from the pandemic are profound and wide ranging, its impacts and consequences are simply dwarfed by the menaces of an even worse humanitarian crisis on the horizon: climate change. As the G7 leaders meet in the UK in 2021, and

with the UN Climate change (COP 26) scheduled for later this year, climate change is a call to arms like no other as governments, businesses, institutional investors and asset managers across the world race to reduce carbon emissions. In the face of this looming environmental emergency, disruption is all around, markets are shifting, workplaces are transforming, stakeholder activism is increasing, and capital is increasingly drawn to organisations that are trusted, ethical, and environmentally friendly; organisations that seek to create long-term value for all, not just for the selected few.

But what has this to do with the future of accountancy?

ORGANISATIONS LARGE AND SMALL WILL PLAY AN ESSENTIAL ROLE IN FORGING A BETTER WORLD FOR THE LONGER TERM BEYOND THE RAVAGES OF THE PANDEMIC.



The **human touch** in the **decade ahead**

One of the more acute observations from the Covid-19 crisis is that those organisations that had invested in digital transformation before the onset of the global pandemic were better placed to weather the economic outfall and respond. Technology has been key to helping organisations execute their crisis management responses and grapple with an unfolding risk landscape. The crisis then further accelerated technology adoption as businesses large and small rapidly reassessed their value chains, explored new channels to market, fast-tracked and switched new services or product offerings and reconfigured their operating models. This digital change is now laying the foundations for the future as we look towards the next decade. New technologies will change work.

Yet the true impact of this disruption is most glaringly obvious not through the lens of technology transformation, but through the narrative of workforce change. The pandemic has turned on its head many prevailing work orthodoxies and raised fundamental questions about the purpose of work, how work gets done, where it gets done, and who does it. It's unleashed the art of the possible for remote working, virtual collaboration and work beyond the 9-5, with productivity measures soaring in some cases... yet employee anxiety and mental health challenges are at an all-time high, working days are longer, job security concerns are escalating and detractors of the 'new normal' claim innovation has been stifled. The paradox is this: in a world of work so innately technology led, the pandemic has exposed that work remains above all else a deeply human experience.

This is particularly true of the accountancy profession as we look towards the next decade. The work change we will see for accountants isn't just a transition to 'hybrid work', a question of redesigning office spaces or finance teams with distributed footprints. It's much more fundamental. This is about a renewed sense of human connection and purpose, the opportunity for the profession to make a real difference that necessitates human as well as digital ingenuity. It's a story of skills transformation as jobs are re-imagined, work constructs are changed and careers are disrupted, and where technology advances either complement human endeavour, or where the current limitations of digital capabilities remain exposed.

THE PARADOX IS THIS: IN A WORLD OF WORK SO INNATELY TECHNOLOGY LED, THE PANDEMIC HAS EXPOSED THAT WORK REMAINS ABOVE ALL ELSE A DEEPLY HUMAN EXPERIENCE.



Introducing the sustainable business and finance professional

The 2020s in accountancy are a decade in which the accountancy profession is integral to building sustainable organisations that generate both financial returns and long-term value for society. This is the decade of the professional accountant as the sustainable business and finance professional.

They'll be essential to driving positive business change and supporting economies and organisations across the world to build back better. From ensuring the strong governance and sustainable financial development of organisations, through to taking a leading role in critical challenges facing businesses today, such as responding effectively to the imperatives of climate change or championing the natural capital and environmental, social and governance (ESG) agenda, they'll use their skills, ethics and professional judgement, acting in the public interest to help create new value opportunities for organisations in all sectors across the world.

It presents an opportunity to make real, impactful change at the heart of sustainable organisations by helping businesses take the right decisions to create long term value, as well as ensuring that value is protected and externally reported in meaningful ways. This is the sustainable business and finance professional bringing to bear their technical mastery and digital know-how to support organisations to deliver long term sustainable societal value.

The decade ahead presents brilliant emerging opportunities for the sustainable business and finance professional at the heart of sustainable organisations.

CAREER ZONE 1:

TRANSFORMATION DRIVERS

CAREER ZONE 3:

ASSURANCE PROVIDERS

CAREER ZONE 2:

ENTERPRISE ANALYSTS

CAREER ZONE 4:

STAKEHOLDER REPORTERS



THIS IS THE DECADE OF THE PROFESSIONAL ACCOUNTANT AS THE SUSTAINABLE BUSINESS AND FINANCE PROFESSIONAL.

Report overview:

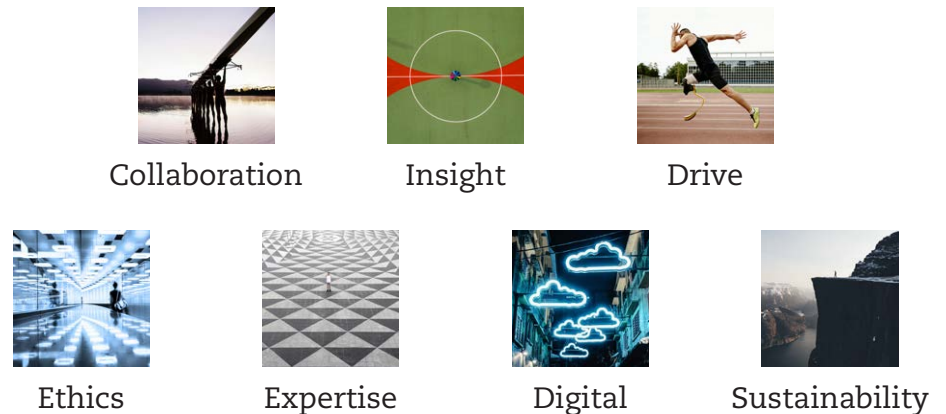
PART 1: Drivers of change

Trends that are impacting the sustainable organisation of the future and the role of sustainable business and finance professionals:

1. Economy
2. Environment
3. Society
4. Technology
5. Workforce

PART 2: Core capabilities

The must have skills needed in all future roles:



PART 3: Future career opportunities

The contribution sustainable business and finance professionals will make to sustainable organisations of the future:

CAREER ZONE 1:

TRANSFORMATION DRIVERS

CAREER ZONE 2:

ENTERPRISE ANALYSTS



CAREER ZONE 3:

ASSURANCE PROVIDERS

CAREER ZONE 4:

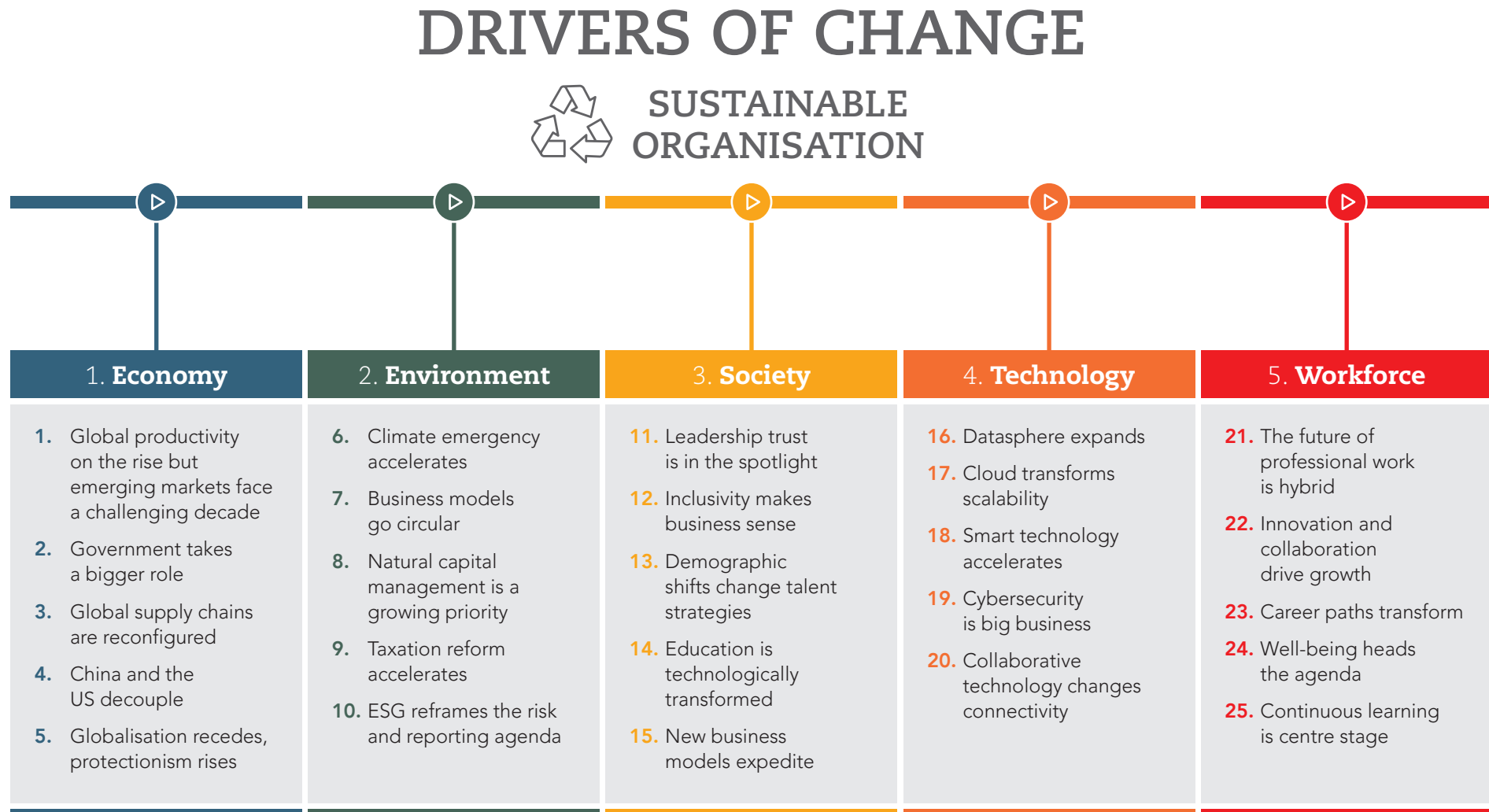
STAKEHOLDER REPORTERS

1. Drivers of change

Key trends that are impacting the sustainable organisation of the future and the role of sustainable business and finance professionals (Figure 1).



FIGURE 1: Drivers of change shaping the sustainable organisation of the future and the role of sustainable business and finance professionals over the next decade



*Click on the tabs or arrows, to navigate to each relevant chapter

2. Core capabilities of the future

We see a number of emerging core capabilities that will be needed by the sustainable business and finance professional of the future. These core capabilities are a direct response to changing organisational needs in the face of the drivers of change we have identified, as organisations seek to create sustainable long-term value.

They reflect the skills, knowledge and behaviours required for an ACCA-qualified accountant to meet the future needs and demands of the profession. Individuals will need to balance these core capabilities to fit their role and stage of career.

The core capabilities are at the heart of ACCA's new Career Navigator (Figure 2), which supports ACCA members in navigating their own career route, enabling them to explore potential career destinations, acquire new skills and connect with the latest jobs and talent.

THESE CORE CAPABILITIES ARE A DIRECT RESPONSE TO CHANGING ORGANISATIONAL NEEDS IN THE FACE OF THE DRIVERS OF CHANGE WE HAVE IDENTIFIED, AS ORGANISATIONS SEEK TO CREATE SUSTAINABLE LONG-TERM VALUE.



FIGURE 2: The career navigator and core capabilities*



*Click on a square, to navigate to each relevant page or chapter

3. Future career opportunities

Our latest research identifies four new emerging career zones of opportunity for the sustainable business and finance professional where they can make vital contributions to ensure organisations are sustainable for the future through the type of jobs they perform.

The zones represent brilliant areas of accountancy jobs in all sectors and industries across the globe, in which finance professionals will help create new organisational value, protect existing organisational value or communicate that value to the outside world through their reporting activities. These new jobs go way beyond signing off a set of financial accounts or producing

a variance report. They're much more multidisciplinary and call into play the broader skills, capabilities and knowledge that complement finance and accountancy skills. These future roles are much more data and technology driven, providing finance professionals with purposeful jobs and great career options for the future (Figure 3).

CAREER ZONE 1:

TRANSFORMATION DRIVERS



CREATE VALUE:

Helping organisations execute the right business decisions to create sustainable value



PROTECT VALUE:

Helping organisations establish and execute processes that protect sustainable value



REPORT VALUE:

Helping organisations report value externally in meaningful and transparent ways

CAREER ZONE 3:

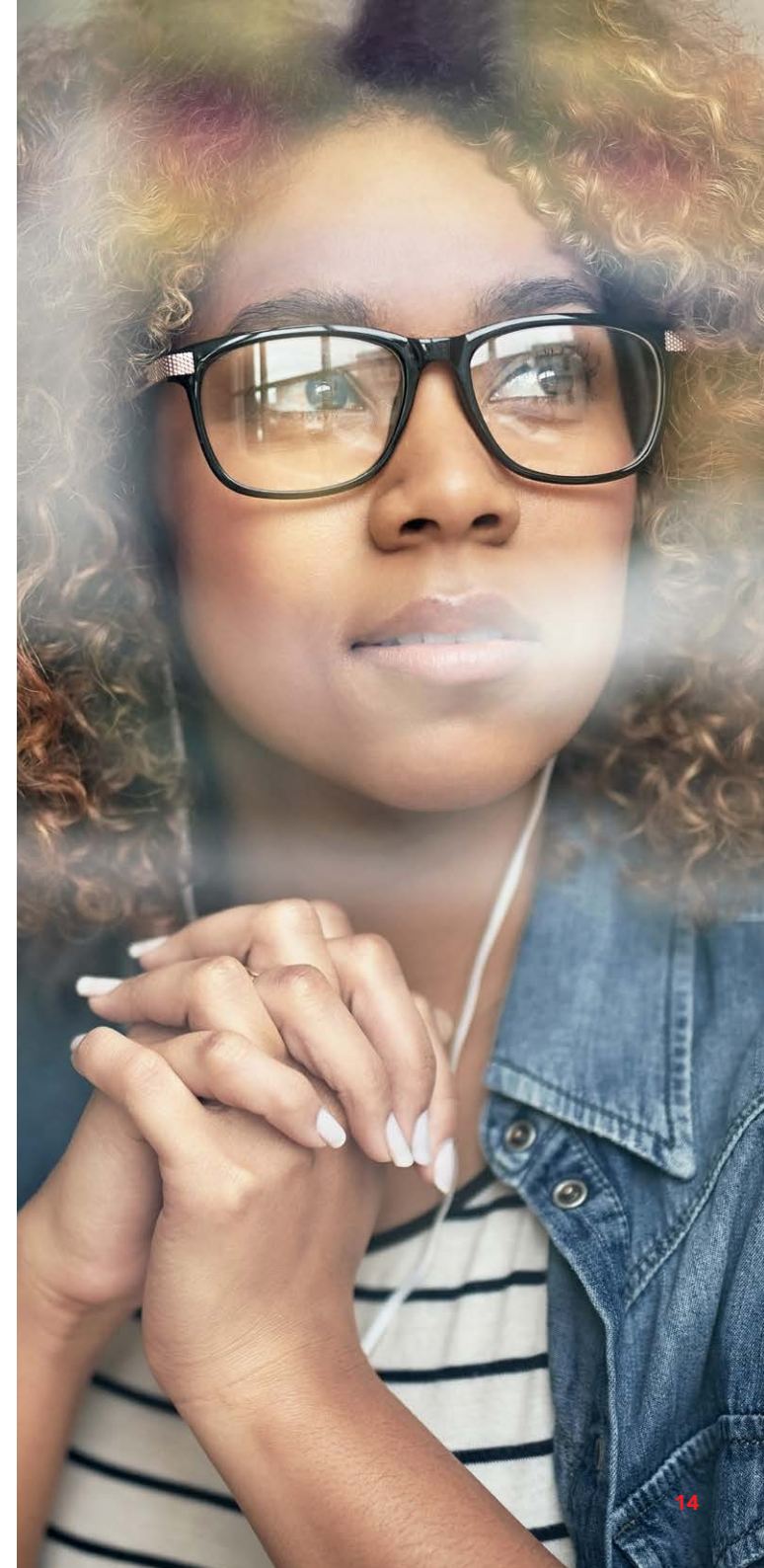
ASSURANCE PROVIDERS

CAREER ZONE 2:

ENTERPRISE ANALYSTS

CAREER ZONE 4:

STAKEHOLDER REPORTERS



Career zone 1: The transformation driver

The transformation driver thinks ahead. The roles they perform are essential to delivering organisational change to create and protect long term sustainable value.

This is the sustainable business and finance professional bringing new vision and transformational capabilities to the organisation as calls grow to build back better and businesses change to meet growing ESG commitments. They could be exploring new consulting or advisory roles in the face of rapid technological innovation and business change. They may be more specifically working as business advisers leading brilliantly innovative smaller and medium-sized accountancy practices (SMPs) that are transforming their client organisations. They could be entrepreneurs using their finance and accountancy skills to establish start-up businesses at the heart of sustainable local economies, or they could be driving major business change initiatives in global business service operations. They may be digital leaders seeking to introduce new technologies or drive enhanced data capabilities to transform businesses, or they may have already reached a chief financial officer (CFO) role / C Suite role, driving organisational change as part of the leadership team across the organisation. They may even be in education roles, helping transform the talent pipeline for the future. Whatever role they perform, their skills and capabilities are essential to driving transformational change in organisations as a catalyst for creating long term sustainable value.

Career zone 2: The enterprise analyst

The enterprise analyst brings data to life. This is the sustainable business and finance professional helping organisations create and protect value in various roles using their brilliant data and future insight skills.

They're always thinking ahead to improve the organisation understanding of the future. They could be finance business partners, the commercial advisers to organisations who partner across businesses using strong data skills to analyse investment cases, run the numbers on new channels to market or helping deliver new products or services to meet changing customer demands. They may be performance managers or financial analysts transforming performance management and planning processes at the heart of the sustainable business of the future, helping organisations make commercial and financial decisions that increasingly have environmental or social implications, or driving more accountability in public sector decision making. They could be project or programme accountants, brought in to support agile project teams by analysing the financial implications of major business programmes as organisations seek to innovate in the face of rapid disruption. They could be treasury professionals, using data skills and advancing technologies to help secure the organisation's funding and helping manage increasing financial risks as the business world is further disrupted.



Career zone 3: The assurance provider

The assurance provider is the sustainable business and finance professional bringing new levels of governance to organisations by helping protect and report on value in the different roles they perform.

Assurers' roles are essential for providing confidence to capital markets as well as giving assurance to investors and wider stakeholder groups. Their roles are critical for demonstrating to the outside world that the organisation is well controlled, ethically led, and attractive for investment and securing capital. Roles in this career zone may focus on enterprise risk management, helping businesses think ahead and understand the growing risks that are emerging and threatening longer-term business performance. The assurance provider could be at the forefront of shaping forward-looking audit practices to meet the assurance needs of the organisation's stakeholders as auditing practices transform through technology. They could also be moving into the exciting and fast-growing area of ESG assurance to bring greater confidence in, and transparency to, organisations' management of ESG risks or the way they capitalise on ESG opportunities. Or the assurance provider may be playing a critical role in public sector audit teams to help bring more accountability and trust to governments and public sector organisations in the wake of stretched finances from the Covid-19 crisis.

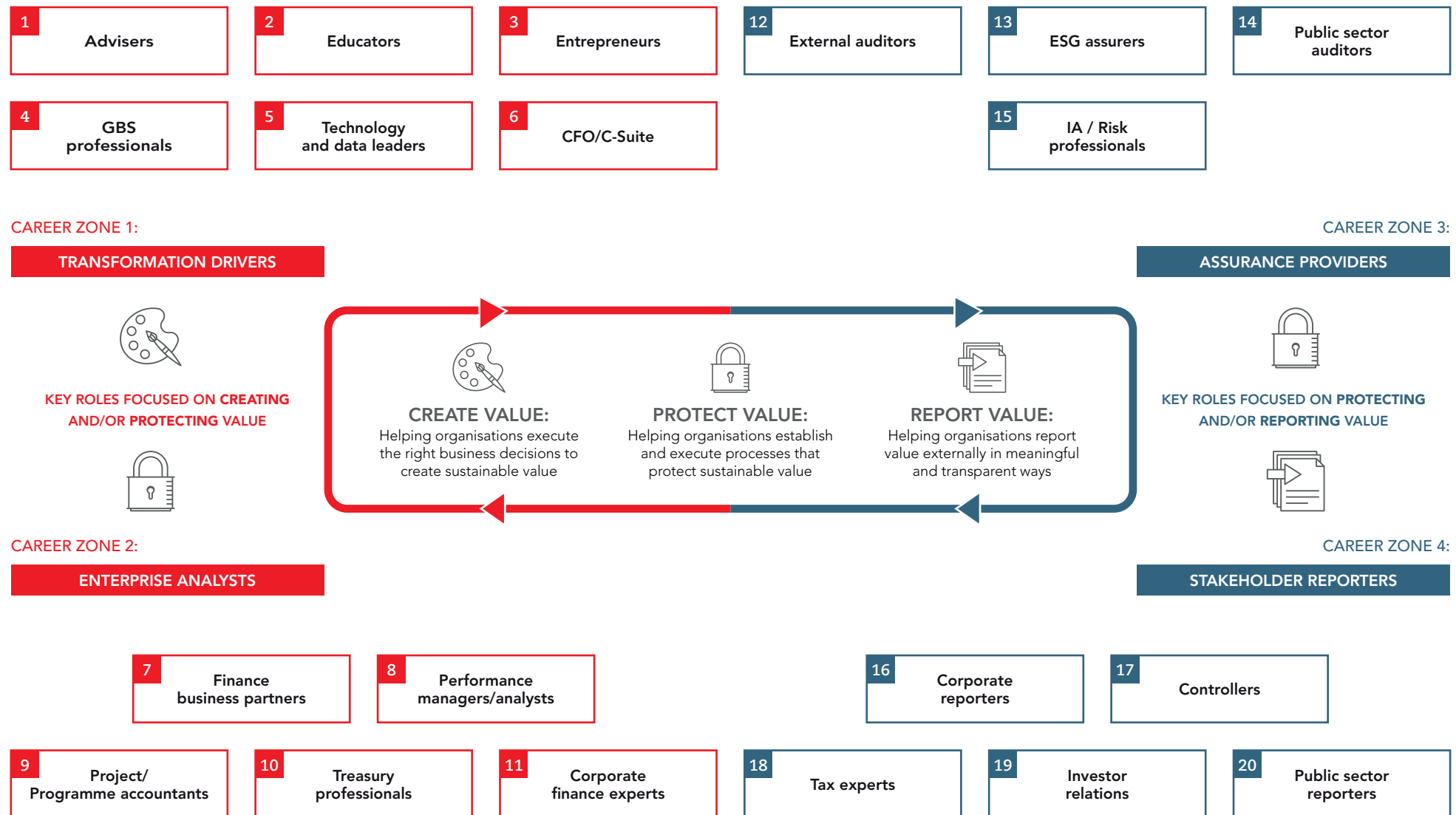
Career zone 4: The stakeholder reporter

The stakeholder reporter is the sustainable business and finance professional at the heart of the organisation, reporting performance externally in more meaningful ways in the face of growing stakeholder demands.

The stakeholder reporter may be working in corporate reporting or public sector reporting, leading change in the way organisations report their value creation story within the financial statements and beyond. Here they could be playing an increasingly important role in supporting wider reporting initiatives such as carbon or ESG reporting, responding to growing stakeholder demands for more transparency on organisational impacts and outcomes. Or they could be employed in financial controllership roles, working at the heart of sustainable organisations to ensure strong governance and stewardship over organisational finances. They may be involved in more specialist roles such as leading tax compliance and reporting initiatives as tax regulation continues to evolve. Or they could be leading investor relations activities, helping businesses respond to the changing investor landscape with an increasing focus particularly on ESG issues as investors become more aware and engaged, wishing to invest capital in organisations that have purpose and that are environmentally and socially aware, and that seek to produce sustainable returns with positive societal impacts.



FIGURE 3: 20 future key roles identified at the heart of sustainable organisations*



*Click on the boxes, to navigate to each relevant page or chapter



Drivers of change

Drawing on ACCA's collective research over the last two years and a new ACCA member survey, as well as interviews, global roundtables and third-party research, what do we see as the key drivers of change potentially affecting sustainable organisations of the future and the role of sustainable business and finance professionals?

*Click on the tabs, to navigate to each relevant chapter

1. Economy

Sustainable organisations need to survive and thrive in the face of economies that are constantly evolving and undergoing structural change. But it is shocks, including recessions, technological shifts and energy transitions, that tend to bring about the greatest changes. The Great Depression of the 1930s changed attitudes about the role of government, paving the way for a permanent expansion of the state. The switch from steam power to electricity triggered a vast reorganisation of manufacturing.

The Covid-19 pandemic and its associated recession have created the biggest challenges to the global economy since the Great Depression yet even before the onset of the crisis the global economy faced a number of systemic challenges from rising income inequality, increasing unemployment, and technological upheaval, together with escalating US–China trade tensions and growing concerns over protectionism and regionalisation threatening global supply chains.

In the immediate wake of the pandemic, the International Monetary Fund (IMF) is predicting the strongest (if uneven) post-recession recovery in 80 years (World Bank 2021a) but concerns prevail on the disparity between developed and emerging economies. The short-term outlook is precariously dependent on the efficacy of the vaccine roll out and challenged by the debt burden many economies now face from their response to the crisis.

In the longer term, much depends on the capacity of policymakers to generate sustainable growth and respond to the climate emergency by creating new low-carbon jobs. Building critical green infrastructure and lowering the cost of international trade will be key priorities. All these issues will be key to determining how the world economy will look by 2030 and beyond. Sustainable organisations will need to react to, and manage, these economic challenges, which will as a consequence impact in different ways the roles of professional accountants.



Trend 1: Global productivity on the rise but emerging markets face a challenging decade

The pandemic will cast a long shadow over the global economy but a likely positive effect over the coming years is a major boost to business investment, productivity, and real wages (Economist 2021). During the recession of 2020, business investment overall fell in line with wider GDP falls. But within this, spending on technology was transformational, with the pandemic forcing rapid surges in digital investment. Companies spent the equivalent of approximately US\$15bn extra a week on technology, making this one of the biggest spends on technology investment in history (Business Wire 2021). The sudden onset of the Covid-19 crisis and subsequent lockdowns forced rapid changes in business operations; technology was adopted, particularly, to facilitate safe remote working. Global business investment could be 10% to 20% above pre-pandemic levels by the end of 2022 and real wages growth is therefore expected to improve, given wages' high positive correlation with productivity.

COMPANIES SPENT THE EQUIVALENT OF APPROXIMATELY US\$15BN EXTRA A WEEK ON TECHNOLOGY, MAKING THIS ONE OF THE BIGGEST SPENDS ON TECHNOLOGY INVESTMENT IN HISTORY (BUSINESS WIRE 2021).

The impact of the Covid-19 crisis on national economies has been uneven, however, with some countries making a faster return to longer-term economic projections. It's a particularly challenging situation for many emerging market (EM) economies, with a lack of progress in market reforms, existing challenges in infrastructure gaps, poor governance structures and health care challenges as well as inadequate social safety nets exposed by the crisis. For the first time since the 1990s, the global middle class shrank and the number of global poor is estimated to have been 131 million higher because of the economic outfall as people slipped further down the socio-economic ladder (Kochhar 2021). The next 10 years will probably see incomes per head in many EMs falling, relative to those in advanced economies – a reversal of the trend in recent decades – with increased numbers (possibly 150 million more people) living in extreme poverty in these regions by 2021 (World Bank 2020). As the growth outlook for the US economy improves, tighter monetary policy interventions may be made to control the speed of US growth and inflationary pressures, but these could have significant knock-on impacts on EMs with substantial debt.

Excerpt from the Global Economic Prospects publication

World Bank, June 2021

The world economy is experiencing an exceptionally strong but highly uneven recovery. Global growth is set to reach 5.6 percent in 2021—its strongest post-recession pace in 80 years—in part underpinned by steady but highly unequal vaccine access. Growth is concentrated in a few major economies, with most emerging market and developing economies (EMDEs) lagging behind: while about 90 percent of advanced economies are expected to regain their pre-pandemic per capita income levels by 2022, only about one-third of EMDEs are expected to do so. In low-income countries, the effects of the pandemic are reversing earlier gains in poverty reduction and compounding food insecurity and other long-standing challenges.

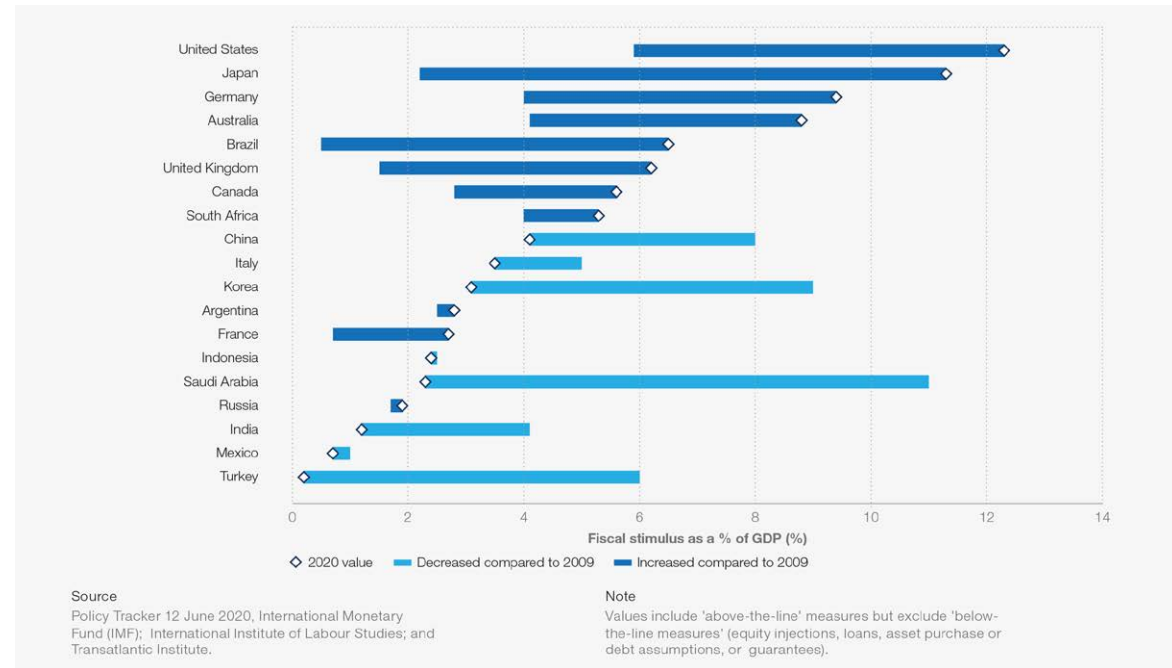
The global outlook remains highly uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads. Controlling the pandemic at the global level will require more equitable vaccine distribution, especially for low-income countries. In addition to the necessary efforts to pursue widespread vaccination, policy makers face a difficult balancing act as they seek to nurture the recovery through efficiently allocated fiscal support while safeguarding price stability and fiscal sustainability. Policy makers can also help entrench a lasting recovery by undertaking growth enhancing reforms and steering their economies onto a green, resilient, and inclusive development path. Prominently among the necessary policies are efforts to lower trade costs so that trade can once again become a robust engine of growth.

(World Bank 2021a)

Trend 2: Government takes a bigger role

Governments are looking at long-term pathways out of the crisis. The Covid crisis resulted in one of the most dramatic increases in government spending across the global economy in history, particularly in G7 countries as an innovative range of fiscal policies were adopted that are likely to be used by governments in future downturns (Figure 4). They included generous wage subsidies, furlough schemes and direct transfers to households. There are growing challenges facing economies, from ageing populations in Western economies to increased pressures on governments to spend on health and social care, as well as infrastructure spending, partly in response to efforts to achieve net zero by 2050. But there are even bigger longer-term questions relating to the broader role of government, its future role in providing public services as well as its responsibilities for creating fair and just societies in the future. Key priorities include transforming people's skills to fit them for the global digital economy, making technology investments, developing green infrastructure, legislating for evolving social work contracts, rebuilding communities, addressing inequality and inclusivity challenges, pursuing more private sector collaborative participation and supporting start-ups. Broadly, we can expect to see governments take a bigger role in the state as we look forward over the next decade.

