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‘Quiet Quitting’: The Silent Challenge of Performance Management

CMA AUSTRALIA • NEW ZEALAND

Certified Management Accountants

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‘QUIET QUITTING’: THE SILENT CHALLENGE OF PERFORMANCE MANAGEMENT

Prof. Janek Ratnatunga
CEO, ICMA Australia

The meaninglessness of modern work – and the pandemic – has led many to question their approach to their jobs. What does this mean for management accountants?

KEY TAKEAWAYS

- The term “quiet quitting” refers to employees who put no more effort into their jobs than absolutely necessary.
- The cost-of-living crisis, and workers ending up feeling short-changed have heightened the risk of employees quietly quitting.
- Quiet quitting is gaining attention lately as a workplace strategy for some employees and a challenge for some.
- It also is a significant challenge in managing costs in organisations as the concepts of efficiency and effectiveness in workplace performance need to recognise this phenomenon.
- Enlightened companies are designing jobs that give employees control, pride in their work, and a fair wage.
- Employees who demonstrate commitment to the organisation, the culture, and to an organisation’s customers should be made to feel valued and adequately rewarded.

Introduction

For the last several years we have had to work through a deadly pandemic, a bad economy, the decimation of our civil liberties, and in many countries, the slow collapse of democracy.

The result is that tired, overworked, burnt-out working-class people are taking back their agency and refusing jobs and working conditions that are unsuitable for them.

The latest of these acts of resistance is so-called “quiet quitting”: the newly coined term for when workers only do the job that they are being paid to do, without taking on any extra duties, or participating in extracurriculars at work. Quiet quitting is demonstrated by employees who show up to work with the purpose of doing no more than what is required to stay employed.**[i]**

The term came to prominence earlier this year when a 24-year-old New Yorker by the name of *Zaid Khan* posted a 17-second video that went viral on TikTok which included a brief definition of quiet quitting:

“You’re not outright quitting your job, but you’re quitting the idea of going above and beyond. You’re still performing your duties, but you’re no longer subscribing to the hustle culture mentality that work has to be your life. The reality is it’s not, and your worth as a person is not defined by your labour.”

The Great Resignation vs. Quiet Quitting

The term "great resignation" was coined in May 2021 by *Anthony Klotz*, an associate professor of management at *University College London*, when he predicted an exodus of workers from their jobs, prompted by burnout, and the taste of freedom while working from home.**[ii]**

Ranjay Gulati of *Harvard Business School* has instead characterised it as a "great rethink", where people evaluate their lives and options. She gives an example of people like Natalie Ormond:

*"I left my 14-year social work career last September," she said. "I wasn't driven to climb the ladder and felt that I was coasting – not doing the bare minimum, but just doing my job and not going above and beyond".***[iii]**

However, quiet quitting is different to resigning or re-thinking their jobs. Quite quitters stay in their jobs without resigning or rethinking priorities.

Examples of Quiet Quitting

An employee who does not interact with anyone or anything from work before 7:00 or after 4:30, which is the time the office is open, is a good example. Such employees usually works in a corporate setting where the tasks required are not life or death. If someone asks for something – like maybe for a file to be scanned or similar at the end of the day — it can wait until the next day.

Another example is a department manager whose priorities and values have changed since the onset of the COVID-19 pandemic. She now leaves her office at the end of the day without thinking about what she needs to work on when she goes home at night. She sets boundaries for checking her emails and reaching out to co-workers during non-office hours. Most importantly, she does not feel any bit of anxiety when it comes to requesting time-off, or taking personal days, or especially taking sick time.**[iv]**

Is Quiet Quitting a Real Trend?

According to a Gallup survey in the USA of workers aged 18 and older taken in June 2022, 'quiet quitters' make up at least 50% of the U.S. workforce — probably more." Gallup arrived at that conclusion using a series of questions related to worker engagement, defined as *"the involvement and enthusiasm of employees in their work and workplace."* **[v]**

The percentage is particularly high among workers under age 35, Gallup reported.

In the survey, only 32% of workers came across as engaged, while another 18% were disengaged, meaning that they made no secret of their job dissatisfaction. The remaining 50%, Gallup theorised, could be classified as quiet quitters — people who were not especially engaged in their work but did not broadcast the fact.

If those numbers are accurate, then a stunning 68% of American job holders are unhappy with their work to one degree or another. There is no reason to believe that the numbers will be any different in countries that have similar corporate structures.

In fact, Stephan Meier, a professor at *Columbia Business School*, recently told *Fortune* that quiet quitting is another term for 'disengagement', and that in the past 15 years, 67% of American employees and 86% of workers globally have said they were not engaged at their jobs. According to Meier, COVID-era workplace turmoil may have caused young people to become even more detached from their jobs.**[vi]**

Challenge for Employees

At first glance, this trend may not seem problematic. After all, these employees are not disengaging from their core tasks — they are just refusing to go beyond them. But for many companies, a workforce that is willing to go beyond the call of duty gives them a critical *competitive advantage*.**[vii]**

The reality is that most jobs cannot be fully defined in a formal job description or contract, so organizations must rely on employees to step up to meet extra demands as needed. As such, it is hardly surprising that many business leaders have reacted quite negatively to the quiet quitting trend.**[viii]**

Indeed, many business leaders have argued that while losing employees who want to leave is difficult, having them *not quit* is even worse, as their unwillingness to go the extra mile often increases the burden on their colleagues to take on extra work instead.**[ix]** This is a significant issue for management accountants who are involved in performance evaluation.

Clearly, quiet quitting is gaining attention lately as a workplace strategy for some employees and a challenge for some organisations. It also is a significant challenge in managing costs in organisations. The concepts of efficiency and effectiveness in workplace performance need to recognise this phenomenon.

There are two main reasons that individuals quietly quit. For some, it is a strategy for creating work-life balance and avoiding burnout. For others, it is a solution to the financial challenges of poor compensation.

In both these scenarios, assigning challenging KPIs, even when linked to rewards may not be enough to motivate these quiet quitters, as they are experts in doing the minimum requirements of their job and putting in no more time, effort, or enthusiasm than absolutely necessary. However, 'quiet quitting' is a misnomer since the worker does not actually leave their position (i.e. actually quit) and continues to collect a salary.**[x]**

Employee Responsibility

While quiet quitting is a response to ineffective execution, teamwork or change implementation caused by the organisation — employees must also take responsibility for their own burnout. While employees can leave the organisation to go home after work, they cannot leave their 'feelings' back at the office — which means any negative mindset or poor attitude goes home with them.

Employees must recognise that some amount of job creep — that is, the gradual expansion of their core duties over time — is only natural. But especially after more than two years of pandemic-fuelled firefighting, during which more and more activities that might once have been considered "above and beyond" have become expected parts of workers' jobs, the benefits of good-citizenship behaviour may increasingly feel outweighed by the costs.

Forcing employees to do this extra, unpaid work is wrong, but the debate around "quiet quitting" also raises important questions about who is actually doing much of this unpaid labour. Women, for example, are disproportionately asked and expected to take on work that no one else wants to do, like planning the office party, attending to that time-consuming client, keeping track of employee birthdays and so on.

Thus, the present environment may be the opportune moment for managers to recalibrate employees' core job responsibilities to more accurately reflect what work is actually necessary, and what should really qualify as extra tasks. Managers can then focus on motivating workers to perform their most essential job tasks at a high level while giving them space to take care of themselves outside of work.**[xi]**

Work-Life Balance

Clearly, the COVID-19 pandemic threw our working and home lives into disarray. Almost overnight, our homes became offices, school yards, shopping centres and cinemas. Lines blurred and the mental health of many suffered.

A major upside for some workers, however, was the elimination of the daily commute. A study by the *NSW Innovation and Productivity Council* found the average daily commute for a New South Wales worker had blown out to 77 minutes immediately prior to the pandemic.

However, this saving of the daily commute time was often replaced by more work. On average, employees who worked from home during lockdowns reallocated this time towards 19 extra minutes of "caring", 49 extra minutes of "personal time", and 13 more minutes of "work". Professional office workers, however, spent a supersized 25 extra minutes a day working.**[xii]**

This was an inevitable acceleration in a long-standing trend among white-collar workers, even before the pandemic, towards longer working hours, thanks to smartphone technology. Our phones were supposed to make us more productive. But this technology has also encouraged us to spend more time working — whether it is checking work messages or reading work-related materials or posts in our "off" time.

