



Think Ahead

Professional accountants – the future:

Generation Next: managing talent in the public sector



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ACCA is currently introducing major innovations to its flagship qualification to ensure its members and future members continue to be the most valued, up to date and sought-after accountancy professionals globally.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability.

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About this report

The fourth and final in a series of sector-specific Generation Next studies, this report explores the work preferences and career aspirations of the youngest professionals in the public sector, globally.

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Preface

Public sector organisations face a rapidly changing landscape. Public services are struggling to do more with less, face a global ageing population, and the impact of climate change – to name but a few key challenges. The public sector must adapt to meet these challenges and this is only possible with the right talent in place.

To help employers and young professional accountants respond to this new landscape, in 2016 ACCA has undertaken one of the largest-ever international surveys on the work preferences and aspirations of the newest generation of professional accountants, those under the age of 36. The impressive international coverage, with almost 19,000 responses from 150 countries, means that ACCA is uniquely placed to offer insights on

how the changing preferences of the next generation will affect public sector employers. The findings suggested that this is a generation with ambitions for fast progression and rapid career development.

No organisation can reach its full potential without the right talent management in place. Therefore, it is essential that public sector organisations consider the work preferences and aspirations identified in this report in order to attract, develop and retain a talent pool that allows them to maximise their impact.

Building on the 2016 study, this report takes a closer look at the aspirations of younger finance professionals working in the public sector today, as well as exploring the strategies employers can adopt to gain the talent they need to thrive. It is the final report in a four-part series that brings deeper talent insights into specific sectors across the profession.

Executive summary

In 2016 ACCA published the results of its Generation Next study (ACCA 2016a), to which almost 19,000 members and students aged 16 to 36 years old responded, sharing their views on their work preferences, their ambitions and how they like to learn.

This is the final report in a series of follow-up sector-specific reports. It focuses on over 1,400 respondents from the global study who were working in the public sector.

The research found that public sector workers in Generation Next are a dynamic group; they are the most optimistic about technological change and have significant entrepreneurial drive. They also believe that their background in finance has given them an excellent foundation for their future careers. As a result, younger professional accountants in the public sector are developing the breadth of experience and positive attitude that will help them respond to the changing nature of work and the impact of technology on the profession.

The findings describe a group of new professionals who are committed to developing their skills while also seeking out new opportunities – both in other sectors and abroad. Although public sector respondents had lower overall levels of job satisfaction than those in other sectors, they were also more likely to say that they had a good work-life balance in their current role and were attracted to roles with interesting work.

ACCA's survey and roundtables revealed the following about young finance professionals in the public sector.

- **Finance experience is viewed as an excellent foundation for long-term career success** – public sector respondents were attracted to the profession for its long-term career prospects. The overwhelming majority of those working in the public sector further agreed that finance experience is valuable for future business leaders (see section 2.1).
- **'Clear career paths' and 'experience at work' are key for attracting and retaining talent.** The survey showed that, for younger professional accountants in the public sector, two clusters of factors were most important for both attraction and retention. Most importantly, Generation Next professionals in the public sector were looking for clear career paths, which included opportunities for learning and developing skills. A second cluster of factors centred on an employee's experience at work, including the preference for interesting work and a good work-life balance (see section 2.2).
- **Similar ambitions to their peers.** As seen across the total Generation Next sample, most public sector respondents wanted to move to a new role within the following two years. Typically, they wanted the new role to be in an external organisation and expected the change to be a promotion. The time before intending to move to another role varied considerably by country – with the UK being the most mobile (see section 2.3).
- **Younger public sector accountants are planning diverse careers.** For their next move, most Generation Next respondents in the public sector wanted to take on a more senior position in the same subject area. In the longer term, more than three-quarters of younger public sector accountants wanted to pursue a role in a different country or region. Interestingly, professional accountants in the public sector were the most entrepreneurial, as they were the most likely among all their peers to want to start their own business at some point in their career (see section 2.4).
- **Many were interested in working in other sectors, particularly corporate.** About three-quarters of respondents planned to work outside the public sector at some point in their career, with a large proportion looking to move to a corporate firm. These findings were broadly aligned with the intentions of the broader Generation Next sample (see section 2.5).
- **Job satisfaction lower than peers.** Professional accountants in the public sector had lower job satisfaction than the global average, which may be attributable to a lack of transparent career paths. Equally, many cited cultural challenges that affect career progression within public sector employers (see section 2.6).
- **Experiential learning underused.** External seminars and on-the-job learning were considered the most-used learning activities in the sector, though lower than the global average, with nearly half of all public sector respondents believing that on-the-job learning was also effective (see section 2.7).
- **Both realistic and optimistic about technological change.** Three-fifths (60%) of Generation Next respondents working in the public sector acknowledge that technology will replace many of the jobs typically completed by accountants in entry-level finance and accountancy roles. Most Generation Next respondents (87%) from the public sector said that technology would enable finance professionals to focus on activity with much higher added value in the future (see section 2.8).
- **Those attracted to the public sector work in corporate firms and SMPs.** A large cohort of Generation Next were attracted to working in the public sector – though the level of demand varied by country and sector. Those looking to move to the public sector were most likely to come from small corporate firms or small and medium-sized practices (SMPs). In addition, among those interested in moving to the public sector, the most commonly cited barrier to progression within their present role was that their current reward package was insufficient (see section 2.9).



These insights have significant implications for how public sector employers respond to the demands of the next generation of professional accountants. Typically, public sector organisations are not able to compete on remuneration for top talent, but must instead communicate a holistic offering to their candidates, which includes an excellent work environment. Worryingly, public sector respondents were less likely than their peers to say that their current employer offered clear career paths.

There are significant opportunities for public sector bodies to transform their service offerings in order to provide better value for money for the public. In order to achieve these benefits, public sector organisations must ensure that they have the right professionals in place to take advantage of these opportunities.

The broad themes set out in *Professional Accountants – The Future: Generation Next* (ACCA 2016a) apply to the public sector. Employers in the public sector must focus on attraction, development and retention in framing any wider changes in their approach to talent management. Alongside the

Generation Next survey, a series of global roundtables conducted in 2018 with public sector employers led to the insights discussed below.

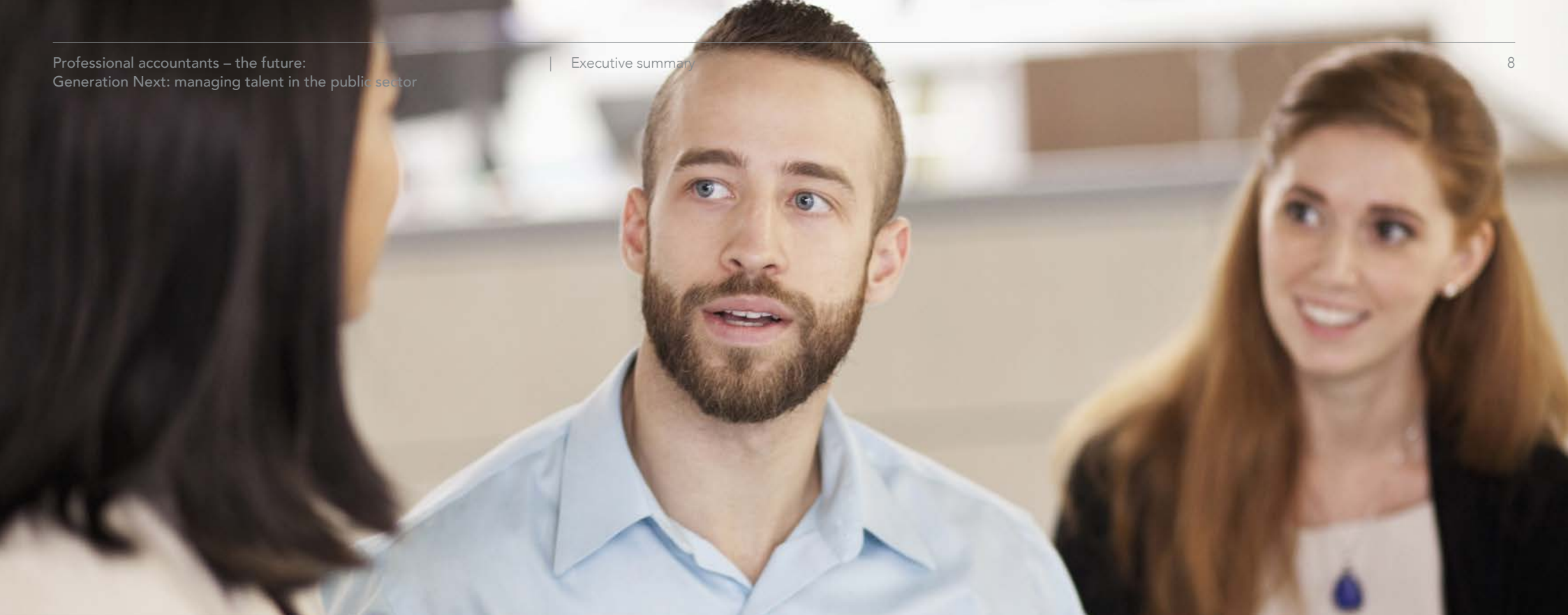
Attracting talent

- **Create clear mid-career routes into the public sector.** The global Generation Next survey showed that there is demand from young professional accountants, currently working in other sectors, who want to enter the public sector – though this varied significantly by country. Where possible, employers in the public sector should capitalise on this demand by creating clear mid-career routes into their organisations (see section 3.1.1).
- **Develop the brand of your function or team.** Public sector roundtable participants suggested that the overall image of the public sector can be a key challenge in attracting the right talent. Working to increase the attractiveness of the entire sector is often too difficult, but it is worth investing in developing the unique brand of your team or function (see section 3.1.2).

- **Advertise the opportunities for learning in an innovative public sector organisation.** More than three-quarters of young professional accountants in the public sector are drawn to employers that are making innovative use of technologies. They are not only more likely than their peers in other sectors to acknowledge that technology is changing the profession, but are also the most optimistic about this change. Therefore, public sector employers need to demonstrate their digital credentials to attract the finance talent required to implement digital transformation (see section 3.1.3).

Developing talent

- **Support cross-function employment opportunities.** Public sector respondents to the Generation Next survey were nearly twice as likely as their peers to be working in a non-accounting role. This is likely because the public sector can offer a diverse set of experiences while still working for the same employer. Public sector organisations should capitalise on this advantage and offer the mobile and ambitious Generation Next opportunities for developing new capabilities in other functions or teams (see section 3.2.1).



- **Offer new forms of experiential learning.** On-the-job learning was by far the most used and effective learning and development strategy in the public sector. At the same time, public sector respondents to the Generation Next survey felt that mentoring, job rotations and coaching were currently underused by their employers. There is an opportunity for public sector employers to increase the use of these experiential forms of learning to improve the effectiveness of their learning and development strategies (see section 3.2.2).
- **Encourage secondments, particularly to the corporate sector.** Younger public sector accountants are looking outside their sector for their future careers, with over three-quarters of public sector respondents planning to move sector or type of organisation in the future. Instead of fighting this preference, public sector employers should use secondments to harness it to fulfil the aspirations of their staff while also providing development opportunities. Many public sector accountants may then return to their original role with new capabilities and a broader outlook on their work (see section 3.2.3).

Retaining talent

- **Trumpet the excellent work environment offered by the public sector.** Young finance professionals in the public sector want to remain at organisations that offer an excellent experience at work. Particularly, they are looking for a good work-life balance, job security and to be engaged in interesting work. Roundtable participants all cited comparatively lower remuneration as an issue in retaining top talent, but said that the broader package – particularly the ability to offer a positive experience at work – supported their ability to retain talent. Public sector employers need to consider how they can effectively convey this competitive advantage to their diverse workforce (see section 3.3.1).
- **Create opportunities for new challenges in the same role.** Generation Next are an ambitious cohort, with aspirations for rapid promotion and leading a finance team. It will be difficult for some public sector employers to meet these expectations – but it is important that they offer new challenges and growth opportunities to increase

the attractiveness of remaining with the organisation. Offering stretch opportunities within Generation Next employees' current roles can go a long way in retaining ambitious staff (see section 3.3.2).

- **Build clear career paths in your organisation.** Generation Next employees in the public sector saw transparent career paths as the most important factor in attracting them to and retaining them with a particular employer. It is therefore worrying to see that public sector respondents were less likely than their peers in other sectors to report that there were transparent career paths in their current organisations. Some public service organisations have responded to such concerns by recognising staff development even where staff remain in the same role, such as by providing a salary supplement to staff who complete a professional qualification or become subject-matter specialists (eg statisticians or economists) (see section 3.3.3).

EXPERIENCE AT WORK IMPORTANT FOR ATTRACTION AND RETENTION

88% are attracted to employers with good job security
82% are more likely to remain with an employer that offers a good work-life balance
87% are particularly attracted to organisations with interesting work

REALISTIC AND OPTIMISTIC ABOUT TECHNOLOGICAL CHANGE

60% believe technology will replace many entry-level roles in the profession
87% agree that technology will enable finance professionals to focus on higher-value activities

GEN NEXT ARE MOBILE AND AMBITIOUS

64% want to move roles within two years
64% expect next role to be a promotion
77% want to take on a role in a new country or region at some point in their career

ENTREPRENEURIAL AMBITIONS ARE STRONGER THAN ANY OTHER SECTOR

84% say they want to start their own business at some point in their career; this was the highest level of entrepreneurial intention of any sector

FINANCE SEEN AS GREAT PLATFORM FOR SUCCESS

87% agree that finance experience will be valuable for future leaders
81% see a long-term future for them in the finance profession

JOB SATISFACTION LEVELS LAG OTHER SECTORS

Only **39%** are satisfied with their current role, compared with 49% across all sectors
But **79%** have a strong relationship with their colleagues
And **59%** say that they have a good work-life balance

'CLEAR CAREER PATHS' LACKING BUT DESIRED

91% agree that the opportunity to progress with a prospective employer is a key attraction
Only **26%** believe there are transparent career paths in their current organisation

EXPERIENTIAL LEARNING IS UNDERUSED

46% say that on-the-job learning is the most effective learning activity
26% say that mentoring is the most effective learning activity
Only **10%** say that e-learning is a useful learning activity

1. Introduction

In 2016 ACCA published *Professional Accountants – The Future: Generation Next* (ACCA 2016a), the results of a global survey in which almost 19,000 members and students aged 16 to 36 shared their career aspirations and work preferences, what attracts them and retains them in organisations, and how they like to learn.

