

Talent Attraction and Retention in Thai Audit Practices



ACKNOWLEDGEMENTS

SEC and ACCA would like to extend their appreciation to the participating accounting firms and survey participants for taking time to provide their views.

DISCLAIMERS

The information contained in this publication is provided for general purposes only. While every effort has been made to ensure that the information is accurate and up to date at the time of going to press, SEC and ACCA accept no responsibility for any loss which may arise from information contained in this publication.

Quotes from participants may be paraphrased. No part of this publication may be reproduced, in any format, without prior written permission of SEC and ACCA.

ABOUT SEC

SEC(TheSecuritiesandExchangeCommission,Thailand) supervises and develops the Thai capital market as an independent state agency. The SEC was established under the Securities and Exchange Act B.E. 2535 (1992), with the mission to ensure efficiency, fairness, transparency, and integrity in the Thai capital market. To achieve this and create confidence for investors, the SEC closely monitors and inspects individuals and entities under its supervision. To ensure investors have adequate protection and receive accurate and sufficient information for making decisions, as well as to enhance the quality of financial reporting.

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.

Contents

- Background and Objectives 1**
- Approach 2**
- Key Findings 3-4**
- Survey Finding – Details..... 5-18**
 - Career Satisfaction 5
 - Key Attraction and Retention Factors..... 6-10
 - Top Initiatives..... 11
 - Moving Out 12-13
 - Overseas Opportunities..... 14-15
 - Becoming A Partner 16-18
- Suggested Action Plans 19-20**
- Conclusion 21**

Background and Objectives

Working in an accounting firm has long been seen as providing an excellent start to an accounting professional's career because it provides extensive market-relevant experience, broad-based training and exposure. Normal attrition through the rank is expected as those who believe they have acquired sufficient experience will move on to the next phase of their career, their next employment. Concerns arise when turnover becomes too fast to the extent that audit engagements become inadequately staffed at each level. The engagement teams may then find themselves not delivering at their optimal level and, as a result, audit quality suffers.

The key to human resource management is that it costs considerably more to replace and train a new employee than to retain an existing one, especially in accounting firms where the accumulation of audit experience and knowledge are critical to enhance the audit quality. Therefore, attraction and retention of top quality talent is vital to an accounting practice's ability to improve audit quality and manage risk. It is therefore crucial to review the effectiveness of the firm's talent attraction and retention strategies, and to assess if they are aligned with the demands and aspirations of the very individuals those strategies are targeted at.

This talent attraction and retention survey covers the Big Four accounting firms and four other medium-sized accounting firms ('mid-tier' firms) in Thailand. The survey findings have been analysed in total, as well as based on the respondents' employee grades, gender, and whether they were from one of the Big Four or mid-tier firms. This report flags out material variances between different categories of respondents for further discussion. Hopefully, the survey results provide insights to the key attraction/ retention and push factors affecting the professional staff as well as highlight areas for improvement.

In the long run, the SEC and ACCA believe that the survey findings and recommendations will help affirm or redirect firms' present focus, and enhance their attraction and retention strategies.

Approach

In December 2012, ACCA conducted an online survey to investigate the views of audit staff employed in accounting practices in Thailand. The survey is also aligned with ACCA's global initiatives on assessing and enhancing audit value. Similar surveys have already been carried out in Singapore and Malaysia by ACCA in collaboration with the audit regulators in those markets, and provide valuable cross-border comparisons with the Thailand findings.

Employees of 8 accounting firms were invited by the SEC to participate in the survey: Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, Dharmniti Auditing Company Limited, D I A International Auditing Company Limited, Dr. Virach and Associates Company Limited, Ernst & Young Office Company Limited, KPMG Phoomchai Audit Company Limited, Office of Pitisevi, and PricewaterhouseCoopers ABAS Company Limited.

In total, the survey received 1,364 responses, representing approximately 43% of the total audit staff strength from the 8 accounting firms.

PROFILE OF RESPONDENTS

Grade	%
Junior Associate	28%
Associate	21%
Senior	22%
Assistant Manager	9%
Manager	12%
Senior Manager / Director	8%

Years Worked in Audit	%
Less than 1 year	21%
1 to 2 years	21%
2 to 3 years	11%
3 to 5 years	14%
5 to 10 years	20%
More than 10 years	13%

Gender	%
Male	29%
Female	71%

Key Findings

The key findings from the survey are as follows:

49%

ONLY 49% OF THE RESPONDENTS EXPRESSED SATISFACTION WITH THEIR CURRENT CAREER CHOICE IN EXTERNAL AUDIT

Satisfaction

Only 49% of the respondents were satisfied with their current career in external audit. The proportion was higher for more senior staff (58%) (defined as those holding the position of 'senior' and above) compared to junior staff (40%). A lower proportion of staff from Big Four firms (46%) was satisfied with their current career compared to staff from mid-tier firms (57%). There was no significant difference in the proportion between male and female respondents.

Should I stay or should I go?

54% of the respondents intend to leave their role in external audit in their current firm within 4 years. A Certified Public Accountant (CPA) candidate in Thailand is required to have three years of audit working experience to qualify for professional membership. Overall, 80% of the respondents felt that their superiors will make a genuine effort to understand their concerns and will try to retain them if they decide to leave. The percentage rose to 87% at the managerial level.

54%

54% OF THE RESPONDENTS INTEND TO LEAVE THEIR ROLE IN EXTERNAL AUDIT WITHIN 4 YEARS

JOB SECURITY AND TEAM COLLABORATION & SUPPORT

Pull factors:

Job security, accelerated learning, career progression opportunities, high future earning potential and the prestige of working for a renowned firm were identified as key retention and attraction factors of a career in external audit. In addition, a significant number of respondents highlighted that the sense of comradeship shared among their colleagues, support from immediate superiors and flexible working hours have provided them with stronger incentives to stay in the profession.

COMPENSATIONS AND BENEFITS VS EFFORTS INPUT

Push factors:

The main factors which most survey respondents were unsatisfied with were compensations and benefits, especially those relating to balance between effort put into work and the compensation for that effort. Respondents also reported the challenge of maintaining work-life balance, especially with their heavy workloads aggravated by inadequate allocation of resources in terms of timing, human resource and budget. This consequently leads to work overload and dissatisfaction among employees, and contributes to unreasonable deadlines, given the limited number of staff available for each audit engagement. Some participants highlighted the lack of experienced staff and inappropriate work delegated. Others believed that the compensation and benefit packages did not match their efforts.

Key Findings

58%

58% OF RESPONDENTS SAID THEY MIGHT HAVE RECONSIDERED JOINING OR STAYING ON IF THEIR CURRENT FIRM WAS SOLELY AN AUDIT-PRACTICE.

Sole audit practice vs. multidisciplinary firm

According to the survey findings, the value of a multidisciplinary accounting firm is essential for audit staff as majority of the survey respondents are more interested in working in a multidisciplinary firm. 58% of respondents may either not have joined, stayed as long as they had, or might have made a different career choice if their current firm had been an 'audit-only' practice (one that does not have separate divisions for taxation, corporate finance, and so on).

