Professional accountants – the future:

Generation Next: managing talent in small and medium sized practices – Malaysia
About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, offering 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.

ACCA supports its 198,000 members and 486,000 students in 180 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of 101 offices and centres and more than 7,291 Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development and seek to develop capacity in the profession and encourage the adoption of global standards. ACCA’s core values are aligned to the needs of employers in all sectors and it ensures that through its range of qualifications, it prepares accountants for business. ACCA seeks to open up the profession to people of all backgrounds and remove artificial barriers, innovating its qualifications and delivery to meet the diverse needs of trainee professionals and their employers.

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About this report

The second in a series of sector-specific studies, this report explores the work preferences and career aspirations of younger professionals in small and medium-sized practices, globally.
In 2016 ACCA published the results of its Generation Next study (ACCA 2016a), to which almost 19,000 members and students aged 16 to 36 years old responded, sharing their views on what attracted them to a career in finance, their ambitions and how they like to learn.

This is the second in a series of follow-up sector-specific reports. It focuses on the 1,278 respondents from that global study who are working for small or medium-sized accountancy practices (SMPs) today.

Encouragingly, this research shows that the new generation of young accounting and finance professionals working in the world of SMPs – ‘Generation Next’ – is well equipped to deal with changes being driven by globalisation and technology.

The findings suggest this is because these professionals deeply value the opportunity to learn and to gain a breadth of experience in their current roles. They anticipate that in the future, further innovation across the SMP sector should enable them to focus on much higher value-added activity. Nonetheless, for the time being, they believe that work-life balance and job security are important features of their roles – and ones that they would like to retain.
Executive summary

Young accounting and finance professionals in SMPs also highlighted the following issues.

• **A platform for long term career success.** Working for an SMP is recognised as a platform for building a successful long-term career. The overwhelming majority of those working for SMPs further agree that finance experience will be valuable for future business leaders (see section 2.1).

• **Pay and progression are important but it’s the whole package that matters.** Pay and prospects for career progression are the two highest attraction factors for SMP respondents when asked about finding the right employer. Even so, work-life balance, interest in the subject matter and flexible working arrangements also score well, which suggests that a broader range of factors are also important (see 2.2).

• **Mobile but ‘stickier’ than Generation Next as a whole.** While SMP respondents in general are keen to move quickly between employers, there appears to be more ‘stickiness’ to their roles at the outset of their careers, where they spend longer than the total Generation Next population. They are also more likely to aspire to build a career more closely within the confines of the accounting and finance profession (see 2.3).

• **Looking for a way out in the longer term.** The majority of respondents are keen, at present, to take advantage of the learning and development opportunities available in SMPs but in the longer term they see working for an SMP as a springboard into other sectors (see 2.4).

• **Job satisfaction is holding up.** Just under half (48%) of those working for SMPs report being satisfied in their current role. This is aligned to job satisfaction among the total Generation Next population, suggesting that SMP employers are not falling behind other sectors. There is some variation across different countries, however, with job satisfaction lower in developing economies (see 2.5).

• **Learning works best when it is personal and practical.** On-the-job training and mentoring are the most-used learning activities across the SMP sector and, encouragingly, are also seen by Generation Next employees in SMPs as the most effective (see 2.6).

• **Lack of available roles and pay restrictions represent the largest barriers.** SMP respondents identify a lack of available roles and insufficient reward as the two largest barriers to career progression. Even so, they are just as likely as the total Generation Next population to identify sufficient opportunities in their current organisation for achieving their career goals (see 2.7).

• **Reinventing the SMP service offering.** Among Generation Next employees in SMPs, 80% agreed that technology will enable accounting and finance professionals to focus on higher value added activity (Figure 2.26). This suggests that respondents see some good opportunities for innovation through technology (see 2.8).

These insights have significant implications for how the SMP sector evolves in the future. The accounting and finance profession as a whole faces a broad series of challenges in attracting and retaining top talent to fulfil senior roles in the coming decades. For the SMP sector a talent deficit is a potential risk unless it can offer genuine long-term career opportunities.
These opportunities could be very bright, with technology offering the potential to reinvent service offerings and reduce the costs that come with current business practices. In order to achieve these benefits, SMPs must ensure that professionals have the appropriate behaviours, knowledge and skills to take advantage of these opportunities.

Therefore, from an employer’s perspective, this has implications for talent management strategies, particularly in terms of how they attract, develop and retain younger talent. Following a series of interviews and roundtables conducted in 2017 with SMP employers globally, this study provides the following recommendations as to how these activities can be improved.