This report follows on from that global study and takes a deeper view of the career aspirations and work preferences of those young finance professionals working in the public sector. The findings are presented from two perspectives:

- the key findings relating to 'Generation Next' and the responses from those working in the public sector, and
- the implications for employers attracting, retaining and developing talent in the sector.

ACCA's recent report on *50 Drivers of Change in the Public Sector* (ACCA 2016b), an immense research undertaking with over 13 roundtables in 11 countries and a survey of over 1,000 senior public officials, found that the 'quality and availability of the global talent pool' was the second-highest global driver of change in the public sector – with the spread of diversity in the workplace ranked in the top 10. As a result, attracting, developing and retaining staff in the public sector must be addressed as a 'whole of government' issue, if organisations are to be prepared for the changing public sector landscape.

The public sector is recognised as a reliable employer – providing a good work-life balance and opportunities for interesting work. In addition, mid-career professionals in certain countries and sectors are particularly drawn to the public sector. For example, the public sector was the second-most-common destination for those looking to change sector in Pakistan, and over 14% of those moving from an SMP wished to find their next role in the public sector.

At the same time, job satisfaction in the public sector was lower than reported by respondents' peers in other sectors. This may be partly driven by organisational cultural challenges and barriers that some respondents said hampered their career progression. Public sector employers will need to address these issues if they want to retain their best talent.

This report seeks to highlight both the career opportunities and barriers Generation Next employees recognise in their experience of working in the public sector. It then considers the implications for employers, as well as proposing a series of final recommendations that public sector employers might want to incorporate into their own talent-management strategies.

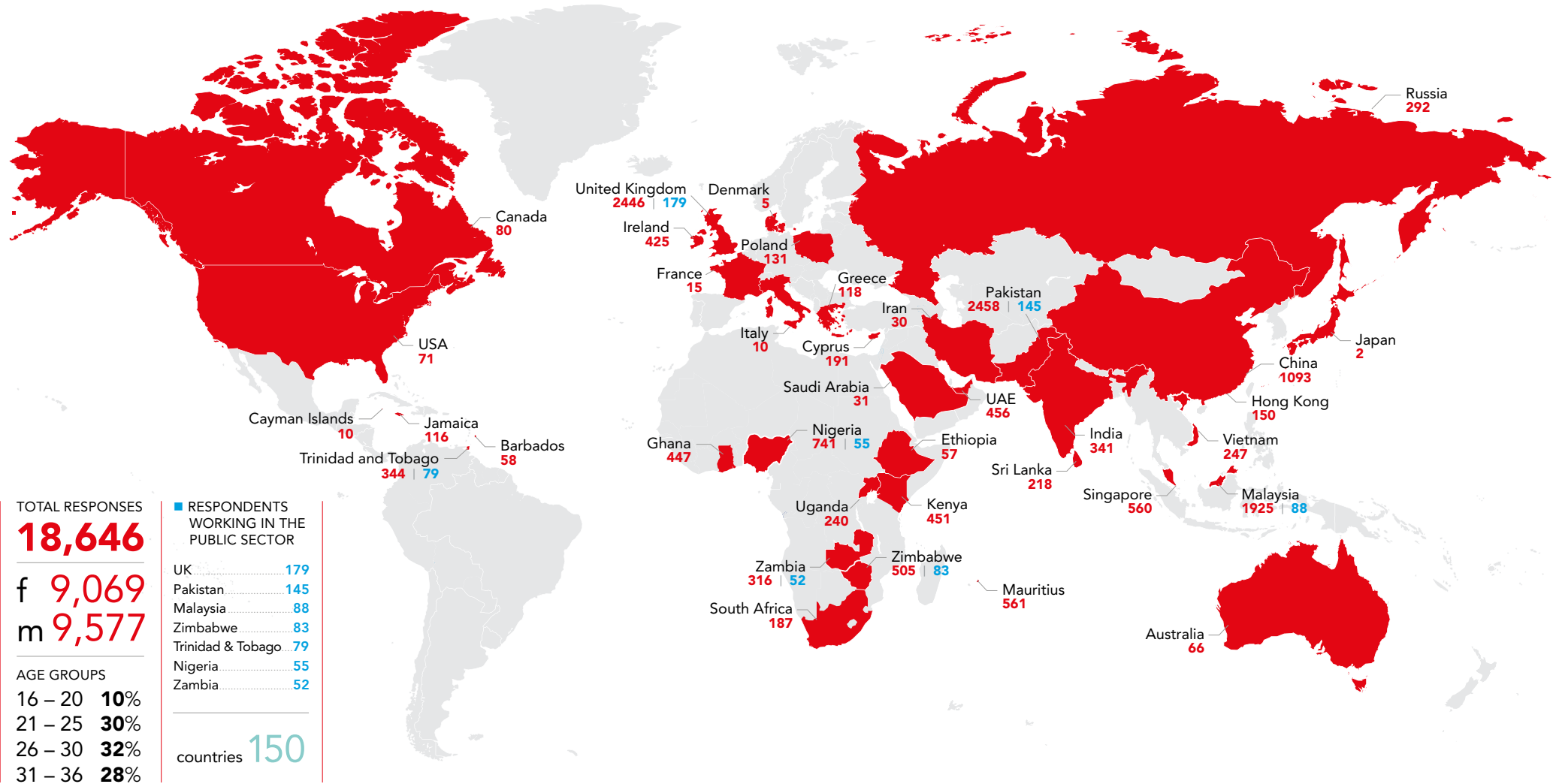
1.1 GENERATION NEXT – ACCA GLOBAL STUDY 2016

Almost 19,000 respondents under the age of 36, from 150 countries, participated in the Generation Next survey, making this one of the largest-ever studies conducted across the global profession. The largest samples were found in Pakistan (2,458 respondents), the UK (2,446), Malaysia (1,925), China (1,093) and Nigeria (741) (ACCA 2016a). While about 10% of respondents

to the survey were aged 16 to 20, more than 60% were in their twenties. The remaining 30% were aged 31 and older, placing the average age of respondents, globally, at around 27 years.

There was almost gender parity in the sample, with female respondents representing 49% of the group and males 51%; 44% of respondents worked for a corporate firm, out of which

more than half indicated that they were working in a medium-sized to large corporate firm (over \$750m turnover). Just over 20% of respondents were working in accountancy practices (with half of these working within one of the Big Four and the other half in small or medium-sized practices). Finally, just over 10% worked in a public sector organisation with another 5% working in the not-for-profit sector.



1.2 WHO ARE GENERATION NEXT IN THE PUBLIC SECTOR?



Globally, 1,410 respondents from the overall 2016 Generation Next survey were working in the public sector. There was strong global coverage from the public sector respondents – with particularly high response rates in the UK (179 respondents), Pakistan (145), Malaysia (88), Zimbabwe (83), Trinidad and Tobago (79), and Nigeria (55). There was gender parity among public sector respondents, with males and females each constituting 50% of the group (Figure 1.1).

The average age of Generation Next employees working in the public sector, at 29.5 years old, was older than the average among the wider Generation Next sample, at 27 years old (Figure 1.2). Understandably, this slightly older demographic were also more likely to have had a longer tenure in their current role (2.7 years) than the global average (2.4 years).

Public sector respondents were much more likely than the global average to be working in ‘non-accounting’ roles. This could be explained by the flexibility afforded to many public sector workers for taking on a variety of roles across their organisations, but could equally be a sign of insufficient finance opportunities for public servants in certain markets. Compared with their other public sector peers, respondents in non-accounting roles were more likely to be ACCA students (71% compared with 63%) – suggesting that many are exploring a variety of opportunities early in their finance careers.

FIGURE 1.1: Gender of respondents

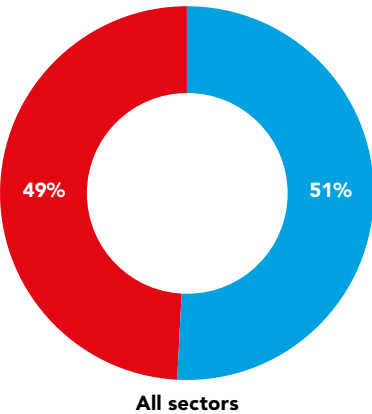
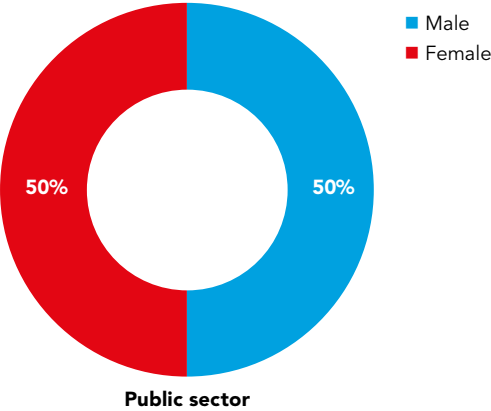


FIGURE 1.2: Age of respondents

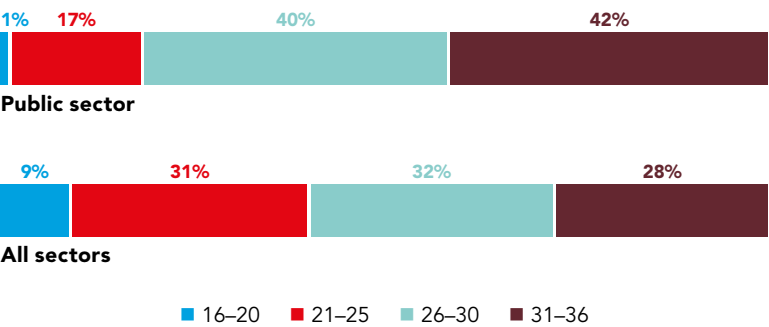
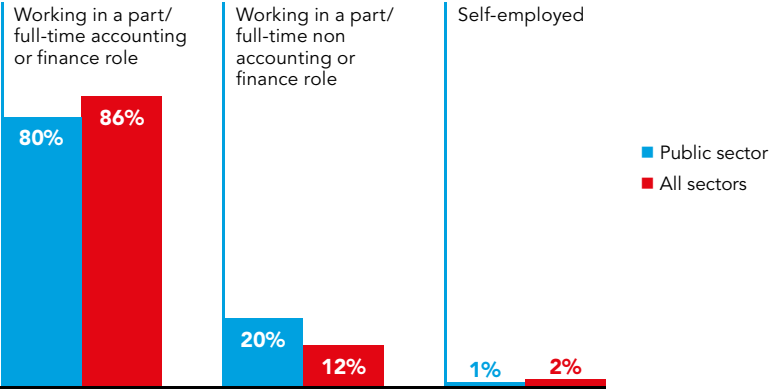


FIGURE 1.3: Type of employment



2. Key findings

Results from ACCA's Generation Next survey (ACCA 2016a) have revealed that the young respondents in the public sector were planning diverse careers and wanted to progress rapidly within the finance function. They were optimistic about the impact of technological change on the profession, wanted to see more forms of experiential learning in their workplace, and were the most likely to want to start a business of respondents from any sector. Work-life balance and job security were also valued features of their roles.

The Generation Next survey revealed that younger finance professionals in the public sector have the following characteristics:

- they see their experiences in the finance function of the public sector as a valued platform for success
- 'clear career paths' and 'experience at work' are the two key factors for attracting Generation Next to the public sector and retaining them there
- they are planning to move quickly to their next role, which they would prefer to be a promotion and external to their current organisation
- they have lower job satisfaction than their peers in other sectors, probably stemming from organisational cultural factors
- they are planning diverse careers that span different sectors and countries
- they are willing to leave the public sector at some point in their career, with a large percentage attracted to the corporate sector, and
- they have the highest entrepreneurial intention of any sector.

Among respondents, Generation Next employees looking to move into the public sector were typically working in a corporate firm or an SMP. They were particularly attracted to public sector employers that could offer them better job security and a good work-life balance.

In many ways, public sector professional accountants have similar aspirations and work preferences to their peers in other sectors – but a number of important differences highlighted throughout this report should be considered as public sector organisations look to optimise their talent strategies.

2.1 FINANCE EXPERIENCE OFFERS
AN EXCELLENT FOUNDATION FOR
FUTURE CAREERS



Like their global peers, young finance professionals in the public sector agreed that developing finance and accounting capabilities was a smart strategy for their career development.

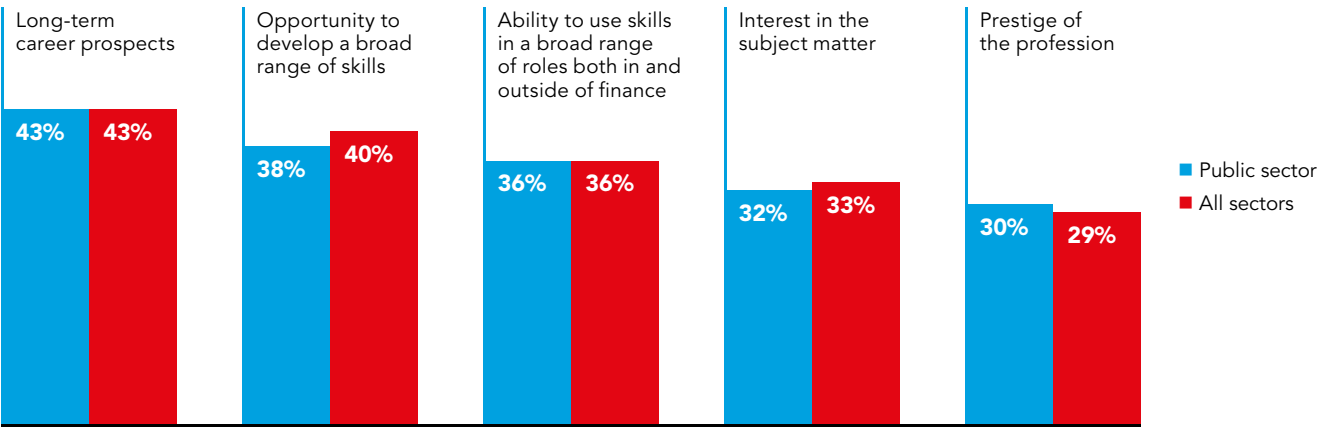
They were slightly more likely than other sectors to believe that there is a long-term future for the finance profession (81% for public sector compared with 79% for all sectors) and slightly more likely to believe that a background in finance will be valuable for future leaders (87% compared with 85%).

