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Chapter 5

Emerging Pathways for the Next Generation of Accountants: ACCA's Global Qualification

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Introduction

No one can predict what the future will hold. The only thing we can predict is that the world of the future will be different from the world of today. To keep pace with change, the Association of Chartered Certified Accountants (ACCA), like all professional bodies, will need to reinvent itself, perhaps at a faster rate than ever before. The ACCA is already championing a number of themes through its *Accountancy Futures* program of theme-led research and insights, helping prepare the accounting profession for the immediate and longer-term challenges the future global economy will bring.

In considering the future, this chapter discusses the ACCA's emerging pathways in the context of six key areas. These include the ACCA's history and background; its current vision; future trends and emerging pathways; integration of ethics into the ACCA qualification; integrated reporting; and the impact of IT on education and learning.

The ACCA's history and background

Since its foundation in 1904, changes within the ACCA have been considerable. Arthur Priddle, the ACCA's first President, would hardly recognise the organisation he helped to establish. By offering its examinations worldwide, the ACCA has grown enormously, especially in the last 20 years. As early as the 1930s, the ACCA began offering its exams outside the United Kingdom and by the 1950s had established branches in former British colonies such as Hong Kong, Singapore, Trinidad and Tobago, and Nigeria. In 1965, the ACCA set up its first joint examination scheme in Jamaica, followed by similar developments in a number of other countries. Rapid expansion into 170 countries over the past 40 years has provided pathways for thousands of students, in both developing and developed countries (there are currently 424,000 enrolled), to gain an accounting qualification. A summarised history is shown in Table 1.

The ACCA's current vision and core values

The ACCA's vision is that it will be universally recognised by employers in the corporate, practice and public sectors, as the leading global professional accounting body in reputation, influence and size. It is therefore critical that employers value the competence of the accountants that the ACCA produces. Supporting members with a qualification that makes them desirable in the workplace is at the heart of the ACCA's goal.

Table I: The ACCA 1904 to 2011

1904 – 1949	1950 – 1989	1990 – 2000	2001 – 2011
<p>1,000 members in 1910, 13 members outside the UK, 2,800 students in 1922</p> <p>First woman to belong to a professional accounting body becomes a member in 1909.</p> <p>First body to examine tax and cost accounting.</p> <p>First variant papers are introduced in 1922.</p> <p>First branches opened outside the United Kingdom in South Africa in 1913 and in Malaya (Malaysia) in 1936.</p> <p>Exams provided outside the United Kingdom in the 1930s.</p> <p>Recognised by the 1948 UK Companies Act.</p>	<p>25,000 members and 22,600 students in 1970</p> <p>1950s Branches are set up in Hong Kong, Southern Rhodesia (Zimbabwe), Trinidad and Tobago, British Guiana (Guyana), Nigeria and Nyasaland (Malawi).</p> <p>1960s Formal links are developed in Africa as accounting bodies are established in Ghana, Malawi, Nigeria and Sierra Leone, followed by Botswana, Ethiopia, Kenya, Tanzania, Uganda and Zambia.</p> <p>1965 A joint examination scheme is established in Jamaica, leading to partnerships with many bodies in the Caribbean. The Malaysian branch is formed after the separation of Singapore and Malaysia.</p> <p>1975 A committee is set up in Australia, which subsequently expands to include New Zealand.</p> <p>1980s The ACCA begins to explore opportunities in Central and Eastern Europe, helping to develop the profession in former Soviet states and in the Russian Federation. A branch is also set up in Canada, and then in the United States.</p> <p>1988 Market development starts in Mainland China. The ACCA elects the first female president of an international accounting body.</p>	<p>50,000 members and nearly 130,000 students in 1996</p> <p>1991 An environmental reporting awards scheme is introduced, the first of its kind.</p> <p>1996 First body to base its syllabus on International Accounting Standards (IAS later IFRS).</p> <p>1997 First International Assembly meeting held.</p> <p>Market development commences in the Middle East.</p> <p>The ACCA collaborates with UNCTAD to produce its Global Curriculum.</p> <p>The ACCA begins to work with the World Bank and others on capacity building projects in Africa, the Asia-Pacific, the Caribbean and Eastern Europe.</p>	<p>147,000 members and 424,000 students in 2011, over 60% are outside the UK</p> <p>Introduction of the online Professional Ethics Module as part of the ACCA qualification.</p> <p>Some 700,000 examinations held in 401 centres in 151 countries in 2011.</p> <p>The ACCA now provides its services through a network of 83 offices and centres in 170 countries.</p> <p>The ACCA works with IFAC to produce its International Education Standards.</p> <p>The ACCA works with UNCTAD to produce its capacity building framework.</p>

The ACCA springs from, and has been driven quite consistently by, its founding principles, namely to provide opportunity to all people of merit and application, regardless of their background. Following on from this objective, there are five core values that resonate with members, students and ACCA staff around the world. These are opportunity, integrity, diversity, innovation and accountability.