At some point, however, we must reach our limits as human beings who require a certain number of hours each day to allocate to sleep, exercise, time with loved ones, and preparing nutritious food for optimal health, both physical and mental.**[xiii]**

The French Connection

The French — well known for their marathon holidays, long lunches and 35-hour working week — have basked in the image of enjoying life's pleasures while somehow managing to get the job done. But the pandemic appears to have taken the French view of a proper work-life balance to new extremes.

Research undertaken by the *French Institute of Public Opinion (IFOP)* and the *Jean-Jaurès foundation* shows that the country is stuck in a post-Covid "laziness epidemic" after swathes of the country said they had lost the will to work hard.**[xiv]**

In 1990, some 60 percent of French people said work was "very important" in their life, compared with 31 per cent for leisure. Today, the above study found that now the number of those who view work as a high priority has plummeted to 24 per cent while 41 per cent view leisure as very important. Since the pandemic subsided, 37 per cent of French say they are less motivated to work.

In fact, many people in France are happy to work fewer hours even if that means earning less.

This unwillingness to work at all costs has led to a huge shortage of labour in sectors such as hospitality, haulage, teaching, and nursing.**[xv]** The labour shortages in Australia are very similar to the French experience.

The China Syndrome

In China, quiet quitting is called '*lying flat*'. The term is credited to *Luo Huazhong*, who in 2016 came to his own realization that a job would not fulfill him. Luo had been working in a factory in China's central Sichuan province, which made him feel *"numb, like a machine"*.**[xvi]** Luo quit his job and spent the next five years biking around China, doing odd jobs, and reading philosophy. He later called his lifestyle "lying flat," and posted a *"lying flat is justice"* manifesto online in April 2021.

The post, which authorities have since scrubbed from China's internet, went viral and inspired hundreds if not thousands of others to post lying flat memes and pursue lying flat lifestyles; where they put in less effort at work or quit altogether. They bucked societal expectations to get married and have kids; and refused to buy homes or consume other material goods.**[xvii]**

A main driver for "lying flat" is the perceived lack of opportunity to progress in one's career. Many young Chinese believe their efforts to advance personal career would be futile due to inequalities in the workplace and the society. As such, they decide to give up. While this is somewhat different from the perceived motivations of "quiet quitting", the two lifestyle philosophies have sprouted parallel passive resistance movements among young people in the world's top two economies, flouting assumptions that Gen Z will work just as hard as previous generations.**[xviii]**

The Greatest Cost of Quiet Quitting is to Employees Themselves

Quiet quitting is viewed as a solution to an imbalance in priorities in which employees let their personal life fall to the wayside for the benefit of their job. It might seem like a good solution, but there is a major error in this approach because when a person takes a job, they are committing to perform and achieve desired outcomes. When a person puts in the least amount of effort to "get by," they are in fact sacrificing their integrity by not honouring their commitments. This creates a new habit of "not showing up mentally" when the going gets tough — both at work and also in their personal life.

When employees put minimal effort into what they are doing, they are self-teaching themselves that they do not have what it takes to fully engage with life's circumstances — which can lead to a lack of confidence and self-trust. This mindset, mixed with some amount of guilt, results in a great personal cost to the employee's self-worth.

Creating Work-Life Balance Without Quietly Quitting

Quiet quitting does not serve anyone, even the person who thinks they are creating a work-life balance through not going above and beyond on the job. Organisations and its management need to be part of the process in healing burnout-related mindsets, attitudes and behaviours to create an inspired, dedicated and supportive environment where people thrive at work and thrive in their personal lives at the same time.

On a personal note, my granddaughter taught me a great lesson in time management and work-life balance recently. She is four and asked me to stop spending so much time on the phone when I was with her, as it was supposed to be her grand-father time. Not only was splitting my time between my grand-daughter and taking phone calls annoying to her, but it was also very stressful to me.

I made a deal with my granddaughter that we would have one hour of uninterrupted time, and then I would make phone calls for an hour or so, but when complete, she would again get my full attention. Our time together is very enjoyable, and I know all the characters in all the Disney movies!

Performance Managing Employees to Avoid Quiet Quitting

The question that must be first asked is: *"What motivated the move to quietly quit?"* A lot of it could be traced to the new *work-from-home* (WFH) regime brought about by the pandemic. Humans are social animals thirsty for interaction with others. We are not meant to be isolated.

Obviously, returning to the office on a full-time basis is not the answer to reaccumulating social capital. Organisations should however, whenever possible, facilitate rebuilding social capital in a *hybrid context.* Organisations should think of getting together in person more like a dimmer switch, rather than an on/off switch.

Community Building

Companies need to reinvigorate the idea, *"Other people can help me do my job"* versus *"I alone do my job."* This requires a healthy dose of community building. One interesting approach to community building is to recognise that knowledge sharing across different silos is important. Workers do not share knowledge by uploading it to a central digitized system. Instead, they have verbal conversations to work issues out. Thus, to improve connections between discrete teams, consider creating a training program that enables colleagues to talk to one another, build deeper connectivity, and do something fun together under the auspice of getting work done. If the training was built as a social event only, people would not come.

The Role of Feedback

If managers are not there to help inspire, if managers are not there to help lead, if managers are not there to help follow up, it is a logical extension that an employee might think, *"Is anybody going to notice if I don't do this for a week? Or two weeks? Or, wow, it was three months until somebody had a feedback conversation with me."* At some level that is quiet quitting, but at another level it is just a failure of management.**[xix]**

The problem is that today managers are not thinking about year-end evaluations and feedback, especially when shortages are growing, and the threat of churn is looming.

Further, some jobs require interdependencies — how a person is working across teams and connecting with the sales group, the innovation group, the finance group. For those roles, it is hard to measure what "good" looks like. So, there is a potential trap where managers risk rewarding those subordinates that they see the most and talk to the most, over the ones who are independent.

Therefore, for those interdependent roles, managers should give very specific, actionable feedback, rather than general impressions like, *"Hey, this person looks like a team player."* Instead, focus on more measurable data like specific behaviours.

Having remote workers means that managers must work much harder to get the specific points of reference to make the feedback useful. Often, managers who do not have enough employees and are having a hard time just getting the core work done — especially if such managers are emotionally drained —may just tick the boxes in evaluating their subordinates.

The Role of Compensation

A lot of compensation is in flux in many industries today and if managers put that in the context of a performance review — which some are attempting to do — it could have a potentially devastating effect on morale. Ideally, feedback and compensation should be treated as two separate issues. Managers should think about the feedback they want to give; and especially think about what it takes to really recognise people at the very top and the very bottom. Then, separately, they should think about what pay means in the context of wage inflation and the nationalisation of wages.

Often the impetus for quiet quitting is when *feedback* and *compensation* are mixed together. This can end up with somebody feeling like, *"Hey, that feedback was unfair, and this compensation is really unfair."* If somebody perceives compensation to be unfair, it is a significant demotivator that sticks with people for much longer than if they just thought the feedback was unfair.

Forbes Magazine recommends *Five Steps Leaders Can Use to Help Prevent Quiet Quitt ing*.**[xx]**

1. Instead of using an activity-focused job description as a basis for hiring, leaders must be clear about expected outcomes and behaviours necessary to fulfill the role and position being
2. Develop a customer service focus that links all outcomes of one's role to the success of the internal or external customer and be clear about the costs of not providing high-quality and timely
3. Build a culture of teamwork that sets expectations and agreements for how team members will support each other's success during normal and challenging times so that peer accountability and assessment for team effectiveness are
4. Continually reinforce any employee who demonstrates commitment to the organisation, the culture, and their customers so that people feel valued and rewarded for being a part of the organisation in a full
5. Provide workshops that are self-growth-oriented so that people learn the benefits and costs of their behaviours, attitudes, and choices for taking greater ownership of their

Summary

Clearly, quiet quitting is gaining attention lately as a workplace strategy for some employees and a challenge for some organisations. It also is a significant challenge in managing costs in organisations. The concepts of efficiency and effectiveness in workplace performance need to recognise this phenomenon.

The cost-of-living crisis, and workers ending up feeling short-changed, have heightened the risk of employees quietly quitting. Enlightened companies are designing jobs that give employees control, pride in their work, and a fair wage.

