



ACCOUNTANCY SKILLS EVOLUTION: IMPACT OF COVID-19 & THE PATH FORWARD





POSITIONING THE ACCOUNTANCY PROFESSION TO LEAD IN AN UNCERTAIN WORLD

Crises inevitably demand difficult decisions be made, yet the preferred conditions for making such decisions—time to deliberate, a clear sense of focus—are in short supply. Countless small business owners, CEOs, government leaders and more confronted this reality in 2020. For many of them, professional accountants were there as trusted advisors when there was no semblance of certainty.

Like every profession, accountancy will emerge from COVID-19 changed. We will be accustomed to digital processes we once thought impossible. Our change management abilities will be sharper than ever. How we anticipate the future will be informed by an experience many of us never imagined would happen.

Right now, we, as the global accountancy profession, have the opportunity to transform—for the benefit of business, government, and society. It is also a critical moment for the profession to nurture existing talent and attract new talent. We must achieve this progress collectively, with clear and measurable goals.

To that end, IFAC has spent the past three months engaging with dozens of people associated with the profession across more than 20 countries with a range of perspectives. They are CEOs of professional

accountancy organizations (PAOs), CEOs in business, CFOs, audit committee members, auditors general, accounting firm leaders, academics and students.

By convening these various stakeholders, we set out to understand the implications of the pandemic for professional accountants and leaders, and how their experiences will affect the future of accountancy and, more specifically, accountancy skills. COVID-19 accelerated change and forced us to reconsider the role of professional accountants. We heard from our stakeholders about the transformation of organizations, the agility of business, and the resilience of professional accountants managing through unanticipated change.

Through it all, the pandemic highlighted the importance of future-proofed skills that can anticipate and are agile in a new world—a world where professional accountants are established as strategic leaders.

This paper outlines the key themes our stakeholders shared, including accelerated ways of working, impact of technology, practices that align to new societal demands, and the right balance of skills, which collectively illustrate a roadmap for the professional accountant.

“FUTURE ACCOUNTANTS WILL BE ABLE TO ADD VALUE BEYOND FIRM’S TECHNICAL KNOW-HOW, THROUGH EMOTIONAL INTELLIGENCE AND NETWORKING SKILLS.”

– ACCOUNTING STUDENT, AUSTRALIA



COVID-19 JOLTED THE SYSTEM AND ACCELERATED US FORWARD

In the Netherlands, virtual work has been commonplace for more than a decade. When COVID-19 forced lockdowns, professional accountants were ready. In other regions, the transformations were not as simple. In South Africa, workers embraced change very quickly, but the more remote areas of the country found it difficult to find immediate solutions. Meanwhile, in China, the shift to remote work was rapid. In the U.S. and many other countries, new systems took root overnight, but with them came newfound concerns about security and the availability of technology.

This year, some 94 percent of the global workforce lived in areas where workplaces were closing due to lockdowns.¹ These challenges impacted governments, businesses, and employees. In our new hybridized workplaces, preserving the tenets of trust and integrity, while also embracing opportunities that virtual environments introduce, is key. For example, when firms are not bound to a physical office, hiring more diverse talent from different geographies is possible.

Educators and students were also disrupted and had to manage through a wide range of trials. On one hand, universities and professors moved faster than ever before to online instruction and, in some jurisdictions, had to overcome legal limitations in administering examinations online. On the other hand, students had to not only navigate internet bandwidth challenges, but also the mental health toll, personal economic hardships, and more that the pandemic inflicted.

One silver lining of remote learning is that classes not bound to a physical classroom are able to capitalize on the connective power of technology. Said one university leader, “We should think about the possibilities that digital education can bring us in the accountancy profession. We can have faculty from all over the world, practitioners can join classes as guests, simulators and technological tools can provide more interaction with students. Face to face is very valuable, but we can have the best of the two possibilities.”

