

ICAC 29th Caribbean Conference of Accountants

Mark Gold, ACCA President

The Role of the Accountancy Profession in the Development of the Region's Economies

Distinguished guests, ladies and gentlemen,

It is an honour and a privilege to be with you today – and I am delighted to have this opportunity to look at the role that the accountancy profession can play in the ongoing development of the Caribbean economies.

It's fitting for a country that produced the remarkable Usain Bolt and Asafa Powell that this conference has a strong athletics theme running through it. You may be interested to know that largely as a result of the prowess of these two fine Jamaican athletes there have already been nearly two million applications to be in the Olympic stadium in London for the 100 metres final next year.

While I do not want to replay the economic problems which we have all faced over the recent three years and the ongoing uncertainty, what the crisis has demonstrated is how interdependent and interlinked the global economy is.

To me, it has also highlighted the increasingly global nature of the accountancy profession. At times like these, the accountancy profession in Jamaica, across the Caribbean and around the world has a key role to play in helping restore balance in the system.

If there's one thing I have learnt from the last few years, it is that we all have a responsibility to work together, in partnership, to come up with the solutions to the challenges we face.

A perfect example of that has taken place here in Jamaica, where the Public Accountancy Board of Jamaica is working in partnership with ACCA to implement a programme of practice monitoring, which will involve visits to all auditors, to examine their work, ensuring that they comply with international standards, when auditing financial statements.

The practice monitoring programme – which will be undertaken to world-class standards - will enhance the reliability of audit reports and should encourage inward investment and the growth of capital markets in Jamaica. It will also minimise the risk of claims against audit firms and, most importantly, protect the public interest.

The Institute of Chartered Accountants of Jamaica (ICAJ) and the Institute of Chartered Accountants of the Caribbean (ICAC) are also parties to this agreement, which is being

established under the auspices of ICAC. ICAC has collaborated with ACCA in setting up similar programmes in Barbados, Guyana, Trinidad and Tobago, The Bahamas and the Eastern Caribbean States.

Elsewhere, professional accountants have risen to the challenges they face. They have been providing leadership, advice and support to businesses, governments, regulators and standard setters to find a way through one of the toughest business environments we have ever known.

I am sure that many finance professionals have had plenty to say about the proposals included in the recent green paper on tax reform in Jamaica.

While there are winners and losers when it comes to the setting of tax and tax thresholds, one issue that ACCA is pleased to see in the green paper is the intention to simplify tax legislation. This is something on which we campaign on around the world - since it clarifies for taxpayers and businesses exactly what their tax commitments are.

Our profession, about which I am passionate, does much more than number-crunching: we challenge people and organisations, clients and colleagues, to think and act differently, to provide clarity and rigour and to help to create as well as sustain prosperity.

But we live in an age of accountability where public expectations are high and where accountants, like everyone else, need to be able to demonstrate that we are relevant and that we are prepared to evolve to face the new challenges. Many of those challenges lie in helping businesses return to stable growth, and as a consequence enabling them to create and sustain as much value as possible.

As it was during the financial crisis, the role of accountants in creating and sustaining value for business remains vital. But what do businesses want and need from us as finance professionals to help them and therefore the wider economies to develop?

We set out to find the answers from businesses last year – through our Value Creation survey, which found that over half of the business leaders we spoke to saw the role of finance professionals becoming more important during the financial crisis. In terms of development, business leaders saw 'strategic business skills' as an important skill for finance professionals to acquire.

But at the same time as this we are seeing the emergence of overtly-specialised accountants –with accountants employed specifically to respond to company legislation, or disclosure rules for listed companies, or internal control requirements.

Asked if they expected to employ more specialized accountants in the future, 71% of the business leaders we asked said they were 'quite' or 'very' likely to.

This specialisation is being driven by the increasing complexity of modern business and a fragmentation of business models that create more complex financial reporting requirements and financial management issues.

For SMEs too, specialisation by accountants and small practices can be considerably useful.

An evolving regulatory environment – including ever-rising audit thresholds – growing competition, and the growing capability of small practices have created a whole range of specialist issues – from HR to pension advice – upon which small practices can advise small businesses.