In performance managing employees, feedback and compensation should ideally be treated as two separate issues. By continually reinforcing employees who demonstrate commitment to the organisation, the culture, and their customers — and rewarding them well for being a part of the organisation in a full way — makes them feel valued, and thus less likely to quietly quit.

The opinions in this article reflect those of the author and not necessarily that of the organisation or its executive.

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REPORTS PRESENTED AT AGM 2022

Prof Brendan O'Connell, FCMA
President, ICMA Australia & NZ

President's Report 2021-2022 – The 26th Year

After reporting for two consecutive years (2020 and 2021) amidst the doom and gloom of Covid, it gives me great pleasure to welcome you all to welcome you all to our first AGM post covid (cautiously optimistic like all of you that Covid is behind us).

The last two years, as I mentioned last year were like no other in our lifetimes. Thankfully the year 2022 is different and I am happy to report that our Institute in its 26th year, has emerged stronger and in stellar health, both at home in Australia & New Zealand as well as internationally.

ICMA adapted very well to the challenging Pandemic world and has emerged stronger and more resilient by channelling its resources towards:

- Getting *New Zealand Government Qualification Authority (NZQA)* assessment for the CMA(NZ) program as being equivalent to the highest postgraduate level (Masters) & Rebranding CMA Australia as CMA ANZ
- Improving our website and developing the CMA (New Zealand) website.
- Enhancement of our member portal.
- Holding five very successful Global CMA Zoom programs – the latest of which was attended by 150 participants from 26 countries across the world
- Holding regular Webinars for our members.
- Submissions to the Government.
- Attended industry relevant seminars and meetings
- Sponsoring awards at universities
- Publishing opinions pieces and media releases on important matters.
- Creating an electronically verifiable membership badge (certified by Credly) available to our members.

The institute has been able to leverage the New Zealand Government Qualification Authority (NZQA) which assessed the CMA program as being equivalent to the highest postgraduate level (Masters) and its successful rebranding to make great strides in New Zealand. Our CEO Prof Janek, CFO/COO Dr. Chris and I visited all the major Universities in New Zealand and were welcomed very warmly by the academic fraternity down there.

In the last 2 years I had reported that ICMA continued to review, reimaging and recreate its operations through the proactive adaptation and consequently this year I am pleased to report that, financially we had our most successful year on record:

- Our revenue grew by 37% and membership subscriptions grew by 35% over the previous year.
- The current financial 2022-23 looks promising though it may be difficult to replicate the growth in 2021-22 for many reasons. However, we can be cautiously optimistic of stronger growth in the years to come.

Webinars

Webinars delivered internationally from Australia were:

- Sept 9, 2021 – Webinar – "Is Personality Profiling useful in People and Culture (HR) management" Presenter: Chris Baker – CEO PeopleMaps NZ and Aus,
- Oct 7, 2021 – Webinar by Alena Bennett – speaker, author, mentor, team facilitator and leadership coach -"CFO of the Future: Beyond Business Partner"
- Dec 2, 2021 – Webinar by Prof Janek Ratnatunga –CEO ICMA – "Green Swan: The Existential Cost of the Plastic Pandemic"
- Feb 9th, 2022 – Webinar by Mayuri Wijayasundara PhD, CPA – Circular economy – The role of management accountants – Director at Anvarta, a management consulting company providing insights, consulting services and solutions.
- June 21, 2021 – Webinar by Prof Charl de Villiers – Professor of Accounting at The University of Auckland, New Zealand. - What's New in Sustainability Reporting Standards: The Impact of IASB, SEC and EFRAG

Webinars delivered internationally by Regional Offices included those from our Indonesian branch continues to be the most proactive and dynamic one conducting an average of 2 webinars every month – during the year they conducted over 20 webinars across Indonesia in collaboration with universities and other prominent Indonesian businesses. Besides Indonesia the Sri Lankan branch also conducted many webinars as did our branches in Hong Kong, Philippines, and Bangladesh.

Syme Business School

SBS continued to organise Zoom programs for ICMA as listed above and this proved to be profitable and efficient for Syme Business School. As a result of this, ICMA is happy to announce that Syme Business school made a profit for the third consecutive financial year in 2021-22 and is continuing to operate profitably in 2022-23. Consequently, they continue to reduce the accumulated past losses

Publications

The eNewsletter *On Target* continued to be published and the web-analytics indicates that it gets on average 5,000 visits and 6,000-page views per month.

Management Accounting Frontiers (MAF) continued to be published in 2021-22. The *Journal of Applied Management Accounting Research (JAMAR)* which changed editorial direction in 2017 to publish peer-reviewed practice oriented applied papers for the management accounting profession, continued to publish two issues in 2021 and 2022.

Research:

Research and professional development also continued in the two organizations set up by the ICMA:

- The Institute of Certified Carbon Analysts and Auditors (ICCAA) and
- The Institute for the Advancement of Corporate Reporting and Assurance (IACRA).

Library

The Library now has over 12,200 texts and professional and academic publications and has now one of the best libraries in Australia in the professional areas of management accounting and risk management. Unfortunately, the physical library could not be used for most of the year due to Covid-19 related lockdowns. Arrangements were made to secure the use of digital library services for members via ***TopiaU** Library Services*

Committees & Boards

The ICMA has a number of Committees and Boards for its Governance.

Education Committee

- Education Advisory Board
- Professional Education Sub-Committee
- Continuing Education Sub-Committee
- Academic Education Sub-Committee

Membership Committee

- Membership Advisory Board
- Membership Services Sub-Committee
- Industry and Government Engagement Sub-Committee
- Ethics Sub-Committee

Finance Committee

- Finance, Audit & Risk Advisory Board

The Council thanks all who voluntarily served on these Committees and Boards for their time and dedication.

Services Provided by the Secretariat.

- **CPD Register:** The institutes online CPD Register where members can upload the CPD they have undertaken in the assessment period.
- **CPD:** Providing Continuing Professional Development (CPD) opportunities to members via *Calwest University* in the USA and the *Academy of Finance and Management Australia* (AFMA). Special arrangements were made with these two organisations to provide education programs at discount prices to members due to COVID-19 restrictions.
- **Website:** Maintaining the corporate website that is in keeping with the enhanced international profile of ICMA (ANZ).
- **Member's Only Area:** Maintaining a *Member's Only* area on the website.
- **CMA Updates:** Emailing monthly the Members Update, and Publishing in pdf format 6 copies of the *On-Target*
- **Library:** Due to Covid-19 lockdowns the holdings of the library could not be increased in terms of books. However, professional and academic publications obtained by subscriptions continued to be delivered during the year.
- **CRM:** Having a world-class *Customer Relationship Management (CRM)* system to handle the membership, invoicing, examinations and accounts.
- **Assessments:** Due to Covid-19 lockdowns assessments were mainly online and digital. The conducting of physical examinations in all Branch locations and in over 20 countries where students undertake the CMA program online will hopefully re-commence in 2023.
- **Social Media:** The ICMA official sites of *Facebook* and *Instagram* were significantly enhanced and the publications of the *CEO Blog* continued over the year.

Thanks!

- My colleagues will agree that the input of our CEO and Education Committee Chairman, Prof Janek Ratnatunga, our Treasurer, Dr Chris D'Souza; and our Editor of On Target Direct, Dr. Chintan Bharwada.
- The Editors and the international panel of referees for their work in publishing Management Accounting Frontiers (MAF) and Journal of Applied Management Accounting Research (JAMAR).
- Special thanks also go to:
    - Prof Michael Tse, our Global Chairman
    - David Cartney, our Vice-President
    - Hans Ferdinands, our Secretary
    - Roshani Perera, our Membership Committee Chair.
    - Jehan Ratnatunga, our webmaster
    - Chris Perera, our Executive Officer
    - Finally, a vote of thanks to our auditor Ben Kaplan (still no relation of Robert) who has once given his time to discharge his duties very professionally.

Membership Committee Chairman's Report

Ms Roshani Perera presented the Membership Committee Report.

Membership Growth

Membership continued to grow. 2021-22 saw a rise membership renewals as well as new memberships. We had a 28% increase in CMAs and 40% rise AMA's and a lower 9% increase in the lower levels of membership (CAT/RCA/GMA) – overall financial membership increased by +22% .

Although membership growth is not a KPI of ICMA, which instead aims for quality by positioning itself as the only specialist professional body for senior executives with education programs at the master's degree level, members represent the lifeblood of the Institute.

The overall membership of the ICMA now stands at approximately 11,611 members in 104 countries.

