



Suruhanjaya Sekuriti
Securities Commission
Malaysia

ACCA

Optimising Talent in Accounting Firms



About AOB

The Audit Oversight Board (AOB) is responsible to regulate and oversee auditors of public interest entities in Malaysia. It's mission is to foster high quality independent auditing to promote confidence in the quality and reliability of audited financial statements of public interest entities.



About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 154,000 members and 432,000 students in 170 countries, helping them to develop successful careers in accounting and business, and equipping them with the skills required by employers.

We work through a network of 83 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

Through our public interest remit, we promote the appropriate regulation of accounting. We also conduct relevant research to ensure that the reputation and influence of the accountancy profession continues to grow, proving its public value in society.

Acknowledgements

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Talent – The Key to Audit Quality

Working in an accounting firm has long been seen as providing an excellent foundation to a professional career in the finance and accounting industry. In addition, in financial markets all over the world, talent is recognised as an indisputable key ingredient in delivering quality audits.

Acknowledging these facts, accounting firms in Malaysia invest heavily in talent recruitment, development and retention. Some firms have also built up an admirable reputation for professional employment. For example, three of the largest accounting firms in Malaysia emerged as champion, first runner-up and third runner-up in the Malaysian chapter of the 2012 Graduate Employer of the Year awards.

Despite their best efforts, accounting firms – especially their audit practices – continue to report high attrition and turnover rates, which have generally been attributed to intense competition from within and outside Malaysia for a limited pool of accounting talent, as well as intense pressures faced by the staff in a dynamic and highly challenging environment.

It is urgent that the profession addresses this dilemma in order to overcome this talent challenge and to ensure delivery of quality audits. Realising this, the Audit Oversight Board (AOB), Securities Commission Malaysia, which is responsible to oversee auditors of public interest entities in Malaysia and ACCA as a leading global professional accountancy body deemed it timely to conduct a survey on the current state of audit talent in accounting firms.

About The Survey

The AOB and ACCA initiated the idea for a detailed talent attraction and retention survey on the state of audit talent in Malaysia in August 2012. This survey is also aligned with ACCA's global initiatives on assessing and enhancing audit value. A similar survey entitled 'Talent Attraction and Retention in Larger Accounting Firms' was carried out in Singapore by ACCA and Singapore's Accounting and Corporate Regulatory Authority at about the same time and provides valuable cross-border comparisons with the Malaysian findings.

The Malaysia survey was conducted online in September 2012 and covered 9 accounting firms identified by AOB namely Baker Tilly Monteiro Heng, BDO, Crowe Horwath, Deloitte, Ernst & Young, KPMG, Mazars, PricewaterhouseCoopers and SJ Grant Thornton.

In total, the survey received 1,200 responses, representing approximately 20% of the total audit staff strength from the 9 accounting firms.

Profile of respondents

Grade	%
Associate	51
Senior	29
Assistant Manager	6
Manager	7
Director	7

Years Worked in Audit	%
Less than 1	23
1 to 2 years	30
2 to 3 years	15
3 to 5 years	18
5 to 10 years	9
More than 10 years	5

Gender	%
Male	42
Female	58

Key findings from the survey have been encapsulated in the following pages. AOB and ACCA believe that the findings and corresponding recommendations will be helpful to the firms in the continual refinement of their talent development and retention strategies.

In the long haul, Malaysia is depending on talent development to fuel its transformation into a developed nation driven by various transformation programmes which are presently being pursued.

In sync with this, a fundamental goal for the profession would be to enrich the wellbeing of employees in order to fortify human resources in Malaysia's audit firms and enable the delivery of quality audit services that can create confidence in capital markets and businesses and thus, fuel the economy.

This is the way forward if Malaysia is to achieve its aspiration of becoming a centre of excellence for accounting and financial services, within the larger vision of becoming a high-income developed nation by 2020.

Key Findings – The State of Audit Talent

The survey unearthed some meaningful key findings that could be instrumental in shaping effective talent development strategies for audit practices and the profession going forward.

45%

ONLY 45% OF THE RESPONDENTS EXPRESSED SATISFACTION WITH THEIR CURRENT CAREER CHOICE IN EXTERNAL AUDIT.

Satisfaction

More than 80% of respondents mentioned that they enjoyed the nature of audit work; however, only 45% of the respondents expressed satisfaction with their current career choice in external audit. Satisfaction among female respondents (41%) was less than among the male respondents (51%), even though female respondents claimed to enjoy the work more.

Satisfaction did not vary significantly between respondents from the big-four firms and the mid-tier firms or between junior and senior staff.

Investing In Women

Malaysia's Talent Corporation, among others, has advocated that Malaysian firms try harder to optimise women in the workforce, contending that they are a largely untapped source of productivity especially at senior levels.

The survey found that more female respondents (88%) enjoyed the nature of external auditing work compared to male respondents (83%). However, more female respondents (52%) are inclined to leave within 3 years compared to male respondents (46%), due to a slew of pressures which include inadequate work-life balance. Women are also less likely to aspire to become a partner, again citing the challenges of maintaining an optimum work-life balance.

88%

MORE FEMALE RESPONDENTS (88%) ENJOYED THE NATURE OF EXTERNAL AUDITING WORK COMPARED TO MALE RESPONDENTS (83%).

“Compensation and Benefits”

The Whole Package Matters

Audit firms must be commended for providing incentives and perks with an aim to increase employee satisfaction. Many respondents reported that they enjoyed working in public practice because of abundant opportunities for promotion, opportunities to earn diversified experience, high future earning potential and job security. Due to the close-knit environment of audit firms, respondents also reported enjoying good rapport with colleagues and strong support and recognition from superiors and senior management. Employees also appreciated the availability of diverse, structured and on-the-job learning opportunities.

While audit firms have invested substantially in talent development initiatives, from the respondents' perspectives, there is still room for improvement where remuneration and work-life balance are concerned. Top on the wish list of respondents to the survey is compensation and benefits that reflect the long and arduous working hours, on par with remuneration packages in the competing corporate and industrial sectors.

“Work-Life-Balance”

Wanted: Better Work-Life Balance

While firms have made strides in improving the working environment for auditors, respondents continued to appeal for an improved work-life balance. Many remarked that work-life balance could be enhanced by decreasing workloads, strengthening existing support and resources, improving the standards of accounting and financial reporting among preparers and clients, and instituting reasonable deadlines.

