

# Developing and Sustaining Technical Competence - A Test of Relevance of the Accountancy Profession

# OVERVIEW

1. Definitions
2. Why is Technical Competency Important
3. The World Today
4. Developments in the Profession
5. The Future Professional Accountant
6. How Do We Develop & Sustain Technical Competence
7. How Do We Remain Relevant
8. Conclusion

# 1. DEFINITIONS

# 1.1 Technical, Competence - Defined

## Technical

- Procedural
- Mechanical
- Methodological
- Methodical
- Professional
- Official
- Expert
- Practical (Adj.)
- Specialised (Adj.)

## Competence

- *Capability*
- *Skill*
- *Fitness*
- *Proficiency*
- *Experience*
- *Expertise*
- *Aptitude*
- *Know-how*

# 1.2 Technical Competence -Defined

- ▶ Knowledge of, and skill in the exercise of, practices required for successful accomplishment of a business, a job, or task
- ▶ Excellent technical skills and broad knowledge, up to date and understanding of recent developments (laws & regulations, technologies etc) which fosters ability to perform work duties.
- Behaviours directly related to the nature of training and the proficiency required to exercise control.
- Competency on a task requires a match between the operator's competencies and the competencies required to safely and effectively perform the task.

# 1.3 Technical Competence - Examples

- Creative thinking. Developing innovative solutions and thinking creatively is important
- Technical capabilities
- Computer literacy
- Data management
- Equipment and program knowledge
- Policies and planning

# 2. Why is Technical Competence Important

# 2. Why is Technical Competence Important

## In General

- Helps differentiate jobs within a functional area
- Helps in identification of the best hire or the next best successor to a job

## In Leadership

- Top quality attribute
- Understanding of how the business works
- Understanding how the employees in that business need to be led
- Brings respect from those being led



# 2. Why is Technical Competence Important

## Professional Accountant

- Add value to business & contribute to a prosperous society
- Accurate recording of financial information & recommending courses of action to management
  - journalising financial transactions, preparing financial statements & reconciling account bals.
- Assess, analyse & manage risk using appropriate frameworks, professional judgement & scepticism for effective business management.
  - Risk assessment, analysis & management
  - Measurement analysis & interpretation
  - Reporting
  - Research
  - Systems & process management
  - Technology & tools

# 3. The World Today

# 3. The World Today

- Volatile, Uncertain, Complex & Ambiguous

## Disruptions

- **Digitisation & Automation**
- **Cloud computing**
- **Artificial Intelligence**
- **Crypto currency**
- **COVID 19**

## Financial Reporting Complexities

- **Social dynamics-human rights, gender issues, racial matters**
- **Environmental changes & conservation**
- **COVID 19**
  
- **Integrated reporting has been and continues to be the borne of contention**

# 3.1. The Unfolding World

- Digitisation Cloud Computing - ERPs in the cloud, E payments, Mobile Ts
- Automation
- Artificial Intelligence (AI), frees accountants from menial task to focus on more complicated processes. AI engines would read receipts & audit expense claims, as well as forwarding abnormalities for human investigation & approval. E.g ChatBots, Iconfirm, I-Count & Drones etc
- Machine Learning software -eg Auditing of expense claims, the software can be used to remember and enforce a company's expenses policy. Days of looking through receipts & identifying dates & VAT numbers eradicated.
- Data Science and Analytics
- Data Engineering
- Data Visualisation
- Network and Information Security

## 3.2 Business of the Future

Those that will navigate the complexity of tomorrow's world to help build economic & social systems where resourcefulness, creativity & inclusion come together to help people unlock their potential & live well.

### 3 Cross-cutting themes for Business Models

1. The advances in the changing nature of work and the role of automation.
2. The social & ethical implications of Artificial Intelligence (AI)
3. The rising urgency of environmental risks that are reaching untested tipping points and materially impacting peoples' daily lives.

### Integrated Reporting Changes

- Growing interest in and urgency about improving reporting by companies among investors & other stakeholders & therefore by regulators & lawmakers

*Reports from 48 members of the International Integrated Reporting Council (IIRC) Business Network carried out in 2019 by ACCA in collaboration with IIRC*

## 3.2 Business of the Future (continued)

Address shortfalls in disclosures on

- Climate changes & air quality
- Fair & inclusive work place
- Natural capital
- Human rights
- Waste management
- Product responsibility

*Survey Results*  
Failure to meet regulatory & civil society demands on each issue in the majority of cases

## 3.2 Business of the Future (continued)

COVID 19 has shone a light on many social & environmental issues faced around the world. Barriers & opportunities for mainstreaming businesses positive social & environmental impact unpacked.

- Social & environmental value creation.
- Business models of the future, systems, convergence & characteristics.
- Insights into integrated reporting

Businesses are called upon to put processes in place to monitor and report on social and environmental risks & improve business models to redefine how they create value.

- Effective disclosing & managing risks
- Understanding dependencies & exploring new opportunities for participating in & contributing to a changing economy that is decoupled from environmental degradation & recoupled to societal benefit.

Investment Industry is increasing focus on the role & importance of environmental, social & governance (ESG) factors in corporate value creation & risk mitigation

- Investment processes, asset valuation, asset allocation & risk management
- Corporate disclosure & wider ESG data serve as the bedrock for these investment processes.

## 3.2 Business of the Future (continued)

### Value Creation Enablers

- Climate risk reporting
- Natural capital - accounting and reporting
- Circular business model innovation
- Social impact & the UN SDGs (Sustainable Development Goals)
- Purpose-led strategies.



