

# NEXUS 1:

## THE ACCOUNTANCY PROFESSION, BEHIND THE NUMBERS

October 2015



International  
Federation  
of Accountants®



*“ The point at which the need for strategic thinking meets the accountancy profession is the nexus at which good decision making helps strengthen organizations and advance economies, in the public interest.”*

*– Fayez Choudhury, IFAC Chief Executive Officer*



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In 2015, IFAC commissioned independent economics and business research consultancy, Cebr, to analyze our membership data from 2009 to 2013.

***Nexus 1: The Accountancy Profession, Behind the Numbers***, is the first of two reports to look behind Cebr's analysis, and provide a snapshot of professional accountancy's importance to the global economy and its contribution to society.

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ISBN: 978-1-60815-254-4

## NEXUS 1: THE ACCOUNTANCY PROFESSION, BEHIND THE NUMBERS

The point at which the need for strategic thinking meets the accountancy profession is the nexus at which good decision making helps strengthen organizations and advance economies, in the public interest.

Earlier this year, IFAC announced that the number of professional accountants represented by our 175+ member organizations in over 130 countries and jurisdictions had reached 2.84 million. ***Nexus 1: The Accountancy Profession, Behind the Numbers*** provides details and insights behind that number.

The overall picture for meeting strong global demand for professional accountants is highly encouraging. The growth of the profession is an indicator of its resilience in both good times and bad—and a strong message for young people considering career options. Trusted, credible, and

competent professional accountants are value integrators who provide strategic advice and help make sense of changing regulatory landscapes, irrespective of economic conditions.

The report highlights the importance of professional accountants to growing economies, and compares the profession's growth with total employment growth within regions. It also indicates how deeply the global profession is embedded throughout society: in public practice, businesses and industry, the public sector, and academia. The overall picture shows a profession in demand, growing steadily, and making significant contributions to all areas of society.

There are many reasons why people join a professional accountancy organization (PAO) and many reasons why PAOs seek IFAC membership. This report highlights both organic

growth by our members, and the admission of new PAOs as IFAC members after meeting our robust assessment criteria. Central to the story of the global accountancy profession is high-quality international standards, including a [Code of Ethics for Professional Accountants](#) and the [Statements of Membership Obligations](#) (SMOs) to which IFAC member organizations adhere, and which place the public interest at the heart of all that professional accountants achieve.

IFAC is proud to be the global organization for the accountancy profession and, through our member organizations, to support millions of professional accountants who, every day, go to work and make decisions in the public interest.

**Fayez Choudhury**  
Chief Executive Officer, IFAC



## KEY FINDINGS

1

### IFAC Professional Accountancy Organizations (PAOs) Are Growing Organically

The number of professional accountants who are IFAC PAO members grew 16%, from 2.4 million to 2.8 million. Approximately two-thirds of this growth was organic; one-third was a result of additional PAOs joining IFAC.

2

### Europe Continues to be the Largest Region; Africa and the Middle East Experienced the Greatest Growth

Europe had the greatest number of IFAC PAO members during the period. Africa and the Middle East had the smallest number, but it experienced the most significant growth over the period: 25%.

3

### IFAC PAOs Grew Faster Than Total Employment Growth

Reflecting new entrants to the accounting profession, growth in membership of IFAC PAOs significantly outpaced total employment growth in all but one region. In developed economies, IFAC PAOs grew 20%, despite slower growth in total employment; in the least developed nations and the large, fast-growing MINT group of economies, IFAC PAOs grew 17% and 18%, respectively.

4

### A Large Global Accountancy Opportunity Exists

Based on national statistics, Cebr estimates that IFAC PAO members represent only one-third of those working in accounting-related fields around the world.

5

### Accountants Are Embedded Throughout Society

The majority of IFAC PAO members are accountants who work in business and industry, the public sector, and academia; a little over 45% work in public practice.

