

Contemporary Business Issues

CPA Program subject outline – Fifth edition

The Contemporary Business Issues subject examines contemporary and emerging global issues in order to familiarise you with the business environment you are likely to be operating in as an accountant. It uses contemporary issues as a vehicle for advancing the development of professional skills, values, ethics and attitudes. In particular, Contemporary Business Issues is designed to help you develop a future-focused perspective that: understands the drivers of change affecting business and the accounting profession

- responds positively to change
- values lifelong learning to continually develop and improve technical, business, behavioural and leadership skills
- recognises that accountants add value by providing strategic business advice and contributing to good decision making
- acknowledges the importance of ethics, professional curiosity and enquiry as a means of avoiding imprudent decision making
- welcomes divergent opinions and creative approaches to problem solving as a means of gaining insights into an increasingly complex and dynamic business world.

This subject highlights the challenges and opportunities for the accounting profession, preparing you for a career in the contemporary business environment.

Contemporary Business Issues is an elective subject in the CPA Program.

Exam structure

The CBI exam generally consists of 100 per cent multiple-choice questions.

General objectives

On completion of this subject, you should be able to:

- encourage an attitude of professional curiosity by challenging assumptions about contemporary and emerging global issues and how they should be addressed
- assess the role of an accountant in a changing business and technology environment and explain how they can add value
- evaluate human and natural resource management in contemporary organisations and suggest strategies to optimise scarce and dwindling resources
- explain how to manage diverse stakeholder needs.

Subject content

The 'weighting' column in the following table provides an indication of the emphasis placed on each module in the exam, while the 'proportion of study time' column is a guide for you to allocate your study time for each module.

Module	Recommended proportion of study time (%)	Weighting (%)
1. Future accounting skills	15	15
2. Contemporary business models and financing	20	20
3. Contemporary human resource management	25	25
4. Future of natural resource management	20	20
5. Contemporary stakeholder management	20	20

The subject is divided into five modules. A brief outline of each module is provided below.

Module 1: Future accounting skills

This module introduces the subject by describing the drivers of change in the accounting profession. In particular, the module explores how contemporary business issues shape the skills, attitudes and values required of a future-focused accountant.

Many prospective accountants assume their work will revolve around recording and reporting financial information. However, that is a narrow and increasingly outdated view. In the context of innovative business models and the increasing adoption of technologies such as automation and artificial intelligence, accountants must take on a strategic advisory role to add value to their business or clients' businesses. The accountants of today and tomorrow will act as business advisers, carry significant ethical responsibilities, and have an expanded focus well beyond financial measures to consider physical and social outcomes as well.

This module focuses on the business, behavioural and leadership skills that accountants and business professionals need in order to provide strategic business advice and contribute to good decision making. Accordingly, the module is divided into four parts, as follows.

- Part A examines the changes in the business environment that are creating an imperative for accountants to adopt a strategic future perspective and become a partner in business decision making.
- Part B explores the key business skills and knowledge an accountant needs in order understand how an organisation works and what needs to be done to help the business achieve its strategic goals.
- Part C focuses on behavioural skills that enable the accountant to manage their own work and work effectively with others across the entire organisation and beyond. In particular, developing problem solving, communication, collaboration and ethical conduct to a high level are crucial skills for accountants seeking to become strategic advisers.
- Part D examines the necessary skills and attributes to lead others, recognising that while management has formal leadership responsibilities, leadership also occurs at all levels of the organisation.

Together, the parts in this module present a broad portfolio of skills that build on the accountant's technical skills to equip them to make the most of the opportunities presented by current and emerging changes in the business world.

Module 2: Contemporary business models and financing

Module 2 considers innovative new approaches to business that have created new businesses and disrupted entire industries in recent years. It also looks at how new business ideas can be financed. A second focus is on the growing social entrepreneurship sector, which involves establishing ventures intended specifically to achieve meet social needs. A related area is microfinance, which seeks to achieve financial inclusion for socio-economically disadvantaged people by providing access to small-scale loans, savings and insurance.

The module takes an in-depth look at these areas in the following parts.

- Part A examines the concept of a business model and then explores innovations based on new business systems, products and services, and customer experiences.
- Part B focuses on the sharing economy, which represents businesses that connect buyers and sellers using a digital platform. Sharing economy businesses bring together a wide range of innovative business approaches and have substantially disrupted long-established industries.
- Part C examines the sources of financing that entrepreneurs can access to establish and build their business ideas. Two innovative financing approaches explored are crowd-source funding and marketplace funding.
- Part D focuses on social entrepreneurship, which is the process of developing new businesses intended specifically, to meet social needs rather than focusing primarily on generating profits. The methods being developed to measure the outcomes of social ventures may be useful to inform the wider scope of reporting being undertaken by many traditional businesses.
- Part E looks at the microfinance sector, which aims to provide basic financial services such as credit, insurance and savings to those who are excluded from the general financial system, often due to socioeconomic disadvantage. This concept of financial inclusion is based on the idea that these services can help people lift themselves out of poverty.