Education Committee Chairman's Report

Prof Janek Ratnatunga, the Education Committee chairman provided an overview of the Education Program of CMA Australia. The Program has Nine Levels and in this financial year, the *New Zealand Government Qualification Authority (NZQA)* provided equivalency assessments for the different levels of the GMA & CMA programs.

- Certified Accounting Technician (CAT) (Level 4 – Certificate)
- Registered Cost Accountant (RCA) (Level 5 – Diploma)
- Registered Business Accountant (RBA) (Level 6 – Advanced Diploma)
- Graduate Program (For School Leavers) – GMA & AMA (Level 7 – Degree)
- Graduate Conversion Program (For Non-Accounting Graduates/ Professionals) – GMA& AMA.
- CMA Program (For Accounting Graduates/Professionals) – CMA (Level 9 – Masters Year 2)
- CGBA – For Non-accounting Graduates
- MBA, CMA program for Global Leaders
- DBA, CMA program for Applied Research

The Program can be undertaken via:

- University Degree (Undergraduate/Masters)
- Recognised Provider Institution
- Corporate In-House

Prof Ratnatunga also reported that to facilitate its educational objectives in addition to its own nine-level CMA education program, the Institute has accredited a number of universities which have master's degree subjects that are equivalent to the CMA program. Some of these universities also provide in-house training and examinations of the CMA program. Accounting graduates can do CMA accredited units at these universities to qualify for CMA status. The details of these universities and the subjects accredited are listed on the CMA Website.

CMA Australia also has *Recognised providers* in Australia and in many different countries the details of which are listed on our website.

Certificates of Proficiency

The following *Certificates of Proficiency* Programs were designed and offered in 2020-2021.

- International Financial Reporting Standards
- Risk Management (online)
- Islamic Banking and Finance
- Family Business.
- Foreign Exchange Management
- Transport and Shipping
- Supply Chain Management
- Project Management (online)
- Project Finance (online)
- Takaful (Islamic) Insurance
- International Business Analysis (online)
- Logistics Management
- Wealth Management
- Telecommunications Pricing
- Company Secretarial Practice
- Crisis Management
- Forensic Accounting and Auditing
- Human Resource Management
- Sustainable Procurement
- Cross-Cultural Negotiations
- Performance Budgeting
- VAT Law & Practice (UAE)
- Performance and Valuation
- Accounting Practice (Vietnam)
- Performance & Valuation
- Business Valuation (online)
- Digital Marketing (Online)
- Pricing & Revenue Management (Online)

Membership Pathways

The Institute of Certified Management Accountant (ICMA) offers a number of *membership pathways* as follows:

- University Graduates in Accounting
- University Graduates in Finance
- MBA Degree Holders
- University Graduates with Non-Accounting Degrees
- Diploma and Advanced Diploma Holders in Accounting
- Members of Other Professional Accounting Bodies
- Members of Other Professional Non-Accounting Bodies
- Part Qualified Students of Other Professional Accounting Bodies
- School Leavers
- Academics
- Distance Education Scholarship Program
- Emerging Professional Scholarship Program

Treasurer's Report

Dr Chris D'Souza presented the Treasurer report.

He said that at the beginning of the Pandemic in April 2020 Revenue dropped to practically NIL and the subsequent revenue recovery for 2020-21 was slow. However, the executive had quickly adapted to the new covid world and introduced measures like webinars and zoom programs. As a direct result of the proactive adaptation by its executive, ICMA's revenue collections recovered to within 5% over the previous years in 2020-21.

The Treasurer reported that membership collection grew by 35% over the previous year and by 26% over the pre-pandemic level in 2019-20.

During the current year. like the global economy, we are facing challenging times which have been exasperated by the collapse of the Sri Lankan economy which constitutes our 5th largest membership base. The Institute had to come up with special measures and hardship fees to assist them. Consequently, the Treasurer predicted slow growth in the current year, but that the ICMA will remain steady as it grows and will put in place measures to grow and retain its members.

He reported that the financial position of our association keeps growing stronger. The Members funds grew by 4% during the financial year 2021-22 and is we expect it to keep growing stronger steadily.

Prudent financial management has left our association well placed to confront the aftereffects of the Pandemic with an accumulated balance of members funds of 1.4 million dollars and coincidentally the ICMA's current liquid assets close to that figure as seen from the Balance Sheet.

Professor Brendan O'Connell, FCMA

President, ICMA Australia

GLOBAL RISKS BECOME REALITY

A marked slowdown in global economic growth is now anticipated through 2023. Europe and the United Kingdom are likely already in or very close to recession, while a recession in the United States (US) now looks increasingly difficult to avoid. Combined with weakening growth in China, likely recessions in major advanced economies on either side of the Atlantic set an ominous backdrop for the world economy in 2023.

Releasing the September 2022 edition of the flagship Business Outlook report, **Deloitte Access Economics Partner and report lead author, Stephen Smith,** said: "The current economic outlook is coloured by more persistent price pressures, an aggressive and synchronised tightening of monetary policy, geopolitical flashpoints, volatile financial markets, and weakening consumer confidence.

The effect of quantitative tightening by central banks is largely untested. Given that financial markets the world over have become addicted to low interest rates, elevated asset prices, and the idea that governments and central banks will keep coming to the rescue, the path is unlikely to be smooth.

"The breadth of these challenges has raised the likelihood of a global recession in the near term. But that is not Deloitte Access Economics' current expectation."

Turning to the situation at home, **Deloitte Access Economics Director and report co-author Cathryn Lee,** said: "Overall, global economic conditions have deteriorated and 2023 will be challenging. **But Deloitte Access Economics is not forecasting the local economy to slip into recession.**

"A weaker global economy, a downturn in the housing market, and a more cautious consumer will weigh on Australian economic growth in the near term. But there are important positives as well.

"Inflation is expected to peak in the December quarter and – while remaining elevated – will gradually retreat through 2023. Combined with slowing economic growth, that will give the Reserve Bank an opportunity to follow a less aggressive tightening cycle than has been seen in other countries. **Deloitte Access Economics anticipates only two more interest rate hikes in this cycle before the peak.**

"At the same time, a strong labour market, rapidly improving net migration and firming wages growth mean that Australia is in a solid position to weather the storm and avoid recession."

Discussing Australian economic conditions in more detail, Stephen Smith added: "The reduction in the size of interest rate increases to a more typical 25 basis points in October was a relief, and is in line with Deloitte Access Economics' view that financial market expectations of where interest rates might head were always overdone.

"A lower peak for interest rates in Australia compared with the US will mean further falls in the Australian dollar. But that's not a disaster – the US dollar is stronger across the board, and the Australian dollar will hold up much better against a broader basket of currencies, which reduces the risk of importing more inflation.

Key forecasts: Deloitte Access Economics Business Outlook, September 2022

	History 2021-22	Forecast 2022-23	2023-24	2024-25	2025-26	2026-27
Components of real GDP, growth						
Household consumption, real	4.1%	5.2%	1.2%	1.8%	2.4%	2.2%
Dwelling investment, real	2.8%	-6.2%	0.5%	5.2%	6.3%	7.6%
Business investment, real	5.2%	2.8%	0.8%	1.5%	3.5%	4.8%
Gross domestic product, real	3.9%	3.2%	1.6%	1.8%	2.5%	2.5%
Gross domestic product, nominal	11.1%	7.7%	3.5%	3.7%	4.6%	4.6%
Population and the labour market						
Population growth	0.7%	1.2%	1.3%	1.3%	1.3%	1.3%
Employment growth	3.2%	3.0%	1.1%	1.0%	1.5%	1.7%
Unemployment rate *	4.3%	3.7%	4.2%	4.5%	4.6%	4.6%
Prices and wages, growth						
Headline CPI	4.4%	6.8%	4.4%	2.5%	2.5%	2.5%
Underlying CPI	3.1%	6.0%	4.7%	2.6%	2.5%	2.5%
Wage Price Index	2.4%	3.2%	3.7%	3.4%	3.2%	3.3%
Financial markets						
90 day bill rate *	0.3%	2.8%	2.9%	2.7%	2.6%	2.5%
10 year bond rate *	2.1%	3.6%	3.2%	3.0%	3.0%	3.0%
AUD/USD exchange rate *	0.726	0.632	0.665	0.710	0.715	0.709

Note: Data in all tables (unless otherwise indicated by *) are 'year average percentage changes' – the difference between the year indicated and the prior year.