Top initiatives

Survey participants identified the top initiatives their firms have implemented to enhance the attractiveness of the audit profession. According to the survey, the top 3 initiatives are: flexible working hours (63%), sabbatical leave to pursue other interests (58%) and sponsorship / subsidies for further professional qualifications (27%).

63%

63% OF THE RESPONDENTS IDENTIFIED FLEXIBLE HOURS AS ONE OF THE TOP INITIATIVES THEIR FIRMS HAVE IMPLEMENTED

75%

75% OF THE RESPONDENTS WOULD LIKE TO BE SENT ON AN OVERSEAS SECONDMENT GIVEN THE OPPORTUNITY

International mobility

Majority of the survey respondents (75%) welcomed the overseas secondment opportunities, mainly because it was viewed as a value-add to their professional exposures. Junior staff showed greater interest in joining the mobility program than managers and directors. Only 17% of the participants believed they have a very good or good chance of getting an approval if they submit an application for overseas secondment due to the limited opportunities available and lack of transparent selection criteria. Therefore, facilitating more openings would help improve job satisfaction and retention rates, and at the same time, cultivate a more diverse workforce.

Partnership:

20% of the respondents had clear aspirations for the partnership, with a marked increase in proportion for the mid-tier firms' respondents (30%). For respondents who did not intend to pursue partnership, there were noticeable differences in the reasons given by the different genders. Female respondents were more likely to doubt their abilities to step up to the challenge of becoming a partner (53% compared to 40% male) and were concerned about the work pressure that accompanies the partner's role (75% compared to 64% male). It is also noteworthy that while the majority of the respondents believed someone who has the aptitude and the will to persevere will be able to make it to partnership in reasonable time, 24% disagreed, citing the limited availability of partner positions, lack of transparent admission criteria, and workplace politics as factors.

20%

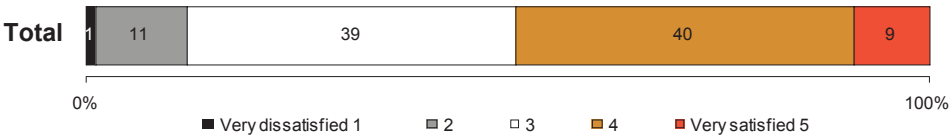
ONLY 20% OF RESPONDENTS WOULD LIKE TO BE A PARTNER

Survey Findings – Details

Career Satisfaction

The survey measured the level of satisfaction among auditors (apart from partners) relating to their current career. 49% of the respondents were satisfied; 12% dissatisfied; and 39% were neutral (Figure 1).

Figure 1 Overall, how satisfied are you with your career choice in external audit?



A further analysis of the results based on the demographics of the respondents showed no significant difference in satisfaction between female and male respondents. However, a lower proportion of staff from Big Four firms (46%) were satisfied with their current career compared to staff from mid-tier firms (57%).

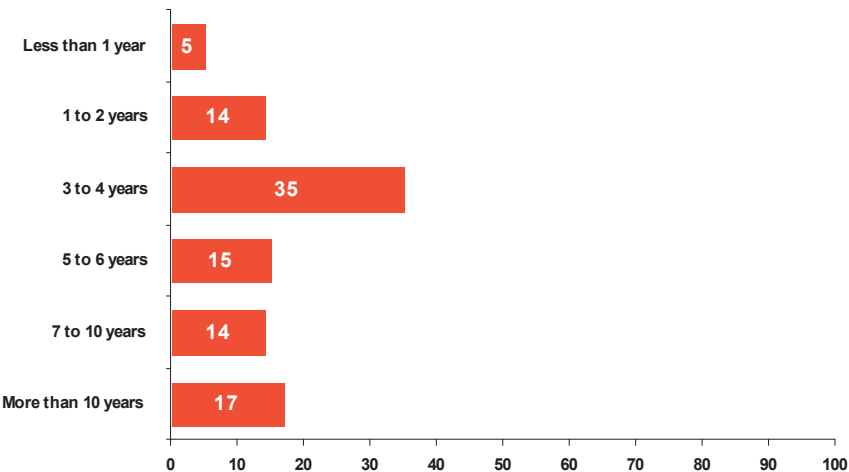
In addition, a significantly lower proportion of junior staff (defined as those who hold the position of “associate” or equivalent) were satisfied with their careers in external audit compared to their superiors (40% against 58%), and proportion of respondents satisfied with their careers further increased to 71% for managers and above. This suggests that job satisfaction becomes enhanced with greater responsibilities and increased scope of work as one rises through the ranks, though another possible interpretation is that the younger workforce demands more from their careers and are not as easily satisfied.

The satisfaction ratings are consistent with the survey results regarding how long audit staff intended to stay in audit. At associates level, about 84% of respondents indicated a desire to leave within 4 years, compared to a much lower 26% for senior and above. On an overall basis, 54% of all respondents would like to leave within 4 years (Figure 2). One of the reasons could be that CPA candidates in Thailand must have at least 3 years work experience in the audit field to qualify for the professional qualification. Those who stay beyond the qualifying period are more likely to have developed keen interests in the audit profession and hence have plans to stay longer.

A follow-on question to assess the respondents’ confidence about whether they would leave within their intended timeframe (based on the market conditions and other factors) showed that 84% were convinced that they will be able to do so.

An encouraging finding was that about 80% of the respondents felt that their superiors would make a genuine effort to understand their concerns and try their best to retain them when they decide to leave. However, there were interesting questions raised, such as: “Why is there still high turnover in this industry despite the fact that superiors make a sincere effort to understand their staff’s concerns?” “Is it because the firm’s initiatives do not fully address the staff’s concerns?” Other respondents shared the perception that high turnover is common in the industry; that audit staff are easily replaceable; superiors do not value their staff because they are too junior; and superiors do not actively act on the problems highlighted.

Figure 2 How much longer would you LIKE to stay in external audit in the current firm?



Key Attraction and Retention Factors

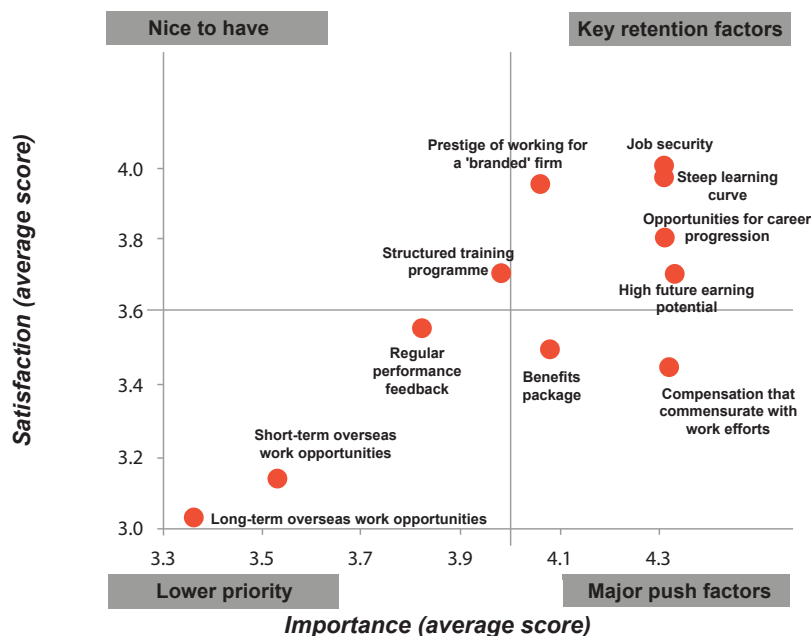
On a scale of 1 to 5, respondents to the survey were asked to

- rate the importance 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 3) and (Figure 4).