Opportunity comes first when opening up pathways to professionalism and to a professional career. The ACCA provides opportunity, free from artificial barriers, to people around the world, whether students, members or employees and we support them in their careers. This opportunity comes from our range of qualifications, the support for ACCA members, its research and insights program and its technical expertise.

In 2005, the ACCA conducted a consultation with students and members to ask whether a degree should be a prerequisite for revised professional ACCA qualifications. The results revealed overwhelming support to keep the ACCA as inclusive as possible and maintain its open access policy, although many students nowadays gain a degree before taking the ACCA exams.

The complementary accounting technician level qualification – Certified Accounting Technician (CAT) – started in 1998 to allow access for those without degree entry requirements. A new suite of qualifications under the umbrella of Foundations in Accountancy (FIA) was launched in December 2011. The new structure enables people to ‘mix and match’ to obtain the qualifications and certifications they want and need. Many ACCA students, particularly from developing countries, have not been to university, so they value the partnership with Oxford Brookes University, which enables them to obtain a degree through their ACCA studies. The degree started in 2000 and to date almost 15,000 students have graduated.

Integrity is a very important core value of the ACCA and is clearly reflected in the professional qualification. The ACCA itself acts ethically and works in the public interest to deliver public value – that means treating people fairly and honestly. It is critical that through their ACCA qualification, ACCA members not only gain knowledge but also the tools and mindset to enable them to embed professional ethics into their daily lives and to act with integrity. This ethical dimension is supported by online ethics module examinations and practical experience requirements.

The ACCA's third value is *Diversity* as a pathway to a professional career. The ACCA respects and values difference, embracing diversity in its people and in its output. Since November 2011, the ACCA has hosted a series of roundtables to discuss the issue of diversity. These events have taken place in Delhi, Singapore and London, and were held jointly with the UK-based Economic and Social Research Council (ESRC). The ultimate aim of these events is to influence policy and to contribute to a debate about diversity. Diversity means different things to different people in different places. But for the ACCA and the ESRC, the aim is to explore the link between diversity and innovation and, in particular, the advantages to organisations in encouraging diversity to achieve business benefits.

Being diverse also means that the ACCA works in partnership with other organisations by conducting Joint Examination Schemes (JES), the purpose of which is to support the development of the global profession. By working in partnership with national accounting bodies, the ACCA is able to increase access to a high quality, internationally recognised qualification, while ensuring local relevance. Students also benefit by receiving support from both the ACCA and the JES partner. Currently, paper exams are offered in 401 centres in 151 countries worldwide, and this number is growing. The ACCA also sets exams in 21 different tax jurisdictions and a similar number of law papers.

Innovation is the next value. The ACCA needs to offer different ways to deliver qualifications and to be contemporary in what it does. Since its formation in 1904, the ACCA has been consistently distinctive in outlook, character, reach and mission. Its history and development shows that the ACCA has been a pioneer, making innovations in accounting education and professional support to improve opportunity and deliver consistent quality global standards. Currently, the ACCA's professional qualification has three computer-based exams (CBE), and the new FIA has seven. The ACCA has approximately 320 licensed centres in 67 countries running computer-based exams.

Last, but by no means least, is *Accountability*. This value asserts that the ACCA accepts individual and corporate responsibility for its actions, working together to deliver a quality service and to promote the best interests of its stakeholders. The ACCA's own pathways are centred on a global framework that works closely with regulators, learning providers, other membership bodies, as well as policymakers, standards setters, employers and oversight bodies.

Future trends and emerging pathways

The framework for creating a pathway for the next generation of accountants raises some questions: What will this next generation need? Where will they work? What will their jobs look like? And how will they deal with the challenges ahead of them?

Generations X and Y have grown up, and Generation Z is now hitting the job market. The next challenge for employers and for professional bodies is to deal with the needs of Generation C – always clicking, always connected and always communicating.

