

# PIPFA JOURNAL

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## The WAR *for* TALENT



**Pakistan Institute of Public Finance Accountants**

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# PIPFA JOURNAL

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## President



I am delighted to present 14th volume of PIPFA Journal. PIPFA is rich in history, academic excellence and contribution to both Pakistan's and international society. The key success factors of PIPFA reside in our dedicated faculty and staff, robust student body and internationally recognition. We are very proud to share the quality, breadth, and depth of this institute's intellectual resources that create

a remarkable community of Public Finance Accountants.

Understanding and evaluating people is at the heart of the talent management's art. Selecting right people, fuelling their enthusiasm, supporting them in the periods of change it's all about the talent management. Talent management can be presented as a plate with stones of the different size. Imagine that you have to arrange all the stones in one plate – which stones will you put the first? The issue is that the majority of the people would start from arranging the small ones thinking that the big ones will naturally find the space for themselves.

This is the biggest problem of the modern managers, because usually the big stones while we are arranging the small ones may made a conclusion that they are not needed or that there will be not enough space for at the end and they choose the "exit" strategy – just move to another plate.

Brain drain does more harm than is visible

from an outer view. Besides depleting the natural supply of intellectual talent, it reduces the number of dynamic and innovative talent be it the academics or the booming entrepreneurs. The nations that lose the talent in turn have to depend upon foreign assistance for technical purposes. It becomes a threat to the growth of countries which lose the human resources, rich in technical skills or knowledge. This has also increased the disparity in the economic and social prospects of the countries across the world. The rich and developed nations grow richer and prosperous while the developing or underdeveloped nations stay poorer and backward.

The outflow of a considerable section of young intellectuals certainly results in the poverty of the intellectual life of the nation.

It is high time we recognize talent and provide our talented youth better job opportunities so that they work for the good and prosperity of their motherland.

Shahzad Ahmad Awan, FPFA, FCMA

## Chairman Publication & Seminar Committee



It is my immense pleasure to present 14th volume of PIPFA Journal. PIPFA is on the journey of inclusion and while we still have miles to march, we are taking steps to build a foundation that bring many voices to the table. The

members of Board of Governors are busy working on advancement of the institute and arranging events to strengthen the Public Finance Accountancy profession.

All of us should be concerned about how to best develop our gifts and talents. First, we should recognize our talents and make up our minds to pay the price necessary to develop them. The price to be paid in developing talents includes among other things faith, study, and persistence. That is why I believe that the greater we can make, the greater its contribution to the well-being of the world. For me, it would always be the teachings of hard work and persistence that will dominate the talent oriented myth.

Letting yourself be inspired by people who already reached success can be very useful.

Listening to success stories will inform you that you aren't the only one who wanted to do more in life than just settle for less than great things. It will remind you that you aren't the only one who started small. We all have dreams; we all study hard and hope we find the key to making our dreams come true. Then, reality strikes and proves that beyond sheer knowledge, you must learn something that nobody really invites you to practice.

It has now been scientifically proved that we can "create talent" and other skills by sheer passion, persistence and infinite trust in our wanting to achieve anything. Our conscious human nature has far outstanding capabilities that empower us to choose and live by our dreams.

I hope you find this Journal informative and interesting.

Jawed Mansha, FCMA



Mr. Banti Lal is PIPFA qualified and became Associate Member in 2010; He is Merit Certificate Holder in Management Accounting. Done M.A (Economics), Certified Accountant Technician (CAT)-UK qualified and Association of Certified Chartered Accountants ACCA-UK (Finalist). Currently serving at Pakistan National Shipping Corporation (The National Flag Carrier) as Junior Executive Officer.

The fundamental objective behind this article is to explore the ground realities about identifying, developing and monitoring the "Talent Reservoirs" which ease the organization in achieving Vision and Mission.

# The WAR for TALENT

By: Mr. Banti Lal - APFA

## BACKGROUND

The "war for talent" was officially launched in 1998 when McKinsey & Company, America's largest and most prestigious management consulting firm, published its report proclaiming, "Better talent is worth fighting for".

McKinsey's research concluded that the most important corporate resource over the next 20 years would be smart,

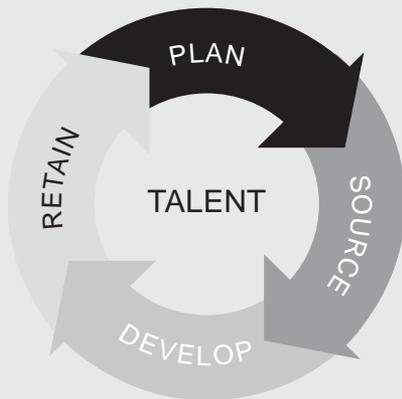
sophisticated business people who are technologically literate, globally astute, and operationally agile.

According to McKinsey, talent is "the sum of a person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes ability to learn and grow".

In contrast to the definitions above, talent

has become a synonym for the entire workforce in many organizations and a large number of companies do not even know how to define talent.

Professor and HR guru David Ulrich takes a holistic view with his definition: talent = competence, commitment and contribution. In his formulation, competence means that individuals have the knowledge, skills and values that are



required for today and tomorrow. Commitment means that employees work hard, put the time in to do what they are asked to do, giving their discretionary energy to the firm's success. Contribution means that they are making a real contribution through their work finding meaning and purpose in their work.

Using Ulrich's terms, the talent war represents the drive to find, develop, and retain individuals, wherever they are located in the world, who have the competencies and commitment needed for their jobs and who can find meaning and purpose in their work.

When we hear someone saying oh...! He is talented / highly talented or genius person, what does it mean? This is the game of unique factors, which triggers in our mind automatically creating image of that person's level, which we suppose by default.

Talent can be defined as a unique competence giving edge and differentiate among others. One who is talented mainly possess the ingredients like IQ level (by born built-in factor) skills, expertise, confidence, analyzing and interpersonal skills, observer, professional excellence, ability to understand, work under pressure, accept the challenges, proactive, initiator, innovative ideas developer, sharp and present minded.

Everyone does not possess all, same or equal combination of ingredients, these

may vary from person to person due to so many factors whether controllable and beyond the control (i.e. inheritably built in) by individual.

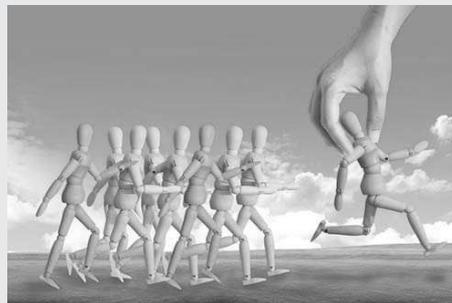
Normally talent is only being associated with excellence, which is not being agreed, and acceptable always, every individual's secret weapon is talent blessed with a gift. For most of us, talent seems a rare and precious thing, bestowed on special, far-away people.

Talent is today's competitive differentiator between an organization that is thriving and one that is stagnant or declining. However, the impact of the roles performed by that talent is not identical across an organization. Some roles have a greater impact than others. Employees possess a tremendous future service potential and are integral to corporate growth and profits.

A Wall Street Journal discusses how innovation does not come from the executive board or from a firm's labs, but instead it comes from a firm's employees. Employees are responsible for creating sustainability improvements, technological innovations, and other important contributions that directly affect a bottom line. It is knowledge, skills and abilities of employees that contribute to the financial success, yet they are not recorded as such.

### MAIN THEME

Intellectual property right is often an organizations greatest asset. Best practice recommends that a talent strategy be developed with regard to specific business challenges, the organization's desired results, and the behaviours needed to achieve those results, In addition, core



talent should be linked to a leadership and competency framework, at all levels of the organization.

Companies that do not have the right people in critical jobs innovate more slowly, and lose competitive advantage because they are unable to adapt market dynamics. Organizations need to define, attract, and develop the right mix of critical talent to support and grow their businesses. To ensure a flow of right talent for these roles over time best practice for organizations is to build talent reservoirs.

Building Talent Reservoirs require considering the whole talent population, when planning talent development strategy. However, how to ensure always about having a good group of talent to select from? And where are the best places to start looking for the people who will shape the future of organization? These are important basic issues always being dealt and remain at top of the list.

### BRAINSTORMING QUESTIONS....?

Talent Building exercise requires organizations inevitably to answer following brainstorming questions:

- How to identify required critical positions and the competencies?
- Is it identifiable and how to identify which employees have the right competencies, experiences matching to positions?
- Which sources are likely to deliver the best fit for announced vacant positions?
- Will it be more efficient to make selection of talent from the existing employees or from external side?
- Does organization have right assessment policy in place for external and internal employees that could reliably identify and grasp the best talent for critical positions?
- How to define and implement the development programs that will prepare employees to step into critical roles.

## CHRONOLOGICAL STEPS

Steps depicted below are vital cannot be escaped, serious adherence of all these steps guarantee in building robust talent reservoirs and addresses the solutions of above brainstorming quires as well.

Although these talent development strategies take place within organization, when formed will take into account both macro and micro environmental factors affecting talent building, include the trend toward global talent mobility, the scarcity of specific skill sets, and the volatility of the economy and market places.

- Determine Current and Future Needs.

The identification and analysis of critical roles is the first step before beginning to build a pool of critical talent. Classifying a job role as critical should take into account.

- Assess Talent Basket.