The factors attracting Generation Next to the profession were very similar for public sector respondents and their peers. Generation Next see the profession as having excellent long-term career prospects and are attracted by the opportunities for developing a broad range of skills.



of Generation Next respondents
from the public sector agreed
that finance experience will be
valuable for leaders in the future

FIGURE 2.1: What attracted you to a career in finance? (Top five factors cited)



2.2 'CLEAR CAREER PATHS' AND EXPERIENCE AT WORK' KEY FOR ATTRACTING AND RETAINING TALENT

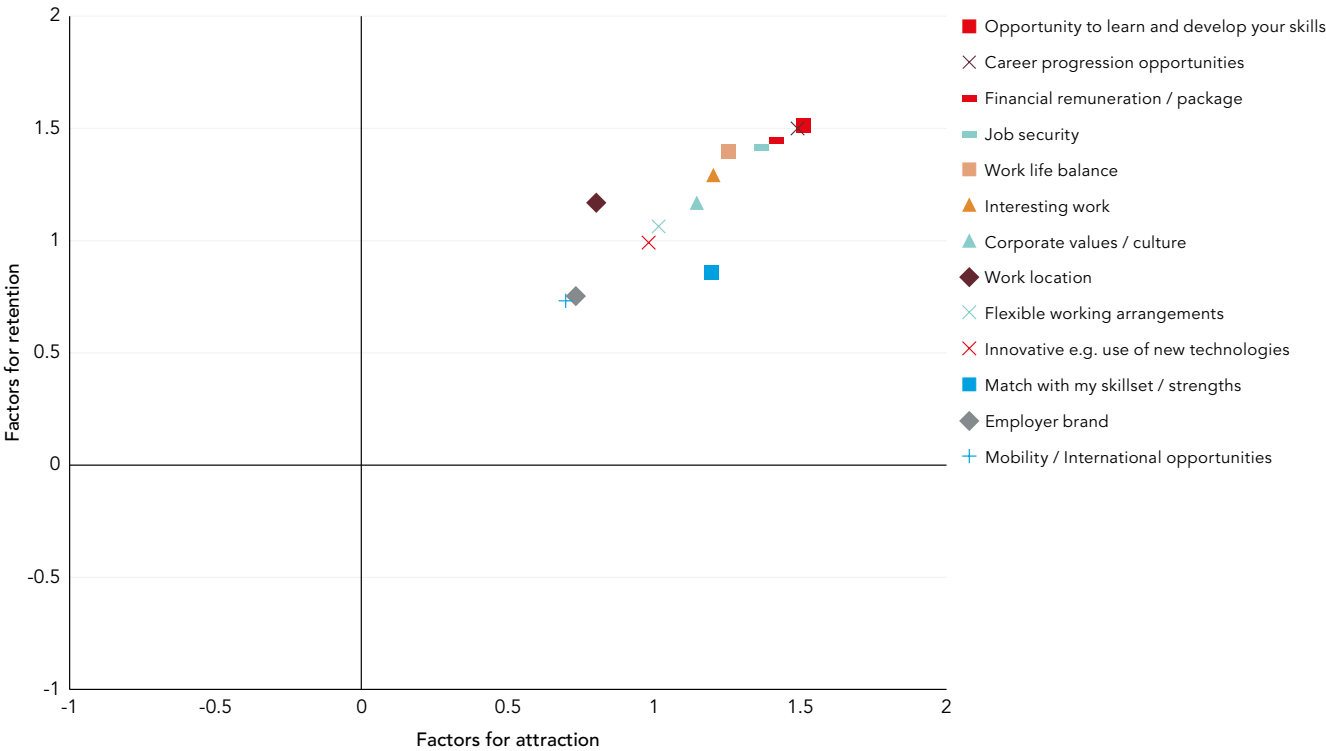


The key factors that attract Generation Next to the public sector, and lead to their retention there, fall into two areas: clear career paths and their experience at work.

In the survey, young public sector accountants were asked what attracts them to an employer, as well as what factors keep them with a particular employer. Figure 2.2 combines the responses from the Generation Next survey's questions on attraction and retention to show the most important factors in talent management in the public sector.

The standardised scale in Figure 2.2 can vary from -2 to +2, where a value of -2 would mean that all respondents selected that factor as 'not important' and a value of +2 would mean that all respondents selected that factor as 'very important'. The result shows that all the factors listed in Figure 2.2 had a positive effect on attracting and retaining talent. In addition, the results show that two thematic areas are particularly important in attraction and retention of talent in the public sector.

FIGURE 2.2a: What factors attract & retain you to an employer? Attract / retain variables standardised to +2, -2

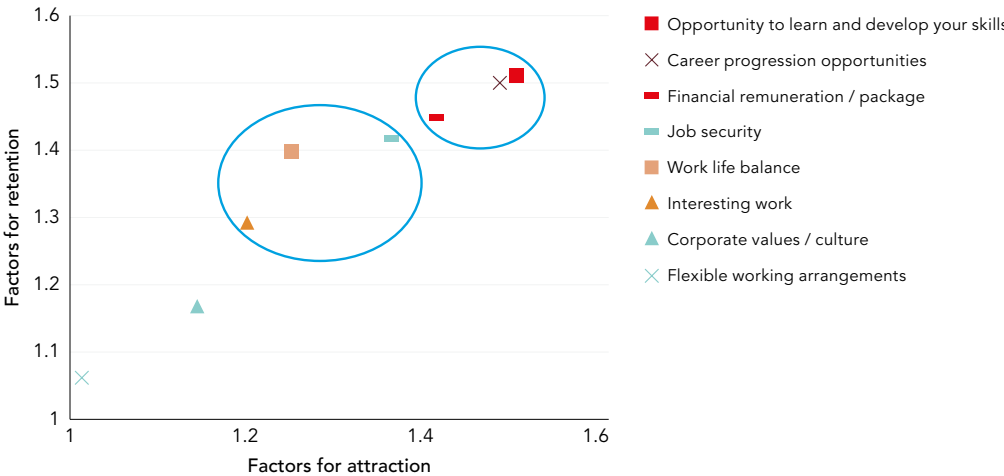


The opportunities for learning and developing one’s skills, and for career progression, as well as good remuneration were all clustered at the top right corner of the chart. Collectively, these three factors (skill development, progression, and remuneration) can be described as how an employee sees their potential for growth in the role. Therefore, Generation Next employees in the public sector were most attracted to organisations, and were also most likely to stay, where they saw clear career paths. Worryingly, only 26% of public sector respondents said that their current employer offered clear career paths. Creating clear career paths must be a top priority for public sector employers for attracting and retaining their staff.

A second, slightly lower-ranked, cluster included work-life balance, job security and interesting work. These factors support an employee’s experience at work, such as their sense of safety in the role and sense of engagement with their work. Employers should develop and publicise their excellent work environments in order to maximise the attraction and retention of top talent.



FIGURE 2.2b: What factors attract & retain you to an employer? An enlargement of the matrix



2.3 PUBLIC SECTOR PROFESSIONAL ACCOUNTANTS HAVE SIMILAR AMBITIONS TO THEIR PEERS

The career goals of public sector respondents appeared to be broadly aligned with those of the overall Generation Next sample. They were ambitious, focused on gaining promotion, and looking to move to their next role within two years.

The results show that public sector professionals are ambitious and focus on gaining promotions to achieve their career goals. Nearly two-thirds (65%) of Generation Next respondents in the public sector wanted to move to a new position within two years (Figure 2.3). Although this is high, the demographic data shows that public sector respondents were slightly ‘stickier’ than their peers – having stayed in their current role for about half a year longer than the global average. In addition, young public sector accountants were less likely than the global average to be planning to move in the next two years, with more than 70% of the overall sample planning such a move.

In line with the total Generation Next sample, 61% of public sector respondents wanted their next move to be external (Figure 2.4), with two-thirds (66%) preferring a promotion to a sideways move (Figure 2.5).

There was considerable variation in public sector respondents’ intentions of moving to new roles. Fewer than half the Malaysian respondents (49%) planned to move in the next two years, while more than three-quarters of public sector respondents from the UK planned to change roles in the next two years (77%).

FIGURE 2.3: How quickly would you like to move to your next role?

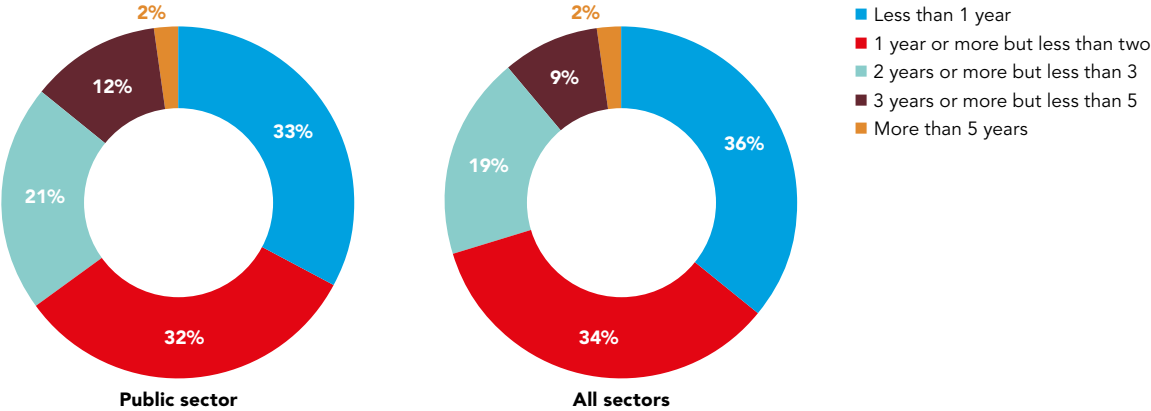


FIGURE 2.4: Do you expect your next move to be internal or external to your current organisation?

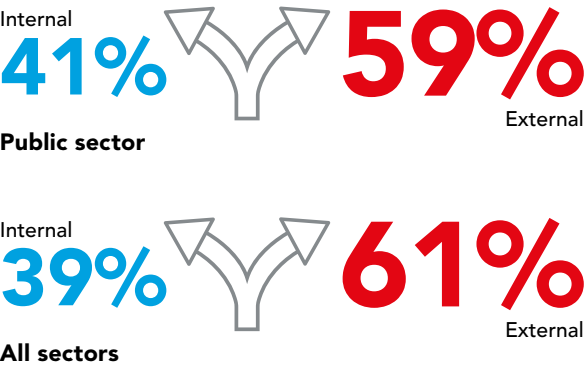
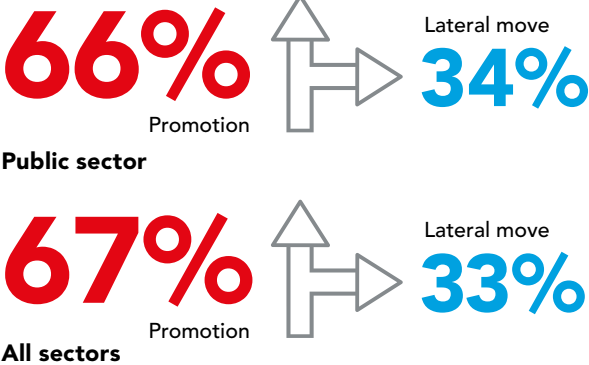
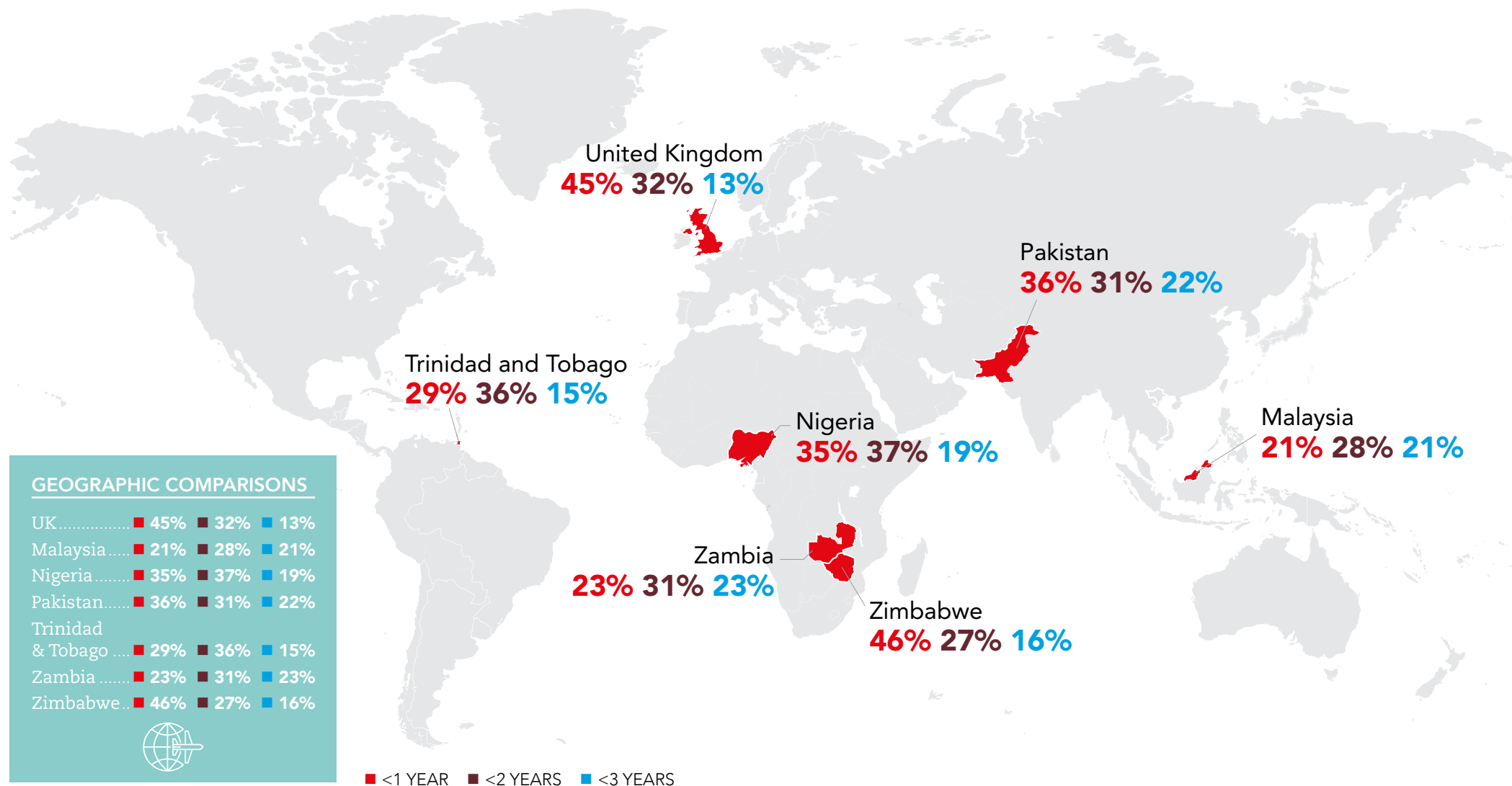


FIGURE 2.5: Would you like your next move to be a promotion or a lateral move?