FIVE WAYS TO REBOOT YOUR ORGANISATION AND DEVELOP DIVERSE LEADERS

Following the disruption of COVID-19, organisations should resist returning to leadership-as-usual.

As the COVID-19 pandemic changes how we live and work, our vision of who should lead is also changing.

A new study from Monash Business School shows how organisations need to adopt a critical lens to not only examine who traditionally emerges as a leader but to consider the leadership talent that may be going unnoticed.

A team from Monash Business School's Department of Management – Professor Julie Wolfram Cox, PhD candidate Karryna Madison and Associate Professor Nathan Eva – have developed a process for practitioners to help businesses understand how leadership emerges.

"A critical analysis of the emergent leadership field was needed to understand what we know about emergent leadership, how we know it, and whose views are privileged," Prof Wolfram Cox says.

Based on their research, they encourage practitioners to reflect on how certain individuals come to be seen as leaders, even when they are not in formal leadership roles.

Post-COVID reboot opportunities

The COVID-19 pandemic systematically changed business-as-usual, encouraging us to rethink how leaders and leadership emerge.

As a result, a broader array of perspectives on emergence is needed to understand, research, and foster emergent leadership.

"When a crisis hits, there is a tendency to be more restrictive and controlling. But micromanaging behaviours can be the wrong way to go in a crisis,"A/Prof Eva says.

"By empowering employees there is a better outcome, one that includes more ideas and more opinions from a broader range of people."

For Karryna Madison this includes looking closely at who is appointed as a leader in the organisation to unearth overlooked talent.

"They could be missing out on some great leaders who are stifled under current practices," she says.

Emergent leadership

In **the new paper,** they offer practical assistance in enhancing organisational environments to benefit from multiple, diverse forms of emergent leadership, and provide an agenda to assist future researchers.

The analysis revealed previous studies were marked by a limited theoretical and empirical base.

But they caution this is inadequate for moving forward in a post-COVID-19 world.

"Much of the knowledge on emergent leadership derives from studies from the United States where a single leader emerges within a gender-blind group of white, or race-unspecified undergraduate students," A/Prof Eva says.

"This perpetuates a narrow view of emergent leadership that may be inadequate in a world where past assumptions about leadership have been disrupted."

So these biases may have previously held back leaders who would naturally be in line for the role.

"The #MeToo and Black Lives Matter movements have reminded us of the significance of differences in gender and race over any assumptions of sameness in leadership," Madison says.

Practical applications for managers

The study outlines practical applications based on five perspectives that offer particular promise for rethinking emergent leadership.

"We suggest starting with specific observable events and everyday practices and then working toward more deep-seated issues that may also take longer to address," Prof Wolfram Cox says.

No 1. Recalibrating to allow different leaders to emerge

COVID-19 resulted in an observable, systemic disruption where past ways of working may no longer be feasible nor wanted.

The researchers suggest this disruption provides an opportunity to explore how and why different leaders emerged during the pandemic.

It also allows organisations to foster conversations about how they can recalibrate and experiment in order to be proactive and receptive to emergent leadership in the future.

"This could include fostering psychologically safe spaces for workers to emerge, withdraw, and re-emerge as informal leaders within a team," A/Prof Eva suggests.

No 2. Reflecting on everyday practices

Through reflection, teams can examine how emergent leadership may be stifled by everyday practices such as how meetings are run or how employees socialise.

"Practitioners can help leaders map out daily practices that hinder and encourage emergent leadership," Prof Wolfram Cox says.

"For example, reflecting on practices within meetings, identifying barriers and then changing seating or Zoom arrangements can allow or afford different voices and forms of leadership to emerge."

No 3. Reviewing unfolding events over time

The organisational norms that may help or inhibit emergent leadership can be more difficult to address.

In this case, organisations need to examine and question how routines, rituals, and norms allow or prohibit informal leadership from emerging over time.

"This could include examining the downstream processes and effects of surprise events, policies that centralise decision-making to one formal leader in a crisis, or of masculinised rituals that only allow one prototype of leader to emerge," A/Prof Eva says.

For example, a senior male regularly playing golf with the CEO may exclude women or minority leaders from emerging.

No 4. Removing individual biases and other blocks to diversity

A/Prof Eva also stresses the importance of addressing internal biases held by existing leaders that may inhibit emergent leadership.

"Existing leaders in the organisation may need to push back against their own biases that are seemingly associated with survival and reproduction," he suggests.

"As existing leaders reject a 'primal' urge to reproduce leadership clones – such as in terms of height, age, and gender – this raises the opportunity for diverse leaders to emerge in the organisation," he says.

5. Recasting social assumptions

Organisations are encouraged to adopt a wider perspective to encourage the emergence of more diverse identities within leadership.

By taking a step back to look at how they are currently identifying and choosing leaders, they can critically examine the underlying process of how leadership emerges within teams.

"This could include examining how a mixture of social assumptions, institutionalised segregation, and manager indifference create barriers for different workers, such as neurodiverse workers, to emerge as leaders within the team," Madison says.

Here, practitioners can work with leaders to examine the unobserved social roles, institutions, and systems that allow or prevent informal leaders from emerging within their work teams.

About the Authors

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1 IN 4 BUSINESS LEADERS DON'T HAVE A SUCCESSION PLAN FOR TOP ROLES

New independent research by specialised recruiter Robert Half finds that succession planning is not a high priority for Australian business leaders with more than one-quarter (27%) stating they haven't made plans to identify a successor for their current role. Not planning to leave in the near future (49%) and being too busy with other priorities (42%) are cited as the top reasons for not having a plan in place. Further, 40% of Australian businesses do not have a plan in place to replace junior and mid-level talent, while 23% don't have a succession plan for their executive and senior-level talent, indicating they are better prepared to replace more senior roles.

- 27% of Australian business leaders don't have a succession plan in place for their current role
- Succession planning is critical to business continuity but the new research shows it is often viewed as a lower priority compared to other day-to-day responsibilities (42% of respondents), 49% cite not planning to leave in the near future as the top reason for not having a succession plan
- It is essential to identify and train successors for roles at all organisational levels, however, 23% of business leaders don't have a succession plan in place for executive/senior-level talent and 40% don't have a succession plan in place for junior to mid-level roles
- Technical expertise, people management skills and shared values are the top three traits business leaders look for in a (potential) successor

"Succession planning is critical to business continuity when valued staff members leave – especially tenured leadership, but it's often overlooked as a lower priority compared to other day-to-day responsibilities. For businesses to successfully adapt and continue to run smoothly without disruption, it's essential to identify and train successors for roles, not just for executive-level positions, but for roles throughout the organisation," said **Nicole Gorton, Director Robert Half Australia** in announcing Robert Half's latest survey results.

Why senior-level talent hold back on succession planning for their own role

The reasons why senior-level talent have not identified a successor for their own role can differ per department head. According to the majority (70%) of surveyed CIOs, a lack of intention to leave soon is the top reason for not having a succession plan in place for their own role, with the second most common reason being a belief that it is the responsibility of HR (39%). Compared to CIOs, nearly half as many CFOs say not planning to leave soon (38%) is the reason for not having a succession plan for their role while being too busy focusing on other priorities (42%) is the top reason among CFOs.

When asked what the most important traits are they look for in a (potential) successor, 42% identify technical expertise, followed by people management and leadership skills (40%), shared values (32%) and company vision for the future (31%). Only 30% require their successor to have internal company knowledge, indicating many organisations are willing to hire external talent for their leadership positions.

When it comes to collective team responsibility for ensuring there is a succession plan in place for roles, two-thirds (66%) of business

Percentage of Australian business leaders who don't have a succession plan in place

	Business size		
	All	SMEs	Large
The role business leaders currently hold	27%	32%	18%
Executive/senior talent within your organisation	23%	26%	18%
Junior to mid-level talent in their team	40%	42%	36%

leaders have a succession plan in place for executive/senior-level talent, but this falls to 52% for junior to mid-level roles. Among those who do not have a succession plan in place for their team members, nearly half (45%) say it's because they're not expecting team members to leave soon, while being too busy focussing on other concerns is the second most common reason (36%). More than one-third (34%) also point to HR as succession being their responsibility and 28% state they don't have qualified candidates within the company.

