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THE SOCIAL PURPOSE: NEW HOLY-GRAIL OF THE MARKETING – FINANCE INTERFACE

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Contents

THE SOCIAL PURPOSE: NEW HOLY-GRAIL OF THE MARKETING – FINANCE INTERFACE

Introduction

Consumers increasingly expect brands to have not just functional benefits but also a social purpose. Brands increasingly use a social purpose to guide marketing communications, inform product innovation, and steer investments toward social cause programs.

Here in Australia, "*Who Gives A Crap*", an online toilet paper manufacturer and marketer, donates half its profits to charities. With a slogan 'Profits for Purpose', the company finances projects that build toilets in schools in lower-income countries. Often a lack of proper toilets means a lack of schooling, especially for girls. WGAC's charity donations in 2021 were the highest in Australia, beating both *Qantas* and *Coca-Cola*.**[i]**

All this is very noble; but how does it stack up against the traditional measure of corporate performance, i.e., *Return on Investment (ROI)?*

Whilst WGAP had a social purpose from its inception, more established companies are realising that being seen as socially and environmentally conscious can boost profitability as it draws new customers that otherwise may not have been interested in its products or services. For example, *Tecate*, based in Mexico, is investing heavily in programs to reduce violence against women, and *Vicks*, a *P&G* brand in India, supports child-adoption rights for transgender people. Both these social purpose initiatives have positively impacted market share and profitability.

For the management accountant there are resource allocation concerns when considering 'social purpose' in an organisation's integrated marketing communication (IMC) budgets. Today, it is even more important to be able to stretch the limited resources allocated for marketing communication in the most appropriate way. Social purpose strategies dictate that advertising and promotion should be used not only to create,

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communicate, and deliver value in order to influence target audience behaviours – but there should also be the added dimension that such behaviour should benefit society.

This then is the new holy-grail of the marketing–finance interface. Let us look at marketing first, and then finance.

Social Purpose Marketing

Social Purpose Marketing (SPM) is an approach used to develop activities aimed at changing or maintaining people's behaviour for the benefit of both the individual and the society. The five main components of SPM are: (1) that it focuses on behaviour change (2) that is voluntary

(3) using marketing principles and techniques (4) to select and influence a target audience (5) for their benefit.**[ii]**

Such a marketing approach stems from the lens of *social responsibility* in marketing. This involves focusing efforts on attracting consumers who want to make a positive difference with their purchases. Many companies have adopted socially responsible elements in their marketing strategies to help a community via beneficial services and products.

Increasingly, social marketing is described as having "two parents." The "social parent" uses social science and social policy approaches. The "marketing parent" uses commercial and public sector marketing approaches.**[iii]** Recent years have also witnessed a broader focus. Social marketing now goes beyond influencing individual behaviour. It promotes socio-cultural and structural change relevant to social issues.**[iv]**

Combining ideas from commercial marketing and the social sciences, SPM is a proven tool for influencing behaviour in a sustainable and cost-effective way. A company's SPM strategy needs to focus on: (a) which people to work with; (b) what behaviour to influence; (c) how to go about it; and importantly (d) how to evaluate its impact.

The goal of SPM is to actually change or maintain how people behave – not just what they think, or how aware they are, about an issue. If an organisation's goal is only to increase awareness or knowledge of their product or service, or only change attitudes rather than behaviour – then it is not doing social purpose marketing. Therefore, it is not what is assumed by the company to benefit those targeted by its *social marketing intervention* but instead the *value* – perceived or actual – of the behaviour changes (actions) brought about by the intervention.

Thus, knowing that tobacco causes cancer, or that plastic bottles are polluting oceans, or that cattle produce the most greenhouse gas emissions – is not enough. The social marketing intervention must result in behaviour changes of those targeted to stop smoking, use glass bottles or reduce their beef intake.

This attitude vs behaviour dichotomy is similar to commercial sector marketers who focus on people buying their goods and services – they understand that just the *awareness* of a product or service is not sufficient to make a sale. In SPM, change agents typically want target audiences to do one of four things: (a) accept a new behaviour (e.g., recycling), (b) reject a potential behaviour (e.g., not starting smoking), (c) modify a current behaviour (e.g., increase physical activity from 3 to 5 days of the week), or (d) abandon an old behaviour (e.g., do not drink liquor alone). Although the primary beneficiary of the social marketing program is the' individual' – through his or her improved health and quality of life – collectively this leads to society benefiting from a healthier and more productive population.

The behaviour change brought about by SPM strategies are typically *voluntary* — i.e., the core of the approach is to achieve a level of understanding and empathy of the audience for them to self-discover motivations and personal benefits. This will enable the targeted audience to link their changing behaviours to a company's product or service offerings.

Thus, the most fundamental principle underlying SPM is to apply a consumer orientation to designing the product (or service) — i.e., understand what target audiences currently know, believe, and do. Then, the product is positioned to appeal to the motivations of the target market to improve their health, prevent injuries, protect the environment, or contribute to their community more effectively than the competing behaviour the target market currently practices or is considering.**[v]**

Despite these lofty purposes, countless well-intentioned social-purpose programs have consumed resources and management time only to end up in obscurity. Sometimes they backfire because the brand messages designed to promote these programs may anger or offend customers — or they simply go unnoticed because they fail to resonate. Other times, managers use these initiatives solely to pursue intangible benefits such as brand affection or to communicate the company's corporate social responsibility, without consideration of how they might create business value for the firm.**[vi]**

This is where social purpose marketing programs need to integrate with social purpose finance objectives, which we will discuss next.

Social Purpose Finance

Social Purpose Finance (SPF) is an approach to managing investments that generate financial returns whilst having a measurable positive social and environmental impact. Money is provided by investors who want to see it giving a return and, simultaneously, see that it has been spent on making society better. SPF is a category of financial services which aims to leverage private capital to address challenges in areas of social and environmental need; and thus, provide finance to build an organisation's long-term capacity to achieve its social mission.

Traditionally, investors have evaluated firm performance based on financial measures alone. But investing with an eye to environmental or social issues, not just financial returns, has become mainstream in the past decade. According to the *Global Sustainable Investment Alliance (GSIA),* a global umbrella group, a total of $35.3trn, or 36% of all assets under management in 2020, were in 'socially responsible investments' that take account of *Environmental, Social and Governance (ESG)* issues.**[vii]**

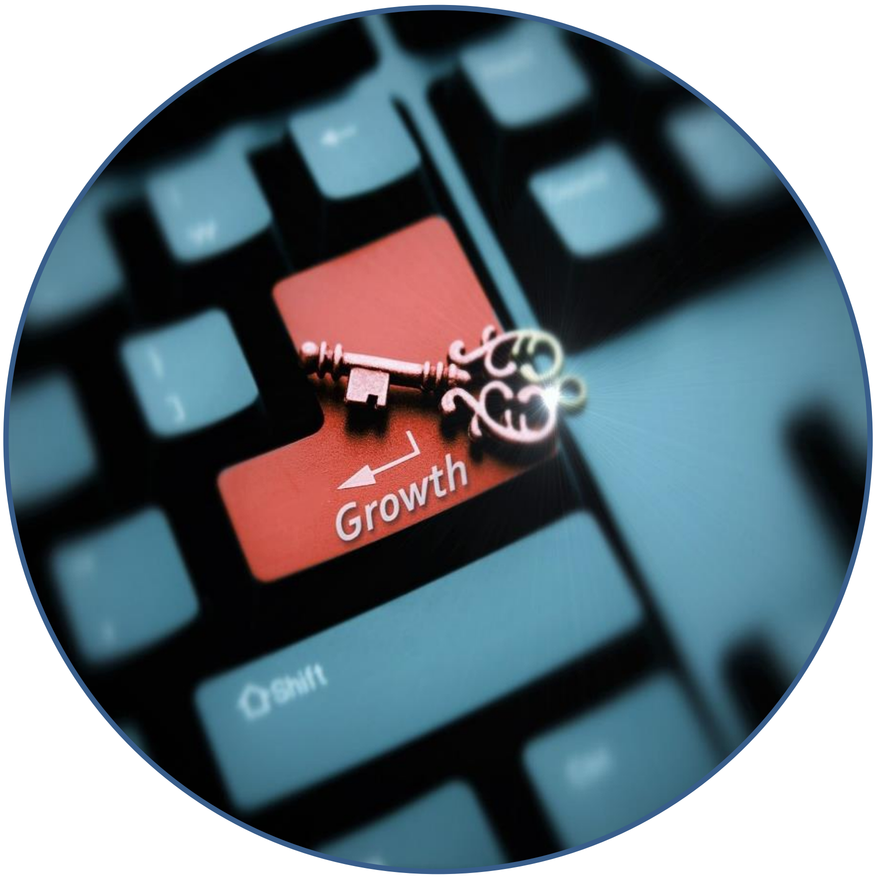
Note that the difference between *Corporate Social Responsibility (CSR)* and ESG is that while CSR impacts internal processes and company culture, ESG is a measurable set of propositions that external partners and investors look at in their evaluation of a company. ESG illustrates a company's identification and quantification of its risks and opportunities, as well as highlights the ethics of a company.**[viii]**

Having gained popularity in the aftermath of the *2008 Global Financial Crisis*, SPF is notable for its public benefit focus.**[ix]** Mechanisms of creating shared social value are not new, however, social finance is conceptually unique as an approach to solving social problems while simultaneously creating economic value.**[x]** Unlike philanthropy, which has a similar mission-motive, social finance secures its own sustainability by being profitable for investors.**[xi]** Capital providers lend to social enterprises who in turn, by investing borrowed funds in socially beneficial initiatives, deliver investors measurable social returns in addition to traditional financial returns on their investment.**[xii]**

Take the impact of Covid-19 which had a significant impact in major investments in pharmaceuticals (e.g., vaccines) and the health-care system (e.g., emergency facilities at hospitals). Some companies such as *AstraZeneca* decided to provide its vaccine at no profit whilst Covid-19 was a pandemic; announcing that its top priority was to protect global health.**[xiii]** Others, like *Pfizer/BioNTech* and *Moderna* made significant profits from day one of their respective vaccine releases *(more on this later).*

Like SPM, the goal of SPF is to finance projects that actually change or maintain people's behaviour, rather than their attitudes. However, there is the added dimension of a positive return on investment (ROI). Thus, SPF includes a full range of investment strategies and solutions across asset classes that can provide an array of risk-adjusted returns tailored to investor behaviour that benefits society.