■ The time before intending to move to another role varied considerably by country, but in most countries the most favoured destination was large corporate firms



2.4 PROFESSIONAL ACCOUNTANTS IN THE PUBLIC SECTOR ARE PLANNING DIVERSE CAREERS



ACCA’s research has already shown that Generation Next professionals in general are mobile and ambitious (ACCA 2016a) – this is equally true of public sector respondents, who were slightly more likely to have worked for multiple organisations. They also expressed interest in taking on a role in a different country or region and were the most likely group to want to start a business at some point in their career.

The research shows that Generation Next respondents in the public sector are planning exceptionally diverse careers.

In the short term, nearly three in four public sector respondents (73%) wanted their next career move to be in the same subject area, but in a more senior position. A slim majority of respondents also wanted their next move to be into a role where they were leading a finance team (51%) (Figure 2.6).

Taking a longer view, about 77% of Generation Next in the public sector said that they would like to pursue a role in a different country or region at some point in their career. The majority of those considering international opportunities planned to do so at a later point in their career and not as their next career move. Interestingly, young finance professionals in the public sector were the most likely of respondents across all sectors to want to start their own business at some point in their career.

Public sector respondents also saw their colleagues as having entrepreneurial ambitions. Two-thirds (66%) said that more of their fellow finance professionals would want to become entrepreneurs rather than pursuing a traditional finance career.



of Generation Next in the public sector said that they would like to pursue a role in a different country or region at some point in their career

FIGURE 2.6: Which of the following career goals would you like to pursue in the future?

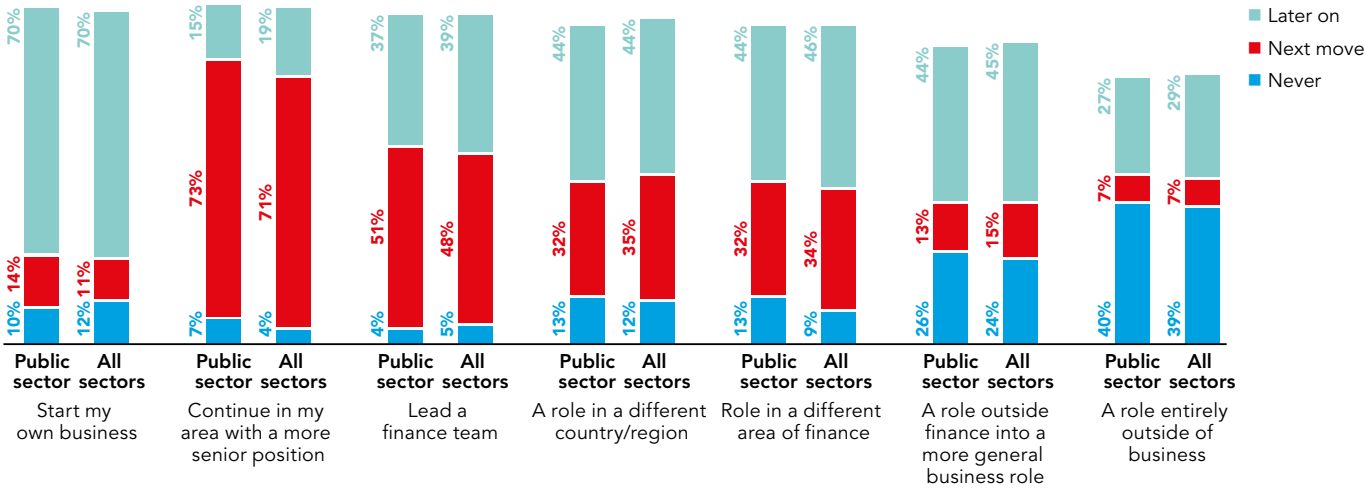


Figure 1.3 shows that public sector respondents were much more likely to be working in a non-accounting role. This fits with the desire of young public sector accountants to take on a role outside the finance and accounting function at some point in their career (57%). Many professional accountants working in their country's civil service have the opportunity of pursuing roles in a variety of areas, including those outside the accountancy function. A majority of public sector respondents wanted to take advantage of the diverse careers that they could pursue while remaining government employees, which would give them opportunities to devote parts of their careers to project management, policy analysis, or operations.

‘We see a lot of young people in our organisation where the end goal for them is not in the public sector, because they see new avenues for them in the start-up space’.

Tay Lay Khim, Director for Audit,
SPRING Singapore

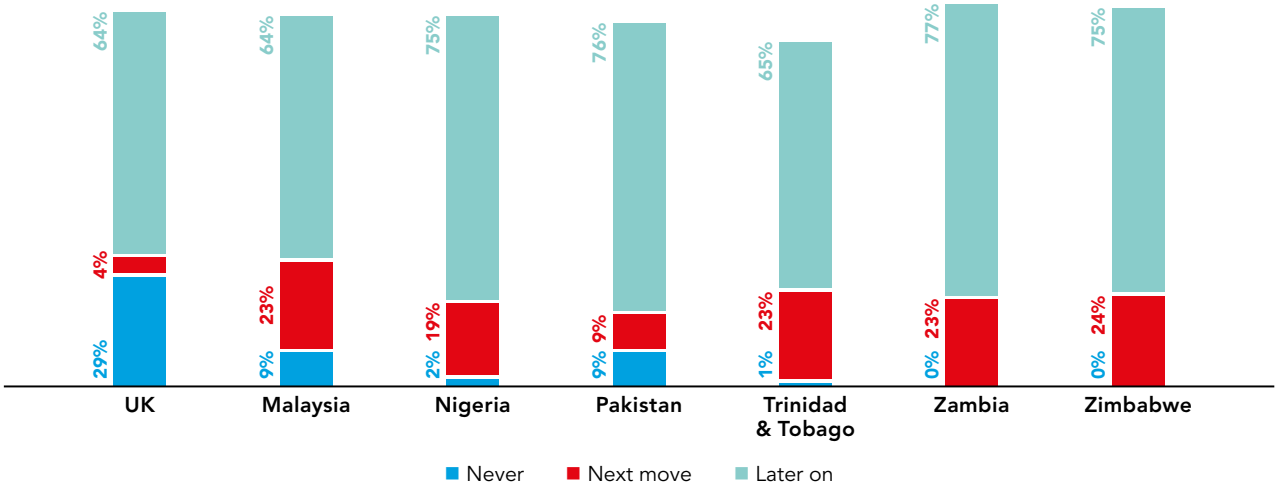


The entrepreneurial propensity of Generation Next employees in the public sector varied considerably by country

UK respondents from the public sector were the least likely to want to start their own business at some point in their career. In contrast, entrepreneurial intentions were nearly universal in the sub-Saharan African countries with sufficient samples (such as Zimbabwe and Zambia) as shown in Figure 2.7.



FIGURE 2.7: Would you like to start your own business at some point?



2.5 PUBLIC SECTOR ACCOUNTANTS
ARE INTERESTED IN OTHER SECTORS,
PARTICULARLY THE CORPORATE SECTOR



Over three-quarters of public sector respondents (76%) planned to change sector or type of organisation in their future career (Figure 2.8).

This compares with a slightly lower result from their global peers (73%) – with a wide distribution in country-specific responses.

For those who want to leave the public sector for their next move, the focus was on large corporate firms (30%), with nearly half (44%) hoping to move to a corporate firm of any size. Fewer than one-in-six (16%) were seeking a move to a Big Four firm. Medium-sized corporate and accounting firms were less attractive to public sector respondents, while the other preferences were broadly aligned with the average global response of Generation Next (see Figure 2.9).

Looking at the country-specific results, public sector respondents from the UK were the least likely to want to move to a new sector – with two-thirds (66%) expressing interest in moving to a new sector – whereas 89% of respondents from Pakistan wanted to move to a new sector.

FIGURE 2.8: Would you like to move sector or type of organisation in your career, in the future?

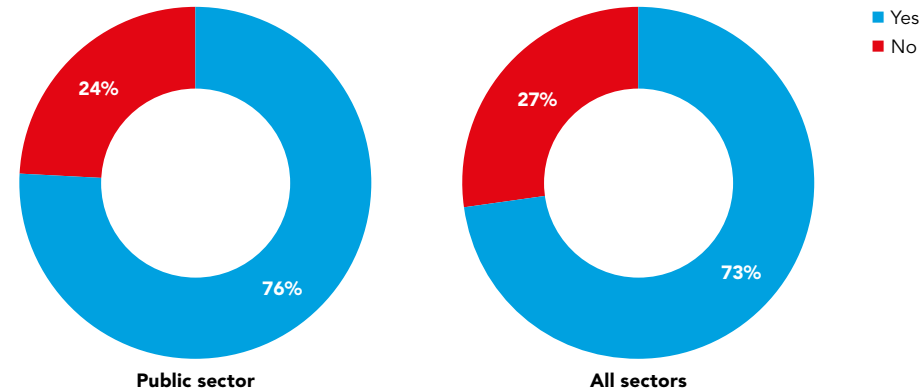
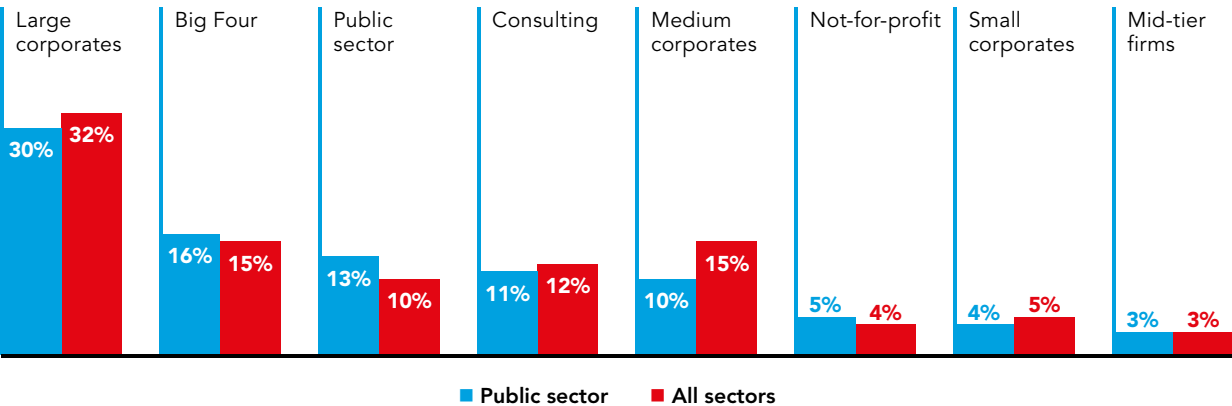
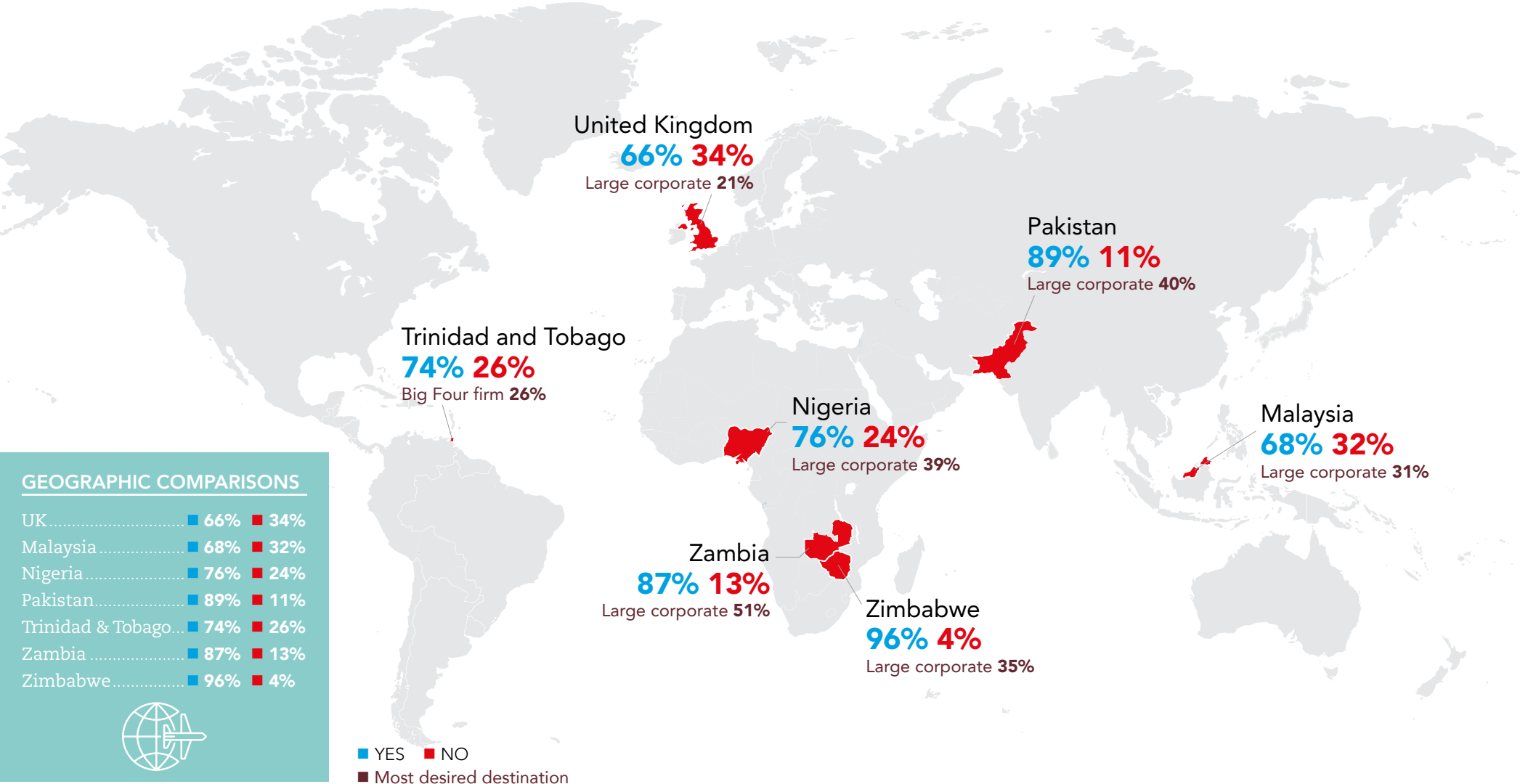


FIGURE 2.9: If you would like to change sector, where would you like to move to?