FIGURE 4: Comparing the size of selected economies 2009–2020 fiscal stimulus packages, as share of economy (GDP)



Source: WEF 2020a

'We have seen the government play a much larger role during the pandemic, particularly with grants, incentives, and tax changes.' **ASEAN CFO roundtable**

'Another very important point in terms of drivers of change is the changing role of government. Today there is a lot of pressure on government to evolve and more pressure to be accountable. The public sector is under pressure to partner with the private sector.' **Public sector roundtable**

'The future will require dialogue and engagement, where the government understand the priorities of business, so business and government can work together to drive value.' **Talent leaders roundtable**

'There's a change in landscape for us with the funding available, and in a central government funding...I know our funding across the public services will be squeezed and we (as accountants) have to be more commercially and business minded.' **Public sector roundtable**

'I think there's an increasing demand now for business to have non-financial performance indicators as a way of understanding their business. And I think that if the finance function within the public sector doesn't get involved, somebody else will. Because that's what business is demanding.' **Public sector roundtable**

'We have started the process of moving to accrual accounting. But that is a big challenge for us in Malaysia in terms of the skills required.' **Interviewee quote**



SPOTLIGHT ON: Sustainable public finances through Covid-19

After the crisis, governments are likely to want to stabilise their spending first and then begin to rebuild their balance sheets. In the current environment, some combination of public spending cuts and tax increases will be required over time in many countries – but governments can minimise their reliance on these two measures by taking a balance-sheet approach to fostering sustainable public finances. This can be achieved through maximising the return on public assets, focusing on value for money in the use of public resources, and taking a multi-capital approach by expanding the scope of the public sector balance sheet.

The central recommendation of this report is that governments must take a balance-sheet approach to managing their finances through this crisis. Balance sheet information can improve decision making, should act as the benchmark for new fiscal targets, and will support governments in using sufficient fiscal firepower to rebuild the economy for a more inclusive and greener future.

The balance-sheet approach is founded on accrual accounting but even governments operating on a cash basis can apply the mindset of balance-sheet management to their decision making. All public sector organisations maintain some form of accounting data and can consider this information when deciding whether a change represents value for money and what its implications are for net worth – even where reliable accrual information does not exist.

To be credible, public sector balance sheets must be properly prepared, audited and disclosed. Public finance professionals clearly have an important role to play in preparing the balance sheets. They can also contribute to transparency and accountability by providing clear, understandable narratives to help non-experts make decisions at a time when many countries will need to navigate a series of difficult policy choices. (Metcalf and Taylor 2020)

Trend 3: Global supply chains are reconfigured

It's estimated that as much as a quarter of the world's goods could shift production location by 2025 (Sneader and Singhal 2021), partly because of risk mitigation as organisations look to balance profitability and cost savings with operational agility. Businesses are shifting more to 'just in case' supply chains, diversifying production centres and supply chain partners not only to build greater resilience across the supply value chain but also because manufacturing cost differences between developed and emerging markets continue to fall. The importance of collaboration with trusted partners across the supply chain in the future will also rise as companies increasingly form partnerships to drive efficiencies. They may seek to innovate in the face of changing societal or regulatory demand, for example in relation to environmental developments and green supply chain transparency. Technology too is another key factor explaining why we will continue to see supply chain transition – even long before the onset of the global pandemic, new technology platforms were having a big impact on global supply chains from delivery route optimisation analytics to forecasting customer demand, from the automation of production line processes using clever robots to driverless vehicles. Growing data insight and management capabilities are transforming the capacity of organisations to optimise their supply chains, drive process efficiencies and increasing quality control processes and enhancing supply chain traceability.

'Our clients who've had international supply chain relationships, they're now looking to develop alternate supply chain relationships, which are closer to home, albeit more expensive, or not as efficient, but they're looking to diversify from a risk management perspective.' **MESA roundtable**

'The whole role of the supply chain...it's a governance issue, but particularly in terms of environmental and sourcing impacts, human trafficking, modern slavery issues... the cost of that to society is huge...and the impact from a reputational point of view to a company is huge.' **Sustainability global forum roundtable**

Trend 4: China and the US decouple

According to the Centre for Economics and Business Research, China will overtake the USA to become the world's biggest economy in 2028. Both economies recovered strongly and quickly from Covid-19-induced recessions and the crisis has done little to change trend rates of growth of around 3% in the US and 5% to 6% in China. There are policy intentions for further economic reform and opening up of China's economy, for example the Regional Comprehensive Economic Partnership agreement made at the end of 2020. Yet the transition from middle income to high income (ie a developed economy) may be particularly challenging for China, given its population demographics and decreasing working age population, as well as broader geo-political issues. Trade tensions between the US and China won't help, with extensive tariffs continuing to remain in place. This has been extended to US restrictions on Chinese access to certain advanced technologies, often under the guise of 'security'. Consequently, a process of some de-coupling between the US and China is in prospect over the next decade. By the early 2030s it should be apparent whether the China model of economic development will be a success, but a further deterioration in the relationship will damage the resilience of the global economy.

'I think going forward in the next five to 10 years, geopolitical tension is likely to increase. We have been seeing challenges with the (US-China) relationship. I think there may be a lot of geopolitical tensions which will transform global business and increase risk.' **Expert group – financial and risk management roundtable**

'I would say that it's more of the geopolitical issues- it's quite relevant in our work here, the conflict between different countries and the issues that we have to take into consideration when our clients are operating. A lot of CFOs are facing a lot of issues about even say, setting up a business or plants in particular jurisdictions.' **Expert group – performance management roundtable**

The Conference Board economic forecast for the US economy (July 14, 2021)

The Conference Board forecasts that US Real GDP growth will rise to 9% (annualised rate) in Q2 2021 and 6.6% (year-on-year) in 2021. Following solid economic growth in Q1 2021, we expect the recovery to continue through the remainder the year. Looking further ahead, we forecast economic growth of 3.8% (year-on-year) in 2022 and 2.5% (year-on-year) in 2023.

The global economy: on track for strong but uneven growth as Covid-19 still weighs

Growth among emerging market and developing economies is expected to accelerate to 6% this year, helped by increased external demand and higher commodity prices. However, the recovery of many countries is constrained by resurgences of Covid-19, uneven vaccination [distribution], and a partial withdrawal of government economic support measures. Excluding China, growth is anticipated to unfold at a more modest 4.4% pace. In the longer term, the outlook for emerging market and developing economies will likely be dampened by the lasting legacies of the pandemic – erosion of skills from lost work and schooling; a sharp drop in investment; higher debt burdens; and greater financial vulnerabilities. Growth among this group of economies is forecast to moderate to 4.7% in 2022 as governments gradually withdraw policy support.

Source: World Bank 2021b

Trend 5: Globalisation recedes, protectionism rises

Protectionism had been increasing in global trade even before the Trump administration began imposing tariffs on Chinese imports in 2018. But US-China trade tensions since then have increased fears that the long post-war era of greater globalisation is over and may soon be in full retreat. The onset of the Covid-19 pandemic introduced a temporary surge in protectionism as countries particularly restricted the export of personal protective equipment (PPE) and other medical supplies deemed necessary for dealing with the health crisis. Although temporary, such measures highlighted a protectionist attitude in many countries. A more permanent trade effect of the pandemic may be the shortening of supply chains as emphasis is switched towards resilience rather than lowest cost, a reversal of the development and extension of global supply chains that was a factor of increased globalisation in the 1990s and 2000s. Trade flows may become even more regionalised than they are already, with blocs centred on the US, EU and Asia. Geopolitical issues between the US and China may give this trend an extra boost. An increasing emphasis on domestic resilience in certain sectors suggest that globalisation – measured as the share of world exports in global GDP – could well be on a declining trend in coming years.

‘In the next 10 years, the focus will switch from America and Europe...to China...and Sub Saharan Africa. And that is really going to change the dynamic of how we look at the world in Ireland. I think it’s going to have a big impact.’ **Ireland roundtable**

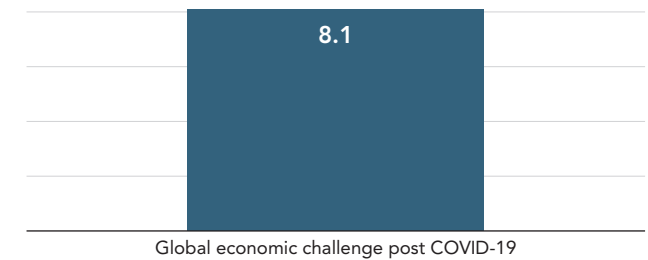
‘So you’re seeing a lot of companies having to totally relook at the way they actually go to market and who they’re selling to. And that’s also related to a more general economic points about new trade deals and opening up particularly regionalised trade deals.’ **Talent leaders roundtable**

‘In Sri Lanka there are still restrictions on some exports, and restriction on foreign exchange. No matter what technology you have access to, it puts pressure on how companies can survive, how they structure and how they grow.’ **Sri Lanka roundtable**

KEY DATA POINTS

To what extent do you believe global economy challenges post Covid-19 will impact the role of sustainable business and finance professionals?

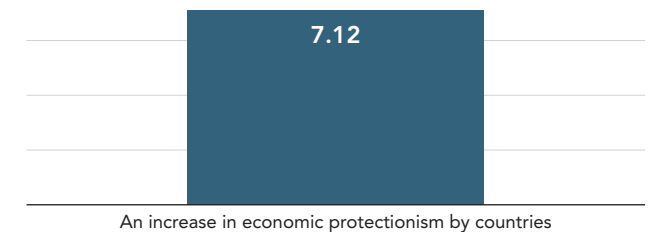
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact, 10 = very significant impact)

To what extent do you believe an increase in economic protectionism by countries will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact, 10 = very significant impact)

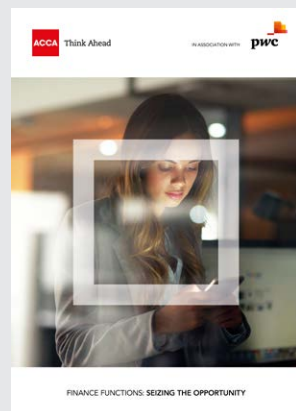
How drivers of change in the global economy affect the sustainable business and finance professional of the future (some examples)

- Productivity:** Finance professionals will play a key role in supporting sustainable organisations to weather potential economic challenges and drive productivity through many of the roles that they perform to help sustainable organisations create value or protect value. Improving organisational productivity is particularly relevant to roles such as those in finance business partnering or analysis. (Further reading: ACCA 2021a)
- Government finances:** Public sector accountants will play a big role in supporting governments and public sector organisations to rebalance their finances and ensure careful public sector financial management in the long legacy from the Covid-19 crisis. Recent ACCA research has identified a critical role for public sector finance professionals in building back public finances for a greener and more inclusive future. (Further reading: Metcalfe and Taylor 2020)
- Global trade:** trade is a fundamental pillar on which sustainable organisations of the future will create long-term value. Finance professionals can support their organisations by encouraging the development of international trade, and clients can tap into advisory advice across different themes relating to trading across borders. Previous research by ACCA has identified a number of key areas in which finance professionals can support global trade ambitions, from assisting with understanding foreign regulation and customs duties through to foreign exchange, domestic regulation implications and access to finance. (Further reading: ACCA 2018a)
- Supply chains:** new areas of opportunities will prevail in supporting organisations to restructure their operations and providing more efficient and environmentally friendly supply chains. For finance and treasury teams, issues of working capital and liquidity across supply

chains will remain important, but there are broader contributions for finance professionals to make in areas such as understanding how to re-engineer supply chains to drive organisation value, or how new forms of partnerships can drive new business value streams. In the public sector, future finance professionals have emerging opportunities to make sustainable long-term differences in areas such as public procurement. (Further reading: ACCA 2020b)

‘The government has made an initial to transition from cash based to accrual-based accounting, and with this implementation, we are realising that there’s an emerging skills gap between your traditional accountant to start being able to support government in public finance. We need to be able to account more accurately to support the financing challenges particularly in Africa economies.’ **Africa roundtable**

▶ Further related reading from ACCA:



Finance functions: seizing the opportunity
ACCA’s report explores the future journey of the finance function post-Covid.



Growing globally: how SMPs can unlock international ambitions
An analysis of the ways in which small and medium sized accountancy practices can support their clients to expand internationally and facilitate global trade.



New models of public procurement: a tool for sustainable recovery
The role of public procurement and finance professionals in helping the public sector respond in the aftermath of the Covid-19 crisis.

2. Environment

Global initiatives in response to the environmental crisis are transforming the economic, social, financial, technological, governance and political landscape. The ramifications from global warming extend to a multitude of ecosystem challenges from flooding, water shortages, intense storm damage and wildfires, through to humanitarian conflicts and displacement of populations. Pollution from fossil fuels in 2018 is estimated to have cost the global economy US\$2.9 trillion, equating to 3.3% of world GDP, from ill health and reduced ability to work (Myllyvirta 2020). By 2075 the negative impacts from CO₂ emissions are estimated at \$30trillion at current rates (Howard et al 2021). Beyond the specific threat of global warming, the United Nations Sustainable Development Goals (SDGs) and targets to 2030 are a universal roadmap for governments, business, investors and civil society to follow to transform their economies and build prosperous societies, providing a framework for understanding risk and the external environment in a way that is suited to the new nature of the global economy and the future of global growth.

For organisations, the 10 principles of the United Nations Global Compact accord provide the roadmap for businesses wishing to advance the SDG agenda as they face increasing pressure from activist investors and ratings agencies to demonstrate their green credentials and positive impact on society. To report more transparently and more consistently to governments and wider stakeholders and to the impacts, externalities and risks they are creating. Corporate reporting frameworks are broadening out in response to changing societal needs, as legislative requirements shift and reporting advice evolves while organisations grapple with understanding whom they are truly accountable to and how long-term value to society is created, measured and reported.



Trend 6: Climate emergency accelerates

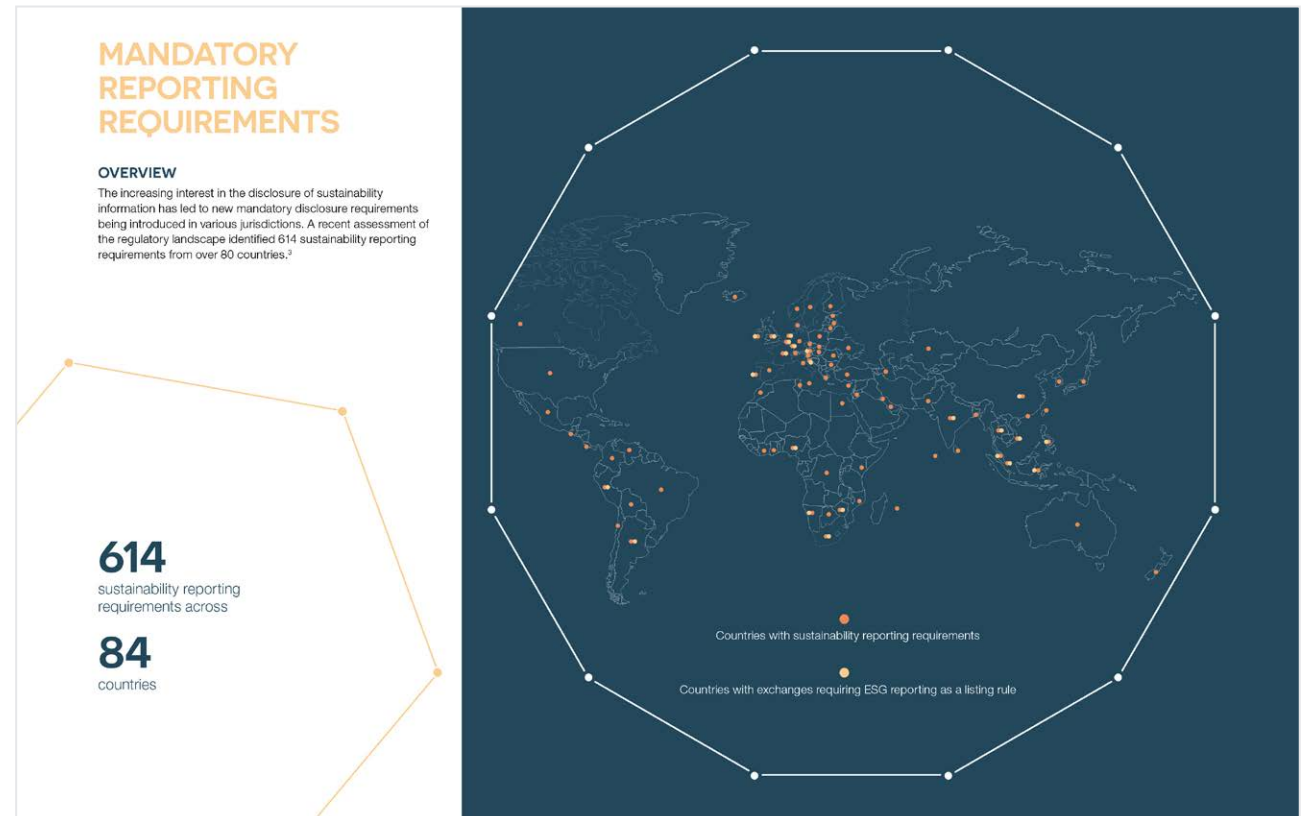
The internationally binding legal treaty on climate change in 2015 targeted a global warming limit of 1.5 degrees higher than pre-industrial levels. As COP 26 approaches, leading economies are challenged by the aim of shifting to a net zero emissions economy by 2050, yet world leaders are pledging more aggressive targets (World Meteorological Organization 2021). In June 2021, the European Union (EU) set a greenhouse gas emission target of a reduction of 55% by 2030 and made total elimination by 2050 legally binding (European Commission 2020). Businesses are now setting their own goals, aiming to decarbonise ahead of the legal targets and to become net zero businesses, transforming their business models and managing their response to climate change as a systemic risk with potentially enormous financial consequences (Rughani 2021). There's also growing scrutiny from the investor community, reflected in this year's letter to CEOs from Larry Fink, chairman of BlackRock, suggesting that 'companies [need] to disclose a plan for how their business model will be compatible with a net zero economy' (Fink 2021). In June 2021, G7 leaders met and agreed that nations will mandate climate reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) although timescales are still to be confirmed. This reflects broader moves to mandate sustainability reporting across jurisdictions (Figure 5). Along with the most recent report from the Intergovernmental panel on climate change (IPCC) in summer 2021, it sets the tone for the decade ahead.

'We're building skills around environmental considerations in valuations, how to avoid greenwashing by companies, climate uncertainties, to build them into estimates, water consumption metrics, nature loss indicators.' **Expert group – audit and tax roundtable**

Carbis Bay G7 Summit Communiqué

The Leaders of the Group of Seven pledged to 'Protect our planet by supporting a green revolution that creates jobs, cuts emissions and seeks to limit the rise in global temperatures to 1.5 degrees. We commit to net zero no later than 2050, halving our collective emissions over the two decades to 2030, increasing and improving climate finance to 2025; and to conserve or protect at least 30 percent of our land and oceans by 2030. We acknowledge our duty to safeguard the planet for future generations.' **White House, June 13 2021**

FIGURE 5: Geographical spread of mandatory sustainability reporting requirements



Source: A4S 2021

Trend 7: Business models go circular

There's a growing necessity for businesses to operate in a much more environmentally friendly manner by leveraging technology and reducing carbon footprints. Circular business models are attracting more interest as stakeholders demand more environmentally friendly approaches to business production and service delivery across the value chain. They have three fundamental principles, namely 1) waste and pollution should be 'designed out' of the business model; 2) materials used should be kept in use; and 3) the natural ecosystem should be regenerated. Here, there's an increasing switch from traditional non-environmentally friendly use of natural resources extracted in their raw form to renewable or recoverable material that reduces extraction requirements or uses recyclable waste in the production of new materials. Businesses are also focusing more on product life extensions, by developing products with significant durability, extending the use of products by customers and thereby in effect slowing the rate of extraction of new raw materials to produce repeat products. Organisations are also looking to retain final ownership of products rather than selling to customers, thereby retaining control of these products at the end of their useful life and managing them much more effectively from an environmental perspective. This is symptomatic of a broader push from organisations to be eco-credible across the value chain.

'You know, it's a great selling point if you can persuade a young person who cares about the environment that you can contribute to that in an accountancy career. It's almost about a selling piece on our part to bring that passion in and build it into the qualification and therefore into a specialism going forward.'

UK roundtable

'Having businesses with purpose that serve collaborative communities, its growing businesses that are in line with the UN sustainable development goals, its about building organisations that have a much better and bigger impact on the earth in terms of sustainability.' **Interviewee quote**

'Essentially we are pushing for sustainable finance. We are pushing for more carbon free energy resources. The costs of these things have to be measured and this is where finance can contribute.' **Interviewee quote**

Trend 8: Natural capital management is a growing priority

Natural capital management and biodiversity are growing priorities for businesses, as organisations look to adopt tools such as the natural capital protocol decision framework to improve identification, assessment and valuation of their direct and indirect impacts on natural resources. Here, business leadership will be essential to managing the potential reputational, organisational, regulatory and supply chain risks that prevail if organisations misuse natural resources. Effective natural capital management strategies are essential to securing investment, as asset management organisations and institutional investors incorporate environmental considerations into their risk valuations. Customers and clients of organisations are asking similar questions about the environmental impacts of the 'take-make-waste' model. More broadly for governments, in March 2021, the 52nd United Nations Statistical Commission adopted a new framework – the System of Environmental-Economic Accounting – Ecosystem Accounting (SEEA EA) to ensure that natural capital, such as forests, wetlands and other natural ecosystems, is recognised in economic GDP reporting, with the intention that this will underpin decision making at both COP 15 and COP 26 later this

year (UN Statistical Commission 2021). It's estimated that approximately 50% of current global GDP depends on natural capital extraction (Russo 2020).

'How do you remain profitable not at the expense of people and planet. This is a key challenge. I am a true believer of the triple bottom line.' **Interviewee quote**

'You need team-work with sustainability issues. No one person or department can know everything.' **Interviewee quote**

'For my business ESG is becoming more and more prominent. Our clients are asking more about our own policies. And when we look out at the market, we are seeing that there's more sensitivity from investors as to where they invest their money and the type of companies they invest their money in, and so on. And I see a very important role for accountants in that whole new dynamic, because in terms of measuring company's compliance with ESG. I see accountants being able to almost build a new line of accounting new, sorry, a new type of Accountancy, which is not so much focused on just analysing the balance sheet, but basically looking way beyond the balance sheet.' **Expert group – corporate and business reporting**

Trend 9: Taxation reform accelerates

The possible rebalancing and reform of the tax system as governments seek to respond to the pressures of globalisation, workforce transition and broader societal challenges will potentially have a major impact on sustainable organisations over the next decade. There are challenges ahead for many national institutions in securing taxation revenues in the face of shifting workforce and employment practices and changing demographics. This will be exacerbated as populations age and become more

dependent on government resources, rather than working and paying taxes. There'll also be significant shifts in how governments leverage technologies to improve the administration of taxation policies, with a major push for automation and digital developments using technologies such as AI and machine learning. These developments are presenting tax collection authorities with new opportunities to query masses of data and identify

System of Environmental-Economic Accounting – Ecosystem Accounting (SEEA EA) (UN 2021)

In March 2021, the 52nd United Nations Statistical Commission adopted the System of Environmental-Economic Accounting Ecosystem Accounting (SEEA EA) (UN 2021), a new statistical framework that will enable countries to measure their natural capital and understand the immense contributions of nature to our prosperity, and the importance of protecting it.

On the adoption of the SEEA EA framework, the Secretary-General of the United Nations, António Guterres, said:

'The adoption of this economic and environmental framework is a historic step towards transforming the way how [sic] we view and value nature. No longer will we allow mindless environmental destruction to be considered as economic progress.'

'Nature's resources still do not figure in countries' calculations of wealth. The current system is weighted towards destruction, not preservation.'

'The bottom line ... is that we need to transform how we view and value nature. We must reflect nature's true value in all our policies, plans and economic systems. The rewards will be immense.'

Quoted in UN 2021

potential areas of tax non-compliance. In particular, national institutions and governments will step up their use of fiscal policy interventions to help curb greenhouse gas emissions, environmental pollution and biodiversity loss, either through cap-and-trade systems that cap the total level of greenhouse gas emissions, allowing those with low emissions to sell their extra allowances to large emitters, or by imposing direct carbon taxes on emissions (Groothuis 2018). We can expect further developments in carbon tax implementation strategies or changing government practices in relation to tax credits that continue to support fossil fuel consumption and production. Carbon pricing requirements will continue to change and the practice of 'internal shadow pricing' by leading businesses to support shifts to investment decisions in low-carbon options will continue. Carbon taxes, in particular, could increase government revenues, while also providing an incentive for firms to use and develop more environmentally friendly production processes and encourage investment in renewable energy, but they are really only the starting point for taxation as a policy lever in the decade ahead to drive best use of natural capital, particularly more responsible water use, the discouragement of deforestation, as well as more broadly providing incentives for businesses to shift to more circular and environmentally business models. A clear example of policy interventions designed to use tax to help economies transition to more environmentally friendly growth include, for example, the European Green deal. Yet there remain hurdles to be overcome. While carbon taxes may induce energy innovation and efficiency, they may also reduce business profitability and investment in certain sectors. As ever, care needs to be taken not to stem economic growth, which is in itself vital to repairing finances and avoiding the type of deep public spending cuts that followed the global financial crisis of 2007–2008.

'What we see in Poland right now is a lot of digitalisation and technology going into the regulation of taxes. The government and Ministry of Finance are bringing in new tools, and you need good technology systems to meet those requirements.' **CEE roundtable**

Trend 10: 'Sustainability' reframes the risk and reporting agenda

The Covid-19 crisis has irreversibly changed organisations' approaches to risk management, and exposed significant shortfalls in prevailing risk-management practices. Too often, these practices operated in isolation, focusing too heavily on financial risks, or didn't effectively identify the interrelationships of different risks confronting the organisation. The crisis has particularly highlighted the importance of managing related ESG risks in creating and protecting long-term value as business uncertainty increases, the speed of business change accelerates, and as investor communities increasingly build ESG risk assessments into company valuations. Organisations need to be better placed to establish metrics, monitor and measure ESG and wider business value driver-related risks and understand the materiality of these factors (ACCA 2021b). This convergence of enterprise risk management (ERM) and ESG continues to be a priority as standard setters and regulators increasingly require companies to report against ESG metrics. There is growing momentum for a shift to a single global standard, particularly for climate risk reporting but also to achieve the broader harmonisation, simplicity and clarity needed for non-financial and ESG reporting. In 2020, the five major non-financial reporting organisations² published a statement of intent committing them to working together towards more holistic and comprehensive corporate reporting.

² The Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the International Integrated Reporting Council (IIRC), the Climate Disclosure Standards Board (CDSB) and the Carbon Disclosure Project (CDP).

This was followed by the recent merger of the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) into the newly created Value Reporting Foundation (VRF) (VRF n.d.). There are other developments too: as announced in April 2021, the EU is updating its Non-financial Reporting Directive, which requires large public-interest companies with more than 500 employees to disclose information on a wide range of issues from environmental and social matters to human rights, anti-corruption and bribery (European Commission n.d.). This extends the scope of companies that will have to report, requires audit assurance over the information and introduces requirements to report to mandatory EU sustainability reporting standards (European Commission 2021). Additionally, the World Economic Forum (WEF) has released its new standards on common metrics and consistent reporting for sustainable value creation (WEF 2020b) defining 21 core metrics, the 'Stakeholder Capitalism Metrics' with significant 'big company' take up (Ward 2021). Further, the International Financial Reporting Standards (IFRS) Foundation consultation (IFRS 2021) on establishing a global sustainability standards board to 'deliver high-quality international sustainability-related reporting standards' is on track with potential plans to publish its first set of standards in the middle of next year (Jones 2021).

'There is a big change in terms of the expectation of people wanting a holistic view from an ESG and financial standpoint and ESG information is just as important as financial information particularly with their associated materiality concepts.' **Expert group – audit and tax**

'External factors such as economic, natural, social and the environment may lead to a global business revolution, which will ultimately and more directly lead to changes in accounting.' **China roundtable**

'We have just finished our AGM a few minutes ago. And some of the questions that were asked by shareholders is, what is the proportion of your green financing versus your total assets? These questions are coming up from shareholders, from analysts, and various other stakeholders. So this is where the finance person plays a huge role in (producing relevant) reports, for ESG purposes. There's also green tax and the use of carbon taxes. There are lots of areas where the finance person can play a role.' **ASEAN CEO roundtable**

'We are looking at ESG from a risk mitigation and risk adaptation perspective. These are the key issues that the board are interested in. We are prudent about the metrics we target.' **Interviewee quote**

'Risk management is going to be an increasingly important issues for accountants, to understand the dimensions of strategic risks and to analyse and understand their implications.' **Interviewee quote**



SPOTLIGHT ON: Rethinking risk for the future

ACCA's report *Rethinking risk for the future* examines the future of enterprise risk management

Covid-19 has triggered the biggest crisis in a generation, having caused not only a global pandemic but also unprecedented disruption to businesses and economies worldwide. While we have seen how the awareness of risk management and its scope evolve with previous crises, the Covid-19 pandemic is unique.

It has extended longer than any of us ever imagined and was not sparked by a financial crash or political event. It has hit everyone between the eyes and accelerated many existential risks that were already emerging but had nevertheless been neglected by even the most mature risk frameworks around the world. Most best-practice risk frameworks saw either a highly transmissible virus or the next economic crisis on the horizon but not the disruption of the two combined. No one could have predicted the extent of the lockdowns and other associated geopolitical risks. The question now is how we can rethink risk in this new fast-changing, complex world...

ESG: the new frontier of ERM

As ESG issues intensify and increasingly interconnect, the need for proper integration is essential to an organisation's long-term success. An enterprise-wide view is necessary to attain the mindset needed to integrate ESG-related risks effectively. Hence, the convergence of ERM and ESG continues to be an important focus for accountants as regulators and other stakeholders increasingly require companies to report their ESG impacts. Integrating treatment of ESG risks makes sense to do from an enterprise-wide perspective because it allows the company to deal with them in a structured and more strategic way as part of its aggregate risk management. Organisations with an enterprise-wide view of their aggregate risk can monitor and report on KPIs and KRIs more efficiently and accurately and leverage existing metrics by repurposing them towards ESG goals. ERM allows the organisation to reduce the downsides more effectively while also capturing opportunities and enhancing long-term performance. (ACCA 2021b)

KEY DATA POINTS

To what extent do you believe the implementation of environmental business practices will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of -10 where 1 = no impact, 10 = very significant impact)

To what extent do you believe the changing nature of business risk will impact the role of sustainable business and finance professionals?

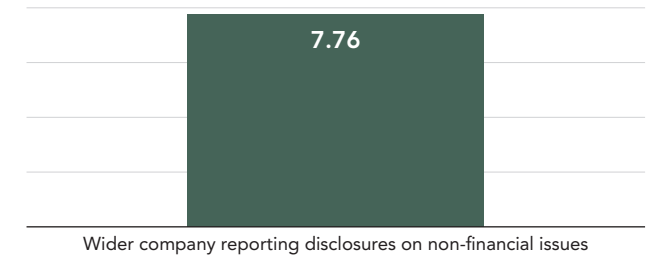
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1-10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe wider company disclosures on non-financials will impact the role of sustainable business and finance professionals?

