

# Insight series



A changing profession?

The evolution of accounting roles, skills and career aspirations

## About ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing global professional accountancy body with 296,000 students and 115,000 members in 170 countries. We aim to offer the 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 students and members throughout their careers, providing services through a network of nearly 80 offices and centres. We have established more than 50 global partnerships, through which we deliver qualifications and a range of services which promote global standards, benefit the accountancy profession and enhance the value of accountants in the workplace. We work closely with more than 470 registered tuition providers and nearly 8,500 employers of accountants and finance professionals.

We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the accountancy profession. We aim to achieve and promote the highest professional, ethical and governance standards, and advance the public interest. ACCA's reputation is grounded in over 100 years of providing accounting and finance qualifications. Our long traditions are complemented by modern thinking, backed by a diverse, global membership.

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## Introduction

Welcome to our *Insights* series. We recognise the importance you place on having an opportunity to explore, reflect and plan for managing the impacts of current and anticipated challenges and opportunities.

Our *Insights* reports are intended to provide you with an insight into the key issues around recruitment, retention and development of finance professionals. As with our previous reports, this instalment is based on a substantial global survey of finance professionals as well as a review of existing research, ensuring that you get a balanced and comprehensive picture.

We commissioned this research to gain an understanding of the roles and skills currently in demand across the accountancy profession, and those expected to emerge in the near future. Our aim was to provide insights on these issues so that organisations will be able to benchmark their current learning and development strategies for finance professionals to ensure that they are fit for purpose and aligned for future developments. The report will also provide useful advice for finance professionals seeking to maximise the career development opportunities that currently exist.

Finally, we would like to acknowledge the excellent contribution we have had from over 2,500 ACCA members who helped to shape this study, as well as a number of individuals working in the profession who provided further unique insights into some of these issues.

### Best wishes

Aude Leonetti  
Director of education and professional development

Also in the series

*Paths to the top – best practice leadership development for finance professionals (2007)*  
*Talent management in the finance profession (2006)*  
*The finance professional in 2020 (2006)*  
*The future of professionalism in the knowledge society (2006)*

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## Executive summary

This report shares worldwide research ACCA has recently conducted on evolving roles, skills and career aspirations across the accountancy profession, illustrating overall trends as well as drawing on sectoral or regional differences where these are relevant. It considers the external influences driving these changes, and critically examines how effectively current recruitment, development and retention processes of organisations respond to some of these issues. Finally, it gives consideration to some of the changes that may need to be made.

The analysis should provide organisations with a critical understanding of emerging trends across the profession, which should help to shape learning and development strategies. Similarly, it is hoped that it provides some insights for finance professionals, helping them to capitalise on the career development opportunities presented.

A number of key findings have emerged from our research.

### **The evolution of roles and skills**

- Technically specialised finance roles are increasingly common, growing in importance and driving the need for technical skills. This is primarily because of increasing regulation and increased business complexity. Organisations will need to focus more on the development and delivery of increasingly specialised knowledge. They will need to understand increasingly important specialisms and the niches within those specialisms, and they will not be able to rely on the usual means of training delivery – for example, training providers may not hold the required knowledge as such skills are increasingly rare. Using the organisations' own practitioners and other specialists in the finance community will be key.
- Though accounting roles are becoming increasingly technically specialised, they are also becoming much more strategic and central to business performance, particularly in the corporate and public sectors. Consequently, management skills and business awareness are critically important for finance professionals across all sectors to develop. Demonstrating ethical behaviour in the workplace is also going to become much more important, particularly in a profession where roles are becoming increasingly pressurised. Employers, finance professionals and training providers must do more to ensure that the development of these skills

and behaviours are, however, not sacrificed at the expense of technical skills and knowledge. There is an important balance to be struck.

- As roles and skills are evolving, there is a perceived gap between the skills organisations need, and the skills both employees and external candidates hold. This problem is being compounded by supply shortages of professional accountants, and is most noticeable in relation to management skills. The main gaps are:
  - communication skills
  - analysis skills
  - leadership skills
  - time management skills
  - team building skill
  - presentation skills.

Organisations need to be better aware of these issues and address the gaps. This finding also suggests that current investments in training and development are insufficient and are not being allocated effectively. For individuals their future career success hinges on them holding such skills.

### **The evolution of career aspirations**

- Accountants are more mobile and careers will increasingly cross traditional borders, both inside and outside the finance function. They will transcend national borders. This increased career mobility is facilitated by the growing global demand for the services of finance professionals. This will pose a challenge for organisations with poor retention strategies and provide opportunities for those with good employer brands seeking to alleviate talent shortages. All organisations will need to enhance their retention strategies, employer brands and embrace international recruitment.

**A changing profession – how should organisations respond?**

- The evolution of roles, skills shortages, the growing demand for accountants and the higher career aspirations of finance professionals are leading to a recruitment and retention crisis for many organisations. Current recruitment programmes are not reflecting increased international career development aspirations, while development programmes are not providing finance professionals with the business skills, personal effectiveness skills and 'people skills' their roles require. A significant proportion of organisations are facing a retention crisis. Current learning and development strategies are therefore not effective and must be addressed. Recruitment processes need to transcend national boundaries. The focus, methodology and provision of development programmes need to be reassessed. Retention strategies should be examined to develop a more compelling employee proposition.

## A changing profession in context

It is increasingly recognised that finance professionals and the roles that they perform are central to the performance of an organisation. Consequently, a changing external business environment will have a direct impact on the roles accountants undertake and the skills, knowledge and experience of value to employers. Therefore, organisations have a vested interest in ensuring that they are recruiting, developing and retaining the right people with the right skills. Similarly, events in the external environment will directly influence and shape the career aspirations that finance professionals hold and provide opportunities for such aspirations to be realised.

The challenges facing businesses in recruiting, developing and retaining finance professionals are considerable. The external environment is changing. The growing interdependence of economies and businesses worldwide has had a fundamental impact on organisations and how they operate. Continuing development in technology, wider and instantaneous access to information and knowledge, greater communication ability, wider access to international capital markets, demographic shifts, increased stakeholder scrutiny of organisations and their leaders, stronger regulation and compliance requirements, an increased global competitive business environment and wider organisational reporting all require businesses to act faster, more decisively, more effectively and with more transparency. They will need to ensure that they have the people strategies in place to achieve this.

Part of the challenge is that people are changing too. Traditional employment models are shifting as employees become more empowered and have higher career aspirations. Finance professionals are demanding and expecting greater career development opportunities. Work patterns are evolving, supported by technological advancements and changing individual ambitions.

In addressing the pressures created by a changing external environment, and the internal challenges presented by the shifting values and expectations of its employees, the organisation must build an effective strategy to recruit, develop and retain the very best finance professionals to respond to such challenges. In doing so, the organisation must understand the roles, skills, knowledge and experience it needs its finance professionals to demonstrate, both now and in the future. Similarly, ambitious accountants wishing to take advantage of the career development opportunities these changes present must have a clear insight into current trends and those key employability skills that organisations are demanding.

The next section of this report will share our insights into some of these trends and overall make the business case for increased and better focussed investment in learning and development for finance professionals.

## The evolution of roles and skills

### Technically specialised roles are increasingly common, growing in importance and driving the need for technical skills.

#### The growth in technical roles

The growth in technically specialised roles is a direct response to changes in the external environment - primarily increasing regulation and higher business complexity. The top three areas offering the most career opportunities and growing fastest in terms of job opportunities are shown in Tables 1 and 2. Organisations are advised that the demand for finance professionals is strong, and there will be talent shortages in these specialisms. Recruiting and developing finance professionals into these areas now could alleviate future challenges. As Table 3 goes on to show, there will be a considerable battle for talent between the corporate and public sectors for finance professionals specialising in financial analysis and risk management.