International Mobility

Audit firms could also improve job satisfaction by providing expanded opportunities for overseas postings or secondments. 86% of respondents would welcome overseas postings or secondments which are valuable additions to one’s professional experience and resume. However, only 11% of respondents believe they have a good chance of being selected for overseas postings, with a number attributing their perceived low chance to limited openings or office politics.

11%

ONLY 11% OF RESPONDENTS BELIEVE THEY HAVE A GOOD CHANCE OF BEING SELECTED FOR OVERSEAS POSTINGS.

Multidisciplines For The Win

According to the survey findings, the majority of respondents preferred working in a multidisciplinary firm. 69% of respondents said they might have reconsidered joining or staying on if their current firm was solely an ‘audit-only’ practice (one that does not have separate divisions for taxation, corporate finance, forensic and so on).

Three Year Timeframe

49% of the respondents intend to leave their role in external audit in their current firms within 3 years. Three is the requisite number of years in working experience an auditor needs to qualify for professional membership. Senior respondents are more inclined to leave within 3 years compared to juniors (55% against 44%). Further analysis shows that respondents with 3 to 5 years of experience (66%) would be most likely to leave within 3 years; this is followed by respondents with 5 to 10 years of experience (62%) and less than 3 years of experience (46%). Respondents with more than 10 years of experience (21%) were least likely to leave within 3 years.

Wanted: More Communication And Recognition

Respondents indicated they might be more willing to stay if management would communicate with them more. Overall, only slightly more than half of the respondents felt that their superiors will make a genuine effort to understand their concerns and coax them to stay if they decide to leave the firm. 71% of the respondents in mid-tier firms said that management will strive to understand their concerns and will try to retain them if they decide to leave, compared to 60% in the big-four firms.

71%

71% OF THE RESPONDENTS IN MID-TIER FIRMS SAID THAT MANAGEMENT WILL STRIVE TO UNDERSTAND THEIR CONCERNS AND WILL TRY TO RETAIN THEM IF THEY DECIDE TO LEAVE, COMPARED TO 60% IN THE BIG-FOUR FIRMS.

Keeping Mum

Despite the less than optimal satisfaction level garnered from the rest of the survey, 65% of the respondents have never volunteered suggestions on how to improve conditions or boost morale. Respondents are reluctant to speak up because the majority believe their suggestions will be ignored. Only a marginal majority (58%) of respondents who did offer suggestions confirmed that their suggestions were given fair consideration.

Partnerships: Not A Draw?

Surprisingly, partnerships are not a major pull factor in determining attraction and retention. Only a minority (18%) of respondents surveyed indicated clear aspiration to become a partner.

The reasons cited for not wanting to become a partner include the stressful workload as well as the marked increase in regulatory, accounting and professional standards which have made the work environment for auditors much more challenging. Many respondents indicated that they prefer to move on to the corporate world, which is perceived to be more lucrative and offers a better work-life balance.

As earlier indicated, a significantly higher proportion of male respondents (27%) aspire for partnership as compared to the female respondents (11%). 50% of female respondents were more likely to doubt their abilities to step up to the challenge of becoming a partner compared to 28% of the males. The results did not vary significantly between respondents from the big-four firms and the mid-tier firms. Some of the other concerns raised were limited availability of partner positions, workplace politics perceived to affect meritocracy, and the general lack of transparency in partner's admission criteria.

18%

ONLY A MINORITY (18%) OF RESPONDENTS SURVEYED INDICATED CLEAR ASPIRATION TO BECOME A PARTNER.

Suggested Action Plans

Suggested Action Plans for the Firms:

1. Create an **engaging and open culture** where staff are confident to surface issues relating to their well being and career satisfaction.
2. **Influence client behaviour** to improve their accounting practices and be firm with clients about clear delineation of responsibilities over preparation of financial reports and supporting documents.
3. Create a more conducive working environment to **support female staff** so larger number are inclined to stay and encouraged to aim for partnership.
4. Offer employees more **international mobility** and facilitate **job rotation** among different divisions within the firm based on meritocracy and transparency.
5. **Promote efficiency** in the audit by having partners and senior staffs involved in the audit engagement at the early stage.
6. Mid-tier and smaller firms to implement a more **comprehensive structured training** to ensure that staff gets to climb swiftly up the learning curve. Apart from technical training, the firms should also introduce soft skills training into their training and development programmes for their staff.
7. Enhance clarity over **partnership admission criteria**.
8. Increase awareness of the **value of audit to stakeholders** which will lead to the reduce pressure on audit fee.

Frankly Speaking: What Changes Do Auditors Want?



Figure 1 What are some of the changes you would like to see within the audit practice that may help prolong your stay or even consider audit as a life-long career?

Respondents were vocal in singling out the changes that they would like firms to institute in order to optimise career satisfaction. These are improved work-life balance, better working environment, flexible working arrangements, reasonable deadlines, fair opportunities for overseas secondment made available on a merit basis, and higher salaries and benefits commensurate with the work and responsibilities required.

Survey Findings – Details

Following are the details on the survey findings complete with tables and figures:

Career Satisfaction

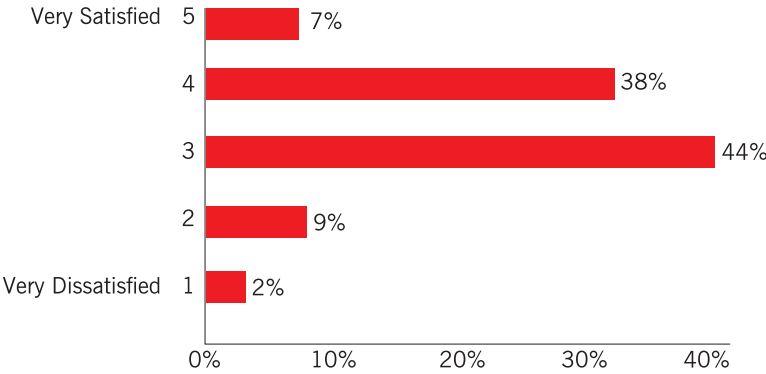
The survey measured the level of satisfaction among auditors (apart from partners) relating to their current career. 45% of the respondents were satisfied; 11% dissatisfied; and 44% were neutral (Figure 2).