Thus, knowing that mining fossil fuels contributes to global warming is not enough if investor behaviour continues to support such industries (by purchasing petrol and diesel vehicles). What is needed is investor behaviour (actions) that support renewable energy production and consumption (e.g., installing solar panels and driving electric cars).



Other socially responsible investments include eschewing investments in companies that produce or sell addictive substances or activities (like alcohol, gambling, and tobacco) in favour of seeking out companies that are engaged in social justice, environmental sustainability, and alternative energy/clean technology efforts. *[See Appendix One on four key social purpose finance strategies].*

SPF investors who want to have a positive impact on society are developing a growing awareness that they are no longer limited to doing so through donations to charitable and other non-profit organisations. SPF offers ways for investors to extend their influence by aligning their goals for public good and positive impact with their desire for wealth accumulation and legacy gifting.

Decisions to explore or adopt social finance strategies are not necessarily driven by charitable intent, nor do those decisions always stem from a desire to earn attractive investment returns. These decisions are often based on the following motivations:

Personal Values: For some individuals, deciding to invest in a socially responsible manner stems from strongly held personal beliefs. Their primary focus is to avoid advancing the interests of organisations or industries that go against those beliefs. For example, in Australia, investments in companies that mine fossil fuels are being avoided by many due to climate change issues.

Fiduciary Obligations: As part of their risk management strategies and fiduciary obligations, trustees for non-profit organisations, superannuation (pension) funds or others investing in a fiduciary capacity may search for investments that have competitive investment returns whilst meeting ESG criteria.

Environmental, Social and Governance (ESG) Goals: Some SPF investors want to incorporate values-based investing with altruistic intent, seeking competitive returns from investments which also focus on ESG opportunities. One such example is a mutual fund that invests in emerging markets infrastructure or in clean-energy initiatives.

Connection to the Next Generation: SPF strategies allow investors and their families to clearly identify shared values and goals and align them across areas of mutual interest. Because younger generations may want to put a greater focus on sustainable investing to achieve social and environmental impact, social finance is also a great way to bridge the gap between generations.

Sustainable vs. Normal Investments

The area of SPF suffers from definitional quibbles over where to draw the line between sustainable and "normal" investments; and how to subdivide the universe of sustainable investment. Thus, SPF strategies require an understanding of the role of *Environmental & Social Governance (ESG)* factors in managing investor risk to create innovative blended finance and pay-for-performance approaches that steer new investments into target markets that benefit society.

Many companies (and consultants in the area) have encompassed many diverse areas under the SPF universe, such as: (a) innovative finance; (b) domestic resource mobilisation strategies; (c) socially responsible investing; (d) social impact bonds (SIBs) (e) pay-for-performance; (f) impact Investing; (g) blended finance; and (h) alternative financing vehicles for non-profits.

The GSIA, for instance, counts seven distinct strategies. (1) Negative/exclusionary screening; (2) Positive/best-in-class screening; (3) Norms-based screening, (4) ESG integration; (5) Sustainability themed investing; (6) Impact/community investing, and (7) Corporate engagement and shareholder action.**[xiv]**

GSIA stated that the most common sustainable investment strategy is ESG integration, followed by negative screening, corporate engagement and shareholder action, norms-based screening, and sustainability-themed investment. 'ESG integration', the largest strategy by the GSIA's reckoning, involves taking ESG factors into account in the investment process (though the way investment firms do this in practice varies widely). 'Negative screening', simply excludes assets deemed unsavoury. An example would be a stock portfolio that otherwise tracks a broad index but excludes the shares of tobacco companies or gunmakers.

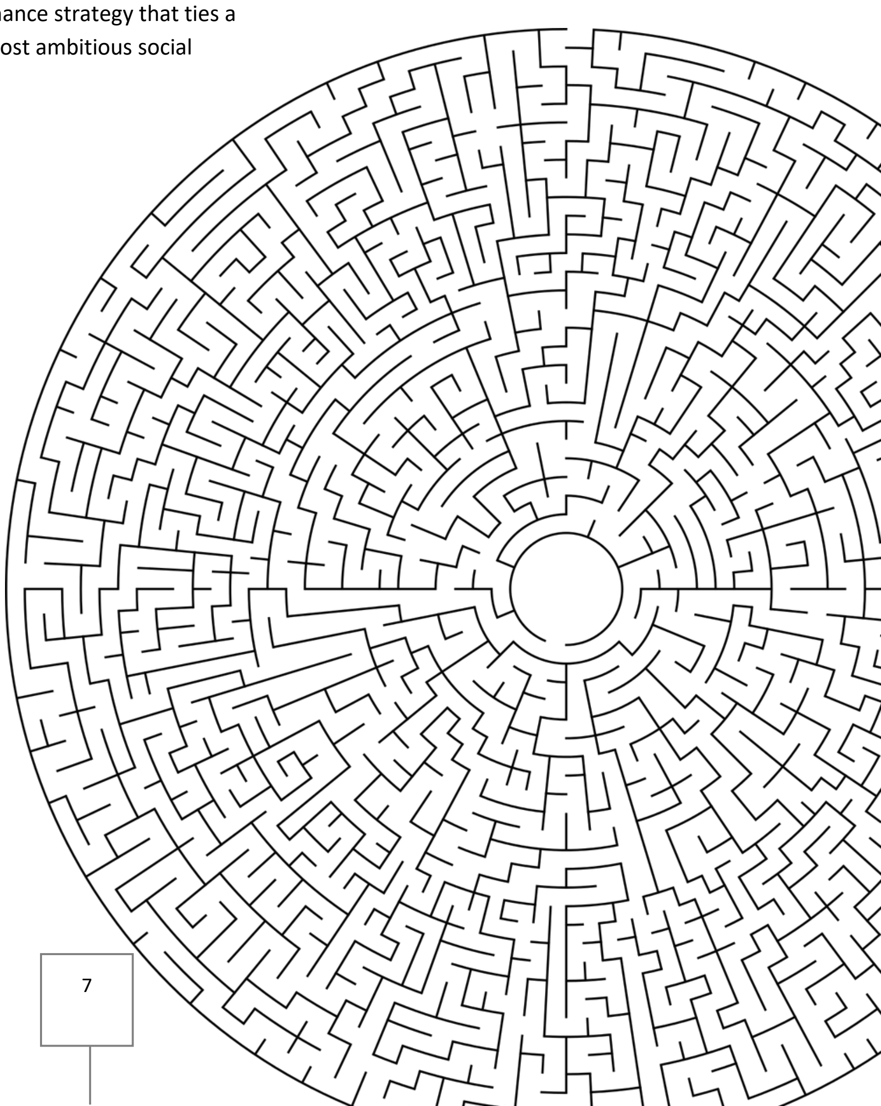
Of the remaining strategies, perhaps the most interesting is 'impact investment', which has received a lot of attention recently. Although it is the smallest by total assets, it is also by far the most ambitious. Impact investors only invest in projects or firms where the precise impact can be quantified and measured: for instance, the reduction in tonnes of carbon dioxide emitted by a firm's factory, or the number of girls educated in a village school as a result of a particular project. These variants are quite different, but most are set up on the premise that financial return need not be sacrificed in pursuit of non-financial goals.**[xv]**

The Holy Grail: Integrated Social Purpose Strategies

What is needed, therefore, is an integrated marketing-finance strategy that ties a company's most ambitious social aspirations to its most pressing growth needs.

Some brands have had an integrated social purpose (i.e., integrating both SPM and SPF) built into their business models right from the start. The societal benefit that these *'social purpose inbreds'* offer is so deeply entwined with their product or service that it is hard to see these brands' surviving intact without it. Imagine what would happen to the *'Who Gives a Crap'* brand if the company abandoned its commitment to both eco-friendly manufacturing and its commitment to donate half its profits to charity? Thus, those with a pedigree in social purpose activities like WGAC must be diligent stewards of their brands and social-purpose strategy from inception.