Across the public and corporate sectors, increasing competition and value-for-money initiatives are driving businesses to a better understanding of increasingly complex financial processes and activities. The scope of financial reporting is becoming much more specialised,

covering areas as technically diverse as compliance with financial reporting standards, pensions solvency, and corporate governance legislation. Regulation and compliance requirements are increasing, placing increased demand on organisations for internal auditors and experienced risk professionals to satisfy greater demand for public accountability and transparency. This is particularly true of markets and organisations falling under the jurisdiction of Sarbanes–Oxley, Basel II and the impending EU Markets in Financial Instruments Directive (MiFID). Risk management was particularly identified as the key specialism emerging across both the corporate and public sectors over the next five years. Without added investment for developing finance professionals in this specialism, there is a significant risk of talent shortages, high turnover and escalating reward packages.

In public practice, traditional auditing services are expanding into areas as diverse as forensic investigations, due diligence work and environmental accounting. The availability of cheap debt across the world has fuelled corporate finance activity, with external auditors relying increasingly on the services of specialised finance professionals in these areas. The fastest growing area, however, appears to be tax - a reflection of the increasing regulation and complexity of tax planning issues, and the tax implications of increased international trade and cross-border activities in which more organisations are engaged. Tax was also rated as the key specialism emerging across practice in the next five years.

**Table 1**

**Areas currently offering the most career opportunities, showing the top three responses by sector**

Public practice	Corporate sector	Public sector
1. Tax (83%)	1. Statutory financial rep (65%)	1. Financial analysis (90%)
2. Assurance (83%)	2. Management accounting (63%)	2. Risk management (76%)
3. Corporate finance (59%)	3. Risk management (55%)	3. Management accounting (68%)

**Table 2**

**Areas expected to be the fastest growing in terms of job opportunities over the next five years, showing the top three responses by sector**

Public practice	Corporate sector	Public sector
1. Tax (64%)	1. Risk management (72%)	1. Risk management (60%)
2. Assurance (63%)	2. Financial analysis (56%)	2. Financial analysis (47%)
3. Corporate finance (62%)	3. Corporate governance (52%)	3. Governance (43%)

**Table 3**  
The most valued skills currently versus in five years' time across all sectors

Sector	Technical skills that are highest in demand currently	Technical skills that will be the greatest in demand over the next 5 years
Public practice	External auditing	Tax
Corporate sector	Financial analysis	Risk management
Public sector	Financial analysis	Risk management

**Increasing technical skills**

The growth in technical roles is having a direct effect on the skills and knowledge finance professionals are expected to demonstrate in the workplace both now and over the next five years.

Technical knowledge and skills provide the essential grounding for finance professionals to perform competently in their role, and its correct application remains at the centre of the profession's value to business and the economy.

**'technical skills in accounting currently lie at the heart of my role'**

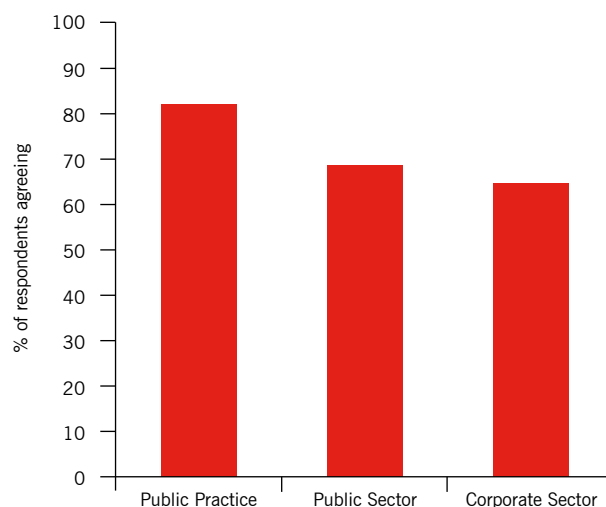
– 71% of all respondents agreed

**'my role is becoming more specialised and technically demanding'**

– 93% of public practice respondents agreed

Increasing regulation is the key reason why roles are becoming more technical and specialised. Over three-quarters of all respondents agreed that increasing regulation will drive the need for finance professionals to have greater specialised knowledge in the future. Nonetheless, there is a high degree of confidence across the profession that individuals have sufficient technical skills to respond to these requirements, with 79% of respondents believing other finance professionals within their organisation had the necessary technical skills required to perform their role competently. There is even greater confidence expressed when individuals consider their own technical ability.

**Graph 1**  
'Technical skills lie at the heart of my role'

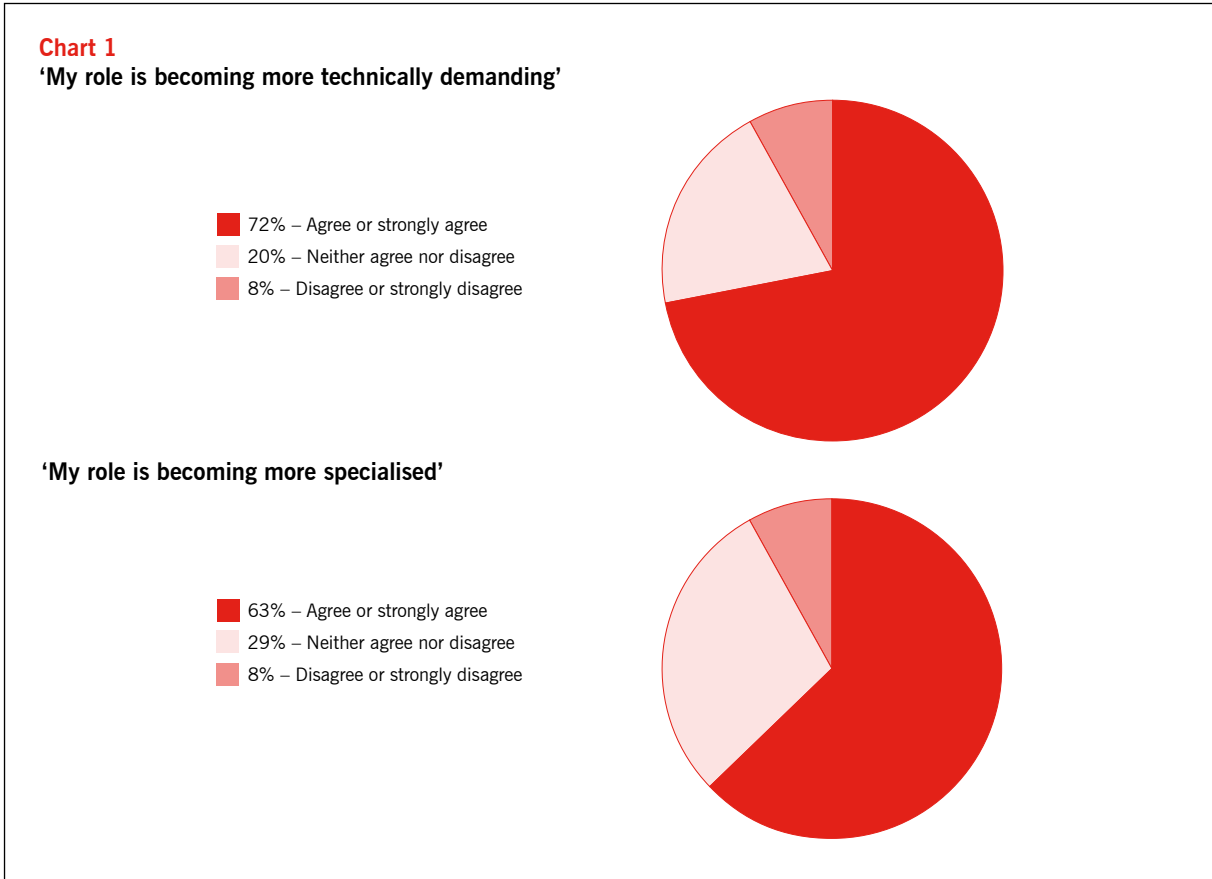


**‘I hold the necessary technical skills to perform my role competently’**

– 96% of all respondents agreed

Fortunately nearly all respondents are comfortable with the level of their technical skills in relation to their role. However, as we shall explore later, the major challenge is how to balance the skills paradox of roles becoming

more specialised and more strategic at the same time, while also dealing with the need for management skills. In the past, choices and compromises have been made with technical skills always winning the lion’s share of time and money. The rules are changing. As Chart 1 and Chart 2 show, roles will become more technical and strategic, but they will also require higher levels of management skills – effectively skill development on three dimensions.