Nicole Gorton said: *"The assumption that turnover isn't likely to happen – both for leadership in their own roles and that of their team – is short-sighted. Forces like employers actively poaching talent to fill crucial roles in a tight labour market and unexpected events means organisations need to be prepared and have a plan in place to fill their roles, on all levels. Long-term planning is essential when the need for change is as inevitable as it is unpredictable in nature."*

"Succession planning isn't just about continuity and preparing business for inevitable change. Succession planning also helps to build a workplace culture around professional development, enhances knowledge-sharing between existing talent within the organisation, and helps leaders to put processes in place around how to identify and retain future leaders," concluded **Gorton**.

Business size affects succession planning

Based on the research, large organisations have a more formalised succession plan in place compared to small to medium-sized businesses – with SMEs trailing behind their larger counterparts for roles across different levels within the business.

SMEs cite the same reasons for not having a succession plan as not believing their team to leave soon, followed by being too busy focussing on other concerns within the business, and not having qualified candidates in the company.

Independent survey commissioned by Robert Half among 300 business leaders, including 100 CFOs and 100 CIOs in Australia

Robert Half has identified the potential pitfalls for organisations that lack a succession plan for their senior leadership talent:

- **Business disruption.** Productivity and operational efficiency are at risk without a contingency plan when key talent leaves. An orderly succession ensures that a leadership departure remains a manageable event rather than an organisational crisis.
- **Legacy loss.** A company that doesn't engage in executive mentoring and knowledge-sharing can struggle with the retention of critical information and potentially lose institutional expertise.
- **Strategy standstill.** High-level executive absences and departures can put strategic decision-making on hold, impacting long-term projects and initiatives.
- **Succession ambiguity.** The lack of a defined advancement protocol can hinder internal promotions and undermine organisational confidence, impacting everyone from the CFO aspiring to a CEO role to executives and staff throughout a company.
- **Protracted leadership void.** Companies faced with an unplanned departure frequently appoint an interim leader to fill the gap while a search is conducted, but it's prudent for executives to anticipate such circumstances to ensure a smooth transition, continuity of leadership, and graceful exit from the role.

L-R: Mr. Don Rankin, Prof Janek Ratnatunga, Dr. Chris D'Souza, Ms. Roshani Perera, Mr. David Cartney, Prof. Brendan O'Connell, Mr. Michael Tse, Mr. Simon Griffiths, Ms. Adele Fergusen, Prof. Rod Sims, Mr. Hans Ferdinand and Dr. Chintan Bharwada

ICMA GLOBAL ACCOUNTING AND MANAGEMENT ACCOUNTING HALL OF FAME 2022

After a lull of two years due to Covid, the *Institute of Certified Management Accountants (Australia & New Zealand)* celebrated the induction of two outstanding champions into its *Global Accounting and Management Accounting Hall of Fame*, and launched a new category, *'Social Purpose Innovator Hall of Fame'* at an gala dinner held at the RACV Melbourne on 8 November 2022.

Professor Brendan O'Connell, President of ICMA Australia welcomed everybody and said that management accounting has evolved over the years from costing, to providing decision information such as for pricing, to strategy implementation. Now it has gone beyond this to consider the impact of a company's decisions on the environment, society and governance, known today as ESG.

"While the Hall of Fame is intended to honour the people so chosen, it is also a recognition of distinguished contributions in fields encompassing this evolution of management accounting."

Professor Janek Ratnatunga, the CEO of ICMA(ANZ), continued this theme of evolution and said that management accounting must now go beyond just profit and shareholder value and consider societal objectives. He said that companies must not only be legal and ethical but be aware of the social justice implications of their actions.

The *Guest of Honour* was **Ms. Adele Ferguson,** the multi-award-winning business writer, columnist and author for leading newspapers, and a regular guest reporter on ABC's Four Corners and 7:30 reports. She was also the *Management Accounting Hall of Fame recipient in 2019* for her many exposés including that which brought about a Royal Commission into the banking sector.

Her inspiring talk focused on the difficulties faced by journalists and whistle-blowers in Australia, where the legal system is often used to suppress findings and even issue court orders requiring journalists to submit their findings to be whetted prior to publication. She also talked about her more recent exposés of the 'Cosmetic Cowboys', and the 'Medicare' fraud where the medical profession was put under the spotlight.

The inductee to the *Global Management Accounting Hall of Fame* was **Professor Rod Sims.** He was Australia's principal competition law enforcer and consumer law champion in his former role as the chair of ACCC*.* His acceptance speech was extremely informative often in a light-hearted way. He said that he has had politicians complaining about price-gouging by companies, but that he has had to tell them that until they pass the laws in Parliament it is not illegal.

The inductee to the *Global Accounting Hall of Fame* was **Mr. Don Rankin** one of the founding partners of *Pitcher Partners*, now Australia's largest "middle market" accounting advisory firm. He said that there were plenty of entrepreneurs with great ideas, and that with professional advice great companies can emerge. He gave the example of *Cotton On*, from its first 'shop' in 1988 from the back of a Ford Bronco parked at a Market in Australia to 1,500 stores in 22 countries by the 2020s. Certainly this was proof that *'Big oaks from little acorns grow'* – with sound professional help.

The inductee as the inaugural *"Social Purpose Innovator* recipient was **Mr. Simon Griffith**, one of the founders of *'Who Gives a Crap'* the toilet-paper profit for purpose company, which donates 50% of its profits to water-related charities in developing countries. It was the largest Australia contributor to charities last year, beating Qantas and Coca-Cola. He said that the incredible growth of the company showed that *"Doing Good was Good for Business".*

Amongst the other inductees from previous years who attended the event were ***Dr John Miller AO***, a Patron of ICMA (ANZ) ***Mr***. ***John Stanhope AM***, the Chancellor of Deakin University, and ***Dr Samer Shahin,*** CEO of Peregrine corporation. Also in the audience were senior public servants, professors and senior academics from our major universities, representatives from CAANZ and CPA Australia and many senior business journalists.

FRONTIERS OF ACCOUNTING SYMPOSIUM 2022

To celebrate the 26th Anniversary of ICMA's incorporation in Australia, a symposium in titled *'The Frontiers of Accounting 2022'* was held at La Trobe University City Campus, Melbourne, Australia on 7th November 2022 to discuss the future direction of various themes related to accounting. The speakers were leading academics and professionals who had been asked to provide their views on specific frontier areas of financial reporting, management accounting, governance and sustainability.

Prof Michael Tse, Global Chairman ICMA gave the *Welcome Address*, which was followed by Prof Paul Mather, Head, La Trobe Business School who gave a talk on *"How ESG creates value and why SMEs should act now".* This was followed by Prof. Damminda Alahakoon, La Trobe University who presented on *"The Role of AI and Big Data in Digital Transformation"*

Prof Brendan O'Connell, RMIT University & President, ICMA then showed *"How A.counting and Finance Professionals Can Help in Climate Action".* This was followed by a talk by Prof Janek Ratnatunga, CEO ICMA on *"Green Swan: The Existential Cost of the Plastic Pandemic".*

Next was a talk *by* Dr. Chris D'Souza, CFO, ICMA(ANZ) on *"The 6-S Philosophy of Project Management: Navigating Your Organisation Through Covid-19 & Beyond*!*"*

Prof Janek Ratnatunga, CEO ICMA *gave the final talk on ""Valuation and distress analysis in the post COVID era."*

The symposium closed at 4.30 pm

BANKING REFORMS COULD MAKE THE UK A SUSTAINABLE FINANCE HUB, BUT ALSO THREATEN FINANCIAL STABILITY

The UK government wants to rewrite the rules designed to keep the country's banks and financial institutions stable – again. The so-called **Edinburgh reforms** announced recently by UK chancellor Jeremy Hunt will "unlock investment and turbocharge growth in towns and cities across the UK", he says.

The government is certainly heading in the right direction in some areas, including new measures on sustainable finance. Hunt has promised **a 2023 update** to its **original green finance strategy**, published in 2019. This includes regulating the environmental social and governance (ESG) ratings providers from which financial firms get data for green investment and lending decisions.

It will be a challenge to standardise this sector since there were **more than 600 ESG ratings and rankings in 2018** and the industry has only continued to grow since. But government plans to work with regulators to **safeguard transparency and good market conduct** in this area could help the City of London to become a global centre for sustainable finance.

On the other hand, some of the regulations that Hunt wants to reverse were only recently introduced in response to the 2008 global financial crisis. Relaxing them could jeopardise the UK's financial stability. What has changed in less than 15 years to warrant a relaxation of these rules? The short answer is nothing. In fact, history seems to be repeating itself.