Examine characteristics of employees who are currently successful in such roles, the ideal employee for a critical position is defined, start the process of assessing those who currently hold critical positions.

- Determine Gaps.

Organizations have the necessary information for making decisions on whether to go ahead with external recruiting, internal development, or both.

- Define Internal Employees.

A valuable step in developing internal employees for critical positions is to assign them to a specific talent pool which helps HR leaders more efficiently assign development activities and monitor the progress of a group of individuals.

- Assess and Develop.

The next step is to assign specific development activities to all individuals; these should be designed to fill gaps in skills and competencies.

- Monitor Progress.

Assessment results that show not making the expected progress may indicate development strategies have not been

structured to develop the needed skills.

- Promotion and Turnover Rates.

In addition to tracking development progress, organizations should monitor promotion and turnover rates within the internal employees. Lower-than-expected promotion rates may indicate that development strategies need to be revisited and refined. Similarly, higher-than-expected turnover rates should drive changes in how the organization approaches building critical positions.

- Define External Employees.

Bearing in mind desired skills, competencies, and talent identify matches and assess the potential of external hires to fill critical roles.

- Define and Execute Campaigns.

Many critical roles are industry or skill specific. Identify conferences, industry associations, and social networks that match the critical role profile. Also work with hiring managers and employees for relationship-building.

- Evaluate Current Strategies.

Analyze sources that have been successful in the past to develop a targeted sourcing strategy correlate source data with actual employee performance and retention data.

- Implement and Monitor Strategies.

Seek out talent that can fill critical roles, and capture information about those people's knowledge, skills, and experience in addition to contact information for ongoing communications. Use data on the efficacy of sources for ongoing refinement and improvement.

- Overall Assessment

Use the database to track internal critical role as well as external. Track development progress, and regularly assess and compare employees to establish readiness and ensure adequate bench strength.

## SUMMARY OF PROCESS

- Assessing internal and external talent requirement.



- Determining the gaps between available and required talent.
- Identifying the best strategies for developing the talent.
- Executing, monitoring, and refining strategies.

## HAVE A COFFEE WITH HR

Human Resource Department (or Personnel Department) has the critical role in policy making with primary motive that policy objective undertakes goal congruence between employee's aspects and company's vision. It depends upon the HR Department how it assigns value to its employees whether the employees are treated as most precious asset or liability.

It is very important that organization should have strong culture of recognizing employees as precious asset, proudly organizations claiming the strength of professional stars working in. Employee's role and contribution also make famous and create identity of organization in society and industry, simply means organizations are known for its employees.

Developing monitoring and retaining talent to review briefly all of the influences on the "talent war," and significant factors affecting the quantity, quality and characteristics of talent is clear responsibility lies over HR Department.

Practically there are lots of issues being faced by employees who can not disclose to higher authorities or Human Resource Department (i.e. no whistle blowing) due

to many reasons.

There should be proper channel/ forum available for employees to show their concerns from every point of view not in limited scope, HR Department shall recognize their concerns in favour of confidentiality, which is critical here in this scenario to provide or establish proper mechanism, which addresses such types of issues in order to prevent talent reservoirs. If this would not be done in timely manner eventually, the worse consequence might be faced in form of uncontrollable labour turnover ratio at peak level and slowly and gradually talent reservoir would be empty.

### SUCCESSION PLANNING

Building a leadership talent reservoir to ensure leadership continuity developing potential successors in ways that best fit their strengths identifying the best for categories of positions, concentrating resources on the talent development process yielding a greater return on investment.

Unfortunately, surprises are inevitable when a key employee announces leaving the organization, departure can create effect that leaves leadership gaps all along that succession line.

Despite the inevitability of surprises, what matters most is how the HR function is prepared to respond in such occasions. The foundation for coping successfully with staffing surprises is succession planning. Organizational survival in a globally competitive environment depends in part on having identified and developed replacements (successors) for key positions.

When an event such as a surprise resignation occurs, it is impossible to jump-start a dormant succession system. This is because effective succession planning involves more than just a replacement planning process. It also includes a comprehensive employee development system. When a sudden leadership void is experienced, it makes no sense to then start the development

process. It is too late, because proper development can take months or even years.

For this and other reasons, succession planning and talent development initiatives must be linked in explicit and coherent ways to best manage the leadership talent of an organization. Now consider what happens in the event of a surprise resignation when there is an integrated succession management initiative in place. In such cases, the loss of any one individual is not so traumatic to the organization because of a greater overall capacity for leadership.

There is not one person but any number who can step in and assume part or all of the open job responsibilities until a successor can be appointed either from the inside or as an external hire. An implication of this deep leadership capacity is that no one is irreplaceable. Indeed, the greater the number of irreplaceable employees in an organization the more at risk that organization is to turnover trauma.

Succession planning recognizes that some jobs are the lifeblood of the organization and too critical to be left vacant or filled by any but the best qualified persons. Effectively done, succession planning is critical to mission success and creates an effective process for recognizing, developing, and retaining top leadership talent.

### GLOBAL FLAVOUR

Most effective learning and talent development practices are carried out at international level mostly in-house and coaching by line managers. In today's Hi-Tech environment Talent development practice has been increased the most through E-learning, organizations are using it more than in 2009; in-house development. Attendance at external conferences, workshops, seminars and events has been decreased the most, with organizations using it less.

Talent development specialists are most likely to hold the main responsibility for

employees' learning and talent development, followed by senior managers, the HR department and line managers. Employees/learners are mostly expected to show 'some' involvement, but few organizations expect them to be mainly responsible for their own learning.

The main gaps in skills identified by organizations continue to be business skills and commercial awareness, and management/leadership skills. The skills which employers need to focus on in order to meet business objectives are mainly leadership skills, front-line people management skills, and business awareness.

Looking more closely at leadership skills, the main gaps identified by employers are performance management (setting standards for performance and dealing with underperformance), and leading and managing change. The primary focus of development activities will be improving the skills to think in a more strategic and future-focused way, and enabling the achievement of the organization's strategic goals.

For almost two-thirds of international organizations, learning and talent development is seen as a key driver for the international aspects of the business. It is key to having trained expatriate and local staff in international locations, while international organizations do not think it features that highly in their international strategy. However, only a third of international organizations carry out specific learning and talent development with managers who have international responsibilities.

This specific learning and talent development includes coaching and mentoring methods for eight in ten of those organizations carrying it out, training on-the-job for three-quarters, and classroom courses and instruction for seven in ten.

To nurture talent, most international organizations use companywide talent management programmes for high

potentials, coaching and mentoring to help international staff move into key roles, and experienced expatriate staff to mentor and develop local talent.

Almost six in ten international organizations undertake talent management activities tend to be directed at high-potential employees and senior managers. The main objectives of talent management activities are to develop high-potential employees and to grow future senior managers / leaders. The main objective is to meet the future skills requirements of the organization.

The three most effective activities to manage talent are coaching, in-house development programmes, and high-potential development schemes. The three most common ways to evaluate talent management activities are to obtain feedback from line managers, to measure the retention of those identified as high potential, and the observation of change.

## TALENT MANAGEMENT

Talent management initiatives are robust and believed to add value to the organization. We therefore believe that the attraction and retention of talent is even more important in the current economic environment than it has been at any time in the past.

The talent gap is a challenge for employers everywhere. To sustain economic growth, by 2030, the United States will need to add more than 25 million workers and Western Europe will need to add more than 45 million employees.

Talent management includes all talent processes needed to optimize people within an organization:

- Performance management
- Succession planning / decision analytics
- Targeted selection and talent reviews
- Development planning / support (including learning management)
- Career development

- Workforce planning, and
- Recruiting.

Once talent reservoir has been built keep in touch with rather than letting it stagnate. Aim to review talent reservoirs at least once every three months and let them know that they are still on radar.

Building up regular conversations will allow finding out new skills they have developed and may decide they fit into a different part of company's structure than originally envisaged. However, always remember that the more time spend in maintaining it, the less effort will be required when it actually comes to replacing one of current employees or adding to team.

Commitment from the top executive team is central to building and maintaining this



mind-set. Game-changing leaders demand that their line leaders be accountable for spotting, developing, and retaining the next generation of leaders.

Line leaders who are skeptical about making substantial and continual investments in their people have already lost the war for talent. When company assumes that it does not need to waste time in building a strong team, and certainly not to design and implement a fancy talent strategy this will no doubt results in fight for its life, largely because it did not invest in finding and developing the right people to execute its vision and strategy.

Committed line leaders have to ensure that the talent policies are made and

constantly under review so that enable to respond to changing conditions on the ground and to cultural differences across the globe.

## GOALS

Organization's every strategy in line with certain goals aiming to achieve, the goals of the talent development frameworks are as follows:

- To identify those staff with the potential to fill key leadership roles in the future;
- To demonstrate to participants that the organization values them and is committed to developing them over the long term;
- To broaden the experience, awareness and aspirations of participants;
- To help participants both increase the value they are adding in their current roles; and develop their leadership and management capability for future roles;
- To see individuals applying for and moving into more senior roles.
- To retain individuals who have participated in the programme;
- To create an active and supportive cohort of programme alumni;

## CONCLUSION

The demands to manage talent effectively are placing new emphasis on strategic requirements of the HR function. This requires a shift in thinking and a new level of participation at the executive level. Translating corporate goals into workforce needs, linking people to profit, and effectively managing talent are critical to improving business performance. In companies that have learned to master these functions, HR has earned a seat at the executive table, and businesses have reaped the rewards in forms of improved outcomes.