KEY ATTRACTION AND RETENTION FACTORS: BASIC NEEDS AND DEVELOPMENT

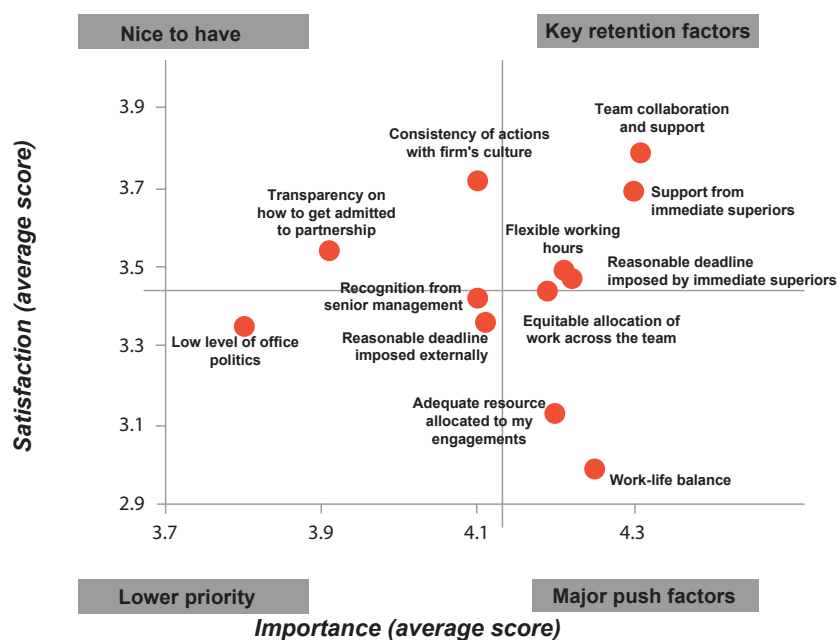
Figure 3 How important are the following factors to you? Thinking about your current career in external audit, how satisfied are you with these factors? (On the scale of 5)



Note: Cut-off points for defining the quadrants are based on total average

KEY ATTRACTION AND RETENTION FACTORS: WORK CULTURE

Figure 4 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

Key Attraction and Retention Factors

‘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 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 3) and (Figure 4). For example, in (Figure 4), although the respondents ranked almost all the factors as either important or very important, so even though ‘Reasonable deadline imposed externally’ got a mean score of 4.11 for ‘Importance’, it has been classified under the ‘Lower priority’ quadrant rather than the ‘Major push factors’ quadrant. The matrices therefore help prioritise the factors but those falling under ‘Lower priority’ should not be totally neglected.

	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 Attraction and Retention Factors

The positives

Respondents appreciated the fact that a career in external audit provides abundant career progression opportunities, job security, and a steep learning curve. In addition, high future earning potential and prestige of working for a 'brand-name' firm were some of the key factors to the respondents. They were reasonably satisfied as reflected in (Figure 3). In terms of work culture, according to the survey results, external auditors enjoyed a great sense of comradeship with their colleagues; support from immediate superiors; flexible working hours and reasonable deadlines set by immediate superiors (Figure 4). These were 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. In addition, for retaining strength in flexible hours, the firm should encourage their audit team to have good planning so that the audit work can be managed within reasonable working hours and a realistic time line.

Figure 5 Please list, if any, strong 'retention factors' not mentioned in the earlier question that are important to you, and indicate your satisfaction level at present. You may also elaborate on factors already listed.



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

- 'Work culture is not solely profit-oriented.'
- 'Proud to be working for a Big Four firm.'
- 'Opportunity to gain challenging audit experiences and knowledge from a wide variety of clients across different industries.'
- 'Continuously learning from working in various types of business gives an opportunity to learn the uniqueness within each business and the challenging factors behind their success (for the top performers within each industry).'
- 'Learn from real cases which gradually increase in difficulty year on year.'
- 'Audit work was allocated based on work experience at a reasonable and acceptable level.'
- 'Happy to work independently from audit client.'
- 'Support from superiors and strong collaboration within the team are the most valuable things.'

Key Attraction and Retention Factors

The negative

According to the survey results, in terms of 'Basic Needs and Development' factors, staff compensations and benefits were causing the most frustrations for employees, especially when measured in relation to work efforts (Figure 3).

Survey respondents also highlighted the significant challenge of maintaining a reasonable work-life balance (Figure 4), particularly with the intense workloads which in turn resulted from inappropriate resources allocation, dissatisfactory client's deliverables and tight deadlines.

Even though there was a considerable gap between the importance and satisfaction level that are attributed to some of the motivational and retentive factors, merely 57% of the respondents made suggestions to the firm's management on how to enhance the working conditions and environment that could help in retaining its workforce. 43% remained passive mainly because they felt that their suggestions would not be considered. Their concerns may be unfounded though as out of those who did make suggestions, 74% felt that their suggestions were given fair consideration. The remaining 26% were convinced that their suggestions were not considered fairly due to a variety of reasons including: insufficient budget; superiors' perception that the changes are not necessary; organisational politics; and lack of clear follow-up actions on feedbacks collected through employee satisfaction surveys.

Figure 6 Please list, if any strong 'push factors' for you that have not been reflected above, you may also elaborate on factors already listed.



Key Attraction and Retention Factors

Selected common quotes from the respondents on what they felt were the key push factors:

- 'The salary and bonus given are not balanced with the responsibilities. Staff are frequently assigned to work in very difficult and stressful areas which should be delegated to more experienced staff. The firm should ensure sufficient staff strength, allocate jobs based on experience or otherwise provide sufficient on-the-field coaching. Staff should be adequately recognised by the firm's management and compensated for working beyond their responsibility levels.'
- 'An appropriate performance evaluation system is not implemented. Staff are promoted based on their relationship with the superior, or their years in service. The quality of their work is not taken into consideration. This could impair loyalty of those who work hard and it will lessen their will to work more diligently and efficiently.'
- 'Improper allocation of resources and low degree of work-life balance. Unreasonable workloads are allocated to senior staff and associates, causing staff to work overnight and during holidays to cope with the tight deadlines. If these problems continue to carry on, it is very hard for staff to continue in the profession. It will be a vicious cycle that will aggravates the shortage of manpower issue and creates greater pressure on existing staff.'
- 'Auditors are placed under high levels of stress resulting from superior's expectations, deadline constraints, conflicts among team members and office politics. These factors cause health problems and strengthen the push factor.'
- 'Lack of work-life balance forces staff to sacrifice their holidays. Hence, they do not have adequate time for friends and family.'
- 'Staff are required to perform unnecessary audit procedures as a result of low level of communication and involvement from managers and partners which add to the heavy workload.'
- 'If employees' needs are not understood and not considered seriously, it would have a major impact on the turnover rate.'
- 'Less experience staff are left to work on their own without appropriate guidance and coaching. Despite this, they are expected to deliver high quality of work.'
- 'The work-life balance campaign was just a concept that the audit firms convey to the staff but it has never happened. For example, annual leave was limited and was not approved upon request.'
- 'Even if the audit team is good, a tough client could damage the morale of team. Some clients do not have a good understanding of the accounting standards and expect the auditor to help them. However, the assistance is not appreciated. These factors make working in the audit profession much more difficult.'