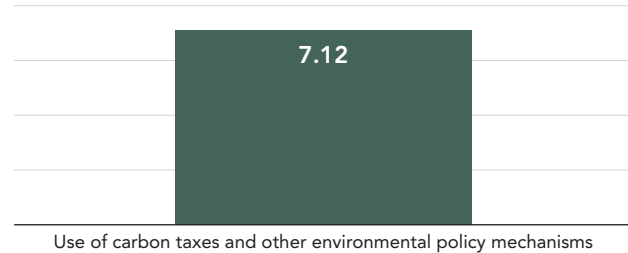
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1-10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe carbon taxes and other environmental policies will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1-10 where 1=no impact and 10=very significant impact)

To what extent do you believe growing stakeholder interest in the climate agenda will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1-10 where 1 = no impact and 10 = very significant impact)



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Home > News and events > News > Trustees announce strategic direction based on feedback to sustainability reporting consultation

08 March 2021

IFRS Foundation Trustees announce strategic direction and further steps based on feedback to sustainability reporting consultation

- **Investor focus for enterprise value:** the new board would focus on information that is material to the decisions of investors, lenders and other creditors.
- **Sustainability scope, prioritising climate:** due to the urgent need for better information about climate-related matters, the new board would initially focus its efforts on climate-related reporting, while also working towards meeting the information needs of investors on other ESG (environmental, social and governance) matters.
- **Build on existing frameworks:** the new board would build upon the well-established work of the Financial Stability Board's **Task Force on Climate related Financial Disclosures** (TCFD), as well as work by the alliance of leading standard-setters in sustainability reporting focused on enterprise value. The Trustees will **consider the prototype proposed by the alliance** for an approach to climate-related disclosures as a potential basis for the new board to develop climate-related reporting standards. To prepare for this work, the IFRS Foundation will initiate a process of structured engagement with the relevant organisations.
- **Building blocks approach:** by working with standard-setters from key jurisdictions, standards issued by the new board would provide a globally consistent and comparable sustainability reporting baseline, while also providing flexibility for coordination on reporting requirements that capture wider sustainability impacts.

Source: <<https://www.ifrs.org/news-and-events/news/2021/03/trustees-announce-strategic-direction-based-on-feedback-to-sustainability-reporting-consultation/>>

FIGURE 6: Summary of key non-mandatory reporting standards



How environmental drivers of change affect the sustainable business and finance professional of the future (some examples)

- Climate risk reporting:** As more organisations under different jurisdictions are required to report on global energy use and greenhouse gas emissions, there are increasing opportunities for finance professionals to be involved in supporting organisations on wider climate risk reporting and assurance, as well as having a specific role in ensuring that climate-related risks affecting the financial statements are properly disclosed. The sustainable business and finance professional could be helping calibrate the financial impacts on the organisations of shifting business practices to net zero. These include impacts on cash flows, balance sheets and market valuations from continued used of non-green assets and associated climate-change risks, or evolving audit practices to ensure that such risks are appropriately discussed in audit opinions. (Further reading: Baboukardos et al. 2021)
- Natural capital management / Circular business models:** There is increasing need for finance professionals to support organisations in the management of natural capital. From improving control environments that capture and help mitigate natural capital risks or advising their clients and employers on the risks, liabilities and reputational fall out arising from corporate activity that exacerbates climate change, through to the development of performance-management frameworks that help organisations understand their natural capital risks and opportunities as well as capturing, measuring and reporting on natural capital activities. (Further reading: Machado 2021)
- Carbon taxes / Cap-and-trade systems:** Increasing legislation for green taxes to support carbon emission cuts or new policy measures relating to cap-and-trade systems present businesses with an array of options in terms of how they wish to manage their responsibilities in relation to carbon emissions, as well as the need to assess the strategic, financial and operational implications of the strategies they choose to adopt in response. Here sustainable business and finance professionals can play a critical role in helping businesses calibrate the impacts of the choices they make as they seek to reduce costs and mitigate the adverse reputational impacts. This includes, for example, helping apply internal carbon pricing policies to redirect investment initiatives into greener alternatives, or analysing and calibrating the financial and business impacts of these decisions.

▶ Further related reading from ACCA:



Climate change risk-related disclosures in extractive industries

A review of the 2020 report of leading organisations in the extractive industries to assess the quality of disclosures in relation to climate change.



Professional accountants changing business for the planet: a guide to natural capital management

An analysis of the future role of professional accountants in helping organisations manage and report on natural capital initiatives and impacts.



Technology tools and the future of tax administration

A report that considers the future of tax administration and the impact of digitalisation.

Accountants and the low-carbon transition

With the climate crisis now at code red, finance teams must step up to help their organisations decarbonise.

Sanjay Rughani is chair of IFAC's Professional Accountants in Business Advisory Group, and CEO of Standard Chartered Bank Tanzania.

As COP26 finance adviser and UN special envoy Mark Carney made clear at the IFAC and ACCA Climate Week event in September 2020, the accountancy profession is essential to the world's achievement of a low-carbon economy.

Of course, the contribution of individual accountants to the transition will depend on their role, but there are few activities that accountants undertake that do not require them to think about climate impacts and their financial consequences.

The transition to a net-zero world capable of keeping global warming below 2°C requires climate-literate accountants who can:

- advise their clients and employers on the risks, liability and reputational damage arising from corporate activity that contributes to climate change
- support the strategic, operational and financial assessment of climate change, and steer their organisation towards the opportunities that decarbonisation brings
- provide management and investors with the information they need to understand the current and prospective impact of climate-related matters on an organisation, and its financial position and prospects.

Government commitments

It may have been slow to start, but a low-carbon transition is underway. It will change how economies operate, creating both uncertainty and, at the same time, significant opportunity. Governments and businesses are rapidly setting net-zero emissions targets. Some jurisdictions such as the EU, US and China are setting increasingly aggressive targets. In total to date, about 120 governments and a fifth of the world's 2,000 biggest listed companies have made net-zero commitments. However, these ambitious commitments disguise the reality: that business-as-usual remains prevalent.

Sad reality

The MSCI's [Net-Zero Tracker](#) gauges the progress of the world's public companies toward reducing emissions. It shows that without any change in their current emissions (which remain at 2013 levels), listed companies will deplete their remaining emissions 'budget', based on meeting the Paris Agreement's target of limiting global warming to 1.5°C, in just five years and eight months. Companies have 21 years before they use up the emissions budget to limit global warming to a less ambitious 2°C.

Net-zero emissions commitments give a clear signal of intent to achieve the targets of the Paris Agreement, but there is significant work to be done – in particular, companies putting in place targeted strategies and robust short and medium-



term targets, and ensuring, where possible, that future investments are clearly aligned.

Climate Action 100+ has put in place a net-zero company [benchmark](#) to help track business alignment with the Paris Agreement. More than 40 asset managers, including Vanguard and BlackRock, signed up to the Net Zero Asset Managers Initiative, pledging to make their portfolios net-zero by 2050 or earlier.

In his [annual letter](#), BlackRock CEO Larry Fink calls on all companies 'to disclose a plan for how their business model will be compatible with a net-zero economy'. Capital markets have started to make decisions about the transition to renewable and sustainable energy, with the cost of capital for fossil fuel options increasing. Financial capital is seeking solutions to reduce greenhouse gas emissions.

Meanwhile, driven by the significant threat of climate-related stranded assets, central banks and financial supervisors are assessing their role in ensuring the resiliency of the financial system and the solvency of financial institutions.



Inadequate information

A major challenge for investors and the capital markets is that climate risk [disclosure globally is inadequate](#). For climate risk to be fully reflected in company valuations, every company, bank, insurer and investor needs to disclose their climate-related risks on a standardised basis. Company valuations in a 2°C or lower world will likely be very different given the potentially significant implications on future cashflows.

Climate change can only be fully taken into account in valuations when companies have incorporated climate-related risks in their financial planning and performance. As climate is increasingly integrated into corporate decision-making and reporting, valuations will better reflect the actual and potential climate impacts.

Accounting and finance professionals have a critical role in achieving global net-zero emissions. In particular, CFOs and finance teams provide the information needed to drive decisions and allocate capital, and typically interface with the capital markets. Accounting4Sustainability's [Net zero – a practical guide for finance teams](#) highlights the key activities of finance teams in helping to achieve net zero in their organisations.

Quantifying impacts

We heard from KPMG at IFAC's recent Professional Accountants in Business Advisory Group [meeting](#) that a significant challenge in climate-risk assessments and disclosures is that climate impacts are not quantified and monetised.

Quantification helps to drive medium and long-term planning, and is where accountants involved in financial planning and analysis can significantly contribute – by providing financial-related information about profits and valuations that reflect climate-related risks and events.

Without quantification of climate risks and opportunities, companies will find it hard to compare climate change against their wider enterprise risks, and investors will be unable to make informed decisions about the allocation of their capital.

There is also a critical link between [internal financial planning and external reporting](#), of which accountants need to be aware. Carbon pricing is essential to understanding climate risk and a company's economic outlook. Consequently, carbon pricing assumptions from internal financial planning need to carry through to financial reporting.

Inconsistent use of carbon pricing assumptions in asset and liability valuations for accounting and public disclosure hides from investors the potential for adverse effects of lower asset values, higher impairment losses, shorter estimated useful lives, and earlier asset retirement costs.

Rising to the occasion

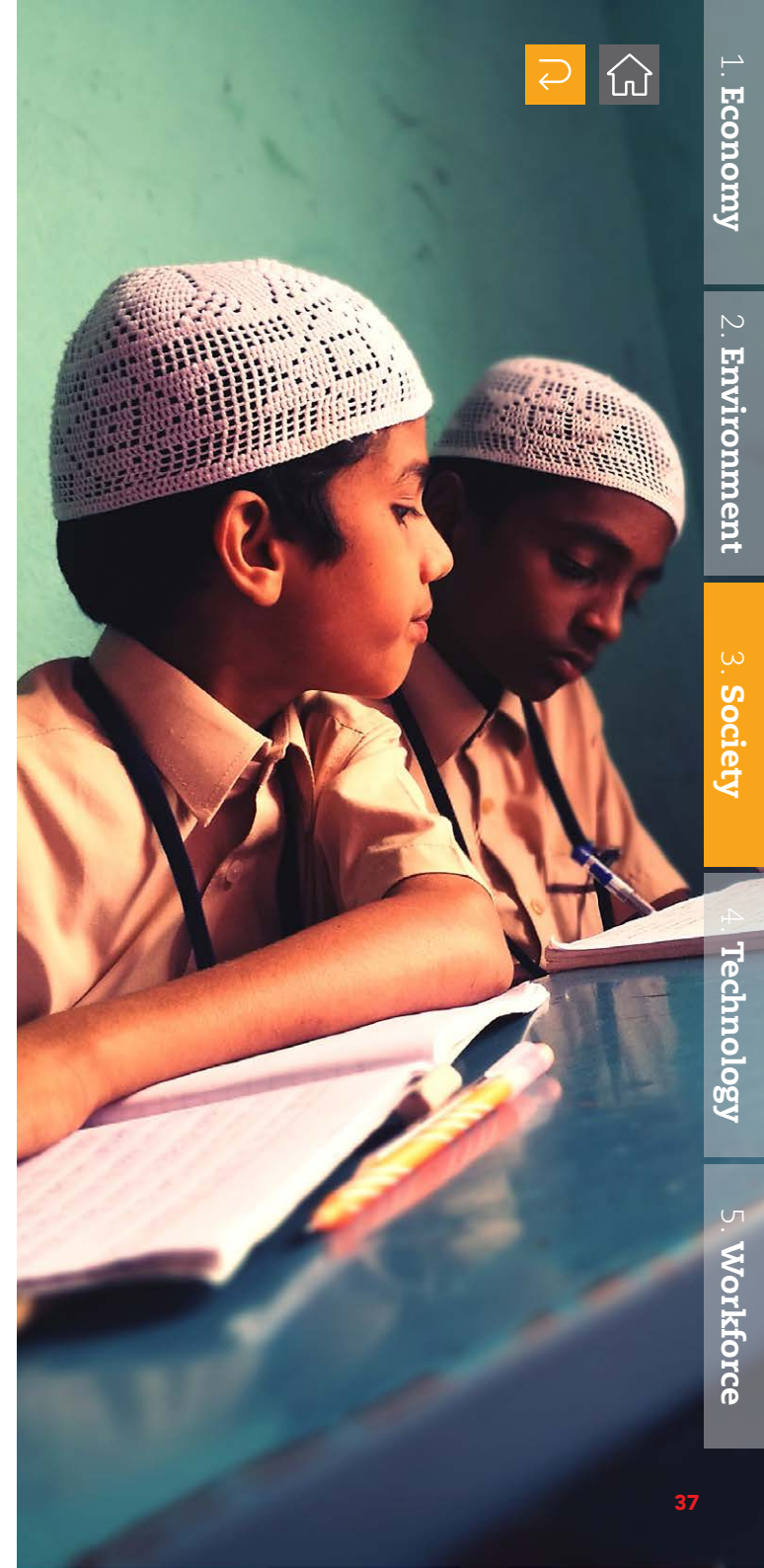
Understanding and communicating how their company is becoming net-zero compatible will be part of any finance leader's conversations with boards, investors and other stakeholders. They will need to explain risks and opportunities, targets and KPIs, prioritisation of capital investment, and financial impacts, including how climate change relates to accounting estimates and judgements used in the preparation of financial statements and reports.

For climate reporting to move beyond being a marketing exercise to providing information that boards and investors need to enable decarbonisation, accountants need to be part of the equation and rise to the occasion.

3. Society

Sustainable organisations of the future understand they are part of the very fabric of society, but rapid shifts in communities across the world at an extraordinary pace will have profound implications for how businesses operate in the future. Stakeholders now demand greater accountability, inclusivity and transparency from corporations on how they are run and the wider societal impacts they create, and organisations across the globe increasingly understand that they have to be good corporate citizens, provide social value to their communities, treat their employees, customers and other stakeholders appropriately, as well as providing financial return to shareholders.

In the wake of the Covid-19 crisis there is an almost inexhaustible list of societal challenges to face as the pandemic raised new existential questions on the role of government in society. The crisis raised new concerns on trust, intrusion, data privacy and ethical leadership, as well as an appreciation of the disproportionate impact the pandemic had on marginalised groups in society. It also exposed further underlying systemic social and racial equality challenges across the world. And there are other longer-term societal trends also shaping and changing the global economy too. These include shifting global demographics due to ageing populations and changing fertility rates; transformation in the global education landscape, which has the potential to transform livelihoods in poorer countries; and rapid business model change responding to changing consumer needs. For businesses across the world that seek to be at the heart of the communities they serve, these issues present risks as well as opportunities as the workplace transforms.



Trend 11: Leadership trust in the spotlight

Trust in long-established institutions across society has been waning but was already declining before the Covid-19 crisis, spurred by a technology revolution and job displacement as well as major social challenges. The 2021 Edelman Trust Barometer (Edelman 2021) reveals widespread mistrust of social institutions and leaders across the world, within an environment of ‘information bankruptcy’. While the good news for business leaders is that trust in organisations has slightly improved, the broader narrative is one of challenge for organisations as they seek to serve multiple stakeholder interests and produce social as well as financial value, in an environment where demands for organisational transparency is growing and where corporate reputations are increasingly vulnerable as corporations are held to account. In addition, there is a tide of regulation such as the General Data Protection Regulation (GDPR) in the EU and the California Consumer Privacy Act imposing customer data privacy rules on organisations. Businesses must increasingly recognise that poor data management damages their brand, revenue and customer loyalty. As corporate purpose, equity and social inclusion come to dominate the business agenda, this means a greater focus on ethical leadership. There will be growing emphasis on connecting desired social outcomes with tangible business outcomes and performance, otherwise trust in corporate organisations and the people who lead them will diminish further.

‘I feel going forward the younger generation that are coming through that they will only work for companies who have a purpose aligned to sustainability and ethics and they will walk with their feet, they won’t work you know.’ **Ireland roundtable**

‘The new currency will be trust, as citizens demand more. Professional accountants (working in sustainable organisations) must have this at the back of their minds.’ **Talent leaders roundtable**

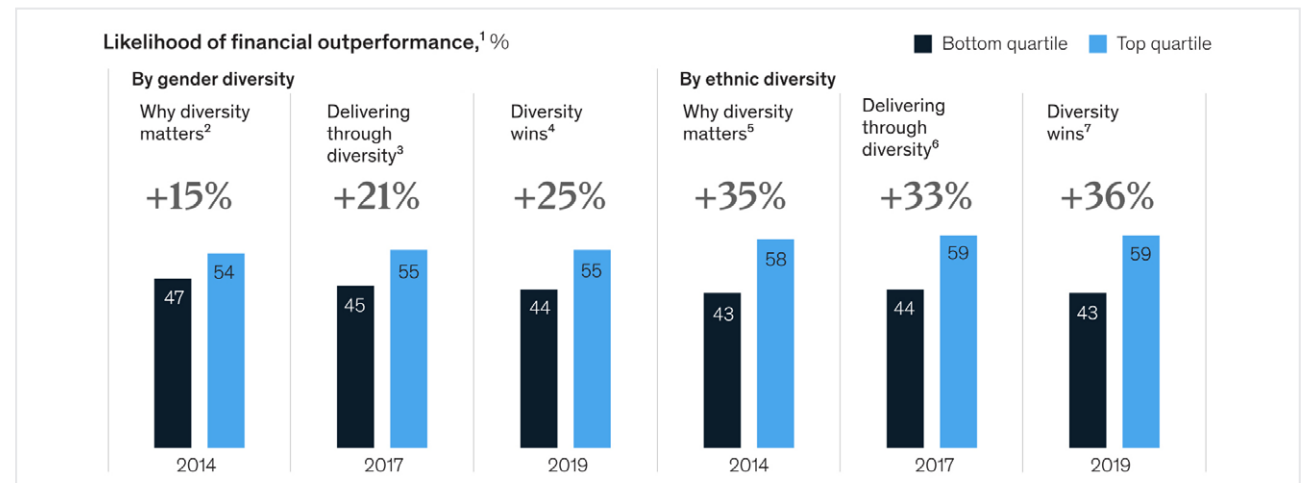
‘I see ethics as a foundational facet to our profession no matter what service we’re delivering.’ **Talent leaders roundtable**

Trend 12: Inclusivity makes business sense

The diversity and inclusion agenda has been catapulted into prominence by the Covid-19 crisis, with women, ethnic minorities and the younger generation disproportionately disadvantaged by the economic impact on the labour market. At the same time, governments have promised to ‘leave no one behind’ and ‘build back

better’ for the future, as demands grow for wider social justice. There is growing evidence that the most diverse companies are now more likely than ever to outperform their less diverse peers in profitability (Dixon-Fyle et al. 2020). But diversity doesn’t matter just for business performance – a lack of diversity in organisations creates significant reputational risk in different ways and damages everything from talent recruitment to employee affiliation to customer relations. In response organisations are seeking to evaluate and address their working practices, cultures and organisational biases as an emerging priority. One recent survey indicated that over 70% of business leaders said they have never in their entire careers felt more pressure to engage with social justice issues (Porter Novelli 2020), as the issues of diversity, including discrimination, come to dominate the corporate agenda. Reporting requirements relating to diversity and inclusivity measures in the workplace will also continue to grow. In 2020 the US Securities and Exchange Commission (SEC)

FIGURE 7: The business case for diversity in executive teams remains strong



Source: Dixon-Fyle et al. 2020

approved additional reporting recommendations for publicly traded companies, including for a wide range of human capital indicators such as diversity and inclusivity measures, but there are calls for it to go further (Reuters 2021). There's also growing interest from the investor communities as more transparency is demanded from businesses on how they are addressing diversity issues through evolving inclusivity practices, including metrics.

'Our 2019 analysis finds that companies in the top quartile for gender diversity on executive teams were 25 percent more likely to have above-average profitability than companies in the fourth quartile – up from 21 percent in 2017 and 15 percent in 2014.'
Dixon-Fyle et al. 2020

'Diversity is an area that perhaps in the past would have been well outside the remit of a qualified accountant and probably wouldn't have touched the finance function at all, but now its absolutely part of their role. I think it's because for some organisations, the accountant is often the only professionally qualified member of a global awarding body that lays out ethical standards and guidance on some of these principles. So, I actually think accountants have a responsibility and moral imperative to step up and guide their organisations in a direction that we all know is necessary.'
Talent leaders roundtable

'Whether it's sustainability or diversity issues, or some other non-traditional non-financial areas – I think there's going to be huge challenges for accountants in these areas, but also huge opportunities for accountants to really play a powerful role.'
Talent leaders roundtable

Trend 13: Demographic shifts change talent strategies

By 2030, the global population will have risen to approximately 8.5 billion from its current level of approximately 7.8 billion today (Worldometer n.d.). However, population growth is slowing from about 1–2 per cent per annum to approximately 0.5 per cent (Cilluffo and Ruiz 2019), primarily because of falling birth rates and ageing populations. In addition, longevity is increasing. By 2050 it is estimated that the number of people over the age of 65 years will triple and the number of those

over 80 will quadruple, mostly in mature markets. The global working-age population is expected to grow at a much slower pace over the next decade, and half as fast in the years to 2030 as in the last 15 years (ILO 2021). This is a particular issue in mature economies, with dwindling workforce populations, access to talent will be even harder to obtain as economies transition and skill gaps emerge across the workforce. For many mature economies, this relative transition to an older workforce has profound implications for reskilling and inter-generational workforce strategies. In countries with rapidly ageing populations we

Long Slide Looms for World Population, With Sweeping Ramifications

New York Times, 22 May 2021

Fewer babies' cries. More abandoned homes. Toward the middle of this century, as deaths start to exceed births, changes will come that are hard to fathom.

All over the world, countries are confronting population stagnation and a fertility bust, a dizzying reversal unmatched in recorded history that will make first-birthday parties a rarer sight than funerals, and empty homes a common eyesore.

Maternity wards are already shutting down in Italy. Ghost cities are appearing in north-eastern China. Universities in South Korea can't find enough students, and in Germany, hundreds of thousands of properties have been razed, with the land turned into parks.

Like an avalanche, the demographic forces — pushing toward more deaths than births — seem to be expanding and accelerating. Though some countries continue to see their populations grow, especially in Africa, fertility rates are falling nearly everywhere else. Demographers now predict that by the latter half of the century or possibly earlier, the global population will enter a sustained decline for the first time.

A planet with fewer people could ease pressure on resources, slow the destructive impact of climate change and reduce household burdens for women. But the census announcements this month from [China](#) and the [United States](#), which showed the slowest rates of population growth in decades for both countries, also point to hard-to-fathom adjustments.

The strain of longer lives and low fertility, leading to fewer workers and more retirees, threatens to upend how societies are organized — around the notion that a surplus of young people will drive economies and help pay for the old. It may also require a reconceptualization of family and nation. Imagine entire regions where everyone is 70 or older. Imagine governments laying out huge bonuses for immigrants and mothers with lots of children. Imagine a gig economy filled with grandparents and Super Bowl ads promoting procreation...

(Cave et al. 2021 (extract))

may see skills shortages in particular areas, or an increased focus on automation strategies to augment labour. One of the other critical ways in which organisations will be affected by shifting demographics is through global urbanisation. In 2018, 55% of the world's population lived in urban areas. This is expected to grow to 60% by 2030 (Migration Data Portal 2021). Here, the pandemic is an inflection point for thinking differently about the future of cities and the ways they are designed and developed in the future. From a talent perspective, major cities have always had a monopoly on high-paying jobs and metropolises serve as talent and innovation hubs. Their success, or lack of it, in the wake of the Covid-19 crisis will have an impact on future talent acquisition strategies, particularly in a world of work where knowledge workers, in particular, may be more distributed away from metropolitan areas.

'The demographics for me are going to be a huge, huge change over the next couple years just in terms of what we as a society want and how we behave. So that's impacting on our business, and our activity through our hospitals. And that's having an impact on my team of accountants and how we support the organisation.' **Public sector roundtable**

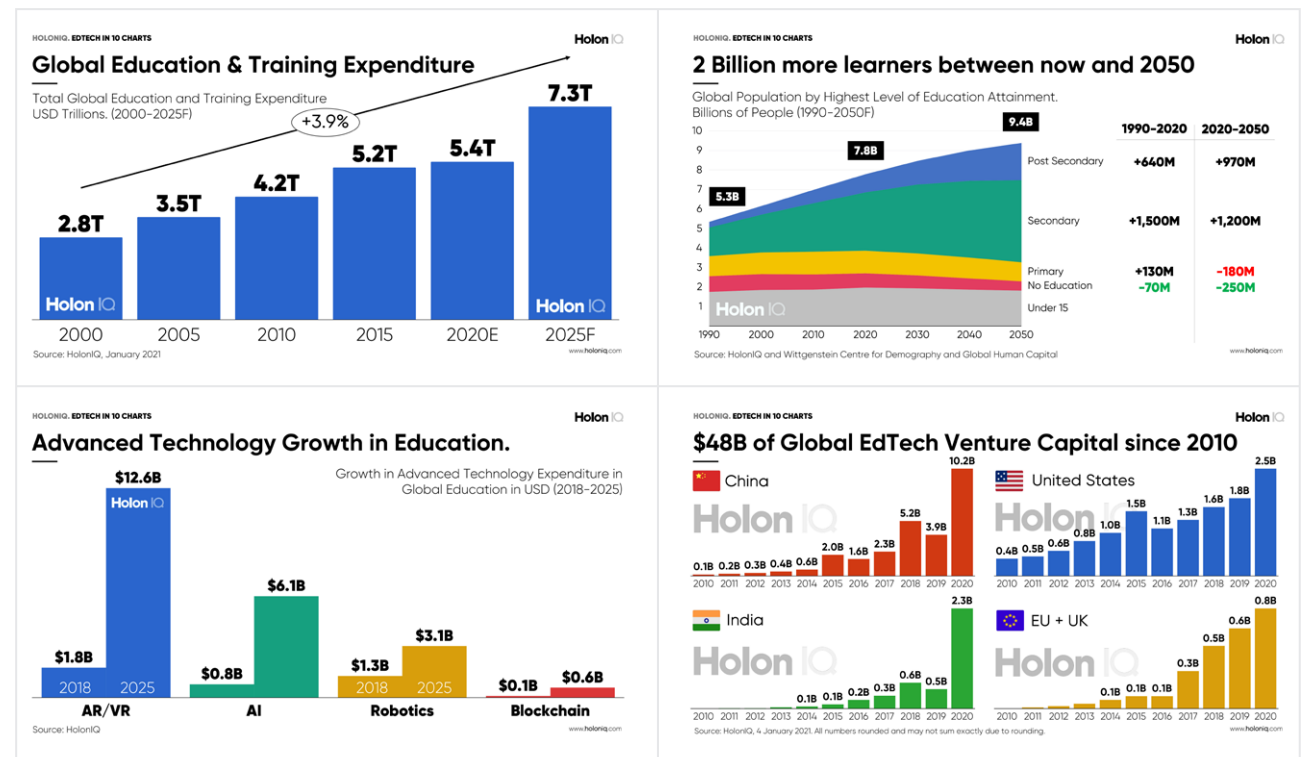
Trend 14: Education is technologically transformed

Access to digital economy skills and education will be essential to businesses over the next decade as the global economy transforms and the demand for new workplace capabilities emerges. The transition to remote working and social distancing requirements has been made possible by growing internet connectivity across the world. This is also transforming education, increasing its accessibility and affordability through online distribution, although some regions of the world remain challenged

in Wi-Fi connectivity. In 2020 the education technology market size was valued at US\$89.4bn but is expected to grow at an annual compound rate of 19.9% a year between 2021 and 2028 (Grand View Research 2021) (Figure 8). From bite-sized modular courses to intensive learning interventions and the growth of platforms such as EdX, we can expect to see increasing use of augmented reality, virtual reality, gamification, simulation and other learning formats distributed across mobile and other platforms in both formal and informal settings. Technological interventions will help individuals develop real-life skills

such as problem solving, critical thinking and decision making because the learning is framed relevantly, in the context of the problem or issue that requires solution, and this makes learning memorable. Smart technologies will be used increasingly to support educational assessments and evaluation and design of questions, freeing teachers to focus on creative learning content. Also, by giving teachers new tools to track learning outcomes and help learners to learn for themselves, the role of the educator will shift increasingly to one that helps facilitate self-learning rather than pushing knowledge content.

FIGURE 8: The future of training and education



Source: HolonIQ 2021

Trend 15: New business models proliferate

Changing societal demands and the rise of start-up cultures enabled by falling technology costs and better connectivity have continued to drive the development of new business models. There are growing changes in how businesses are funded, new emerging ownership models, increasing interest in start-ups and entrepreneurialism, and significant transformation of business value chains, with new organisation designs bringing different ways of creating sustainable value for the future, across society (Figure 9). There's also continued growth in peer-to-peer platforms and the growth in the 'sharing economy' continues to disrupt industries, supported by the explosion in social media, smart phone and 'app' developments. Yet in the wake of the Covid-19 crisis the 'isolation economy' (Mehta 2020) has developed too: an economy based on the principle that as we look to the future, even beyond the end of the pandemic, people will travel less to undertake their 'everyday' activities. 'In the isolation economy, you don't go out for things; they come to you' (Mehta 2020). There are ever more funding options, from start-up loans and business accelerator schemes, growth in crowdfunding platforms, business angels, venture capital, government grants, trade, import and export finance, peer-to-peer finance and business finance loans specifically for under-represented groups, as governments and policymakers across the world continue to focus on broadening access to finance and introducing new policy initiatives and measures, such as accelerators and incubators, to support innovative start-ups.

'I think another big thing which is probably an outcome of the technology is that business models will continue to change rapidly.' **Corporate and business reporting roundtable**

'With significant changes in business models, the regulatory reporting landscape will need to catch up.' **Corporate and business reporting roundtable**

FIGURE 9: Characteristics of business models of the future

1. Multi-layered – possess the ability to have many different components come together and cooperate to create value.	2. Participatory – an expectation of participation, over transactional consumption alone, means that organisations can rethink how they interact with customers and other stakeholders.	3. Platform-ready – online platforms provide an opportunity to unlock value through building communities, empowering individuals and benefitting from network effects.
4. Multi-capitalist – understanding that value creation through a business model is not just composed of by financial capital but also includes other capitals, including intellectual, natural, relational and many others.	5. Purposeful – engendering a sense of purpose – and communicating these sincerely to employees, customers and partners – builds resilience and long-term value.	6. Data sensible – recognising the importance of data, its sensitivity and its owners' rights, including being portability ready, is key.
7. Boundary-testers – going beyond perceived natural boundaries to create enduring value in areas previously considered beyond an organisation's domain.	8. Open – openness allows for more sharing and collaboration and the potential to benefit by contributing to an ecosystem and to build on knowledge and learning of others.	9. Potential enhancing – providing tools for people and places to realise their potential creates outsized returns for all.
10. Fair players – ethics is at the heart of organisations. The need for sound business ethics is even more acute in a digital environment where a lack professional competence and due care can cause ethical issues to emerge in unexpected places.	11. Convening – convening groups in a virtual or physical space, or around an idea, and building a community that people value, contributes to social and civic systems.	12. Restorative – being able to fix, renew and repair is not only more efficient but has the potential to unlock new sources of value.

Source: ACCA and CFA 2019

'With the emergence of new business models, the workforce needs to acquire new skills. I think these two are hand in hand, and quite important drivers for the next decade. In the next 10 years, there will be more start-ups being established. They will need the traditional technical skills and business partnering skills, but also change management skills, because those organisations are changing really rapidly.' **Leaders of tomorrow roundtable**

'Climate change and social change will drive a deluge of regulation, its going to drive a large number of companies to a fundamental change of their business model, its going to drive a large number of companies potentially out of business, and these are companies today that are highly valued.' **Western Europe roundtable**



SPOTLIGHT ON: Space to Grow: New models of business support

ACCA's report *Space to Grow: New models of business support* explores how alternative business support models, such as accelerators and incubators, are being used to allow more small to medium-sized enterprises (SMEs) and start-ups to achieve rapid growth and support their recovery post Covid-19.

About accelerators and incubators

Incubators support business creation and development. They are typically physical spaces that provide additional services such as training and mentoring for entrepreneurs, access to networks and, sometimes, specialist equipment or facilities such as laboratories. They can be non-profit institutions set up by universities, governments, agencies or donors, or commercial enterprises set up by private-sector companies and investor groups.

Accelerators focus on growth and have historically put greater emphasis on funding, although elements such as networking, mentoring and market access are increasingly seen as equally important. A key feature of accelerators is that they offer highly selective and time-limited programmes.

Accelerators and incubators are continuing to change the business support landscape

Depending on the country, incubators and accelerators can provide general business support and access to finance to a wide range of start-ups and small to medium-sized enterprises (SMEs), or in-depth support concentrated on specialised industry verticals and sectors. Their goals differ between countries and regions: in the emerging markets the aim may be primarily to foster entrepreneurship as an alternative to employment and encourage businesses that will themselves create jobs. Or they may intend to create 'clusters' of new enterprises and promote the country as a target for more inward investment. In more mature markets, such as the UK, incubators and accelerators may focus more narrowly on very high-growth sectors and candidates. Different goals have different patterns of risk: a high failure rate may be acceptable when the goal is to help investors to find the next 'unicorns', less so when it is to create a generation of resilient and self-supporting entrepreneurs. (Zaronina-Kirillova 2020)



The future of audit

One of the key narratives from changing societal needs are growing demands from stakeholders for increased transparency and accountability on organisation performance.