'People and their development is the key to the success of any organization, no matter what the economic climate...

By: Mr. Mohammad Noman - APFA

# A CRITICAL ANALYSIS *of* BRAINPOWER



The students of Pakistan are known for their extra ordinary achievements in the field of academics. Accountants, Doctors, engineers and IT professionals of exceptional quality have been produced in Pakistan. The students perform very well in their practical lives. But the question is why we don't see them working in our hospitals, industries and business organizations? Where do these extra ordinary brains vanish?

The answer is that our country is suffering from the phenomena of brain power. This is because our best student lot is captured by the western countries like UK and USA. The need of the hour is that we should try to stop this costly brain power or at least take measures to minimize the loss.

But before we come up with some suggestions to stop this brain power, we need to look at some of the reasons behind this phenomenon.

- The level of higher education in

our country is not up to the international standards. Therefore, students go abroad for higher studies and eventually end up being absorbed into the lucrative foreign market.

- Students who do come back and want to work do not get the kind of remuneration which they think can be easily earned abroad. This discourages them and they leave their country.
- There is lack of motivation among the students to work in their homeland on lesser salaries. The reason is the lack of patriotic feelings and tilt towards material gains.
- The qualification which the students earn from abroad have little application in their home country as they are designed to fulfill the requirements of the country from where they have studied.



Mr. Mohammad Noman is currently working as Deputy Manager - Trustee & Custodial Operations at Central Depository Company of Pakistan Limited

The higher living standards and freeway living style attracts the students as they want to enjoy their life to the fullest.

Now let us look at some facts and figures in support of this phenomenon of brain power being suffered

by our nation.

According to a report in The Observer, London, "Pakistan is facing a massive brain power as record numbers of people desperate to leave their politically unstable, economically chaotic country swamp foreign embassies with visa applications-The biggest numbers of applications for British visas are from Pakistan. Doctors, lawyers and IT professional and leading the exodus, but laborers and farmhands are joining the queues of malnourished people who gather daily outside the US embassy in Islamabad".

Zaffar Abbas from Islamabad writes that "Gallup-Pakistan says the survey indicates that many Pakistanis are gradually losing faith in the country's economic future".

"The latest survey has strengthened the widely-held view that there has been a continuous brain power from the country in the past decade".

"The poll indicates that not only qualified professionals and university graduates, but even semi-skilled or unskilled workers want to leave Pakistan in search of better prospects".

"About 62% of the adults interviewed for the survey said they would like to work abroad. And as many as 38%

said they would prefer to permanently settle outside the country".

"The report says that a similar survey carried out by the same organization in 1984 had showed only 17% in favour of settling outside the country".

"Analyzing the survey statistics, Gallup-Pakistan says the marked change is mainly the result of local economic conditions".

YesPakistan.com Staff Writer writes that "according to official estimates of Pakistan's Overseas Employment Corporation, close to 36,000 professionals, including doctors, engineers and teachers, have migrated to other countries in the

last 30 years.

Interestingly, this number is indicative of only a small proportion of actual migration, since the majority of emigrants do not register". "Once migrants reach here, they tend to do much better on average financially than even locals. For example, the median income in the late 1970s of Pakistanis was \$20,000, which is well above the US national average of \$17,000".

After considering these reasons and facts and figures, we can think of some suggestions in order to mend this great loss.

Firstly, we as a nation need to inculcate patriotic feelings in our new

generation to an extent that they should love their homeland more than the attractive life of any developed country.

Secondly, the standard of education should be improved with intent to promote research. The courses and the syllabi should be according to the local and national requirements of the country. External degree programmes of foreign universities can be introduced to give foreign qualification.

Thirdly, the number of quality degree awarding institutions should be increased in a way that each year a few new universities should be established to provide greater opportunities for studying.

Fourthly, the students with a caliber to become a national asset should be retained in their homeland even at a higher cost. The government should not lose them to foreign lands.

Lastly, the societal attitude needs to change regarding the way it looks and gets impressed from the material gains of western countries. The society needs to understand and communicate that there are a lot more important things in life than just the material comforts.

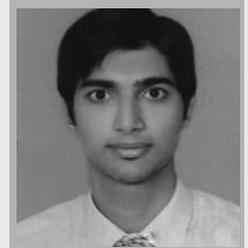
Hence it can be concluded that we need to build our nation by building a strong national character. We can grow and progress when our people start pooling the best of their energies in developing their own homeland. The problem of brain power can be tackled by giving recognition to our bright students and having love for one's homeland.



## PROFITABILITY APPEARS TO BE MIGRATING AROUND THE PUBLISHING INDUSTRY, FROM WHERE, TO WHEN, AND WHY?



By: Mr. Samad Masood - APFA



Mr. Samad Masood is PIPFA qualified, became Associate Member in 2013. He is currently pursuing higher qualification abroad.

Information technology has brought a revolution in every aspect of life. Gadgets are getting smaller and faster with the passage of time. This digital revolution has brought a flood of information which can be accessed with a single click backed by a connectivity medium. Activities have been transformed from physical to logical and mental alertness with people sitting, walking, eating and sleeping in the front of machines. Printing/publishing industry dynamics has also been affected by this digitization. Digitization acts as a melting point of publishing industry. The key strategic issue is that printing/publishing industry is in a transition phase. Transition of physical inventory into digital files, marketing of e-readers like Amazon Kindle, Sony e reader, I-Pad, etc has confirmed that literature is now

considered as a business. This phenomenon along with its technological aspects has modified the structure of publishing and requires interoperability. Information technology has resulted in disintermediation of indirect relationships by collapsing the traditional supply chain model involving loads of wholesalers and booksellers. Previously, during traditional era of publishing, publishers were considered as a base of power and all the profits were concentrated towards them. This transition phase has come up with a massive change in publishing industry. It came as a serious threat to publishers. Digitization has snatched this power from publishers and now it has been transferred to distribution channel. It has redesigned the competition. Technology has come up with disintermediation of

electronic distribution channel to influence the industry.

The attractiveness of industry can be described by Porter's five forces. These forces explain the underlying basis of competition, concentration of power and analyse competitively. Five forces which shape the competition in an industry are power of suppliers, bargaining power of buyers, threat of entry, threat of substitutes and rivalry among existing competitors. Each of these above forces is a pressure group that influences the behaviour of competing rivals within an industry. However PESTL analysis and five forces fits together enabling the strategic manager to better understand the changes in external environment, the basis on which competitive edge can be achieved. PESTL is a framework of thorough analysis as it helps the

literature worldwide. Now the competition is about the best approach towards marketability of books. As all the businesses are getting online, technology has enabled an

incumbent developing alternative plan while confronting external trends. Publishing industry is a mature industry. Due to its limited growth, it is considered un-attractive. Entry barriers are low. Competition is moderate. With the development in technology, internet is an opportunity as well as a threat. Main suppliers in this industry are authors and agents holding number of authors. Numbers of authors are moderate yet only authors of bestselling titles hold power up to selection of publishers in order to reduce their costs. There are limited numbers of authors and despite industry is in transition phase, no significant change in number of authors has occurred due to digitization. Substitutes are available for publishing so pressure from authors or agents are at ground level. However forward integration is a credible threat as an agent or an author along with its business managers can be its own publisher. This could be challenging for existing publishers as they may be eliminated and distribution channel can be directly approached by the author. Comparing with authors there are few publishers, so this scenario is limited up to the level of differentiated writer i.e. best sellers. They do have negotiating power and copyrights which protect them and can affect the existing competition. Buyers in this industry are of two types. One is distribution channel, other is end user. Distribution channels are online and offline. Among the online distribution channels are Google, Amazon, E-bay, etc. Offline or traditional channel are comprised of supermarkets (ASDA, TESCO), and retail book stores. Amazon has got a platform to sell books digitally worldwide. It has a unique online distribution channel which ignites the interest of readers globally. There is lack of distribution channels whether they are traditional or electronic. Previously, there were lots of traditional book stores, public libraries, etc. Now they are minimal because of their technological

alternatives. As far as online distribution channels are concerned, few of them being proactive have occupied a large customer base. That is why they bring high switching costs which affect both publishers as well as end user. These online distribution channels have collapsed the traditional mode of distribution as there were warehouses and bookstores. These channels are now receiving the total profit of traditional channels and enjoying the bigger share of the cake. Amazon, e-bay providing largest amount of books published so they are influencing the overall competition. Power and profit is migrated towards them. Public libraries are reducing and cinemas are increasing in numbers. Book shops are more like retail outlets that manage their stocks like a grocery store in order to meet their expenses. Supermarket like ASDA and Tesco are selling bestsellers which is also affecting the industry overall.

Numbers of distribution channel are low plus technology has come up with a unique form of electronic distribution. This unique distribution stream is economical in nature. As far as economic perspective is concerned, inflation has played its role. Now a day's general public is looking for cheaper alternatives. Technology has brought an economical distribution channel. It can be easily accessed anywhere in the world. Here economical and technological aspects are interrelated. Aging of population is also a factor as a generation has brought up with technology which makes technology a part of their life. Previously there were lot of book stores, public libraries. People use to gift books. Any young reader now prefers e-reading rather a physical book. It cannot be an exaggeration to say that technology has shaped the culture. Young people also like to relate their activities with technology.