A further analysis of the results based on the demographics of the respondents showed no significant difference in satisfaction between the big-four firms and the mid-tier firms. However, a lower proportion of female respondents (41%) were satisfied with their careers in external audit compared to their male counterparts (51%). In addition, a slightly lower proportion of junior staff (defined as those who hold the position of 'associate' or equivalent) were satisfied with their careers in external audit compared to their superiors (44% against 47%), which though not statistically significant, suggests that job satisfaction becomes enhanced with greater responsibilities and increased scope of work as one rises through the ranks.

Meanwhile, in response to a separate question, an overwhelming majority (86%) of the respondents reported that they enjoy the nature of external audit work. This clearly establishes nature of work as a major draw factor, and leaves us to examine what the real causes of job dissatisfaction are.

Laying the survey results alongside the findings from the equivalent Singapore survey, a higher proportion of Malaysian respondents (45%) were satisfied compared to respondents in Singapore (38%).

Figure 2 Overall, how satisfied are you with your career choice in external audit?



Three Year Timeframe

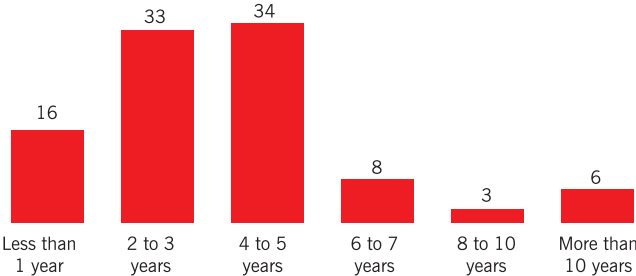
Asked how long they intended to stay in audit, close to half (49%) of the survey respondents indicated that they intend to leave external audit in their current firm within 3 years or less (Figure 3).

A further analysis of the results based on the demographics of the respondents shows senior staff (55%) are more inclined to leave compared to junior staff (44%). Female respondents (52%) are more inclined to leave within 3 years or less compared to the male respondents (46%). Based on years of experience with the current firm, respondents with 3 to 5 years of experience (66%) would be most likely to leave within 3 years; this is followed by respondents with 5 to 10 years of experience (62%) and respondents with less than 3 years of experience (46%) while respondents with more than 10 years of experience (21%) were least likely to leave within 3 years.

According to the Singapore survey, more than half (65%) of the respondents indicated that they would like to leave their present position in audit in their current firms within 3 years or less. In addition, among respondents with more than 5 years of experience in Singapore, 53% indicated they would leave compared to 44% in Malaysia.

A follow-on question to assess the respondent's confidence about whether they would leave the firm within their intended timeframe (based on market conditions and other factors) showed that 87% were convinced that they will be able to do so.

Figure 3 How much longer would you like to stay in external audit in the current firm? (In %)



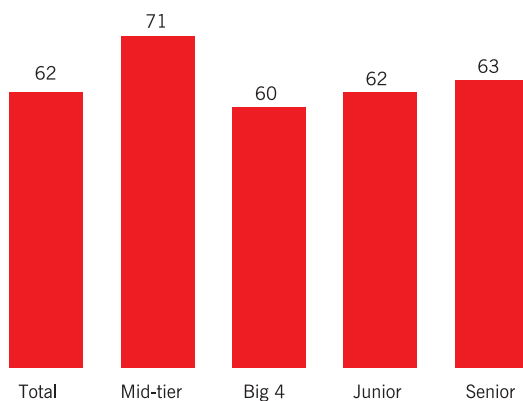
Engagement With Senior Management

Only slightly above half of the respondents felt that their superiors would make a genuine effort to understand their concerns and try their best to retain them should they decide to leave. Even for the more senior staff (designated 'senior and above'), the percentage was slightly higher than the junior staff (63% against 62%) (Figure 4). Further analysis of the survey showed that this percentage improved further to 72% at managerial level.

Respondents indicated they might be more willing to stay if management would communicate with them more. The expectations and communications gaps might be easier to bridge in smaller mid-tier firms where hierarchies are flatter and staff enjoys easier access to managers and partners. 71% of respondents in mid-tier firms said that management will strive to understand their concerns and coax them to stay, compared to only 60% in the big-four firms.

Comparison between the Singapore and Malaysia data found that a slightly higher proportion of Malaysian respondents (62%) felt that their superiors would make a genuine effort to understand their concerns compared to respondents in Singapore (56%). Further comparison showed that only 49% of the junior staff respondents in Singapore felt that their superiors would make a genuine effort to understand their concerns compared to 62% of junior staff respondents in Malaysia.

Figure 4 If you decide to leave your current employment, do you think your superiors will make a genuine effort to understand your concerns and try their best to retain you? (% Of 'Yes' responses)



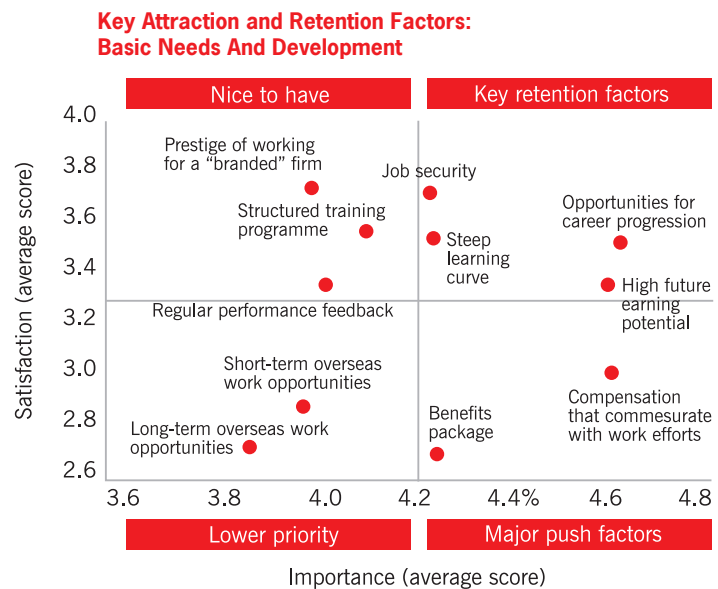
Key Attraction and Retention Factors

On a scale of 1 to 5, respondents to the survey were asked to

- rate the **importance** to them of a set of 'basic needs and development' factors and a separate set of 'work culture' factors, and then
- indicate the **degree of satisfaction** they presently derive from their career in external audit relating to those factors.