**Roles are also becoming much more strategic and central to business performance. Consequently, softer skills and business awareness skills are critically important for finance professionals to develop, as is demonstrating ethical behaviour. This is particularly important as roles are becoming more pressurised.**

**Strategic roles**

There is a common consensus that roles across the profession will become more strategic. The rising importance of financial information in business decision making is elevating the role of finance professionals across organisations, and at senior levels finance professionals are much more actively engaged in strategic decisions. Such roles require much greater levels of commercial instinct and entrepreneurial flair from finance professionals, and it is commonplace for accountants to be seen to be taking roles outside the traditional domain of finance by moving into core business strategy roles, but still using their financial skills.

**‘My role is becoming more strategic’**

– 82% of respondents agreed

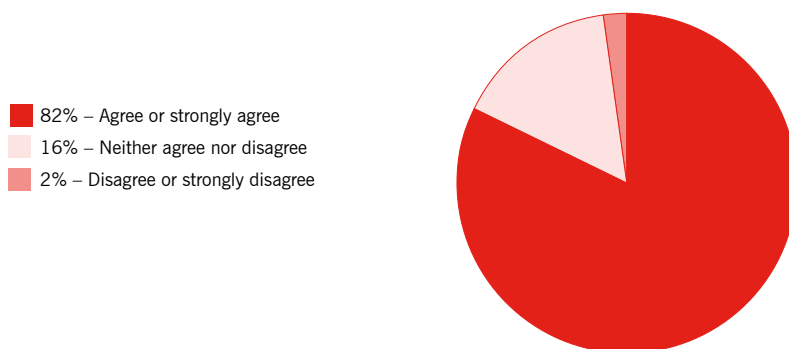
The emergence of strategic roles across the profession is not incompatible with the expectation that technical specialist roles will also grow. Though some roles will embody both requirements, we can also expect other roles to emerge in parallel fashion, representing a degree of polarisation across the profession, with some accountants primarily pursuing technically specialised roles, and others developing a business-orientated career with high strategic content. This polarisation is reflected in our survey: 50% of respondents claimed that in their organisation, technical skills were currently more important than soft skills, but 32% were unsure and 18% actively disagreed. Similarly, when considering their own roles, only 41% of respondents agreed that technical skills were more important than soft skills in performing their role competently – 35% were unsure and 24% disagreed.

Some sectoral differences were noted – the belief that roles are becoming more strategic is more prevalent across the corporate and public sectors than in public practice, though the trend is still relevant across all sectors.

Organisations will need to shape their recruitment and development programmes so as to ensure the correct balance in roles is achieved between those with a strategic emphasis, those with a technical emphasis, and those with both. A one size fits all approach for finance professionals is no longer appropriate.

**Chart 2**

**‘The roles finance professionals undertake are becoming more strategic in my organisation’**



Changing business demands are requiring accountants to take a more proactive role in business decision making – it is now not sufficient merely to report what the numbers are – critically, stakeholders expect to be guided as to the implications for their business decision making. This evolution in accounting roles is perhaps most marked in the corporate and public sectors, with 84% and 83% of respondents from the corporate and public sectors respectively stating that their role is emerging from a support function and becoming a central part of strategy and corporate leadership. To facilitate this transition, employers should provide more experience in non finance areas and invest more in leadership development.

**Demand for soft skills**

The growth in strategic roles is demanding a new skill set for accountants to demonstrate.

**‘finance professionals need to be as commercially aware as they are technically skilled’**

– 90% of respondents agreed

The evolution of the finance function and changing roles are driving higher reliance on effective management skills, namely business skills, personal effectiveness skills and people skills. There is clear commonality on the management skills rated as important from the perspective of both the organisation and the individual.

To some extent, all roles across the profession, whether technically based, or of a more commercial or business nature, will require a complement of both technical and management skills. As Table 4 shows, across all sectors, communication skills were identified as the most critical management skill finance professionals required. These skills are highly rated in terms of importance to the organisations and the individual's role. There is a high degree of correlation between what individuals see as being important for the organisation, and for their own role, suggesting good alignment of organisational objectives and roles.

**Almost half of respondents agreed that their organisation would value soft skills more highly than technical skills in the future**

There are again some sectoral differences to note. It is of little value to clients if external auditors have superb technical skills and knowledge, but have totally ineffective client relationship skills, are unable to manage their time appropriately and have very ineffective consultancy-style skills. Among public practice respondents, 79% rated client relationship skills as extremely valuable, compared with a cross-sectoral average of 49%; 68% rated time management as extremely valuable compared with an average of 59%; and 42% cited consulting skills as extremely valuable, compared with a cross-sectoral average of 32%.

**Table 4**  
**The top six soft skills rated by respondents as most valuable in terms of what the organisation requires and in performing their own roles competently - all sectors**

Top 6 identified skills	% of respondents indicating the skill was valuable to the organisation in which they work	% of respondents rating the skill as either important or very important in performing their own role competently
1. Communication	99%	100%
2. Analysis	96%	96%
3. Leadership	93%	90%
4. Time management	93%	95%
5. Team building	92%	89%
6. Presentation	90%	90%

In many respects, soft skills should be seen as the ‘enabler’ for finance professionals in using their technical knowledge to add value and demonstrate their worth to clients and the organisations in which they work. As roles continue to evolve across the profession, such skills will become more important to finance professionals across all sectors. In many organisations, finance professionals are seen as ‘business partners’ in the very widest sense, and many organisations have established internal customer Key Performance Indicators for finance departments to achieve. The traditional divisions that existed between functional areas such as information technology (IT), human resources (HR) and finance are being removed, primarily because of a growing recognition of the importance of collaboration, and the interdependencies of many organisational activities and decisions. There has never been a greater need for finance professionals to interact effectively with many different internal stakeholders.