Distribution channels are the main focal point in this industry. It is the most important force among all others as

changes have been occurring with a fast pace. Distribution channels are few as compared to Publishers. Buyers can use multiple sources. Distribution channel can access multiple publishers and have great negotiating power. Amazon and Sony have developed their own electronic readers which have given them the ability to lock in e-readers. These digital reading platforms have brought high negotiating power to the distribution channels. In this industry power lies in the hands of them. Profit migrates due to PEST changes. Here technological changes are responsible for the migration of power and profit. They have negotiating leverage relative to industry participants. This is a great threat to the publishers as they have become helpless. Yet backward integration by the publishers can create barriers for the distribution channels. Publishers can integrate with authors or agents and can develop a strong group to influence the behaviour and feudalism of distribution channels. In this industry integration, development in e-books and adaptability of technology holds a great significance as opportunity. They bring dynamic capabilities in order to gain a competitive advantage.

Other form of buyer is the end user i.e. public. Public is more interested in internet and emerging technologies. End user is ultimately benefitting from the technology. Technology has reshaped the culture and is economical to user. This has enabled the end user to form a pressure group. Publishers and authors need to think how to achieve public attention whose tendency is more inclined towards substitutes. (Further discussion is in substitute section)

Digitization has opened the doors where anybody can become an author or a publisher. Still numbers of entrants are minimal. New author is not a threat for publishers. However, a new publisher can bring profitability down as it can outperform through its existing capabilities. This industry requires high incumbent costs (capital requirements)

as well as greater technical knowhow. It also requires flexibility to existing technology and development of brand identity. Digitization has increased the threat of entrants so publishers have to hold their prices down because price competition will be more transparent.

Industry growth is itself discouraging for new entrants as publishing is not a star industry at the moment. It is not growing because of lack of authors as well as lack of libraries and access points of books. People are not interested in books anymore. They are more into fashion than in literature. Publishers do not need to worry about new entrants. Easy entry, high exit barriers due to specialized nature and unattractiveness of industry makes new entrants reluctant to enter.

Substitutes are usually from different industry. People seem to be more interested in substitutes like internet, television, gaming consoles, cinema, etc. Public is showing lack of interest in literature and are looking for some cheaper alternative. Increase in the trends of substitutes due to low switching costs has a negative impact on industry's profitability. However, publishers along with authors can convert this threat into blessing by developing games, documentaries and movies on the basis of such books or novels. Such an act can attract the customers. It can minimize or shift the threat of substitutes. In this way, publishers can benefit themselves through technology.

Among the rivals were the publishing houses. Whatever the base of rivalry is the whole competition is redesigned accordingly. Now it is possible that if an author has its own publishing press, it can compete in market. An agent along with authors and business managers can make its own publishing house. On the other hand, espresso book machine enables retailers to be their own publishers. However, digitization has shaken the basis of rivalry by giving power to distribution channels. Book readers like Amazon Kindle, Sony e-

readers are being marketed to fulfil modern reading habits.

Digitization has widened the scope of competition as publishers come from different parts of the world. Publishing is a specialized form of industry. Its overall growth is minimal. Exit barriers are high. Publishers are moderate in numbers and fighting for their market share. In this digitalized environment, publishers need to get better technology. They can start e-publishing in order to get a competitive edge over others. Achieving greater number of authors and best sellers can lock in buyers and lock out rivals. In this way they can develop customer loyalty. Applying differentiated techniques like readers comments, online reviews, blogs, etc. can attract the customers towards their product i.e. book. As discussed in case they can also integrate among themselves and capture a niche market.

BCG matrix is used to describe and analyse the product lines of a business i.e. in terms of industry growth and market share of the firm. BCG applies on publishing as it describes the current standing of product lines, what strategy publishers should adopt in order to compete and survive. Publishing industry is composed of cash cows and problem child. It has no stars. Books are being sold very cheap. This industry has lost its overall profitability.

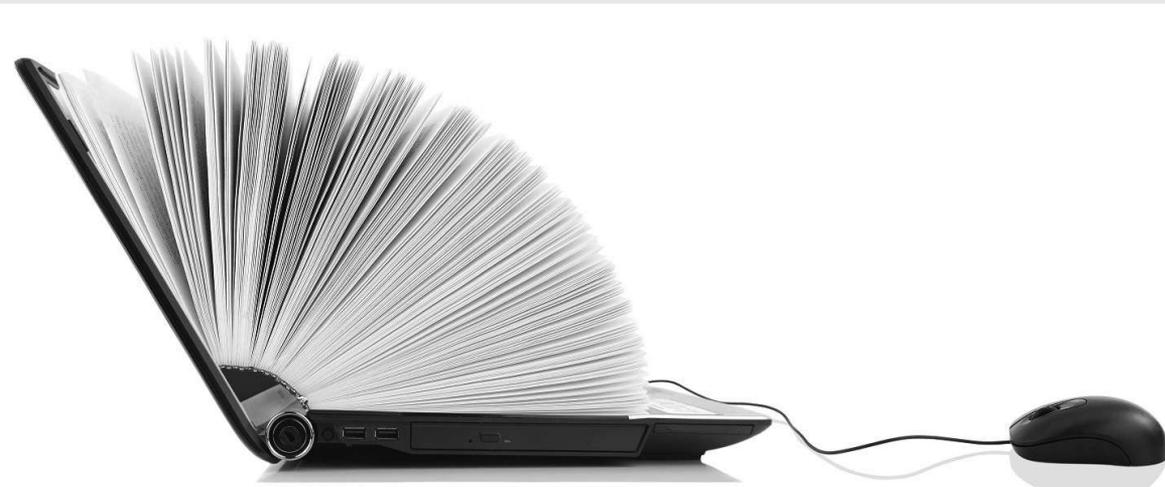
Cash cow means position of a company's product having high market share when overall growth of industry is slowing down. Among cash cows are best sellers (previous stars of market) and catalogues. They are providing returns on regular intervals. This industry has limited opportunities. Publishers can exploit these opportunities by making careful investment. Best sellers and catalogues are providing an excess of returns that is required to maintain their share in market. Such excess cash could be invested in the problem child of Publishing industry i.e. e-books. As e-books return is currently low and it requires additional investment. It is the necessity of time that publishers

should invest very carefully. They should promote e-books that are operating in high market growth rate and can probably generate a massive cash return in future. E-books may turn into stars and increase market share. In this way publishers can lock out their competitors and maintain their steady share in the market.

However this model has number of discrepancies. BCG model efficiency requires products in each of the four quadrants in order to make a clear strategy. Publishing has only cash cows and a problem child. Best sellers and catalogues being the cash cow of publishing are the most important products. E-books are playing a supporting role which is required for the continuity of the whole portfolio of products. It is not a wise decision to divest money from best sellers and invest in e-books which is also required by them for their own steady share in the market. So this model cannot be relied while making a strategy.

Public are also going for cheaper alternatives like consoles, television, cinema, etc. They are more into fiction than in literature. So the publishers can cash their best titles by developing a movie on them. They may also sell it to gaming developers to cash them.

Delta model is an adaptive changing management framework. It describes the current, uncertain and complex business environment for a variety of business strategic positions i.e. best product, total customer solutions and system lock-in. It can be applied to Publishing industry. Technology has given powers to the distribution channel and all the profit is migrated towards them. The reason behind profit migration is that distribution channels are forerunners in adapting the technology and starting e-business. This leading position enabled Amazon and e-bay to capture most of the customer base. Publishers being lazy or whatever the reason were hesitant to hit that opportunity and were left behind. As things start changing, publishers need to



access a whole lot of customers. Similarly a reader needs to access variety of books. This virtuous cycle made distribution channel the most important force creating its own eco-system to lock in the readers. This transition requires keen attention towards distribution channels. Amazon holds dominant position in the e-book industry. Technology has empowered Amazon to come up with a low cost and unique distribution streamline. Value added services like Amazon.com, online buying and selling of cars, DVDs, gaming consoles, etc have enabled it to gather a large customer base. Keeping the base of both, it can go for system lock-in. For this Amazon needs a Proprietary industrial standard and a unique platform.

Applying the delta model, Amazon kindle and Sony e reader is a platform using digital resource management (DRM) as a proprietary industrial standard creating a virtuous cycle to lock in the customers. Any one of them having a greater number of Publishers acting as complements can lock out other and lock in the customers. DRM is used as a source of switching cost which is high.

Amazon has its own DRM which enables its users to download and read books from Amazon.com. Kindle is a software platform used by Amazon for e-readers on different gadgets. Publishers are acting as complements. A complementor is not a competitor but it adds value to the

product. Publishers will come up with numbers of books. Kindle having majority of publishers has locked in its customers and lock out its competitors. However, Sony Corporation has come up with an open source e-reader. Open source platform may attract a number of publishers which could be a threat for Amazon. DRM in future may come out as a risk. It may let Amazon who is enjoying its monopoly to think twice on an alternative strategy.

Apple, Amazon and Google are competitors for industry standard. Apple has come with I-Pad which could be used as an optional e-reader. Its sales figures show that it could come as a strong competitor for kindle. It will make kindle a niche product specific for e-reading. Apple comes up with Kindle, Barnes and Nobles application as well as its own book store. It may access a large base of customers through I-Pad. It's quite possible in future that it may come out as a major threat. This will result increase in online distribution channels which will benefit existing publishers. From here we can see that where future competition is moving. Digitization has come with its implications. Now the competition is all about the best featured e-reader holding majority of titles.