Across major jurisdictions in the world there remains a deficit of trust in the way large companies are run, concerns over how organisations are being effectively governed, and more challenges to how current audit practices seek to provide adequate assurance over the achievement of company performance. The need to restore trust in audit and corporate governance, and the broader aim of improving the wider financial reporting system is integral to ensuring capital markets operate efficiently.

Proposals being developed are wide ranging and will potentially have significant impacts on the future of auditing firms. These include but are not limited to definitions and the scope of public interest companies that require a statutory audit, the definition and scope of audit versus wider auditing services particularly in light of the growing need for wider assurance beyond the financial statements audit, competition and choice issues in the audit market, more governance specific related issues such as legislative, regulatory and oversight issues in relation to directors responsibilities,

new reporting requirements over internal control frameworks and specific issues in relation to tackling fraud. It's too early to tell exactly what the conclusions or outcomes are from these developments, but these developments could potentially have a significant impact on the major accounting firms auditing public interest entities, hopefully with the outcome of further improving confidence and trust across the corporate reporting landscape in the future.

'A big impact over the next five to ten years in audit will be the new regulatory environment. Audit reform will impact governance of organisations, governance of the audit firms and it will have a major impact on the profession as well as having potentially a big impact on the business models of the largest accounting firms.'

Western Europe roundtable



KEY DATA POINTS

To what extent do you believe the emergence of new business models will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact, 10 = very significant impact)

To what extent do you believe the diversity and inclusivity agenda will impact the role of sustainable business and finance professionals?

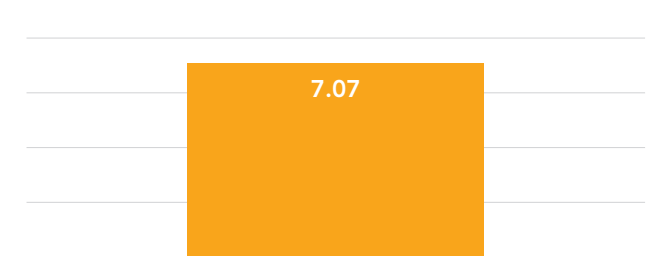
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1=no impact and 10=very significant impact)

To what extent do you believe changes in the accessibility and cost of higher education will impact the role of sustainable business and finance professionals?

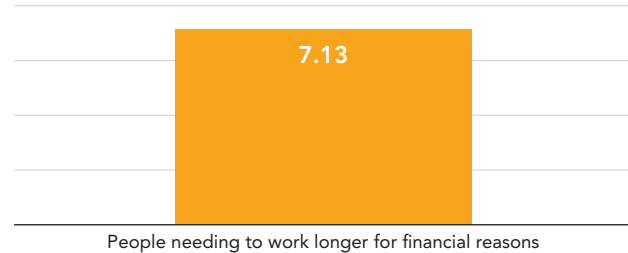
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe people needing to work longer will impact the role of sustainable business and finance professionals?

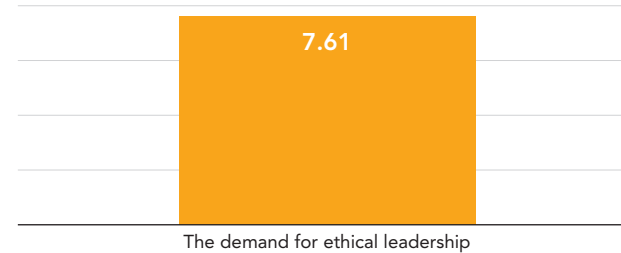
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact, 10 = very significant impact)

To what extent do you believe the demand for ethical leadership will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

How drivers of change in society impact the sustainable business and finance professional of the future (some examples)

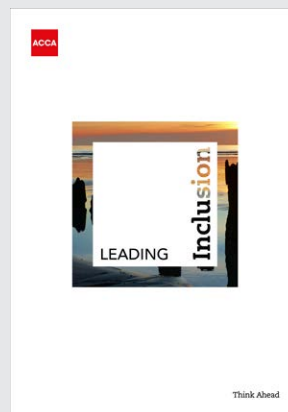
- Ethical leadership:** The work of the sustainable business and finance professional of the future will be essential to ensuring integrity and ethics in the organisation in the face of growing stakeholder expectations. From audit and assurance to key financial management roles, the activities they perform are essential to protecting the public interest, ensuring appropriate governance in organisations and driving transparency on performance. (Further reading: ACCA 2020a)
- New business models:** Emerging forms of business models present brilliant opportunities for finance professionals to drive the future economy. From entrepreneurial opportunities in start-ups or supporting organisations that are transforming their businesses and organisation design to meet emerging social and environmental value-creation needs, the finance and business skills that sustainable business and finance professionals bring will be invaluable (Further reading: Zaronina-Kirillova 2020)
- Inclusivity:** Finance professionals will increasingly work in organisations that understand the moral and commercial imperatives for inclusive workforces. A greater focus on inclusivity will drive innovation, diversity of ideas and change how they execute their work engagements. But the sustainable business and finance professional of the future may also have an increasing role to play in capturing, measuring and reporting on diversity and inclusivity practices, as human capital management and reporting are increasingly required across different reporting jurisdictions. (Further reading: Webb 2021)
- Accountancy education expands:** Technology and the growth of the internet are affording new opportunities for education and learning and potentially opening up access to the accountancy profession in emerging markets, enabling businesses to tap into new sources of talent. The growth of new ed-tech opportunities and evolving teaching and assessment practices through technology could transform future education provision and help drive inclusivity.

▶ Further related reading from ACCA:



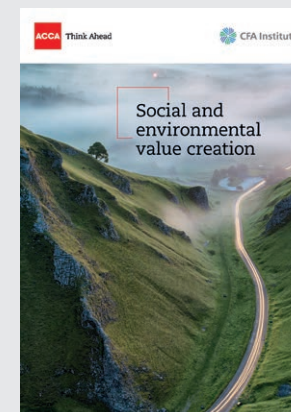
Accountants, purpose and sustainable organisations

This report explores the role of the accountancy profession and its purpose in the future.



Leading inclusion

An exploration of diversity and inclusivity, and the role of the accountancy profession.



Social and environmental value creation

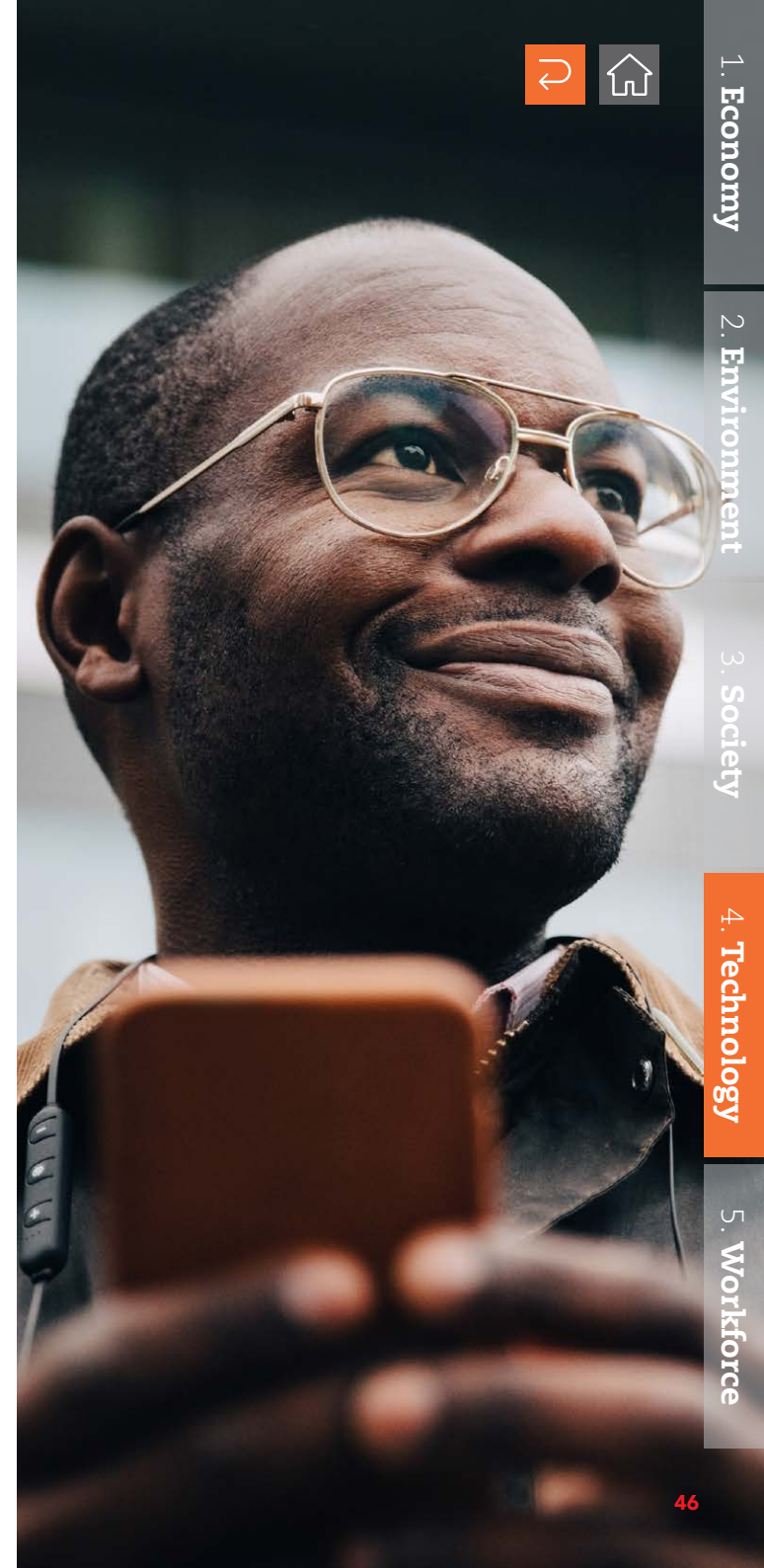
An examination of the role of business in rethinking value creation and the rise in importance of the ESG agenda.

4. Technology

Mobile technologies and rapid access to information have transformed global connectivity and given unprecedented opportunities to accumulate knowledge fast. This presents new challenges to organisations as stakeholders demand transparency and rapidly source information, but it also unleashes new opportunities for organisations to connect with their customers, employees, and other stakeholders across the globe, transforming their business operations in the ‘digital first’ economy. The Covid-19 crisis has been a significant accelerator for organisational technology adoption, and digital will transform global markets and open further access to new economies after the pandemic, as we look forward over the next decade.

Critically, this is the decade where technologies from IoT to automation, from emerging AI and machine learning to cybersecurity, will be increasingly blended as organisations look to re-design their technology capabilities to meet new challenges, exploit emerging opportunities and integrate their business model processes around customer journeys. Hyper connectivity possibilities are transforming as 5G expands and new platforms and communication tools provide ever more sophisticated ways of connecting and sharing. Computing power is exponentially expanding as edge computing brings new storage and speed of access possibilities for data.

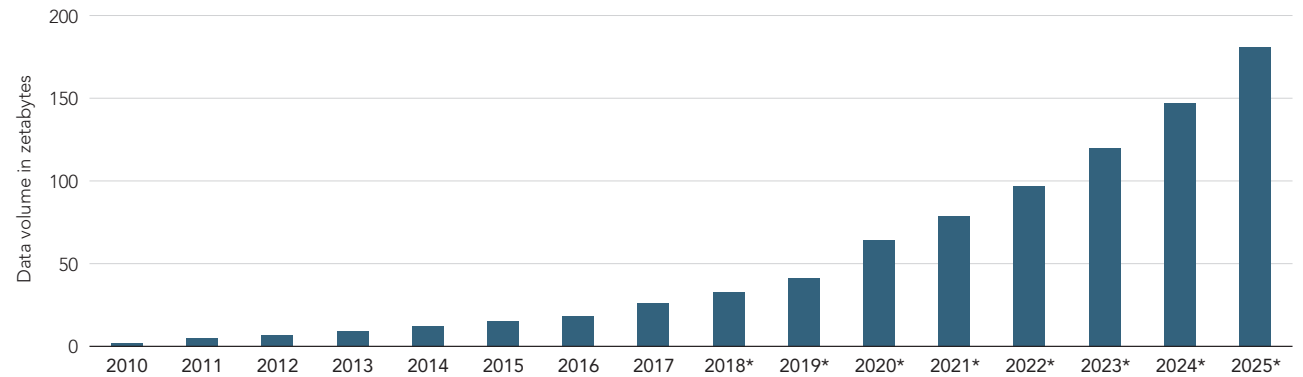
The expansion of robotic automation technologies continues to drive out routine work rapidly and a fraction of the previous cost. A multitude of emerging technologies and analytics tools are transforming the execution of business analysis, combining human skills with ever more capable data mining capabilities and capitalising on the predicted growth in data worldwide to over 180 zettabytes by 2025 (Statista 2021). As organisations become more customer- and data-centric, digital transformation and the development of the digital core is enabling businesses and finance teams to access ever-wider data sources more efficiently in real time to drive enhanced business intelligence.



Trend 16: Datasphere expands further

Data is transforming global society, with the growth of the internet driving even greater connectivity. More than 60% of the world’s population is now online, taking the total number of global internet users to 4.72bn by the start of April 2021 and 4.33bn active social media users (Kemp 2021), though connectivity challenges remain in emerging markets with connectivity. The rapid growth in social media platforms such as twitter, Pinterest, WhatsApp, WeChat, tik-tok, Instagram, and YouTube reflect shifting consumer preferences for seeking to acquire content and access information, providing new channels for organisations. The amount of data created over the next three years will be more than the data created over the last 30 years, and the world will create more than three times the data over the next five years than it did over the last five years (IDC 2020). Organisational ‘data lakes’ have continued to expand as businesses seek out new ways of managing big data more effectively, giving the required flexibility in accessing structured as well as unstructured data and, increasingly, non-financial data such as that from social media, videos and pictures, GPS and sensors (Figures 10–13). All this should enable them to make faster, data-driven, business decisions. Businesses are investing more in building data-rich technology platforms (De Smet et al. 2021) as they transform their business models, increasingly shifting to a mix of on-premises, legacy and public and private Clouds to enhance their technology infrastructures. But data growth has placed new demands on organisational data governance strategies as organisations strive to develop one source of data truth, and provide information that is accessible, timely, accurate, controlled, trusted, consistent, legal and linked to the value drivers that truly matter in the sustainable organisation.

FIGURE 10: Volume of data/information created, captured, copied, and consumed worldwide from 2010 to 2025 (in zettabytes)



Source: Statista 2021

‘My clients are start ups and they need access to really good data. The really useful role for the SMP is to help their client understand the business in the future through data.’ **Interviewee quote**

‘We have to live up to expectations as a profession. So the accountant needs to embrace data analytics and understand big data. We need to demonstrate our ability in this space.’ **Interviewee quote**

‘Some of the data that accountants are going to handle is going to be less structured – it’ll be more unstructured data that you’re looking at in terms of helping the business make decisions and forecast properly.’ **SME global forum**

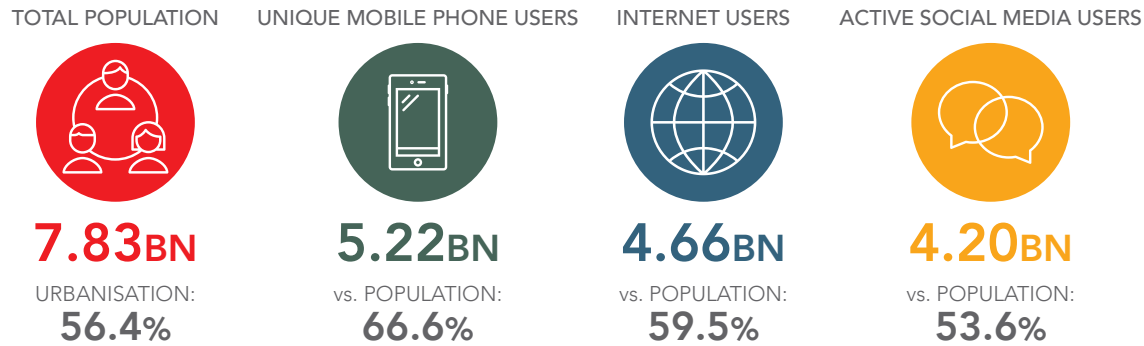
‘It has to be quality data. You can not trust the data blind. You need to ask does the data make sense.’ **Interviewee quote**

‘Having a lot of data without being able to understand how the data interrelates is really meaningless – we must be able to understand and interpret the data and filter the correct amount of data to be useful.’ **ASEAN practice leaders**

‘I was discussing the data topic with my colleagues two days ago. With the deployment of new technologies, the data we are using is increasingly non finance-related data. Our analysis is not limited to financial data.’ **China roundtable**

‘I see accountants writing SQL queries to get data because businesses are increasingly digitalized. I see financial analysts, not just calculating variance analysis in Excel, but creating SQL data tables, which calculate those variances daily from the data flows. So these digital skills are in demand more and more.’ **Corporate and business reporting roundtable**

FIGURE 11: Use of digital technology around the world



Source: We Are Social 2021

FIGURE 12: The four Vs of data

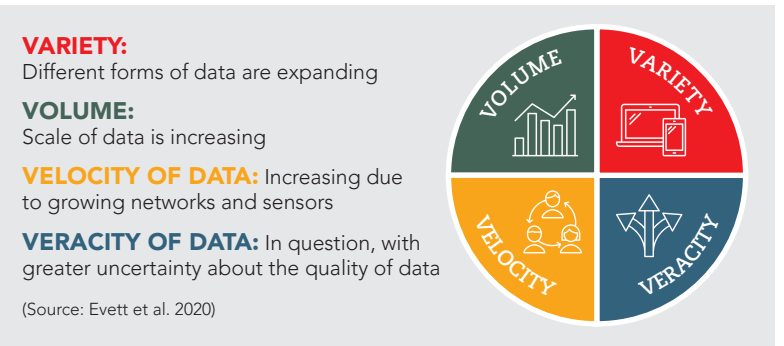
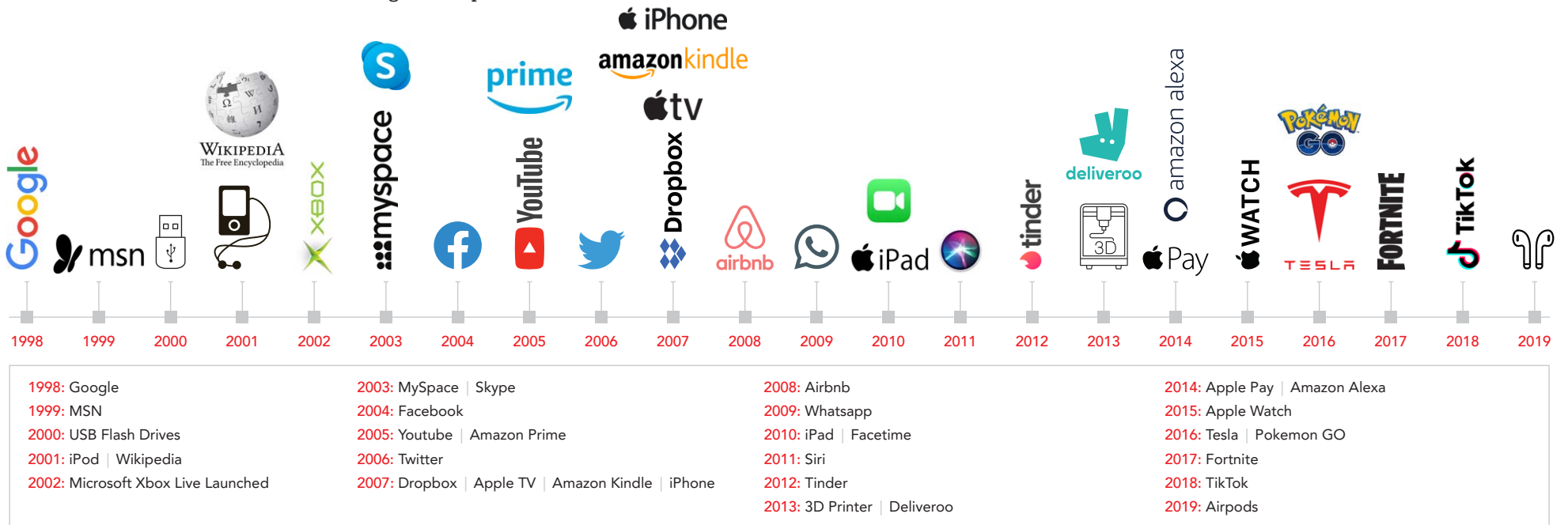


FIGURE 13: Acceleration of new technologies and platforms



(Source: ACCA 2021c)

Trend 17: Cloud transforms scalability

The transition to the 'digital core', where businesses seek to transform and centralise much of their enterprise information technology infrastructure on the Cloud, is giving new scalability, flexibility, and standardisation with options for integrating and onboarding new technologies. An avalanche of business technology transformation initiatives and developments in virtual working, which demand secure desktop and mobile technology practices, as well as accelerating trends in areas such as quantum computing and edge computing, and massive data growth trajectories, are further propelling the transition to Cloud. By 2024 it's predicted that the global Cloud applications market will have a value of \$US166.8bn from \$US131.65bn in 2020 (Statista 2020) as the market grows. New service providers will compete against traditional large enterprise resource planning (ERP) vendors as businesses seek to integrate emerging cognitive technologies into the digital core through 'plug and play' micro-services and apps (Figure 14). With Cloud adoption accelerating, we can expect to see new partnership and collaboration opportunities forging different types of business models, new product developments, reworked global supply chains and cross-industry collaborations that open up new markets to partners and help provide better customer service. In particular, there is a growing interest in 'industry-clouds' that bring together Cloud services and related tools that are optimised for use in particular industries. For these businesses, transitioning to the Cloud may be relatively low risk as concerns in relation to specific governance, legislation and regulatory issues are specifically addressed through the technology.

'I think people are becoming hyper aware of cyber security, and adopting that in their technology, but having difficulty explaining that to their client base, as well as teaching and training them around it.'

Interviewee quote

FIGURE 14: Cloud-based applications: the digital core



Source: Webb 2020

'The organisation is moving more deployments to the cloud, and we are involving third parties in implementation as well as sharing the cloud space with other companies. This presents different risk exposures, and professional accountants operating in the risk management space need to aware of this.'

USA roundtable

'Last year, we initiated centralised audit processes because of the organisation data that is now available on the cloud. Our target for next year will be to undertake about 90% of our audits remotely. It's more effective both for clients and for auditors.'

ASEAN CEO roundtable

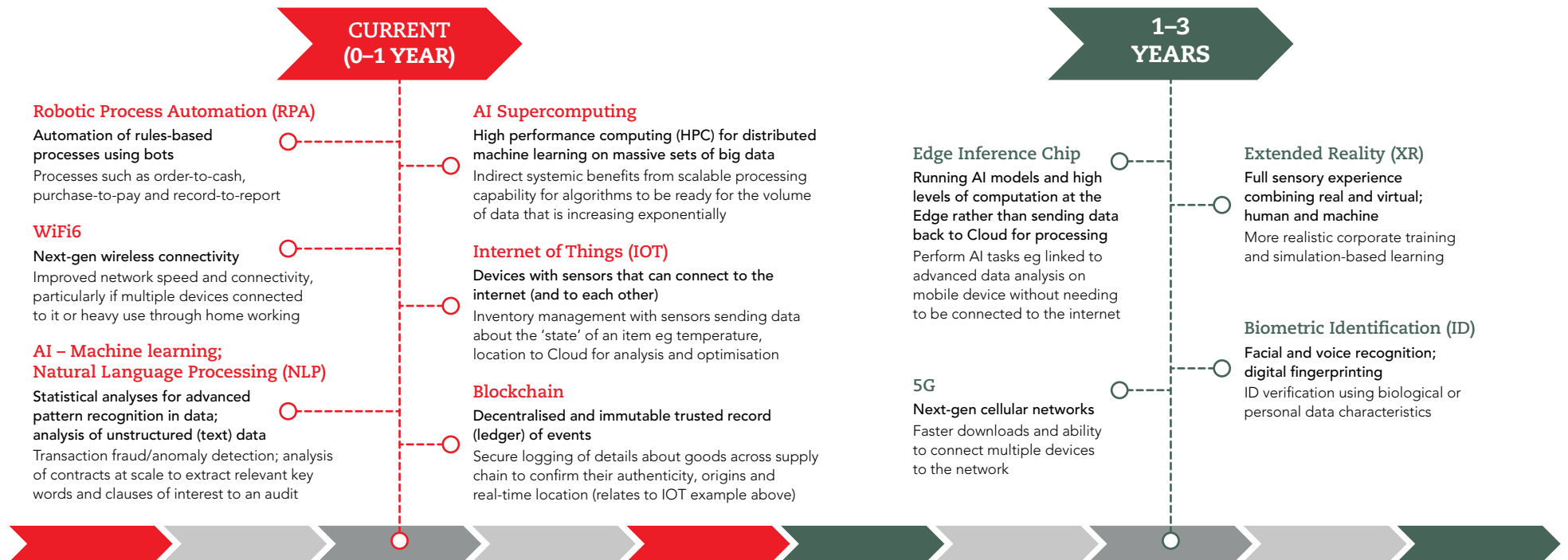
Trend 18: Smart technology accelerates

With automation transitioning fast, organisations across the public and private sector are further seeking to cut cost, optimise and connect processes, drive efficiencies, increase the speed of decision making, deliver flexibility, map business activities and automate content-gathering across multiple systems, as well as taking the routine, transactional processing out of workflows to free up vital resource that creates value. There are emerging developments (Figures 15 and 16) in areas such as optical character recognition (OCR), which recognises different types of notation using advanced AI technologies. Forward-looking

organisations are increasingly relying less on non-cognitive robotics technologies and instead shifting to an era of ‘hyperautomation’ (Gartner 2021) with connected automation strategies incorporating the use of emerging cognitive technologies such as AI and machine learning. The adoption of cognitive technologies continues at pace, reshaping work possibilities, transforming production capabilities, reimagining insight opportunities and blurring the work divide. Machine learning capabilities in the future will accelerate further through developments in quantum computing, making data processing and analysis faster. Analysis will be further enriched by developments

in deep learning, a subset of machine learning that is increasingly capable of interrogating huge and generally unstructured data sets of text, videos, and speech. And these technological developments are support by the growth of the internet, with recent research suggesting that 5G will cover two-thirds of the global population in six years (Ericsson 2021). This enriched capability affects both the huge growing market in AI Cloud services offered by some of the leading organisations in the world such as Amazon, Microsoft and Google, but is also increasingly at the ‘Edge’ with the expansion of the IoT and evermore millions of devices. Given the increasing accessibility of

FIGURE 15: The digital landscape of the future



Source: ACCA and EY (2020)

5G technologies and increased processing power through technologies such as quantum computing, it's going to be more and more possible for AI technologies to operate directly on consumer and business devices. The expanding role of technology is also influencing how financial value is transferred across the economy, whether this is through the maturing of fintech applications, the explosion in the number of cryptocurrencies, and the interest of central banks in exploring digital currencies in the future.

'We have seen a mass adoption of AI and machine learning.' **Sri Lanka roundtable**

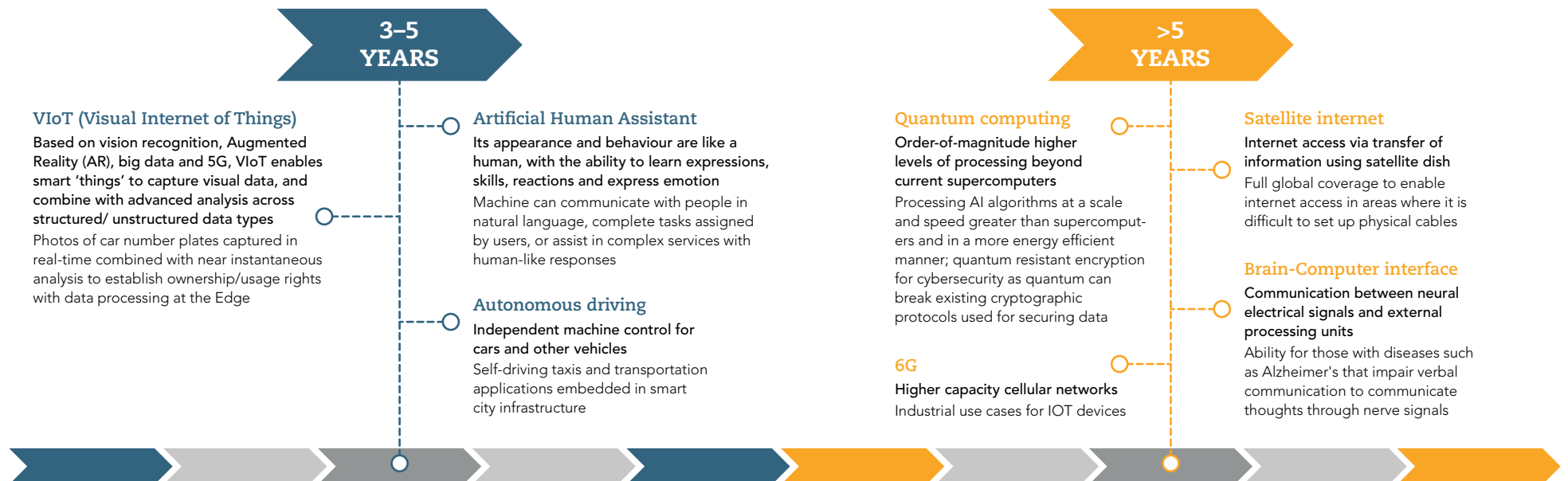
'Technology has accelerated in the Covid world, but I do think that pace will probably continue. We are seeing a lot more mobile technology coming into play. The use of apps is getting quite prolific.' **SME global forum**

'There really isn't enough emphasis on how important technology is going to be because now for us its all different types of technology. And that's something that we found really difficult to make sure that the team are up to speed with technology and then the technical knowledge, and the intertwining of the two.' **SME global forum**

'But the accountant should be able to persuade their business that moving to the most modern technology systems gives us the best analysis of risk and the best control environments – and technology is not just about saving time, it's about helping us predict the future. It's the future of everything, not just finance. It's commercial. It's everything.' **UK roundtable**

'For me the key change certainly in the middle of the pandemic is how technology has catapulted every one of us five years into the future. We are operating at a level perhaps we never imagined at this stage.' **Expert group – performance management**

FIGURE 16: Timeline of emerging technologies



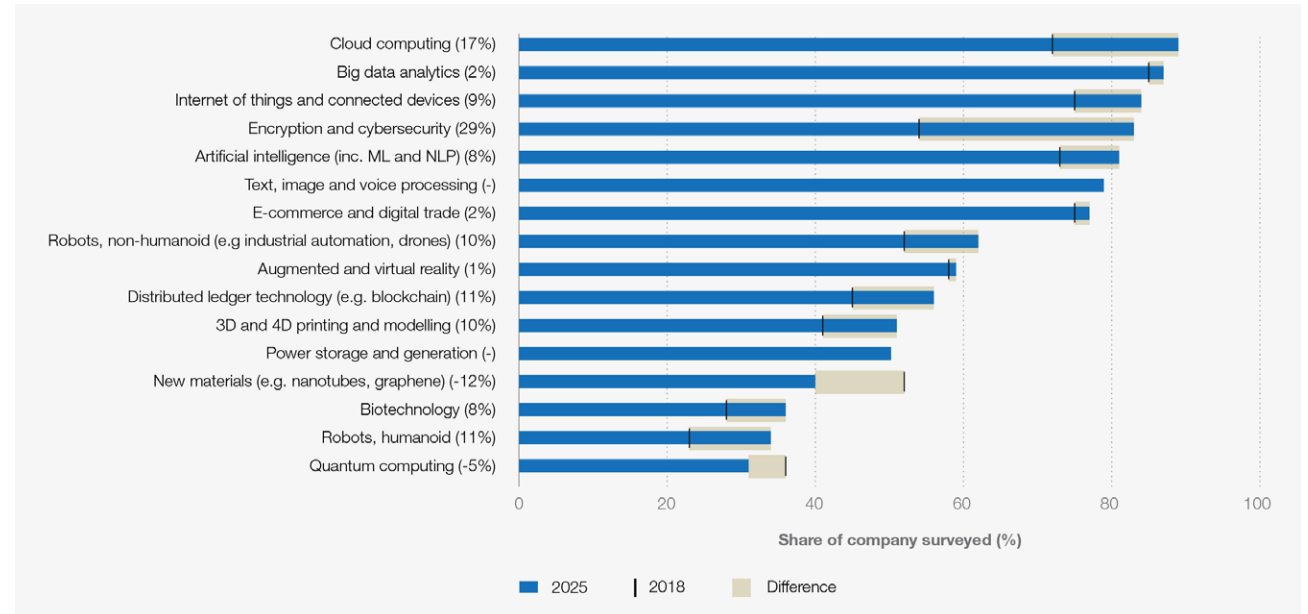
Source: ACCA and EY (2020)

Trend 19: Cybersecurity is big business

Over the 2020s cybersecurity will be big business, with cybercrime expected to grow 15% over the next five years reaching US\$10.5 trillion by 2025, representing the greatest transfer of wealth in history.^{2,3} From Dark Web sale of data through to malware-related cybersecurity threats, ransomware or ‘crypto-jacking’ there is growing pressure on organisations to respond to cyber threats effectively. As many businesses shift to the public Cloud and business processes become increasingly integrated through managed services such as ‘software as a service’, cybersecurity threats increase and organisations will place greater reliance on external Cloud providers, even though neither the reputational risk nor the ensuing financial damage are offloaded to these suppliers (James 2019a). This places new pressure on organisations to understand where their data is stored, how it is protected and how this is assured (James 2019a). In particular, a growing area of cyber threat for organisations is situations in which multiple organisations and institutions across a supply chain can all be compromised. The ever increasing number of IoT devices to which organisations have access often do not have the same technological security protocols but nonetheless are increasingly connected to enterprise networks. This raises new cybersecurity threats, as does the transition to hybrid working, which is naturally changing the dynamic of the cybersecurity threat organisations will face in the future.