**“THE WORLD HAS CHANGED
OVERNIGHT. EVERYONE GOT
TO SEE HOW READY THEY
WERE.”**

**– PROFESSIONAL ACCOUNTANCY
ORGANIZATION CEO**

In academia, as in the workforce, it has become clear that much of the accountancy profession’s infrastructure needed to transform, not just for the immediate future but also for the long-term.

While the core skills of the professional accountant have not drastically changed due to COVID-19, the profession is changing. This crisis cast a spotlight on anticipation and agility, making it clear that our profession must take the opportunity now to rethink our curriculums, our business models and how professional accountants maintain their competency and relevancy so that we are ready for anything.

¹ International Labour Organization



EVOLVING TECH, REGULATIONS & STANDARDS WILL CHANGE THE PROFESSION AS WE KNOW IT

In early 2020, digital transformation was in process or identified as a strategic growth driver across businesses, accounting firms, governments, and beyond. Through the crisis, however, technology and data have been imperative, not only to stay operational but also to inform new and evolving strategies and ways of working. In one survey, more than a third of financial services industry firms in the U.S. said technology upgrades were the top priority emerging from COVID-19. Meanwhile, more than half cited digitizing client interactions as the first imperative.² Across all industries, more than 60 percent of global CEOs said they need a more digital business model for the future and that working outside of an office is here to stay.³ The way businesses operate everywhere is altered forever, and that reality has shifted how professional accountants engage with stakeholders. Professional accountants are the custodians of information that drive long-term strategy and, as businesses transform to stay relevant, professional accountants must be at the center of the transformation.

With change comes uncertainty—both for professional accountants and our stakeholders, especially the public. In this moment, the profession must align around clear goals so we can collectively meet the changing demand around us. This is critical as we aim to leverage technology in new ways, and as we continue to champion trust and transparency in businesses and governments worldwide. As a profession, we cannot passively accept change; we must seize the opportunities

change creates while also anticipating and mitigating risks. We have the guiding principles to do this, and international standards with regards to financial reporting, audit & assurance, ethics, public sector, and, hopefully soon, sustainability.

Even regulators are being challenged to adapt to how accountancy work has changed, especially in light of 2020. In our roundtable sessions, we discussed how accounting firms should consider advocating for a way forward by working with regulators on the latest approach to financial reporting and auditing in a digital-first world. This will also serve us well as we align ourselves with a shared vision of the role sustainability reporting, focused on environmental, social, and governance (ESG)-related matters, will play in the future of the accountancy profession and our stakeholders. Accountancy is directly tied to prosperity, and a more holistic view on how people and planet fit into our profession is imperative.

According to many of our stakeholders, sustainability is now an indisputable necessity. A long-term strategy rooted in sustainability helps guarantee any organization's place in the future. Indeed, two-thirds of global respondents in a recent study on how the pandemic heightened awareness of environmental challenges agreed that economic recovery plans should prioritize environmental concerns.⁴ To that end, we must evolve our mindsets and reporting, and perhaps most importantly, our curriculums for future talent.

“NOBODY TRULY HAS THE ANSWERS [IN COVID-19]. BUT BOTH TECHNOLOGY AND THE CURRENT CIRCUMSTANCES HAVE BEEN AN ENABLER FOR THOSE WILLING TO GRASP THE OPPORTUNITIES.”

– ACCOUNTING FIRM LEADER

In particular, the students we spoke with were passionate about a much larger focus on ESG in the accountancy profession. As a student from Hong Kong said, “We are not prepared to handle ESG because there are no strict standards to hold us accountable.” For the future of the profession, it is important that transparency and accountability with regard to ESG and long-term sustainability be ingrained in high-quality reporting and assurance practices globally.

IFAC is committed to advocating for **new sustainability standards** that would offer a reliable and assurable framework relevant to enterprise value creation, sustainable development, and evolving expectations. This is an opportunity for accountancy to evolve and to offer the next generation of professional accountants, many of whom identify as global citizens and environmental advocates, a strong foundation to make a difference.