Managing the aspirations of the youngest generation in finance will be a big challenge for organisations in the next decade, but equally, so will the on-going management of the aforementioned X, Y and Z generations. Young people are now Internet literate, digitally connected and will want to work in very different ways, and hence will want different career pathways. In a corporate world where finance careers are becoming less uniform, the emergence of career paths based on a corporate 'lattice' rather than a corporate ladder will be the norm. The future professional will also work in increasingly diverse and connected teams, including through shared service centres. How organisations such as the ACCA and other professional bodies steer this generation through their careers will be very important. Enabling students and members to achieve and reach their potential is the business that all professional bodies are in.

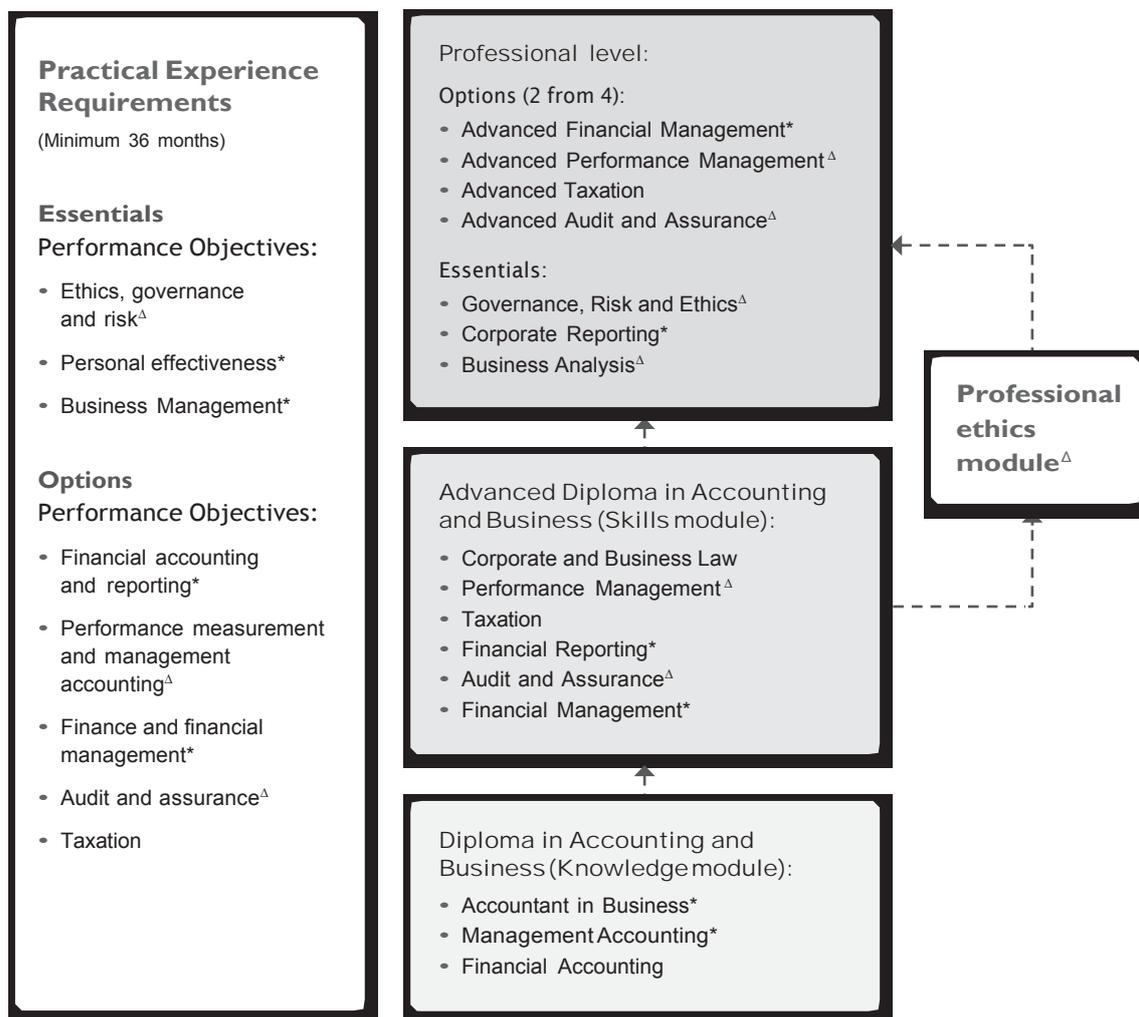
As a global body, the ACCA has to consider future trends. A key issue is the impact of IT on accountants, which will probably lead to the de-skilling of many professional tasks, especially in the production of financial reports. Much of this work may go to accounting technicians who will be IT literate. The ACCA has to take this into account in its technician as well as its professional qualifications. The possible rise of protectionism driven by nationalistic aspirations and the economic recession are also issues of concern, and the pressures of globalisation may yet lead to greater integration of financial reporting systems. IFRS seems to be the system of choice but convergence seems to be rather more likely than full harmonisation, with various national opt-outs. The ACCA sets its primary qualification based on IFRS but if this is not a uniform standard, then the ACCA has to consider additional variants.