**Ethical behaviour**

The successful interaction with different stakeholders is also predicated on one critical component – ethical awareness and behaviour. The evolution of the finance profession is resulting in it becoming increasingly scrutinised, both by internal and external stakeholders. The positive news is that finance professionals are very aware of the importance of ethical behaviour in the workplace. Across all respondents, 81% agreed that demonstrating ethical behaviour was becoming more important in their roles, and this sentiment was reflected across all regions and sectors, as shown

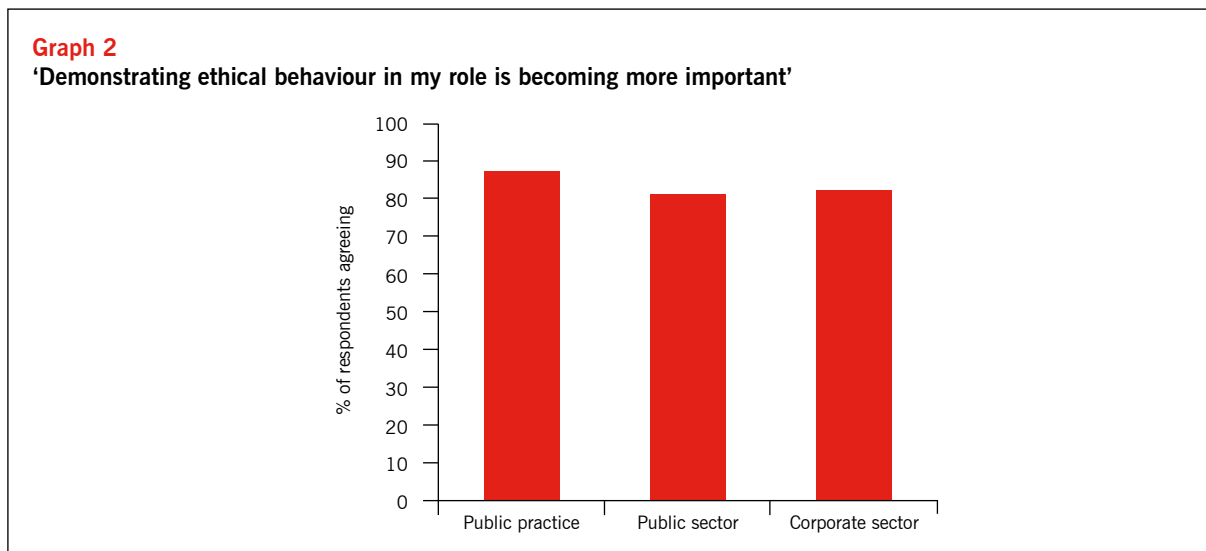
in Graph 2. Similar conclusions were drawn when considering the role of finance professionals more widely in the organisation.

At the heart of the accountancy profession is the requirement to exercise professional judgement. Although across the profession there is a background of ‘rules-based’ rather than ‘principles-based’ regulation, our research suggests that the importance of exercising sound professional judgement will remain and in the future will become even more important.

**‘Exercising professional judgement in my role is becoming more important’**

– 88% of respondents agreed

The unprecedented focus on the behaviour of accountants is a direct result of corporate mismanagement. This focus is sharpened by the fact that more stakeholders hold vested interests in the financial performance of organisations, created through wider and easier access to the world stock markets. This leads to demands for increased transparency. In safeguarding these interests, the typical response has been to impose greater regulation and compliance on the financial activities of companies. Increasing regulation, however, does not necessarily detract from the need to exercise professional judgement or from the need for finance professionals to behave responsibly. This is exacerbated given that it is our expectation that the increasingly complex business environment will continue to drive the need for accountants to exercise



**Table 5**  
**Responses to the statement that ‘exercising professional judgement is becoming less important in your organisation because of increasing regulation and rules’**

Sector	% of respondents agreeing	% unsure	% of respondents disagreeing
1. Public practice	22%	24%	54%
2. Corporate sector	22%	26%	52%
3. Public sector	25%	28%	47%

sound judgement and that transparency demands will similarly drive the need for accountants to behave responsibly and help foster an organisation-wide ethical culture. As Table 5 illustrates, a fifth to a quarter of respondents see professional judgement becoming less important, while just over half take the opposite view.

These findings also suggest that finance professionals are not being used as effectively as they could. The training experience and intellectual ability of finance professionals make exercising professional judgement one of their key assets. To the extent that they are not doing this is wasted productivity. Routine transaction orientated tasks should be automated or otherwise assigned to junior, less experienced or perhaps non qualified staff.

The increased scrutiny, higher end-user expectations and the evolution of roles are also increasing the pressure that finance professionals perceive themselves to be under in their working lives, across all sectors.

**‘Increasing client demands are putting increased pressure on the work finance professionals undertake in my organisation’**

– 82% of public practice respondents agreed

Across the corporate sector, 86% of respondents claimed that increasing demands were putting pressure on the work finance professionals undertook within their organisation, compared with an equivalent figure of 83% in the public sector. These represent disconcerting findings and could have longer-term repercussions for the profession, particularly in terms of new entrant attraction rates and productivity. High pressure can result in turnover and low morale, all at a high cost to the organisation.

**As roles and skills are evolving, there is a perceived gap between the skills organisations need and the skills employees and external candidates can offer. This problem is compounded by supply shortages of professional accountants.**

**Skills gap**

As the roles of finance professionals change, and the skills needed to perform those roles evolve, there is a considerable gap between the skills that organisations need and the supply of skills. There are two reasons why this skills gap exists.

- 1 There is a general shortage of accountants across the profession.
- 2 Those that are available do not all possess the right skills.

The shortage of accountants is caused by a number of issues. First, there are demographic shortages in many countries, particularly in Europe, parts of Asia and North America, where the baby boom generation is retiring. Secondly, in the 1990s the recruitment of young graduates into the profession was not sufficient to provide an adequate pool of resources for future levels of increased demand driven by emerging regulation and global economic growth. Finally, there is much greater competitive pressure on hiring trainee

accountants. Furthermore, the expansion of global banking and financial services has resulted in a much more competitive climate for the services of young graduates who had previously entered accountancy. Instead, they may be lured away to the banking sector by the offer of much higher earning potential and possibly much greater responsibility earlier in their careers.

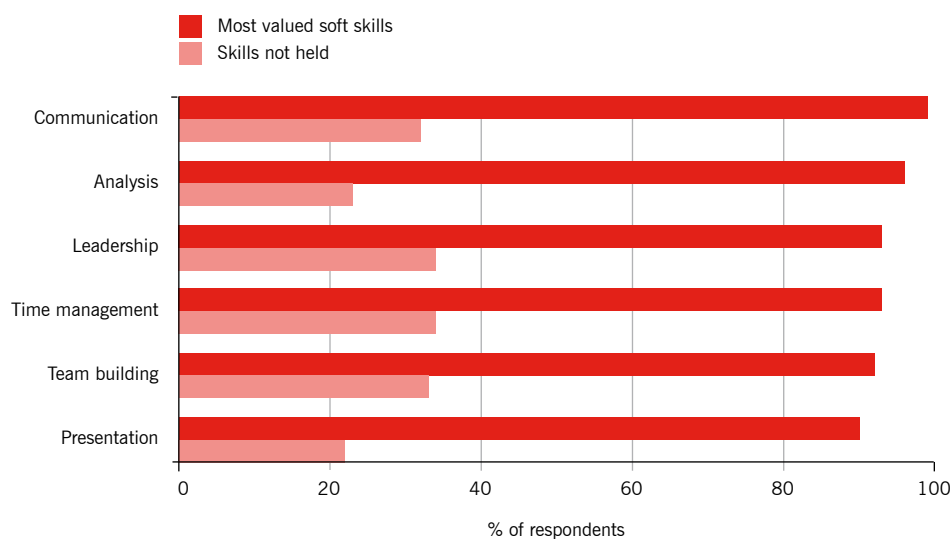
The skill deficit, however, appears to be an even greater problem. To some extent, this is an expected outcome in a profession which is directly influenced by ever-changing regulation and business complexity. The technical upskilling and changing accounting treatments required in response to new legislation and a booming and increasingly integrated global economy is a common feature across the profession, and there are some very clear examples of this around the world. In China, there is a deficit of accountants trained in International Financial Reporting Standards, creating problems for Chinese companies wishing to list on stock markets in Hong Kong and Shanghai. In the US, the growth in corporate finance and governance activity over the last five years has led to a surplus of finance professionals with highly specific technical and regulatory knowledge, but a deficit in younger finance