Applying SWOT analysis on the above tools and techniques will enable to understand that how the available

strengths and opportunities can reduce the affect of weaknesses and threats.

Among the strengths is the availability of both traditional and electronic publishing. The impacts it brings the value it creates, its civilization and the social development. In short its presence and benefits are its strength. Weaknesses include the hesitation to publish

electronically, behaviour of publishers, etc. This also affects the growth and attractiveness of industry. Cash cows may turn into dogs because of the growth factor. It is due to PEST changes.

Among the opportunities is the technology. It wholly depends upon the future. Publishers can integrate among each other, creating a pressure group to pull all the profit towards them. Technology has come up as major threat as it has redesigned the basis of rivalry. Existing rivals were made complements. It has given powers to distribution channel. In future it is possible that rivalry will be based wholly upon distribution channels. However, publishers will still be a very important part of industry. Catching up with technological issues can enable the publishers to improve the overall position of the industry.

Sony with its open source DRM and better terms can attract a large amount of publishers which could be a threat for Amazon. Being a market leader Amazon should work for the development of industry for the benefits of end-users. Customers should not switch to different e readers to read different book. There must be a uniform source of reading which enables a customer to understand that they are downloading the content from same source. Kindle is available on number of interfaces like pc, laptops, I Phone, I Pad, etc.

## HOW TO GET RID OF TAX EVASION IN PUBLIC SECTOR IN

**PAKISTAN**

By: Mr. Sammer Ahmad - FPFA



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Currently, in all the District Accounts Offices (AG offices and AGPR as well), payments to contractors/suppliers/vendors or any firm are made after deducting/withholding of 20% (1/5th) of the total amount of sales tax if the items of particular supplies are not included in the 6th schedule of sales tax as per the instructions of FBR. Each year, 6th schedule (a long list of various items) of sales tax is revised; some new items are included in it and some are removed from the schedule/list according to the priority of the Government keeping in view the target of collection of taxes for federation.

It has been observed that all the Account Offices in Pakistan are in the practice of withholding the sales tax at the rate of 20%, i.e., 1/5th of the total amount of sales tax from the registered vendors/suppliers/firms etc. and 100% sales tax collection (withholding) in case of non-registered firms/vendors/suppliers under the rules. After detailed study of the SAP System regarding the punching of bills of vendors/suppliers/firms along-with 20% of GST from the GST invoice, it revealed that the Sales Tax Registration No. of the vendors/suppliers/firms is not being entered into the SAP system while entering the data for bill processing. During detailed scrutiny of the SAP system, it has been found that there is no provision of entering the GST No. of the vendor/supplier/firm etc. in the SAP system while entering the data of bill.

When a bill/voucher of any vendor/suppliers/firms etc. arrives at any district account office (similarly in AG offices/AGPR too), sales tax invoice is also attached with it along with other necessary documents. All these documents are required for the purpose of pre-audit of the bill. Before entering the data, the data entry operator checks from the SAP system whether funds are available for the bill in the respective grant. If funds are not available, the bill cannot be processed further. However, if funds are available



in the specific grant from which the payment of the bill is to be made, the amount of the bill is entered into the SAP system by the data entry operator. After entering the amount of bill, the funds available in the grant are reduced by the same amount automatically in the online SAP system. This is the first step for processing the bill. After this the document is parked in the SAP system for further processing at higher levels. For parking the document, SAP screen named "EDIT PARKED VENDOR INVOICE" is opened.

For entering the data of the bill and sales tax invoice on the above mentioned screen, there are 42 columns for various entries in the system. The names of the columns are such as: G/L Account, Short Text, Debit/Credit, Amount in document, Cost Centre, Profit Centre, Text, Partner Profit Centre, etc. and also by exploring the tabs of 'Tax' and 'Withholding Tax' on the same screen (Edit Parked Vendor Invoice), no such provision of entering the GST number is present/existed in the SAP System.

I believe that if GST Registration No. is not entered in the SAP system, then there is no real benefit of the SAP system because useful information regarding 'Tax Receipt Withheld' with respect to vendor/suppliers cannot be obtained. In this case, FBR officials cannot see the withholding amount of GST with respect to the specific GST No. (GST number can be used as an identification of the vendor/supplier/firm etc. as happened in the case of ID Cards issued by NADRA). Hence, it becomes very difficult to assess and collect the remaining 80% of GST amount from the concerned vendor/supplier/firm in letter

and spirit. If GST number is entered while entering the data of the bill in the SAP system, the tax evasion on the part of vendor/supplier/firm etc. will not be possible because complete information regarding tax will be available in the SAP system for further use by the FBR. Entering the GST No. of the concerned vendor/supplier in SAP system could be an excellent control mechanism to avoid tax evasion.

Currently, the 20% amount of GST is withheld as per cost centre (DDO-wise/LO-wise) and not withheld as per contractor/vendor/supplier/firm etc. At the end of the each month, a total amount of sale tax withheld for each cost centre is reported and handed over to the FBR in the form of a single

combined cheque. Now for the remaining amount (80% or 4/5th) of sales tax, FBR contacts with the DDO (Drawing and Disbursing Officer) of each

entity/cost centre for collection of remaining amount of sales tax. Here lies with the real problem. FBR officials cannot collect the remaining amount of sales tax in true sense due to very large number of transactions in each entity. To check each document of vendors/suppliers/firms etc. while sitting in DDO office, it is almost impossible to collect the exact amount from various vendors/suppliers/contractors etc. So, FBR officials usually don't go to get information regarding the remaining amount of sales tax from each DDO/Cost centre because it is a very cumbersome and tiring procedure. However, if they go, they have to rely on DDO figures.

In this regard, I believe that necessary column with the title "GST Registration No." should be incorporated in the SAP screen so that GST No. may be entered in SAP system while entering the data of bill/invoice/voucher. In this

way, GST No. will be saved in the system for ever showing the details of the specific holder of GST No. on one hand, and transaction details on the other. In this way, for example, system will show that sales tax of Rs. 20/- have been withheld of the vendor A.B.C for the particular supplies and the vendor have to pay the remaining amount of Rs. 80/- The SAP system will show the liability on the part of vendor A.B.C. and this information can be handed over to FBR officials and it will be very easy for FBR officials to collect the remaining amount of sales tax directly from the vendor/supplier. In this way, vendor/supplier will not be able to conceal the information of tax liability on him/her and cannot be escaped from tax evasion because all the information of vendor/supplier will be all time available in the online SAP system. In this way, tremendous revenue in the form of sales tax will be realized

## Quotes of the Quarter

- 1 "Don't wish it was easier, wish you were better. Don't wish for less problems, wish for more skills. Don't wish for less challenge, wish for more wisdom."
  - 2 "The challenge of leadership is to be strong, but not rude; be kind, but not weak; be bold, but not a bully; be thoughtful, but not lazy; be humble, but not timid; be proud, but not arrogant; have humor, but without folly."
  - 3 "We must all suffer one of two things: the pain of discipline or the pain of regret."
  - 4 "Days are expensive. When you spend a day you have one less day to spend. So make sure you spend each one wisely."
  - 5 "Discipline is the bridge between goals and accomplishment."
  - 6 "If you are not willing to risk the unusual, you will have to settle for the ordinary."
  - 7 "Motivation is what gets you started. Habit is what keeps you going."
  - 8 "Success is nothing more than a few simple disciplines, practiced every day."
  - 9 "Don't join an easy crowd; you won't grow. Go where the expectations and the demands to perform are high."
  - 10 "Learn how to be happy with what you have while you pursue all that you want."
- Emanuel James "Jim" Rohn (September 17, 1930 – December 5, 2009) was an American entrepreneur, author and motivational speaker. His rags to riches story played a large part in his work, which influenced others in the personal development industry.

### Invitation for Articles

*PIPFA Journal is the Official Journal of the Pakistan Institute of Public Finance Accountants and is being published to keep abreast its members and students with the latest developments in Accountancy Industry.*

*We would welcome articles from our valued members and students for forthcoming issue. Articles are not restricted to specific topic; students & members may send us the articles of their field of interest at following email address: member@pipfa.org.pk*

# The basic guidelines for students and newly qualified

By: Mr. Kashif Ahmed Siddiqui - APFA



I would like to share some thing which I read and the words embossed in my mind "Expect the best. Prepare for the worst. Capitalize on what comes" and another one is "Think 100 times before you take a decision, but once that decision is taken, stand by it as one

The institutions provide the best professional education to the student and develop the perception of the exemplary situations where everything is going by the book, they do not deliver them the basic training how they should overcome the problems of real life, in the practical life we observe that many brilliant students (even gold medallist) from the universities and professional institutes are not successful like they have been in their studies.

During my services in different industries set ups, I observed that many people around us (or even some time we ourselves) spending life without true happiness despite of their field and profession, so many of my colleagues complaints for imbalance life.

This is the fact that we are not a robot and we cannot spend a robotic life too, we need satisfaction with materialistic things, environment, and relationships and so on. The human being is most complex specie, therefore handling and managing the manpower is very difficult art.

man". .

Normally the life becomes tougher day by day from childhood to onwards for a common person.