## CHALLENGES AND OPPORTUNITIES

This study of IFAC's PAO member statistics identified a number of trends, opportunities, and challenges for the global profession, including:

### Maintaining and Enhancing the Profession's Value

In many countries and jurisdictions, people can be referred to as accountants without any formal training or professional qualification and, as Key Finding 4 highlights, there is a significant number of individuals who work within or parallel to the accounting profession around the world. How can this large pool of talent be harnessed and professionalized to ensure the delivery of expert accountancy services provided under a framework of rigorous global standards? What more can be done to promote the hallmarks of a professional accountant?

### Better Articulating the Value of Accountants in Society

IFAC PAO members are drawn from a wide cross-section of society. They work in the public sector, in business and industry, and in academia, as well as in public practice. These accountants add value to organizations and communities, and support global economic stability. How can the role of professional accountants as strategic business advisors—value integrators who drive business performance and address governance and reporting requirements, in the public interest—be better highlighted?

### Competing Successfully for the Best Talent

Growth in membership of IFAC PAOs outpaced total employment growth in almost all regions of the world. What more can professional accountants do to communicate the resilience of our profession? What new methods should be deployed to compete for the best and the brightest seeking a career that is relevant, inspiring, and makes a difference to communities?

## IFAC'S MEMBERS CONTINUE TO GROW ORGANICALLY

There are two ways that IFAC grows: either through member organizations expanding their ranks organically, or by admitting new PAOs—which have fulfilled a robust admissions process—into its global federation.

**Between 2009 and 2013, IFAC members experienced steady growth.**

The number of professional accountants who are IFAC PAO members grew from

**2.4 MILLION to 2.8 MILLION,**  
an increase of 16%



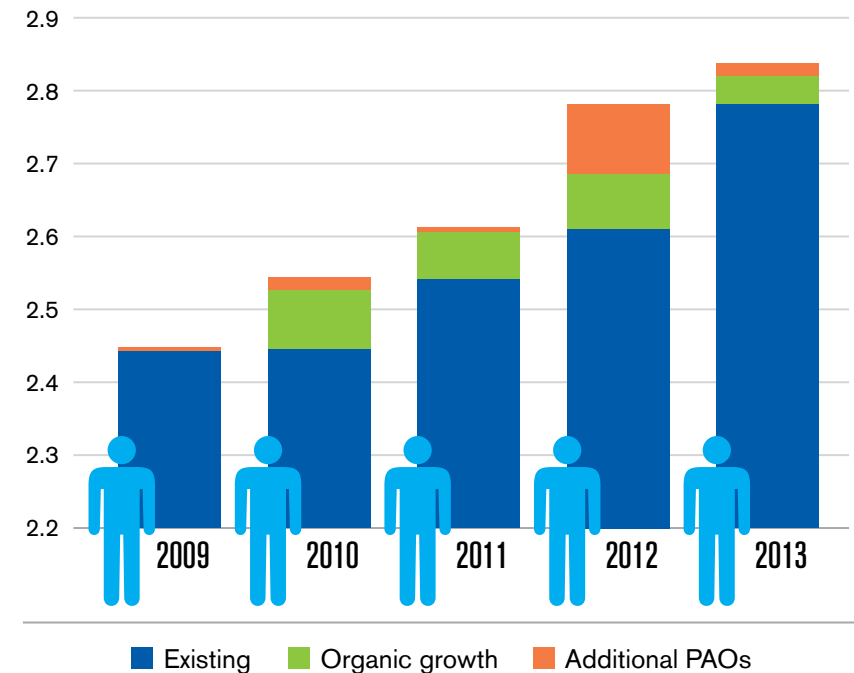
Overall, over two-thirds of this growth was organic and one-third was as a result of additional PAOs joining IFAC. The only exception to this trend was 2012, when two large PAOs became members of IFAC.



**2/3** organic growth

## GROWTH IN IFAC PAO MEMBERSHIP, BY TYPE OF GROWTH

Millions





## IFAC'S PAOs GREW FASTEST IN AFRICA AND THE MIDDLE EAST

The largest proportion of IFAC PAO membership is in Europe<sup>1</sup>—just under **one million**. During the period, this region also enjoyed strong growth—membership of our European members grew from **834,000 to 981,000**. Since 2009, many of IFAC's new PAOs have joined from Europe.