The desire to move to another sector varied considerably by country, but in most countries large corporate firms were the top destination



2.6 JOB SATISFACTION LOWER THAN
GLOBAL AVERAGE



Professional accountants in the public sector had lower job satisfaction than the global average. Lower job satisfaction may be attributable to a lack of transparent career paths. Equally, many cited cultural challenges as a barrier to career progression within the public sector.

Among Generation Next employees in the public sector, only 39% of respondents said they were either satisfied or very satisfied in their current role compared with the global average of 48% (Figure 2.10). The problem is even starker in developing economies; for example, the proportion reporting job satisfaction was as low as 24% in Trinidad & Tobago.

Along with their peers in other sectors, public sector respondents cited the lack of a transparent career path as a top barrier to career progression in their current organisation. Interestingly, young accountants in the public sector were much more likely to cite organisational culture as a barrier (37%) than the global average (27%). A lack of available roles was also frequently mentioned by both public sector respondents (36%) and their global peers (37%). Finally, it is worth noting that public sector finance professionals were more likely to report that the experience they had gained from their current role was not sufficiently valued within their organisation, at 29% compared with 24% of the global sample.

FIGURE 2.10: How satisfied are you in your current role?

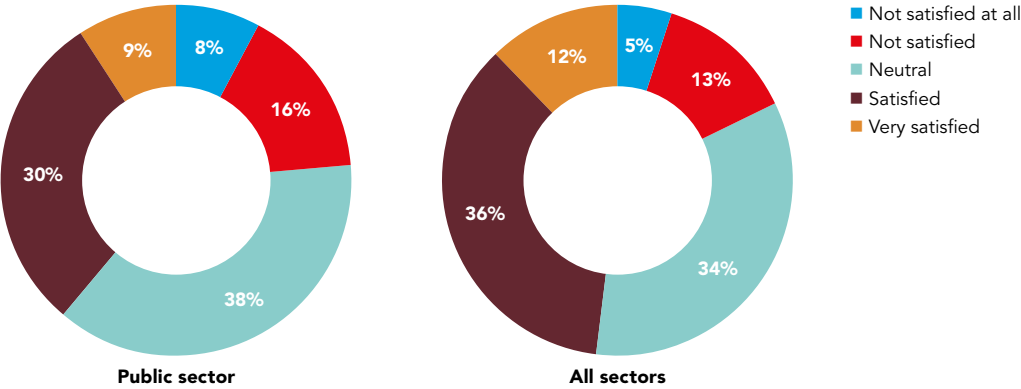
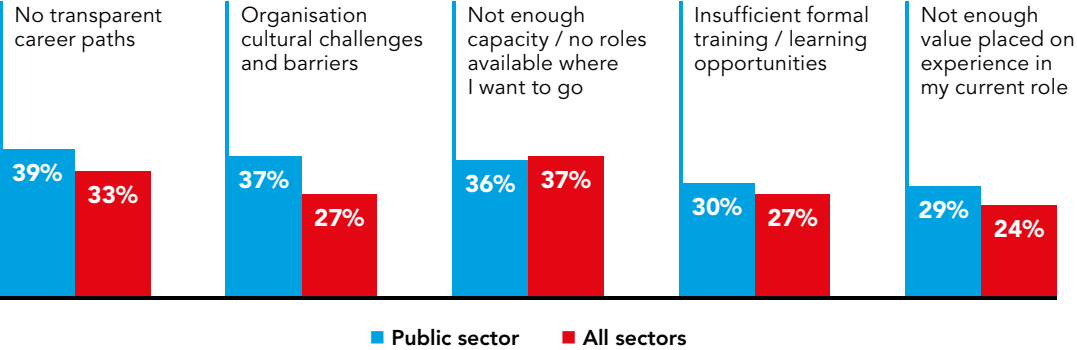


FIGURE 2.11: Main barriers to career progression (top five factors)



At the same time, public sector respondents were more likely than (42%) their global peers (32%) to believe that working in their sector is becoming more attractive. Therefore, many public sector respondents considered the sector to be relatively appealing, but were nonetheless comparatively dissatisfied with their position. Country-specific responses to this question varied widely, with 61% agreeing that it was becoming more attractive to work in the Malaysian public sector but only 30% of Nigerian responses taking the same view (Figure 2.12).

FIGURE 2.12: Do you agree that it is becoming more attractive to work in the public sector?

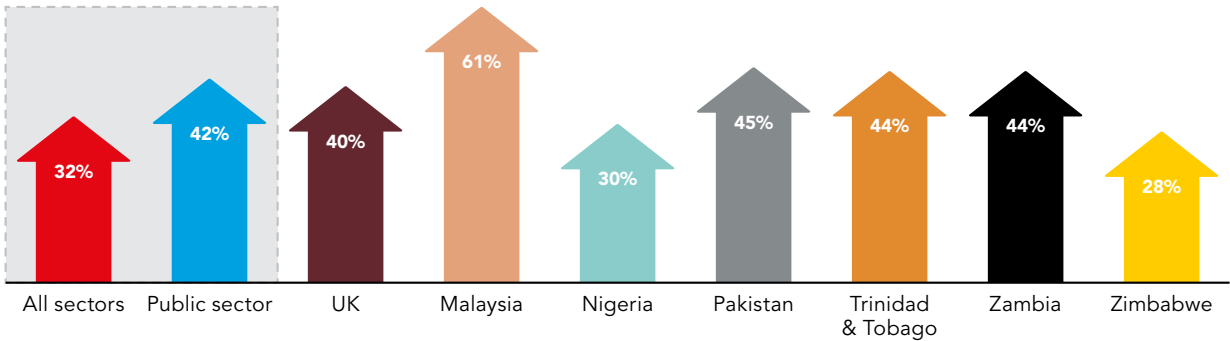
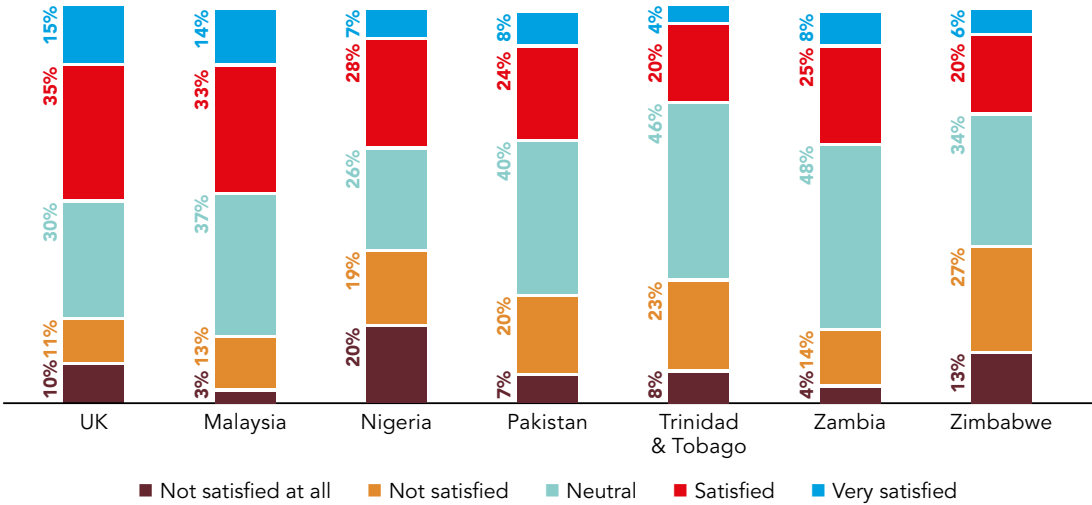
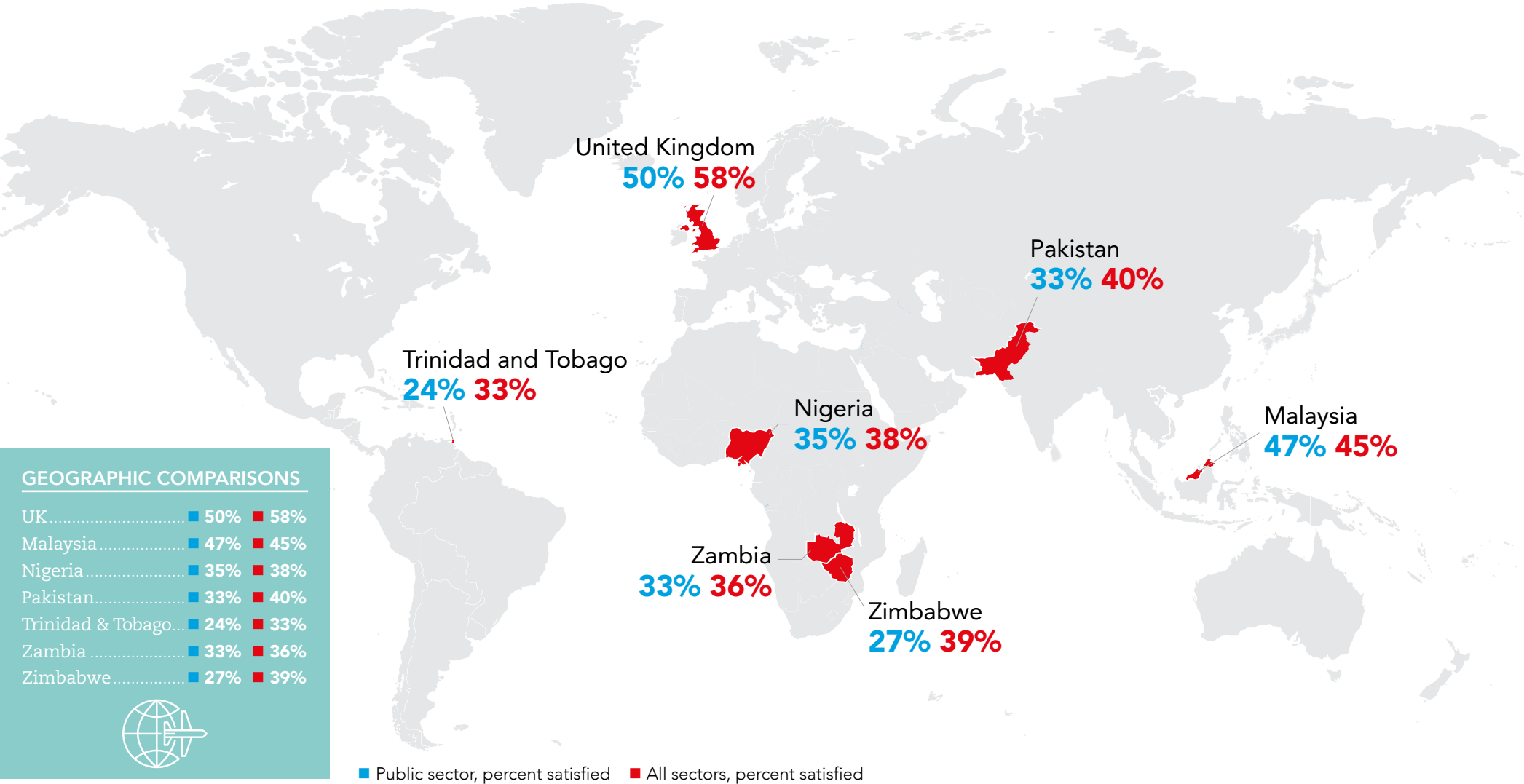


FIGURE 2.13: Job satisfaction of Generation Next in the public sector in different countries



 Globally, only **39%** of young professional accountants in the public sector were satisfied in their current role.



2.7 EXPERIENTIAL LEARNING IS UNDERUSED



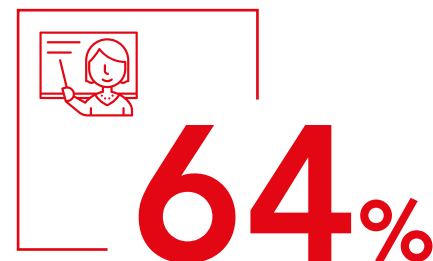
External seminars and on-the-job learning were the most-used learning activities in the sector, with nearly half of all public sector respondents believing that the on-the-job learning was also effective.

Broadly, the public sector findings align with the long-established 70:20:10 rule for learning and development. This rule, originally set out by Lombardo and Eichinger (1996), suggests that individuals typically gain 70% of their knowledge from job-related experiences, 20% from developmental relationships and just 10% through formal learning such as classroom training or online.

Comparing the most-used to most-effective learning strategies, public sector respondents said that mentoring, job rotations and coaching were all more effective than their current level of use would suggest. All these learning strategies are forms of experiential learning, where the employee 'learns through doing'. Clearly, there is an opportunity for public sector employers to increase the use of these experiential forms of learning to increase the effectiveness of their learning and development strategies.