Top Initiatives

Survey participants were asked to identify the top initiatives their firms have 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 (63%)
- Sabbatical leave to pursue other interests (58%)
- Sponsorship / subsidies for further professional qualifications (27%)

In contrast, lifestyle-related incentives, overseas secondment opportunities and flexible working hours were rated the highest in term of the attractiveness of a career with firms in Singapore. Meanwhile, in Malaysia, flexible working hours, sponsorship/subsidies for further professional qualification, and overseas secondment opportunities were rated the highest.

Given that respondents were asked to pick initiatives already implemented by their firms, those initiatives garnering a lower percentage were not necessarily unpopular. For example, a '360 degree feedback or peer review system' may actually be important to the respondents but not selected in this question because their firms do not have such a system in place yet.

The survey respondents were given an opportunity to recommend initiatives that they would like their firms to implement. Initiatives that were cited more commonly include:

- Better benefits, compensation packages and overtime payment
- More work-life balance and appropriate allocation of resources
- Sponsorship to pursue further professional qualifications and enhance employee's relevant knowledge
- A more transparent employee evaluation process and clearer career path advancement
- Improve lifestyle-related initiatives, recreation and activities e.g. fitness, team-building and free refreshments

Selected common quotes from the respondents on the initiatives that they prefer their firms to implement are:

- 'Firm should have appropriate reward and recognition system in terms of remuneration and promotion to motivate employees.'
- 'Communication about key performance indicators and career path to employees can enhance the retention rate and employee's effort. It is important that the audit firms have a fair and transparent employee evaluation process.'
- 'The firm should fully or partially subsidise professional qualifications (CPA) license annual fee, support education both locally and overseas, and sponsor/ subsidise other professional courses such as accounting, auditing, English language and soft skill courses in order to enhance employee's capability and knowledge. These courses should be conducted by professional lecturers in each field rather than in-house staff.'
- 'The firm should provide refreshments and dinner, especially, during the peak period to promote employee well-being.'
- 'Building good organisational culture and reducing politics in the workplace should be done by the firms. It is crucial for the firm to be sincere to their staff and consider staff's benefit and welfare more than profit generating aspect.'
- 'Stress and pressure from heavy workload, long working hours and tight deadlines could cause health problems. Therefore, the audit firm should manage their resources and improve the working environment to solve these problems.'
- 'The firm should be reasonable in arranging working schedule to let staff take leave on special occasions/ holidays and use their annual leave flexibly as long as ample notice is given.'
- 'Flexible working hours will greatly enhance staff's satisfaction.'
- 'Sabbatical leave and secondment opportunities for junior level staff should be implemented. Currently, only seniors and managers are likely to secure secondment opportunities.'
- 'Job rotation to other divisions such as consulting and finance should also be offered'

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



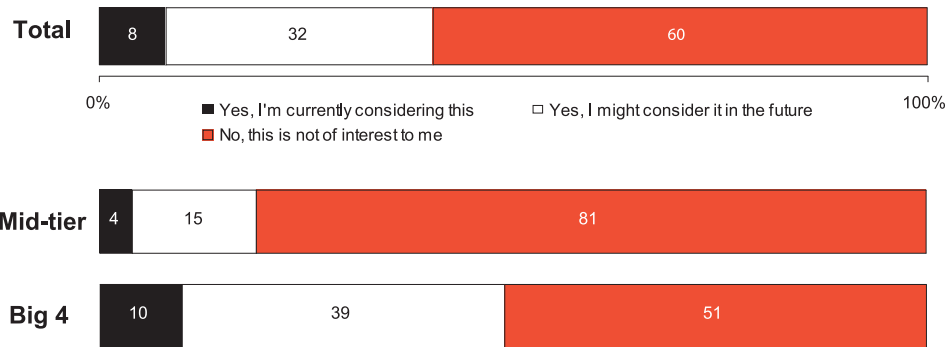
Where are audit staff more inclined to move to? The survey sought to find out the inclination of audit staff to:

- 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 someone 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 Thailand

Transfer to a different divisions

Only 19% of survey respondents currently employed in mid-tier firms would consider working in a different division within the same firm, compared to almost half of the respondents from Big Four firms who are either actively considering or are at least opened to doing so (Figure 8). In comparison, a significantly higher proportion of the respondents from mid-tier firm in Singapore (50%) and Malaysia (63%) were keen on cross-divisional experience.

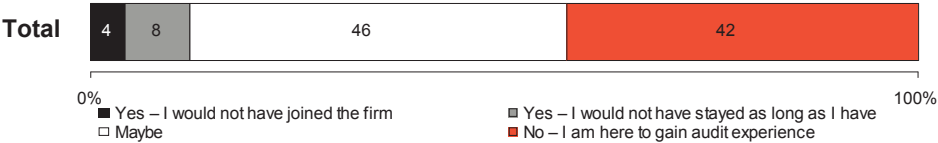
Figure 8 Are you currently considering or would you consider working in a different division of the same firm?



This could be attributed to the fact that mid-tier firms in Thailand tend to be an audit-only practice, unlike Big Four firms that have multi-divisions such as corporate finance, enterprise risk, and internal audit.

Generally, there is no significant difference between male and females respondents in term of their decisions to move to another division within the same firm or move to work for other audit firms. A follow-on question was: “Would the career choice of the survey respondents be different if their firm were an audit-only practice and not a multidisciplinary firm?” The survey results clearly showed that survey respondents place value on a multi-disciplinary firm as 58% of the survey respondents indicated that they either would not have joined the firm, stayed as long as they did, or would have chosen a different firm. (Figure 9)

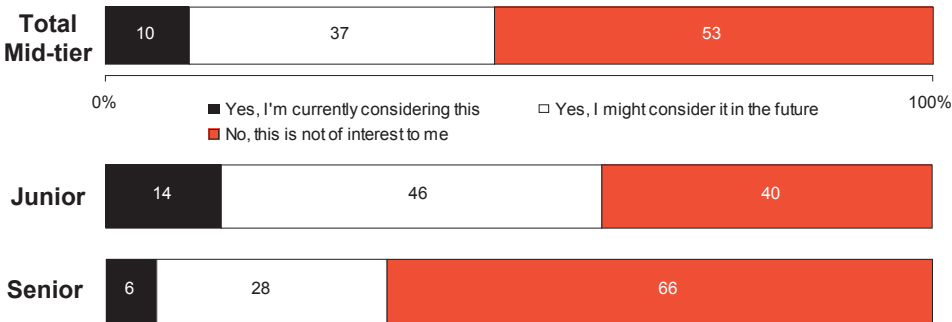
Figure 9 If your firm had been an audit-only practice (i.e. without a corporate finance, tax division, etc.) would your career choice be different?