Organisations have a fundamental responsibility to account for their impact on society and the environment, and accountants have a growing role in enabling business and policymakers to measure, understand and reduce environmental impacts. The ACCA regularly publishes reports and articles on environmental accounting (see the ACCA's website, www.accaglobal.com). Accountants will have a key role to play in bringing about a low-carbon world, through leading on the disclosure of companies' carbon emissions and the auditing of these disclosures to quantify and promote the financial consequences of climate change. As a driver for this, the ACCA believes it will be imperative to have a common, internationally accepted carbon accounting standard.

A recent research report from the ACCA (ACCA, 2012) found that, according to finance experts from 20 leading global organisations, there is 'no turning back' from finance-shared services and outsourcing as a future delivery model for the finance function. But global leaders featured in the report continue to recognise capability shortfalls, from the effectiveness of change management processes to the lack of focus on the retained finance team. Also, there is an inability to see shared services and outsourcing in the context of an overarching vision for finance. These are the types of issues the ACCA has to consider in designing its qualification for the next generation of finance professionals. As can be seen from Figure 1, the ACCA qualification has moved on from the traditional subjects in accounting and auditing. The qualification now includes coverage of management, ethics, risk and corporate governance, in an attempt to address the changing needs of the accounting profession.

The ACCA does not offer tuition itself. However, the ACCA's directory of tuition providers lists 251 ACCA Approved Learning Partners and 678 other tuition providers. The ACCA also approves four publishers of study materials, in addition to listing ten other publishers. These represent a considerable volume of support for the ACCA's qualification.

Figure I: The ACCA's professional qualification



* These subjects contain some outcomes that relate to the principles of integrated reporting and sustainability.

^Δ These subjects include a substantial number of outcomes that underpin principles of integrated reporting and sustainability.

The integration of ethics into the ACCA qualification

The issue of integrating ethics into the ACCA qualification has been a central theme throughout the development of the qualification. The ACCA has already successfully introduced applied ethics education into its existing syllabus throughout many of the higher level papers, but has now developed this much further and given it a much higher profile in the professional qualification and in the FIA suite of qualifications launched in 2011.

Following extensive consultation and benchmarking exercises undertaken by the ACCA where key stakeholders responded to a competence and consultation survey, ethics was identified as a very important area for ACCA stakeholders. Ethics was heavily focused on as a key area of competence by regulatory and advisory bodies, both nationally and internationally. A key challenge for any robust professional accounting qualification therefore is how to make ethics much more prominent. The ACCA has achieved this through a coherent and pervasive multi-pronged approach in accordance with IES 4 (IFAC, 2011) on ethics. This needed to take fully into account recommended best practice, as published in the most recent version of the relevant International Education Practice Statement (IEPS).

The ACCA has therefore followed the Ethics Education Continuum (EEC) approach in developing ethics content, using a flexible, blended approach to incorporating ethics into the new qualification (Leung et al., 2006). This combines the topic approach with the stage-by-stage approach, as included as alternative approaches in IEPS 4 (IAESB, 2007). The ethics education continuum stages include enhancing ethics knowledge; developing ethical sensitivity; improving ethical judgement; and maintaining an on-going commitment to ethical behaviour. The ACCA has developed the ethics aspects of the new qualification by covering each of the above four stages of the continuum through the education syllabus and in the work experience requirement.