At a wider level, the work accountants do to support SMEs is vital. The SME sector makes up the overwhelming proportion – more than 95% of organisations that make up the global economy - and their success will be what drives any global recovery. By advising SMEs and steering them through difficult environments- by creating value for SMEs, accountants can create value that feeds the whole economy.

To that end, ACCA is organising SME conferences in Trinidad, Barbados and Jamaica in early September which will look at the challenges facing the sector in much greater detail, and the contribution which our profession can make to their success.

The impact of accountants' professionalism is, however, most keenly felt in developing economies and regions. With their commitment to sustainability, accountants are able to contribute to sustainable economic infrastructure, regulatory mechanisms, and codes of governance in places where there weren't any before. Most importantly, qualified accountants will be vital to the development of the educational infrastructure that will equip future generations of home-grown accountants.

As we see the scope of the contribution that accountants can make to business it becomes obvious that getting the right people in the first place is vital. This brings us back to the first step of the value cycle: sourcing value; sourcing the right people. Without a doubt, the right people are qualified accountants.

It is only qualified accountants that have the necessary training to grapple with the issues that confront businesses, both big and small. Accountants are in a position where they can expect businesses to turn to them for help on a huge range of issues. An accountant may be expected to provide input into strategic decisions. An accountant may be expected to help a business adapt to a changing climate. An accountant may be expected to find new sources of finance for their business. The demands asked of accountants are diverse, changeable, and challenging.

This is why Talent Management and Professional Development are such important issues. Get them right, and a business can plot a path to success. Get them wrong and a business

goes nowhere. Without finance professionals that are flexible, well-trained, and ready to deal with all the latest challenges, businesses will lose out. So, professionalism builds on performance, which is in turn built on people. Talented finance professionals producing sustainable results for business will only ever feed a demand for finance professionals and accountants long into the future. This is the virtual cycle of value creation.

If accountants are to make a contribution in the future, they will also need to be equipped to operate in the environment of the future. What will the implications of our changing world be for us?

A recent ACCA report looked at how the global economy might evolve over the next 20 years and the factors that are likely to drive this. The report came to a number of interesting conclusions:

- The world in 2030 will be characterised by multiple centres of economic power with global markets expected to grow in markedly different ways, depending on regions, resources and partnerships
- The competition for natural resources will have become far more intense, resulting in the need for a more coordinated, international approach to accessing and securing sufficient resources
- And last but not least – and certainly not unexpectedly - financial regulation is predicted to converge across markets, as international regulatory cooperation continues.

We also need to consider three other key issues – the globalisation of standards, the challenges posed by the increasingly globalised economy and the next generation which will have an impact on the future of accountancy- and therefore the role we can play:

Firstly, the globalisation of standards, will mean that more skilled professionals will be needed across the world to ensure that accounting requirements are being met and that the implications of IFRS are fully understood.

Secondly, the increasingly global economy means that that all accountants will need to be equipped to deal with new economies and to understand the dynamics of global business.

In January this year Carl Ross, MD of Oppenheimer and Company, said that the future growth of Jamaica and the Caribbean was dependent on its ability to forge links with the new developing economies of China and India as the traditional trading partners in the US and Europe were unlikely to see huge growth. The challenge for finance professionals is to steer and advise their clients in the best direction.

And they need to use their expertise to respond to emerging issues, such as the sustainability challenge and reporting on corporate behaviour: helping business measure

the environmental impact of its activities and defining the language of sustainable business reporting.

This will mean that we must ensure the accountants of the future have the necessary skills to contribute to support the region's development. Not only will they require the 'hard' skills which will enable them to act in an advisory capacity and to be integral to managerial strategy and decision-making, but will also be required to have 'softer skills,' including leadership and effective communication.

Accountants of the future will also need, more than ever before, to continue to develop new skills; ensuring that they continually increase the ways in which they are able to add value to an organisation. But what distinguishes professional accountants is their desire to develop and test themselves and I am confident that they will rise to meet the challenge.

Conclusion

In conclusion, accountants are needed by businesses now and will be needed more and more in the future, and in my view, professional accountants have a vital role to play in the development of the economy, business and society in general, however that evolves.

Accountancy bodies and accountants in the Caribbean and around the world must continue to provide consistent and high quality value for business. But if we maintain our insight into the challenges facing business and the profession we will succeed in building an accountancy profession that meets the needs of the global economy of the future.

Thank you for your attention.

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