The challenges are very different for the much larger number of brands that are *'social-purpose adopters'* — they have grown without a well-defined social-purpose strategy and are now seeking to develop one. Typically, they belong to firms that are good corporate citizens and are committed to progress on environmental



and social goals. However, their growth has thus far been based on superior functional performance that is unrelated to a broader social purpose.**[xvi]**

Although few brands are likely to start with a blank slate — today most have CSR programs underway — some projects could become relevant to the brand's social purpose value proposition in the future. Yet focusing only on CSR initiatives could limit the potential of a purpose-driven brand strategy or divert marketing resources meant to stimulate the brand's growth toward other corporate initiatives such as profit growth. To create a more comprehensive and integrated set of choices, managers should explore social purpose ideas in three domains: (1) Brand Heritage; (2) Customer Tensions; and (3) Product Externalities.

Brand Heritage: A brand's 'heritage' is the most salient benefit the brand offers customers. Closely examining this can help managers identify the social needs that their brands are well positioned to address. For example, *Dove* has been promoted as a beauty bar, not a soap — enhancing beauty has always been central to its value proposition. Studies have shown that 'Beauty' is intimately correlated with both physical and mental health — and that in most societies, at all ages and in all walks of life, attractive people are judged more favourably, treated better, and get more leeway.**[xvii]** Therefore, it makes sense that Dove focuses on social needs tied to perceptions of beauty, and this has made it a profitable brand as well.

Customer Tensions: Instead of taking a wide exploration of relevant social issues, companies should take a very narrow look at the "cultural tensions" that affect its customers, and which can be related to its brand heritage. Such tensions are the conflict people often feel when their own experience conflicts with society's prevailing ideology. Brands can become more relevant by addressing consumers' desire to resolve these tensions. Classic examples include *Coca-Cola's "I'd Like to Teach the World to Sing"* commercial, which promoted peace and unity at the height of the Vietnam War; and its more recent *'Arctic Home'* program, a partnership launched in 2011 with the *World Wildlife Fund* to protect polar bears from the impact of global warming.

Product Externalities: Companies also need to examine the impact of their products or services in terms of *'externalities*' — i.e., the indirect costs borne (or benefits gained) by a third party as a result of its manufacture or use. For instance, the food and beverage industry has been criticised for the contribution of some of its products to the increasing rates of childhood obesity. It has also faced concerns about negative health effects resulting from companies' use of artificial ingredients and other chemicals in their products. *McDonald's* offering healthy options as part of its popular value meals, and letting customers choose a side salad, fruit, or vegetables instead of French fries — is a direct response to a social need created by industry externalities. Another example was how the chemicals industry was successful in diverting attention away from the plastic pollution pandemic by launching a 3-R (Reduce, Reuse, Recycle) campaign that placed a guilt and cost burden on the user rather than the manufacturer.

Competing in Adjacent Markets

It has already been mentioned that a social purpose *marketing* strategy can fall short of expectations if it does not simultaneously address the *financial interests* of investors and other stakeholders. Thus, one way an *integrated* social purpose strategy can boost business performance is by enabling the brand to compete in adjacent markets.

Consider *Brita*, a German company which until 2005 primarily sold tap-water filters worldwide, including in Australia. Concerned by slowing growth, Brita seized on a social need — waste reduction — to push into the adjacent bottled-water market by positioning filtered water as an environmentally friendly alternative. In its marketing, Brita emphasised the water's *"great taste and purity"* and its economic value over time relative to bottled water. But its central message: *"300 plastic bottles kept out of landfills and oceans for each Brita filter used"*, was the environmental benefit of substituting filtered water for bottled water. Three years after Brita entered this adjacent market, its revenues had grown by 47%.

To gauge whether a proposed brand's integrated social purpose strategy can support a move into adjacent markets, its managers should ask: (a) can the strategy help create a new product or service for current customers? (b) can it help open a new market or channel or attract a new customer segment? and (c) can it help reduce costs or increase the profitability of the business?**[xviii]**

Obstacles to an Integrated Social Purpose Strategy

An obstacle to stakeholder acceptance of an integrated social purpose strategy occurs when companies, unwittingly or not, adopt a controversial social purpose. This was the case with Coca-Cola's *'Arctic Home'* program referred to earlier. It partnered with the *World Wildlife Fund* in 2011 to protect polar bears. The social mission fitted well with the brand, which had long used the animal in its advertising. However, even though its leaders never intended to equate a conservation initiative with the politics of climate change, the program catapulted Coke into the middle of a political debate between climate crusaders and climate deniers. Whilst a significant segment of the population regarded global warming as a serious problem, some vocal climate sceptics saw the Coke campaign as a mass media effort to promote a political agenda. While the company succeeded in containing a more general outcry, its experience highlights the risk of politicisation around a brand's social purpose. It is unlikely that any social-benefit claim can escape criticism, but management's goal must be to maximise the fan-to-foe ratio.

Further, whilst stakeholders understand that companies are profit-driven; they may question a brand's motives if the initiative appears to be driven primarily by commercial interests. Stakeholders may feel manipulated if the company's initiative offers no apparent social benefit — as often happens if a brand is found to be 'greenwashing'; i.e., using marketing spin or green PR to deceptively persuade the public that an organisation's products, aims, and policies are environmentally friendly.**[xix]** To mitigate this risk, it is critical to select a social purpose for which the brand can make a material contribution.

Thus, to assess whether an integrated social purpose strategy is likely to be accepted by stakeholders, managers should ask: (a) can the brand have a demonstrable impact on the social need? (b) are key stakeholders on the front lines of the social issue likely to support the brand actions? and (c) can the brand avoid inconsistent messaging, perception of opportunism, and politicisation?

Define the Brand's Role

Once a company decides which social need a brand will focus on, managers must determine how the brand strategy will create value for it. Researchers at the *Harvard Business School* discovered four ways that a brand can create value for a social need. This taxonomy provides a useful tool for thinking about how a brand can best execute on its purpose. It can also guide managers in the selection of metrics for measuring the impact of their social-purpose investments.**[xx]** The four ways are to:

Generate Resources: Brands can make an impact by helping generate the resources required to address a social need. Most commonly, this involves the donation of financial resources: When consumers buy a product, the brand gives a percentage of the profits to a selected cause. *Who Gives a Crap* donates 50% of profits for sanitation projects in developing countries globally. Other resources could also include time, talent, relationships, and capabilities.

Provide Choices: Brands can offer consumers products that address a social need and can be substituted for those that do not. *Brita* filters, for example, gave customers an alternative to bottled water that does not add plastic to landfills.

Influence Mindsets: Brands can help shift perspectives on social issues. Examples include *Nike's* communications efforts to promote the participation of girls in sports and its recent campaign to promote racial and gender equality.

Improve conditions: Brand actions can help establish the conditions necessary to address a social need. Consider Coca-Cola's *Ekocenter* initiative in Africa. Through a multi-stakeholder partnership, the brand is creating community centres with clean water, solar power, and internet access, among other services. These centres also house *modular markets* run by local female entrepreneurs.

AstraZeneca vs Pfizer: A Case Study of an Integrated Social Purpose Strategy

The contrast of the profit vs. social purpose approaches of *AstraZeneca* and *Pfizer* is a case in point.

Early in the pandemic, when it was approved as a vaccine against Covid-19, AstraZeneca decided to provide millions of doses at no profit, because, according to its chief executive *Mr. Pascal Soriot,* the company's top priority was to protect global health. He told the BBC he had *"absolutely no regrets"* about not making a profit when competitors had been doing so, as it has saved millions of hospitalisations.**[xxi]**

The evidence is overwhelming that the AstraZeneca vaccine, which was developed with the publicly funded University of Oxford, has saved a million lives around the world — especially in lower-income countries.**[xxii]** Among the reasons for a preference for AstraZeneca in such countries are considerations around supply, cost, and logistical issues. For example, the vaccine requires only regular refrigerator storage, compared with the mRNA vaccines from Pfizer and others which need to be frozen.

Pfizer, on the other hand, clearly had both a social purpose and a profit motive from the start. Consequently, it sold and distributed billions of doses of its Covid-19 vaccine, generating an estimated $36 billion profit in 2021. However, Pfizer's super profits has virtually eliminated its social purpose message. When asked about what the company is doing with all these vaccine super-profits, Pfizer's CEO *Mr. Albert Bourla* said:

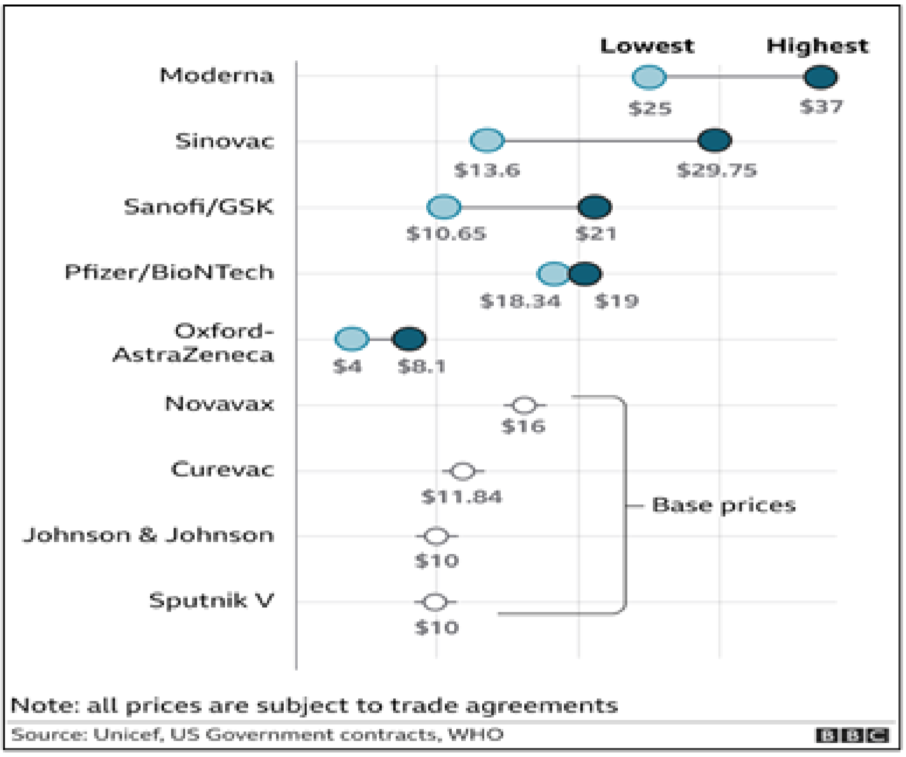


Figure 1: Price per Dose Ranges of Vaccine Makers (in US$)

