

**Theme: Creating Value, Building a Sustainable Economy-  
Towards Malawi 2063**

**THE ROLE OF ACCOUNTANTS IN DEVELOPING SUSTAINABLE COMPETITIVE  
VALUE CHAINS IN MALAWI; BOTTLENECKS IN THE VALUE CHAIN, BARRIERS  
AND MODELLING VALUE CHAINS**

**GIDEON Mwenifumbo**

**Mwenelupembe Mhango & Company**

15<sup>th</sup> Sep 2023

# THE ROLE OF ACCOUNTANTS IN DEVELOPING SUSTAINABLE COMPETITIVE VALUE CHAINS IN MALAWI; BOTTLENECKS IN THE VALUE CHAIN, BARRIERS AND MODELLING VALUE CHAINS

Definition of value;

- How much something is worth in money or other goods for which it can be exchanged
- How much something is worth compared with its price
- The quality of being useful or important
- To think that somebody or something is important
- To decide that something is worth a particular price

# THE NATURE OF VALUE

- Michael Porter defined value as the amount buyers are willing to pay for what a firm provides
- Value occurs when needs are met – provision of products or services
- An experience – flows from the recipient (individual or firm)
- The nature of value in respect for an organization will depend upon its location, its sector and its size
- Supply chain – building the product and getting it to the consumer
- Value chain – looks for ways to enhance the product's value as it moves along the supply chain

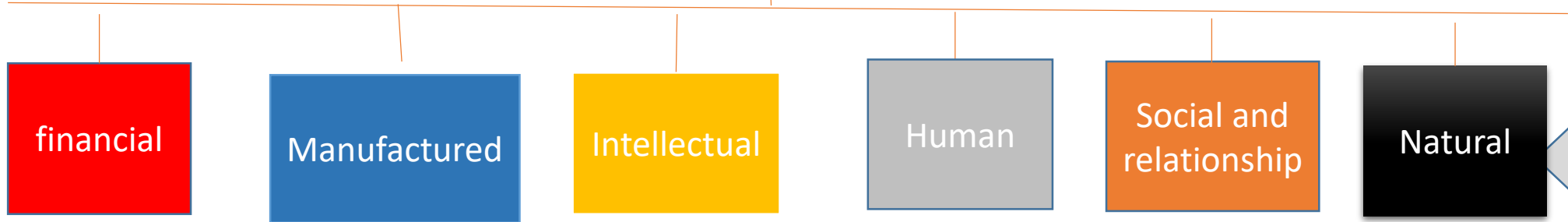
**Recipients**



**Converters**



**Enablers**



# SUSTAINABILITY

- Resources not unlimited – therefore meet the needs of current generations without compromising the needs of future generations.
- Resource availability is further compounded by climate change
- As an integral part of society and the economy, organizations cannot work in isolation
- Need for businesses to contribute to mother earth's ability to sustain human and biological life as well as the planet's natural resources
- Contribute to attainment of UN-SDGs and MW2063

# COMPETITIVE ADVANTAGE

- Firms have a competitive advantage over others if they can produce goods/services at a comparably lower cost (David Ricardo)
- Comparably lower cost of production contributes to sustainability
- Businesses should bear in mind though that;
  - There are competing firms in the market (rivalry)
  - Potential entry of new competitors is inevitable
  - Development of substitute products is likely
  - Bargaining power of both suppliers and consumers may produce adverse results

# THE ROLE OF ACCOUNTANTS

- In a traditional view of performance and value, the profit goal was sufficient for organizations. That's no longer the case
- Accountant's role has since evolved from **share value enhancement** to **shared value promotion**
- Customers, Employees, Community, Regulators carry the same weight as Investors and other financial stakeholders (triple bottom line)
- Preparation of integrated reports which include sustainability reports (on climate change and its impacts) emphasizing on ethical behaviour and focusing on best practices in governance and stewardship

# TOOLS FOR MEASUREMENT

- Use of better tools for measurement;
  - Financial results and Shareholder returns – Stock Exchange
  - Data on customers – Net Promoter Scores (NPS)
  - Employee engagement & Compensation – Glassdoor & Payscale
  - Communities impact – Suataanalytics and MSCI
  - Complex relationships among stakeholders – Drucker Institute, Just capital
  - Balanced scorecards
- Finance professionals need to broaden their horizons through; continuous learning, collaborative effort and building partnerships



# STAKEHOLDER STRATEGIES IN PRACTICE

How companies can harness data to create and execute successful stakeholder strategies

- Make sense of outside perspectives
  - Understand how different groups rate your company. Each one thinks companies should be maximizing something (social justice, management effectiveness, brand value)
  - Overcome confirmation bias and perhaps uncover valuable data sources

## STAKEHOLDER STRATEGIES /Continued

- Create your own stakeholder strategy
  - Supplement your external data with insider insights and analyse the interdependencies among your particular stakeholders ( company purpose, evaluate progress, determine priorities among stakeholders, measure value created for each stakeholder)
- Create systems to sustain your stakeholder strategy
  - Ensure that the entire company understands it, everyone's role in it, and how individuals' goals affect all stakeholder goals
  - Institute discipline routines for decision-making and execution

# BARRIERS/BOTTLENECKS TO VALUE CHAINS

- Tariffs- tax imposed on imports or exports
- Natural barriers – either physical or cultural
- Non-tariff barriers- restrictions via regulations, licences etc
  
- Access to finance
- Foreign exchange control- control on use and movement of forex
- Inadequate skilled labour

# CONCLUSION

Professional Accountants (PAs) undertake diverse roles in leadership and management (CEO, CFO, COO, CVO)

In all these roles PAs are involved in activities and decisions that influence their organizations' ability to create and preserve value overtime.

Delivering continuing value to providers of financial capital and other stakeholders is key to business resilience and requires longer-term thinking on broader range of matters.

IFAC – Accounting for sustainability

From sustainability to resilience