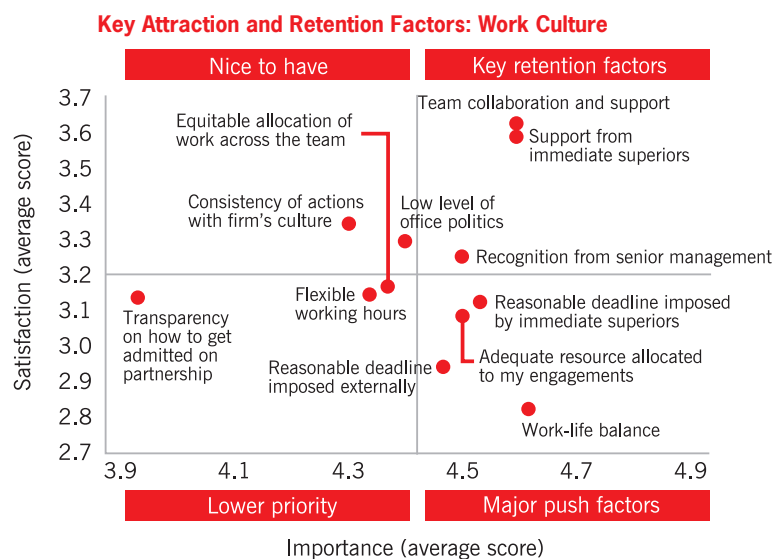
The resulting scores helped to identify the main retention and push factors associated with an external audit career (Figure 5) and (Figure 6).

Figure 5 How important are the following factors to you? Thinking about your current career in external audit, how satisfied are you with these factors? (On the scale of 5)



Note: Cut-off points for defining the quadrants are based on total average importance scores and total average satisfaction scores respectively.

Figure 6 How important are the following factors to you? Thinking about your career in external audit, how satisfied are you with these factors (on the scale of 5)



Note: Cut-off points for defining the quadrants are based on total average importance scores and total average satisfaction scores respectively.

Key Attraction and Retention Factors

To put the numbers into perspective based on a scale of 1 to 5:

	Satisfaction	Importance
1	Very dissatisfied	Not at all important
2	Dissatisfied	Not important
3	Average	Average
4	Satisfied	Important
5	Very satisfied	Very important

'Key retention factors' are factors the respondents considered to be both highly important and satisfactory. 'Major push factors', which may persuade one to leave audit, are factors that the respondents considered to be highly important but not satisfactory. Thus, an accounting practice could conceivably improve its retention rate by raising the satisfaction levels of 'push factors'.

Where an attraction or retention factor appears on a quadrant depends on the mean score of all the factors in its category (Figure 5) and (Figure 6). For example, in (Figure 6), the respondents ranked almost all the factors as either important or very important, even though 'Flexible working hours' attracted a mean score of 4.35 for 'Importance', it has been classified under the 'Lower priority' quadrant rather than 'Major push factors'.

The Positives

Respondents appreciated the fact that a career in external audit provides abundant career progression opportunities, and the progression path is generally predictable up to the senior manager level. In addition, high future earning potential, the steep learning curve and job security were some of the key factors to the respondents. These were reasonably satisfied as reflected in (Figure 5).

In terms of work culture, according to the survey results, external auditors enjoyed a great sense of comradeship with their colleagues (Figure 6).

This was fostered firstly by a recruitment structure where most newcomers join in batches, go through orientation, training, and progress through the ranks in the same batch. The team-based and project-based working arrangements also helped promote a cohesive and less competitive culture. The strong ties with colleagues, however, work like a double-edged sword as staff turnover could have a demoralising impact on those who remain. The survey respondents also valued both the support from their immediate superiors and the recognition from the senior management team.

The following are selected quotes from survey respondents on what they felt were the 'Key retention factors' in an audit firm:

"I decided to be an auditor due to the steep learning curve and opportunity to understand the operations of various industries. This is in line with my personal goal to achieve the required experience/knowledge to be a knowledgeable and successful accountant in the future."

"The corporate culture where people work as a team to pull through rough patches is what I love most about being in the firm."

"Good leadership from partners and directors."

"External audit offers job security."

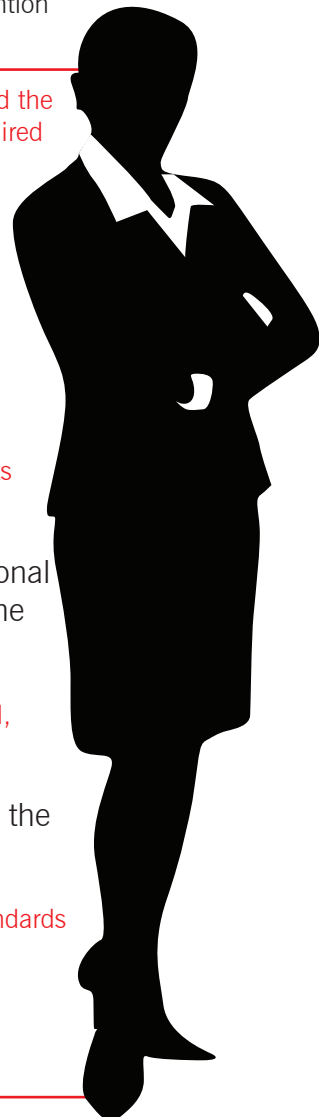
"Good learning opportunity from trying out different assignments and working with clients from various industries."

"The existence of a supportive culture and encouragement to complete professional qualifications (i.e. the scheduling of study timetables which take into account the student's availability/job allocation)."

"The clarity of career pathways and job progression routes, at least until managerial level, assuming there are no slip ups."

"Strong bonds with colleagues, especially batch mates (who are usually around the same age), make life in an audit firm more vibrant and fun."

"The availability of continuous updates on developments in accounting and auditing standards as well as strong technical databases for reference. No other organisation will be able to provide such training and support."



Key Attraction and Retention Factors

The Negatives

Based on the survey results, respondents most wanted to see improvement in remuneration and benefits, particularly in relation to work efforts (Figure 5).

Respondents consistently underlined the challenge of maintaining a healthy work-life balance (Figure 6), especially with their heavy workloads aggravated by inadequate resource allocation, dissatisfactory work produced by clients, and unreasonable deadlines imposed by their immediate superiors and externally.