Really! The life is too tough to be spent happily; can we manage it to spend happily?

The answer is yes it can be managed through the effective time management and righteous plan for you.

There is no one but that is only you, who can do something for you. Let's have a look how we can help ourselves;

First of all we have to identify shortcomings, find the different possible ways out and develop your improvement plan second we have to be consistent with the decided plan and third think rationally and analyse the plan and make some adjustment when it is necessary (Do not do this very frequently otherwise you will lose you course of orientation) Remember without any direction you may not sail your dream ship towards your destiny.

Refrain yourself from day dreaming and



Mr. Kashif Ahmed Siddiqui has been associated as a member with PIPFA since September 2010; Kashif is a Commerce graduate pursuing his Masters in Accounting and Finance. Being a professional accountant with an exceptional track record he held various positions including manage Audit, Finance, Accounting, Internal Controls and Bulk Supply Management system manager for diverse commercial setups, such as consultancy and assurance, manufacturing & Banking and military services.

laziness, because in our real life we see that many people plans too much but do nothing and few of them always doubt in their capabilities therefore they either do not plan or rapidly change their planning, whereas some people plan but do not stick together with their plan therefore after some time they lose their direction and accuse the their destiny. So those approaches do not pay them too.

In the Zig Ziglar words "As you head toward your goals, be prepared to make some slight adjustments to your course. You don't change your decision to go — you do change your direction to get there".

Think out of box and identify the prime but achievable objective (it should not be daydream) on the bases of factual position, like being a qualified accountant you would excel in you carrier, seeking a top level position in any esteemed organization, for the fresh passed out candidate at this stage it may be a dream, but at least he/she sets a goal.

This is the beginning of strategic plan, first analyse that what qualification, experience and traits are required to get the prime objective, and match them with skills and qualifications in hands. Usually fresh passed out persons may not qualify for mentioned experience and may not posses skills against the advertised vacancy, this problem prevails with every experienced person in the job market initially that person was raw handed and by the passage of time he/she gained the

experience, so keep in your mind that you can't achieve this level in a day, obviously, like you can't eat entire bread in a loaf, but before eating you need it to cut off in to the pieces so that you could take it into the bites, thus set your prime object, decide the way to achieve, and measure your successfulness in different stages and phases.

Ask your self is it possible that I could entre in to your aimed organization/ business at any level, if yes than do not waste your time get onboard and learn to excel.

May be still you are not matching with required experience, education, presentation skill and the art of dealing with human being, do not lose your heart with the failures have faith in Almighty Allah, and believe in yourself that you are the unique person in the world, do you know?, that you have been chosen out of many millions probability of birth anyone instead of you.

It is the scientifically proven fact that the only one germ cell fertilizes out of billions germ cells at the time of creation, and the one persons' genetic information, appearance is unique and identical even the figure print of one person is so unique that there is no chance of one figure print match with any other person out of many millions person exists in the world

#### HEALTH IS WEALTH:

One important thing you must remember that the health is wealth; this is very important thing in your life always do care to your health;

If you have sound health, in my opinion you are already a millionaire or even much better than it, you can buy medicines but not the health, the health is priceless boon of the nature, Allah has gave you, the brain, eyes, ear, hands, legs etc. each and every thing in your body is priceless the loss of anything of them cannot be recoverable, therefore always be thankful to Allah for this mercy. Suppose a person setting up strategic plan to become CFO and he/she does not care about the health, although if he/she might become capable but finally

suffering with any disease or psychotic problem, would be able to serve any organisation or even to service him/her self? Finally his/her all efforts shall go to all in vain.

Budget you time and to take exercise for your health, spend some time with your family friends and allocate some time, for personal grooming, few minutes for your professional studies and enhancement of your knowledge.

Professional ethics and performance: Faithful to yourself and never compromise on your professional ethics and develop your understanding about organisational structure and operations where you work or want to work because if you have good knowledge of all process and operations being carried out in the organisation then you may have a big room to perform, otherwise you would not able to perform excellently. Keep in your mind that now a day the accounting profession is developing and moving towards the new dynamics, the old concept for the account has now completely changed.

#### DIVERSIFIED KNOWLEDGE:

The accounting profession has been diversified to address the new complexity arising from globalization now the demand for professional accountants increasing day by day to serve the organizations as financial accounting for compliance of applicable laws and regulations that is a basis of users' decision making rather than recording of debit & credit of transaction and presentation of past event, the cost accountant for cost decisions making and another most important branch of which came in to existence with merger of both accounting plus economics that knows as the management accounting it is the proactive approach to foresee future of business, forecasting of future operations, financing, production, projected financial statements and budgeting as a tool of control the overall operations and setting up the course of orientation in accordance with the objectives of organization to reduce the risk of uncertainty and failure of the organizational accountancy . The

independent internal audit function is also an important tool of the management which keeps eyes on all performance, brings the value addition in operations, compliance and governance process in systematic manners. Therefore the qualified accountants/ students should align and pace up themselves to meet the requirements of modern accounting practice. Do not limit yourself only to professional knowledge but explore the different topics and subjects such as human behaviour, history, biography, science, current affairs, economics and religious subject etc.

Read every day news papers, informative material on net or printed shape and further read a good book within a week, fortnight or at least within a month.

Remember that this diversified knowledge shall polish you skill and it will be very helpful in your life to achieve your objective and remember that a good professional should be a good human being Also try to note down important daily event in your personal note book, tab or at any other device or simple at a dairy.

Collection of Thoughts for decision making; Keep in your mind that the thoughts are your power take out some time from your busy schedule to review it so that you could analyse yourself on daily, weekly or even monthly basis, such as what is your daily routine where and in what activity your most of the time was spent, whether you are going in right direction or not, what was the problem you faced, how did you tackle and what other ways were available to cope up with the problem. Did you well managed or not; write down your own remarks about yourself, so that if it could happen again you would handle it proactively rather than reactively.

#### ALWAYS ASSESS THE SITUATION BEFORE UNDERTAKING ANY LIABILITY:

Always try to help and guide the people around you as you can, please keep in your mind that at your own you cannot do everything, you need help of others,

and you have to help others. If you do not cooperate with other defiantly you should not expect the other to cooperate with you.

But remember that do not take such burden or undertake such commitment which you feel unmanageable and beyond your capacity or it is against the professional norms.

Say for instance you are an internal auditor and you are asked to conduct audit for any specialized process like Treasury or IT and neither you nor your other team member have prior knowledge of that process, you should disclose the fact to the management, if you do not and undertake the assignment, and finally you do not meet the expectation associated with this audit, the situation shall be very weird and disgraceful. Was not better! if you could have already disclosed the truth in the beginning?

Some time a simple "NO" saves you from many complexity and problems. Therefore always analyse before given words or commitments.

Keep in your mind that decision making time is not good while you are too angry or overjoyed but when you are "cooled off".

#### **BAD WORKING CONDITIONS:**

Some time you are compelled to work in those organisations where the ethical culture is not much established, or working with autocratic nature colleagues or bosses, they would be seeking chance to tease or fix up you in any negative occasion, this position obviously be very odd to you, especially in that condition where you do not have any other alternative. Truly this is the great test of your patience and nerve also you might suffer with anxiety. Now this is the time to analyse your situation, do not get panic and involve in heading on situation with them but deal with very tactful and careful attitude, because you have to stay in the situation till the opening of new door of opportunity. Try to analyse nature of the existing people and check the employee's turnover during the last few years (one to three years) in the

organization especially in your department. It may be helpful to you for your assessment about the situation, if found very high employee's turnover then there may be serious cultural issue with the organization.

#### **BE HAPPY CALM AND COOL:**

Think always positively, this is the key to make happy, not only yourself but a happy personal may pleasantly affect to people around him. This is the general practice that we would like to meet the pleasant personalities rather than sad and aggressive one.

The happiness and pleasure is nowhere but it is inside you, like you have already listen this before that "the beauty is in the eye of the viewer" likewise the pleasure, happiness and satisfaction are your inner feelings, and Just you need to explore them. If you think honestly there are many things you already have to make happy yourself, I do not mean that you should not desire for more comfort and luxury in your life. This is your right to think for more prosperity and comforts in your life. But indeed you should not be greedy for everything, the wish of more and more should not overleap your existing sense of joy and satisfaction, kindly try to enjoy your life with existing things that you are already have.

If you could honestly think about what you have then you will realize that you are better than many people in the world. This is the live example that you are reading this magazine; whereas many million people in our country cannot read because they were not able attend the proper schools.

#### **PERCEPTION PROBLEM:**

Always be positive and try to forgive other for their mistakes, "put yourself in others' shoes".

Like in one glance of any object you cannot draw entire picture in details, same like that; you should not perceive the entire personality of any person abruptly, for example you have a new assistant who just transferred from other department,

and you noticed that he/she seems not so better communicator. On the basis of this perception you cannot get the idea of entire personality and capabilities this perception might be wrong, because due to induction in the new environment, he/she is not very much socialized with it and this is the fact that some people feel shy to mix up with the new people; such thing may affect their working capabilities and communication skills initially after that they adjust well in the new environment. Always give room to your subordinates, be polite with them listen to them empathy, analyse their opinions and take action according to the facts using your brain instead of emotions for decision making.