Move from mid-tier to Big Four and vice versa

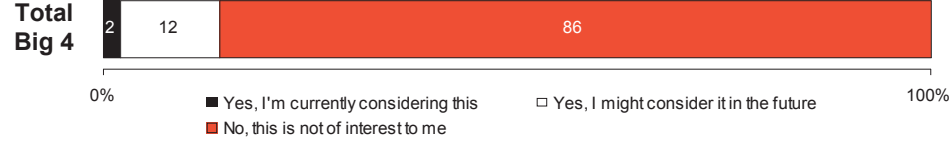
47% of the survey respondents currently employed in a mid-tier firm would consider working in a Big Four firm (Figure 10). A switch to Big Four firm appeals more to the junior respondents (60%) than to the senior respondents (34%).

Figure 10 Are you currently considering or would you consider working in a Big Four accounting firm?



A lower proportion of survey respondents (14%) currently working in a Big Four accounting firm are keen to or are open to exploring a move to a mid-tier firm (Figure 11) compared to 16% and 29% in Singapore and Malaysia, respectively.

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

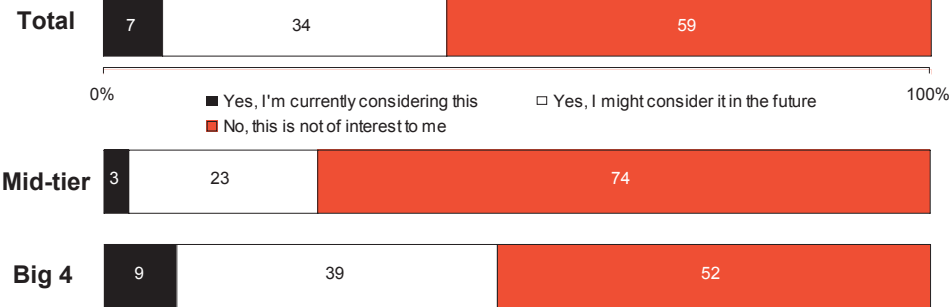


In general, although most survey respondents were not very keen to move laterally to another Big Four or mid-tier firm, almost half of the junior respondents currently working for a mid-tier firm were opened to working in another mid-tier firm.

An 'affiliated' accounting firm outside Thailand

Overall, 41% of survey respondents are currently considering or would consider moving to an "affiliated" accounting firm outside Thailand. Nonetheless, the results differ considerably between the respondents from Big Four and mid-tier firms (Figure 12).

Figure 12 Are you currently considering or would you consider working in an affiliated accounting firm outside Thailand?



Only 1 in 4 survey respondents working for mid-tier firms are keen to consider a transfer to an "affiliated" accounting firm overseas compared to about half of respondents from Big Four firms. This is likely because most of mid-tier firms do not have affiliated accounting firms outside Thailand.

Overseas Opportunities

Several audit firms, especially Big Four firms taking part in this survey, offer overseas opportunities to their staff. A large proportion of respondents (74%) were aware of overseas secondment opportunities (defined for purpose of the survey as overseas posting that lasts at least a year) that are available either occasionally or on a frequent basis (Figure 13). 78% of respondents from mid-tier firms indicated that their employers do not provide such opportunity for variety of reasons including lack of resources, international branches, and budget.

Given an opportunity, 75% of the survey respondents would like to be sent on an overseas secondment (Figure 14). Junior staff tend to be more enthusiastic about such overseas opportunities. Out of those who expressed their interest, 80% believed that an overseas stint would add valuable experience to their professional exposure (Figure 15). They indicated that an overseas secondment would provide them with a diverse work experience, in terms of culture, working styles, and the opportunity to work on different client portfolios. They also felt that it would improve their communication skills, broaden their vision, and provide greater opportunities to travel and explore new countries. Those who indicated that they were not keen to be sent on a prolonged overseas secondment mostly cited personal commitments (58%) as the main reason (Figure 16). 30% were concerned about being bonded to their firms after the secondment, and 26% indicated that they would be more interested in shorter overseas stints, lasting between 3 to 6 months.

17% of the respondents believed that they have a very good to good chance of getting approval if they were to apply for an overseas secondment opportunity (Figure 17) (Singapore 21%, Malaysia 11%). Those who thought that they had limited chances attributed it to the limited opportunities available. Based on further comments provided by the respondents, some believed that their firms may not be keen to let good candidates leave due to resource constraints and the difficulty in rearranging their portfolios. Some complained about the transparency of the process and approval criteria of overseas secondment opportunities. Some were concerned that they do not possess adequate knowledge, experience and/ or proper English language skills and hence were not confident of working overseas. Others noted that overseas opportunities were available to very senior or 'favoured' staff only.

Figure 13 How often does your firm offer overseas secondment opportunities [defined for the purpose of this survey as overseas postings that last at least a year?

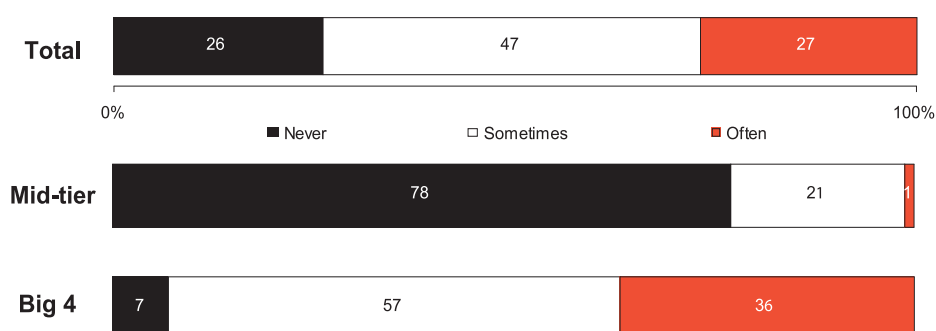


Figure 14 Given an opportunity, would you like to be sent on an overseas secondment

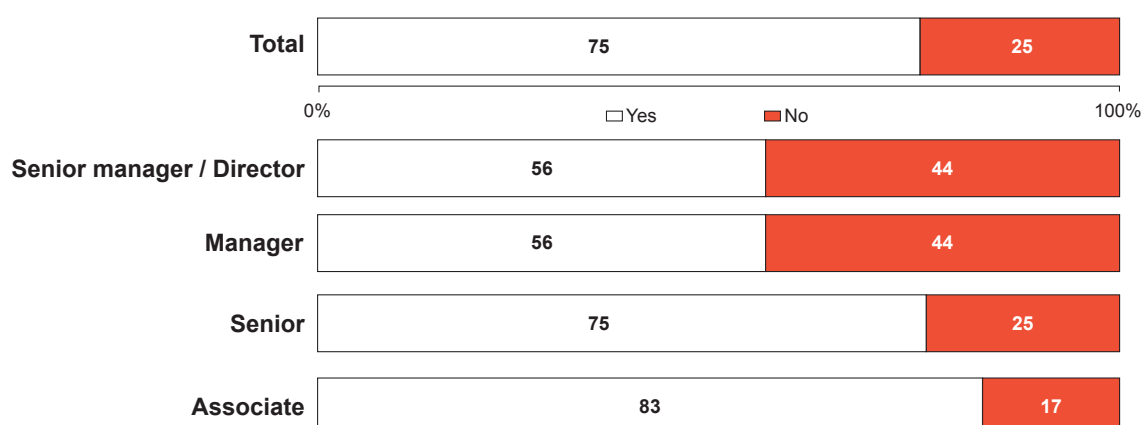


Figure 15 Could you please explain why you would like to be sent on an overseas secondment?