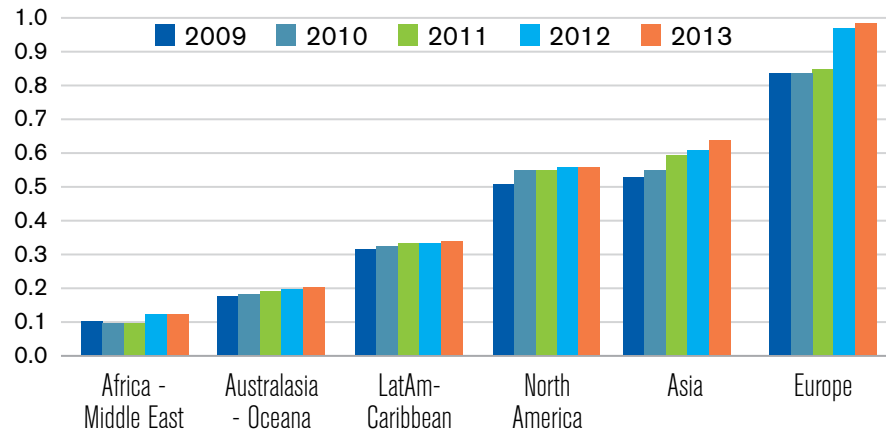
THE SMALLEST REGION IS AFRICA-MIDDLE EAST, WITH **126,000 MEMBERS OF IFAC PAOs.**

HOWEVER, THIS REGION EXPERIENCED THE GREATEST GROWTH IN IFAC PAO MEMBERSHIP OVER THE PERIOD, **INCREASING BY 25%**

Approximately one-quarter of IFAC PAO membership is in Asia, with the majority of these accountants practicing in India and China.