# 4. Developments in The Profession

# 4.1 The Future of the Profession

- Promising & Industry rapidly evolving with the rise in technology
- 10% increase in Accountant & Auditor employment between 2016 - 2026, 19 % growth in the demand for Financial Managers up to 2026 (*US Bureau of Labour Statistics 11 March 2019*)
- 6% increase from 2018 to 2028 (*US BLS*)
- Globalisation, a growing economy, complex tax & regulatory environment - Demand for Accountants & Auditors (*US BLS April 2020*)
- AI Will Transform not Replace Accountants (*Gartner, August 9, 2018*)
- Accounting is not dying, but the time is upon us to embrace new ways of doing things and pay attention to the changes that are reshaping the world around us. Eg Machine Learning, AI, cloud solutions & greater customer experience.
- Some traditional services like audits may be challenged by technology.
- Technology Transformed
- New-world Accounting evolving at an increasing pace

# 5. The Future Professional Accountant

# 5. The Future Professional Accountant

- Financial Advisor transformation.
- Adding Value to Business by offering strategic advice, consulting & financial planning.
- Thinking like a system.
- Understands how to capture & assess new sources of value
- Builds creative capabilities to think differently & solve problems.

# 5. The Future Professional Accountant (continued)

► Mindset of the future - Adopt a long term mindset.

Being ready to make the most of these opportunities

- New skills
- Financial Acumen
- Technical knowledge
- Ethical judgement

These are attributes the Accountancy Profession can uniquely bring to support business model innovation across 3 spheres of value proposition, value creation & value capture.

## 5. The Future Professional Accountant (continued)

- IT Understanding-Automation, digitisation
- Dynamic and exponential growth
- Data Visualisation
- Network and Information Security (cyber security)
- Cloud Computing Knowledge
- Expertise in big data analysis i.e advanced analytics, modelling
- Adept on evolving Laws & Regulations

# 6. How Do We Develop & Sustain Technical Competency?

# 6. How Do We Develop & Sustain Technical Competence

- Strong & Dynamic Educational Institutions
- Fast track on research & information publication
- Enrol in **Technical** classes or workshops
- Get **Technical Books**
- Volunteer for **Technical Projects**
- Subscribe to **Technical** sites and Magazines
- Develop Knowledge of a Second Language
- Attend your CPD events
- Practice What You Learned



# 7. How Do We Remain Relevant?

# 7. How Do We Remain Relevant - The Profession

Professional Accountants & Finance Teams need to build on their competencies in four areas

- Scientific literacy (Cloud computing, automation, digitisation, AI, cryptocurrency)
- Understanding of societal impact
- Deepening collaboration internally & externally
- Recognise the interconnectedness of social & environmental issues

Recognise the importance placed on the health of our planet's natural environment & the well being of its people - *develop standards that will bring stake holder confidence in these aspects.*

Understand that businesses, asset owners & managers recognise the risks & opportunities arising from issues such as poverty, inequality, climate change, environmental degradation - *Incorporate the understanding of SDGs into strategy & adjusting business models.*

Understanding the critical role in the provision of information for decision making & the power of collaboration on these important issues.

*(The publication of Recommendations for SDG Disclosures-ACCA, CA Australia & New Zealand & ICA of Scotland)*

# 7. How Do We Remain Relevant-The Profession

## Professional Accountants in Public Practice

- Develop new processes & procedures to determine which data are entered automatically into the accounting system and which ones are manual and which ones require adjusting.
- Ask questions & do research to develop a deeper understanding of the client's business.
- Shift from time based to value based service costing.
- Build on crypto-friendly services.
- Develop understanding of merchant accounts operations & how to report for them.
- Develop understanding of evolving laws & regulations & how to enhance compliance & reporting of non-compliance.
- Develop understanding of societal impact of business & offer sound advice on accountability & disclosure requirements.

# 7. How Do We Remain Relevant-The Profession

## Governing Bodies

- Improve on standards both accounting & auditing
- Increase collaboration with stakeholders
- Build strong foundation for novices in the profession
- Strengthen CPD activities
- Maintaining discipline

# 8. Conclusion

# 8. Conclusion



## 8. Conclusion (Continued)

The ever-increasing power of digital technology won't replace accounting professionals but will change the nature of our jobs.

Technology-transformed, new-world accounting profession is evolving at an increasing pace. Like with all evolutions it does not happen at once, the only difference is that this is exponential.

- Embrace change
- Fast learn
- Focus into the future
- Prepare and invest in enabling tools, skills & platforms.
- Keep learning & communicating

**Keep abreast of the changes and the changing professional environment**

## 8. Conclusion (Continued)

### Acknowledgements:

- Reports from 48 members of the International Integrated Reporting Council (IIRC) Business Network carried out in 2019 by ACCA in collaboration with IIRC.
- The publication of Recommendations for SDG Disclosures-ACCA, CA Australia & New Zealand & ICA of Scotland.
- US Bureau of Labour Statistics 11 March 2019.
- Gartner, August 9, 2018.
- Muhammed Azizul Islam, PhD (RMIT), CPA (Australia) Assoc. Professor \*  
Team Leader of Accounting for Social & Environmental Sustainability  
Research Group, School of Accountancy, QUT, Brisbane, Australia
- Amy Vetter, CPA/CITP,CGMA
- American Institute of Chartered Public Accountants (AICPA)