*"We are investing in research. Our R&D expenses, in the last three years went from the seven to almost 11 billion dollars per year".**[xxiii]***

At face value an increase of 4 billion on R&D does not seem to justify the inordinate mark-up of the Pfizer product. In fact, the cost-price comparisons are staggering. A normal profit margin in the drugs industry is about 20%. Mr Soriot said AstraZeneca charged about US$5 per shot for the Covid vaccine. This was close to cost price, and therefore, the company made a much lower profit margin.**[xxiv]** In contrast, Pfizer's profit margin has been estimated at between 70-77%.**[xxv]**

In fact, AstraZeneca was by far the lowest priced vaccine, selling at a price range between US$4 and $8.10 per dose; whilst Pfizer prices ranged between US$18.34 and $19 (Figure 1). Multiply this by the billions of doses and one can see how the returns pile up.

It is now evident that Pfizer used the incredible financial resources gained from selling its vaccine at high profit margins not only to do more research, but also to have a war chest try to win the social purpose marketing battle. Unfortunately, whilst it has succeeded in getting world-wide acceptance of the safety and efficacy of its vaccine, it has been most ineffective in getting its social purpose message (i.e., saving lives) across in low- and middle-income countries.

It does not help when, despite receiving public funding of over $8 billion, Pfizer/BioNTech and Moderna have steadfastly refused calls to urgently transfer vaccine technology and know-how to capable producers in low- and middle-income countries via the World Health Organisation (WHO). Although such a move could increase global supply, drive down prices and save millions of lives, Pfizer' CEO, described the call to share vaccine recipes as *"dangerous nonsense"*.**[xxvi]**

Such messaging has caused many in society today to be distrustful of Big Pharma in general and of Pfizer in particular. This is because Pfizer's vaccine has significantly boosted its bottom line to levels seen as obscenely profiteering from the suffering of others. When asked about this, Mr. Bourla said:

*"I would say, can you think of someone that would deserve to make money other than someone who brought so much life saved, hospitalizations empty, economy, trillions going back to work — because we did just that. If you think that legitimate profit is perfectly fine, then you cannot find a more legitimate reasons to make money, than saving the world".***[xxvii]**

The problem is that Pfizer did not save the whole world, only the rich world.

Today, the social purpose messages of the vaccine brands are fuzzy. With multiple safe and effective vaccines approved, parts of the globe are experiencing "brand tribalism". Which brand of vaccine you want, or can get, has become a hot issue. In the United States, young vaccinators post their vaccine 'team' or 'tribe' preferences on social media, saying, *"only hot people get the Pfizer Vaccine".* In Britain, the *Oxford-AstraZeneca* vaccine invokes patriotism as well as warm feelings about its not-for-profit roots, even as some consumers prefer the 'fancier' Pfizer vaccine. In Hungary, fraught cold war politics have resurfaced as consumers can be vaccinated with one developed in the East or West. In Australia, since the move away from the AstraZeneca vaccine for people under 50 announced in April 2021, brand preferences became about safety rather than efficacy. Reports from elsewhere show younger and ineligible people are still stumping up to try and get vaccinated with whatever vaccine they can get.**[xxviii]**

Conclusion

There are many ways of using wealth to support personal values while effecting societal or environmental change.

Managers often have the best intentions when trying to link their brands with a social needs. However, choosing the right one can be difficult and risky and can heve long-term implications. Competing on social purpose requires managers to create value for all stakeholders—customers, the company, shareholders, and society at large—merging strategic acts of generosity with the diligent pursuit of brand goals. The contrasting approaches of the vaccine manufacturers who answered the greatest social need in modern history but could not balance their marketing vs finance interface provides much food for thought for management accountants.

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

APPENDIX ONE

The Four Key Social Purpose Finance Strategies

1. ***Responsible Investing (RI):*** This incorporates considerations related to environmental, social and governance goals (ESG) into portfolio management and investment decisions. People choosing to invest in RI mutual funds, or in a strategy designed around ESG considerations, seek positive performance and can feel confident that all potential risks and opportunities have been appropriately considered.

2. ***Environmental Finance:*** These strategies seek to protect ecosystems by contributing to the economic growth of low-carbon power and other environmentally friendly industries and sectors. This can be anything from a bond that helps fund projects with clear environmental benefits, a mutual fund of eco-friendly companies or a direct investment in early-stage clean-technology companies. Environmental finance investors want to capture opportunities to protect the environment while diversifying their portfolios. Investments with an environmental finance goal may offer stable cash flows and are generally less volatile than — and not tied to — the performance of other assets.

3. ***Development Finance:*** These offer investors who have a long-term view and an interest in emerging and developing markets around the world a way to

geographically diversify their portfolios by helping to mobilise private-sector finance through lower-risk opportunities.

4. ***Impact Investing:*** This is attractive to investors who seek to more intentionally effect positive social or environmental change and have a transformative social impact. While the strategies above feed the desire for a certain level of social or environmental change, such changes are generally secondary to the desire for competitive investment returns. In impact investing, such positive social or environmental change is not a secondary desire — it is equal to the desire for a satisfactory financial return. Rather than pursuing short-term gains, impact investors adopt a long-term strategy to bring about social change and public good.

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

HALL OF FAME - CALL FOR NOMINATIONS

Individuals are inducted to the Halls of Fame in recognition of their significant contribution to the profession in the following regions of ICMA: *Australia; Bangladesh, Cambodia; China; Cyprus; Hong Kong; India, Indonesia; Iran; Lebanon; Malaysia; Nepal, New Zealand, PNG; Philippines; Singapore, Sri Lanka, UAE, UK, USA and Vietnam.* Those nominated for the Award need not be ICMA members, but they must be nominated by a financial member of ICMA.

The Accounting Hall of Fame® is a general award open to all accountants, CFOs etc., Financial and Managerial. There will be an academic and practitioner award in this category.

The Management Accounting Hall of Fame® is an award open only to managerial accountants, CFOs, Strategy Analysts, Sustainability, etc. (i.e., those NOT DOING compliance work). There will be an academic and practitioner award in this category.

There will be up to 4 Hall of Fame Awards in each country.

Selection Committee comprises of the founder members of ICMA:

Mr Willian Dix, AO; Former Chairman of Ford Australia and Qantas
Professor John Miller, AO; Former President of the Confederation of Asian and Pacific Accountants (CAPA)
Emeritus Fellow, Dr. Leon Duval, Founder President of ICMA
Professor Janek Ratnatunga; CEO of ICMA(ANZ) and former Chair of Business Accounting, Monash University.

Social Purpose Innovator ®

"Social Purpose Innovator" is an important and timely new award developed by ICMA(ANZ) to recognise activities that have been aimed at changing or maintaining people's behaviour for the benefit of both the individual and the society. The award recognises innovative activities that focuses on behaviour change that is voluntary and influences a target audience for their benefit.

An applicant for the award of *'Social Purpose Innovator'* must demonstrate that their actions have actually changed or maintained how people behave – not just influenced what they think, or how aware they are, about an issue. Thus, it is behaviour (actions) and not attitudes (knowledge) that a *"Social Purpose Innovator"* will aim for. Organisations, Brands and/or Individuals will be considered for this award.

Please Email Nominations (Nominees name; Nominees email and One-page write-up) to: nominations@accountinghalloffame.org

COLLABORATION NEEDED TO MEET ESG TARGETS SAYS KPMG

Key Findings – ESG Revolution Survey, 2022

- Only 39 percent of leaders believe that they will have implemented the operational changes required to meet their ESG targets by 2030
- 94 percent of CFO leaders believe Social Responsibility will be an important priority for their organisation in 2030
- 43 percent of leaders said complying with regulatory change will be one of the top three challenges when it comes to ESG

Collaboration between industries, all levels of government and communities is critical if Australian organisations are going to meet ESG targets, according to KPMG Australia's new report and survey "**30 Voices on 2030: The ESG Revolution**". Whilst some initial ESG targets have already been met, more complex challenges lie ahead including Scope 3 emissions, circularity, and ethical sourcing."

The report aims to understand how, over the next eight years, key sectors of corporate Australia are planning to become purpose-led, sustainable organisations with ESG embedded into strategy and business functions. It presents interviews with 30 leaders combined with a survey of a further 245 executives highlighting the need to turn commitment into action.