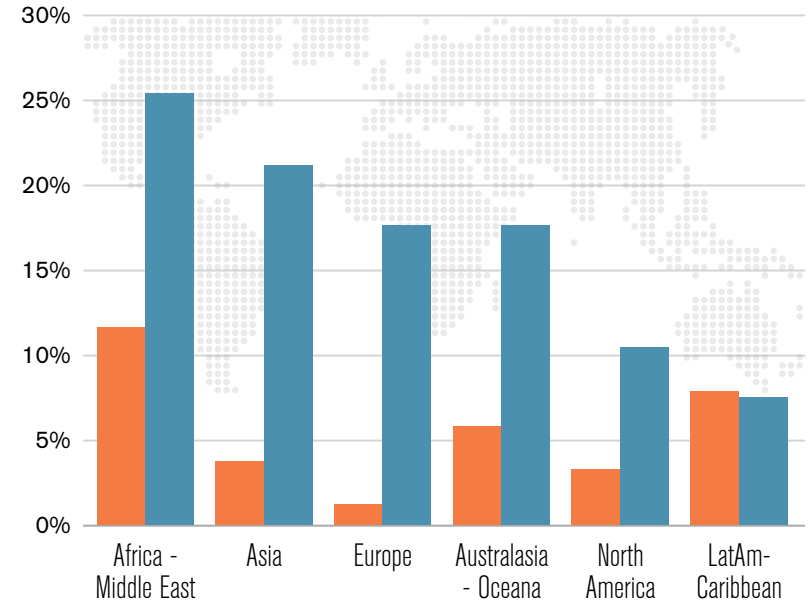
### IFAC PAO MEMBERSHIP

Millions



## GROWTH IN IFAC PAO MEMBERSHIP VERSUS TOTAL EMPLOYMENT GROWTH, BY REGION

2009-2013



■ Total employment ■ IFAC PAO membership



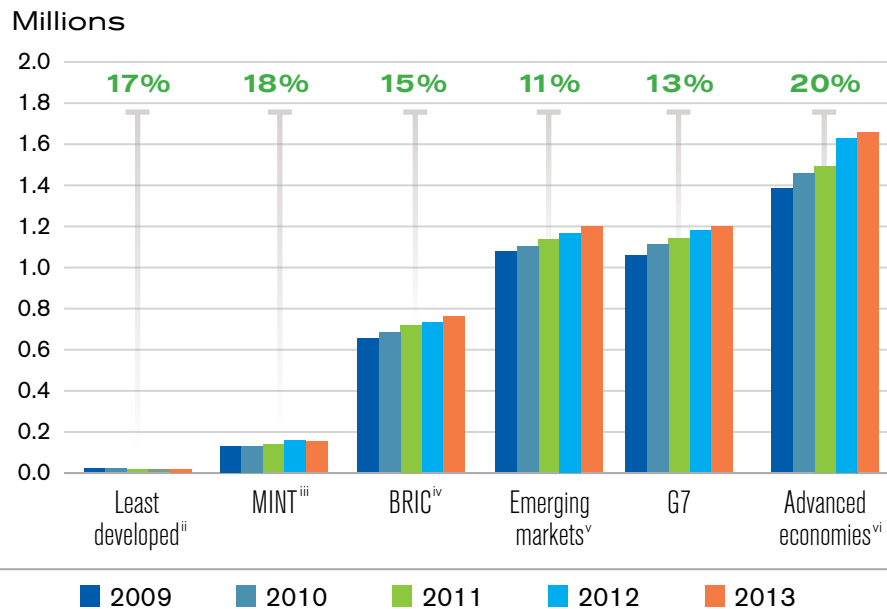
Growth in IFAC PAO membership was significantly greater than total employment growth throughout the world, with the exception of Latin America and the Caribbean. Part of the reason for this was exceptionally rapid growth in total employment in Latin America—the second-fastest rate of any region.

## MEMBERSHIP GREW CONSIDERABLY IN LEAST DEVELOPED AND MINT ECONOMIES

A key element of IFAC's public interest mission is supporting PAO capacity building in developing countries—work that is critical to the stabilization and long-term strengthening of economies that have experienced significant turmoil and, often, social dislocation and poverty.

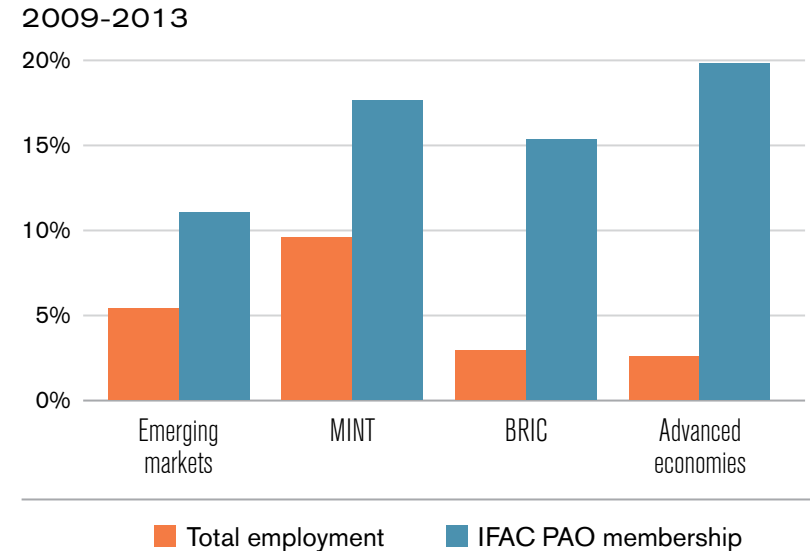


### IFAC PAO MEMBERSHIP AND TOTAL GROWTH FOR THE PERIOD, BY COUNTRY GROUPINGS



IFAC works with our international [MOSAIC<sup>vii</sup>](#) partners and members to support PAO development in economies that have much to gain from a strong national accountancy profession.