The following are selected quotes from survey respondents on what they felt were 'Major push factors':

"The lack of a robust performance appraisal system that actually takes into account the employee's performance, and not just ranking employees based on some form of rating given by superiors when promoting and appraising staff."

"Audit firms should align their pay with the current market rates as auditors are generally underpaid for the hours and effort that we put in."

"Employers in Malaysia in general do not provide much support and basic facilities for mothers (e.g. breastfeeding rooms and childcare facilities). In addition, employers are inflexible in accommodating the needs of working mothers (e.g. by assigning a client portfolio which minimises travelling time and minimising outstation jobs). This makes it very hard for women to continue in the profession, unless they are single and available and 'married to the job'."

"Opportunities to increase client's fees are not in proportion with the increasing workloads to be performed for external audit due to enhanced regulatory requirements. The usual practice is for the firm to absorb these costs and extra work and cover them with the team's time. As such, resources and compensation do not commensurate with work load. This is the only vital and fundamental factor that results in difficulty in talent attraction and retention."

"The remuneration package in an audit firm is generally not as good as those in commerce and industry, in terms of salary, medical benefits and especially in terms of bonuses. Even though the stress level and workload in an audit firm is much heavier than in commerce and industry, the remuneration is not equivalent."



Despite a substantial gap between the importance attributed to some of the motivational and retention factors and the satisfaction derived from these factors, the study found that 65% of the respondents have never volunteered suggestions to the firms' management on ways to improve the working conditions and environment. Respondents chose to remain passive because the majority felt that their suggestions would not be considered. Out of those who did make a suggestion, 58% of these respondents confirmed that their suggestions were taken into account.

“The unrealistic deadlines set by the client are usually impossible to meet as their efficiency and competency are not up to par. Partners should be brave enough to negotiate and agree with the client on reasonable deadlines.”

“There is a high level of “fear culture” in the firm which is unhealthy. This relates to the fear of regulatory reviews and fear that I might be out of my depth in meeting the firm’s expectations that everyone must adapt quickly. This fear is contagious and the environment ultimately becomes close to unbearable to work in.”

“In most accounting firms, the bosses believe that working long hours is expected and a must. Should an employee work late every day, it is purely considered to be meeting expectations and not performance or commitment. In contrast, if one does not work late, this person is considered as not meeting expectations and will be penalised.”

“Junior auditors do not feel appreciated by the firm, perhaps because the firm regards them as disposable. The firm should start the retention effort from the entry level and not at managerial level.”

“A strong retention factor would be superiors who are engaged in my career development and willing to expend some level of effort to ensure that I am on the right track for further progression.”

“Clear and honest communication is very important to me. A lot of times, I have observed that hold-ups, problems and issues could have been resolved much more quickly if parties had been open to communicate clearly and honestly what they expect of each other and the objectives they want to meet.”

Key Attraction and Retention Factors

Top Initiatives

Survey participants were asked to identify the top initiatives their firms had implemented to boost morale, improve the working environment and enhance the attractiveness of a career with them (Figure 7). According to the survey, the top 3 initiatives are:

- Flexible working hours
- Sponsorship/subsidy of further professional qualifications
- Overseas secondment opportunities

Figure 7 In your opinion, what do you think are the top initiatives your firm has for enhancing the attractiveness of a career with them, boosting morale and / or improving the working environment?



On the contrary, in Singapore, lifestyle-related incentives such as employee recreational areas, free fruit day and so on were rated the highest in terms of the attractiveness of a career with the firm.

Given that respondents were asked to pick initiatives already implemented by their firms, those initiatives garnering a lower percentage were not necessarily unpopular. Survey respondents were then given a chance to propose initiatives that they would most like their firms to implement. Initiatives cited most frequently include:

- Better remuneration package
- Lifestyle benefits e.g. gym, team-building, games and sport
- Compensation for overtime
- Job rotation to other divisions within the firm
- 360° feedback system

The following are some selected quotes from respondents on the initiatives that they would most like their firm to implement:

“Make available a flexible work arrangement package where staff (for example, a mother with young children) can tailor their workload, arrangements and compensation (salary) accordingly.”

“Clearly communicate the rewards to be awarded to employees if goals/objectives are met as these can be a motivation factor for staff. This also creates an environment where staff feel appreciated instead of a “work and go” environment.”

“It is well known that auditors experience long working hours especially during peak periods. During these times, compensation for long working hours becomes important to motivate team spirit. In addition, benefits such as dinner allowance would ensure the team works under healthy conditions.”

“Firms should implement job rotation to other departments to provide experience and exposure to staff.”

“Create a good working environment with activities such as family day to gather the staff, managers and partners together and enable them to get to know each other well.”

“A 360 degree feedback where those at assistant level can appraise their seniors as well in order to ensure that the seniors are really guiding their assistants well and giving a helping hand when they are facing problems. This could improve the leadership skills of a senior.”

Charting Staff Movements

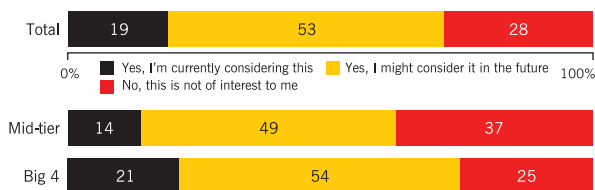
Where are audit staff more inclined to move to? The survey sought to find out the inclination of audit staff to:

- i) Transfer to a different division within the same firm;
- ii) Move to a big-four firm (for someone presently working in a mid-tier firm), or move to a mid-tier firm (for one currently in a big-four firm)
- iii) Move laterally to another big-four or mid-tier firm; and
- iv) Move to an ‘affiliated’ accounting firm outside Malaysia.

Move To A Different Division

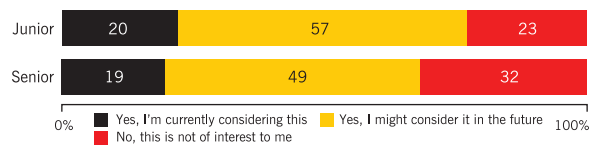
7 out of 10 survey respondents would consider working for a different division within the same firm. Respondents in a big-four firm are more likely to be aware of cross-divisional opportunities, or to value cross-divisional experience than respondents in a mid-tier firm (Figure 8).