**Attraction**

- Create a compelling employee proposition. Employers should develop their organisation’s proposition to younger people. This should be framed around the potential benefits to their long-term career prospects. This will make the sector more effective in selling the key advantages of working for a smaller practice, and particularly the opportunity to gain a wider range of experiences than may be possible in larger firms (see 3.1.1).

- Reach out to younger people. Targeted recruitment could be conducted by developing partnerships with local schools, colleges and universities to showcase the value of a role in the SMP sector (see 3.1.2).

- Become a registered training practice. This initiative could demonstrate an employer’s commitment to providing staff with excellent learning and development opportunities. It would also support employers’ efforts to create a compelling employee proposition to younger people (see 3.1.3).

**Development**

- **Invest in formal development.** Recognising that for many SMPs internal training resources are constrained, creating more structured activities could radically improve development opportunities for staff. Tailored plans could take into account the specific long-term career aspirations and short-term development objectives of employees (see 3.2.1).

- **Think succession: build transparent career paths.** For some SMPs, the limited size of their organisation may make it challenging to offer a variety of different roles and opportunities as part of a structured career path. This can limit career progression opportunities for staff and make succession planning challenging. In response, employers should consider participating in external collaboration networks to widen the development opportunities available for staff (see 3.2.2).

- **Introduce reverse mentoring.** Generation Next professionals often enter the workplace equipped with a suite of valuable skills without realising it. From a greater awareness of the latest technology and media trends, to a familiarity with social media channels, there may be opportunities to share this pre-existing knowledge through internal training activities such as reverse mentoring schemes, which could help to build relationships across the employee base and build new skills for all (see 3.2.3).

- **Push ‘intrapreneurialism’.** ACCA’s evidence shows high entrepreneurial ambitions among younger professionals working for SMPs, with the vast majority wanting to set up their own business at some stage in their career. Entrepreneurship entails personal risk, so employers should promote the advantages of practising entrepreneurial skills ‘intrapreneurally’ to identify new growth opportunities (see 3.2.4).

- **Focus on creating the right behaviours.** For the SMP sector to thrive, staff need to be encouraged to engage proactively in the same challenges that their employers face. This goes beyond just obtaining soft skills – it involves changing their wider attitude and behaviours in the workplace (see 3.2.5).

**Retaining talent**

- **Create brilliant working environments.** The SMP working environment is a key selling point for Generation Next. Employers should build upon this by exploring new initiatives that may improve professional development and overall job satisfaction. This could include building more opportunities for staff to engage in social interactions outside of the workplace and tracking engagement through surveys (see 3.3.1).

- **Embrace technology to aid future development.** Technology has huge implications for the future of client services across the SMP sector. Younger professionals entering the sector must be educated to understand the changing context in which emerging technologies can revolutionise the SMP offering (see 3.3.2).
MOBILITY LEVELS HIGH
67% eventually expect to move sectors
64% want to move roles within two years
64% expect next role to be a promotion
63% expect next career move to be external

A FINANCE CAREER IS SEEN AS A SMART LONG-TERM CHOICE
83% agree that finance experience will be valuable for future leaders
78% see a long-term future in the accounting and finance profession
47% were attracted to a finance career because of long-term career prospects

SATISFACTION LEVELS HOLDING UP
69% have a strong relationship with their line manager
53% agree they have good current work-life balance
48% of respondents are satisfied in their current role

ENTREPRENEURIAL AMBITIONS ARE STRONG
81% say they eventually want to start their own business; of these, 13% want to do so in their next role

DEVELOPMENT IS KEY TO RETENTION
93% agree that the availability of opportunities to learn and develop skills is key for remaining with an employer
41% say their employer does not have enough roles available to allow for career progression
40% agree that their employer offers sufficient opportunity to achieve career goals

EXPERIENTIAL LEARNING KEY
72% say that on the job learning is the most effective learning activity
31% agree that mentoring is the most effective learning activity
Only 8% believe that e-learning is a useful learning activity

MIXED VIEWS OVER WHETHER TECHNOLOGY IS AN OPPORTUNITY OR A THREAT
80% agree that technology will enable finance to focus on higher-value activities
But only half believe technology will replace many entry-level roles in the profession

JOB SECURITY AND WORK LIFE BALANCE ARE MAJOR ATTRACTIONS
86% agree that job security with an employer is important
83% agree that work-life balance is a priority
71% say that flexible working arrangements are an attraction
The SMP professionals who responded to our survey had an average age of 28, which was slightly older than the total population of Generation Next respondents, among whom the average age was 27 (Figure A1). In Malaysia and Pakistan respondents were more likely to be slightly younger and in their early twenties. In Ireland respondents were more likely to be older and in their thirties.