## GROWTH IN IFAC PAO MEMBERSHIP VERSUS TOTAL EMPLOYMENT GROWTH, BY COUNTRY GROUPINGS



This large and important international effort is starting to bear fruit. From a low base, IFAC PAO membership in the least developed nations and the large, fast-growing MINT group of economies (Mexico, Indonesia, Nigeria and Turkey) increased by 17% and 18%, respectively.

**LEAST DEVELOPED COUNTRIES GREW 17%**

**MINT COUNTRIES GREW 18%**



The number of professional accountants in developed economies increased by 20%, despite lower growth in total employment. The BRIC economies, with similar total employment growth, saw lower growth in IFAC PAO membership than developed economies.

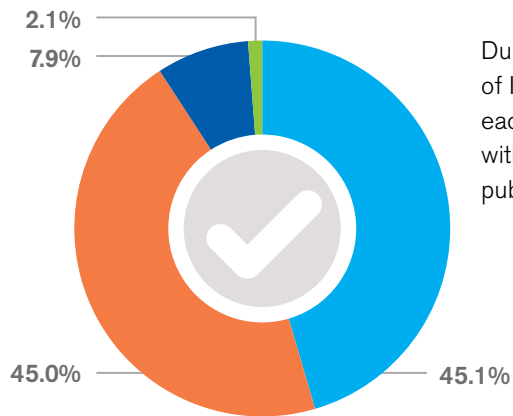


## ACCOUNTANTS IN EVERY PART OF SOCIETY THROUGHOUT THE GLOBAL ECONOMY

The largest proportion of accountants in society—some 1.4 million—work outside of public practice. They help organizations adopt better corporate governance, frequently lead the charge on corporate sustainability and the implementation of integrated thinking, and help create a more efficient and transparent public sector. They also work in academia to help educate our next generation of leaders, and conduct valuable research.



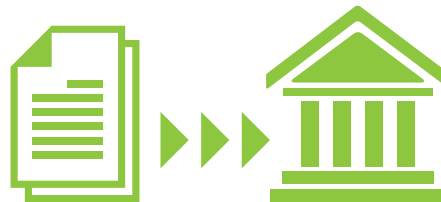
### IFAC PAO MEMBERSHIP, BY SECTOR 2013



During the study period, the proportion of IFAC PAO members employed in each sector remained largely stable, with just over 55% working outside public practice.

■ Public Practice ■ Business and Industry ■ Public Sector ■ Academia/Education

As business advisers, accountants are instrumental in strengthening governance arrangements and corporate reporting. Whether organizations are addressing major projects, or sustainable stewardship of the six forms of capital, professional accountants are crucial to successful, transparent and accountable delivery.



## THE GLOBAL ACCOUNTANCY ECOLOGY AND OPPORTUNITY FOR INCREASED PROFESSIONALISM

Based on job descriptors and data prepared by governments and jurisdictions around the world, Cebr has identified a significant number of people working within the global accountancy ecology. Cebr estimates that IFAC PAOs represent one third of this global ecology. The remaining two thirds are, for example, people who



identify as accountants—but whose jurisdiction may not require professional training or qualification—and people who identify their role as an accountancy support function.



<sup>i</sup> Europe definition contains eastern Europe, Turkey, Russia and Ukraine.

<sup>ii</sup> Least developed (UN definition): 48 countries, including most sub-Saharan Africa, poorest parts of Asia, Central America.

<sup>iii</sup> MINT: Mexico, Indonesia, Nigeria, Turkey.

<sup>iv</sup> BRIC: Brazil, Russia, India, China.

<sup>v</sup> Emerging markets (IMF definition): 154 countries, including much of Africa, South America, Asia and parts of Eastern Europe.

<sup>vi</sup> Advanced Economies (IMF Definition): 35 countries including most Western Europe, North America, Australasia, parts of Asia.

<sup>vii</sup> MOSAIC: Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration ([www.ifac.org/mosaic](http://www.ifac.org/mosaic)).