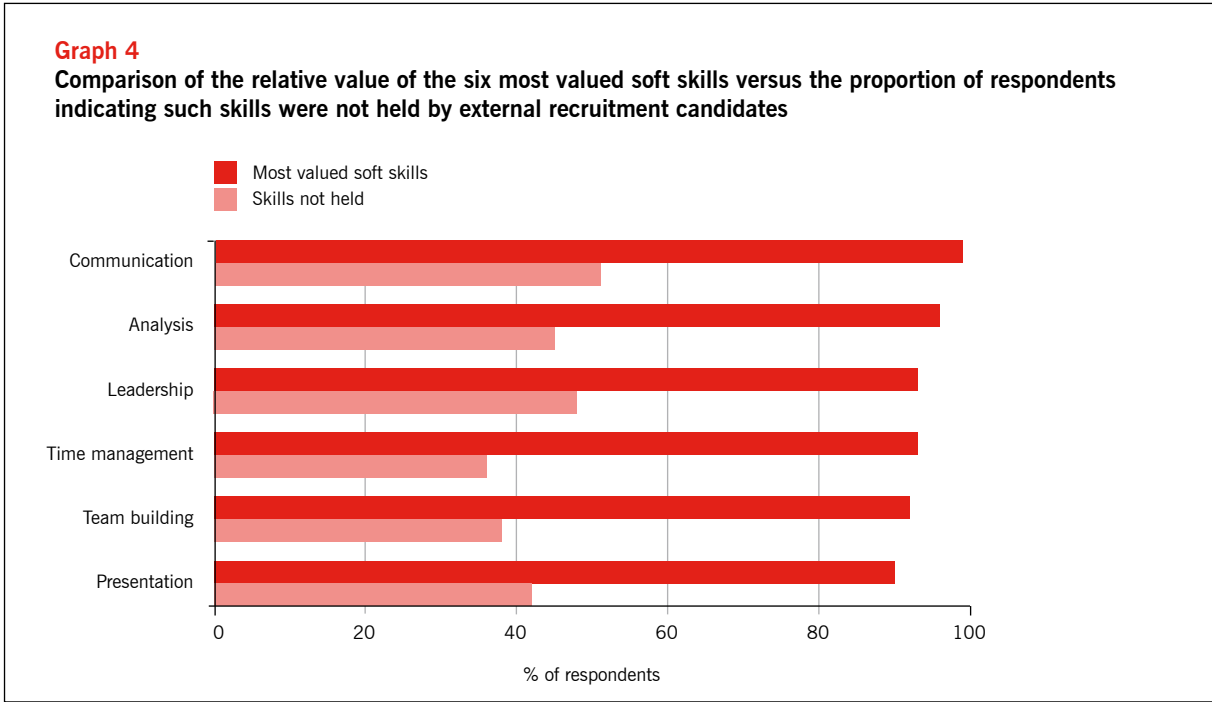
professionals being brought up through the business, who have the broad-based financial planning skills the businesses are now requiring.

This skills gap is, however, most noticeable with the management skills that finance professionals now require. Though there is a high degree of confidence shown by finance professionals in rating their own management skills, with 86% indicating they hold the necessary management skills to perform their own roles competently, only 59% suggested other professionals held the right management skills to perform their roles competently. A considerable minority of respondents suggested many finance professionals did not hold some of the most valued business skills, personal effectiveness skills and people skills that employers are demanding. As Graph 3 illustrates, we know what the most valued skills are from the perspective of the individuals and the organisation, but there are significant skill deficits across at least 20% of the top six management skills. Two of the top three most valued skills are not held by approximately one third of finance professionals. Organisations will need to urgently review the focus and effectiveness of their training and development approaches as there are clear issues and deficiencies currently.

**Graph 3**

**Comparison of the relative value of the six most valued soft skills versus the proportion of respondents indicating such skills were not held by finance professionals within the organisation**





As Graph 4 shows, unfortunately there is no quick fix available by recruiting externally. The same issue is identified by organisations recruiting external candidates, with 48% of respondents citing that the primary reason why their organisation was finding it difficult to recruit was because candidates did not have the right skills.

Overall this is indicative of some organisation viewing finance professionals as technical specialists only, and failing to understand and respond to the skills paradox mentioned earlier. They continue to see skills development as an “either/or” process, rather than using the power of “and”.

## The evolution of career aspirations

### Accountants are more mobile and careers will increasingly transcend national boundaries. This is facilitated by a growing and global demand for the services of finance professionals.

#### Greater aspirations

There are clear indications from our research that many finance professionals are enthusiastic about exploring new career experiences through changing roles, moving sector, moving country, or even exploring opportunities outside traditional finance boundaries, particularly over the longer term, as shown in Table 6. This reflects the growing aspirations of individuals across the profession, and represents the confidence and opportunities that are prevailing. Our research also suggests that mobility aspirations will increase even more in the future.

Over half our total respondents indicated they were expecting to move roles but stay within the same financial discipline over the next year, and nearly 40% of respondents indicated that they expected their careers to develop outside the financial field at some point. An equal number expected their careers to consist only of roles in finance.

The growing mobility and changing career aspirations of accountants is best exemplified by the increased appetite, and opportunity, for developing careers internationally. Seventy-eight percent of respondents agreed that it would become more important for finance professionals to be able to work in different

international environments and cultures in the future, and 70% of respondents agreed that international experience on their CVs was becoming increasingly important.

In certain respects these figures are no surprise. In a globalised economy, the key to successful business operations is effective knowledge transfer and staff movement across national borders can help facilitate that. The world's largest audit firms are continually moving staff across markets, primarily because of increased business activity due to increased cross-border work and the harmonisation of accounting processes in many countries. Multinational corporate sector organisations are also continually seeking to move finance staff across different geographic markets.

Increased mobility can be viewed as a significant threat or as an opportunity. On the one hand, mobility provides an opportunity to change structures, culture, functions and roles in an organisation, and to bring in new skills and thinking. On the other hand, the consequences of high turnover can be expensive. With 40% of finance professionals intending to take their career outside of finance, and 70% looking for international experience, finance professionals are restless. It is possible engagement is low. Either way, organisations need to better understand the aspirations of finance professionals for new opportunities and career development. Much of this can be achieved by ensuring career development discussions and planning happen, providing opportunities for secondment or cross organisational projects, and understanding the life stages of finance professionals.

Some sectoral differences were identified. Across all mobility parameters, the aspirations of respondents in public practice were lower than in other sectors, particularly in terms of changing financial disciplines

**Table 6**

**The growing mobility aspirations of professional accountants – figures indicate % of respondents agreeing with the statement - all sectors**

Mobility aspiration	Next year	5 years
Expect to move outside their current financial discipline	24%	37%
Expect to transfer market sector	15%	29%
Expect career to develop outside the finance field	10%	20%

and expectations that their careers will develop outside finance. This may reflect lower interest in career diversity, but it may also be a reflection that specialist technical skills developed by public practice finance professionals are perhaps less transferable over the longer term into different sectors. It may also be indicative of a high level of role satisfaction resulting from intellectually challenging work and a good reward package.

Geographic differences are the most acute. Broadly, the career mobility aspirations of finance professionals from emerging economies were higher than those of individuals from more advanced economies. This was particularly noticeable for respondents from Africa and Asia, who indicated a greater:

- desire to move outside their current financial discipline over both the short term and longer term
- expectation that their careers would develop outside finance
- expectation that they would move market sector over both the short term and longer term.

Why the greater aspiration? The new global economy provides an unprecedented opportunity for thousands of finance professionals in developing countries. It is also an opportunity to gain the experience that would provide greater career opportunities on returning to their home country. For employers, this is a source of good talent.