The concepts of ethics and professionalism are introduced into the ACCA syllabus in relevant examination papers, starting with a general introduction to ethics, governance and professionalism in the *Accountant in Business* paper, which helps to contextualise the accounting function and the work of accountants within the wider business setting. Ethics is also integrated as appropriate in ten other papers of the 16 papers within the new professional qualification, particularly in law, audit and assurance, taxation, financial management and financial reporting.

The ACCA has also developed an online ethics module for professional students, which is compulsory for new students but which the ACCA strongly recommends transferring students take before they study for the designated *Governance, Risk and Ethics* paper (see below). The purpose of this module is to enhance ethical knowledge through introducing the student to different ethical models and perspectives. Finally, the ACCA has developed *Governance, Risk and Ethics*, a complete examination syllabus in professionalism, ethics and governance. This examination assesses four key areas, namely, governance, internal control and compliance, risk and ethics, and professional values. Students are also required to demonstrate ethical behaviour and sensitivity in the work experience requirements, which are integral to the qualification as a whole. These ethical requirements are given specific prominence as core performance objectives in the practical experience requirement.

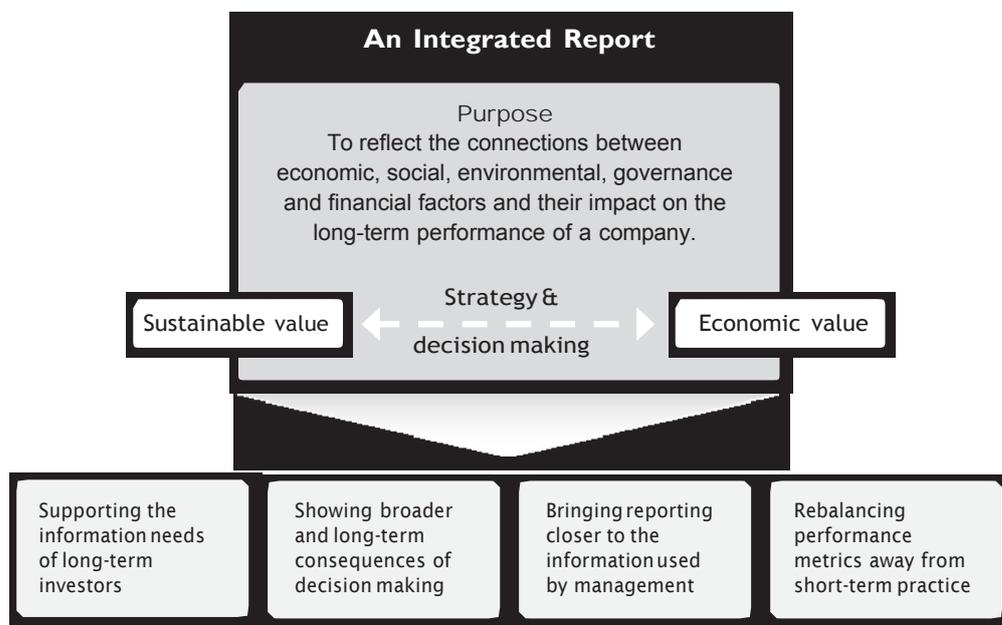
Integrated reporting – A review of developments and implications for the professional accounting curriculum

Many leading professional accounting and governing or advisory bodies, their members and business leaders, are increasingly of the view that corporate reporting around the world needs a fundamental review. The consensus seems to be that the time has come to introduce, more widely, reports that provide a holistic and multi-dimensional representation of the organisation, as provided by 'integrated reporting'. Integrated reporting essentially involves merging a company's annual report, which is its financial information, with a voluntary corporate social responsibility or sustainability report, and further combining those into a single report to show the relationship between financial and non-financial performance.

In December 2009, Accounting for Sustainability (A4S) convened a high-level meeting of investors, standard setters, companies, accounting bodies and UN representatives which, combined with the Global Reporting Initiative (GRI), has set up a new body known as the International Integrated Reporting Committee (IIRC, 2010).

Figure 2 shows the framework for an integrated report as listed on the IIRC website.

Figure 2: Integrated Reporting Framework



Source: The IIRC website (2011), www.theiirc.org

Essentially, for a professional accounting curriculum to properly align with the principles of integrated reporting, it must assess the student's knowledge and understanding of the business holistically as an organisation within its environment and the needs of those to whom it is accountable. These needs are now perceived as being broader than those for which the traditional accounting curriculum has catered in the past. The main implication for professional accounting educators is an explicit, if belated signal that the accounting curriculum must draw from a much wider range of business disciplines. It must also incorporate more professional attitudes, as well as technical competences, including ethics and professional values, and become more integrated in its approach to assessment.