Figure 8 Are you currently considering or would you consider working in a different division of the same firm?



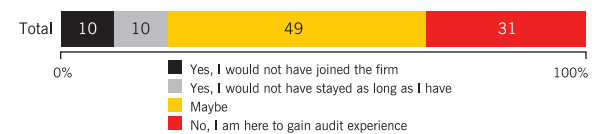
Junior staff are more inclined to keep their future options open when it comes to obtaining cross-divisional experience (Figure 9).

Figure 9 Are you currently considering or would you consider working in a different division of the same firm? (in percentages)



Would respondents reconsider their career choice if their current firm were an audit-only practice and not a multidisciplinary firm? 69% of the respondents indicated that they either would not have joined the firm; would not have stayed as long as they had; or might have chosen a different firm (Figure 10). Evidently, respondents place value on a firm’s multi-disciplines.

Figure 10 If your firm had been an audit-only practice (i.e. without a corporate finance, tax division, etc.), would your career choice be different? (in %)

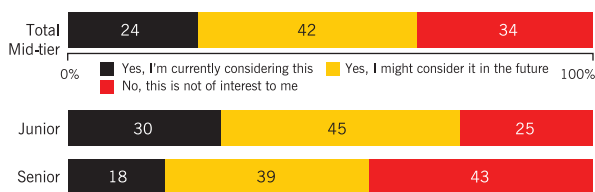


Charting Staff Movement

Move From Mid-Tier To Big-Four And Vice Versa

2 in 3 survey respondents currently employed in a mid-tier firm would consider working in a big-four firm (Figure 11). A switch to big-four appeals more to the junior staff respondents than to the senior staff respondents.

Figure 11 Are you currently considering or would you consider working in a big-four accounting firm?



29% of the survey respondents currently working in a big-four accounting firm are keen to or are open to explore moving to a mid-tier firm (Figure 12), compared to 16% in Singapore.

Figure 12 Are you currently considering or would you consider working in a mid-tier accounting firm?

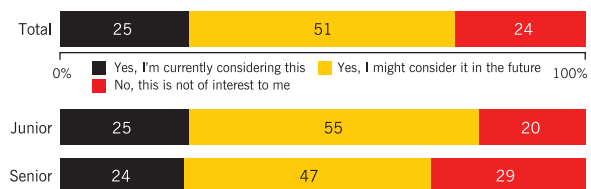


Generally, the survey respondents were not very keen to move laterally to another big-four or mid-tier firm. The results differ quite significantly among the different firms though. Respondents from some firms seem much more open to moving to another big-four or mid-tier firm than respondents from other firms.

Move To An Affiliated Firm Outside

76% of survey respondents are currently considering or would consider moving to an 'affiliated' accounting firm outside Malaysia (Figure 13). Junior staff are more inclined to move to an affiliated firm compared to the senior staff. In comparison, a lower proportion (64%) of the respondents in Singapore were keen to move to an affiliated firm outside the island republic.

Figure 13 Are you currently considering or would you consider working in an affiliated accounting firm outside Malaysia?



Overseas Opportunities

A significant majority (86%) of the survey respondents expressed interest in going on overseas secondments. Many of those who expressed interest (70%) explained that the overseas stint would offer invaluable professional exposure (Figure 14) and diverse experiences in terms of culture, working style, client portfolio perspectives, and career variety.

Those who would not welcome a prolonged overseas secondment (11%) tended to cite personal commitments (Figure 14). About 12% also indicated that they would not want to be subject to a bond, which typically kicks into effect after an overseas secondment. Out of those who said ‘no’ to overseas secondment, 21% expressed interest in shorter-term overseas stints, i.e. those lasting between 3 to 6 months.

While many welcomed the opportunity of being posted abroad, only 11% (Figure 15) believe they would have a good chance of getting approval if they apply for an overseas secondment (compared to 21% in Singapore). Those who thought their chances are limited attribute this to the limited opportunities available. Based on further comments provided by the respondents, some thought that their firms may not be too keen to second good candidates overseas due to resource constraints and the need for experienced staff to manage local engagements. Some remarked that there is limited transparency to the process and criteria for secondment and the opportunities available are typically not publicised. Many also noted that such secondment opportunities are only available to very senior or favoured staff.

Figure 14 Given an opportunity, would you like to be sent on an overseas secondment (please select all that apply)?

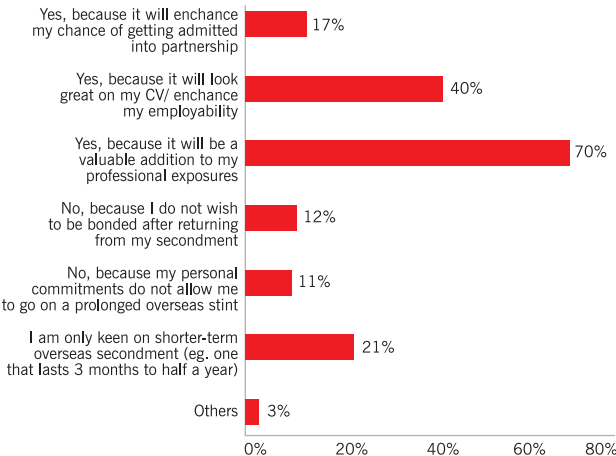


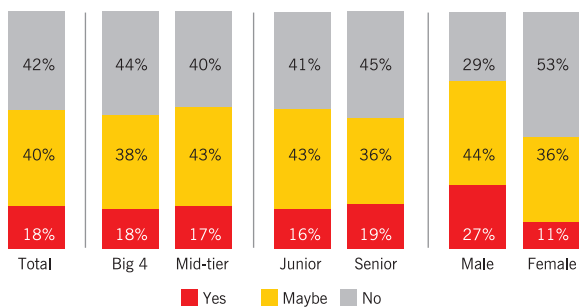
Figure 15 If you applied for an overseas secondment opportunity, what do you think would be your chance of getting approval?