### **Growing demand**

Increased confidence and greater aspirations across the profession are reflected in the fact that most finance professionals believe that demand for their services will increase:

- 83% of respondents agreed that increasing globalisation is increasing the demand for finance professionals across the world
- 72% of respondents supported the notion that there would be greater demand in their own countries for finance professionals over the next five years.

The increasingly international nature of the profession reflects a global economy with greater cross-border interaction between organisations. Increasing interaction creates a need for common understanding and transparency across national borders, and effective knowledge transfer. A continuing feature of the profession in future will be the movement of finance professionals across national boundaries to plug knowledge gaps, in response to changing economic and regulatory circumstances. This confidence is reflected in our survey.

- 50% of respondents indicated that it would be easy to obtain a finance role internationally
- 45% of respondents agreed that they would like to pursue a career in another country at some point in the near future.

In particular, the global economy has created new opportunities for developing economies with skilled workers, and the finance profession is evolving in these regions to reflect those developments. Eighty-four percent of respondents agreed that there would be a large increase in the demand for finance professionals from emerging economies in the future, borne out primarily through increased overseas investment into the countries and the export of professionals to mature markets facing talent shortages.

Scarcity in the midst of increasing demand, perceptions of increasing professional worth, and the simple fact that the next career move is more transparent because of the growth of internet recruitment will exacerbate talent shortages and will lead to further reward inflation. This is a prospect employers will need to prepare for.

## A changing profession - how should organisations respond?

**The accounting profession is changing. Roles and skills are changing and individual career aspirations are becoming more ambitious. There are global skill shortages and increased demand for accountants, which are resulting in a retention crisis. How should organisations respond?**

### The organisational response

External events such as globalisation, increasing regulation and a more competitive business environment are changing the roles that accountants perform and fuelling the demand for new skills. There is also a supply shortage of accountants in many economies. This is creating a wealth of new opportunities for finance professionals, whose career aspirations are increasingly ambitious. This new environment is, however, creating pressure on organisations, because they must develop the skills, knowledge and experience across their finance functions to respond appropriately to the changing demands of the external environment and, at the same time, they must ensure that individuals' career aspirations are met.

In response to this pressure, organisations must critically examine the learning and development strategies they have in place. In principle this means asking two key questions.

- 1 How successful are our recruitment, development and retention strategies in developing the skills and knowledge that our organisation requires?
- 2 How successful are our recruitment, development and retention strategies in ensuring that the career aspirations of our finance professionals are met?

If current learning and development strategies that organisations have in place are not effective, it is likely that organisational performance will suffer and the return on training investment will be unattractive. There will be a pool of finance talent which remains underdeveloped.

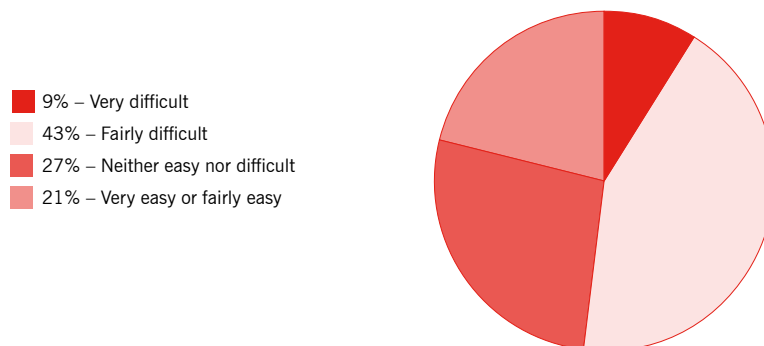
### How effective are current recruitment, development and retention strategies?

The services of finance professionals are in great demand; unfortunately, our research suggests that many organisations are facing difficulty in the recruitment process, as shown in Chart 3.

Some sectoral differences were noted: 60% of public practice respondents believe it is difficult to recruit the calibre of finance professionals their organisation requires, compared with 51% in the corporate sector and 46% in the public sector.

**Chart 3**

**How easy is it to recruit the calibre of finance professionals that your organisation requires? (All sectors)**



If organisations cannot recruit the necessary skills and knowledge externally, then they must critically examine their current in-house development programmes to assess effectiveness. In some respects, the development of finance professionals within organisations is very encouraging, as illustrated in Graphs 5 and 6. In public practice, almost half of respondents indicated that their organisation actively encouraged finance professionals to move across service lines or financial disciplines. This figure increased to 51% and 52% respectively in the public and corporate sectors. Similarly, 38% of public practice respondents agreed that there were opportunities to explore career development opportunities outside traditional finance areas, compared with 46% in the public sector and 53% in the corporate sector. In some respects, therefore, organisations are recognising the increased mobility aspirations of finance professionals.

Nonetheless, development programmes currently fall short of developing the skills and knowledge finance professionals need, particularly in relation to the business skills, personal effectiveness skills and people skills that employers are demanding. Many of the training activities organisations currently have in place do not develop the skills finance professionals need, as shown in Graph 7. Across every single management

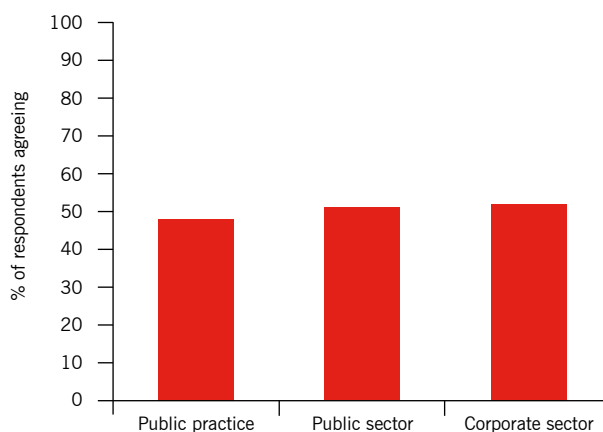
skill identified, there was a significant gap between the number of respondents indicating that the skill was important in performing their role competently, and the number of respondents indicating that training opportunities were available in the organisation to develop that identified skill.

So it would appear that organisations' current development programmes may not be as effective as they could be. This is a particular problem, because the profession is facing a significant recruitment and retention crisis.

Our survey suggests the reasons for this problem require a deeper understanding. When surveyed, most respondents (64%) stated that the primary reason it was difficult for their organisation to retain the finance professionals it required was because employees were being attracted by higher salaries in the external marketplace.

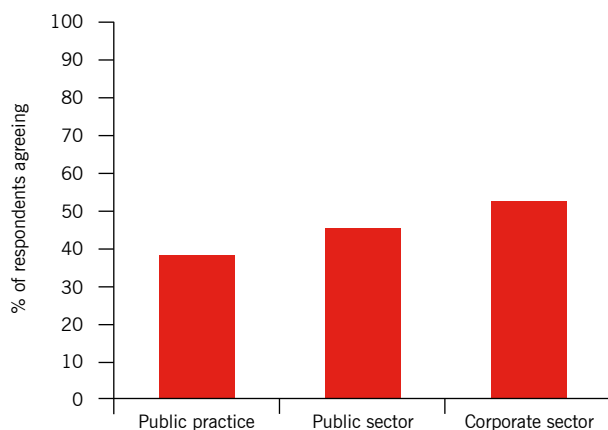
This contrasts sharply with the fact that career development opportunities, not salary considerations, were cited by respondents as the key consideration in taking their next role. The message for organisations is simple. Career development is the key to a successful retention strategy.