The survey also revealed an even balance between genders among Generation Next employees in SMPs (Figure A2). Female representation was highest in Singapore and Malaysia but much lower in Pakistan, where 87% of respondents were male.

**FIGURE A1: Age by country**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>SMP average</td>
<td>2%</td>
<td>32%</td>
<td>38%</td>
<td>28%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1%</td>
<td>46%</td>
<td>43%</td>
<td>10%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1%</td>
<td>48%</td>
<td>36%</td>
<td>15%</td>
</tr>
<tr>
<td>UK</td>
<td>3%</td>
<td>25%</td>
<td>39%</td>
<td>33%</td>
</tr>
<tr>
<td>Ireland</td>
<td>0%</td>
<td>18%</td>
<td>29%</td>
<td>53%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>9%</td>
<td>34%</td>
<td>36%</td>
<td>21%</td>
</tr>
<tr>
<td>Singapore</td>
<td>2%</td>
<td>15%</td>
<td>57%</td>
<td>26%</td>
</tr>
</tbody>
</table>

**FIGURE A2: Gender by country**

- SMP average: 49% Male, 51% Female
- Pakistan: 62% Male, 38% Female
- Malaysia: 45% Male, 55% Female
- UK: 50% Male, 50% Female
- Ireland: 62% Male, 38% Female
- Mauritius: 38% Male, 62% Female
- Singapore: 38% Male, 62% Female
There was a broad range in terms of the length of time for which SMP respondents had been in their current role - with over a quarter employed for less than a year. However, this represented 43% of overall respondents in Pakistan – perhaps reflecting the younger average age of professionals in that specific country (Figures A1 and A3). Respondents in the UK and Mauritius tended to be more likely to have been in their current role for over two years.

Alongside this, most of Generation Next employees in SMPs have only worked for one organisation, the only exception being in Singapore, where as many respondents had worked for two organisations as had for one (Figure A4). This suggests a greater level of ‘stickiness’, or tendency to remain with an employer, than among the total Generation Next population.

As with the global results, SMP respondents were primarily attracted to the profession for its long-term career prospects (Figure A5). Interest in the subject matter was also a key attraction. The opportunity to develop a broad range of skills was a major attraction for respondents in Singapore, Mauritius, Pakistan and Malaysia, but far less of a consideration for those in the UK and Ireland.
Among Generation Next employees working for SMPs, 50% believed that technology will replace many entry-level roles in the accounting and finance profession, a view that was broadly aligned with the global average response (Figure A6). There were some differences in country-by-country analysis, however, with the UK and Ireland least likely to agree with this statement. Conversely, 80% of Generation Next employees in SMPs agreed that technology will enable finance professionals to focus on higher value-added activity (Figure A7).

The following pages offer further analysis of SMP respondents’ perspectives on career ambitions and aspirations, as well as the factors attracting them to an employer and driving their decision to leave or stay with a particular organisation.
**Malaysia: Career goals**

**FIGURE – MAL.1:** Career goals of those working for SMPs compared with those of global respondents

<table>
<thead>
<tr>
<th>Malaysia SMP</th>
<th>Global SMP</th>
<th>All sectors</th>
<th>Malaysia SMP</th>
<th>Global SMP</th>
<th>All sectors</th>
<th>Malaysia SMP</th>
<th>Global SMP</th>
<th>All sectors</th>
<th>Malaysia SMP</th>
<th>Global SMP</th>
<th>All sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue in my area with a more senior position</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead a finance team</td>
<td>46%</td>
<td>41%</td>
<td>48%</td>
<td>31%</td>
<td>37%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role in a different area of finance</td>
<td>12%</td>
<td>19%</td>
<td>9%</td>
<td>40%</td>
<td>41%</td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A role outside finance into a more general business role</td>
<td>43%</td>
<td>34%</td>
<td>45%</td>
<td>43%</td>
<td>34%</td>
<td>45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start my own business</td>
<td>15%</td>
<td>24%</td>
<td>22%</td>
<td>9%</td>
<td>12%</td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A role in a different country/region</td>
<td>24%</td>
<td>20%</td>
<td>24%</td>
<td>12%</td>
<td>12%</td>
<td>11%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- Later on
- Next move
- Never