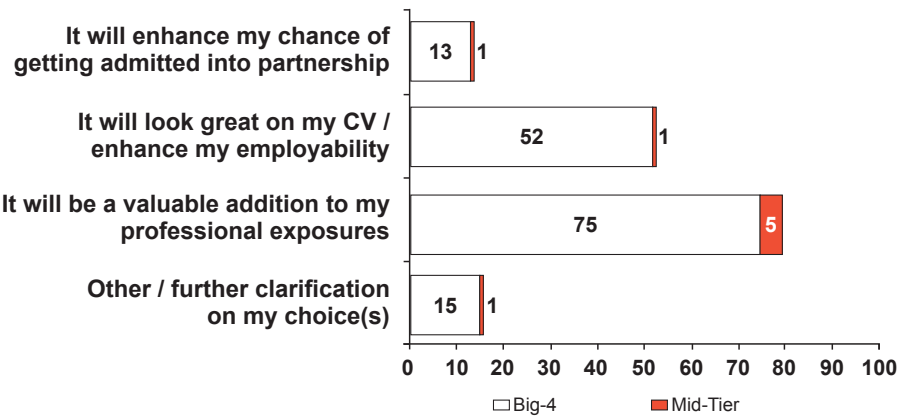


Figure 16 Could you please explain why you wouldn't like to be sent on an overseas secondment?

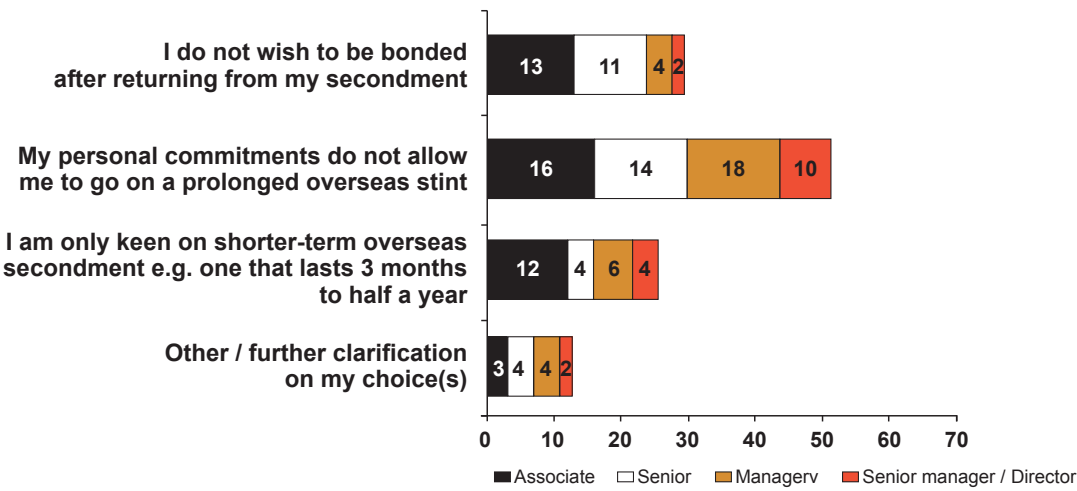
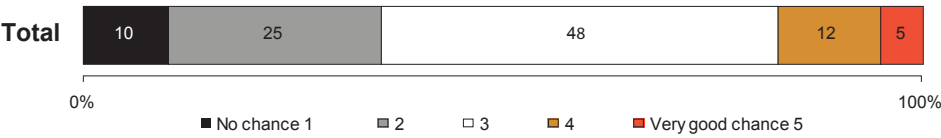


Figure 17 If you applied for an overseas secondment opportunity, what do you think would be your chance of getting approval?



Becoming a Partner

1 in 5 survey respondents aspired to become a partner. A much higher proportion of respondents from mid-tier firms aspired for partnership compared to respondents from Big Four firms (30% vs. 16%). A higher proportion of senior staff than junior staff wanted to be partners (22% vs. 16%). Demographically, a higher proportion of male respondents aspired to become a partner compared to female respondents (24% to 18%) (Figure18). Survey respondents who indicated that they aspires to be a partner were asked to rate a series of driving factors on a scale of 1 to 5. From the results, (enhanced) professional status emerged as the strongest motivation behind one aspiring to become a partner (Figure 19).

Figure 18 Do you aspire to be a partner?

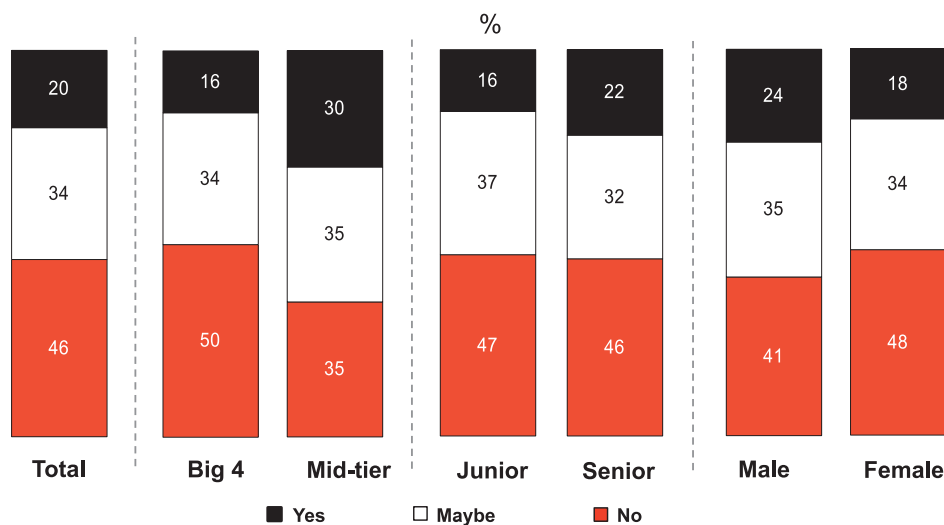
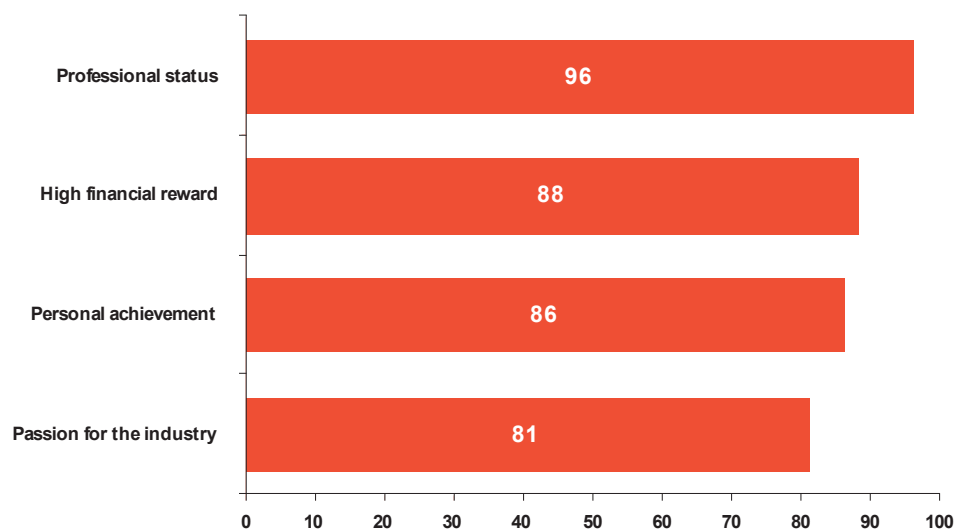
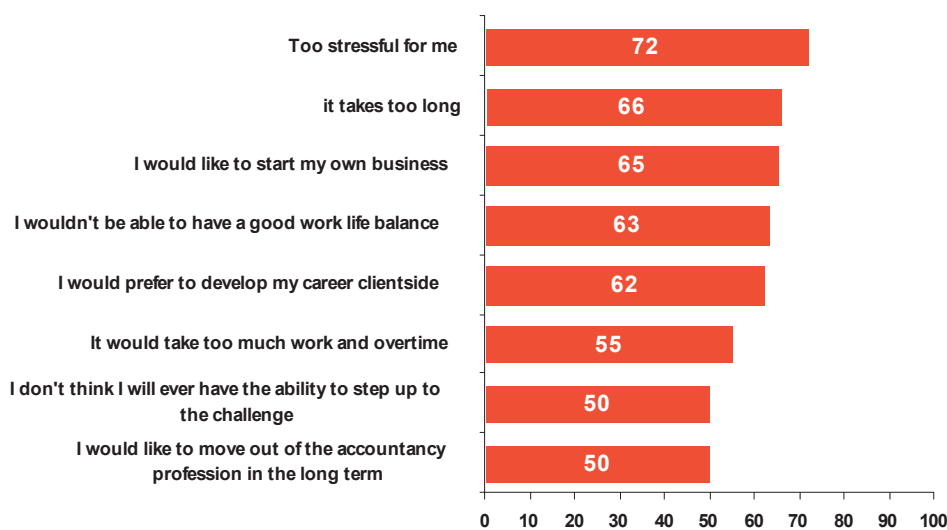