All of the parts in this module examine new approaches to business that are evident in new business approaches and that are influencing existing businesses.

Module 3: Contemporary human resource management

Module 3 begins with an introduction of human resource management as a function intended to manage people in an organisation to effectively contribute to the organisation's strategic goals. It explores the importance of human capital to the organisation and recognises that human resource management is a function that occurs throughout the organisation, not just emanates from the HR department.

The module consists of the following parts.

- Part A examines basic concepts in human resource management including approaches to effectively managing people to contribute to the performance of the organisation. It examines

the role of people as one of the fundamental resources of the business and how a business can approach human resource management strategically.

- Part B focuses on a number of trends in the workforce including increasing diversity, the advantages this can bring, and the challenges it may present when not managed effectively.
- Part C examines how work itself is changing. The new era of employee engagement includes flexible and hybrid working arrangements as a result of the pandemic lockdowns and its disruption to traditional workplaces. In this new era of work, employees may work at home or remotely to other colleagues some or all of the time. Another main change in recent decades is the increase in the contingent workforce – those who work on a temporary, short-term or contract basis rather than in conventional full-time or part-time employment. The workforce is also increasingly distributed across different sites, often across national borders. Finally, technology has enabled many human tasks to be replaced with computers through automation technologies and cloud-based computing.
- Part D looks at knowledge sharing, which has long been an important process to ensure corporate knowledge is not lost. It has become a higher strategic priority in recent years due to changes in work and the workforce, discussed in Parts B and C, and the increasingly central role that knowledge plays in obtaining a competitive advantage.
- Part E looks specifically at the role of the accountant in people management, both directly and in supporting others and the organisation generally.

Module 4: Future of natural resource management

The module begins by looking at various systems that are critical to the ability of humans to meet their needs and raises the question of whether our current use of resources is sustainable — will future generations be able to meet their needs?

This module is divided into three parts.

- Part A explores how the use of resources affects our future ability to meet energy needs, food needs, water needs and biodiversity needs. At present, many of the fundamental aspects of humans' quality of life rely on the use of non-renewable resources. Increasing appreciation that we need to use resources sustainably along with increasing costs, changing consumer preferences and other pressures are driving changes in the way resources are used.
- Part B examines the increasing regulation of carbon dioxide emissions in response to the concern that human activities, particularly the burning of fossil fuels, is creating accelerated climate change. Carbon taxes and emissions trading schemes increase the cost of business processes that result in carbon emissions and thus are driving incentives to reduce emissions and find alternative processes and energy sources.
- Part C describes different approaches to accounting and reporting for natural resource use, including the issue of sustainability and environmental, social and governance (ESG) reporting to specifically focus on how an organisation is creating value beyond profits for stakeholders. Integrated reporting (<IR>) is also introduced as an approach that combines financial and non-financial information designed to help readers understand everything of value to the business and its future.

There is increasing pressure for businesses to adopt more efficient and ultimately sustainable approaches to resource use. Businesses need accounting for natural resources to inform their internal

decisions, meet the needs of external stakeholders, including investors and community groups, and comply with regulatory requirements. Accounting for non-financial costs and benefits presents a new challenge for accountants.

Module 5: Contemporary stakeholder management

Module 5 examines the need to manage a wide range of stakeholders who are affected by or may affect the business's operations. The module consists of the following parts.

- Part A looks at the issues that arise from a changing perspective on corporate governance, from one that is primarily concerned with generating income and wealth for business owners towards one that recognises that a range of stakeholders have various claims over businesses. To be able to operate without disruption, a business must manage stakeholders sufficiently.
- Part B examines formal communication with stakeholders and the principles of effective communication.
- Part C examines the use of technology in stakeholder communication, particularly the role of social media, which has enabled businesses to communicate more directly and individually with stakeholders at the same time as allowing stakeholder to communicate more directly and publicly with the business and with other stakeholders.
- Part D examines the importance of reputation management — the active process of influencing how stakeholders perceive the business.
- Part E proposes a model for deeper engagement with stakeholders based on building long-term relationships to achieve better understanding of the business's and stakeholders' needs. Such relationship building can provide a buffer against the consequences of reputation damage. The module then concludes with an in-depth look at how one business approached stakeholder management with periods of success and periods of failure.