87% have ambitions to lead a finance team.
Malaysia: Next move – where and when

**FIGURE – MAL.2**: How quickly would you like to move to your next role?

- **Malaysia SMP**
  - Less than 1 year: 23%
  - 1 year or more but less than two: 14%
  - 2 years or more but less than three: 27%
  - 3 years or more but less than five: 32%
  - More than 5 years: 3%

- **Global SMP**
  - Less than 1 year: 33%
  - 1 year or more but less than two: 11%
  - 2 years or more but less than three: 31%
  - 3 years or more but less than five: 4%
  - More than 5 years: 2%

- **All sectors**
  - Less than 1 year: 22%
  - 1 year or more but less than two: 19%
  - 2 years or more but less than three: 34%
  - 3 years or more but less than five: 36%
  - More than 5 years: 9%

**FIGURE – MAL.3**: Would you like your next move to be a promotion or a lateral move?

- **Malaysia SMP**
  - Promotion: 63%
  - Lateral move: 37%

- **Global SMP**
  - Promotion: 64%
  - Lateral move: 36%

- **All sectors**
  - Promotion: 67%
  - Lateral move: 33%

**FIGURE – MAL.4**: Do you expect your next move to be internal or external to your current organisation?

- **Malaysia SMP**
  - Internal: 40%
  - External: 60%

- **Global SMP**
  - Internal: 37%
  - External: 63%

- **All sectors**
  - Internal: 39%
  - External: 61%
Malaysia: Next move – where and when

FIGURE – MAL.5: To which sector would you like to move in the future?

- **Big Four**: 28% of those who would like to move sectors want a role in a Big Four firm.
Malaysia: Attraction / retention factors

**FIGURE – MAL.6:** The top 5 factors attracting SMP respondents to an employer, compared with the global results

<table>
<thead>
<tr>
<th>Factor</th>
<th>Malaysia SMP</th>
<th>Global SMP</th>
<th>All sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity to learn and develop skills</td>
<td>94%</td>
<td>93%</td>
<td>94%</td>
</tr>
<tr>
<td>Career progression opportunities</td>
<td>89%</td>
<td>90%</td>
<td>92%</td>
</tr>
<tr>
<td>Financial remuneration</td>
<td>89%</td>
<td>86%</td>
<td>88%</td>
</tr>
<tr>
<td>Interesting work</td>
<td>85%</td>
<td>86%</td>
<td>87%</td>
</tr>
<tr>
<td>Job security</td>
<td>78%</td>
<td>86%</td>
<td>83%</td>
</tr>
</tbody>
</table>

**FIGURE – MAL.7:** The top 5 factors retaining SMP respondents to an employer, compared with the global results

<table>
<thead>
<tr>
<th>Factor</th>
<th>Malaysia SMP</th>
<th>Global SMP</th>
<th>All sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity to learn and develop skills</td>
<td>90%</td>
<td>87%</td>
<td>89%</td>
</tr>
<tr>
<td>Career progression opportunities</td>
<td>85%</td>
<td>85%</td>
<td>88%</td>
</tr>
<tr>
<td>Financial remuneration</td>
<td>88%</td>
<td>84%</td>
<td>88%</td>
</tr>
<tr>
<td>Job security</td>
<td>78%</td>
<td>81%</td>
<td>81%</td>
</tr>
<tr>
<td>Work-life balance</td>
<td>85%</td>
<td>81%</td>
<td>81%</td>
</tr>
</tbody>
</table>
Malaysia: Barriers to career progression

FIGURE – MAL.8: Main barriers to career progression (top five factors)

- **Not enough capacity**: 23% in Malaysia SMP, 41% in Global SMP, and 37% in All sectors.
- **Insufficient reward**: 42% in Malaysia SMP, 34% in Global SMP, and 29% in All sectors.
- **Insufficient formal training / learning opportunities**: 55% in Malaysia SMP, 31% in Global SMP, and 27% in All sectors.
- **No transparent career paths**: 22% in Malaysia SMP, 26% in Global SMP, and 33% in All sectors.
- **Organisational / Cultural challenges**: 24% in Malaysia SMP, 19% in Global SMP, and 27% in All sectors.

55% believe there are insufficient formal training and learning opportunities in their current role.