‘It may not be easy for accountants to learn about cybersecurity, but that’s a reality. It is expected for the IT auditors and the Financial auditors to understand that risk.’ **ASEAN practice leader roundtable**

FIGURE 17: Technologies likely to be adopted by 2025 (by share of companies surveyed)



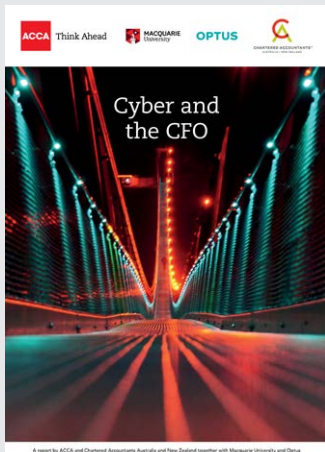
Source: WEF 2020a

‘You have to invest in cybersecurity – we have to invest in a secure platform that secures our data.’ **Corporate and business reporting roundtable**

‘With working from home, cyber security has changed the way we are undertaking our roles.’ **Leaders of tomorrow roundtable**

2 Cybersecurity venture 2020

3 <<https://cybersecurityventures.com/hackerpocalypse-cybercrime-report-2016/>>



Spotlight on: Cyber and the CFO

ACCA's *Cyber and the CFO* report explore the growing importance of the role of finance teams in cyber security.

Cyber risk is one of the most talked-about business risks

It is vital that the CFO plays a leading, if not the leading, role in cybersecurity, especially in smaller organisations. It is no longer permissible to be a bystander or simply to delegate responsibility to others. And it is potentially disastrous for the finance team to be ignorant of the cyber risk and of their organisation's ability to respond. While it is encouraging that boards now see cybersecurity as a significant business risk, there is a danger that this perception may be interpreted differently across the organisation. If IT, operations and finance view cybersecurity only through their own professional lenses, then the most significant threats may not be addressed.

Cyberattackers can target many areas of an organisation, but the dangers are ultimately measured in financial terms: CFOs cannot ignore cybersecurity simply because it is a complex issue outside their area of expertise. Indeed, it is only with the CFO's help that the organisation can quantify and manage the risk of a cyberattack – even though the CFO may not be responsible in the organisation itself, it is through their wider network of relationships with customers, suppliers and other stakeholders that they have a role to play.

The CFO has the skills and the oversight to be able to take a much broader and longer-term view of the financial impact of an attack, looking beyond the immediate issues of data loss and operational disturbance to reputational and regulatory losses and the effect on shareholder value. As the cost of defending the organisation against cyberattacks mounts, it is only by quantifying both the cyber risk and the organisation's risk appetite that the chief executive officer (CEO), together with members of the board, can ensure that resources are deployed effectively.

The CFO is one of the natural custodians of data, and increasingly responsible for assessing its value and managing its life cycle. Finance is not only the natural point through which data flows in an organisation and is reported on; it is also responsible for some of the most sensitive and valuable data the organisation possesses. The CFO will play a key role in identifying the information that it is most important to protect. (ACCA, CA ANZ, Macquarie University and Optus 2019)

'We've got people in Budapest, and we've got people in Nevada, USA. So we've got extremes of time zones, works well, it works well. And we've got different ways of communication, we've got you, we've got WhatsApp, we've got jabber, we've got WebEx, we've got teams chat. But we know that my team actually say that they work better as a team post lockdown, which is quite interesting.' **Accountants for Business Global Forum and Technology Global Forum (joint session)**

Trend 20: Collaborative technology changes connectivity

As organisations continue to transform their business models, centring them on customer journeys or public service outcomes in the face of hyper competitive fast-moving and disrupted markets, they're having to adapt their technological communication infrastructure to support these changes. New emerging collaboration tools are affording business leaders new opportunities to mix and match employee capabilities and connect widely located parts of the workforce to tap into talent. There is growing reliance on technological applications such as Zoom, Teams and Slack to connect instantly and get business done. Connectivity is afforded through the wider availability of 5G, with some organisations going as far as to suggest that employees can work at home forever in the future (Paul 2020). The costs of collaboration technologies are tumbling as team structures are reconfigured, and new emerging communication platforms and self-service applications are enabling teams across the world to connect, share and explore, changing everything from the culture of organisations, the ways that employees can be effectively engaged, and how business leaders communicate.

'I think the issue of collaboration is so important, and tools such as Microsoft, Skype, Zoom, and so on are great. But collaborating through these tools may be more challenging with multi-generational workforces and working from home.' **Leaders of tomorrow roundtable**

'The technology today is quite overwhelming. When you walk into a big organisations you are dealing with so many systems in order to bring things together, and its not always as integrated as it should be.' **Africa roundtable**

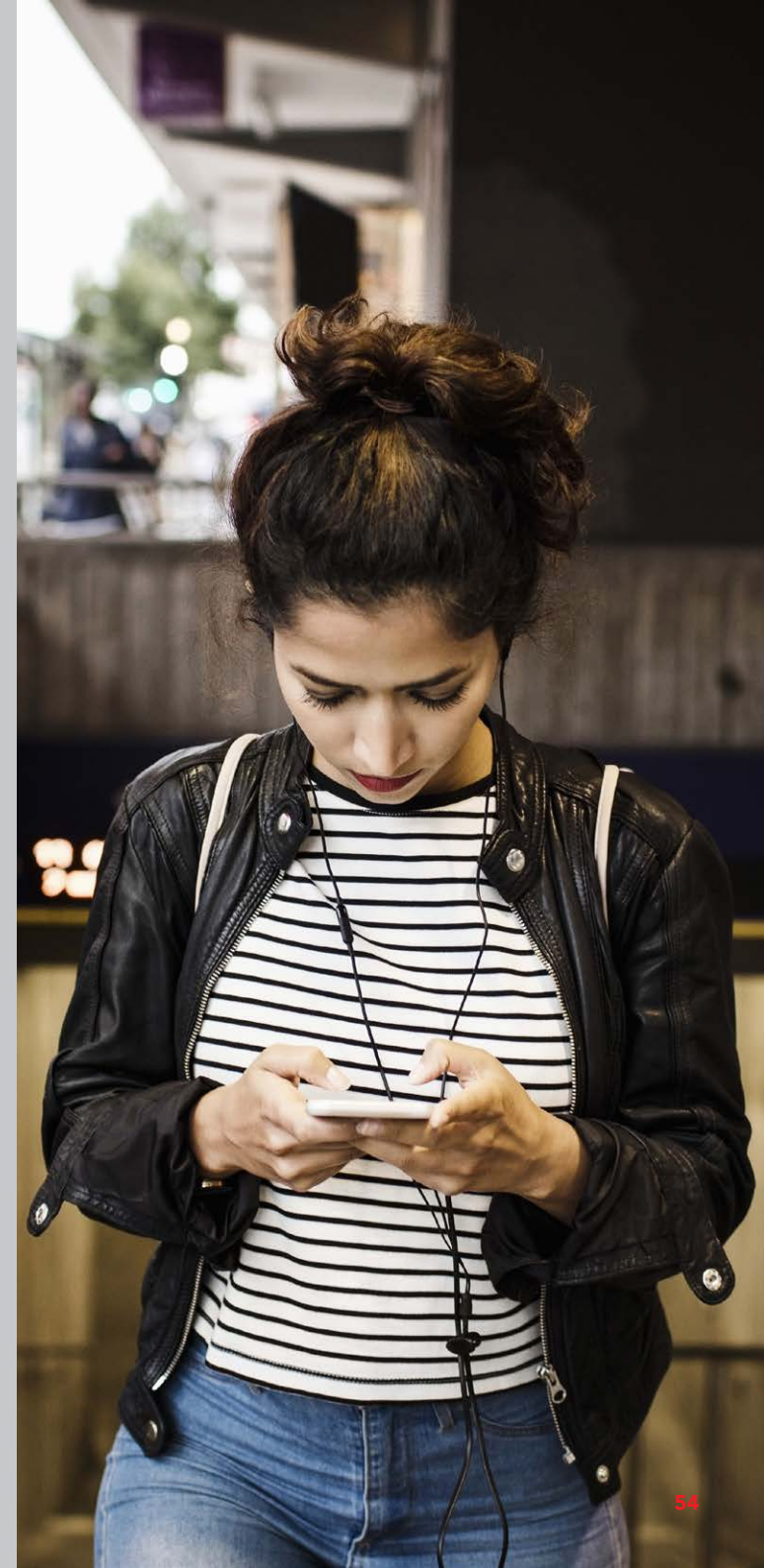
Technology drives brilliant opportunities for the **SMPs** of the future

The opportunity for small and medium sized practices to grow in today's business environment is unprecedented. The adoption of digital technologies, in particular, is leading to a new era of engagement between Smaller and Medium Sized Practice (SMP) accountants and their clients in the small business sector.

SMPs have vastly increased the quality of analysis and modelling available to the SME sector as well as the ease of accessing financial and other support, with the accountant acting as the catalyst and guide. Digitalisation also allows SMPs to acquire a better understanding of clients, offering more value-added insight and advice, which is in turn enhanced by 'always on' access to shared financial data that is superior in quality, quantity and timeliness. It also enables SMPs to develop new specialisations – from apps stacks development to sustainable business model transformation services.

The Covid-19 crisis has particularly brought to light the vital role SMP accountants play in supporting SMEs. When the pandemic hit, SMPs became the emergency service for their clients. They have been able to demonstrate to their clients their value as advisers, and help them to build businesses that are sustainable for the longer term.

SMEs and SMPs increasingly have a mutual understanding not just of the value that SMPs bring to the SME sector, but of the enormous potential that is still to be unlocked. They provide the link between the SME sector and the ecosystem that SME's have to navigate such as governments, regulators and banks, and they play a key role not just in guiding SME clients to the support they need, but also in articulating their needs to these diverse stakeholders. And there are further opportunities too as we look forward – progressive SMPs are increasingly acting as portfolio CFOs, providing the expertise and insight needed to drive business growth and being seen as growth enablers for SMEs and startups, advising on and linking clients to sources of finance; acting as a business coach or mentor; and helping their clients transition to digital platforms. Combined with existing accounting strengths and powered by digital, this makes the progressive SMP practice the natural destination for a growing firm or start-up.



KEY DATA POINTS

To what extent do you believe growth of data and new analytics methodologies will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



Growth of data and new analytics methodologies

(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe cybersecurity will impact the role of sustainable business and finance professionals over the next 10 years?

Responses to ACCA member survey, impacts over the next five to ten years

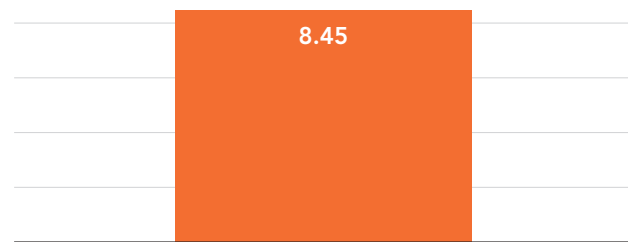


Cybersecurity challenges

(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe growth of intelligent automation / machine learning will impact the role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years

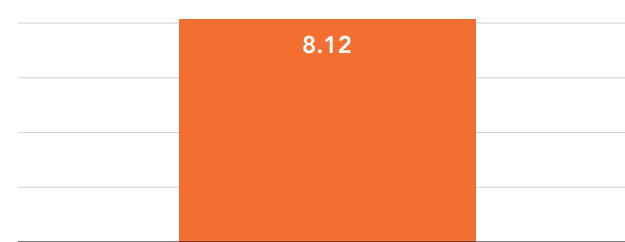


Intelligent (AI / machine learning) accounting technologies

(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe the replacement of entry level accountancy roles through automation will impact the role of accountants over the next 10 years?

Responses to ACCA member survey, impacts over the next five to ten years



Replacement of entry level accountancy roles through automation

(Scale of 1–10 where 1 = no impact and 10 = very significant impact)



1. Economy

2. Environment

3. Society

4. Technology

5. Workforce

How technology drivers of change affect the sustainable business and finance professional of the future (some examples)

- Smart technologies:** The profession is being reshaped by smart technologies such as AI and machine learning. Auditing is transforming through enhanced data mining technologies; control environments are changing owing to IoT and smart devices; and finance business partnering and performance management processes are rapidly evolving as the digital core and smart applications transform analysis capabilities. All this means brilliant opportunities for finance professionals to add more value to the sustainable organisations of the future. (Further reading: ACCA and EY 2020)
- Automation:** We can expect further developments in smart automation and use of cognitive technologies to reduce further the need for routine transactional work in finance teams. It's going to be particularly relevant in helping finance teams to capture, validate and process data more efficiently, shifting the balance of finance teams' work towards the insight and forward-looking analysis that drives real business value. (Further reading: ACCA and PwC 2019)
- Data:** An expanding data sphere presents new opportunities for finance professionals to work with structured and unstructured data, as well as with more external data to drive enhanced organisational analysis across the many different roles they perform. They can play an increasingly important role in data governance too, ensuring organisations have access to the right information to control the organisation effectively and execute superior decisions. (Further reading: Evett et al. 2020)
- Cybersecurity** is a significant business-wide risk that is growing in importance. It affects everyone in the organisation but is particularly relevant for sustainable business and finance professionals in the many roles they undertake, for example in audit or as a CFO, given the financial and business-related risks cybersecurity breaches entail, and the reputational damage a breach can cause. (Further reading: ACCA, CA ANZ, Macquarie University and Optus 2019)

▶ Further related reading from ACCA:



Meaningful work for the digital professional: roadmap beyond the pandemic

An assessment of the impact on the future of work for professional accountants from technology developments.



Finance: a journey to the future?

This report suggests a number of hypotheses in different characteristics of the future of the finance function.



Analytics in finance and accountancy

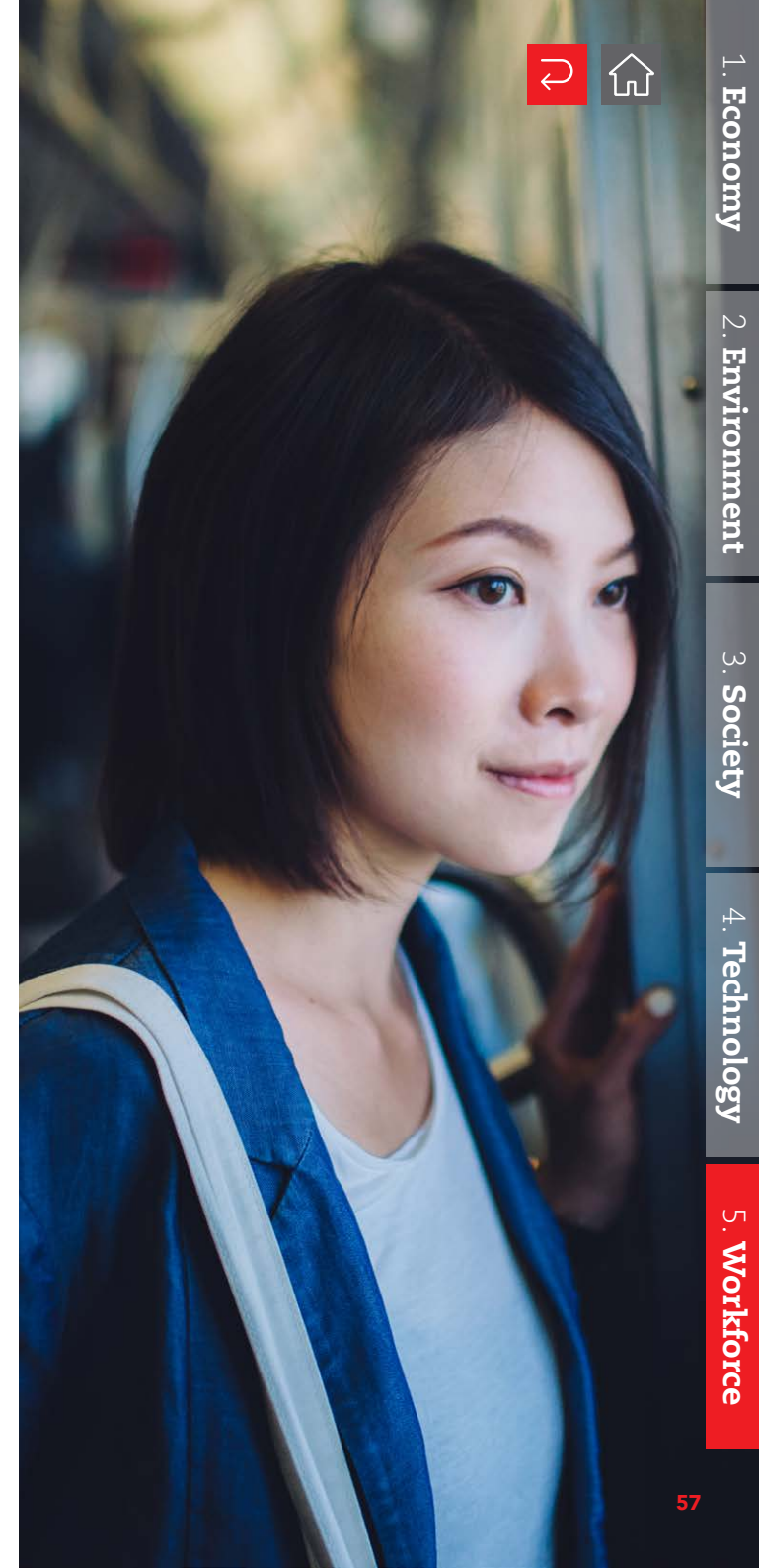
An in depth examination of the growing area of analytics and the role of professional accountants and finance teams.

5. Workforce

It's difficult to imagine a more seismic impact on the future of the workplace than Covid-19, and yet the fourth industrial revolution was already transforming the meaning of work and workforce operations well before we became overfamiliar with the virus. While the sudden shift to distributed work, home-working and future possibilities of hybrid work or work from anywhere steal the headlines, there is an almost endless list of other trends shaping the workforce of tomorrow.

One of these has been the growing realisation that work is a fundamentally human activity, and how organisations look after their human capital is key to organisational success. Another is the sheer innovation and collaboration that is now taking place that may transform the workplace of the future, as businesses seek to transform their organisations and critically look to more agile working practices to address business issues, respond to new emerging risks or exploit new commercial opportunities.

We will see more collaboration and greater cross-team working, demanding new skills and knowledge for the workforce to acquire. And as technology transforms and the global economy changes, there'll be more pressure on workers to reskill or upskill to ensure that their capabilities remain valuable. All this means major changes to career paths in the future.



Trend 21: The future of professional work is hybrid

The future of work is hybrid. Certain benefits of hybrid work have been claimed over the last 18 months, including increased employee flexibility and lower organisational operating costs. Remote working has enabled organisations to connect disparate talent pools in different locations to come together to work on specific business projects. The future distributed workforce may also be helpful in ensuring greater workplace social inclusion, as well as reducing gender pay gaps if there is an equal uptake of more flexible working arrangements, although challenges remain to be addressed, with employee concerns escalating about length of working hours, mental health and employee well-being issues. The impact on productivity is also questionable, and there are ongoing challenges for organisations in establishing an appropriate business culture that best supports a distributed workforce and making sure where possible that this remains 'high touch' in the absence of full-time office engagement. Here, multiple interventions are being developed by organisations, from having the appropriate technological infrastructure, collaboration tools and security protocols to support remote working, ensuring line management and leadership have appropriate support and development to manage in these environments, and using technology and simulations to create new 'immersive' environments that can enable workers to come together to share experiences and connect to drive innovation.

Excerpt from the World Economic Forum Jobs Report 2020

The pandemic has shown that a new hybrid way of working is possible at greater scale than imagined in previous years, yet business leaders remain uncertain about the productivity outcomes of the shift to remote or hybrid working. Overall, 78% of business leaders expect some negative impact on worker productivity from the current way of working, with 22% expecting a strong negative impact and only 15% believing that it will have no impact or a positive impact on productivity. Such scepticism is likely to reflect a number of factors:

1. the switch to remote working is occurring during a period of additional stress and concern caused by the risk to life and health of the Covid-19 virus
2. those caring for young children are faced with additional pressures – needing to take on more unpaid care work owing to the disruption of school and nursery arrangements
3. while companies with established remote working practices are accustomed to a range of approaches to maintaining a sense of community and of active collaboration, and to ensuring a flow of communication, newly remote companies are still establishing these ways of communicating and coordinating in the new, post-pandemic world of work.

(WEF 2020a)

'I have not seen my team physically for the last two years. I've also had new staff being on-boarded over the last two years as well. They are not going to learn the culture. Right? They are sitting in their bedroom and staring at their computers.' **ASEAN CEO roundtable**

'I think the workforce has learned a lot and I think last year has equipped the workforce in general with skills for the next 10 years. We all had to suddenly go digital, no matter what age you are, where you are in the hierarchy, we had to go and learn new tools which are which are ultimately necessary for the next 10 to 20 years as well.' **ASEAN CFO roundtable**

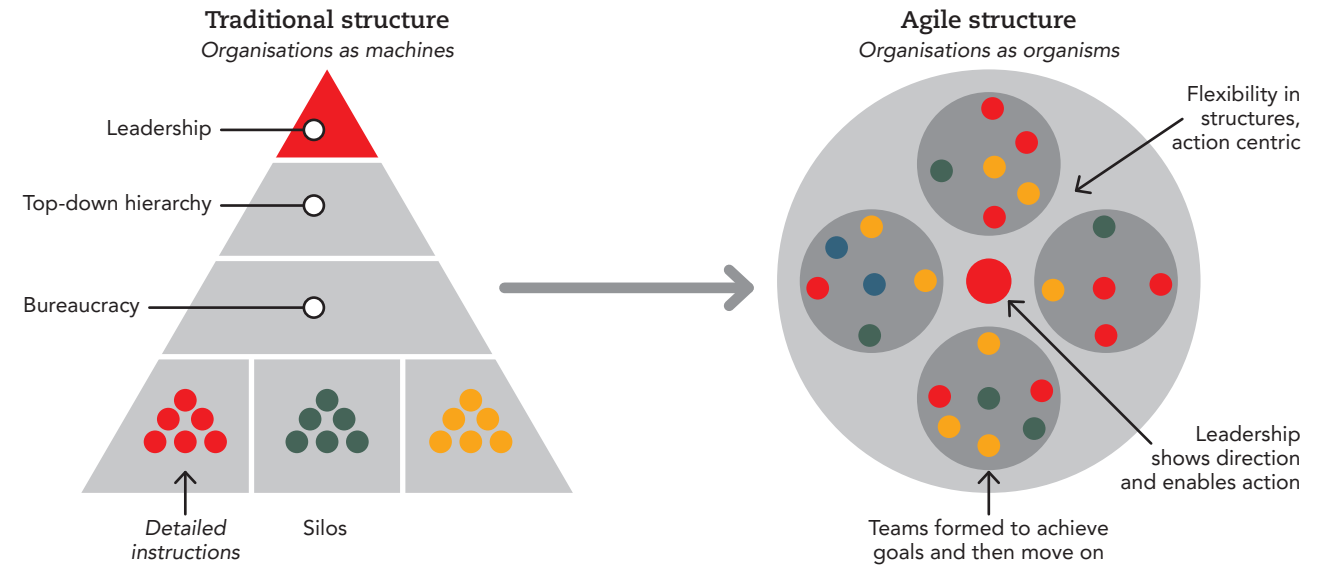
'We have been encouraged to move to a hybrid environment. And we will continue doing so even after the pandemic ends, taking into consideration the investment that we have delivered on technology, going completely paperless and virtual... using outsourcing in the accounting department and using technology with robots and artificial intelligence over the last one year. And we can really see the impact.' **Central & Eastern Europe roundtable**

'If you are not hampered by location, you should be able to access talent around the world, if you can work remotely. That might open up new opportunities for small practices to work through the night effectively, if you're employing people in a different jurisdiction.' **SME global forum**

Trend 22: Innovation and collaboration drive growth

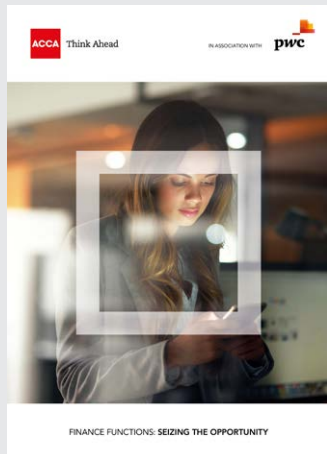
Innovation and collaboration will be essential to helping drive business success and competitive advantage in the coming years. Fostering a culture of innovation will be supported through a new generation entering work. Blending this younger employee cohort across four other generations in the workforce will help organisations spark inter-generational creative friction, and the use of innovation hubs, 'sandbox' environments and reverse mentoring opportunities will enrich a necessary culture of change. In supporting innovation, organisations are thinking more creatively about the ways in which their teams are constructed (Figure 18). Here, in particular, the advent of agile transformation working practices is changing how teams are formed and disbanded and heightening the need for collaborative working practices across different functions as organisations seek to enrich their workforce, bringing in contingent workers and gig employees as and when business projects demand niche skills. Organisational structures are also evolving to be less hierarchical, moving away from 'command and control' standard reporting lines (ACCA 2020c), deploying quick-acting and cross-functional teams that can be targeted on solving emerging business problems quickly or scaling up innovation opportunities. All this means that with better technological collaboration tools and more virtual working, organisations can start to knit together talent from across different geographies to work together within more fluid processes and structures, and to operate and take decisions quickly.

FIGURE 18: Transitioning organisation structures



Source: Furness et al. 2021

THE ADVENT OF AGILE TRANSFORMATION WORKING PRACTICES IS CHANGING HOW TEAMS ARE FORMED AND DISBANDED AND HEIGHTENING THE NEED FOR COLLABORATIVE WORKING PRACTICES ACROSS DIFFERENT FUNCTIONS AS ORGANISATIONS SEEK TO ENRICH THEIR WORKFORCE.



SPOTLIGHT ON: Finance functions: seizing the opportunity

ACCA's report *Finance functions: seizing the opportunity* identifies how finance teams can develop a more strategic role across the organisation in the future.

Innovation and collaboration for future finance teams

Identify areas of opportunity for further improvement, using feedback from team members and stakeholders.

- Develop an improvement roadmap that transitions the finance function towards agreed goals that align with organisational strategy.
- Recognise the continuous need for dynamic planning and scenario modelling for the future.
- Reassess the approach to monthly close cycles and the need to deliver information in real time.
- Adapt processes to minimise the journal entries and ensure that data is captured in as clean a manner as possible.
- Focus on resolving recurrent journal issues.
- Consider the lessons learnt from agile responses to the pandemic and how these can be applied on a continuing basis.
- Recognise the imperative of the ESG agenda and that it cannot wait to be addressed until after the pandemic.

'COLLABORATION IS REALLY IMPORTANT. COLLABORATION AND INNOVATION FOR FINANCE TEAMS HAVE MADE THE "FIVE YEARS IN FIVE MONTHS LEAP" AS THE RELEVANCE OF FINANCE BECOMES STRONGER. IT IS NOW IMPORTANT TO RECOGNISE THAT COLLABORATION AND INNOVATION MUST CONTINUE TO GROW IF THIS ENHANCED RELEVANCE IS TO BE MAINTAINED AND FURTHER DEVELOPED'. UK CFO (ACCA 2021A)

'Collaboration – I think that is a very important piece. You have to be able to work with a client. As an auditor you are actually also an investigator. You have to be able to have good (collaboration) skills.'

Expert group – audit and tax

'I joined as an accountant with this business, and the change I have seen in the last 10 years in terms of pushing the business partner role. We are here to drive value and collaboration is huge, a lot bigger than it was say 5 to 10 years ago.'

Leaders of tomorrow – roundtable

'Some of the things are accelerating pretty quickly, including innovation. (And the business) is having to deal with disruption, which requires more innovation.'

Talent leaders roundtable

'I think that innovation is coming from multitude of different forces. I think everybody's looking at the world and what we've experienced in the last five years and thinking look how much things have changed. Things like Covid, came out of nowhere and people didn't foresee it. And, and so there's a huge drive, to kind of make sure that you're constantly adapting.'

Talent leaders roundtable

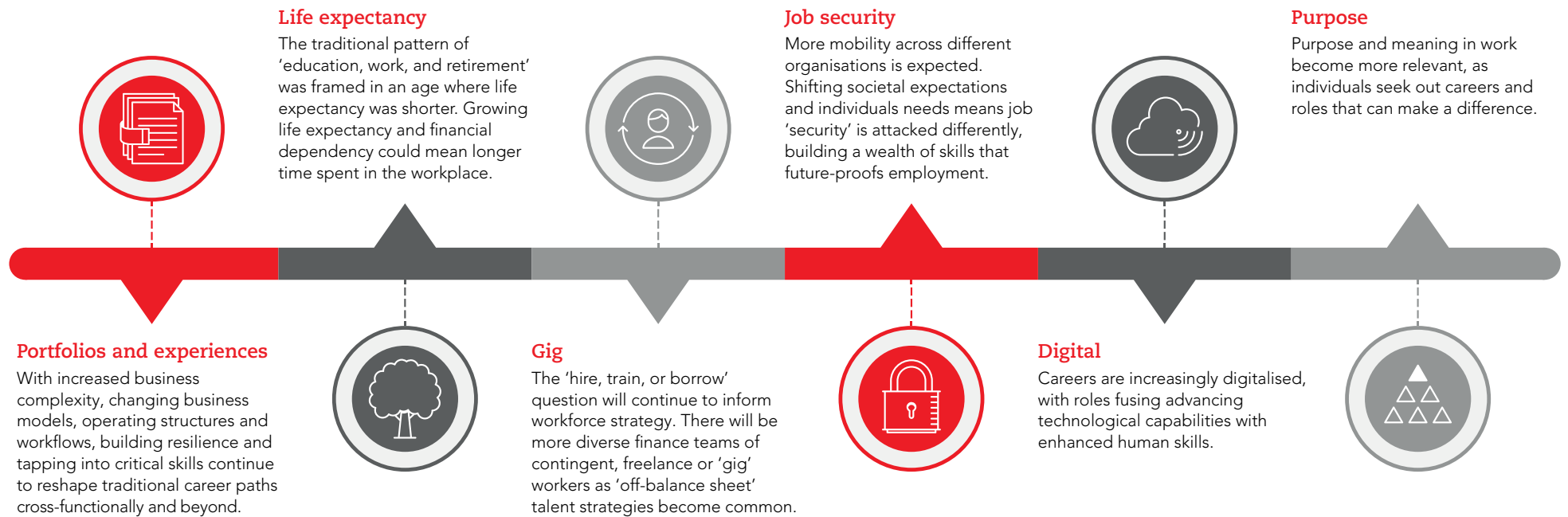
Trend 23: Career paths transform

With transforming business models and changing organisational structures, career paths continue to be less recognisable. Traditional staging posts on career journeys are less evident as the traditional ‘education – work – retirement’ model becomes less apparent. Entry and exit points on career paths become more diffused, as organisations increasingly adopt more agile approaches to managing their talent, increasingly blending different employee pools from gig and crowd workers with permanent employees to enrich the talent pool and ensure the necessary capabilities are available

to deliver business outcomes. With the ‘job for life’ phenomenon truly over, technology too is having an indelible impact, creating new roles and jobs previously unimagined, but also augmenting the capabilities needed. Some of this change may be driven by financial considerations, with digital affording new opportunities for businesses to hire talent in increasingly disparate, cheaper locations, but some may also be driven by changing personal preferences and lifestyle choices as individuals seek different work–life constructs. This has profound implications for organisational talent management, employee engagement and workplace culture.