Figure 19 Please rate the following factors on a 5-point scale from 'strongly disagree' to 'strongly agree' to the extent they reflect the reasons behind your aspiration to be a partner (chart shows proportion of respondents indicating 'Agree' or 'Strongly agree').



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 from 1 to 5, from ‘Strongly disagree’ to ‘Strongly agree’. The results, as displayed in (Figure 20), provide insights to the different factors that respondents took into consideration, with the perceived stress level emerging as the chief deterrence. The ‘Other’ reasons mentioned by respondents include the perception that ‘too much politics’ are at play in the process.

Figure 20 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 (chart shows proportion of respondents indicating ‘Agree’ or ‘Strongly agree’).

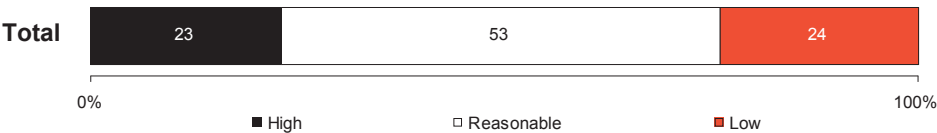


Demographically, there were some notable differences between respondents of different genders. Half of the female respondents who did not want to be a partner were not confident that they would be able to step up to the challenge of becoming a partner, compared to 40% of male respondents. In addition, 75% of female respondents thought that the job would be too stressful for them, compared to 64% of male respondents. The underlying reasons vary but firms could consider featuring more female role-models and offering targeted mentoring to ear-marked candidates. This might help to address the female staff’s concerns at least partially.

Comparing the reasons indicated by respondents from Big Four against their mid-tier firms’ counterparts for not wanting to be partners, a substantially higher proportion of Big Four respondents were more entrepreneur and wanted to start their own business/ firm (67% vs. 57%). In addition, more Big Four respondents indicated that they would like to move on to ‘client-side’ work compared to mid-tier respondents too (66% vs. 46%). This could be due to the relatively higher value attributed by potential employer to audit experience in a Big Four, which may result in greater ease of landing commercial positions with higher compensation. Respondents from Big Four firms seemed to also have a stronger belief that the role of partner would be too stressful for them, and that it would take too much work and overtime-hours to become a partner.

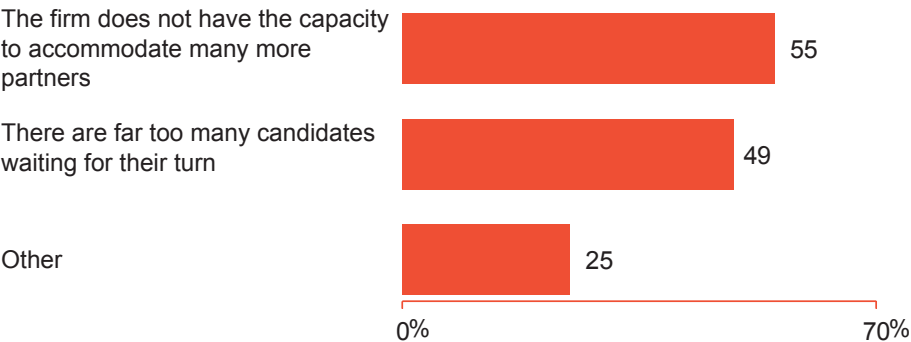
The survey also requested the participants to rate the chances of an individual ‘who has the aptitude and the will to persevere making it to partnership’ in their respective firms ‘in reasonable time’. While the majority of respondents rated the chance as either ‘high’ or ‘reasonable’, 24% believed the chances were ‘low’ (Figure 21).

Figure 21 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 chances as ‘low’, 55% thought their firms had limited capacity to accommodate new partners (Figure 22). Further analysis shows that a higher percentage of respondents from the mid-tier firms (61%) indicated that the firms had limited capacity to accommodate new partners compared to respondents from the Big Four firms (52%). 57% of respondents from the Big Four firms said that there were far too many candidates awaiting their turn (slightly less of an issue with mid-tier firms with about 1 in 4 respondents thinking the same).

Figure 22 Reasons for the low chance of someone who has the aptitude and the will to persevere to make it to partnership



Under ‘Other’, some respondents commented that having the right aptitude and the will to persevere do not guarantee successful admission. Others were concerned about the lack of transparency in the partner’s admission criteria, as well as workplace politics. These factors increased their misgivings about a fair, merit-based selection process. Also, a few respondents mentioned that having the right mentor, and maintaining appropriate relationships and network with the firm’s management affect one’s chance at partnership too.