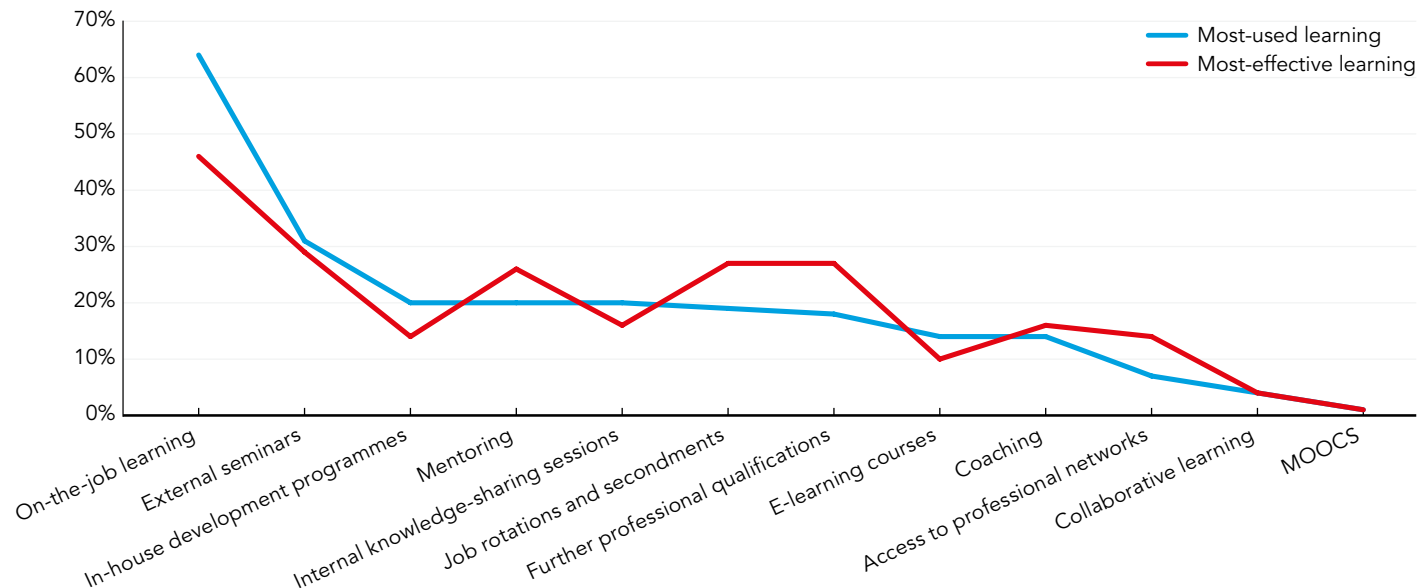
In addition to experiential learning, public sector respondents said that further professional qualifications were currently underused, with 27% seeing this as an effective strategy while only 18% said that professional qualifications were used in their organisations. This suggests that there are opportunities for public sector organisations to increase their use of further professional qualifications.

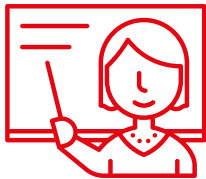
There was considerable country-specific variation in respondents' views of what constituted effective learning and development. For example, external workshops were seen as the most effective strategy in both Zambia and Pakistan. It is also worth noting the perceived effectiveness of on-the-job learning by country. Although globally 46% of public sector respondents cited on-the-job learning as effective, this figure fell to 29% in Trinidad & Tobago and reaches 61% in Malaysia.



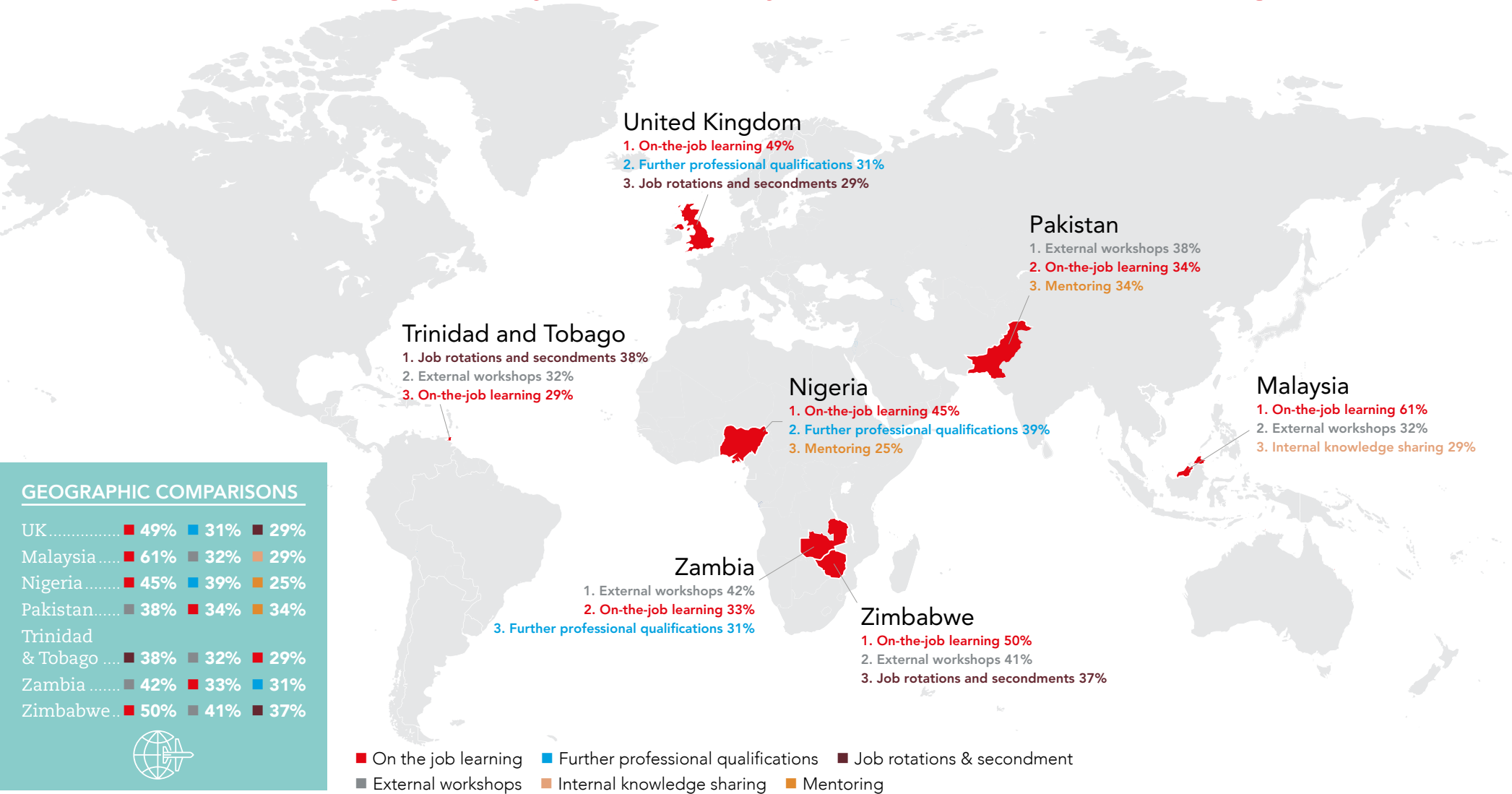
(nearly two-thirds) of Generation Next employees in the public sector made use of on-the-job learning

FIGURE 2.14: The most effective learning activities for career development versus those most used by employers





52% of Generation Next employees in public sector organisations say that on-the-job learning is the most effective learning activity, followed by **27%** who cite mentoring



2.8 REALISTIC AND OPTIMISTIC ABOUT TECHNOLOGICAL CHANGE



Three-fifths (60%) of Generation Next respondents working in the public sector acknowledged that technology will come to replace many of the jobs typically completed by officials in entry-level finance and accountancy roles. Public sector respondents were also more likely than their global peers to take this view, where 57% of the global sample agreed that technology will replace entry-level roles (Figure 2.15).

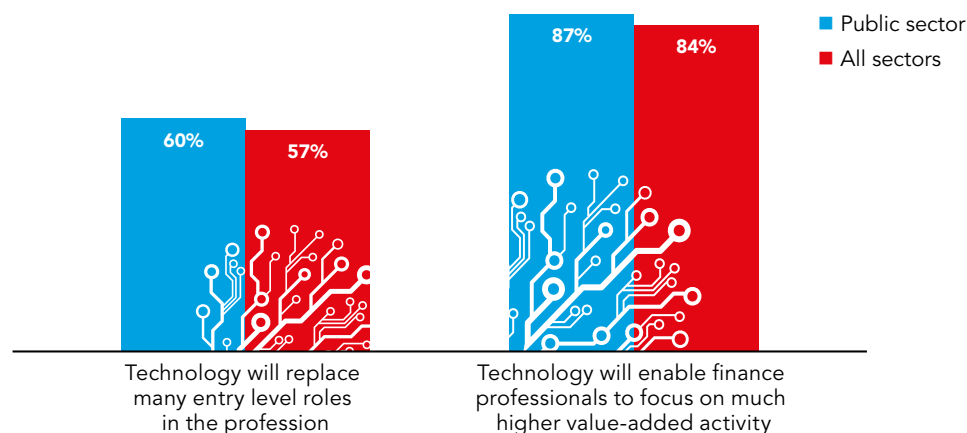
In contrast, research by Royal Society of the Arts, Manufacturers and Commerce (RSA), a fellowship body based in London UK, found that in most cases artificial intelligence (AI) and robotics will automate individual tasks rather than whole jobs (Dellot and Wallace-Stephens 2017: 5). This finding applies to the accountancy profession as well, where a large majority of Generation Next believe technology will enable finance professionals to focus on much higher value-added activities in the future. Encouragingly, these findings indicate that public sector professionals are realistic about the changes that technology may bring to the profession, but also optimistic about how this new environment will allow public sector accountants to focus on higher-value activities. Public sector employees in the Generation Next survey were more likely than their peers to believe that technology will enable them to focus on such activities – with 87% of public sector respondents taking this view, compared with 84% across all sectors (Figure 2.15).



‘What younger professionals need now is the analytical skills which involve interrogating data rigorously and discovering correlations in order to make the data insightful for decision making’.

Arief Putera Bin Mohd Sharipudin, Director,
Communication Division, Inland Revenue
Board of Malaysia, Malaysia

FIGURE 2.15: Public sector respondents' views on technological change



Technology could eliminate some of the repetitive work currently done by junior accountants, such as data entry. The optimistic view of public sector respondents to technological change is further supported by the fact that Generation Next respondents from the public sector were more likely to be attracted to employers that make innovative use of technology (77%) than their global peers (71%) (Figures 2.16).

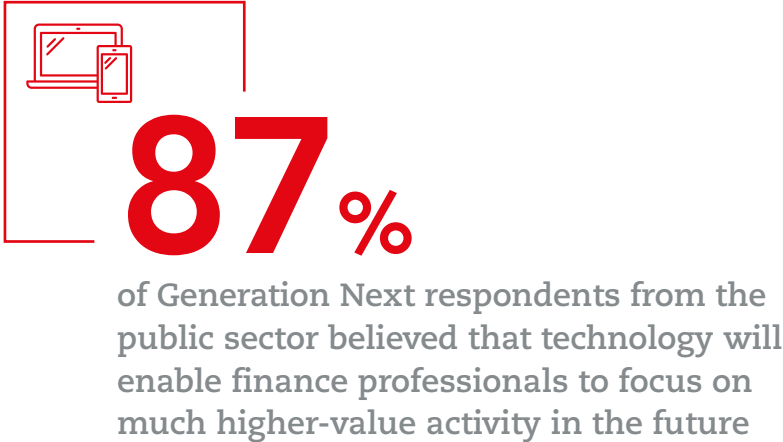
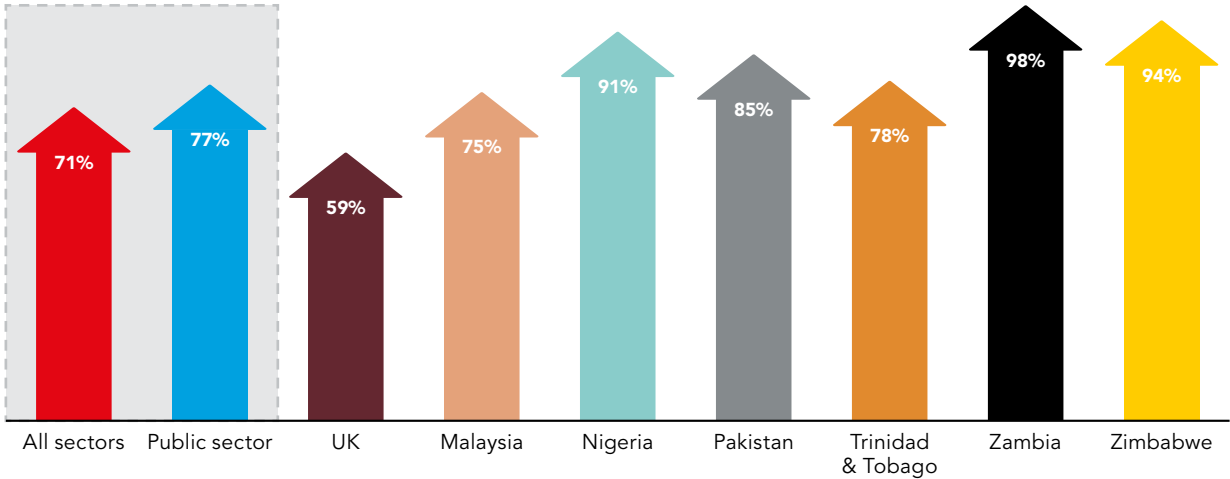


FIGURE 2.16: How important is the innovative use of technology in attracting you to an employer?



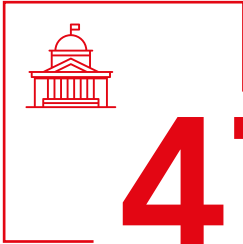
2.9 THOSE ATTRACTED TO THE PUBLIC
SECTOR TYPICALLY COME FROM
CORPORATE FIRMS AND SMPs



About 10% of those looking to change from their current sector were attracted to the public sector. This provided a sample almost 1,000 respondents who were attracted to moving to the public sector for their next move. Clearly, this is an important group for public sector employers and it is essential to understand what factors are pushing them from their current employer and what factors attract them to a new employer.