The **Great Depression** of the 1930s – the longest and deepest global economic crisis of the 20th century – was triggered by a catastrophic failure of financial markets and banks. **Banking legislation** introduced afterwards aimed to separate investment banking from commercial banking to protect customer deposits and ensure financial stability.

This was all forgotten during the wave of banking deregulation in the 1980s and 1990s. Reversing these post-depression separation rules basically prepared the ground for the 2008 global financial crisis. After that downturn, **ring-fencing was reintroduced in both the UK** and **the US (via the Volcker rule)**.

This is why it was surprising when UK chancellor, Jeremy Hunt, announced the **Edinburgh reforms** in December 2022. These changes will relax three important protections that were **created after the global financial crisis** to address some very specific contributing factors to that crash.

1. The ring-fencing of bank capital

When retail banks ring-fence a certain amount of capital it protects them from shocks originating elsewhere in their business, such as a risky investment or overseas activities. From a bank's point of view, it increases the **level of shareholder capital it must hold rather than invest**, which makes the bank less profitable. A **recent independent UK review** recommended tweaking ring-fencing regulation slightly to change its scope to focus on large, complex banks. However, it reinforces its fundamental role in protecting the money people deposit with banks in basic savings and current accounts.

Increasing the level of shareholder capital banks must hold was a **major post-GFC regulatory change** because the levels had not properly cushioned banks' losses during the crisis. This is partly why billions of pounds of **taxpayers' money was spent bailing out** failed banks in the UK after the 2008 crash.

2. Senior management accountability

Excessive risk taking by some bank executives was another factor in the fall of the banking sector in 2008. Flawed compensation schemes that encouraged short-term thinking encouraged many managers to take high stakes bets with no liability. After the crisis **regulators introduced measures** to discourage such excessive risk taking. This included bonus caps – **since removed by the previous chancellor** – and clawbacks of previous bonuses for any serious wrongdoing in the run-up to the financial crisis.

The current chancellor is taking this a step further with a review of a key regulation introduced to increase **senior bank managers' accountability**. UK regulators **recently reported that this rule** – the senior managers and certification regime – is curbing risk appetite quite effectively, with 94% of managers seeing a positive impact on behaviour and culture in banks as a result.

3. Securitisation

Restrictions on the sale of a group of loans or mortgages as a bundled financial product – or securitisation – will also be reconsidered under Hunt's plan. A **government review** last year recommended relaxing such criteria, but there is also **abundant evidence** that securitisation destabilised banks during the 2008 crisis.

The use of these products contributed to deteriorating lending standards at many banks because the bundled nature of these products essentially made them opaque. Once a **financial innovation that was heavily praised by leading policy makers,** securitisation was actually a major cause of the global financial crisis.

Varying support

Regulators have **voiced concerns** about damage to financial stability due to any relaxation of rules – **both current** and **former Bank of England staff**. Senior European Central Bank figures have also **criticised similar efforts** to dilute **EU banking regulations**.

Perhaps unsurprisingly, some **city figures** are largely in favour of these changes. City minister Andrew Griffith has said he is **"assured" that banks are safe**, for example.

But no one predicted the 2008 global financial crisis either. Also, banking sector risk can accumulate over time. Relaxing the rules is unlikely to lead to an immediate crash, but risk could build up in the financial system over the next 5 to 10 years following any changes.

The global financial crisis has cost Britain up to **£7.4 trillion in lost output** alone. It has also had significant negative long-term effects on **global economic growth and income inequality**, among many other issues.

Boosting economic growth by making the City internationally competitive may be successful in the short term. But rolling back these key regulatory measures all at once could jeopardise the UK's long-term financial stability.

About the Author

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Management Accounting Frontiers
The Research Journal of the Institute of Certified Management Accountants

Call for Papers: *Special Issue on Unethical Behaviours and Management Controls: Issues and Challenges to Management Accounting*

Guest Editors:
Vincent Chong (University of Western Australia, Australia)
Zuraidah Mohd Sanusi (Universiti Teknologi MARA, Malaysia)
Jan Alpenberg (Linnaeus University, Sweden)

Organizations continue to face issues and challenges on unethical behaviours such as corruption, fraud, and/or misreporting among their managers. Understanding how unethical behaviours occur and how they can be prevented is an essential managerial issue. This Special Issue aims to provide a research forum for scholars to contribute and/or investigates how an organization's formal and informal management controls can be used to prevent or control unethical behaviours.

All research methods are welcome, and topic areas of interest include but are not limited to:

- Issues and challenges of management controls on unethical behaviours;
- The impacts of performance measures and reward systems design on unethical behaviours;
- Issues and challenges of unethical behaviour and management control research in public and/or not-for-profit sectors;
- Unethical behaviours and management controls: Implications of organizational culture;
- The effect of leadership style and management controls on unethical behaviours
- Individual differences, unethical behaviours, and management controls;
- A cross-cultural investigation of the relationship between management controls and unethical behaviours.

Any other topics related to the Special Issue theme can also be considered.

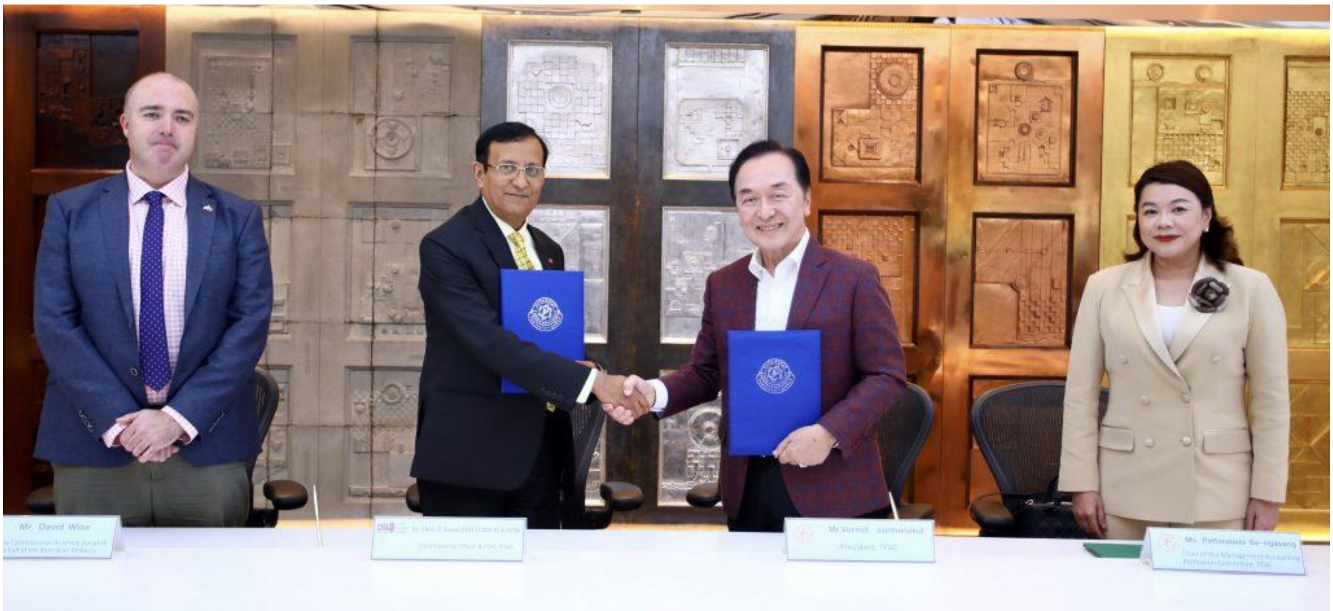
Important Dates:

31 May 2022	Deadline for Initial Submissions
15 August 2022	First Editorial Decisions
30 September 2022	Due date for Revised Submissions
15 November 2022	Final Editorial Decisions

Submission of Manuscripts:
Submission implies that the content of the manuscript has not been published elsewhere or currently under consideration by another journal or publisher for publication. All submissions are subjected to a double-blind review process. Potential contributors should submit manuscripts by email: editor@cmaaustralia.edu.au.