‘We’re moving to a variety of different careers, and we’re moving into careers that didn’t exist, several years ago. So the career path is broadening, new roles open up and people continue down that career path. We see a much greater diversity of roles and we need to support those.’ **Talent leaders roundtable**

FIGURE 19: Future career paths transform



Trend 24: Well-being heads the agenda

The negative impacts from mental health challenges in the workplace were already well known before the Covid-19 pandemic. According to the World Health Organisation, depression and anxiety alone are estimated to cost the global economy \$1 trillion a year (WHO 2021) in lost productivity and there are growing calls for organisations to address well-being and mental health challenges in the workplace. Organisations have responded, looking to expand programmes that help redesign the employee experience and that recognise the unique challenges and circumstances individual employees face, rather than following a one-size-fits-all approach. More businesses are putting in safety nets and interventions that cater more adequately than before for employee mental health issues, as well as rethinking how work is designed so that it naturally caters for employee well-being at an individual and organisational level. Interventions becoming common include education and coaching on financial well-being, specialist support options for employees who may be looking after older relatives or children, through to a multitude of emerging applications that seek to support employees across a range of health-related issues such as sleep, meditation or stress management, and more organisations are setting up informal employee groups that bring together individuals facing similar challenges or stresses, so that co-workers can share advice and give support.

‘We need to look to a well-being because we have so many people right now working at distance, they are sometimes very stressed and lost in the situation.’
CEE roundtable

‘The workforce generally in the audit firms are quite overwhelmed and overworked and with Covid coming in there is even more expectations in terms of reporting and evaluating areas. So mental well being and physical well-being is (vital).’ **Talent leaders roundtable**

Trend 25: Continuous learning is centre stage

As automation reconfigures work and jobs, tasks and activities are transformed, and technological skills at all levels will see significant growth in demand. As the 2020s get under way, automation in tandem with the Covid-19 recession is creating a ‘double-disruption’ scenario for workers across the world (WEF 2020a), with over 80% of business leaders suggesting they are accelerating automation of work processes. Businesses are accelerating digitalised work processes and process task automation, and as business models transform to drive innovation there are significant workforce reskilling requirements as jobs increasingly necessitate an enriched blend of human capabilities, technical acumen and digital know-how. The transitioning of skills and jobs driven by business change and fast innovation will drive a renaissance in workplace learning as career security diminishes and career journeys become more personalised (Figure 20).

Achieving this synergy between future jobs and career paths that the employee wants and the organisation’s needs will be critical for the sustainable organisations of the future. There will be much more pressure on organisations to think very differently about how they provide workplace learning in the future, with a particular focus on sustainable skills that are adaptable in the face of significant disruption, and which are transferable across the organisation as business models evolve, and as a consequence improving the individual’s long-term employability. Here, creating a culture of continuous learning and more self-directed learning where employees learn how to learn and re-learn will be vital. Enhanced flexibility and accessibility of learning offerings across the workforce will be needed as the demand for agile learning to support rapid skills growth becomes stronger. Governments will have a critical role to play too, in formally recognising these skills to promote transferability and acceptability across industries as nations look to upskill. Over the next decade we can expect to see growing interest in apprenticeship schemes or vocational education initiatives that collapse the distance between formal learning and the workplace.

‘To stay relevant we need to continuously upgrade ourselves. We have to continuously upgrade our skills regardless of what certification you hold...’
North America roundtable

‘The willingness for continuous learning is really important... it’s very interrelated with the ethics because one of the core principles of our profession is around due competence.’ **Interviewee quote**

FIGURE 20: Key trends in skills and education



1. Economy

2. Environment

3. Society

4. Technology

5. Workforce

KEY DATA POINTS

To what extent do you believe the workforce needing to acquire new skills will impact the future role of sustainable business and finance professionals?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe changes to workplace learning will impact the future role of sustainable business and finance professionals?

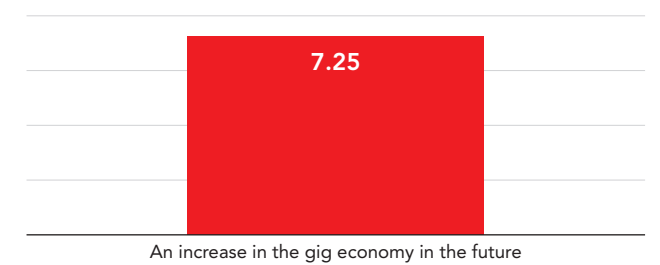
Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe an increase in the gig economy will impact the role of sustainable business and finance professionals over the next 10 years?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe more remote working and flexible working practices will impact the role of sustainable business and finance professionals over the next 10 years?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

To what extent do you believe an increased focus on business transformation will impact the role of sustainable business and finance professionals over the next 10 years?

Responses to ACCA member survey, impacts over the next five to ten years



(Scale of 1–10 where 1 = no impact and 10 = very significant impact)

How workforce drivers of change present new opportunities for finance professionals (some examples)

- Hybrid working:** Audit and advisory teams will be increasingly executing client engagements remotely, working across diverse teams in different locations and particularly exploiting opportunities from evolving technology to plan their engagements, access client information remotely, gather and share information across teams and report. They'll be carrying out client engagements more effectively and efficiently through hybrid working practices. (Further reading: ACCA 2020c)
- Innovation:** Sustainable business and finance professionals are going to be key to driving organisation innovation in the future. They'll be collaborating more in agile, cross-functional teams to solve business problems. They'll be deploying new emerging technologies that will transform working practices and add value to businesses. They will be needed to innovate in executing better data analysis, establishing new performance frameworks that capture ESG information, helping organisations manage new emerging risks or helping the public sector innovate its financial management to enable it to build back better. (Further reading: ACCA 2021a)
- Continuous learning:** With growing demand for business and finance skills, and technology replacing routine, transactional work activities, there are growing opportunities for finance professionals across all sorts of career paths and roles to deliver added-value advice and insight, but this necessitates a mindset of continual learning, particularly for key areas of influence such as technological innovation, or developments in the ESG agenda. (Further reading: Webb 2020)

▶ Further related reading from ACCA:



Future ready: accountancy careers in the 2020s

A review of key trends impacting accountancy particularly from a career perspective.



Groundbreakers: Gen Z and the future of accountancy

A review of the youngest generation entering the workplace today, and their impact on the future of accountancy.



The digital accountant: digital skills in a transformed world

An exploration of the key digital skills that will be needed by professional accountants in the future.

Core capabilities of the **future**

Building on an extensive external global engagement process across the world over the last year, we see a number of emerging core capabilities that will be needed by the sustainable business and finance professional of the future.



Core capability 1: Collaboration

Collaboration focuses on interacting with others: engaging effectively with internal and external stakeholders, communicating clearly, being inclusive and influencing impactfully.

Why is collaboration a core capability for the future?

Great collaboration skills are an essential core capability for the sustainable business and financial professional in whatever role they perform. As organisations and businesses transform and react to a multitude of economic, social, technological, environmental and workplace challenges, they understand the necessity of great collaboration. Collaboration in tomorrow's economy is manifesting in many different forms, from the transition to hybrid work and remote working, evolving global supply chains, new emerging business models, transforming private–public partnerships, cross-functional project-based teams and emerging collaborative workplace tools and technologies. This is a future decade where businesses will seek out closer collaboration through systems and supply-chain integration to ensure they can respond with more agility, manage new emerging risks, and execute decisions more efficiently and effectively to drive the sustainable organisation of the future.

Key collaboration competencies identified:

- **Engagement:** Partners and interacts with others, working in teams and with a range of internal and external stakeholders, in order to build and maintain fruitful relationships.
- **Communication:** Communicates clearly and with confidence, simplifies complexity, presents arguments logically and concisely and presents information using appropriate technologies.
- **Inclusivity:** Respects different views and opinions, recognises, appreciates and values diversity and acts in an inclusive manner.
- **Influence:** Offers advice and insights, engages others through persuasion, achieves common ground, resolves potential conflicts and gains support for proposals.
- **Stakeholder focus:** Listens to internal and external stakeholders, understands customers requirements by focusing their needs, solicits and acts upon feedback and provides a positive experience.





Core capability 2: **Insight**

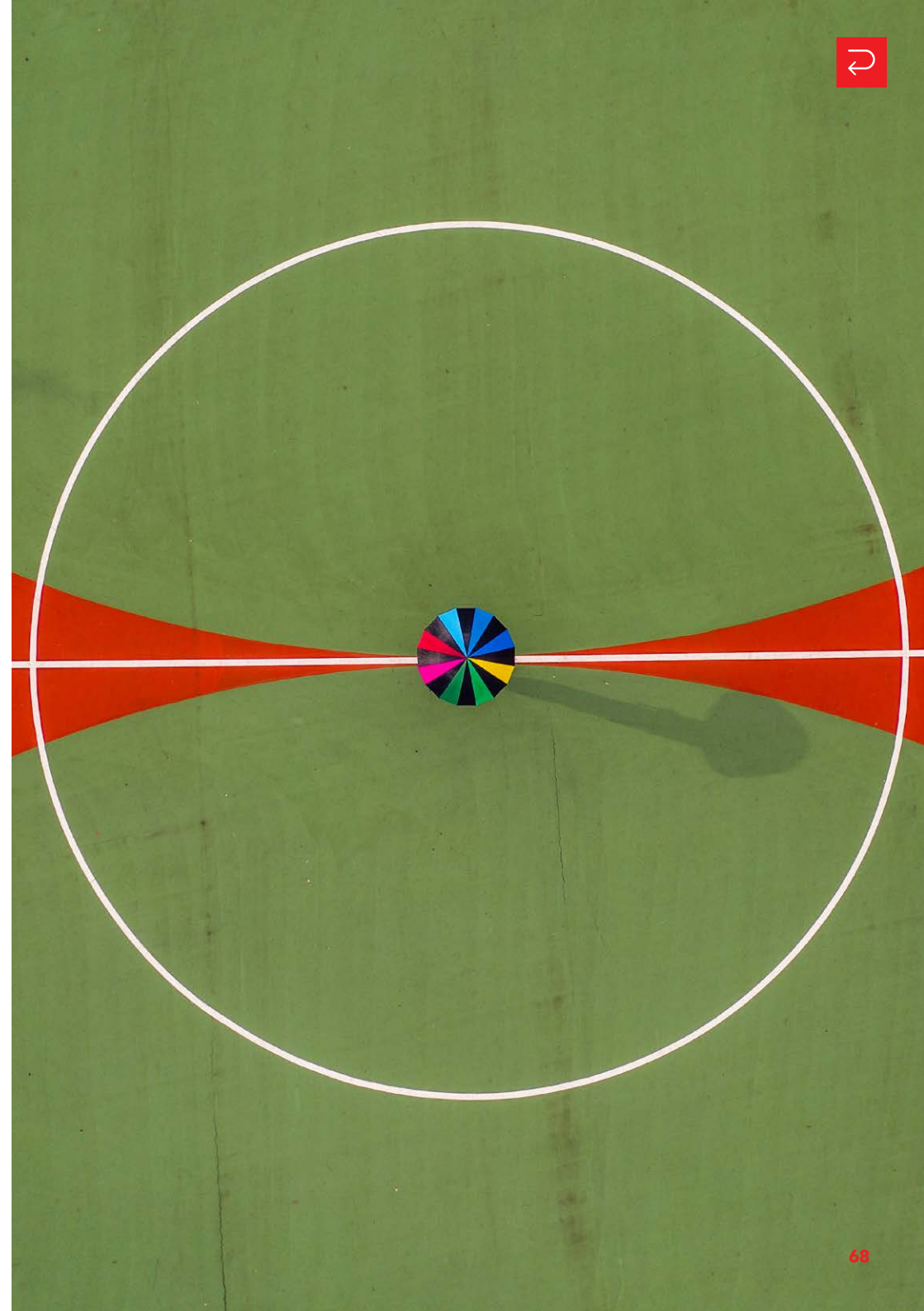
Insight relates to how you think and operate at an individual level in your organisational context: accurately analysing information, generating new ideas, making clear decisions, organising work, focusing on key priorities and achieving timely results.

Why is insight a core capability for the future?

There'll be growing demand for sustainable business and finance professionals to bring superior insight capabilities to the sustainable organisation of the future across the roles they perform. In the knowledge economy, organisational insight capabilities are essential to driving competitive advantage, improving service delivery outcomes, and driving innovation while also achieving purpose and wider societal benefits that generate long-term sustainable value for stakeholders. Organisations are transforming their business models, rethinking their approaches to ESG issues, exploring new partnerships and business models, becoming increasingly customer centric, exploring emerging channels to market through technology, reconfiguring their supply chains and transforming workforce models and employee engagement practices. All these changes require deep insight and knowledge across the organisation's processes, particularly using opportunities from the growth in data to enable deeper analysis and understanding.

Key insight competencies identified:

- **Critical thinking:** deals with information and data and gets to the heart of the matter in order to make clear, evidence-based decisions that move issues forward.
- **Planning and project management:** Undertakes projects, schedules activities, organises and prioritises tasks and monitors progress to achieve objectives in a timely manner.
- **Innovation:** Looks for new and better ways of doing things, generates new ideas for change and improvement and is open to alternative ways of working.
- **Business acumen:** Understands and responds to internal and external drivers, maintains a commercial mindset and develops opportunities for growth internally and for external stakeholders where appropriate.
- **Governance and control:** Ensures that the structure of rules, practices and processes used to direct and manage the organisation are at the highest levels.





Core capability 3: Drive

Drive relates to your attitude and motivation: being determined, motivating and developing yourself and others to achieve stretching goals, being curious and open to new approaches and acting with integrity.

Why is Drive a core capability for the future?

Personal drive and individual resilience are essential qualities and core capabilities that the sustainable business and finance professional must harnessing the future. In the context of a challenging global economy in the wake of the Covid-19 crisis, dramatic technological shifts transforming industries and sectors across the globe, as well as growing environmental concerns about climate warming and shifting societal trends are presenting organisations and institutions with an incredibly challenging and disruptive landscape to navigate. In the face of all these developments, workplaces are transforming too: where work gets done, how it gets done and who does it. Career paths are transitioning in accountancy, and job descriptions are being rewritten across whole industries and sectors through digital innovations. This is having profound implication for the skills and capabilities needed to fuel economic and organisational growth, but it also presents an incredibly challenging and changing environment in which work happens, necessitating new levels of personal drive to get things done.

Key drive competencies identified:

- **Lifelong learning:** Manages their own and others' development, coaching and mentoring others, taking responsibility for learning and continually improving and developing professional skills, knowledge and experience
- **Determination:** Initiates and drives things forward, follows through and gets things done, is resilient, sets ambitious targets and achieves excellence and strives to develop a positive personal reputation
- **Change orientation:** Questions existing practices, adopts new approaches, adjusts to changing circumstances and responds positively to new ideas
- **Authenticity:** Builds trusted relationships, is reliable, acts with integrity and in a manner that is appropriate for a professional accountant, promoting trust in the profession
- **Leadership:** Sets direction and encourages others towards the achievement of the organisation goals.





Core capability 4: **Ethics**

Acts in accordance with fundamental principles of professional and personal ethical behaviour, ensuring the use of appropriate ethical frameworks and compliance with laws and regulations

Why is Ethics a core capability for the future?

Sustainable organisations understand that ethics is the cornerstone of long-term value creation in a connected world where stakeholder transparency is growing and where the fall-out from poor behaviour destroys value quickly. Business leaders need to be seen to be running their organisations on environmentally sound principles, playing their part in tackling the climate crisis, and helping create longer-term value for wider society, and not just for shareholders, by demonstrating ethical leadership.

The sustainable business and finance professional has a critical role to play in bringing new levels of integrity and ethics to the organisation. Across the different roles they perform from audit and advisory to corporate reporting, financial management and risk management, they're essential to rebuilding market confidence in organisations, creating investor transparency and protecting the public interest, acting ethically at all times.





Core capability 5: **Expertise**

Expertise relates to your functional responsibilities of your role: drawing upon your knowledge and experience, applying your technical expertise to the matter in hand in order to benefit your organisation. Unlike the other aspects of the framework which are relevant to everyone, it is likely that only one or two of these areas will be relevant to your role.

Audit and assurance

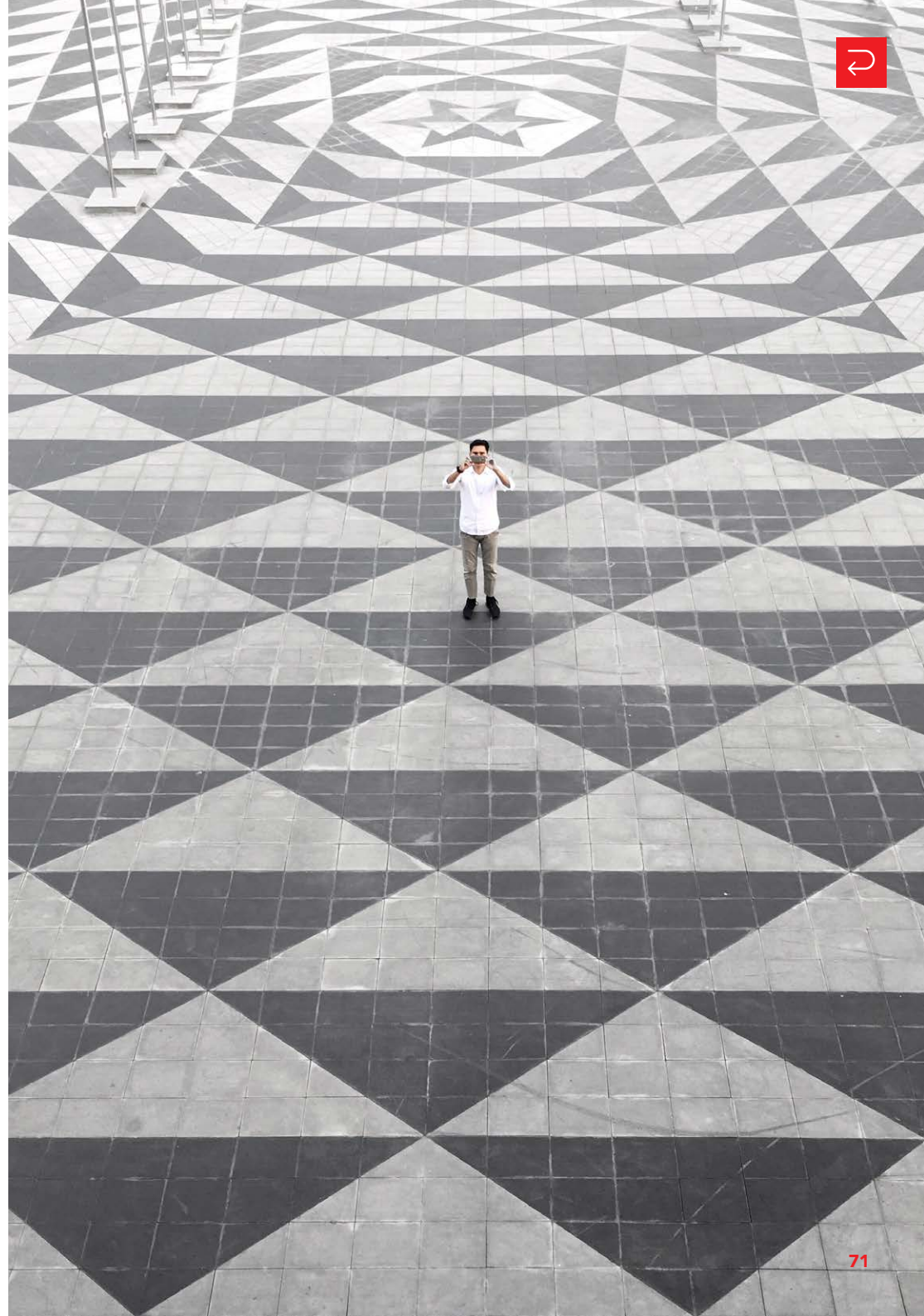
Provides high quality audits by evaluating information systems and internal controls, gathering evidence and performing procedures to meet the objectives of audit and assurance engagements.

Looking forward, audit and assurance will remain fundamental to underpinning the efficient workings of capital markets, driving investor confidence in company performance and reporting and, as a consequence, reducing the cost of capital. Shareholders will continue to demand assurance over the truth and fairness of the organisation's financial statements, but assurance needs are widening to stakeholders' groups ranging from governments, regulators, potential shareholders, and special interest groups, to customer and supply chain partners, who all need assurance on how performance is achieved and on future organisational viability. This will continue not only to drive demands for more transparency, accountability, and consistency in financial statements, but will also bring into question the role of auditors in assuring other corporate reports that go beyond the financial statements and related disclosures, particularly in the face of pressing calls to report harmonisation and standardisation in non-financial disclosures, and the emerging ESG agenda.

Corporate and business reporting

Prepares and communicates high-quality business reports to support stakeholders understanding and decision making.

External corporate reporting will remain the bedrock for explaining the organisation's performance to the outside world. The production of financial statements and accompanying disclosures by professional accountants using applied knowledge of relevant frameworks and accounting principles, as well as judgements in accountants' treatments underpin the trust of shareholders and increasingly that of stakeholders. The broader information typically provided in annual reports is intended to give a comprehensive overview and explanation of organisation performance, including the financial statements, operational and financial highlights, management discussion and





analysis, the auditors' report, a summary of financial data and disclosure of accounting policies. Reports should also provide contextual analysis of the risks the organisation faces and its evolving business model for the future. But as reporting frameworks and stakeholder interests expand there is more demand for wider disclosure, and we can expect the corporate reporting landscape for sustainable organisations to widen significantly.

Taxation

Complies with tax regulations and systems, communicates with relevant stakeholders to establish and ethically manage tax liabilities for individuals and companies, using appropriate tax computation and planning techniques.

Sustainable organisations of the future will need to manage their tax affairs carefully, and tax capabilities and knowledge will be core to creating long-term sustainable value. Tax professionals will need to become more strategic in the face of transforming business models, growing digitalisation of products and services, and new channels to market. There will be a bigger role to play in responding to the digitalisation and automation of tax administration. Technology is also playing a key role in better governance of tax data and simplification of tax-related information, as well as automating more routine, transactional tax processes.

Advisory and consultancy

Develops insight into both internal and external clients' organisational issues and provides expert advice to add value. Supports clients' objectives and plans to improve, innovate and sustainably grow: identifies efficiencies and responds to changing environments.

The nature of advisory services will continue to shift. We will see demands for different advisory services supplied by entities ranging from consulting organisations to smaller firms and small to medium-sized practices (SMPs) as business seek to redesign operations and transform

their business models. As industries evolve it's going to be essential for advisers to offer specialised knowledge across different industries and sectors, as well as exhibiting a clear understanding of how they are likely to be disrupted in the future.

Performance management

Delivers financial information, tools, analysis and insight across the business, assesses, evaluates and implements management accounting and performance management systems.

Superior performance management skills will be essential in helping organisations understand the future better, create competitive advantage, transform their business models, understand emerging market opportunities or create new products and services across different channels through better decision execution. Here, the sustainable business and finance professional will play a key role in establishing appropriate performance-management frameworks for capturing, evaluating, controlling, monitoring and reporting on enterprise-wide management information and, critically, in helping management to understand the future better and take more effective decisions.

Risk management

Ensure effective and appropriate governance, allows evaluation, monitors and implements appropriate risk identification procedures; by designing and implementing effective internal audit and control systems.

As the nature of risks facing organisations change, risk-management practices will need to evolve. There will be a growing need for organisations to rethink their risk-management approaches and think more broadly about the risk ecosystem, driving a better understanding of the strategic risks the organisation faces and ensuring that strategic decision making allows for both the upside and the downside of different risks, linked to the value levers

in the organisation. There will need to be a growing understanding of financial risk but, in addition, non-financial risks, such as people risks, environmental risks, social and governance risks, which must be built into organisational risk-assessment processes.

Financial management

Implements effective investment and financing decisions within the business environment in areas such as investment appraisal, business re-organisations, tax and risk management, treasury and working capital management, to ensure value creation.

At the heart of the sustainable organisation of the future will be strong financial management capabilities that are resilient in the face of significant market disruption and a more challenging competitive environment. Good financial management and financial control are at the heart of effective stewardship of the organisation and critical to helping organisations create value, as well as protect and report on value. This will require effective investment appraisal and asset valuation techniques, effective treasury operations that manage financial risk appropriately, and appropriate cash liquidity and efficient working capital arrangements. It will also involve financial control and reporting activities that underpin external corporate reporting processes while also giving management assurance over the financial position of the organisation and the financial risks it faces. The dynamically changing markets we can expect to see in the future will change and challenge financial management practices. New challenges will emerge from managing volatility in currency markets, seeking funding from the proliferating options available to business, assessing the ESG implications of organisation investments, monitoring developments in different types of currencies (such as cryptocurrencies), and using improved technologies for performing financial management analysis across a range of different activities and facing new emerging financial risks.



Core capability 6: **Digital**

Proficiently and ethically uses existing and emerging data technologies, capabilities, practices and strategies.

Why is Digital a core capability for the future?

Digital skills will be cornerstone capabilities for the sustainable business and finance professional of the future. Technology will reshape the jobs performed and give new opportunities to add value. Automation and analytics technologies will enhance data mining in auditing, augmenting traditional assurance processes, improving reporting confidence and reducing errors.

Artificial intelligence (AI) technology will increasingly use algorithms to drive better risk-management practices and support risk visualisation. The Internet of Things (IoT) and smart devices will enhance control frameworks and deliver real-time insights and information. Technologies applied in tax will drive compliance efficiency and build in new data enquiry capabilities, enabling faster responses to changing regulatory requirements.

Smart technologies will transform the level of analytics insights that business partners and financial analysts contribute to the business, and technology will continue to change how larger audit firms, SMPs and advisory teams provide added-value insight and advice to clients. New emerging collaborative tools will enable finance teams to reconfigure how they work together and share information.





Core capability 7: **Sustainability**

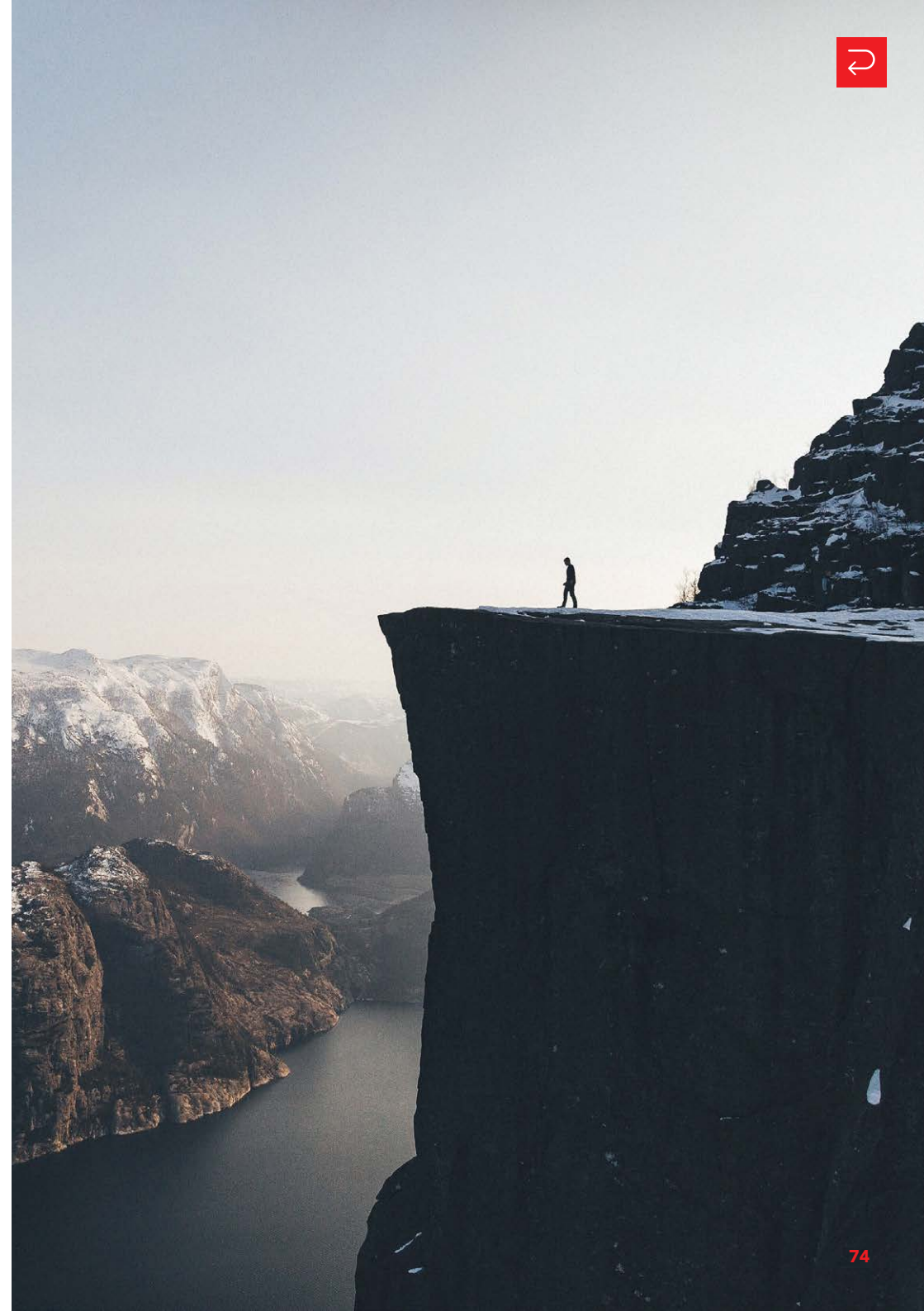
Applies integrated thinking and action to create, protect and communicate long term value for the organisation, environment and society.

Why is Sustainability a core capability for the future?

Sustainable business and finance professionals will help organisations deliver sustainable organisations practices that create long term value for stakeholders. They'll be essential in helping drive more effective environmental, social and governance practices and ensure these are accounted for these in more transparent and meaningful ways that underpins better sustainable decision making.

The sustainable business and finance professional will play an essential role in helping organisations understand emerging data requirements and establish appropriate data governance mechanisms to support better analysis and understanding of the impacts business activities are having internally and externally. They will be key to establishing performance-management frameworks and relevant technology infrastructure that more effectively capture, measure and report on ESG metrics, gaining a better understanding of their interrelationships with traditional financial capital and helping the transition from accounting for the balance sheet to accounting for the entire business.

Expertise in sustainability will be essential in helping organisations take longer-term decisions that take into consideration the trade-offs, costs and opportunities of all business activities that have ESG impacts and which have consequences across different stakeholders. Sustainability skills will be integral for the sustainable business and finance professional in all the future roles they perform.



Sustainability profile: **John Lelliott**

‘You have to make it a part of your story’

John Lelliott speaks to ACCA about the business imperatives of sustainability.