Becoming A Partner

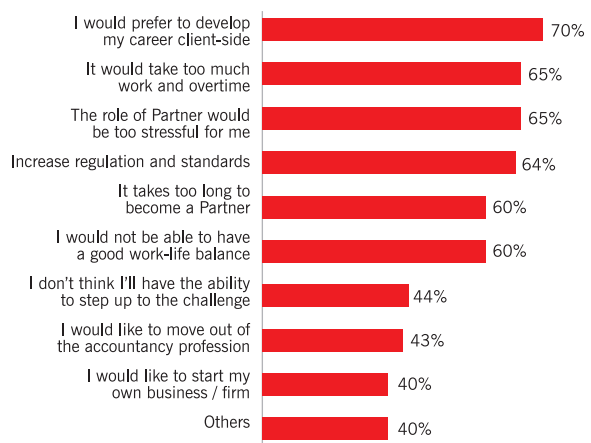
One in 5 survey respondents aspired to be a partner and 2 in 5 are undecided. Those employed in mid-tier firms displayed more hesitancy towards partnership than those employed with the big-four firms. A larger proportion of big-four respondents who were unsure cited lack of clarity over the scope and responsibilities of partnership as the main reason behind their hesitation compared to those in mid-tier firms. The more junior staff were more uncertain about partnership, primarily due to unfamiliarity of the scope and responsibilities involved in becoming a partner (43%). Demographically, a much higher proportion of male respondents aspired to become a partner compared to female respondents (27% to 11%). The firm should try to understand the reasons why a larger proportion of female staff do not aspire for partnership, and consider if targeted policies can be put in place to address their specific concerns (Figure 16).

Figure 16 Do you aspire to be a partner?



The survey also delved into the main reasons why some of the survey respondents did not want to become a partner. Again, respondents were requested to rate a series of factors on a scale of 1 to 5, from 'Strongly disagree' to 'Strongly agree'. The results, as displayed in (Figure 17) provide insights to the different factors that respondents take into consideration.

Figure 17 Please rate the following factors on a 5-point scale from 'strongly disagree' to 'strongly agree' to the extent they reflect the reasons why you do not want to be a partner



The ‘Other’ reasons mentioned by respondents include the perception that getting admitted to partnership is based on ‘connections’ with influential people as well as the perception that ‘too much politics’ are at play in the process. ‘Other’ reasons also pointed to the professional risks associated with being a partner, and the inadequate compensation for the risks that a partner needs to assume.

Demographically, there were notable differences between respondents of different genders. Half of the female respondents were not confident that they would ever be able to shoulder the challenge of becoming a partner, compared to 28% of male respondents. In addition, 70% of females thought the job would be too stressful for them, a substantially higher percentage than the 53% of males who thought the same.

Male respondents were more entrepreneurial than females and listed being more inclined to start their own business as a reason for not wanting to be a partner (58% vs. 33%). Finally, more male respondents indicated that they would like to move on to ‘client-side’ work compared to female respondents.

The survey also requested the survey participants to rate the chances of an individual ‘who has the aptitude and the will to persevere making it to partnership’ in their respective firm ‘in reasonable time’. While the majority of respondents rated the chance as either ‘high’ or ‘reasonable’, 22% believed the chance is ‘low’ (Figure 18).

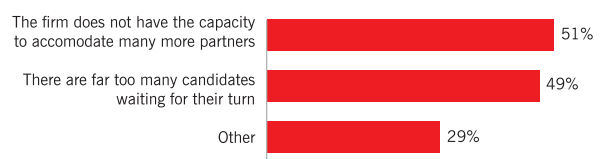
Figure 18 How do you rate the chance of someone who has the aptitude and the will to persevere making it to partnership in your firm in reasonable time?



Out of the respondents who rated the chance as ‘low’, 51% (Figure 19) thought their firms had limited capacity to accommodate new partners. Interestingly, further analysis shows that a higher percentage of respondents from the big-four firms (53%) indicated that the firms had limited capacity to accommodate new partners compared to the mid-tier firms (43%). Nearly half of the respondents said that there are far too many candidates waiting for their turn at partnership.

Under ‘Other’, respondents commented that even having the right aptitude and the will to persevere do not guarantee successful admission to partnership. Other factors include having the right mentor and maintaining appropriate relationships and networks with the firm’s management and externally. Even physical appearance might play a part, speculated a number of respondents. A few respondents noted that the criteria for partnership was not transparent, which increased their misgivings about a fair, merit-based selection process.

Figure 19 Reasons for the low chance of someone who has the aptitude and the will to persevere to make it to partnership



Optimising Audit Talent – The Way Forward

It is clear to see from the survey that while respondents generally enjoy the nature of audit work as well as the esprit de corps and prestige of working in an audit practice, there is ample room to improve career satisfaction and retention of talent. Using the results of this survey as a starting point, how can firms take action to optimise working conditions for audit talent, and thus enhance talent attraction and retention rates in audit? The following are some suggestions, collated from the survey responses:

1. Create An Engaging And Open Culture

Cultivate an open and non-judgemental consultative environment where employees are confident to surface issues relating to their wellbeing and career satisfaction. It is crucial to imbue staff with the confidence that issues raised will be looked into properly and not given mere lip service, or worse, swept under the carpet.

Big-four firms might consider emulating mid-tier firms' flatter hierarchies which shorten the power distance between senior and junior auditors and enable more intimate mentoring and counselling. This might help to bridge the perceived communication gap between management and talent, whereby respondents commented that they might be more willing to stay if management would communicate with them more. 71% of auditors in mid-tier firms said that management will strive to understand their concerns and coax them to stay, compared to only 60% in the big-four firms.

Firms are also advised to be mindful of the perception that management is commoditising or undervaluing audit staff. The feedback from the survey indicated that some employees feel undervalued because they feel that firms treat audit staff as part of a pool of 'resources' that are easily replaceable, instead of as individuals.

This is a perception that needs to be addressed urgently, because staff would only be persuaded to stay if they believe that they can attain long-term career satisfaction. Treat staff as individuals whose concerns are important, not homogenous or interchangeable or easily replaceable resources. Ensure that talent management policies are fit-for-purpose – not one size fits all - and genuinely offer staff fulfilment and recognition. Communicate and clarify these talent management policies to ensure that staff has maximum awareness of the initiatives being taken to create career satisfaction, which can boost morale.