In the last I would like to share some thing which I feel that a professional should try to avoid suffering from any one of given in the below mentioned list (this is based on my personal judgement and experience therefore the more items can be added into this list);

- Working without any planning and direction
- To undertake any work without being capable to do so
- Fear of unknown
- Future discounting/ means over or under estimation of the facts
- Hesitate to make proper and in time decision
- Non setting of objectives and goals in life
- Sickness & Disease
- Laziness
- Impassions
- Unmanageable work load
- Unbudgeted spending
- Avoiding exercise or other healthy habits
- Isolation

Any one of us can get out the situation which makes life miserable however some time its' not easy task like "a piece of cake" it's may take long time but you make yourself capable to manage the problem.

## IFAC NEWS

### Education Board Publishes 2014-2016 Strategy and Work Plan

The IAESB recently published its 2014-2016 Strategy and Work Plan, which focuses on projects and activities aimed at providing adoption and implementation guidance on the revised IESs. This work will:

Assist International Federation of Accountants® (IFAC®) member bodies, regulators, employers, academics, and students;

Improve the quality of professional accounting education worldwide; and  
Enhance the competence and judgment of professional accountants.

IAESB Chair Peter Wolnizer said the aim of the 2014-2016 IAESB Strategy and Work Plan “is to support the development of high-quality professional education programs by providing guidance to implement the requirements of the standards.”

Long Association of Senior Personnel (Including Partner Rotation) with an Audit Client

The Ethics Board approved for public comment changes to the provisions in Section 290 of the Code of Ethics for Professional Accountants (the Code) dealing with long association of senior personnel with an audit client. The Exposure Draft (ED) responds to several issues raised by stakeholders, including issues of independence in appearance. The ED broadly covers the following areas:

Strengthening the general provisions that apply to all audit engagements;  
Increasing the mandatory cooling-off period for the engagement partner on the audit of a client that is a public interest entity;

Strengthening the restrictions on the type of activities that can be undertaken

by any former key audit partner during the cooling-off period; and

Ensuring the concurrence of those charged with governance with respect to the application of certain exception paragraphs.

The ED also includes corresponding changes to Section 291 of the Code dealing with long association of senior personnel with an assurance client. The ED is expected for release in mid-August with a 90-day comment period.

### IPSASB Approves Public Sector Conceptual Framework

The International Public Sector Accounting Standards Board® (IPSASB®) has approved its Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework).

The Conceptual Framework establishes the concepts that will guide the IPSASB’s approach to standard-setting and guidance. It addresses concepts applicable to both public sector financial statements and a wider set of public sector financial reporting needs. The Conceptual Framework identifies and responds to the key characteristics of the public sector, notably that the primary purpose of most governments and public sector entities is to deliver services to citizens and others. Therefore, the purpose of financial reporting in the public sector is to provide useful information for service recipients and resource providers.

“Approving the Conceptual Framework is a historic achievement for the IPSASB and a landmark for setting global accounting standards for the public sector,” said IPSASB Chair Andreas Bergmann. “These concepts will provide the basis for our ongoing development of consistent and useful International Public Sector Accounting Standards™ (IPSASs™) and Recommended Practice Guidelines (RPGs). They will also provide guidance to preparers faced with

financial reporting issues not dealt with by IPSASs or RPGs.”

The completed Conceptual Framework is expected to be issued by the end of October 2014. The final four chapters were approved by the IPSASB during its September meeting. Those four chapters, which address the definition, recognition, and measurement of the “elements” (or building blocks) of financial statements and presentation in General Purpose Financial Reports, join the original four chapters, which were issued early in 2013, bringing the entire Conceptual Framework to eight chapters. The development process included eight public consultations with the IPSASB’s global constituency.

The Conceptual Framework project has been the key strategic priority for the IPSASB in recent years. Its successful completion allows the IPSASB to focus on projects to be identified through its public consultation on strategy for 2015 forward and work program for 2015-2019, along with projects already initiated, including social benefits. The Conceptual Framework will provide a solid basis for future standard setting by the IPSASB. The IPSASB will continue to work in the public interest, responding to the global financial reporting needs of governments and other public sector entities as appropriate.

## SECP

Companies allowed circulation of annual reports to members via e-mail  
In order to reduce the cost of compliance with regulatory requirements for companies through effective use of technology, the SECP has allowed electronic transmission of annual reports along with notices of annual general meetings.

A recent notification issued by the SECP has permitted companies to send their annual reports along with notice of annual general meetings to their

members through e-mail provided they have given their consent in advance and have registered their e-mail address with the company. Companies shall, however, have to send aforesaid documents by registered post/courier to those members who do not opt for electronic transmission. The notification can be viewed at the SECP's website.

This initiative has been taken by the SECP considering significant expenses associated with printing of financial statements both in terms of monetary cost for companies and environmental cost to the society in terms of use of paper. It has been noted that particularly for listed companies, printing cost of financial reports has become a major concern.

In book entry environment, where minimum size of tradable lot is 20 shares, there has been considerable increase in number of members of some listed companies. This initiative, however, shall benefit all companies by providing shareholders an opportunity to assess the costs vis-a-vis benefits of publication of financial reports and decide as they deem fit.

## TIPS OF THE QUARTER

# 7 Steps to Shape Great Character

1. Decide your high-level values. What is character? Your character is the degree to which you live your life consistent with high, life-enhancing values. A person who lacks character is one who compromises on higher-level values, such as honesty, integrity, etc., in favor of lower-order expedience. Your adherence to what you believe to be right and true is the real measure of the person you have become to this moment.

2. Define what "excellence" means to you. Understand exactly what your definition of excellence is. Here's an example of one definition: "I set the highest standards for myself in everything I do. I do my very best in every situation and under all circumstances. I constantly strive to be better in my work and as a person in my relationships. I recognize that excellence is a lifelong journey, and I work every day to become better and better in everything I do."

3. Organize your actions. Once you understand your high-level values, develop a clear organizing principle for your actions. Set a standard by which you can evaluate your behavior and create a framework within which you can make decisions. If have a measuring rod against which you can compare yourself in everything you do, you can grade your

activities, such as family, work, friendships, etc., in terms of "more" or "less." Have a clear target to aim at and organize your actions around.

4. Decide what you want for your family. If family is a high-level value for you, then



decide exactly what that looks like. "The needs of my family take precedence over all other concerns. Whenever I have to choose between the happiness, health and well-being of a family member and any other interest, my family will always come first."

5. Keep focused. From that moment

onward, it becomes easier for you to choose. If family is one of your values, then your family comes first. Until you have fully satisfied the needs of your family, no other time requirement will sidetrack you into a lower-value activity.

6. Shape your own character. The wonderful thing about values clarification is that it enables you to take charge of developing and shaping your own character. When your values and goals, your inner life and your outer life, are in complete alignment, you feel good about yourself. You enjoy high self-esteem. Your self-confidence soars. When you achieve complete congruence between your values and your goals, like a hand in a glove, you feel strong, happy, healthy and fully integrated as a person. You develop a kind of courage that makes you completely unafraid to make decisions and take action. Your whole life improves when you begin living your life by the values that you most admire.

7. Take action. Create a clear written description of your values and what they mean to you. From that point on, resolve to live consistent with your own definition. Second, discipline yourself to live in complete alignment with the values, virtues and qualities that are most important to you. This is the key to character.

Source: [www.success.com](http://www.success.com)



Mrs. Rozina Muzammil is receiving her Award



Mr. K.S.M. Tariq Zafar is receiving his Award



Mr. Muhammad Saad Asif is receiving his Award



Mr. Zubair Muhammad is receiving his Award

# Employees' Annual Performance Appraisal

## High Achievers Awards

We're delighted to share details of this year's PIPFA's High Achievers Awards. PIPFA recognize the exceptional achievements of Staff by presenting them with High Achievers Awards.

The Institute recognizes that its staff is fundamental to its success. A strategic, professional approach to staff development helps the institute to attract and retain high-caliber staff with the skills and competencies necessary to deliver its objectives.

Four employees from across Pakistan have been recognized for their outstanding work in 2014 beating stiff competition from across the country to be crowned PIPFA's High Achievers at an awards ceremony.

Mrs. Rozina Muzammil, Executive Director, Mr. K.S.M. Tariq Zafar, Software Engineer, Mr. Muhammad Saad Asif, Assistant Director Education and Mr. Zubair Muhammad, Officer Member Affairs received the Awards from Mr. Shahzad Ahmad Awan, President PIPFA and Prof. Dr. Abdul Wahab, President MAJU in presence of Mr. Jawed Mansha, Mr. Siraj Mustafa Jokhio and Mr. M. Sharif Tabani, during a ceremony at Karachi.

The High Achievers Awards were established to encourage our staff to develop their careers, and improve their skills. The High Achievers Awards help us encourage aspirations and reward those who perform at the highest level.

These awards are testament not only to the outstanding efforts of the staff members receiving them, but also to their superiors and everyone else who helped them to achieve such exceptional results. We would therefore like to congratulate High Achievers.