**Graph 5**  
**'My organisation encourages finance professionals to move across service lines or financial disciplines'**



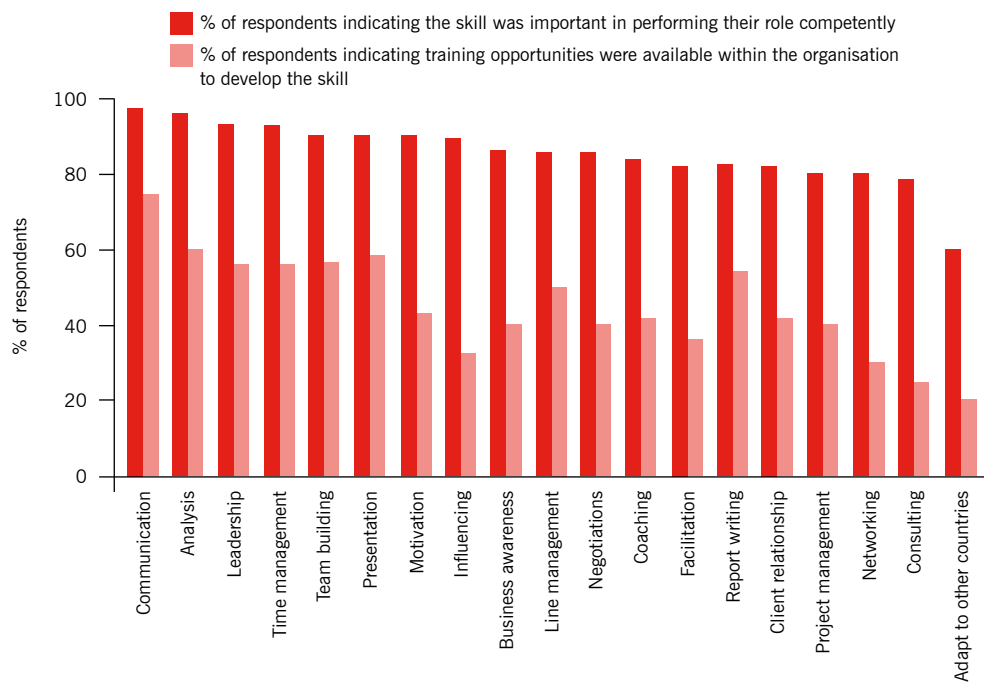
**Graph 6**

**'There are opportunities to explore career development opportunities outside traditional finance areas' (within the organisation)**

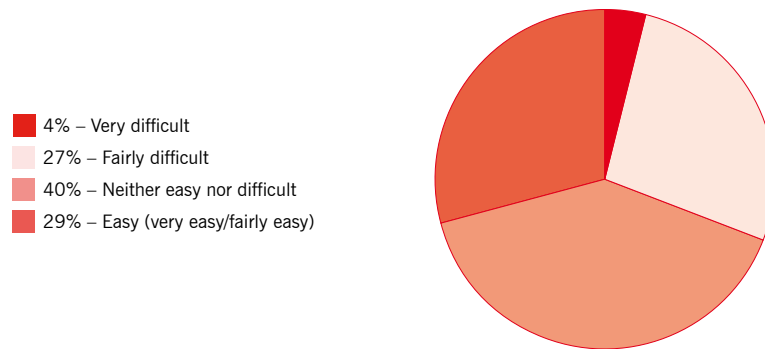


**Graph 7**

**Comparison of the importance of management skills in performing the role versus training opportunities available**



**Chart 4**  
**How easy is it to retain finance professionals in your organisation?**



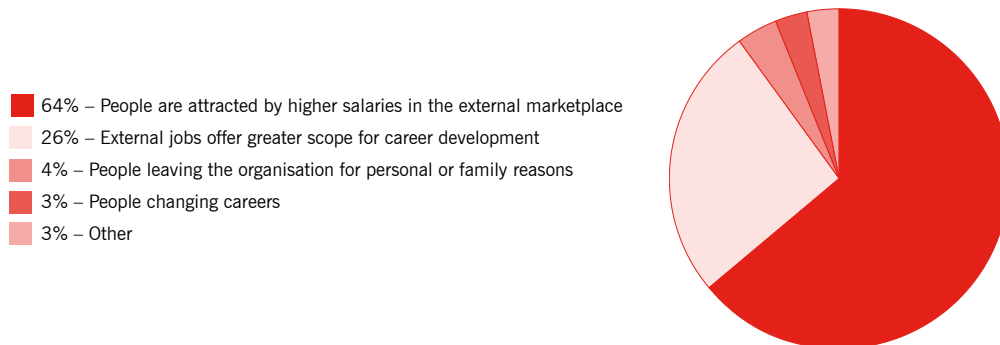
**‘In choosing my next role, the key consideration in taking the job will be the career development opportunities the role offers’**

– 85% of respondents agreed

It follows logically that if development programmes are not effective, the retention problem will continue.

The successful retention of accountants across the profession is typically cited as the number one priority and challenge for many organisations employing finance professionals. Poor retention has significant cost implications – the cost of administering the resignation, the recruitment and selection costs for the replacement, the costs of covering for a period where there is a vacancy, the administration costs relating to the recruitment and selection process, the costs of induction, and so on. A recent report indicated that a

**Chart 5**  
**What is the primary reason why it is difficult for your organisation to retain the finance professionals it requires?**



major accounting organisation would save \$400m–\$500m per annum from a 1% fall in annual turnover rates.<sup>1</sup>

It is also a challenge for other reasons. At the heart of the profession's value proposition is the knowledge that finance professionals provide. Finance professionals leaving organisations take with them a considerable amount of intellectual capital, a challenge exacerbated by the increasingly specialised knowledge requirements, and the importance of working relationships – consider the possible loss of a profitable client if a partner decides to leave a public practice firm with that client in tow.

#### **How can current recruitment, development and retention strategies be improved?**

The challenges presented by the recruitment of external candidates should make organisations examine whether or not such programmes are always effective, and instead whether the skills and knowledge required can be harnessed internally through effective development programmes. If external recruitment is still deemed to be the correct solution, higher international mobility of accountants perhaps indicates that organisations need to adopt wider ranging recruitment practices that support the recruitment of finance professionals across international borders. Currently, 64% of respondents indicated that their organisation does not employ more finance professionals from other countries than it did five years ago, and 69% did not expect their organisation to increase its recruitment of finance professionals from other countries over the next five years.

From this it would appear that firms are failing to take advantage of the international aspirations of individuals to broaden their recruitment practices with a view to resolving talent shortages and satisfying the career development needs of their own people. Similarly, organisations operating in an international environment could be more proactive in ensuring that development programmes operate in an international context – 68% of respondents indicated that their organisation did not have development programmes in place to support finance professionals working internationally for the organisation. This is a stark finding given that all sizes of organisation have been touched by globalisation.

The growth in technically specialised roles and strategic roles will have a fundamental effect on the future development of finance talent across organisations. For some finance professionals it may be relevant to have separate streams of talent programmes: one focusing on developing their technical talent pools, the other focusing on training the future business leaders of the organisation, who must hold the necessary commercial skills increasingly required at the top level. Often the programme will need to do both. The general consensus from research that ACCA has recently conducted on leadership within the finance profession concludes that breadth of experience is critically important in developing future finance leaders.<sup>2</sup> Such breadth of experience may not be attainable if development programmes are geared too much towards the provision of highly technical content, rather than the development of effective business skills. Alternatively, if development programmes are too focused on developing the strategic skills of finance professionals across the organisation, the organisation is at risk of having insufficient technical resources at hand to respond to rapidly changing regulatory requirements. Organisations may have to perform a careful balancing act in this regard, or establish separate development programmes on an 'as needed' basis.