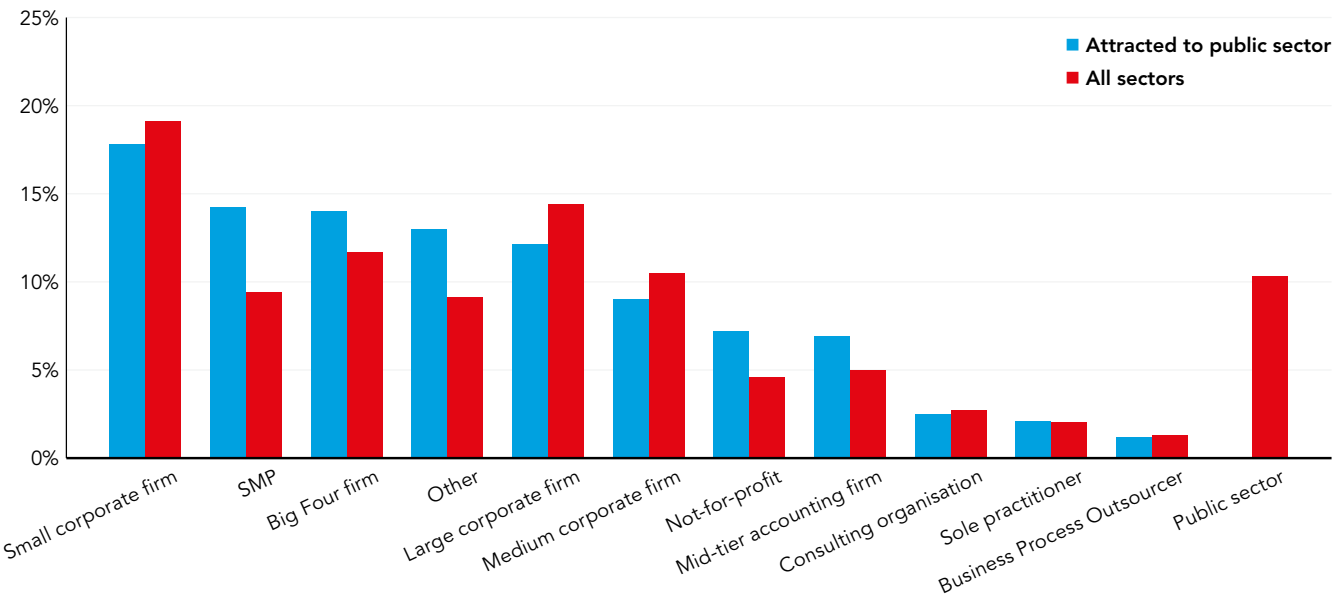
Almost two-fifths (39%) of those looking to move to the public sector were currently working in the corporate sector – with the largest interest from small corporate firms (18%). Compared with the entire Generation Next sample, young professional accountants currently working in SMPs and the not for profit sector were both more likely to want to move to the public sector than their peers.

What factors did this group declare as most important in a prospective employer? What did they see as the main barriers to progression in their current organisation? These are important questions for public sector employers to answer if they want to predict the needs of prospective candidates.



47%
of those looking to move to the
public sector were currently
working in the corporate sector

FIGURE 2.17: Current sector of those attracted to the public sector



The most common barrier cited by those interested in moving to the public sector was that the potential reward package within their current organisation was perceived as insufficient (37%). This factor also had the largest differential from the global Generation Next survey (29%). Like many of their global peers not attracted to the public sector, those who did find it attractive said that there were no transparent career paths in their current organisation and no internal roles available for them to progress. Unfortunately, these ‘push’ factors for those attracted to the public sector were also key challenges for Generation Next respondents currently working in the sector.

Among the factors attracting non-public sector professionals to a new role, job security and work-life balance were seen as essential factors that a candidate would look for in their new public sector employer (Figure 2.19). This finding aligns with the general preference of those respondents already working in the public sector, who wanted to have a positive overall experience at work – including good job security, interesting work, and work-life balance. The opportunities for learning and development, as well as for career progression and good remuneration, were similarly important factors for public sector respondents and their global peers.

FIGURE 2.18: Main barriers to progression in your current organisation (All vs Attracted to Public Sector)

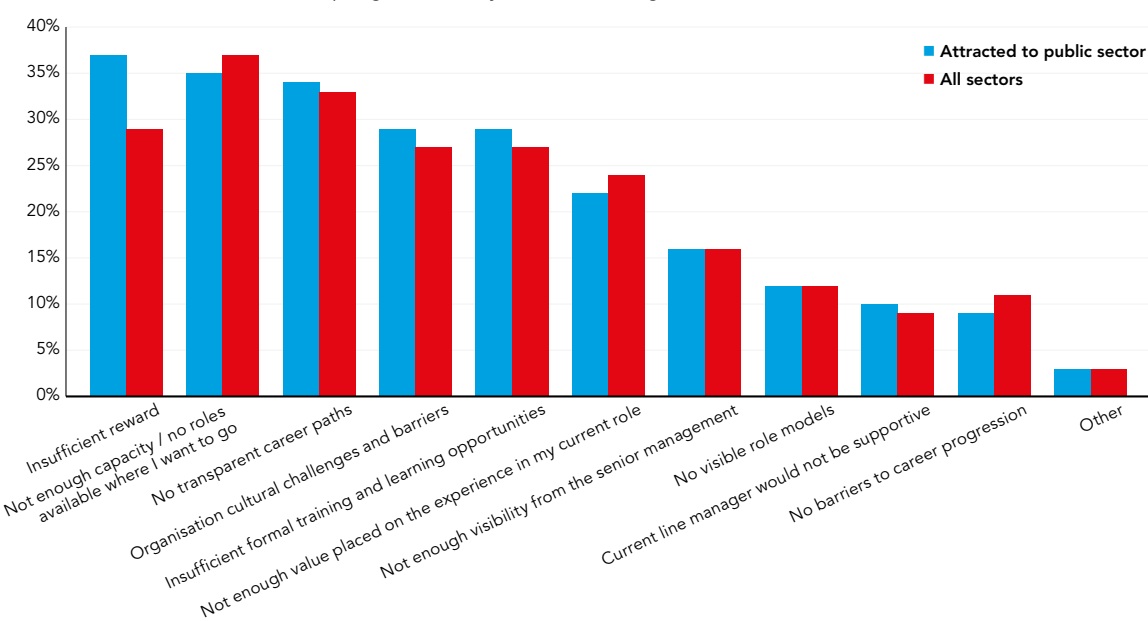
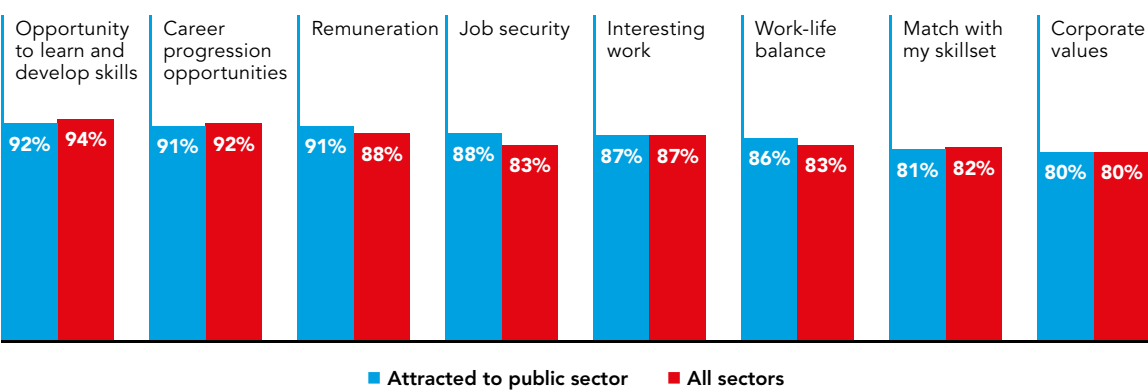
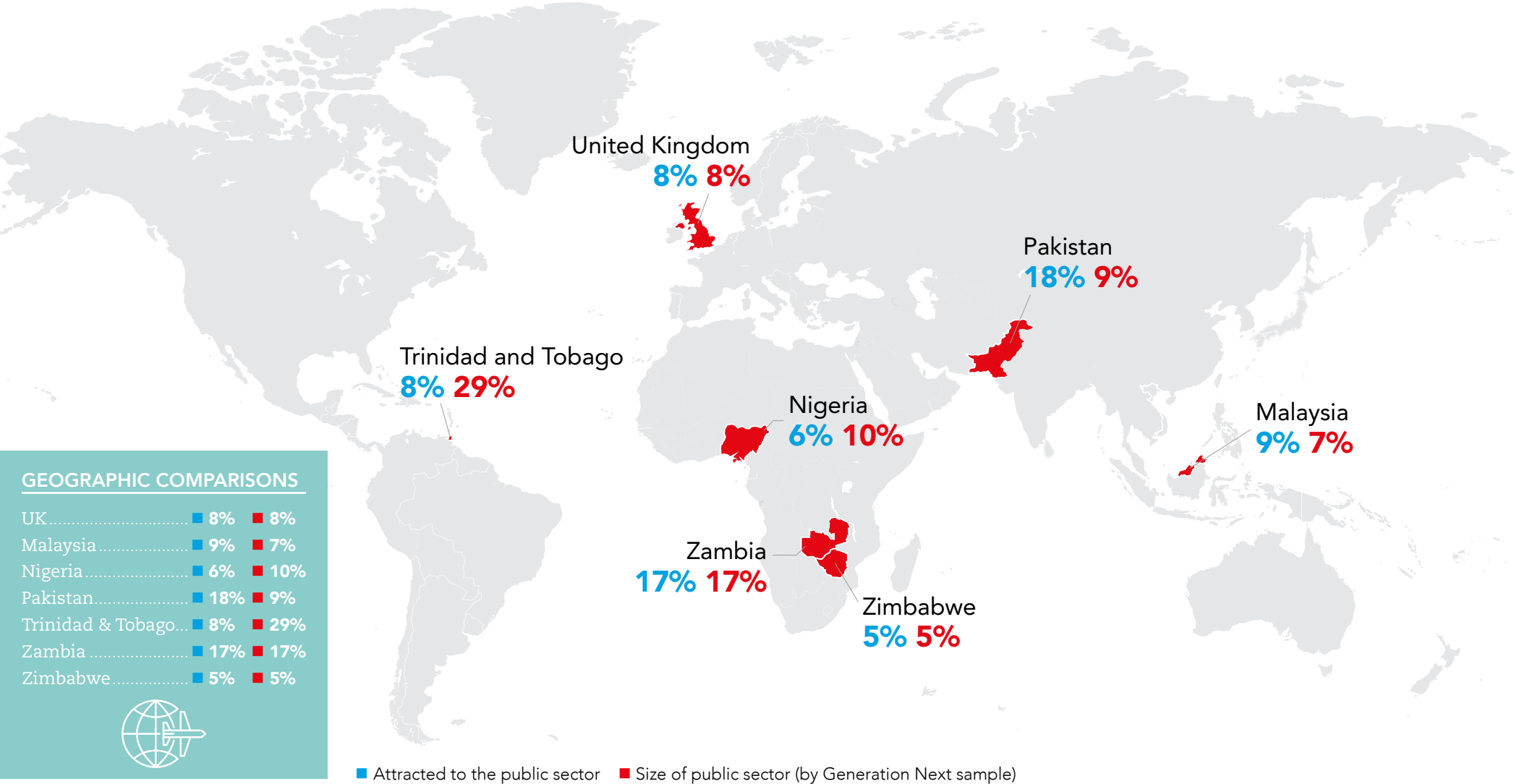


FIGURE 2.19: Factors attracting young finance professionals to a new role (All vs Attracted to Public Sector)





Attraction to the public sector varied considerably by country. Of those looking to change sector, in Pakistan **18%** wanted to move to the public sector, while only **8%** of those in the UK wanted to move to do so.



3. Employers' call to action

3.1 ATTRACTING TALENT

The future success of public sector employers around the world depends on attracting the right talent to support organisational objectives. In-demand talent is required at a time when many governments are working to achieve more with less and responding to calls for increased transparency.

Given the findings in Section 2, public sector employers should consider:

- creating clear mid-career routes into the public sector to capitalise on young professional accountants' significant interest in the sector
- working to develop the brand of the function or organisation, and
- advertising the opportunity to learn in an innovative public sector organisation.

3.1.1 Create clear mid-career routes into the public sector

The Generation Next survey showed that young professional accountants in certain sectors and countries want to enter the public sector. For example, 14% of Generation Next respondents working in an SMP who said that would like to move sector planned to enter the public sector. Similarly, 12.5% of young professional accountants in the not-for-profit sector that planned to move wanted to enter the public sector. Employers in the public sector should capitalise on this demand by creating clear mid-career routes into their organisations.

The Generation Next survey also showed that, of those from outside the public sector who were most attracted to a career move into that sector, at least 93% wanted to move to an organisation that provided the 'opportunity to learn and develop'. Section 2.9 shows that the essential factors attracting non-public sector accountants to a new public sector role include job security and work-life balance. It is important, in order to attract the right talent, that public sector employers convey the variety of learning and development opportunities and the positive work environment that they can offer candidates.



Tackling the image of the public sector

In February 2018, ACCA held a roundtable in London, UK to discuss the survey findings on Generation Next in the public sector.

Yusuf Erol is head of finance at the London Borough of Hackney. Yusuf believes that there is an issue with 'a false image' of the public sector finance professional – where the view is that the work is not exciting and that there is a culture in the public sector that accepts average or below-average performance. This results in talented candidates being reluctant to apply for public sector jobs because they feel it could restrict any future opportunities in the private sector.

To counter this image, Yusuf suggests that public sector employers highlight the exciting and commercial nature of many of the finance roles in the public sector. Accountants in the public sector can work on large capital or commercial projects; have to work within comprehensive risk management frameworks; and must come up with innovative ways to allocate resources efficiently and effectively.

3.1.2 Develop the brand of your function or team

Public sector roundtable participants said that the overall image of the public sector can be a key challenge in attracting the right talent. About three-fifths (63%) of the overall Generation Next sample were attracted to a particular employer as a result of their brand. Though this was not one of the top factors, it was still significant. Compared with the other sectors, the public sector is alone in often being perceived as being a 'single umbrella' employer – 'the government'. Working to increase the attractiveness of the entire sector is often too difficult, but it is worth investing in developing the unique brand of your team or function. Many of the prejudices about 'working for the government' can break down once single institutions or teams can present themselves as high-performing and central to public life.

3.1.3 Advertise the opportunities for learning in an innovative public sector organisation

Public sector employers are facing a new landscape as technology fundamentally changes the way that governments deliver services to their citizens. They need to adapt to this new environment. More than three-quarters (77%) of young professional accountants in the public sector are drawn to employers that are making

innovative use of technologies. They are more likely than their peers in other sectors to acknowledge that technology is changing the profession, but are also the most optimistic about this change. Together these findings show that the public sector employers able to demonstrate digital credentials to the labour market will be well placed to attract the top finance talent.

3.2 DEVELOPING TALENT

The imposition of austerity and the tightening of government budgets have meant that many public sector organisations have had to find cost savings, often hitting learning and development budgets. And yet the Generation Next survey showed that 94% of the global respondents were attracted to employers that would provide the opportunity for them to learn and develop skills.

Many public sector employers employ tens of thousands of staff and it can be difficult for them to develop effective learning and development strategies that are applicable across their diverse workforces. Nonetheless, it is essential that public organisations meet this challenge – as the most commonly cited factor in attracting and retaining staff was the opportunity to learn and develop.

Instilling the 'wow factor'

In February 2018, ACCA held a roundtable in Kuala Lumpur, Malaysia to discuss the survey findings on Generation Next in the public sector. Some of the methods of attracting talent to the sector formed a key area of discussion.