John Lelliott has had a ringside seat to the last ten years of the UK’s sustainability reporting journey. Formerly finance director at the Crown Estate, he was one of the earliest proponents of the International Integrated Reporting Council’s <IR> framework, and now sits as a non-executive director (NED) on a number of boards. He spoke to ACCA about what it was like to be a pioneer then, and to be steering at the helm now.

Must-to-have

‘At the Crown Estate, stewardship had always been part of the remit,’ says Lelliott. ‘But in 2012, Alison Nimmo became CEO, who had been design and regeneration director at the Olympic Delivery Authority. Obviously she brought a wealth of sustainability knowledge and experience with her, and she wanted to make it far more a part of our corporate objectives.’ Lelliott describes how the Crown Estate board began to think of sustainability ‘as a must-to-have, rather than a nice-to-have,’ and, seeing early manoeuvres in the market towards sustainable business, the company decided to lead, rather than follow.

‘The <IR> framework was released in December 2013, and we had investigated it thoroughly, and believed it could be valuable to us,’ says Lelliott. The Crown Estate became part of the <IR> pilot programme, with Lelliott and his team deciding on a three-year programme to implement not only integrated reporting, but ensure that sustainability was integrated across the business. ‘We didn’t just want to publish an integrated report,’ he says, ‘but to really embed it into the organisation, and into the company mindset too.’

The Crown Estate was successful in its effort to ‘look beyond the financial return’ and won multiple awards for its reports. Lelliott was hooked. ‘Off the back of that, I became much more involved in the sustainability agenda,’ he explains. ‘I was asked by ACCA to chair their global forum on sustainability, and was invited onto the Accounting for Sustainability (A4S) advisory council.’ While sustainability is front of corporate mind now, in those days, says Lelliott, the agenda was largely driven by interest groups, energetic individuals, and a handful of forward-thinking corporates.

Lelliott has been retired since 2016, but a full NED portfolio keeps him busy. He sits on or chairs a number of audit committees, including the Environment Agency, the Department for Environment Food and Rural Affairs (DEFRA), University Hospital Dorset, and JTL – an apprenticeship charity. In each role, he tries to bring his functional knowledge of sustainability to bear. ‘Financial directors are under a lot of pressure,’ he says, ‘they’ve got so much compliance and regulation to grapple



with, and now sustainability too – a far less regulated space where there’s a lot of competing frameworks and advice.’ He sees his role as a provider of clear advice. ‘As a former FD, I worry about no-one stepping up to take responsibility for sustainability,’ he says, ‘I hope I can have an effect on that.’

Choose your words carefully

Lelliott says that one of the biggest barriers to sustainability is the word itself. ‘People have the wrong idea about it,’ he explains, ‘sustainability is about risk and resilience. CEOs and CFOs need to approach it from three angles: cost, regulation, and taxation.’ It’s not a moral thing, he says, but a necessary thing, entered around ability and license to operate.

That said, Lelliott is encouraged. ‘The landscape has changed radically in my time – even in the last five years,’ he says. ‘I don’t think it will be too long before we have a common format for reporting that includes sustainability in its metrics.’ He is heartened by the International Accounting Standards Board’s entry into the fray with its proposals for a twin Sustainability Standards Board. ‘There has been too much territoriality about it – it got too political. I’m glad someone has stepped up.’

But standards is only one part of it, he explains, the other part is skills. ‘We used to talk a lot about the skills auditors of the future would need. Well, it’s auditors of the very near future – if not the auditors of now!’ Lelliott says that the demand from investors for more information on sustainability will inevitably lead to its need for the same level of assurance provided over the financial statements. ‘There has to be a move towards reasonable assurance,’ he says, ‘but who does that assurance is another matter.’

Skills gap imminent

Regular auditors won’t have the skills, he says, ‘it will take partnering with a lot of people with the right expertise – surveyors, valuation experts, and so on. Then it will be up to the auditors to look at the reasonableness of those findings.’

But, says Lelliott, despite a need for auditors to up their game, this is an exciting time for accountants. ‘They’re having to look beyond the numbers, and exercise more and more judgement. Their work is helping companies to build this information into the business model, into risk planning. There’s an opportunity here for them to play a really important role in companies driving towards net zero. It won’t be easy, though, he says. ‘If you look at balance sheets now, there’s so many intangibles. Accountants are mostly trained to deal with fixed assets, so there’s an element of training them to make judgements that are based on information with a lot more nuance and variability.’

Lelliott recounts an instructive experience at the Crown Estate that he says illustrates the difference between sustainability as simply a reporting process and sustainability as a business process. ‘I remember going into the second year of our integrated reporting programme and sharing the draft report with Alison (Nimmo, the CEO). She called me and said ‘John, this looks like you’re trying to follow a framework. I don’t like it. I want you to tell me our story within the framework.’ That’s true today. For this to work, accountants can’t just slavishly follow a framework. You have to make it a part of your story – a part of the way you actually do business.’

FOR THIS TO WORK, ACCOUNTANTS CAN’T JUST SLAVISHLY FOLLOW A FRAMEWORK. YOU HAVE TO MAKE IT A PART OF YOUR STORY – A PART OF THE WAY YOU ACTUALLY DO BUSINESS.

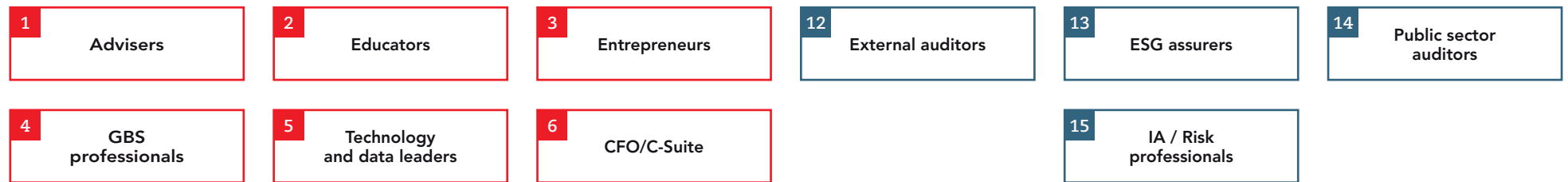


Future career opportunities

Our latest research identifies four new emerging career zones of opportunity for the sustainable business and finance professional where they can make vital contributions to ensure organisations are sustainable for the future through the type of jobs they perform.

4 brilliant career zones of opportunity, 20 key roles, 7 core capabilities

*Click on the tabs, to navigate to each relevant chapter



CAREER ZONE 1:

TRANSFORMATION DRIVERS

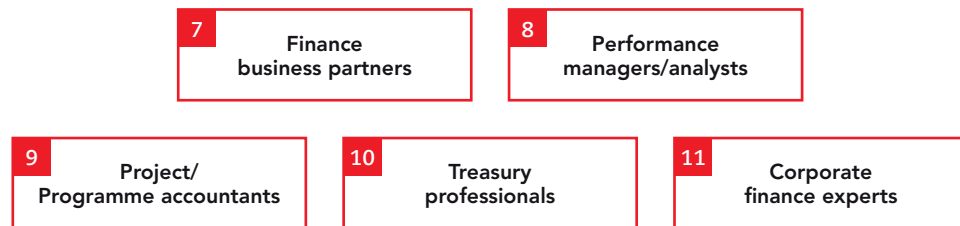


KEY ROLES FOCUSED ON CREATING AND/OR PROTECTING VALUE



CAREER ZONE 2:

ENTERPRISE ANALYSTS



CAREER ZONE 3:

ASSURANCE PROVIDERS

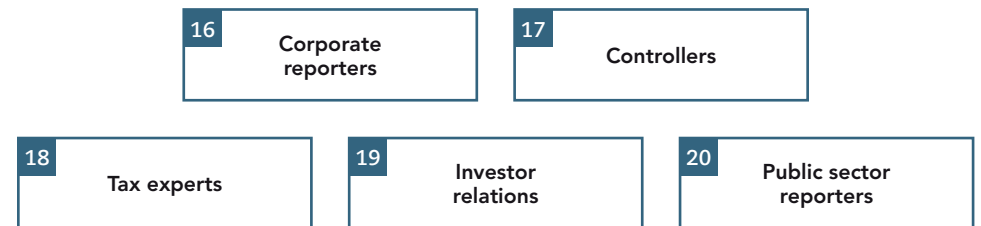


KEY ROLES FOCUSED ON PROTECTING AND/OR REPORTING VALUE



CAREER ZONE 4:

STAKEHOLDER REPORTERS



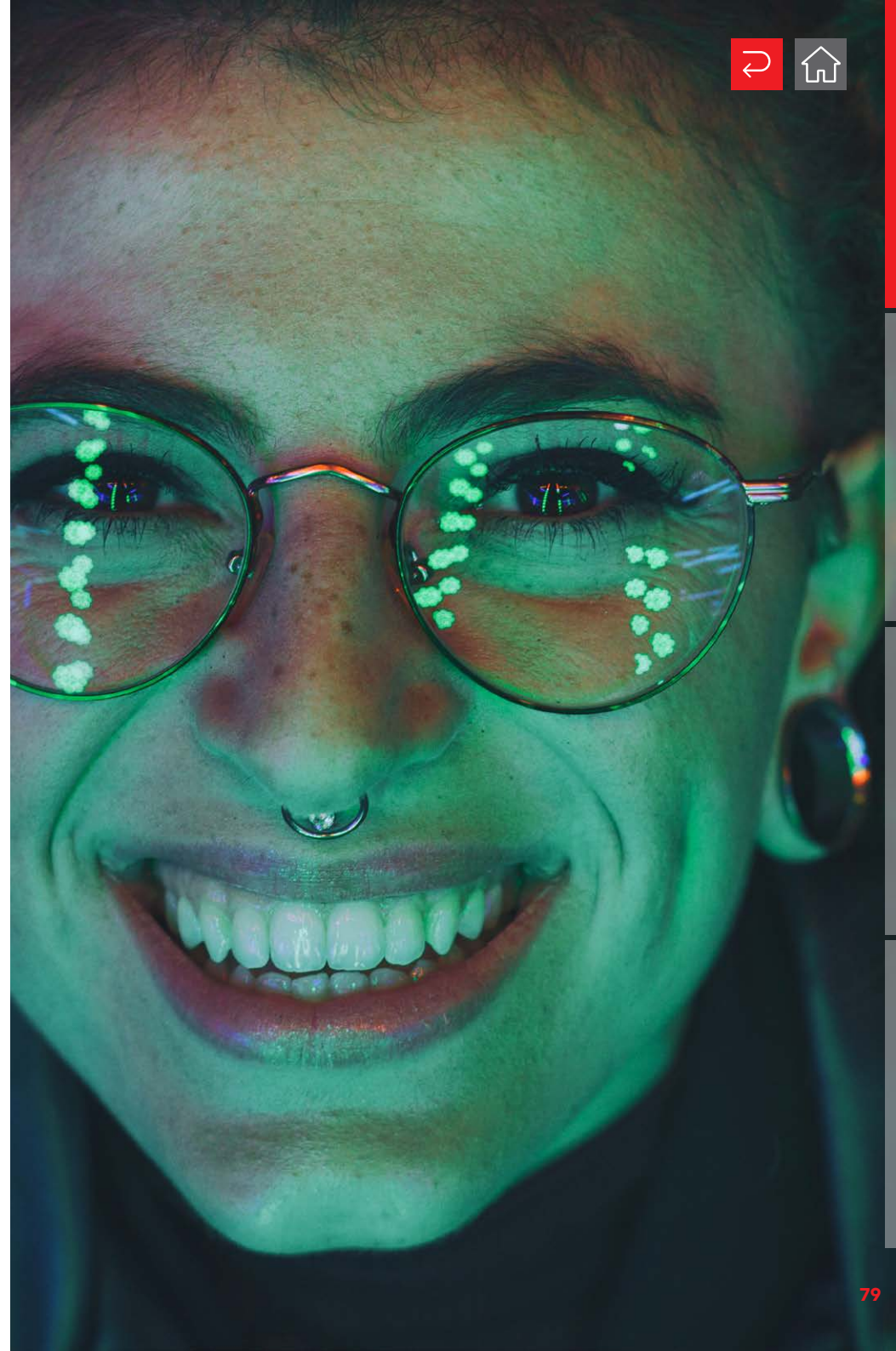
*Click on the boxes, to navigate to each relevant page or chapter



Career zone 1: The transformation driver

The transformation driver thinks ahead. The roles they perform are essential to delivering organisational change to create and protect long term sustainable value.

This is the sustainable business and finance professional bringing new vision and transformational capabilities to the organisation as calls grow to build back better and businesses change to meet growing ESG commitments. They could be exploring new consulting or advisory roles in the face of rapid technological innovation and business change. They may be more specifically working as business advisers leading brilliantly innovative smaller and medium-sized accountancy practices (SMPs) that are transforming their client organisations. They could be entrepreneurs using their finance and accountancy skills to establish start-up businesses at the heart of sustainable local economies, or they could be driving major business change initiatives in global business service operations. They may be digital leaders seeking to introduce new technologies or drive enhanced data capabilities to transform businesses, or they may have already reached a chief financial officer (CFO) role / C Suite role, driving organisational change as part of the leadership team across the organisation. They may even be in education roles, helping transform the talent pipeline for the future. Whatever role they perform, their skills and capabilities are essential to driving transformational change in organisations as a catalyst for creating long term sustainable value.





Future opportunity 1: ADVISERS

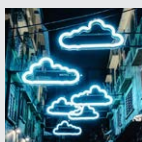
The 2020s present a new age for advisory services and brilliant career opportunities for the sustainable business and finance professional in advisory roles, bringing new levels of expertise to helping create long-term value for organisations. With growing complexity and uncertainty across the business landscape, organisations will continue to look to transform their business models and operations to create new value streams. There will be new market opportunities as businesses look to re-engineer processes, transform their operating footprints and 'building back better'. There will be a growing need for advisers to bring new depths of technological knowledge across different consulting areas as organisations seek to tap into digital developments in transforming themselves to create new value streams. Advisers will need to demonstrate strong personal drive and change-orientation capabilities to work

with clients in increasingly fast-moving environments. The adviser of the future will be using enhanced data capabilities and data analytics skills to create new levels of client insight, helping organisations to transform their businesses, create competitive advantage, drive process efficiencies, meet growing regulatory and compliance challenges more efficiently or create new commercial opportunities.

The advisory market is expanding, with smaller technology-enabled accountancy firms, in particular, disrupting the traditional dominance of larger consulting firms at lower costs as clients seek out collaborative partners and proactive services that can introduce ideas about how they can transform their organisation technologically. Opportunities arising from changing technologies and skills are transforming the SMP sector (Small and Medium Sized Practice Sector) as these organisations increasingly

shift from compliance and traditional accounting and bookkeeping services to advising on strategy and technological change. There are emerging Cloud-based solutions that integrate core technologies seamlessly with new applications as the expansion of mobile networks and widening broadband access remove the 'brown paper bag' and replace it with the smartphone and the tablet (James 2019b). Digitalisation of these accountancy firms is not simply changing the type of services provided and how they are offered, it's revolutionising service delivery times and cutting out routine automation work, as well as enabling firms to streamline data capture, improve data accuracy, access client data immediately online and respond to queries quickly. It's also enabling SMPs to move into different areas of advice, including the growing space for ESG advice. It's enabling SMPs to provide higher-quality information and insight-driven enhanced client value.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO THE ADVISER



DIGITAL

Continued growth of new platforms will support different business models where clients will want to work with advisers and tap into their technological expertise

to exploit new ways of reaching potential customers or developing new business partnerships. Advisory models will be more distributed and technology-centric, which will help drive productivity and scalability of service offerings, as well as greater efficiency. We will see growing opportunities emerge for consultants in areas such as data analytics, technology and cybersecurity, as businesses look not only to streamlining their technology and driving out cost but also to orientating towards having technologies that support better data architectures, agile decision making and innovation.



SUSTAINABILITY

Sustainability issues are becoming much more important for all clients and cut across a wide range of advisory areas, from strategy consulting through to risk consulting and

tax consultancy. Clients will expect consultants to contribute specific knowledge about how ESG matters are affecting their businesses. This could involve advising about the ESG related implications of capital expenditure programmes or understanding evolving tax regulations and their related financial implications. It may mean giving broader advice about improving client sustainability, reducing carbon footprints or advising on offset schemes, or advising organisations on how they can develop appropriate performance-management systems to improve data capture, and reporting on ESG issues, or providing knowledge of emerging disclosure frameworks to ensure that organisations are reporting as required on ESG matters.



COLLABORATION

We can expect to see changes in how advisory teams work in the future, building on hybrid and remote working opportunities to deliver projects from

any location, using advancing technology for client engagements, rather than physical co-location on client premises. Here again, these changing working practices are going to demand new collaboration skills as remote working practices open up the scope for advisory firms looking to recruit strong bench talent into their organisations, enabling them to tap into new sources of talent and drive the diversity of their workforces, blending local and offshore talent. This means that core capabilities in working inclusively will become even more important.

Future opportunity 2: EDUCATORS

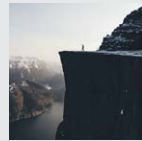
Finance professionals may decide to pursue careers in educational roles, supporting the learning and development of the next generation of professional accountants, rather than directly acting in business and finance roles themselves. This is a critical vocation stream that, while not directly contributing to the activities of creating value for a sustainable organisations, is essential in itself in helping to develop the next generation of talent. Future educators across the profession are critical to ensuring that the pipeline of future talent is equipped with the necessary skills and capabilities to drive sustainable organisations value and protect the public interest. But they will be operating in a fast-changing and transformational education landscape. Technology is transforming both how individuals can access learning, evolving the ways in which professional accountancy education is delivered, with increasing use of simulation, augmented reality and other digitally led interventions, blended with more traditional approaches, as well as the advent of micro-credentialling and 'bite-size learning'. But it's also going to change educators' role in assessing competence and tracking the intended outcomes of educational interventions. And as key trends and developments such as ESG increasingly change roles across the profession, the content of what is delivered will also continue to change.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO THE EDUCATOR



DIGITAL

Technologies are transforming the education landscape, and we can expect educators across the profession to become more competent in using new digital developments to enrich their teaching. Everything from online simulations or gamification to augmented or virtual reality using new emerging technological tools will be increasingly demanded, but technologies will also disrupt assessment processes as well as bringing efficiencies to how learning content is developed and delivered.



SUSTAINABILITY

As the role of the profession evolves and the breadth of responsibilities required of finance professionals expands, it's going to be critical for educators to develop their knowledge and expertise in different areas of ESG. There will be an increasing demand for learning interventions to include assessments and examples that bring to life problems or case studies involving ESG matters.



EXPERTISE

At the heart of the future educator role is technical expertise. Evolving stakeholder needs are changing the performance management and reporting landscape and will have a big influence on regulatory and reporting developments. Changing stakeholders' needs will change the roles performed across many areas of the profession, from the future of auditing through to developments in tax or corporate finance, and on to management accounting and finance function roles. As a consequence, it's essential that educators remain fully up to date on all technical developments across many different areas.

Future opportunity 3: ENTREPRENEURS

In the face of rapid change, we will continue to see the continued growth of start-ups and smaller enterprises. More and more finance professionals are attracted to organisations as entrepreneurs. It's a perfection combination for small business leaders: a strong foundational grounding in financial and business management expertise combined with a passion for running a business. As the global economy rebalances, opportunities to engage new customers rises as technological platforms expand and provide ever better connectivity, and the expansion of mobile networks, particularly across emerging markets, presents new channels to market for start-ups.

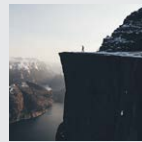
Emerging platforms are allowing entrepreneurs to create marketplaces and collaborate with communities where customers and businesses can interact better and trade, supported by a deluge of workplace applications and the advantages of remote working, where businesses can increasingly be run from home, and where the entrepreneur of the future will need to tap into ever-changing technological capabilities, using business acumen and skills in innovation to drive commercial success.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO THE ENTREPRENEUR



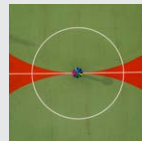
DIGITAL

The growth in data is having a transformational impact on the opportunities that will be presented to smaller businesses in the future, and data-savvy business leaders pursuing 'digital first' business models will need to have strong data capabilities and mine the ever-growing data sets at their disposal to improve understanding of their customers, drive sales and identify new product and sales channels for profitability. There are going to be growing opportunities for data-savvy start-ups and entrepreneurs to build technological platforms that combine advancing AI capabilities with software-as-a-service to enrich the data analytics capabilities of big businesses.



SUSTAINABILITY

The growth in ESG investing is another huge catalyst for the rising opportunities for entrepreneurs who can use their sustainability knowledge and ambition to build environmentally friendly small businesses. It's likely we will see a wealth of new industries emerging and sectors continuing to grow that will present further start-up opportunities for entrepreneurs to innovate and build successful businesses, for example, in renewable energy or the sharing economy.



INSIGHT

Entrepreneurs need insight capabilities to develop successful new businesses. Innovation and business acumen are core capabilities for business owners in identifying new ideas to drive commercial or organisational success. There are growing opportunities for entrepreneurs with the potential offered by cryptocurrency and easier business-to-business payments across borders, for example, and the disruptions to global supply chains may provide new opportunities for nimble and agile businesses to take advantage of leveraging specific supply-chain technologies.

Future opportunity 4: GLOBAL BUSINESS SERVICES PROFESSIONALS

With increasing market volatility and pressures on organisational efficiency and cost, larger enterprises will continue to develop and digitally transform shared service operations to improve support for broader business model transformation. In finance teams, finance transformation and shared service roles will continue to transition as finance delivery models tap into new offshoring and outsourcing opportunities to reduce cost, drive operational synergies, and tap into emerging areas of expertise. There will be continued shifts to global business service (GBS) models that seek to integrate functional shared service operations into cross-functional entities that are able to deliver and manage end-to-end processes across the organisation's value chain. This will drive further cost efficiencies, giving the organisation new capabilities to operate at scale and offering a more coordinated enterprise-wide capability with increased agility as the business model transforms. For finance professionals, future GBS environments offer greater career opportunities.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO THE GBS PROFESSIONAL



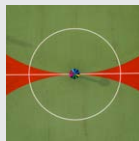
COLLABORATION

Collaboration skills are essential in GBS, as professionals seek to work across and support their business to innovate across different business processes, driving process efficiency and effectiveness, or providing enhanced management information to support better decision making. Stakeholder focus will be another core capability demanded in these environments, as GBS organisations bring together people, processes and technological capabilities to drive a step change in organisational decision making under one function, but particularly as companies shift to a 'digital first' model and look to build more powerful customer-centric strategies.



EXPERTISE

GBS operations continue to move into higher-value-added activities. Some GBS centres are becoming centres of excellence for analytics, increasing data governance and building a core team of expertise in analytics that can be shared across the organisation. Increasingly, these operations are key to helping organisations go beyond lagging KPIs and instead identify forward-looking KPIs across a range of internal and externally influenced indicators, identifying new trends and correlating data much more effectively to support faster and better decision making. As they span across different functions, GBS centres are better equipped to generate enterprise-wide insights and enable access to data that looks forwards, not backwards, and understand the critical financial implications of different trends affecting the organisation.



INSIGHT

GBS centres will face new opportunities to add more value to organisations in areas such as digital enablement, cost efficiencies or process re-engineering, as businesses continue to transform. One clear emerging opportunity for GBS are the insights they can derive for transforming enterprise supply chains. With access to organisation-wide data, GBS centres are well placed to execute improved supply chain planning processes, as well as managing suppliers and driving targeted efficiencies. They have the potential to exercise more oversight of end-to-end supply chains, as well as to develop KPIs, and to monitor and report on supply-chain performance. This means finding additional areas of insight and making evidence-based data decisions to improve efficiency and drive value.

Future opportunity 5: TECHNOLOGY AND DATA LEADERS

One of the major challenges for finance teams is managing the array of technological applications, maximising the potential of new technological developments and governing data well. As pressures grow to be more forward-thinking and operate rapidly to obtain better insights, finance teams are going to need professionals with specific data and technological knowledge, who understand data governance. Finance teams will need experts who can collaborate with technology specialists across the organisation to build the business case for software investment, help map out existing finance processes to understand where the application of these tools will provide most value, or engage and support process redesign, build implementation roadmaps, support programming and testing, or ensure appropriate integration of specific software. Technology and data leaders will be critical to ensuring effective finance systems maintenance, developing and maintaining systems processes and workflow documentation, helping resolve and identify system performance issues, auditing system use or providing risk and opportunity assessments for system upgrades. They will also act as a key liaison point for enterprise-wide IT governance, although increasingly this may sit under the purview of the CFO.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO TECHNOLOGY AND DATA LEADERS



DIGITAL

The technology and data leader must contribute strong awareness of different technologies to the organisation as finance functions continue to look to transform. As more enterprises develop a digital core, finance teams have the opportunity to build more powerful technology capabilities, investing in 'best-in-breed', Cloud-based application such as emerging business intelligence and analytics tools and technologies that interface with the digital core and that help to derive real-time insights for the organisation. It's going to be essential for finance teams to understand not only the capabilities of these new digital tools, but also their limitations.



COLLABORATION

Technology and data leaders need to use strong collaboration skills to build relationships across and beyond finance teams, to ensure that finance system development meets the strategic needs of the organisation. With the advent of the digital core and open-architecture technology and use of Cloud-based applications, technology and data leaders may be engaging with external suppliers to develop the best combination of applications to support finance function objectives. They'll need strong and clear communication skills and be expected to influence senior management and CFOs on technological choices. They will need to understand not just the objectives and strategy of the finance team in crafting the right technological resources, but also customer needs and other finance team stakeholders to ensure that the technology selected enables finance to meet their needs.



INSIGHT

The technology and data leader could be developing the business case for software investment, helping map out existing finance processes to understand where the application of different technologies will provide most value, or engaging and supporting process redesign, building roadmaps, supporting programming, and testing and ensuring appropriate integration of specific software.

Future opportunity 6: CFO / C SUITE

The CFO role has for some time been expanding from its traditional finance remit and is now integral to providing strategic support and adding valuable insight. The CFO is critical to the sustainable organisations of the future, on the one hand delivering their usual financial stewardship and governance responsibilities, but increasingly responsible for helping drive business change and transforming the organisation. The role is key to meeting wider stakeholder and societal needs, ensuring that the business creates and sustains long-term value for all. This all needs to take place in a business environment that is dramatically evolving and where the pace of business change is accelerating. Emerging technologies in particular and the growth of data presents new opportunities for the CFO to be the strategic adviser to the enterprise, helping it take better and faster commercial and strategic decisions while leveraging new digital capabilities to drive business insight. The CFO will also support the enterprise in understanding and predicting the opportunities and risks it faces so that it can navigate the future better. As stakeholder expectations grow, there's going to be an increasing shift for CFOs to oversee wider performance management and reporting processes, incorporating ESG issues ranging from climate change and sustainability concerns through to human capital reporting and social impacts. It will be essential for future CFOs to collaborate effectively across the C-suite and the wider business to recognise the broader impacts and activities that contribute to long-term performance and value creation.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO CFOS



DIGITAL

The CFO of the future has to be digital evangelist. The CFO is essential to providing leadership across the data and technology space. Data governance and the adoption of new technologies are key to transforming the finance organisation of the future from one that is backward looking to one that focuses on the understanding of the future that must drive business strategy. The CFO is a critical player in helping transform the business model through digital adoption.



COLLABORATION

As businesses look to reengineer their processes and continue to evolve operations, there is going to be a greater need for finance teams to work across the organisation to drive business synergies and develop new value streams. The CFO plays an essential role in orchestrating and collaborating across the C suite, and this is particularly relevant to helping their finance teams build cross-business knowledge and find opportunities to develop enhanced insight capabilities and help their organisation innovate.



SUSTAINABILITY

The sustainability agenda has to be a key priority for the CFO, who will need to play a leadership role in helping businesses transition to net zero ambitions. The CFO will also lead the transformation of performance management frameworks that more robustly capture, measure and report on ESG activities and metrics, both internally and for external reporting purposes. This is the CFO continuing a role transition from the chief financial officer to the chief performance officer.

Career zone 2: The enterprise analyst

The enterprise analyst brings data to life. This is the sustainable business and finance professional helping organisations create and protect value in various roles using their brilliant data and future insight skills.

They're always thinking ahead to improve the organisation understanding of the future. They could be finance business partners, the commercial advisers to organisations who partner across businesses using strong data skills to analyse investment cases, run the numbers on new channels to market or helping deliver new products or services to meet changing customer demands. They may be performance managers or financial analysts transforming performance management and planning processes at the heart of the sustainable business of the future, helping organisations make commercial and financial decisions that increasingly have environmental or social implications, or driving more accountability in public sector decision making. They could be project or programme accountants, brought in to support agile project teams by analysing the financial implications of major business programmes as organisations seek to innovate in the face of rapid disruption. They could be treasury professionals, using data skills and advancing technologies to help secure the organisation's funding and helping manage increasing financial risks as the business world is further disrupted.



Future opportunity 7: FINANCE BUSINESS PARTNERS

At the heart of decision making is the finance business partner of the future. This is the sustainable business and finance professional as a commercial adviser within the functions of an organisations, contributing business acumen and influencing commercial colleagues to make the right decisions at speed to build long-term sustainable success. The finance business partner is key to collaboration with commercial functions, measuring their business performance, helping them improve their strategic or financial positions and driving business innovation or increasing process and cost efficiency to achieve long-term success.

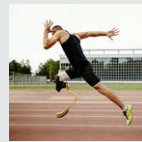
Finance business partners need to be able to present to different stakeholders the commercial trade-offs and financial implications inherent in business decisions. They're key to influencing senior management but also to giving their commercial colleagues confidence in the decisions that are being taken. They sometimes work on business instinct and use their business acumen and insight to support decisions, recognising that they are not always able to source 100% of the data if they are to make decisions in a timely manner. Their focus is on forward-looking insights that make a tangible difference to business outcomes.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO FINANCE BUSINESS PARTNERS



DIGITAL

Finance business partners (FBPs) will be increasingly expected to use a wider range of financial and non-financial data, as well as data that is both internal and external to the organisation in providing their financial insight for commercial decision making. As data sources expand within the organisation, and new technological opportunities arise to explore much greater data sets through the use of AI, and particularly machine learning technologies, understanding the appropriate tools, methods, models and technologies to analyse, interpret, evaluate and communicate data is going to be ever more important.



DRIVE

Finance Business Partners require increasing resilience and need to be action orientated to support the business in achieving its goals. There will be growing pressure on FBPs for the timely provision and quick turnaround of financial information for agile decision-making in an environment that is changing quickly. Core capabilities in change orientation or in exploring new sources of information to generate greater evidence to support business decision making will be essential. At the heart of the success of the FBP role is trust, and as the environment becomes increasingly complex, the FBP needs to build trusted relationships within the organisation and with their commercial colleagues so that they have confidence in the decisions being made and the analysis that underpins them.



COLLABORATION

Finance Business Partners need strong collaboration skills to work effectively with commercial colleagues. They're key to influencing senior management, collaborating with key functions in the organisation and operating authentically to build trust with their colleagues. Business partners help their commercial colleagues navigate increasingly challenging and fast-changing business situations. Their role depends on building strong relationships internally and externally beyond the business across different stakeholders, monitoring external trends and developments that may have an impact on the commercial decisions of the organisation.

Future opportunity 8: PERFORMANCE MANAGERS/ANALYSTS

The role of performance managers and analysts is at the heart of managing sustainable performance in the organisation. These are roles that naturally demand huge amounts of business acumen to understand the financial numbers in the business context, and prepare budgets, financial plans and variance analysis to support sound decision making. Critically, they focus increasingly on understanding the future through predictive analytics and scenario analysis so that management can execute decisions that generate long-term sustainable value.

There is a growing remit for performance managers/analysts in relation to enterprise-wide performance management, which is becoming more critical in the face of wider business disruption and the need for organisations to operate with agility. Here, they can play a central leadership role, influencing how businesses capture, measure and report internally on broader 'business performance' metrics, recognising that the definitions of organisation value and business performance are expanding, and also understanding that value is created and destroyed in different ways across multiple, interrelated capitals in the business.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO PERFORMANCE MANAGERS/ANALYSTS



DIGITAL

Technology and data skills are naturally essential to the future role of the performance manager / analyst. They will be looking more towards AI and machine learning in the future to crunch big data sets to present deeper and wider analysis across financial and non-financial data, providing analytical business insight. Nascent analytics and business intelligence tools and technologies have the potential to transform data insight capabilities and enhance the quality of forecasting. The growing demand for real-time information, predictive analytics and AI will be essential in enabling the performance managers/analysts to identify new patterns and support faster and better decision making.