² Deloitte

³ PwC

⁴ BCG



MORE THAN NUMBERS: THE IMPORTANT MARRIAGE OF HARD & SOFT SKILLS

CHANGE MANAGEMENT AND SHARP COMMUNICATIONS

From every region, discipline, and position, one skill was referred to more often than any other in every roundtable we convened in the past three months: change management.

We were in a rapid state of evolution prior to COVID-19. At the start of 2020, nine in 10 business managers said skills gaps existed in their organizations or soon would.⁵ That reality has only become more evident. Accountancy is not a profession operating in a static world, and the skills learned have to reflect an equal measure of agility. There is a clear need for well-rounded skillsets that combine technical skills and professional skills that are rooted in relationship-building and communication. As one CFO said, “We need accountants who can work as collaborators and partners with executive teams, who can leverage technology and data and identify risks, and who can effectively communicate the risks within the greater business function.”

Doing so means placing more emphasis on stronger, trust-based relationships with key partners. This

requires a focus on interdisciplinary skills when engaging with colleagues as well as in our strategic discussions with clients. Stronger communication skills will help professional accountants in managing risks and garnering buy-in for solutions.

SCENARIO PLANNING & STORYTELLING

Already, professional accountants are dynamic thinkers with an aptitude for proactive planning. We are trusted partners in times of change and uncertainty, and we must be prepared for that demand to continue. We have to maintain the momentum 2020 created and the renewed trust imparted on our profession. Many roundtable discussions spent significant time on the importance of accountants continuing to build professional skills and focusing on new techniques for analyzing and interpreting data in differing circumstances, and aptitudes for strategizing on increasing priorities such as ESG. Our stakeholders agreed that our profession must become better storytellers, able to effectively show how all the pieces fit together and how the finance function bolsters resiliency and growth. The basics of this can be taught in classrooms, but this skill will largely be shaped on the job.

“DO WE WANT TO RECOGNIZE PEOPLE BY A TITLE OR BY THE SKILLS THEY HAVE? THE PROFESSION WILL BE BETTER OFF IF WE RECOGNIZE THE LATTER.”

– PROFESSIONAL ACCOUNTANCY ORGANIZATION LEADER

UPSKILLING

How we compete in the learning and development space—with dynamic curriculums, more agile credentialing and continuous learning models that are suited to a hybrid world—will be a differentiator moving forward. “Professions that invest [in education] now are going to come out of this with a competitive advantage,” said one academic leader. We have to show aspiring accountants and those who might be upskilling during their career that the profession is anticipating, adapting with agility, and remaining a step ahead.

Affirming the need for agile, future-proof skills, one PAO CEO said, “I’ve worked through three pretty major crises in my career, and the common theme through all of them is that you must use it as an opportunity for change. A crisis gives you license to adapt.”



POSITIONING THE PROFESSION TO LEAD: DEFINING THE ACCOUNTANT OF THE FUTURE

Professional accountants are—and will continue to be—strategic partners in any setting, be it in the private or public sector. The pandemic tested our capacity as business drivers, and we rose to the occasion.

This is a pivotal moment for the accountancy profession—one where we will change old paradigms and embrace new skills for the digital and rapidly evolving world in which we live. How we act in this moment will define the future of the profession, and the opportunity for positive change is immense.

Right now, societies and economies around the world are trying to find a way to move forward from a crisis-laden year. Professional accountants are the highly strategic, collaborative, problem solvers who will help businesses and governments—large and small—move forward.

In the roundtables IFAC conducted these past months, CEOs, auditors, academics, students and more from around the world shared a clear vision: We, as a profession, must accelerate new ways of working, embrace technology, align our work to new and evolving societal demands, and, above all, ensure we're investing in the right balance of skills that will fortify the profession for whatever the future holds.


“WE ALWAYS TALK ABOUT NUMBERS, BUT WE HAVE TO LEARN HOW TO TALK ABOUT PEOPLE.”

– BUSINESS LEADER

VISIONS FOR THE FUTURE ACCOUNTANT—A GLOBAL VIEW

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