Regulation is seen as important to align whole-of-economy standards – yet there are many examples already where regulation is inconsistent across different jurisdictions, both locally and internationally. This will make it harder for organisations to invest with confidence.

"Leaders agreed that the ESG challenge is already accepted and is a priority for business. Many have set goals. But as we look towards 2030 there is a lot of work to be done to put programs in place to achieve these targets. They literally need to turn these commitments into meaningful action – and quickly," said Trent Duvall, National Industry Leader Corporates, KPMG Australia. "Some companies have started action planning and implementation, but all concede that they have a long way to go. By 2030, the job of achieving their ESG goals will be far from over."

Mr Duvall emphasised that corporate Australia has accepted the need for clear goals and transparent action on key ESG elements especially net zero, ethical sourcing, diversity and inclusion, and zero landfill. He said many have already set these goals and released one or several sustainability reports and that was positive however the complexity of the challenge is well recognised.

"Many ESG issues are complex, especially when considering the need to include both upstream and downstream supply chain partners. For many organisations these issues are outside of their direct control," he said. "For some ESG issues, the solution pathways don't yet exist and therefore there is a great need to undertake ongoing research and innovation."

Robert Poole, National ESG Leader – Corporates KPMG Australia said, "Key leaders in corporate Australia are already planning the implementation of ESG practices into their business from now until 2030. They understand action is needed and most are already moving beyond aspiration to commitment. The 30 voices reflect the fact that fulfilling an organisation's ESG goals requires supply chain transparency, innovative partnerships, maintaining social licence, circular integration and integrated data and systems."

Mr Poole said there was considerable upside for coporates in setting and delivering on ESG objectives: "Organisations that deliver real ESG outcomes and do this in the most trusted, measured and cost-effective way will create a competitive advantage. ESG KPI's must be embedded as lead indicators in all divisions of the organisation and integrated into functions such as finance, operations, procurement, people and customer."

1. ESG journey to 2030 Key Findings

1. By 2030 all clients will still be on a journey to maturity, with many well on their way to achieving their decarbonisation targets. However, under half of respondents said that they would be setting up for operational change.
2. Larger businesses will be significantly more mature with embedding ESG into their businesses than the small to mid-size businesses.
3. Companies will be better at adapting to and managing the risks that extreme weather events pose to their business operations, infrastructure and people. 38 percent of respondents believe that in 2030 physical climate risk and the resilience of their value chains will be a priority. This increases to 60 percent amongst businesses over $500m+.

2. Accountability, responsibility and regulation

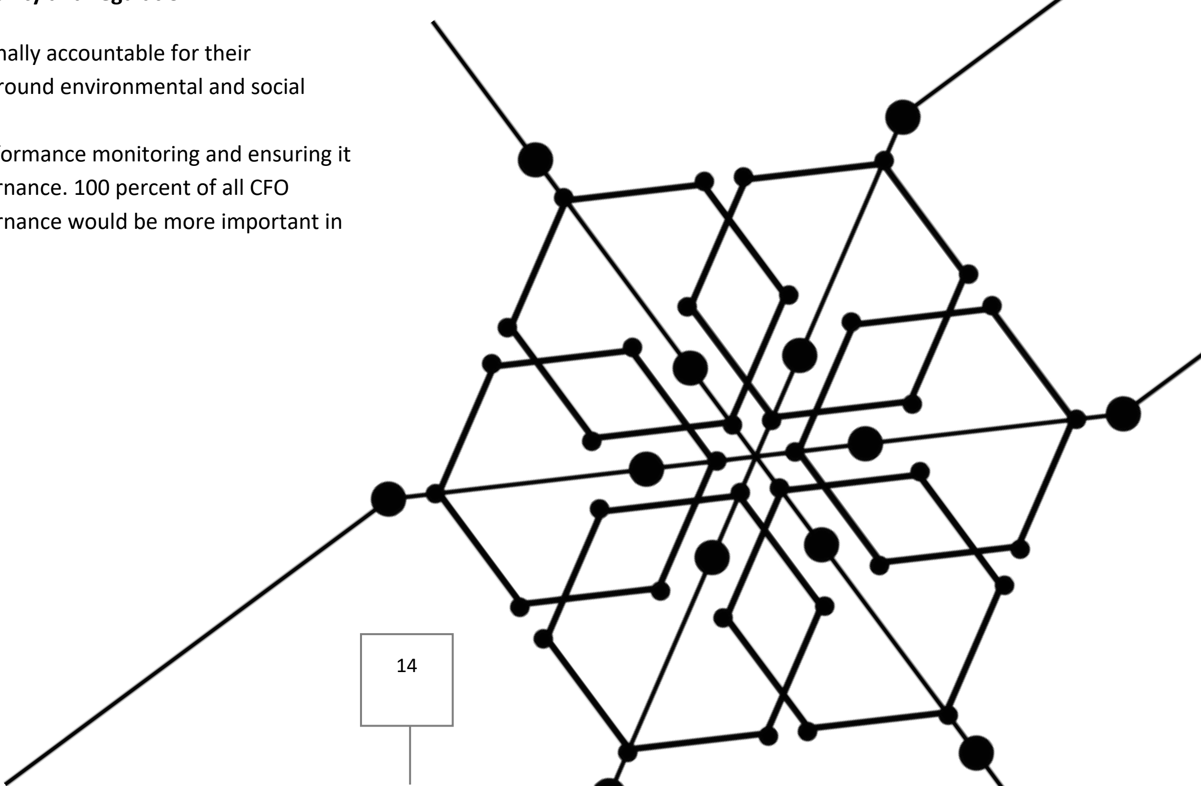
1. Directors will be personally accountable for their Company's decisions around environmental and social action.
2. The CFO is leading performance monitoring and ensuring it is integrated into governance. 100 percent of all CFO respondents said governance would be more important in 2030 with environmental (88 percent) and social (94 percent) following close behind.
3. In 2030 almost half of the respondents we spoke to believe that a driver of change will be the need to accommodate shareholder, board and investor views.
4. Governments across Australia will be expected to align ESG regulations and standards, reduce the cost of compliance and provide the right settings for investment in infrastructure and materials.

3. Supply chain and operations

1. In 2030, supply chains will be fully transparent to customers in real time and at every step, 59 percent of respondents said they will be focused on their customer experience along the value chain.
2. Cross-sector and whole-of-supply-chain partnerships are the only way to solve complex problems.
3. Companies that have operations and/or supply chains that harm people or damage the environment will risk their brand reputation and social license to operate
4. Companies will have gone beyond vertical integration and have invested in circular integration.
5. Sensors, digitisation and automation will make it easier to collect and analyse the data the business needs to keep costs down and innovate.
6. In 2030, farmers and agricultural enterprises have fully grasped the opportunity to provide ecosystem services.

4. The ESG Workforce

1. A company's workforce will influence policy and practice just as much as customer and investors. ESG will be critical to recruitment and retention of talent.
2. Meeting diversity and inclusion targets continues to be a challenge for businesses with the focus on actual inclusion and equal voice, not just metrics. 60 percent of respondents from large businesses said this would be a priority in 2030.



WHAT IS THE #1 MISSING LINK IN BUSINESS STRATEGY IMPLEMENTATION?

Legal-tech entrepreneur Dominic Woolrych admits he had many sleepless nights contemplating business strategy in the early phase of his business – should he go hard for profitability, or could chasing market share aggressively deliver better long-term results?

"In a perfect world they would go hand in hand, but often they don't," says Woolrych, the founder and CEO of Lawpath, an online legal services company he launched in Australia six years ago. In the start-up phase, he adopted a relatively unstructured approach and was prepared to "fail fast" – that is, to try to achieve rapid growth and hit ambitious key performance indicators (KPIs). "And if you don't hit them, those goals have to very quickly change," he says.

Now attracting about 2.5 million visitors to its website a year as small businesses, in particular, seek affordable legal help, Lawpath also had an oversubscribed funding round of $4.4 million late last year. The growing maturity of the business has allowed Woolrych to keep fine-tuning his strategy.

"As we slowly find the puzzle pieces of the strategy and put them together, we're building on top of that (early work) in a far more structured way."

Formulation flaws

While culture is the focus for many modern businesses, few companies succeed on the back of a flawed business strategy.

George Shinkle, an Associate Professor of Strategic Management at the UNSW Business School, says creating a grand strategy, putting it into a "big thick book" and steadfastly sticking to it is unlikely to work. "It's about learning and modifying along the pathway, rather than carving (strategy) into granite stone," he says.

Shinkle, Jingyi Wang, a PhD candidate in strategic management at the UNSW Business School, and **Chris Jackson**, a Professor of Business Psychology in the School of Management at UNSW Business School, are the co-authors of a new research paper, **Formu-mentation: Formulating an Implementable Strategy**. They state that only one-third of business strategy implementations achieve their objectives "because they do not meet the criteria of viability, desirability and feasibility – that is, financial benefit, customer acceptance and ability to accomplish, respectively".

While businesses often devote significant resources to improving financial viability and assessing customer desirability, Shinkle, Wang and Jackson believe feasibility – the ability to successfully implement a formulated strategy – is the missing link. In their paper, they propose that businesses pursue 'formu-mentation', which integrates strategy formulation and strategy implementation that results in the alignment of strategy implementation risk and organisational risk readiness. "It's basically trying to make the CEO's life more straightforward," Shinkle says.