Suggested Action Plans

Create Open-Door Policy

Firms need to build staff confidence that their concerns are seriously taken into account and acted upon. In this case, mid-tier firms have an advantage because their flatter hierarchies shorten the power distance between senior and junior auditors, and enable more intimate mentoring and counselling. Big-four firms should try to reduce the gap between senior-level staff (e.g. manager or partner) and junior staff. For example, firms could implement mentoring initiatives, where managerial staff coach junior staff on an individual basis. Even if such mentoring arrangements are already in place, firm management needs to ensure they are working effectively by gathering feedback periodically from both mentors and mentees, instituting 360° appraisal systems and so on.

Firms are also advised to be mindful of the perception that management commoditises or undervalues audit staff. The feedback from the survey indicated that some employees feel undervalued because they are only junior staff or their position is easily replaceable. This is a perception that needs to be addressed urgently, because staff would only be inclined to stay if they are convinced that they are valuable assets to the company. Treat staff as individuals whose concerns are important, not homogenous 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 talent management policies to ensure that staff are aware of the initiatives taken to create employee satisfaction.

Encourage audit clients' collaboration and enhance competencies

A significant number of survey respondents indicated that they were dissatisfied with audit clients' behaviours toward the auditors and their level of competencies in preparing the financial reports. To improve talent satisfaction and reduce conflict of interest between auditors and preparers, audit clients should recognise their responsibilities over preparation of financial reports and support the auditors by providing appropriate supporting evidence on a timely basis. Constant communication between auditors (particularly at partner or senior level) and clients is crucial to eliminate obstacles and misunderstandings. In addition, it could boost good relationships and reduce unnecessary tasks. Encouraging clients to enhance their accounting practices and an understanding of financial reporting standards will improve clients' competencies and quality of financial reports. This will in turn result in reduced burdens on the auditors. Therefore, it is critical to boost clients' support and enhance clients' accounting practices in order to keep talents satisfied with working environments.

Harmonisation among audit firms

In Thailand, the competition among audit firms is very high and as a result, the auditors' bargaining power is reduced. Audit clients may thus be able to get away with producing less than ideal work. Audit firms should develop a strong sense of harmony for the general good of the profession, coordinate and agree to enforce ethics of the profession to the highest level, and clearly delineate their duties from those of the client's, and eradicate conflict of interests. It would also result in a more conducive working environment for audit staff who will no longer need to spend more than necessary amount of time on engagements addressing client's subpar work.

Efficient working

Planning and involvement of senior staff and partners are very important aspects of work efficiencies. For example, senior staff and partners should come on board at the early stage of the audit process to ensure that audit objectives are met accurately, and to reduce the need for countless reviews and revisions of audit work and documentation, which diminishes productivity and increases frustration. In addition, senior staff or partners can share their experience and knowledge with the engagement team to enhance on-the-job learning. When the staff recognise that their superiors are willing to support them and tackle obstacles together, they are much more motivated to continue their stay in the firm, and the firm in turn gets to retain valuable team members.

Suggested Action Plans

Improve performance appraisal system

From the feedback gathered, not all audit firms have rigorous performance appraisal systems in place. Many of the survey participants were concerned about their career path and the audit firm's evaluation system. Firms need to enhance transparency of the evaluation system by setting transparent criteria and key performance indicators, and clearly communicate the advancement path to the audit staff. In addition, having more than one superior assess each individual would reduce perceived and actual bias and increase employees' confidence that their performances are evaluated based on their competencies rather than familiarity and relationship with the appraiser. This would result in greater conviction in the final appraisal outcome.

Enhance work-life balance

The primary problem in the audit profession, which was deemed to be the least satisfactory by the majority of the respondents, was work-life balance. Even though an auditor in Thailand often earns an above-average income, the number of hours spent working each day is also significantly greater than other professions. Consequently, many audit staff feel unhappy with their work. To improve employees' satisfaction, audit firms need to demonstrate that they are genuinely concerned about employee's well-being. This would go a long way in promoting employee loyalty and retention.

Caring for the audit staff can be shown by providing sufficient resources, comprehensive compensation packages with health care and life-style related benefits. Mid-tier firms, in particular, should consider providing an option for employees to join pension fund program. Outsourcing administrative and routine tasks that require less skill would enable audit staff to focus more on core, significant tasks. It would reduce the number of working hours, increase productivity and efficiency, and alleviate work pressures.

Furthermore, standardised working papers, especially in mid-tier firm, and providing more guidance and coaching could reduce time spent to complete each task.

Offer more variety of experiences

Multidisciplinary firms could implement a structured programme for rotating auditors among different divisions within the firm. It is also essential that the firms communicate the opportunities available and ensure that everyone is aware of it, instead of offering this option only when employees tender their resignation.

In the case of mid-tier firms, although some are audit-only practices, they could improve retention by providing more structured and higher quality training programmes for their employees and by communicating the career prospects clearly.

Emphasize partnership opportunities

Firms should be transparent about the partner admission criteria, and clearly communicate that admission is on the basis of meritocracy to ensure that employees understand that favouritism and office politics have no place in the partnership admission process.

In addition, firms should create a more conducive environment to support female talent so that more women will be motivated to aim for partnership. It will be worthwhile for firms to fine-tune their employee well-being policies and align them with the unique needs of female professionals. For example, firms could work closely with female staff with family commitments to determine how workplace flexibility can be further customised to better suit their needs without causing disruption to client service. Another possible solution would include establishing childcare centres onsite.

Conclusion

Human resource management has long been considered a crucial issue that every firm needs to focus on because it costs more in terms of time and resources to replace and train a new employee than to retain an existing one. Particularly in the audit profession where turnover rate is high, effective human resource management and talent retention strategy seem to be the key to maintaining audit quality and enhancing the reputation of audit profession as a whole.

Each audit firm should deal with their human resource in the way that best fits their organisation since cultural and environmental influences of each firm is unique. Audit firms should also be ready to adapt to the changing environment, including changes in technology, employees' needs, and legal requirements. Audit firms should strive to understand their employees' needs, objectives and aspirations, especially those born in generation Y who often hold different values and have different priorities in life compared to the older generations.

It is also vital to encourage collaboration among the audit firms, audit clients, government, educational institutions, professional bodies, regulators and other stakeholders in order to effectively address the lack of manpower issue more widely.

In conclusion, lack of talent is one of the most significant issues within audit profession. Resolving this issue is time and resource intensive, and is not an easy feat. Hence, it is critical for all stakeholders to participate actively and collaborate to ensure that the attractiveness of a career in external audit is further enhanced. This will, in turn, result in better audit quality and advancement of the audit profession, which will benefit all stakeholders in the long run.

CONTACT

For any queries regarding this report, please contact:

ACCA
Chun Wee Chiew
Head of Policy, Asia Pacific
Contact Number: +65 6637 8185
Email: chunwee.chiew@accaglobal.com

Securities and Exchange Commission, Thailand
Thawatchai Kiatkwankul
Director, Accounting Supervision Department
Contact Number : +66 2695 9584
Email : thawatch@sec.or.th

Securities and Exchange Commission, Thailand
333/3 Vibhavadi Rangsit Road, Jompol,
Jatujak, Bangkok Thailand 10900
Tel: +66 2263 6000
www.sec.or.th

ACCA
29 Lincoln's Inn Fields
London WC2A 3EE
tel: +44 (0)20 7059 5000
fax: +44 (0)20 7059 5050
www.accaglobal.com