Nurul Al Bakri Bin Mohamad, who works as the head of the Accountant Programme in the National Audit Department, attended the roundtable. Nurul saw that colleagues working in certain areas of government, such as the central bank or the Inland Revenue Board of Malaysia (IRBM), were proud of their institution and that there was a certain 'wow factor' attributed to working there. These public sector organisations were able to attract top talent – both new graduates and staff from the private sector – since they had sufficiently developed the brand of the organisation within the broader public sector.



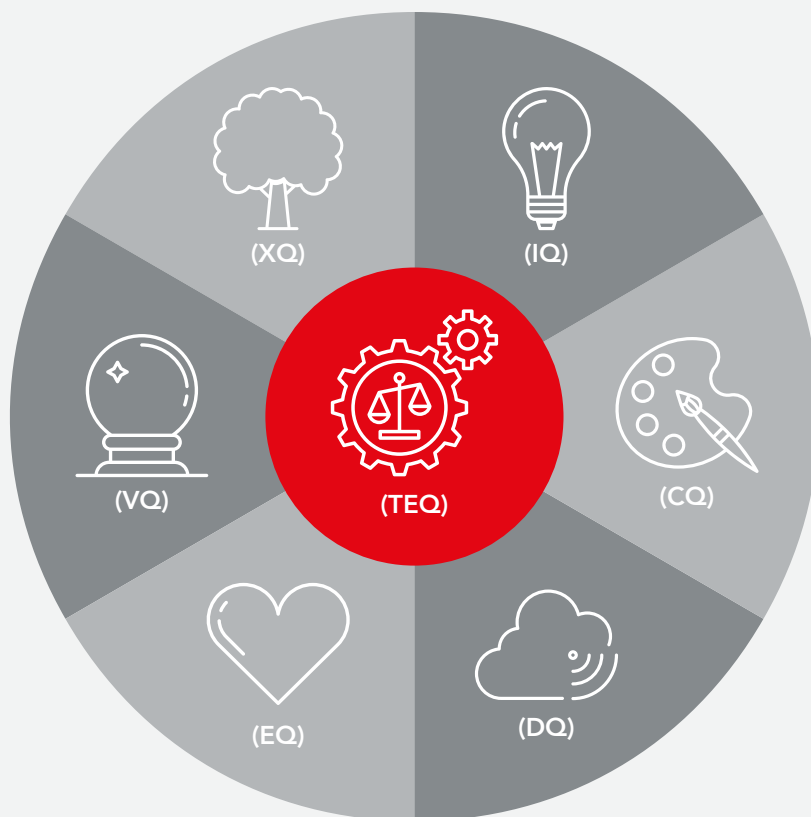
Future skills: Professional quotients for success

ACCA's recent research project, *Professional Accountants – The Future*, suggests that in future professional accountants will need a continually developing combination of professional competencies ('quotients') at their disposal – technical knowledge, skills and ability combined with interpersonal behaviour and qualities (ACCA 2016c) (see Figure 3.1). Many of these capabilities can be harnessed through effective on-the-job learning interventions, complemented by personalised training and relevant professional qualifications.

To develop talent, therefore, public sector employers need to consider:

- supporting cross-function employment opportunities
- offering new forms of experiential learning, and
- encouraging secondments, particularly to the corporate sector.

FIGURE 3.1: Professional quotients for success



Technical skills and ethics (TEQ):

The skills and abilities to perform activities consistently to a defined standard while maintaining the highest standards of integrity, independence and scepticism.

Intelligence (IQ): The ability to acquire and use knowledge: thinking, reasoning and solving problems.

Creative (CQ): The ability to use existing knowledge in a new situation, to make connections, explore potential outcomes, and generate new ideas.

Digital (DQ): The awareness and application of existing and emerging digital technologies, capabilities, practices and strategies.

Emotional intelligence (EQ): The ability to identify your own emotions and those of others, harness and apply them to tasks, and regulate and manage them.

Vision (VQ): The ability to anticipate future trends accurately by extrapolating existing trends and facts, and filling the gaps by thinking innovatively.

Experience (XQ): The ability and skills to understand customer expectations, meet desired outcomes and create value.



This new generation of accountants are looking for interesting work and want to find this by moving to new roles quickly.

3.2.1 Support cross-function employment opportunities

Public sector respondents to the Generation Next survey were nearly twice as likely as their peers to be working in a non-accounting role. This is likely because the public sector can offer a diverse set of work experiences for younger professional accountants. At different points in their career, Generation Next employees in the public sector could work in a policy environment, work with statisticians or take on a role in project management. This new generation of accountants are looking for interesting work and want to find this by moving to new roles quickly.

Participants in ACCA's roundtables suggested that it was important for managers to consider creating an employment 'lattice' within government, so that high-performing Generation Next employees are able to develop a range of skills, while still contributing to the broader public sector. It was acknowledged that the need to continue developing essential talent across the public services was more important than retaining a worker within one particular team. This is a smart strategy given the fact that the majority of Generation Next respondents said that they wanted to move to a new role within two years.

Improving staff competencies through cross-government secondments

In March 2018, ACCA Singapore hosted public sector employers at a roundtable, where the benefits of cross-government secondments were discussed.

One participant, Francis Tan of the National Environment Agency, said:

'We make known to the finance, procurement and the HR officers that there are opportunities for cross-agency postings and secondments under the Public Service Division's Career Development Forum. Such opportunities allow organisations as well as officers to build up competencies in those areas that are lacking. It's a great organisational advantage to be able to move laterally'.

Francis Tan, Group Director of Corporate Services, National Environment Agency, Singapore



Public sector organisations should look to building bridges with corporate firms that would be willing to take staff on secondments, to share experiences and skills between sectors.

3.2.2 Offer new forms of experiential learning

On-the-job learning was seen as by far the most used and effective learning and development strategy in the public sector. At the same time, public sector respondents to the Generation Next survey said that mentoring, job rotations and coaching were currently underused by their employers. All these learning strategies are forms of experiential learning, where the employee 'learns through doing'. Clearly, there is an opportunity for public sector employers to increase the use of these experiential forms of learning to improve the effectiveness of their learning and development strategies.

3.2.3 Encourage secondments, particularly to the corporate sector

Younger public sector accountants are looking outside the sector for their future careers. Over three-quarters (76%) of public sector respondents planned to move sector or type of organisation in the future. Instead of fighting this preference, public sector employers should harness it to fulfil the aspirations of their staff while also providing development opportunities. Of those respondents looking to move from the public sector at some point in their career, 44% wanted to move to a corporate firm. In addition, public sector respondents were the most likely of those in any sector to want to start a business at some point in their career. A secondment to the private sector, particularly working with a start-up, would allow ambitious Generation Next staff to acquire diverse experiences in the public sector to help prepare them for starting their own business. Public sector organisations should look to building bridges with corporate firms that would be willing to take staff on secondments, to share experiences and skills between sectors.

3.3 RETAINING TALENT

ACCA's research found that the factors driving the retention of talent were similar to those that drive attraction. In some ways, this makes it easier to implement effective talent-management strategies in the public sector. This is good news for public sector employers, because their organisational objectives can be achieved or missed depending on the availability of relevant in-house talent. Providing the right incentives for younger professional accountants to stay longer in the public sector can reduce costs and improve institutional memory.

To retain talent, employers need to consider:

- trumpeting the excellent work environment offered by the public sector
- creating opportunities for new challenges within existing roles, and
- building clear career paths.

3.3.1 Trumpet the excellent work environment offered by the public sector

The key findings in Section 2 showed that respondents in the public sector wanted to remain at organisations that offered an excellent experience at work. They wanted a good work-life balance, job security and to be engaged in interesting work. Employer participants in ACCA's roundtables in the UK, Singapore, Nigeria and Malaysia all cited comparatively lower remuneration as an issue in retaining top talent, but argued that the broader package – particularly the ability to

Offering experiential learning in preparation for accounting reforms

In February 2018, when ACCA Nigeria hosted public sector employers at a roundtable, one participant raised the importance of learning through experience in order for the workforce to develop the skills they need to implement accounting reforms.

'In terms of how we develop our staff, apart from the usual training, we actually do on-hand training ourselves. We do it a lot in the Accountant General's Office to skill-up the workforce. We continually do that because of our move to accrual accounting and have no choice but to develop our staff'.

**Salawu Adeku Zubairu, Office of the Accountant General,
Federal Republic of Nigeria**



Among Generation Next employees in the public sector, 66% believe that more finance professionals in the future will want to become entrepreneurs rather than pursuing a traditional finance career.

offer a positive experience at work – supported their ability to retain talent. Public sector employers need to consider how they can convey this competitive advantage effectively to their diverse workforce.

‘New recruits will compare salary and other benefits [between sectors] and then finally apply. When I ask them in the interview why they want to move to the public sector, they answer that it’s for the job security’.

Malaysian Roundtable Participant

3.3.2 Create opportunities for new challenges in the same role

ACCA's research has shown that Generation Next form an ambitious cohort, with aspirations for rapid promotion and leading a finance team. It will be difficult from some public sector employers to meet these expectations – but it is important that they offer new challenges and growth opportunities to increase the attractiveness of remaining in the organisation.

Keeping Generation Next engaged at work

Tan Kwang Wei, director of internal audit for the Civil Aviation Authority of Singapore, identified the challenge of keeping Generation Next engaged and suggested that the best method of countering apathy was to provide new challenges to keep younger staff engaged.

‘One of the factors for attracting young accountants or young graduates is interesting work. And most of them indicated that they would move within the next three years. So it gives me the impression that the interest span is only about two to three years, and after that they get bored with their jobs, and they are preparing to move. So one way of retaining them will be to give them something new and interesting every two to three years, to keep these ambitious employees engaged’.

Tan Kwang Wei, Director (Internal Audit)
for Civil Aviation Authority of Singapore



The Generation Next survey found that public sector respondents were the most likely of those in any sector to want to start a business at some point in their career. Public sector employers can capitalise on this aspiration by providing intrapreneurship opportunities for their staff, where Generation Next staff are given the chance to implement change within their organisation or team with relative autonomy. The original Generation Next 2016 study (ACCA 2016a) explained the concept of intrapreneurship, whereby Generation Next employees use their entrepreneurial skills while benefiting from the resources, capabilities and security of the current organisation, and learning from possible failures without the personal risks that entrepreneurship entails. Offering stretch opportunities within Generation Next employees' current roles can go a long way towards retaining ambitious staff.

3.3.3 Build clear career paths in your organisation

Generation Next respondents in the public sector said that transparent career paths were the most important issue in both attracting them to an employer and remaining there. Under this broad theme, the top factor that respondents cited was

the opportunity for learning and developing their skills, which would allow for well-defined career progression and good remuneration. Worryingly, public sector respondents were also less likely than to their peers to see transparent career paths in their current organisations. Only 26% of public sector respondents agreed that their career paths were clear while 31% of all-sector respondents agreed with this statement.

ACCA's global roundtables identified the issue of 'queuing for the next job' as particularly damaging to retention of ambitious talent. This aligns with ACCA's Generation Next survey data, which ranked 'no roles available' as the third-highest barrier to career progression for public sector respondents.

Some public service organisations have tried to counter this issue by recognising staff development, such as providing a salary supplement to staff who complete a professional qualification or become subject-matter specialists (eg statisticians or economists). This type of policy must necessarily be balanced against the resource restraints of an organisation and must be complemented by a longer-term approach to career planning for Generation Next.

Varied career paths in the public sector raised at ACCA Singapore Roundtable

In March 2018, ACCA Singapore hosted employers at a roundtable. One point raised was that the sheer variety of career moves available means that career paths in the public sector can seem less defined than in other sectors.

Jonathan Tan, senior assistant director of resource management at the Ministry of National Development, explained: 'It's different because our public sector is very diverse. Because it's so diverse, there is no fixed career path as compared to a multinational corporation or the Big Four, where it's clear what stages you can reach. But in the public sector, we can move up in a specialised area (e.g. Finance) or sideways as a generalist across many different areas of work'.

The diversity of the public sector can be a real advantage for ambitious and proactive members of Generation Next who are seeking out their next opportunity, but the lack of linear career paths in some organisations can also reduce the attractiveness of the sector.

4. Conclusion

ACCA's groundbreaking global survey and roundtables demonstrated that the public sector can offer a dynamic work experience, where employees can develop professionally while working to tackle leading societal challenges.

The next generation of professional accounts in the public sector are imagining diverse careers, including gaining international work experience and realising entrepreneurial ambitions. The trends highlighted in this report clearly hold significant implications for the future of talent in a sector facing many forces of change. It is vital that employers respond to the work preferences of Generation Next in order to position themselves best for responding to this changing landscape.

Generation Next employees in the public sector are an optimistic group. More than four-fifths (81%) of public sector respondents said that there was a long-term future for them in the finance profession. They acknowledged that technology will come to replace many of the repetitive tasks currently completed by employees in entry-level roles, but were also the most



Nearly four-fifths of respondents said that they saw a long-term future for themselves in the finance profession – showing that finance experience in the public sector can provide an excellent foundation for success.

optimistic about this technological change – envisioning a new world of work where finance professionals can focus on higher-value activities. In short, it is an exciting time to be a professional accountant in the public sector – where finance staff can take the opportunity of shaping the public services of the future, while achieving value for money and long-term sustainability.

It is also clear that the sector faces a number of challenges. A large majority of public sector respondents want to move sectors at some stage, primarily to progress in their careers and to work in organisations with clearer career paths. ACCA's research on the 50 drivers of change in the public sector (ACCA 2016b) ranked the changing workforce age structure as a top driver, alongside the quality and availability of talent. Public sector leaders know that providing effective and efficient public services will mean offering well-rounded, competitive packages to the next generation of professionals, who must face the challenges of the 21st century.

Public sector organisations across the world are responding to these new labour market conditions with innovative policies. Efforts to create career 'lattices' within the public services can help to retain talent, while also providing mobile and ambitious members of Generation Next the chance to explore new opportunities and roles. That a higher proportion of public sector respondents than of their peers in other sectors are working in non-accounting roles suggests that some younger public sector accountants have taken advantage of working for large public sector organisations by exploring opportunities in different functions or areas.

Public sector organisations are typically unable to compete on remuneration for top talent, but must instead communicate a holistic offering to their candidates that includes clear career paths and a positive work environment. Yet whatever strategies they decide to adopt, it is essential that public sector employers recognise the importance of talent management as a key component of their future strategies.



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