He believes the importance of employee motivation in achieving long-term outcomes is also often neglected. While people who join a relatively new, ambitious company such as electric vehicle manufacturer Tesla often inherently favour the company's mission, those in established businesses that are undergoing radical change need to be motivated to properly manage the implementation process.

"You need to figure out how to bring your organisation along with you because those people did not self-select into the new strategy," Shinkle says.

Jackson adds that too often there is a disconnect between those who formulate strategies and those who implement them. They may even work on different floors within an organisation.

"What we're saying is that the senior people who usually think of the strategies need to listen to people are going to be implementing strategies. There has to be more communication."

'Diesel-gate' disaster

For evidence that the best-planned strategies do not always succeed, look to Volkswagen and the **'diesel-gate' scandal**. The German automaker has been fined tens of billions of dollars after manipulating data about the emissions of its diesel vehicles in a bid to preserve its favoured diesel-engine strategy. Part of the blame has been laid at the feet of the CEO of VW, Martin Winterkorn, a boss who was reportedly critical of workers who failed to meet their goals – a trait that may have contributed to a culture of cheating.

In their paper, Shinkle, Wang and Jackson observe that overly risky strategies can expose companies to harm because they frequently reduce employees' motivation and effort, create incentives that can lead to unethical behaviour, and cause disengagement and long-term loss of performance.

Organisational 'risk readiness' is an important factor for managers to consider, according to Shinkle, and can be shaped over time. Leaders should communicate with employees about changing rules and policies, especially around failure. "It's about being more amenable to acknowledging if there is risk there and that it's okay if you don't necessarily achieve everything, every time," he says.

While a strict framework can potentially reduce the ambition of a business strategy, it can also minimise strategy implementation risk, or increase organisational risk readiness, thereby helping companies achieve lofty visions and "big hairy audacious goals".

Wang says that in communicating feasible goals and strategies, middle managers take on a crucial role. "They are the connectors between the higher-management team and their employees on the ground who will implement the strategy," she says.

Execution crucial

Lawpath's initial willingness to fail fast fits with the literature that emerged in the research by Shinkle et al. Their findings provided two distinct viewpoints, regarding feasibility, to guide business strategy development. The first is that businesses should "trim" their ambitions to match available resources and established ways to utilise those resources. The second is a strategy of resource leverage, with the emphasis being on fast learning to create a competitive advantage.

Although Lawpath had the courage to pursue the latter approach, Woolrych admits that it requires a laser-like focus on execution.

To keep management and employees on track, Lawpath relies heavily on systems and software. It has adopted OKRs (objectives and key results) – a framework originally created by Intel's Andy Grove, to define and track *objectives. Whereas KPIs are often too rigid, Woolrych says OKRs inform high-level goals and the general direction of the business, which in his case means striving to ensure Lawpath is "the* most user-friendly legal service in Australia".

In tandem with OKRs, Lawpath uses software that helps the business plan, track and manage projects. "We're definitely conscious of using software to help us keep on track with all of our strategies," Woolrych says.

Big ambitions

Reflecting on Lawpath's success, Woolrych credits targeting a small business market, rather than individual clients, because the former offers the prospect of a more predictable pipeline of online legal services work.

Instead of chasing immediate profitability, he will continue to pursue a growth strategy that promises to deliver greater market share and financial rewards in the long term. "Our North Star goal is not to be a medium-sized legal platform in Australia – it's to be Australia and Asia's largest legal platform, so to do that we need to double down on growth."

Shinkle, Wang and Jackson are confident their framework gives managers a means of improving the probability of achieving success, and suggest that once-famous brands such as Kodak and Blockbuster may have survived if they had better managed the ongoing feasibility of their business strategy.

As Shinkle comments: "Do not fall in love with your strategy. You need to be able to change it as you learn and adapt."

*For more information on how to successfully formulate business strategy, frameworks for strategy-risk decision-making and strategy feasibility as well as assessments of strategy implementation risk and organisational risk readiness, read the **Formu-mentation: Formulating an Implementable Strategy** research paper.*

TECHNOLOGY DEFICIT HINDERS GROWTH AND INNOVATION AND LEAVES QUESTIONS ABOUT PACE OF INVESTMENT

Organizations today are operating in an increasingly competitive, digital world—and yet, technology strategy and experience are lacking in the boardroom. A new Deloitte Global report released today, as part of the Deloitte Global Boardroom Frontier Series, polled more than 500 directors and C-suite executives to explore boardroom perceptions on technology and investment.

The report "**Digital frontier: a technology deficit in the boardroom**" reveals that board members are uncomfortable assessing their organizations' digital transformation progress and need more technology experience. This gap between the level of technology engagement that organizations need and what is often found in the boardroom may ultimately jeopardize digital transformation, and value creation strategies altogether.

Key highlights:

- *Underinvestment in technology—along with gaps in board engagement and experience—is jeopardizing digital transformation efforts*
- *Improving tech education is crucial to close the gap and tech should be integrated with business strategy*

Boards lacking technology leadership and experience

Organizations are looking for stronger board engagement in their technology strategy. However, fewer than half of executives and board members surveyed believe their board is providing enough oversight of technology matters. A similar number of executives (44%) say that their board directors lack the knowledge they need to provide effective stewardship in this crucial area.

Deloitte Global's survey reveals a number of challenges to board oversight of digital, cyber, and new technologies including: an overreliance on management, deficits in tech fluency, vague tech governance structures, poorly defined management information, and unclear links between technology and strategy.

"The COVID-19 pandemic significantly accelerated how technology shapes our society, ultimately creating an urgency to ensure that business can meet the technological demands of a hybrid workforce. The obstacles identified in the Deloitte Global survey demonstrate that organizations require greater leadership and collaboration to successfully embark upon digital transformation," **says Mark Lillie, leader of Deloitte Global's CIO Program**. "From a board perspective, directors need to be fluent with technology not only to support, but to challenge conventional thinking and spark new innovative strategies."

A sound understanding of technology and its benefits may help speed up digital transformation. Deloitte Global's survey highlighted considerable difficulties in measuring success of tech investments, in fact, four in 10 respondents say their biggest challenge is demonstrating cause and effect between technology investments and growth. One in three say that focusing too much on ROI and short-term gains dominates thinking, instead of focusing on long-term value measures. Additionally, one in four say the biggest barrier to identifying investment ROI is their organization's fragmented reporting and use of separate KPIs, and metrics to assess outcomes.

A competitive disadvantage

This lack of experience could put investment at risk, and ultimately lead to a competitive disadvantage. Nearly half of respondents (49%) say their organization isn't investing enough in technology to meet the key strategic objectives of outpacing the competition and addressing opportunities and risks. In fact, C-suite respondents were seven percentage points more likely than directors to say their organization needs to step up investment.

"Framing tech investments as business investments is vital to securing a competitive advantage and capturing more market share," **adds Lillie**. "However, demonstrating a causal relationship between these investments and growth requires boards to first establish good measurement criteria and be able to clearly articulate the value that technological advancements can bring—for the entire organization."

Opportunities to increase technology engagement

Deloitte Global's survey paints a portrait of a boardroom that's not as connected as it wants to be with technology—however respondents offered productive next steps to become more effective stewards of digital, cyber, and new technologies.

Sixty-six percent of directors, along with 61% of executives, recommended educating board members on the latest technology trends. A similar subset of respondents recommended developing a more holistic plan to address technology and its link to strategy at the board table—prioritizing technology as an ongoing topic of conversation.

"Directors should be assessing whether, and to what extent, proficiency and stewardship gaps may exist on their boards," **says Dan Konigsburg, leader of Deloitte's Global Boardroom Program**. "From asking if tech investments are driven by longer-term strategic priorities to how they can collaborate better with the organization's business and tech leaders, the report provides a list of questions and recommendations directors can use to guide their organizations' technology strategy."

"While management should be thinking proactively about the relevance of adopting new technologies, board members can play an important role in the decision-making by exploring the 'what-ifs,' and envisioning future possibilities," **says Rich Nanda, Principal at Deloitte Consulting LLP**. "Together, C-Suite and boardroom executives can complement one another to drive a technology-driven strategy that is both effective in the short-term and delivers outperformance in the long-term."

CRYPTOCURRENCIES: WHY THEY'VE CRASHED AND WHAT IT COULD MEAN FOR THEIR FUTURE

If you had invested £100 (US$122) in the cryptocurrency Luna a month ago, you might have been quietly confident you'd made a sensible bet. But Luna's value has since fallen drastically – at the time of writing, that £100 is worth around 4p (5¢).

Luna was by no means the only victim in a week where cryptocurrencies were **down 30%**. Some have recovered to a certain extent, but this still represents an aggregate seven-day loss of over US$500 million (£410 million), prompting existential questions about the future of the market.

This crash was possibly triggered by a financial "attack" on the stablecoin **Terra** (UST), which is supposed to match the US dollar but is **presently trading at just 18 cents**. Its partner coin, **Luna**, subsequently collapsed.

An **attack** of this kind is extremely complex, and involves placing multiple trades in the crypto market in an attempt to trigger certain effects – which can provide the "attacker" with significant gains.

In this case these trades caused Terra to fall, which in turn brought its partner coin Luna down too. Once this was noticed, it caused panic, which in turn sparked market withdrawals, which then caused further panic. Some (but not all) stablecoins rely to a large extent on perception and confidence – and once this is shaken, big falls can come into effect.