The ACCA qualification was restructured in December 2007 and updated in June 2011, on the basis of a major consultation with members, students, employers and tuition providers and from competency surveys and their findings. The range of subjects included, and what they assess, reflects the principles of integrated reporting very closely. The ACCA has a professional-level paper devoted to key principles of integrated reporting, including governance, risk and ethics. ACCA members must also complete a professional ethics module and reflect on the experience as a pre-requisite for entry to membership. In addition, 11 of the 16 ACCA examination syllabuses embed ethical principles, and examiners introduce ethical dimensions into technical requirements to examine the candidate's values and judgement as well as their knowledge. The audit papers also cover governance aspects related to the audit and assurance functions and risk management, internal audit and internal controls.

In other syllabii such as management accounting, performance management, financial management and business analysis, many syllabus outcomes underpin principles of integrated reporting as outlined by the King Committee (2009). These relate to organisational structure and strategy covered in the subject Business Analysis, which examines the ability of the candidate to analyse business opportunities and threats (or risks), and to evaluate strategic objectives based on internal strengths and weaknesses and resource constraints.

The impact of IT on education and learning

Within the last decade, we have begun to see the true power of the Internet. Not only does it transmit knowledge and information but, through social networking sites, it can also bring people with common interests together across geographical boundaries. As a result, we are seeing a new global generation of technology-enabled workers. In its recent report, global management consulting firm Booz & Company (Booz, 2010) states that, by 2020, an entire generation will have grown up in a primarily digital world. The first to be born into and brought up in this digital age, they see computers, the Internet, mobile phones, PDAs, texting, tweeting and social networking as part and parcel of their daily lives. In many economies, a technology-enabled world is the only one they have ever experienced. Booz terms this Generation C – 'connected, communicating, content-centric, computerised, community-oriented, always clicking'.

As the globalisation of business continues, more companies are made up of highly dispersed workforces, including growing numbers of remote workers. The ability to connect these groups of learners through virtual classrooms and enable them to collaborate is highly valuable, owing to the rich exchange of ideas and experiences.

Online methods offer the capacity to 'blend' forms of learning and assessment in a way that is much more efficient and effective. This can provide an experience so close to that of the real world that it is effectively moving beyond simulation to what is termed 'emulation', an experience that mimics the real world challenges professionals face. It is this synthesis that many professions are already embracing.

The ACCA is therefore exploring more ways to help its qualifications grow and be even more global by exploring the further use of CBEs and E-Assessment. All scripts historically were marked in the United Kingdom to ensure standardisation (other than local tax and law papers). The move to online marking allows markers from around the world to be employed. There has been a three-year development phase, with three papers successfully marked online in June 2009 as a pilot. This was extended to nine papers in December 2009 and now all papers since June 2010 have been marked online. This is done in partnership with a key provider. In June 2011, the ACCA signed an agreement with a provider to begin a long-term project to move all exams online by 2015. The ACCA's move to online delivery will bring greater choice and access for employers and students around the world who choose ACCA qualifications for their professional training.

Conclusion

The ACCA is driven by its core values. Size is not the only priority in the ACCA's vision, which includes reputation and influence. Nevertheless, size is an indication that the ACCA's qualification is meeting the needs of employers. The ACCA has grown quite rapidly, especially in the last 20 years. This continued growth is subject to several variables, not all of which are predictable. Examples include the demand for ever higher-level business and management skills amongst finance professionals; the emergence of IT as a major delivery method of both learning and assessment on a global basis to a uniform standard; the emergence of national qualifications in formerly developing countries; the demand from international accounting firms as well as other multinationals for uniform professional accounting qualifications at least in respect of non-regulated functions; the convergence of accounting and auditing standards on international norms; and the demand from growing economies such as China for professional accountants fuelled by the ambitions and aspirations of a new global middle class for international professional accounting qualifications.

Not all of these trends mean that the ACCA will continue to grow as it has done in the past but enough of them point to a continuing and high demand for the ACCA qualification, as long as the ACCA can adapt its qualification early enough and in the right direction. This paper has set out the pathways that have emerged and will continue to emerge with respect to the ACCA qualification, as it continues to position itself as a major global force in the education and training of accountants throughout the world.

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