The PIPFA Corporate Office organized a CPD session on “RISK BASED AUDIT” on August 30, 2014 at Auditorium, Mohammad Ali Jinnah University, Karachi. Mr. M. Sharif Tabani, Member BoG, PIPFA delivered welcome note and a brief background of the topic. Mr. Abdul Wasey, fellow member and Honorary Secretary of ICMA Pakistan, and Mr. Baber Saleem, Associate Member of PIPFA, ICMA Pakistan and CPA (UK) were Facilitators, Mr. Shahzad Ahmad Awan, FPFA, FCMA, President PIPFA and Chief Audit Officer SNGPL, was the Chief Guest of the event. The facilitators gave detailed presentation on

# SEMINAR ON *Risk***BASED***Audit*

the topic covering its background as well as the specifics along with sharing their expert views on the practical implementation of identifying risks and internal control in audit. The presentations were very well received by the participants as it contained comprehensive material on the seminar topic. Mr. Jawed Mansha, Chairman Publication & Seminar Committee closed the session with a vote of thanks. The seminar was attended by large number of participants of PIPFA Members, Students and from corporate and public sector entities.



# MoU for Educational Collaboration Between PIPFA & KASBIT

Pakistan Institute of Public Finance Accountants is pleased to announce that a Memorandum of Understanding has been signed between Pakistan Institute of Public Finance Accountants (PIPFA) & Khadim Ali Shah Bukhari Institute of Technology (KASBIT). The MoU was signed by the Mr. Arif Ali Shah Bukhari, Chancellor KASBIT and Mr. Shahzad Ahmad Awan, President PIPFA amidst the presence of the members of Board of Governors.

The Salient Features of Memorandum of Understanding are: KASBIT will make the following exemptions available to PIPFA Members.

BBA (for members without graduate)	MBA (for members with graduate)
Principles of Accounting I	Business Communication
Principles of Accounting II	Business Mathematics and Statistics
Cost Accounting	Financial Accounting
Business Maths	Cost & Management Accounting
Freshmen English	
English Grammar	

- KASBIT will test the PIPFA students for their competency in the exempted subjects at its own cost.
- PIPFA Members who have secured gold medals will be provided 50% discount in tuition fee by KASBIT.
- Students and Member of PIPFA will be invited to seminars and workshops arranged by KASBIT. Director of KASBIT

will decide the number of invitees for each program on per case basis.

- PIPFA faculty and employees willing to study in KASBIT will be provided 25% discount in tuition fee.
- Exemptions provided on reciprocal basis by both institutions are subject to change as per changes in syllabi. Exemptions will be revised in case syllabi are revised by either KASBIT or PIPFA.

Following exemptions will be made available to KASBIT graduates by PIPFA:

BBA	MBA
Basic Accounting	Basic Accounting
Basic Cost Accounting	Basic Cost Accounting
Business Maths Stats & Economics	Business Maths & Stats / Economics
Financial Accounting	Financial Accounting
Business Communication	Business Communication
	Management Accounting
	Business Law & Taxation

- Students graduating from KASBIT with gold medals will be provided 50% concession in the tuition fee by PIPFA.
- KASBIT faculty & employees desirous to study in PIPFA will be provided 25% concession in tuition fee.
- Students of KASBIT will be invited to seminars and workshops arranged by PIPFA.



Mr. Shahzad Ahmad Awan & Mr. Arif Ali Shah Bukhari are signing the MoU



Mrs. Rozina Muzammil & Mr. Hasan Amir are signing as witness



Mr. Shahzad Ahmad Awan & Mr. Arif Ali Shah Bukhari are exchanging the MoU



Mr. Shahzad Ahmad Awan express his views regarding MoU

# ADMISSIONS OPEN



# PIPFA

**Pakistan Institute of Public Finance Accountants**

## Be a Professional Accountant

PIPFA is a Professional Institute, imparting quality education in the field of accountancy to develop specialized Professional Accountants

### INTERNATIONAL AFFILIATION

Associate Member of International Federation of Accountants (IFAC-USA)

### PUBLIC SECTOR TRAINING

PIPFA is Proud to be the Pioneer in providing training to Nominees of Public Sector Organizations such as:

- AGP (Auditor General of Pakistan)
- PMAD (Pakistan Military Accounts Deptt.)
- PG (Punjab Govt. Finance Deptt.) & LFA-AJK
- PRAD (Pakistan Railway Accounts Deptt.)
- CGA, CDA & other Government owned entities

### EXEMPTIONS

- PIPFA offers exemptions to B.Com, BBA, M.Com, MBA, Masters and other Graduates.
- PIPFA qualified/member enjoys exemptions from ICAP, ICMAP, ACCA, CIMA, CIA and many other National and International bodies and Universities.

### Result Awaiting Students may also apply

Minimum qualification required for admission is Intermediate, 'A' Levels, CAT or any other recognized qualification equivalent to Intermediate

## PIPFA Course Duration

After Intermediate or Equivalent = 1<sup>1/2</sup> Years  
After Graduate (B.Com & BBA) = 01 Year  
After Master (MBA & M.Com) = 06 Months

## Register Yourself in Just

# Rs. 3,000/-

**In Public Sector Organizations PIPFA Qualification is Recognized as Mandatory Qualification for Promotion to or Confirmation on the post of BPS-17.**

## REGISTRATION

**Forms are available at our offices and Approved Colleges**

### KARACHI

Head Office / Corporate Office:  
Office # M1 & M2, Mezzanine  
Floor, Park Avenue, 24-A, Block # 6,  
PECHS, Lal Kothi, Shahrah-e-Faisal  
Tel: 021-34380451-52  
Fax: 021-34327087

### LAHORE

42, Civic Centre,  
Barket Market, New  
Garden Town  
Tel: 042-35838111  
042-35866896  
Fax: 042-35886948

### ISLAMABAD

House No. 2A, Street  
14, F-8/3  
Tel: 051-2851572

### FAISALABAD

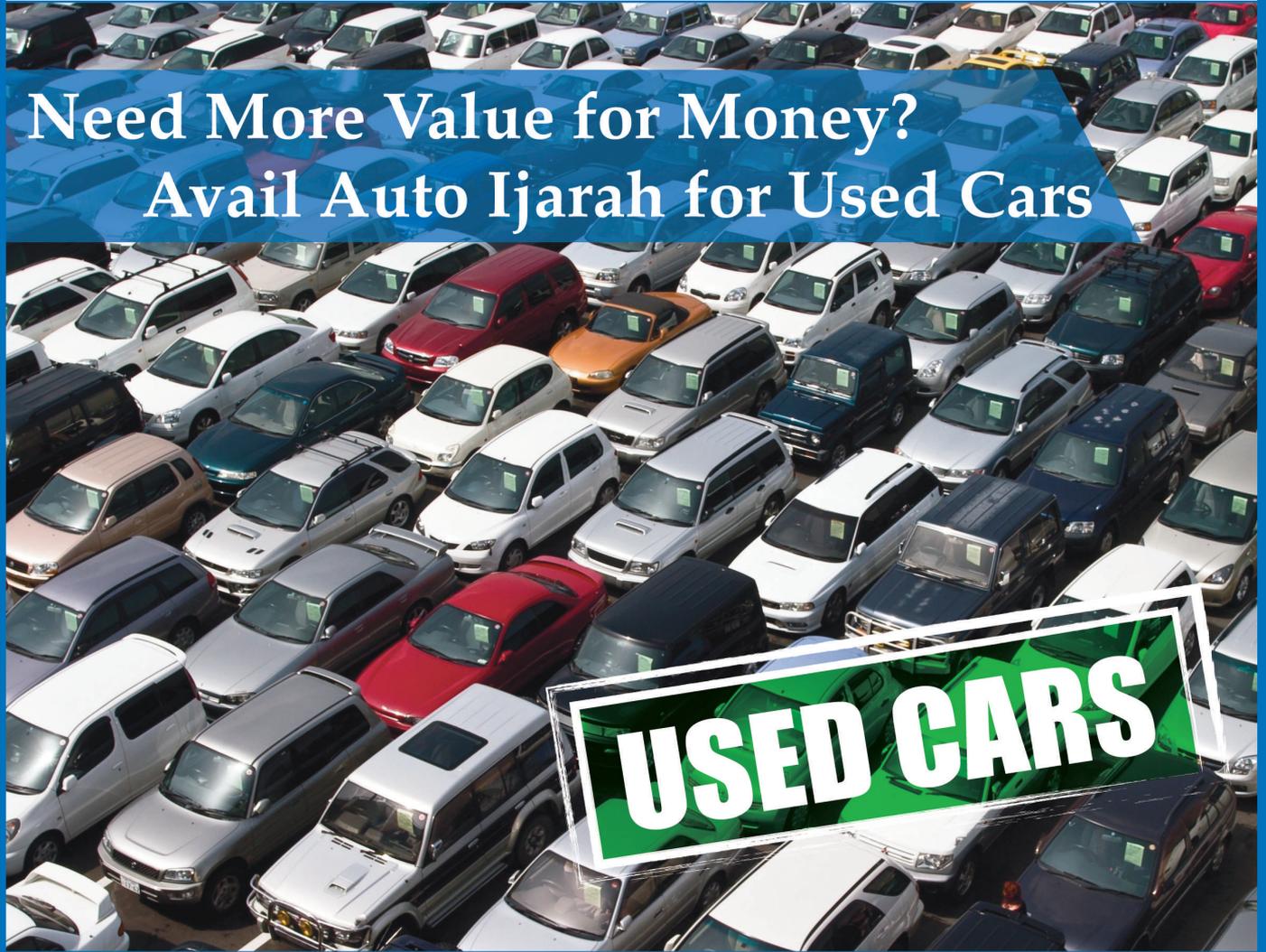
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