Crucially, the recent major falls in cryptocurrencies have called into question just how stable **stablecoins** really are. After all, they are designed to have practically zero volatility by maintaining a "peg" to some other underlying asset.

Yet the effects seen this week spilt over in to the whole crypto space, to create single day losses akin to – or arguably worse than – a "**Black Wednesday**" for crypto (Black Wednesday was the day in 1992 when speculators forced a collapse in the value of the pound). Even the leading stablecoin **Tether lost its peg**, down to 95 cents on the dollar, perhaps demonstrating **the need for regulation**. For if stablecoins aren't stable, then where is crypto's safe space?

Crypto confidence

How investors respond will be key to the future of cryptocurrencies. We have already seen panic and despair, with some comparing this crash to a traditional run on the banks. But with **bank runs**, customers tend to be worried that their bank will be unable to give them their money, rather than worrying that their money has become worthless.

A more accurate comparison is with **stock market crashes** where investors worry that the stocks and shares they hold may soon be worthless. And so far, reaction to this crypto crash suggests that a large section of crypto holders view their investments in a similar way.

Notwithstanding historical price volatility, there is a basic assumption often seen in investor behaviour: that the asset price will increase, and will keep on doing so. In this scenario the investor doesn't want to miss out. They see the asset rising, consider it a "sure thing" and then invest.

Frequently buoyed by initial successes, the investor may then put in more. Combine this with social media and the fear of missing out on "inevitable" gains, and the investments continue.

Put simply, many will have invested in cryptocurrencies because they believed it would make them richer. This belief has no doubt been shaken.

But another motivation for investing in cryptocurrencies may be a belief in their transformational nature, the idea that cryptocurrencies will eventually replace traditional forms of financial exchange.

For these investors, any increase in the value of a cryptocurrency is a demonstration of the increasing power of cryptocurrency over traditional money. But likewise, a significant decline in the value of crypto is not simply a monetary loss – it is an ideological one.

At the same time though, this ideological stance creates an investor group far less likely to sell in the face of any sharp fall. And it is this group which may yet provide hope for the sector.

In established stock market crashes we talk of a return to "fundamental value". The fundamental value of crypto is frequently assumed to be zero. However, perhaps there is at least some fundamental value which is based on belief. The size of the investor pool who own cryptocurrency because they believe in its long term future, and the promise of a new money, may determine that fundamental value of crypto.

Indeed, if we consider cryptocurrency investors as different groups with different motivations, we can better understand the behaviours we are seeing. Investors can perhaps take solace that we may have seen the worst of this crash and that better times may be ahead. But as any financial adviser will tell you, in crypto as in any other market, nothing is guaranteed.

Gavin Brown, Associate Professor in Financial Technology, ***University of Liverpool***; **Richard Whittle**, CAPE Policy Fellow, ***UCL***, and **Stuart Mills**, Fellow of Behavioural Science, ***London School of Economics and Political Science***

FLEXWORK: MAKING A FLEXIBLE WORK FUTURE WORK FOR EVERYONE

As Australia emerges from two years of COVID impacts, new research from Deloitte Australia and Swinburne University of Technology has found that flexible working options and a focus on wellbeing are non-negotiables for Australian workers.

The report – **Reset, Restore, Reframe: Making Fair Work FlexWork** – is based on a wide-ranging survey of 2,000 Australian workers undertaken earlier this year.

Key findings include:

- Wellbeing is top of mind – 93% of workers surveyed say their physical, emotional and mental wellbeing is just as important as pay
- Workers want choice in their location of work – 78% of workers who can work remotely want to work hybrid or from home. So do 39% of workers who currently have to work onsite
- People are working more and different hours – one in three workers are working more hours since the pandemic, and more than half are working outside their 'standard' hours at least once a week. Not all these non-standard hours are paid overtime, with more than a quarter (28%) of flexible location workers not compensated
- Workers are putting a dollar value on FlexWork – close to two in three workers would be prepared to forgo a pay rise for more flexibility in when and where they work – and a significant cohort would trade up to a 10% pay rise.

This presents a series of FlexWork challenges for employers:

- A need to heed employee concerns about unsustainable workloads and aspirations for better work-life balance, and transform their employee value proposition around flexibility and wellbeing
- Acknowledge employee expectations when it comes to flexibility and pay, especially when framing remuneration and benefit packages to retain existing employees or attract new ones
- Balance the strong demand for employee choice in where and when people work, while ensuring employers meet their obligation in knowing these work patterns, as required by both health, safety and wellbeing as well as FairWork
- Reimagine the focus on culture and employees' connection with the organisation – regardless of where the employee might work from – with a focus on developing trust and fostering a sense of belonging and meaningful collaboration.

Deloitte Australia Workplace Integrity Partner and Gender Equity Leader, Natalie James, said: "In response to the pandemic, work patterns and worker expectations have been disrupted, and evolved into a new mindset about how, when and where they want to work, and what is most important to them.

"We're still learning how to make FlexWork really work, especially hybrid work, and employers have an opportunity to redesign their frame to align with the transformation in employee mindset. If we put flexibility, wellbeing and inclusivity at the centre, they will be key strengths in attracting and retaining talent.

"Certainly, employers whose approach is to revert to pre-pandemic ways, rather than reframe, risk a disengaged workforce, losing the war for talent, and incurring the costs of replacing experienced workers in the face of labour shortages and shifts in worker expectations."

Director of Swinburne's Centre for the New Workforce, Sean Gallagher, said: "Most profoundly we see two new types of workers emerging – those who've experienced flexible working, and those still required to attend a worksite. Yet both groups are demanding access to some level of flexibility around both where and when they work. This presents a challenge to employers to address these needs, especially for onsite workers, and in an environment of labour shortages.

"Employers need to redefine normal work as flexible work. They need to reframe work to embed flexibility in their employee value proposition. The road ahead has many challenges and opportunities arising from the growing expectation of flexible working – and it's a road we're already on."

Swinburne Associate Professor of Management, John Hopkins, said: "This research underlines how employers now have a valuable opportunity to engage with their workforce around this fundamental reframe and redesign of work – the where, when, and how it's done – to improve the employee experience while simultaneously supporting the organisation's overall mission, culture, and values.

"Australia needs to reset its perception of how we work to include more flexibility, and firms need to reframe their employee value proposition to better align with what's really important to workers, both today and into a FlexWork future."

HIDDEN COSTS, MANIPULATION, FORCED CONTINUITY: REPORT REVEALS HOW AUSTRALIAN CONSUMERS ARE BEING DUPED ONLINE

Australian consumers' choices on websites and apps are being manipulated through online designs taking advantage of their weaknesses. That's according to research on consumers' online experiences and the presentation of websites and apps, **released** by the Consumer Policy Research Centre (CPRC).

The research gives examples of consumers being manipulated or deceived into unintentionally buying items, paying more, or giving up more personal data than they meant to.

Examples include situations where an online store automatically added items to consumers' carts, and "Hotel California" techniques which make it easy to subscribe to a service, but much harder to unsubscribe.

According to the CPRC's findings, 83% of Australians surveyed had experienced one or more negative consequences – including financial harm or feeling manipulated – as a result of these "**dark patterns**".

Some misleading designs breach the Australian Consumer Law. However, not all designs that have unfair consequences will necessarily be captured under the law. The latest report adds to existing calls to **amend consumer law** by introducing a ban on unfair trading practices.

What are dark patterns?

Experts and **regulators** around the world have highlighted concerning online design techniques in recent years, labelling them "dark patterns" or "deceptive design".

These designs often take advantage of a consumer's recognised behavioural biases. For instance, "**default bias**" is consumers' bias in favour of leaving default choices in place to avoid making complex decisions. Businesses take advantage of this by pre-ticking boxes in favour of the business's preferences, despite consumer interests.

The **Australian Competition & Consumer Commission** has examined dark patterns, **defining** them as:

The design of user interfaces intended to confuse users, make it difficult for users to express their actual preferences, or manipulate users into taking certain actions.

The CPRC study conducted a randomised sweep of websites and apps to identify deceptive design features.

Hidden costs: I bought what?

The CPRC found several examples of online stores automatically adding items to consumers' shopping carts, such as insurance or service plans.

For example, in one case a consumer buying a washing machine from a major online retailer for A$1,059, may or may not have noticed a single-line item, "3 Year

Care Plan For Home – $160", in the final steps of their purchase.

In other cases, customers were presented with offers of a product care plan at several points in the checkout process. The CPRC says:

this design approach risks implying that […] a product care plan is required when most faults or problems are adequately covered by the consumer guarantees.

For products sold in Australia, consumer guarantees about the quality of products are provided free of charge under the Australian Consumer Law.

"Hotel California" or forced continuity

Another concerningly common pattern is the relative difficulty consumers experience when trying to unsubscribe from a service, compared with how easy it is to sign up. CPRC labels this "Hotel California", after the famous line in the Eagles' song: "You can check out any time you like, but you can never leave".

Examples from the CPRC's findings included attempting to cancel an Amazon Music Unlimited subscription, which required a consumer to navigate more than five screens. Similarly, cancelling an eBay Plus subscription required four additional steps after selecting "cancel membership".

The CPRC argues it should be as easy to opt-out of a service as it is to opt-in. While extra steps may not seem disastrous in isolation, they can especially disadvantage those already experiencing vulnerabilities, such as sudden illness, loss of a loved one, or low digital literacy.