2. Influence Client Behaviour

The behaviour and practices of clients and preparers were also cited as a major source of dissatisfaction among respondents. How can the behaviour of these stakeholders be influenced to provide a more conducive working environment for talent? As a start, perhaps partners and senior staff of audit firms could engage with clients to communicate the difficulties and challenges of audit engagements in the current environment. Be firm with clients about clear delineation of responsibilities over preparation of financial reports and supporting documents so that audit staff do not end up playing the dual roles of auditor and preparers, something which is also against the ethics of the profession. Encourage audit clients to improve their accounting practices and financial reporting standards which at the same time will facilitate audit engagements and lessen the burden on audit staff.

3. Invest In Women

How can audit firms make the workplace less stressful and more rewarding for female staff to encourage them to stay? It will definitely be worthwhile for the firms to assess if they are doing enough to retain and groom the large pool of female talents; understand the reasons why a larger proportion of female staff do not aspire for partnership; and consider if targeted policies can be put in place to address their specific concerns.

Audit firms might consider adopting global best practices in gender diversity in order to capture this talent segment. Certain larger firms are already championing gender diversity to strengthen their talent resources. On this note, firms could fine-tune their employee wellbeing policies and align them with the unique needs of female auditors, especially those who are married with children. Respondents mentioned that flexible working hours are highly desirable; perhaps firms could work closely with their staff to determine how workplace flexibility can be further customised to better suit the needs of female professionals with family commitments without causing disruption to client service. Other possible initiatives may include establishing crèches and childcare centres onsite.

Firms could further facilitate policies and initiatives to encourage ex-female employees who have taken a career break due to family commitments to return to the workforce. This might help to address the talent needs of the firm especially at managerial level or a specialised area.

Firms that optimise female capabilities and leadership potential could surge ahead of the competition. Create a more conducive environment to support female talent so larger numbers are inclined to stay and encouraged to aim for partnership. Firms could consider championing more female role models, especially at partners' level, and offering targeted mentoring to ear-marked candidates.

A Chinese proverb says that women hold up half the world. Perhaps it would not be farfetched to say that audit firms backed by robust women capital could someday achieve hegemony in global financial markets.

4. Fulfil Aspirations For Crossborder And Multidisciplinary Experience

Firms need to offer employees more cross-border mobility and diversity of experience based on meritocracy and transparency. This includes reviewing their international mobility policies to create more international postings and instituting a formal and equitable programme for rotating auditors among different divisions within a multidisciplinary firm. Firms should also clarify their secondment and rotation opportunities available as well as the qualifying criteria.

5. Optimise Audit Processes

Audit firms could consider relooking at their audit processes to increase efficiency and optimise their staff. For example, senior staff and partners could come onboard early on in an audit engagement to ensure that audit objectives are met accurately, and to reduce the necessity of countless revisions by audit juniors, which diminishes productivity and increases frustration.

Higher involvement of senior staff and partners would also enable the engagement team to have access to experience and insights of those senior people which will enhance knowledge transfer and thinking process in the audit work. Hence, it is critical for firms to retain experience team members especially in dealing with complex business structures and industries.

6. Enrich Learning

From the feedback gathered, not all mid-tier and smaller firms have in place comprehensive and intensive training programmes similar to those instituted by the larger firms. It is imperative that all firms review their training offerings to ensure that their staff gets to climb swiftly up the learning curve. Steep learning curves acquired from structured learning, along with diversified experience and exposure were listed among the top retention factors by respondents, and providing these would strengthen pull factors and add value to the employment experience for staff at the mid-tier and smaller firms. Smaller firms that may not have the resources to develop a set of comprehensive learning modules can also consider working together or leveraging on what is offered by professional accounting bodies.

Apart from technical training, the firms should also introduce soft skills and leadership components into their training and development programmes for their staff. Soft skills training such as communications, mentoring and negotiation skills are valuable for career development and will definitely assist auditors in their day-to-day work. Leadership is important as a firm essentially is a collection of small teams pursuing common objectives.

7. Emphasise Partnership Opportunities

Fortify succession planning and business continuity by encouraging more employees from a diverse background, regardless of primary qualification, gender and race, to aspire to partnership. Reduce fears that employees might not measure up to the demands of partnership by clarifying the duties and responsibilities incumbent on partners. Invest in specialised training programmes for high-potential candidates on the partnership track; perhaps these candidates might be coached and mentored by senior partners to prepare them for these future leadership roles. Clarify partner admission criteria on the basis of meritocracy to ensure that employees understand that favouritism and office politics have no place in the partnership admission process. Inform employees exactly how many partnership positions are available to lend transparency to the process. By instituting these changes, firms may be able to attract and retain more talent that will stick around until they reach the highest levels in the firm.

8. Tackle Macro Challenges

Beyond these issues, there is an urgent need to tackle macro-level issues that affect staff satisfaction and wellbeing. Specifically, stakeholders need to bridge the audit expectation gap as reported in the World Bank Report on the Observance of Standards and Codes (ROSC) – Accounting and Auditing which was released in 2012. If audit is seen as a critical part in enhancing governance, clients may want to ‘invest’ more in audit, thus elevating pressure on accounting firms. On the other hand, firms need to continue to re-invest in talent to ensure audit is performed with the quality that is expected by stakeholders.

Conclusion

The quest to create and manage a sustainable talent pool is critical to the firm’s core business of providing quality audit. While there is no easy resolution for most of the challenges surfaced by the survey, firms that proactively address the key issues flagged out will be better positioned to attract and retain talent.

While the survey did not deliberately flag out Generation Y (Gen Y) issues, firms should also be mindful of the generation gap that exists between ‘Generation Y’ employees and previous generations such as ‘Baby Boomers’ and ‘Generation X’. Many of the survey respondents at junior level fall into the Gen Y category and their responses are characteristic of the Gen Y mindset which prizes work-life balance, international mobility, a digitalised, flexible lifestyle, continuous learning, an inclusive culture and competitive compensation, as recorded in other research. Employers investing in succession planning will definitely have to take Gen Y concerns into account when designing their policies and initiatives for talent development and retention.

Meanwhile, managing the macro issues requires the coordinated efforts of the firms with the accounting industry at large, professional bodies, the business community and the regulators.

All in all, optimising, enriching and rewarding talent in Malaysia’s audit profession is critical if the nation is to achieve its aim of becoming a centre of excellence for the provision of accounting and financial services. Ensuring the abundance of high-quality talent – including accounting and audit talent – is a key plank in Malaysia’s ongoing journey to transform itself into an innovative and high-income developed nation by 2020.

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