

What can the Asian Profession learn from the 2016 IFAC Global SMP Survey (First Part)

By PAUL THOMPSON

The 2016 International Federation of Accountants (IFAC) Global SMP Survey asked practitioners from small- and medium-sized practices (SMPs) across the globe about: their challenges, with a close look at the impact of technology, personnel, and staffing issues; how various environmental factors may affect them over the next five years; their 2016 revenues and projected 2017 revenues; key performance indicators, namely collection and employee utilization ratios; and the consulting services they provide. It additionally reports on practitioners' views on the impact of challenges faced by their small- and medium-sized entity (SME) clients.

Some 5,060 respondents representing 164 countries completed the survey. This article provides a summary of the Asia results, selected comparisons with the global picture and potential implications of the findings for Asian professional accountancy organizations (PAOs).

The second largest groups of respondents to the survey were from Asia (28%), giving a large representative sample. Consequently, of the 164 participating countries, Asian countries featured prominently in the list ranking countries by respondents: China is 1st with 493 and India 2nd with 417. Pakistan (95), Thailand (93), Malaysia (60) and Japan (50) were also in the top 25 countries. The Philippines had 29 respondents.

The high response rate from Asia was partly due to the South Asian Federation of Accountants (SAFA) and its member organizations encouraging SMP members to participate.

A majority (61%) of Asian respondents were either sole practitioners (26%) or practitioners from practices with two to five partners and staff (35%); most of these were a partner, sole proprietor, or owner; and 70% were male.

The top four challenges faced by Asian respondents were serving clients operating internationally (48%), attracting new clients (48%), experiencing pressure to lower fees (44%), and differentiating from the competition (43%). These results differ from the global top four of attracting new clients (46%), keeping up with new regulations and standards (41%), experiencing pressure to lower fees (41%), and differentiating from competition (39%). Serving clients operating internationally was a significantly greater challenge for Asian SMPs than SMPs globally while keeping up with new regulations & standards was a relatively lesser challenge for Asian SMPs than SMPs globally. This suggests PAOs may need to consider whether they are doing enough to assist SMPs in their endeavors to serve clients operating internationally.

The survey addressed in more detail the impact of technology and personnel and staffing issues on SMPs. Regarding technology issues, the survey revealed variation between Asia and global results. Asian SMPs said advances in data analytics, including availability and use of big data (35% as a high/very high challenge) followed by achieving a digital, paperless environment (30%) and managing privacy and security risks (30%) were the technological issues having the most impact, as compared with investing in and staying current with software (38%) and achieving a digital, paperless environment (37%) for all global respondents.

In relation to personnel and staffing issues, Asian SMPs considered finding and retaining qualified staff at all levels to have the greatest impact, with 47% and 44%, respectively, viewing the impact as high/very high, almost identical to that of all respondents (45% and 41% respectively). This suggests PAOs may need to consider whether they are doing enough to assist SMPs to attract and retain talent.

Respondents rated eight environmental factors to assess the extent to which they believe each may impact their SMP over the next five years. The regulatory environment (56% as high/very high impact) and technological developments (52%) were viewed as having the highest potential impact for SMPs globally. This compares with Asia where competition (49%) and regulatory environment (48%) topped the rankings.

Technological developments (43%) were predicted to have a relatively lesser potential impact for Asian SMPs than globally while competition was forecast to have a similar potential impact for both SMPs in Asia and SMPs globally. PAOs need to ask themselves whether they are doing enough, or have plans in place, to help their SMPs compete, especially with other professions, and prepare for changes in technology.

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