REGIONAL OFFICE AND BRANCH NEWS

PREMIER MANAGEMENT ACCOUNTING BODIES IN THAILAND (TFAC) AND AUSTRALIA (CMA ANZ) SIGN COLLABORATION AGREEMENT



1st December 2022 heralded a milestone for the Management Accounting Professionals of the two nations of Thailand and Australia as it marked the beginning of a new Collaborative effort by the premier Management Accounting bodies of the two countries.

A Memorandum of understanding was signed by President Voravit Janthanakul of *The Federation of Accounting Professions* – TFAC, and Dr. Chris D'Souza COO (International) representing *the Institute of Certified Management Accountants (Australia & New Zealand)* – CMA(ANZ). in the presence of the Trade Commissioner of Australia the Hon David Wise, Ms. Pattaralada Sa-ngasang (Chair of the Management Accounting Profession Committee and Board Member, TFAC), Asst. Prof. Dr. Teerachai Arunruangsirilert (First Vice President, TFAC) and other Board Member and TFAC representatives.

The *Hon Trade Commissioner of Australia David Wise* said that Thailand is a very important country for Australia being its gateway to Asia and that it was fantastic to be present on this important occasion which would serve to strengthen the already strong relationship between the two countries.

ICMA (ANZ) is the only professional accounting body whose Certified Management Accounting program has been recognized and assessed as being equivalent to the post graduate Masters Degree level by *New Zealand Qualifications Authority (NZQA).* ICMA itself has been accredited by the *Commonwealth of Nations*.

And under the Accounting Professions Act B.E. 2547 of 2004, the TFAC is the only professional accountancy organization in Thailand and is responsible for regulating the accountancy profession under oversight from the Accounting Professions Regulatory Commission. The TFAC has been under the Royal Patronage of His Majesty the King since September 6, 2005. The TFAC awards the Certified Public Accountant designation and membership is mandatory for all auditors and bookkeepers.

This auspicious signing of the MOU between these two professional bodies marks the beginning of a collaborative effort which will be immensely mutually beneficial to the accounting professions across both the nations.

SRI LANKA GRADUATION CEREMONY 2019-2022 OF ICMA (AUSTRALIA & NEW ZEALAND)

Two hundred and fifty top corporate executives, entrepreneurs and business leaders were bestowed with a world-class finance qualification from the Institute of Certified Management Accountants (Australia & New Zealand) at the Graduation Ceremony held on 7th December 2022, at Hotel Galadari. Mr. Viraj Dayaratne PC, Chairman – *Securities and Exchange Commission of Sri Lanka* was the Chief Guest at the event organized by the *Academy of Finance* – the exclusive partner.

Prof Janek Ratnatunga delivering his address as the Chair of the event.

The graduation batch comprised of CEOs, Directors, General Managers, Marketers, Bankers, Engineers, and Entrepreneurs - who were keen to sharpen their financial decision-making skills with a comprehensive strategic management accounting qualification and leap forward in their careers with a qualification which is recognized as relevant and of great value by the corporate world.

Prof. Janek Ratnatunga CEO – CMA (ANZ), chaired the event. The overall theme of his message was that those in Sri Lanka, especially professionals, entrepreneurs and those working the land need a *'Change in Mindset'* and need to develop a *'Can-do'* attitude. At a time when the world sees us as a bankrupt nation with endemic corruption, Sri Lankans need to take note of the things we are grateful for, rather than things that we lack. He was confident that our graduands have over their studies and career had such a mindset change.

Some of the over 200 Graduands who were conferred with the CMA qualification.

The Chief Guest, Mr. Viraj Dayaratne PC, the Chairman of the Securities and Exchange Commission of Sri Lanka emphasised that, while concentrating on the high aspirations in the chosen field and prospering as worthy professionals, it is equally important to bear in mind the necessity to be ethical in the conduct of the professional duties. It is only when ethics have been upheld and prioritized that professions and professionals could work towards the ultimate benefit of society.

"As professionals, we need to gain the trust of the people. We need our clients to know that we are committed towards doing what is right and making the right choices in furtherance of their interests, even if it means having to take hard decisions", was the advice of Mr Dayaratne, to the new Graduands.

Dr Sri Ranjan, professionally trained Medical Doctor and General Practitioner, in his valedictory speech explained that with his promotion to the Chair of a private hospital, he wanted to fully understand the inner workings of a business, which is why he chose the ICMA course.

Prof Janek Ratnatunga, CEO of ICMA(ANZ) and Mr. Kapila Dodamgoda, Regional Director of ICMA Sri Lanka, with staff of the Academy of Finance.

INDONESIA EVENTS

The ICMA Indonesia Branch held its '*International Management Accounting Conference (IMAC)*' Conference on Nov 28, 2022, at *Universitas Pendidikan Nasional (UNDIKNAS)* in Denpasar (Bali). The theme was *"Green Investment and the Frontiers of Management Accounting"*.

There were over 300 participants at the Main Hall and an equal number participating over Zoom, including over 150 very senior participants. At the conference, *Mr. Erick Thohir,* the *Minister for State Owned Enterprises was* inducted to the *Global Management Accounting Hall of Fame* for a Lifetime of Achievement to industry in Indonesia.

A number of leading public servants, academics and practitioners spoke at the conference, including Professor Brendan O'Connell, ICMA President, Professor Janek Ratnatunga, the CEO of ICMA and Dr. Chris D'Souza, CFO/COO of ICMA.

Mr. Aziz Ladha, from the Australian Embassy also spoke of the history of the Trade Links between Australia and Indonesia.

Prof Janek Ratnatunga giving a presentation on the "Green Swan: The Existential Cost of the Plastic Pandemic", with Dr Ana Sopanah demonstrating the evils of plastic consumption

Zoom Webinars

Throughout the Covid-19 pandemic, ICMA Australia Indonesia Branch continued its commitment to facilitate the capability development for CMA Members, professionals and academics in the fields of accounting and finance. In the Nov-Dec 2022 period,1 more webinar was held. ICMA facilitated the events, which were moderated by ICMA Australia's Indonesia President, Mr. Daniel Godwin Sihotang, Dr Ana Sophana, Mr. Nursakti Niko Rosandy, the Branch Treasurer.

Dr. Wiwiek Daryanto conferred Professorship

Dr. Wiwiek Daryanto a long-time presenter of the CMA program at the *IPMI Business School* was conferred professorship by the Indonesian Government. ICMA congratulates Prof Daryanto and wishes her a long academic career. To honour the occasion ICMA Indonesia Branch President Mr. Daniel Godwin Sihotang visited IPMI and presented her with a congratulatory flower arrangement.

Online CPDs

Business Valuation

Enterprise Risk Analysis

International Business Analysis

Project Finance Analysis

Project Management Analysis

(Special Promotion Members get 90% off for a limited time)

www.cmaaustralia.edu.au/ontarget/online-cpds/

CMA EVENTS CALENDAR

November 7, 2022, **Frontiers of Accounting Symposium 2022**, La Trobe University CBD Campus, Melbourne, Australia

November 8, 2022, **Australian Hall of Fame Awards**, Melbourne, Australia

November 28, 2022: *International Management Accounting Conference (IMAC)*, organised by the CMA Indonesia Branch, Bali, Indonesia.

Dec 7, 2022: CMA Graduation Convocation, Sri Lanka, Hotel Galadari, Colombo.

January 7-9, 2023: *Certificate of Proficiency in Strategic Cost Management*, SMU Academy, Singapore (9th Intake).

January 13-16, 2023: *Certificate of Proficiency in Strategic Business Analysis,* SMU Academy, Singapore (9th Intake).

January 28- February 3, 2023: CMA Program Workshop, Jakarta, organised by Inspire Consulting, Indonesia.

Feb 18-20 & 23-26, 2023: CMA Program Workshop organised by SMART Education Group, Dubai**.**

March 2023: Sixth CMA Global Zoom Program in *Strategic Cost Management & Strategic Business Analysis*, Syme Business School, Australia. **(Zoom).**

April 22-24 & 27-30, 2023: CMA Program Workshop organised by Academy of Finance, Sri Lanka**.**

Private Providers

Wharton Institute of Technology and Science (WITS), Australia

Syme Business School, Australia

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Singapore Management University Academy (SMU Academy)

Business Sense, Inc. , Philippines

HBS for Certification and Training, Lebanon

SMART Education Group, UAE

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

Segal Training Institute, Iran

Business Number Consulting, Indonesia

Inspire Consulting, Indonesia

STRACC Learning LLP, India

CMAAustralia Bangladesh

Ra-Kahng Associates Ltd, Thailand

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