EXPERTISE

Performance managers/analysts will increasingly need strong performance management capabilities to understand the implications of business model transformation and evolving strategies and their impact on performance management frameworks, and the value drivers of the organisations. They will need strong data governance capabilities and play an increasingly important role in data governance, ensuring the relevance of data for reporting and forecasting purposes, providing more forward-looking assessments that build in enhanced risk understanding in the context of a changing external environment.



SUSTAINABILITY

Performance managers / analysts need to apply integrated thinking and action to create, protect and communicate long-term value for the organisation as the value drivers within the organisation expand. They will play an increasingly important role in building ESG metrics and indicators into performance management frameworks. They will support the design and implementation of new data-capture practices that capture non-financial information data points, as well as supporting regular reporting and the provision of information to management on ESG-related issues.

Future opportunity 9: PROJECT/ PROGRAMME ACCOUNTANTS

The project or programme accountant is at the heart of innovation in the sustainable organisation of the future. As organisations look to innovate and transform more quickly, they'll form project teams from diverse parts of the organisation to address particular business problems or opportunities, and the project or programme accountant will be an integral part of the team.

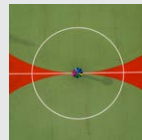
The range of projects that projects accountants are involved in will be increasingly diverse. They'll be essential in helping organisations develop agile business cases for new commercial ideas, or helping the organisation drive product or service change. Typically they will take overall responsibility for the financial management of the project from initial inception through to completion. They bring their essential financial and business skills to ensuring appropriate cost management of projects, identifying key issues impacting revenue and cost forecasts relating to the project, providing financial information in an agile manner such as timely cashflow projects, as well as performing critical path analysis to project completion.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO PROJECT/PROGRAMME ACCOUNTANTS



ETHICS

Project/programme accountants may provide financial support for organisation investment decisions where there is a threat to objectivity on, for example, project costings. It's essential that project accountants have integrity and objectivity in presenting the financial case for the investment, ensuring professional competence and due care in undertaking the analysis.



INSIGHT

Project accountants may, for example, support the implementation of new large-scale technology implementations. Given the size of the potential project investment they will need strong critical thinking skills, particularly regarding data on project costs, project control and reporting. Large-scale projects demand strong planning and project management capabilities to ensure they have appropriate control. The project accountant must provide timely advice into the key financial and commercial implications of decisions relating to the project. They may be expected to innovate to think, for example, about different project-funding opportunities.



SUSTAINABILITY

As businesses transform, looking to transition their business models and invest in more environmentally friendly processes, there will be more demand for project /programme accountants working on specific green finance initiatives or carbon reduction programmes across organisations. These issues have an increasing impact on the business strategic, financial and operational plans of the organisation, so its essential that project / programme accountants bring core sustainability knowledge and understanding.



Future opportunity 10: TREASURY PROFESSIONALS

Treasury operations have been at the centre of managing organisational liquidity, funding, and financial risk management in the face of the economic downturn from the Covid-19 crisis. But treasury operations are transforming dramatically as business models change and technological changes are having major impacts on the visibility and management of financial risk. As funding models for business evolve, and interest in green financing grows, there will be new opportunities for treasury professionals to add more value to organisations, streamline their operations and leverage technologies to drive insights that can transform organisational financing.

We can anticipate a growing role for treasury operations, particularly in areas such as e-commerce and digitalisation of organisation funding, but it is technological developments that will perhaps have the most profound impact on treasury operations in the future. These developments will demand treasury professionals to demand new digital skills, which will particularly valuable as many treasury operations increasingly look to centralise and streamline their treasury operating models, driving greater levels of automation and integration of treasury technologies into the broader technology eco-system of the organisation.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO TREASURY PROFESSIONALS



COLLABORATION

As the nature of funding opportunities continues to evolve, it's going to be critical for treasury professionals to engage lenders with new sources of finance, or as treasury teams become more involved in supporting organisations as supply chains evolve, here we may expect treasury professionals to become more involved in working across supply chain partners to drive value across working capital.



DIGITAL

The application of automation technologies such as robotic process automation (RPA) and application programming interfaces (APIs) presents further future opportunities to automate standard and repetitive treasury processes such as bank reconciliations, and there will be new opportunities for fintech organisations to contribute additional value and address current challenges for treasury operations in areas such as cash forecasting. We can expect further sophistication too in areas such as smart contracts and the use of Blockchain technologies, or ERP developments to support better data analytics and access to real-time information across cash management and financial risk activities for treasury teams, as well as the increasing deployment of Cloud-based technological applications that will drive scalability in treasury operations and support critical centralisation and standardisation ambitions.



SUSTAINABILITY

A key area in which treasury professionals will be more involved in the future will be financing relating to ESG initiatives. Financing products that have a clear link to sustainability metrics and performance is a growing priority. Treasury professionals will be more involved in helping secure funding targeted at sustainability investments because this will often secure beneficial loan interest rates. As ESG funding grows, sustainability knowledge will be essential for treasurers.

Future opportunity 11: CORPORATE FINANCE EXPERTS

Many organisations will consider the role of mergers and acquisitions to shore up existing markets, as well as to explore new opportunities to expand into new geographical markets, new value chain opportunities or fast track digital capabilities through securing arrangements with technology organisations. The crisis has focused organisational leadership on the short-term health and survival of their organisations but, as the pandemic eventually recedes, they will apply their energies to considering the longer-term strategic benefits of different acquisition and corporate finance strategies.

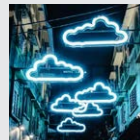
With relatively high levels of economic uncertainty in the near term, however, different types of partnerships, alliances and joint ventures are likely to be explored too, as organisations seek to transform their business models, sometimes outside of traditional corporate finance activities. Here, we can expect growing opportunities for corporate finance experts to support their organisations as they evolve, whether through traditional merger and acquisition activities, or through different types of partnership structures in the future.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO CORPORATE FINANCE EXPERTS



COLLABORATION

Deal-making is at the heart of corporate finance and merger and acquisition activity. Corporate finance experts need deep collaboration skills to support business structural change. With growing interest in exploring non-traditional merger and acquisition activities, corporate finance experts will need strong influencing and communication skills, they will need to be skilled in understanding the positive and negative aspects of different partnership models, and a clear stakeholder focus internally and externally will be vital.



DIGITAL

Emerging technological developments are reshaping the role of the corporate finance expert. For example, AI and machine learning are speeding up the extraction of key provisions in contracts. In due diligence activities, the review of supplier contracts is expedited significantly. More broadly, technology is helping streamline processes such as sourcing and negotiation, and service-level agreements, as well as helping provide clearer information and audit trails on supplier and customers. Technology is also changing the ways in which the data relating to corporate finance transactions can be presented, with more visual tools.



EXPERTISE

Technical accounting knowledge and specific corporate finance expertise is the bedrock of the skills the corporate finance expert contributes. But the Covid-19 crisis will leave a legacy of new expertise challenges in areas such as due diligence. Here, the wide-ranging impacts of the crisis will have had significant and different impacts on businesses that wish to sell, some of which may be long term. This puts increased pressure on the quality of due diligence practices that are undertaken, from acquiring knowledge on the seller's liquidity and funding positions through to the strength of longer-term financial projections, to understanding potential future supply chain vulnerabilities or future risks that the organisation faces.



Career zone 3: The assurance provider

The assurance provider is the sustainable business and finance professional bringing new levels of governance to organisations by helping protect and report on value in the different roles they perform.

Assurers' roles are essential for providing confidence to capital markets as well as giving assurance to investors and wider stakeholder groups. Their roles are critical for demonstrating to the outside world that the organisation is well controlled, ethically led, and attractive for investment and securing capital. Roles in this career zone may focus on enterprise risk management, helping businesses think ahead and understand the growing risks that are emerging and threatening longer-term business performance. The assurance provider could be at the forefront of shaping forward-looking audit practices to meet the assurance needs of the organisation's stakeholders as auditing practices transform through technology. They could also be moving into the exciting and fast-growing area of ESG assurance to bring greater confidence in, and transparency to, organisations' management of ESG risks or the way they capitalise on ESG opportunities. Or the assurance provider may be playing a critical role in public sector audit teams to help bring more accountability and trust to governments and public sector organisations in the wake of stretched finances from the Covid-19 crisis.



Future opportunity 12: EXTERNAL AUDITORS

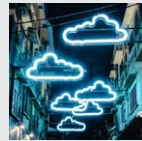
External auditors are key to providing objectivity about, and confidence in, the viability of an organisation for the future, and assurance over the financial statements. They need to discharge their responsibilities ethically and with due care, ensuring independence, objectivity and expertise in their activities so that they can fully meet external expectations. But stakeholders are changing their demands and demanding more quality and greater insight into company performance, particularly about the future prospects of the organisation. There are new opportunities for auditors from small and medium-sized practices through to larger audit firms to be more forward-looking and risk based, providing invaluable and high-quality assurance to organisations, leveraging emerging technologies to add more value through the audit process. Cognitive technologies are dramatically expanding data enquiry possibilities, introducing ever more powerful auditing practices for identifying errors, highlighting control breakdowns or mitigating fraud. Emerging technologies are ever more able to obtain real-time data and control insights on a continuous basis and report on these, giving real-time streamed information to audit teams that can be shared virtually and immediately. Technology is also dramatically changing how audit engagements are delivered through remote collaborative working practices.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO EXTERNAL AUDITORS



ETHICS

External auditor responsibilities for ethics remain core. With significant business disruption and cost challenges there may be more pressure on clients in areas such as estimations. It's essential that auditors exercise their professional judgement, objectivity and due care in their review of financial statements to ensure that they represent a true and fair view and have been appropriately prepared in accordance with the prescribed accounting standards.



DIGITAL

External auditors have growing opportunities to adopt new technologies to enhance the audit process, driving client efficiencies and value. They'll need good knowledge of the emerging capabilities of technology in areas such as AI and machine learning, as this will open up new ways of exploring much larger data sets of structured and unstructured data, increasing audit evidence and driving enhanced audit quality.



EXPERTISE

The Covid-19 crisis will leave a legacy for financial reporting, accounting and disclosure that will extend for many years. Given the volatility of the global economy and continuing disruption facing organisations, there is going to be more pressure on audit teams to contribute their expertise in areas such as accuracy of forecasting and assuring disclosures relating to financial statements, particularly as more businesses seek to add in forward-looking information to their financial reports. Here, everything from emerging risks factors facing the organisation, impacts on operations, cashflow and liquidity information, goodwill, and non-financial assets that have been severely impaired by the crisis will also be relevant areas of focus for the future.

Future opportunity 13: ESG ASSURERS

In response to the broadening out of the reporting landscape as the public interest agenda continues to shift, different internal and external stakeholders need assurance on different aspects of company performance. This is critical to helping support organisations in the value-creation process, mitigating greenwashing assertions or providing greater confidence in the organisation's strategy, but it also reflects the fact that ESG issues are an increasingly material risk for the business. The growing demand for ESG assurance from smaller and medium-sized accountancy practices through to larger multinational assurance firms is a superb opportunity for finance professionals. Organisations will be increasingly held to account through regulation, reporting frameworks and standards on different ESG issues. The ESG assurer of the future may be providing assurance, for example, over the whole sustainability report produced by an organisation or, instead, assurance engagement may cover component but critical parts of business activity where each component may have its own assurance criteria. Some of these may be required to meet local laws and regulations, others may be for internal strategic and business reasons.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO ESG ASSURERS



SUSTAINABILITY

The ESG assurer could be assuring the sustainability strategy of the organisation, or determining whether or not governance arrangements in the organisation build in appropriate environmental or social considerations to support management decision making. ESG assurers may be providing more specific assurance from a risk-management perspective to explore the efficacy of current enterprise risk management processes or concluding on the strength of internal control frameworks for monitoring ESG risks, as businesses seek to understand better how internal controls and risks relating to ESG link to value creation and the execution of the organisation's strategy.



ETHICS

ESG assurers will be trusted advisers to the organisation, bound by practices of conduct, including integrity, objectivity, confidentiality, competency and acting in the public interest. They will contribute deep assurance expertise and have a broad remit and purview across organisations that enables them to give an independent view of key ESG issues, which are increasingly material to company performance and societal value but which also hugely affect organisation reputation and stakeholder perception. Ethical behaviour is essential in this role.



COLLABORATION

It's going to be essential for ESG assurers to work across the business and with external stakeholders for effective assurance engagement. They will need strong communication and influencing skills to provide real tangible business value and impact, translating audit findings in meaningful ways to management and leadership so that they properly understand the business impacts in ESG areas.

Future opportunity 14: PUBLIC SECTOR AUDITORS

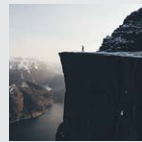
We see growing opportunities for finance professionals auditing in the public sector of the future. Even before the Covid-19 crisis, many governments were challenged by significant debts, and local governments and other public sector bodies faced increasing demands from society, more expectations on value for money, decreased funding from central government and more financial uncertainty. But one of the broader challenges that has beset government and public sector bodies has been the inconsistent application of accounting policies across different entities and jurisdictions, and a continued reliance on cash rather than accrual accounting. Here, the role of public sector auditors in the future is very much focused on contributing greater transparency and accountability to financial management, particularly through audited balance sheets that are properly disclosed. The independent audit of core public sector financial statements increases the reliability and credibility of financial reporting across the sector, and ultimately leads to improved accountability and better decision making.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO PUBLIC SECTOR AUDITORS



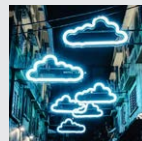
ETHICS

It is essential that auditors exercise their professional judgement, objectivity and due care in relation to assurance processes across the public sector. Acting ethically is essential in their role in bringing greater assurance and transparency to stakeholders across public sector finance, but it's particularly relevant in an environment where the public is demanding greater accountability. This is especially true in the wake of the Covid-19 crisis, where government spending happened quickly to drive flexibility but spending decisions were not always made through the appropriate normal channels, and with a growing use of single-source procurement activities, often without public tenders.



SUSTAINABILITY

One critical area for supreme audit institutions, for example, is progress that governments are making in relation to the United Nations Sustainable Development goals, the 17 interconnected social, environmental, economic and institutional objectives to be achieved by 2030, with governments accountable and having primary responsibility for follow up and review implementation progress at national, regional and global levels. Here, the role of supreme audit institutions and public sector auditors will be critical in helping governments understand how they are already contributing to the achievement of the goals through spending and policy initiatives, as well as providing assurance – tracking progress, and monitoring implementation of activities that support SDG achievement.



DIGITAL

The public sector auditor will need to deploy a range of technology skills in fulfilling the future demands of the role. They will be using new analytics tools and technologies to query new sources of information and expanding data sets, particularly here using AI and machine learning to explore data to drive more assurance on audit evidence as well as using technology to produce more forward-looking value analysis using real-time information.

Future opportunity 15: INTERNAL AUDITORS/RISK MANAGERS

There will be growing opportunities arising for accountants as internal audit and risk-management professionals, helping organisations operate sustainably in the future. As organisations seek to transform operational processes, and as business cycles speed up, internal audit professionals need to ensure that the organisation has appropriate internal control frameworks and robust lines of defence to mitigate key operational, financial and strategic risks. They're essential to the credibility of the business and can help by contributing an impartial view of key performance, risk and control aspects of the business. It's going to be a continual challenge for internal audit and risk management teams to ensure that they continue to provide appropriate oversight in the face of significant business change and as new risks emerge. In particular, the Covid-19 crisis has crystallised further the need for risk management to shift from a discipline that is compliance-centric to one that is truly integrated into the organisation's strategy, focusing on managing and mitigating strategic risks for emerging value levers across the business. Today's enterprise risks are more interconnected than previously, and rather than being a stand-alone exercise, good risk management focuses much more on executing business strategy while continuously building in strategic risk assessments.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO INTERNAL AUDIT MANAGERS/RISK MANAGERS



DIGITAL

Digital developments and the growth in data are dramatically shaping and changing the nature of risks organisations are facing, from data compliance risks and data breaches, through to reputational risks, cybersecurity leaks, ethical concerns in relation to cognitive technologies and AI and the risks presented through the expansion of the IoT and smart devices. But technology is also giving risk managers and internal auditors new opportunities to shore up internal control frameworks and to gather real-time risk and control information across the organisation. It's changing the ability of risks managers and internal auditors to tap into vast quantities of unstructured data through non-traditional channels and build a more holistic understanding of the vulnerabilities of existing control frameworks or risks emerging across the organisational landscape.



SUSTAINABILITY

Risk managers need a growing understanding of sustainability issues, and ESG issues will need to be increasingly integrated into ERM frameworks. For example, an understanding specifically of the climate-related risks facing the organisation, or risks in relation to reporting against the UN Sustainable Development Goals. ESG risks, in particular, are increasingly interconnected with the achievement of business-wide objectives and business decision making.



COLLABORATION

As the risk landscape continues to change, it's going to be critical for internal audit and risk professionals to build stronger collaborative relationships across the organisation to understand holistically how the nature of risks presented to the organisation is changing. Today's enterprise risks are more interconnected and good risk management, rather than being a stand-alone exercise, requires executing business strategy and operations effectively while continuously building in strategic risk assessments. Here, there is a growing need for businesses to continue to be agile and responsive to emerging risks, and to have mechanisms and protocols in place to report these and act on them quickly, particularly where they are material and present challenges to achievement of business goals. Collaboration is key to effective and agile risk reporting.



Career zone 4: The stakeholder reporter

The stakeholder reporter is the sustainable business and finance professional at the heart of the organisation, reporting performance externally in more meaningful ways in the face of growing stakeholder demands.

The stakeholder reporter may be working in corporate reporting or public sector reporting, leading change in the way organisations report their value creation story within the financial statements and beyond. Here they could be playing an increasingly important role in supporting wider reporting initiatives such as carbon or ESG reporting, responding to growing stakeholder demands for more transparency on organisational impacts and outcomes. Or they could be employed in financial controllership roles, working at the heart of sustainable organisations to ensure strong governance and stewardship over organisational finances. They may be involved in more specialist roles such as leading tax compliance and reporting initiatives as tax regulation continues to evolve. Or they could be leading investor relations activities, helping businesses respond to the changing investor landscape with an increasing focus particularly on ESG issues as investors become more aware and engaged, wishing to invest capital in organisations that have purpose and that are environmentally and socially aware, and that seek to produce sustainable returns with positive societal impacts.



Future opportunity 16: CORPORATE REPORTERS

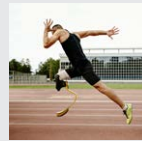
Emerging drivers of change are dramatically reshaping the external reporting landscape for those sustainable business and finance professionals whose roles in corporate reporting focus on statutory reporting and compliance with financial reporting standards. While financial statements will remain a corner stone of corporate reporting, calls will grow to explain the value creation in its widest sense, demanding organisations report on the wider social, community and environmental impacts that are integral to how companies create long-term value. Here, sustainable business and finance professionals in the external reporting space will not only be reporting against financial reporting standards, but will be tasked increasingly with reporting against other mandated and advisory disclosures with the ambition of telling a more complete story about how the business model and financial strategy are sustainable for the longer term. One of the key areas in which we could see an expansion of the corporate reporter's role is within natural capital reporting. This is a fast-evolving area that is increasingly pushed to the top of the regulatory agenda, and we can expect this area to grow in the future as interest increases.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO CORPORATE REPORTERS



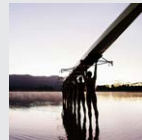
ETHICS

Corporate reporters prepare financial statements and other reports in accordance with all regulations and laws. Disclosures have to be prepared ethically with competence, due care and professional judgement. As the investor and wider stakeholder communities rely on corporate reports as the basis for decision making, it's essential that corporate reporters behave ethically in this respect.



DRIVE

Corporate reporters face a changing reporting landscape, with stakeholders expecting broader disclosures and clearer articulation of how the organisation is creating long-term value. It's important that they demonstrate personal drive and leadership in helping evolve corporate reporting practices so that external reports share more meaningful information. This requires corporate reporters to demonstrate a willingness to be prepared to change, to question existing reporting practices and think about new ways in which the corporate reports can be improved.



COLLABORATION

Corporate reporting professionals will increasingly need to collaborate across a broader range of internal stakeholders to piece together the corporate story. From sustainability specialists to in-house tax experts through to human resources, as reporting requirements expand there is a growing need to reach out to different experts across the enterprise to ensure that appropriate data and information can be sourced for external reporting purposes.

Future opportunity 17: CONTROLLERS

The fundamentals of good financial controllership and accurate financial control and financial reporting remain essential. Strong control and governance over the accounting operations of an organisation are at the heart of ensuring its financial sustainability. It's a key role in the production of the annual financial statements, and ensuring all financial reporting is compliant with relevant accounting standards and regulations, as well as providing confidence in financial risk mitigation measures and the effectiveness of underlying control frameworks.

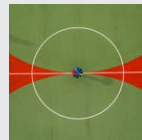
The role of financial controllers in the public sector, in particular, is going to become more important, as governments and public sector organisations reflect on the advantages of taking a more 'balance sheet approach' to managing their finances. This has been brought to the fore by the Covid-19 crisis, and its challenges to government and local public sector spending. Financial controllers here can play an influential role in providing balance sheet information that improves leadership decision making as well as giving a line of sight on future targets for fiscal spend.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO CONTROLLERS



DIGITAL

Period closes are a key activity for controllership roles, and current technologies exist across planning and general ledger as well as consolidation and reporting activities that can be interrogated to produce the financial statements. But increasingly, with the development of the digital core and new connected applications, as well as the use of robotics and cognitive technologies, there are new opportunities to automate and speed up month-end and year-end processes, including enhanced financial consolidation practices.



INSIGHT

With challenged government finances in the wake of the Covid-19 crisis, it's going to be key for financial controllers in the public sector across the world to bring strong insight skills to help transform financial management practices and shift to balanced sheet-led approaches to drive better accountability and transparency on public spending.



SUSTAINABILITY

There is a potentially growing remit for financial controllers in producing accurate, reliable and consistent financial information for businesses to support wider ESG reporting activities, from helping develop better governance arrangements for ESG risks and opportunities, articulating the link between ESG activities, financial value, strategy execution and the business model, as well as developing relevant and contextualised metrics and targets to help manage ESG-related risks and opportunities.

Future opportunity 18: TAX EXPERTS

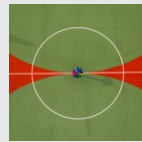
Another critical area of opportunity for the finance professional as a reporter will be in tax roles, which remain essential in supporting organisations to comply with relevant tax rules and regulations as legislation grows increasingly complex. This is particularly true in international tax, where tax departments are increasingly requested to supply more granular details about business activity across different jurisdictions. With governments looking to re-boost their balance sheets and recapitalise, we will see continued developments in tax policy from authorities, also supported by technology enabled reporting initiatives, which will place higher expectations on the timeliness of corporate tax returns. Here, increasingly, tax compliance experts are using automation tools and emerging cognitive technologies to fulfil tax compliance responsibilities as the reporting of tax digitalises. There are other changes impacting tax experts too. As businesses increasingly digitalise, this will demand deeper advisory skills from tax professionals in areas such as supply chain restructuring or sustainability issues, and a shift to 'higher-value' tax work, as well as introducing complexities as to where revenue should be recognised across different legal jurisdictions.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO TAX EXPERTS



DIGITAL

Tax roles are continuing to evolve in response to changing technological opportunities. Digitalisation is transforming business tax returns, new emerging automation tools such as advanced OCR capabilities are improving data scanning processes, RPA technology is increasingly automating tax form completion or data extraction activities, and AI is helping tax professionals query larger data sets or complicated legal or contractual documents. These can be used to drive business value in many different areas, such as identifying new opportunities for capital allowances or driving efficiencies in international tax payments.



INSIGHT

As tax legislation changes and new technologies are brought on stream, there are new opportunities for tax professionals to contribute insight. The use of emerging design tools, for example, can help predict optimal investment and production strategies to meet defined targets such as effective tax rates, or predict the implications of emerging tax regulations and proactively suggest and prompt tax compliance specialists for responses.



EXPERTISE

Tax professionals need to ensure compliance with all relevant standards, policies and legal requirements. As business complexity grows and organisations transform, there will be different tax implications arising, for example on ESG issues, or cross-border tax implications to consider. Tax legislation is becoming more complex and challenging, and it's essential that tax professionals have skills in a wide range of different tax areas relevant to the organisation.

Future opportunity 19: INVESTOR RELATIONS

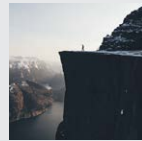
Shifting market forces will affect the future of investor relations (IR) as the investor community becomes more aware and engaged, wishing to invest capital in organisations that have purpose, that are environmentally and socially aware, and that seek to produce sustainable returns with positive societal impacts. The investor relations role is going to be increasingly important in building trust by articulating how the company's business strategy and value creation story are linked to its overall purpose. Here, investor relations teams will increasingly need to explain how the value drivers of the organisation and its activities are creating value for all stakeholders, including employees, customers, communities, and other vested stakeholder groups, as well as shareholders, to justify their social licence to operate. Naturally investor relations teams will be more heavily involved in working with the investor community on ESG issues, and to ensure that the organisation is not seen to be greenwashing. With growing stakeholder interests in company performance, IR specialists will continue to broaden out their external engagements from financial media, ratings agencies and other stakeholders to ensure appropriate communication to the right audiences. Here, digital distribution channels and access to smart data will give IR professionals new ways of connecting with and understanding investors.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO INVESTOR RELATIONS SPECIALISTS



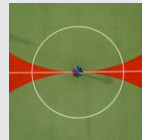
DIGITAL

Technologies are transforming the investor relations space. With growing stakeholder interests in company performance, IR specialists will continue to broaden out their external engagements and in doing so they will have to continue to ensure they have appropriate skills across different distribution and communication channels and technologies, as well as ensuring they have strong data analysis capabilities to understand and align key corporate messaging to different stakeholder groups.



SUSTAINABILITY

IR professionals face growing scrutiny from investors on an increasingly wide range of ESG issues, from carbon footprints through to responsible tax practices or modern slavery, and the environmental record of an organisation increasingly affects its cost of capital. It's essential that IR professionals have a strong awareness of ESG issues across the organisation value chain, and that they are able to communicate the ESG story to external stakeholders in a truthful and compelling way.



INSIGHT

There is a growing need to demonstrate a wider understanding of business strategy and value creation as businesses continue to transform. With new business models emerging to create different value streams, wider insights from across the organisation and from the external environment to explain the organisational context, its strategy for the future and its performance will be increasingly demanded. IR professionals will have to possess new critical thinking skills for analysing more, and more varied, data sources, as well as being prepared to innovate and exploit new emerging communication channels to drive engagement.

Future opportunity 20: PUBLIC SECTOR PERFORMANCE REPORTERS

Public sector performance reporters face a myriad of different challenges to navigate in the future. In the wake of the Covid-19 crisis public finances are challenged, and the role of the public sector performance reporter will be critical to helping rebuild economies and restore public finances, and supporting drives towards greater accountability and value for money in expenditure and service provision. They'll be essential in helping produce robust financial information and particularly in promoting the use of balance sheet and accrual-based accounting processes rather than cash accounting. This will drive clearer understanding of the true financial impacts of policy decisions and increased clarity on the real position of public finances, and so underpin financially sustainable decision making. But increasingly the reporter's purview will need to extend, reporting on a wider range of social, natural, human and financial capitals that accurately reflect the realities and trade-offs of policymakers' decision making. They will play an essential role in helping develop and report on metrics that provide broader assurance on public finances but that also critically support balanced sustainable public finance for the future, and a measured approach to the allocation of public investment.

EXAMPLES OF CORE CAPABILITIES THAT MATTER TO PUBLIC SECTOR PERFORMANCE REPORTERS



DRIVE

With strained finances and increasing pressures on governments and public sector service provision, it's going to be critical that public sector performance reporters demonstrate resilience and personal drive to get things done. They'll be key to helping transform public sector financial management to support more effective governance, so being adaptable to change, building trusted relationships and authenticity will be key to successful fulfilment of this role.



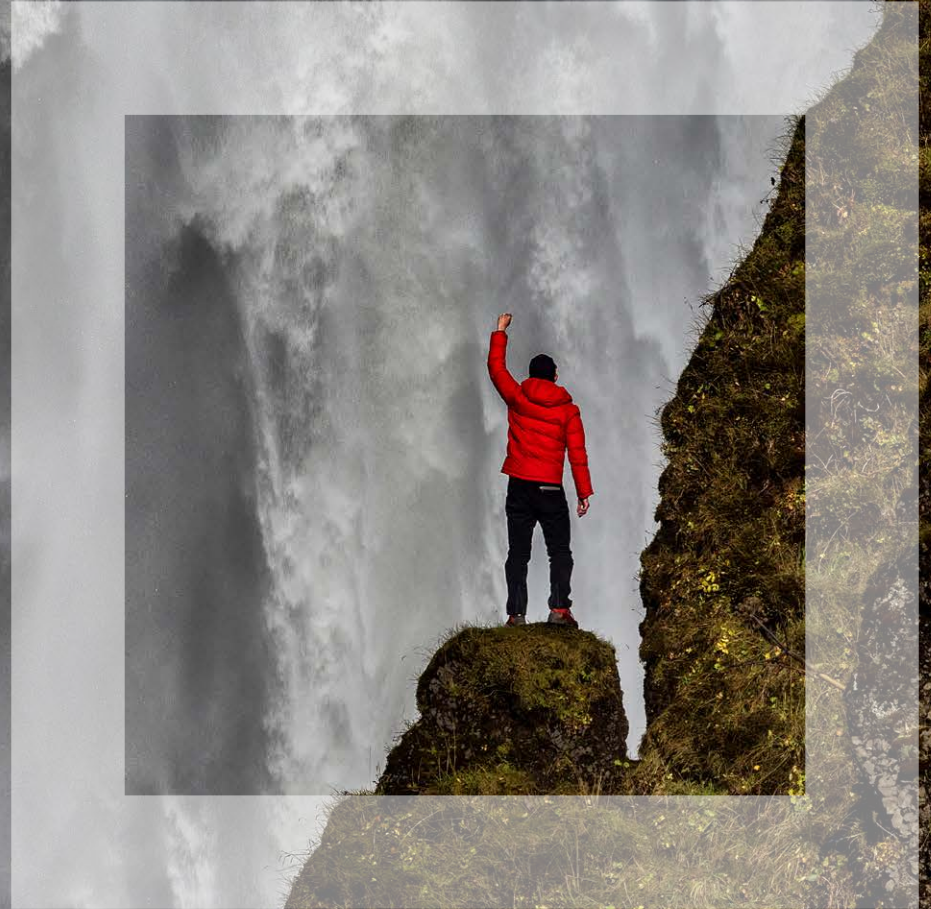
COLLABORATION

Collaboration skills will be essential to public sector performance reporters. In the years ahead, with high levels of public sector debt and continued strain on finances, they'll play a critical role in helping policymakers execute difficult decisions that invariably involve prioritisation and trade-offs, given limited funding options. Here, they will need strong influencing and engagement skills, working with policymakers to help them understand and calibrate the difficult decisions that need to be taken and their financial and value implications.



EXPERTISE

A crucial area for public sector performance reporting will be the continued transition to balance sheet approaches to managing finance, accrual accounting and a shift away from cash accounting practices. Here, public sector performance reporters will need to contribute their significant expertise and understanding of relevant rules and regulations, as calls for the wider adoption of full accrual International Public Sector Accounting standards (IPSAS) grows, to ensure that the financial information produced presents a more accurate picture of the financial position and supports longer-term and better public sector decision making that creates sustainable value.



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Le Thi Ngoc My, Head of Sustainability, Heineken, Vietnam

PI-PATF-SUSTAINABLE-ORGANISATIONS

ACCA The Adelphi 1/11 John Adam Street London WC2N 6AU United Kingdom / +44 (0)20 7059 5000 / www.accaglobal.com