



Exciting Times in Accounting

What is IMA® doing to meet the challenges inherent in today's changing profession? We are facing them head-on and leading efforts to help management accountants succeed.

There are people who view the accounting profession as arcane and uninteresting. Even some working in the field don't consider it particularly exciting. I'm not one of them. The world of accounting is changing, and there are a number of interesting and, yes, even exciting things taking place. These fluctuations in our profession have created the need to take action and address issues, including:

GAAP vs. IFRS. Since 1972, there has been an ongoing initiative to adopt a uniform global standard for accounting and financial reporting. We in the United States have grown up with U.S. Generally Accepted Accounting Principles (GAAP). In many other countries, International Financial Reporting Standards (IFRS) governs accounting and reporting. The difference? GAAP is rules-based; IFRS is principles-based. Why is convergence of U.S. GAAP and IFRS taking so long? The size of the change is one reason, but there are also those in the profession who see the rules-based

GAAP as foundational to efficient capital flows in the U.S. economy, and the U.S. economy is still a model for the rest of the world. This viewpoint has only been strengthened by the recent severe recession, so the debate continues.

Public vs. Private Company Reporting. After years of study and discussion about whether private companies should be required to comply with all the rules and disclosure in GAAP, in late 2012 the Financial Accounting Standards Board (FASB) established the Private Company Council (PCC). Driving the discussion was the cost of complying with U.S. GAAP when private companies weren't offering securities for sale to the investing public. After working jointly, the PCC and the FASB now agree on a set of criteria to decide whether and when alternatives within U.S. GAAP are warranted for private companies. Based on those criteria, the PCC reviews and proposes alternatives within U.S. GAAP to address the needs of users of private company financial statements.

Crises in Accounting Education. Accounting education in the U.S. faces a shortage of academically qualified faculty, i.e., faculty with an accounting Ph.D. This

shortage is expected to become critical soon.

In addition, for the last 25 years the profession has been discussing a competency crisis. This competency crisis is summarized as the gap in skills identified by CFOs as what they need on the job compared to what they get in new accounting graduates.

IMA continues in its role as a thought leader in the accounting world and has focused on these issues, attempting to move them toward a solution. For instance:

GAAP vs. IFRS. IMA has published numerous articles in *Strategic Finance* that advance the thought process related to GAAP/IFRS convergence.

Public vs. Private Company Reporting. IMA had one official representative and two other members on the Blue Ribbon Panel that ultimately led to the creation of the PCC, which is now issuing standards in concert with the FASB.

Crises in Accounting Education. IMA continues to offer scholarships to doctoral candidates to help address the shortage of academically qualified faculty and increase the supply of those with an accounting Ph.D. IMA

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also created a website, www.

CompetencyCrisis.org, and invited the entire accounting community to share practical solutions to the wide discrepancy between what employers need from accounting and finance staff and what many undergraduate accounting students learn in school.

Other Developments

In addition, the accounting world is undergoing a transformation from the inside. More and more, we're seeing accounting organizations combining and collaborating worldwide, applying greater resources that can be leveraged to better serve their constituencies. For example, IMA signed a partnership agreement with ACCA (Association of Chartered Certified Accountants), "the global body for professional accountants, [which] offers business-relevant, first-choice qualifications to people of application, ability, and ambition around the world who seek a rewarding career in accountancy, finance, and management."

Among the advantages of this alliance are the promotion of IMA by ACCA's 83 offices worldwide and additional benefits for IMA's thought-leading research.

Financial bodies worldwide are also gathering more frequently to exchange information and work in the public interest. Global examples include the International Federation of Accountants (IFAC), "the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development

of strong international economies," and the Association Summit, a meeting for U.S. organizations held annually to update these organizations and share thoughts for improving the profession. IMA recently resumed its full membership in IFAC, with distinguished members positioned on significant committees. Moreover, IMA hosted the 2013 Association Summit for U.S. organizations in December at its headquarters.

The accounting world continues to undergo change, as reflected in these interesting and exciting developments. Your IMA continues to help the profession address these issues and advance the profession, which is just what you would expect from a thought leader.

I welcome your comments at wknese@imanet.org. **SF**