This is sometimes combined with another manipulative design technique called "confirmshaming". With this, consumers are asked to confirm a statement that makes them feel shamed or foolish, such as if they want to "lose their benefits" or if they "refuse to support" a good cause.

Data grabs, colours and countdowns

The CPRC also found the majority of consumers surveyed (89%) had experienced being asked for more personal information than was needed to access the relevant product or service. This was achieved in various ways, including by:

- pre-ticking the option to receive marketing communications
- forcing the consumer to create a profile to browse or purchase a product, and
- treating the mere use of a website as acceptance of data terms or conditions.

Other examples of manipulative design included highlighting the business's preference in a colour known to **entice consumers to agree or act** (often green or blue), using a rapid countdown to create a false sense of urgency, and warning that a number of other customers are looking at a product.

Importantly, the research found consumers aged between 18 and 28 were more likely to suffer negative impacts from manipulative design, leading to substantial effects on their financial well-being and privacy. A significant proportion of consumers in this younger age bracket reported they:

- accidentally bought something (12%)
- spent more than they intended (33%)
- disclosed more personal information than they wanted to (27%)
- created an online account when they didn't want to (37%), and
- accidentally signed up to something (39%).

We need to upgrade business practices and consumer law

For businesses, using dark patterns to boost profit will likely lead to long-term losses in the form of consumer trust and loyalty. Almost one in three people surveyed said they stopped using a website or app (either temporarily or permanently) after experiencing dark patterns.

Misleading designs may also lead to penalties for businesses under the Australian Consumer Law. This happened last year when **Google's privacy settings** were found likely to mislead consumers.

However, other designs that have unfair consequences **might not fall foul of consumer laws**, if they don't meet certain criteria set out by the law.

The CPRC's research adds to evidence in support of the Australian Competition & Consumer Commission's **existing recommendation** that our consumer law should include an unfair practices prohibition, similar to those in the European Union and the United Kingdom.

About the Author

Katharine Kemp, Senior Lecturer, Faculty of Law & Justice, UNSW, ***UNSW Sydney***

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
15August 2022	First Editorial Decisions
30 Setpember 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

WEBINAR: WHAT'S NEW IN SUSTAINABILITY REPORTING STANDARDS

Throughout the Covid-19 pandemic, ICMA Australia has continued its commitment to bring world-class seminars to its members.

On June 21, 2022, CMA ANZ was proud to present one of our Fellow members Prof. Charl de Villiers, FCMA, Professor of Accounting at the University of Auckland at a webinar titled: **"What's New in Sustainability Reporting Standards: The Impact of IASB, SEC and EFRAG".**

Prof. Charl de Villiers FCMA delivering his talk.

Prof. Villiers said that social and environmental disclosure standards and guidelines have proliferated, each with a unique focus and characteristics. With the entrance of the IASB into this arena, it has led to renewed interest and activity, including some consolidation among standard setters. He discussed how the involvement of the SEC in the US and EFRAG in Europe promise to have far-reaching impacts.

He raised a number of pertinent questions: How is this likely to influence reporters? How do sustainability standards fit with IFRS reporting? How can all the different standards and standard setters in the sustainability space be accommodated? How does sustainability reporting link with management accounting? Is all of this more confusing than helpful for management accountants?

The presentation provided an in-depth overview of these developments in a non-technical way, including how the landscape is likely to develop and how it might influence ESG practice.

Prof Charl de Villiers is Professor of Accounting at The University of Auckland, New Zealand. He is internationally known for his Sustainability Accounting and Integrated Reporting research and expertise.

INDONESIA AWARDS AND WEBINARS

Dr Ana Sopanah, the Regional Director of ICMA(ANZ) in *East Java, Central Java, Special Region (Yogyakarta)* was awarded the ***State Budget Innovator*** by the East Java State. In the picture Dr Sopanah is receiving her award whilst the screen shows Dr. Chris D'Souza, Prof Janek Ratnatunga and Prof Brendan O'Connell with Dr Sopanah.

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 May-June 2022 period, 2 more webinars were 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.

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/

A WARM WELCOME TO NEW MEMBERS (April & May 2022)

Abhayasinghe, Chethya
Ahamad, Noor
Ahmed, Ashfak
Algama, Madhu
Amara, Victor
Andhaniawati, Erry
Awais Awais
Awal, S M Jahanur Ebne
Bandara, Nishshanka
Bandaranayaka, Kolinda
Bandaranayake, Madhavi
Bharwada, Chintan
Bhuvanendran, Sujith Mon
Bui Nhu, Khue
Bui, Thao
Cao Anh, Son
Caramto, Xernan
Casinas, Meryjhel
Chandra, Sashi
Channdra, Ajesh
Chea, Sokun
Chiu, Tao Huen
Chiu, Wai Hon
Chopra, Rakesh
Cooke, Neal
Dabrera, Charith
Dacko, Volodimir
Das, Narayan Chandra
Di Meo, Gino
Dias, Nimarsha
Dinamani, Shikha
Dinh Viet, Hung
Do, Hang
Doan Cong, Vien
Echavez , Richell
Fan, Yu Hin Edwin
Fisher, Richard
Fleischer, Alma
Fredrick, Jude
Geethani, Morapitiya Hewage
Ghole, Meghana
Gunathunga, Udawattage Don
Gunawardene, Shamal
Haegoda, Waruna
Hannagala, Duminda
Hartanti, Rina
Hoang, Dinh Van
Hossain, Mohammad
Hossain, Syed
Hung, Kei Ting Katie
Ingram, Nigel
Jayawardena, Mahesh
Jayawardena, Manu
Karunarathna , Konara
Karunarathna, Sudarshan
Kazuwa, Jephias
Khan, Zureen
Khiantani, Vinisha
Kumara, Thusitha
Kuruppu, Menuka
Lam, Henry
Le Thao, Uyen
Le, Hien
Le, Ngoc
Le, Tien
Lee, Sungmi
Leung, Wing Kit
Liew, Cheng Mun
Lin, Deng
Liyanaarachchi, Anupa
Lo, Kit Lan
Mac, Anh
Mahenthiran, Abiramy
Maur, Anna Lorraine
Medina, Marlon
Mehmood, Azhar
Mirza, Shahraz
Moniruzzaman, Khandaker
Nair, Vaishakh
Nambi, Lessy
Nazzimudeen, Mohamed
Nguyen Minh, Hieu
Nguyen Quang, Phong
Nguyen Quoc, Phong
Nguyen Thi Thuy, Hang
Nguyen Thi, Hue
Nguyen Thuc, Khoa
Nguyen, Dien
Nguyen, Hien
Nguyen, Long
Nguyen, Van
Nirmalaraj, Thilagaratnam
Nuwan Amila Thilanka, Abeysinghe
Madduma Patabendige
Pacillo, Luigi
Pan, Yvette
Parikh, Dhaval
Pathan, Hakim
Perera, Damith
Perera, Jayasekarage
Perera, Malin
Perera, Prabath
Perera, Wanniarachchige Uchith
Pham Thanh, Nam
Phan Thi Lan, Oanh
Phung, Ngoc
Piranavan, Balasubramaniam
Priyankara, Prabath
Pushpakumara, Durage
Pushparajah, Prashanthan
Rahim, Atif
Rahman, Md. Mahmudur
Rajan, Johnson
Rajapakse, Anton
Ramakrishnan, Rinishan
Ranwalage, Theekshana
Rao, Telladevarapally
Ratnayake, Pathum
Ravi, Rahul
Rees, Fiona
Reid, Tina
Safran, Mohamed
Sajakhan, Tamber
Salem, Ahmed
Salvador, Manuel
Saram, Geethani
Sari, Nila
Silva, Akkarawattage
Simanjuntak, Romie
Singh, Delpreet
Singh, Navin
Siriharan, Veerasingham
Soriano, Frauline
SriRanjan, Kanapathipillai
Stowe, Michelle
Sun, Gihan
Susilowati, Endah
Tan, Charles
Teigland, Robert
Thilakaratne, Hasala
Tran Da, Thu
Tran Hai, Nam
Tran Huu, Thai
Tran Son, Thai
Tran Thi Thanh, Huyen
Tran, Trang
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Vu Hoang, Anh
Vu, Minh
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Weerasinghe, Vidana Arachchige Dona
Wickremaratne, Ramitha
Wijemanna, Charith
Wong, Yuen Ting

CMA EVENTS CALENDAR

July 16-18, 2022: *Certificate of Proficiency in Strategic Cost Management*, SMU Academy, Singapore (8th Intake).

September 10-12 & 17-18 & 24-25, 2022: Fifth CMA Global Zoom Program in *Strategic Cost Management & Strategic Business Analysis*, Syme Business School, Australia. **(Zoom).**

October 22-24 & 27-30, 2022: CMA Program Workshop organised by Academy of Finance, Sri Lanka. **(proposed).**

October 25, 2022: CMA Graduation Convocation, Sri Lanka **(proposed).**

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

November 12-14 & 17-30, 2022: CMA Program Workshop organised by SMART Education, Dubai.

November 28, 2022: IMAC Bali, Indonesia

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

Academy of Management Accountancy, Nepal

Blue Globe Inc, Japan

FFR Group APAC, Malaysia

Unnayan Educational Services, India

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