

## TO OUR READERS

There are many ways to look at accounting systems and the accounting profession. One of the more useful viewpoints is to see the accounting system as an instrument of handling uncertainties in two dimensions simultaneously: intra-organisational uncertainties about objectives (where are we going?) and stakeholder uncertainties about organisational objectives (where are they going?). When both uncertainties are low, then the accounting system can simply be seen as a computational machine. When both are high, the accounting system emerges as an instrument of rationalisation of decisions made in a turbulent, complex environment. When stakeholders are not clear where the organisation is going, but the organisation is, the accounting system emerges as an instrument to justify the decisions taken; and when the stakeholders are sure (as is the case for most blue-chip companies) but there is uncertainty within the organisation then the accounting system may emerge as an instrument of analysis and innovation.

This is the matrix which defines the role of the accounting system, and by inference the role of the accountancy professionals. There is a tendency amongst accountancy profession to down-play uncertainties – a behavioural trade that probably owes its origin to deep-rooted conservatism that tends to deny the meddlesome problem called rapid environmental change. Of course, this does not apply to all; but those to whom it does apply – they can be taken to be firmly entrenched in the first quadrant of low uncertainties. The problem is that the uncertainties occur inspite of the accounting system and are not reduced because of it. Thus, this category of professionals finds itself increasingly relegated to tinkering with odds and ends of organisational finance, while the world passes them by.

Others, who perhaps have the ability to intuitively understand the necessity of dealing with uncertainties through the accounting system – perhaps in the ways that we have outlined, often land up, in their professional lives, with as many opportunities as perhaps there are classes and degrees of uncertainties.

The creation of justification is allied to financial analysis of decisions and their contexts on a continuing basis – an activity which the accounting system must support on a real time basis. Since justifications are ultimately related to reduce stakeholder uncertainty, all issues of governance, ranging from presentations of financial statements to the quality and extent of disclosures, internal audit, risk assessment, etc. emerge in this quadrant. Each aspect demands a special skill and even more specialised knowledge. At the same time, the accountancy profession must keep the big picture – as it will be painted by the stakeholders – always at the back of his mind.

Use of the accounting system as an instrument of resolving indecisiveness over objectives at the Board or management level demands that the accountancy professionals relate characteristics, trends and directions of the overall business environment to the dynamic set of changing strengths and weaknesses of the organisation. This is where the global aspects of finance and accounting, as related to economics, developmental issues, social and regulatory issues, cross-country issues and cross-cultural issues etc. are highlighted. And the accountancy professional, must demonstrate his grasp of these issues and there imperatives, in helping the Board/management to arrive an achievable set of objectives. To that extent, the accountancy professional becomes the holder of all global parameters and constraints that are likely to effect the organisation's financial health in the future.

This issue of the journal is devoted to exploring the various professional opportunities that may arise and the roles that accounting professionals must play in taking advantage of these, provided that the professionals internalise this fundamental change in approach – that accounting must respond to internal and external uncertainties, rather than gloss over the distortions that uncertainties cause.

Editorial Board  
ICAI- Partner in Nation Building

*We Cannot All Be Great, But We Can Attach Ourselves To A Great Cause*