As previously outlined, in developing the management skills that accountants require, our research would suggest there is clear commonality between the skills valued both by individuals and organisations alike. This commonality suggests organisational and individual needs are aligned, and that any development programmes established would gain maximum benefit from targeting these specific management skills. Further, it is critical that organisations understand the importance of developing the technical knowledge of their finance professionals in conjunction with management skills, thereby ensuring that any technical knowledge acquired is harnessed and used in the most valuable and cost-effective way. This emphasises the point that management skills are the enablers of technical acumen and knowledge.

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<sup>1</sup> *The Economist*, July 19 2007

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<sup>2</sup> ACCA Professional Insight Series: *Path to the top - best practice leadership development for finance professionals* 2007

## A changing profession - how should organisations respond?

Retention will be greatly aided by an improved development programme that enables career aspirations to be met and develops the skills, knowledge and experience businesses require. In a competitive marketplace it must, however, be complemented by a wider-ranging strategy. Unfortunately, many organisations fail to implement even basic retention strategies, based on an understanding of what their current retention rate is, when people are leaving the organisation, who is leaving and why. Such strategies could greatly improve their retention rates. They need to be supported by

effective exit management strategies such as exit interviews and surveys to understand why people are leaving, and assess how improvements to career development programmes could be made. Finally, at the heart of the model should be an effective employee proposition with a career development programme, supported by wider employee engagement initiatives, perhaps including flexible working arrangements and more effective remuneration policies.

Opposite is a summary of the issues identified in this report, and recommendations to help address the issues identified.

**Issue**

**Growth in specialised roles may result in technical skill shortages**

**Tips**

- Identify the current specific technical training requirements of finance professionals within the organisation, particularly in those areas where increased specialisms are expected to occur – for example, taxation, auditing, corporate finance, and corporate governance and risk management.
- Identify the future technical finance roles likely to emerge across the business, and classify the competencies required to perform these roles effectively in conjunction with technical experts, focus groups, professional or regulatory bodies. The training needs analysis on both current and future requirements should be undertaken at least annually.
- Perform a gap analysis on technical skills, identifying areas where there is inadequate or no provision and identify the most effective training mediums for delivery of technical content. This may be a blend of face to face learning, on the job training and e-learning.
- Where face to face delivery is identified as the preferred delivery method, review the feasibility of training providers delivering this training - the growth in specialist technical knowledge may instead require the use of specialist advisers from the finance community.
- Develop a programme plan to deliver the training, including regular review and update, and to obtain senior management buy in and sign off.

**Issue**

**There are supply shortages of professional accountants**

**Tips**

- Widen recruitment base internationally so as to take advantage of the greater international mobility of candidates. This will widen the pool of available candidates.
- Focus efforts on recruiting graduates / school leavers into accountancy training to provide a pipeline of professional accountants in the business.
- Proactively build candidate pools through widening “touch points” before you actually need to recruit – e.g. employee referral scheme.
- Identify the finance roles in your business which are true “value drivers”, and develop and implement succession plans for these roles.

**Issue**

**Some finance professionals increasingly need wider business skills as a result of some accounting roles becoming more strategic**

**Tips**

- Identify the business skills sought by finance professionals across the organisations – our research suggests those most valued by organisations are communication skills, analysis skills, leadership skills, time management skills, team building and presentation skills.
- Perform a gap analysis on business skills, identifying areas where there is inadequate or no provision and identify the most effective training mediums for delivery of content. Interactive workshops and seminars are partly useful in developing many business skills, supported by on the job training. E-learning mediums can be used to consolidate key learning points.
- Develop a programme plan to deliver the training, including regular review and update, and to obtain senior management buy in and sign off.

**Issue**

**There is higher ambition and greater mobility of accountants and less employer loyalty**

**Tips**

- Review and if necessary restate your employee proposition. Many employers have excellent employee propositions, but don't communicate these effectively internally or externally.
- Invest in building your employer brand.
- Identify your top talent and key employees – develop specific retention strategies, based on career development, to ensure they are retained.
- Ensure career paths are documented, transparent and accessible- include rotation programmes and secondment opportunities where available.
- Incorporate the development of people as a key performance indicator through the performance appraisal process.

## Conclusion

The profession is continuing to evolve because the external business environment in which it operates is changing. The roles that finance professionals perform across their organisations are increasingly central and strategically vital to business success. These roles are also much more technically demanding, and this is having a dramatic effect on the skills, knowledge and experience that finance professionals must now demonstrate to be fully effective.

This is one dynamic with which organisations have to contend. The other dynamic is that the aspirations of the finance people they employ are changing. Finance professionals are much more mobile, more powerful and more demanding, and allegiances to employers are not as strong as they were. To some extent this represents a general trend in the employer–employee proposition in certain mature economies where lifestyle considerations are increasingly prevalent, work–life balance factors are increasingly important, and technology has made it much easier to see what the employer next door is willing to pay and the career opportunities they can provide. There are, however, factors that are unique to the accountancy profession because there is an unprecedented global demand for the services of accountants, driven by increasing regulation and much greater business complexity. There are also supply shortages of accountants in many markets, partly as a result of natural demographic shortfalls and also because of historic deficiencies of entrants into the profession. It is therefore a good time to be a qualified accountant, and there are a wealth of opportunities presented to those with ambition and the right skills.

But do many accountants hold the right skills to be successful in this changing profession? Our research suggests there is a considerable gap between the skills, knowledge and experience organisations need their finance professionals to demonstrate, and the skills they hold, particularly in relation to the management skills required because of the evolution of accounting roles. This represents a challenge to organisations and professional bodies alike, which is why ACCA's innovative approach, represented by its new professional qualification and its Continuing Professional Development programme, seeks to ensure that such skills are developed, while at the same time ensuring that a strong technical basis is maintained.

In response to these challenges, organisations will need to examine their current learning and development strategies and assess their fitness for purpose in this changing macro environment. Our research concludes that changes are required in many organisations. Current recruitment strategies are ineffective, particularly because many of the candidates lack the requisite skills, and partly because the boundaries of this recruitment 'pool' are too narrow, too constrained by national borders. Development programmes will need to show a better understanding of how the profession is evolving, and should be tailored accordingly, ensuring the right balance between technical and management skill provision. Finally, organisations have to be realistic and develop compelling employee propositions, with true career development at the heart of the model: that is, if they wish to be successful in attracting and retaining talent in what is a highly fluid and dynamic marketplace.

For further details on solving recruitment, development and retention challenges, see resources at [www.accaglobal.com/employers](http://www.accaglobal.com/employers).

## Research methodology

Quantitative research was undertaken among ACCA members across key regions of the world. The opinions of 2,521 ACCA members were recorded across 50 countries.

The quantitative research was conducted on behalf of ACCA by ORC International which is the global research operating unit of Opinion Research Corporation. Headquartered in Princeton, New Jersey, Opinion Research Corporation was founded in 1938 to apply public opinion polling techniques to business issues.

In addition, ACCA also undertook a small number of interviews with individuals with responsibility for the development and training of finance professionals within the organisation.

The organisations that have been represented across this research include national and multinational entities across all key industry sectors – accounting firms, the corporate sector, financial services and the public sector.

Finally, the work has been further supported by reference to other research conducted by leading consultancies and institutes, where appropriate.

## Acknowledgements

ACCA wishes to extend its gratitude to all those individuals who responded to this survey and participated in the interviews. While every effort has been made to reflect the views of respondents accurately, ACCA takes no responsibility for and accepts no liability for the accuracy of this report.

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## ACCA Approved Employer

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The ACCA Approved Employer programme is formal recognition of the learning and development support leading organisations offer to ACCA students and members. It is the platform from which we can develop a mutually beneficial relationship, based on increasing the standard of learning and development support, innovative service and excellent delivery.

For more information, please visit [www.accaglobal.com/employers](http://www.accaglobal.com/employers)

