

Professional accountants – the future:

Generation Next: managing talent in small and medium sized practices

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Introduction

In an increasingly competitive world where **deregulation** and **automation** are posing new questions towards the business model of small and medium sized practices (SMPs), the **challenge of attracting the best talent** and holding on to it is becoming more complicated.

Yet employers must accommodate the needs and ambitions of the **youngest generation of finance and accounting professionals** – what we refer to as **Generation Next**. The difficulty for many SMPs is that time and resources are in short supply.

Generation next – ACCA global survey 2016

In 2016, ACCA conducted one of the largest ever studies of this group to which almost :

- **19,000** members and students (from 150 countries, participated in the Generation Next survey, making it one of the largest-ever studies conducted across the global profession. The largest samples were found in Pakistan (2,458 respondents), the UK (2,446), Malaysia (1,925), China (1,093) and Nigeria (741)
- With aged **16 to 36** years old

sharing their views on what attracted them to a career in finance, their ambitions and how they like to learn

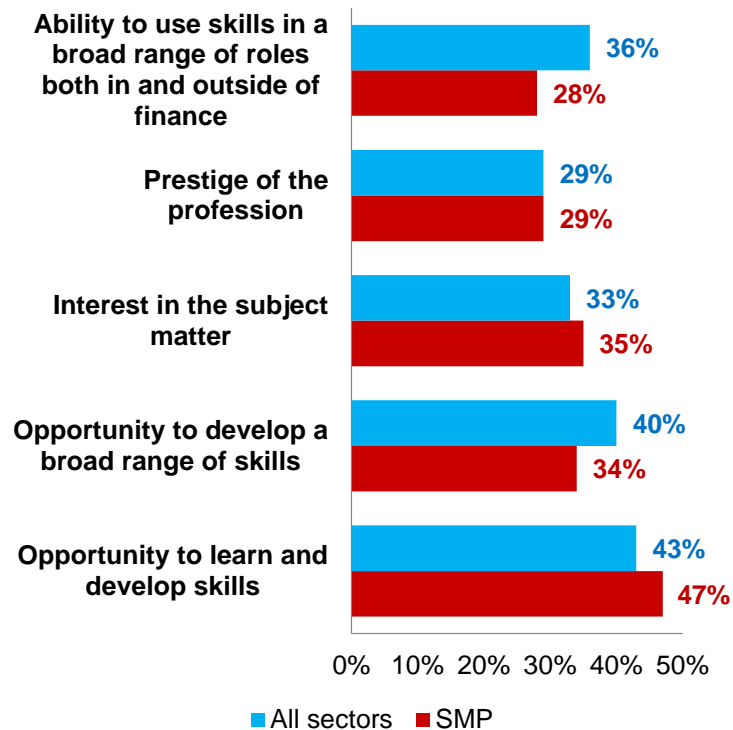
Who is generation next in Small and Medium-sized Practices?

Globally, **1,278 respondents** from the overall 2016 Generation Next survey were working for SMPs. These SMP respondents were mainly located in the UK (389 respondents), Malaysia (173), Pakistan (111), Ireland (66), Singapore (61) and Mauritius (53). As with respondents overall, there was almost **gender parity** among SMP respondents, with **males constituting 51% of the group and females 49%**.

Key findings

A platform for long-term career success

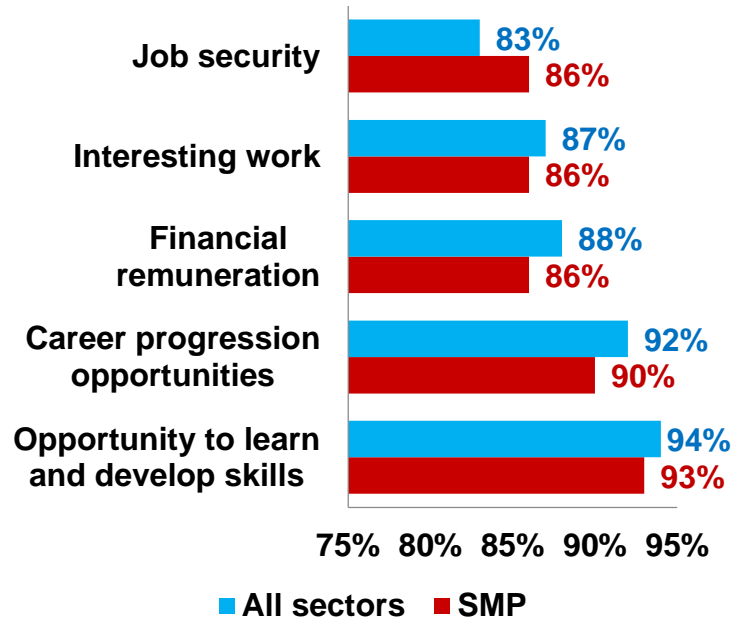
What attracted you to a career in finance?



Confidence in the profession is evident, with **83%** of SMP respondents believing that **accounting and finance experience** will be **valuable for business leaders in the future**, which is very much aligned to the overall global response from Generation Next. Such evidence offers an excellent foundation for attracting more talent to the SMP sector in the future.

Beyond the pay cheque it's the whole package that matters

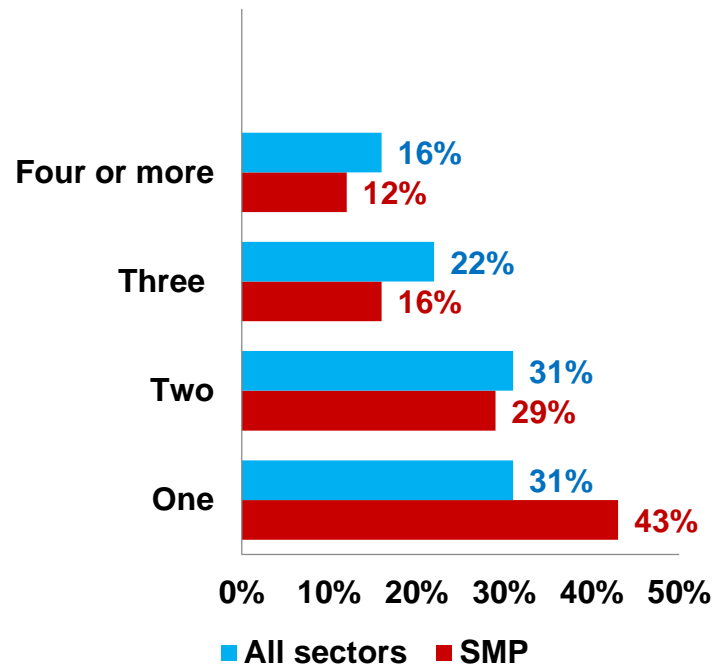
The top five factors attracting SMP respondents to an employer, compared with the global results



Younger professionals may be hungry for career success but **quality of life** remains an important consideration for both **attracting and keeping hold of them** – and those employed in the SMP sector are no exception. They want to develop strong working relationships as well as also being able to have a life outside the office.

Mobile but 'stickier' than generation next as a whole

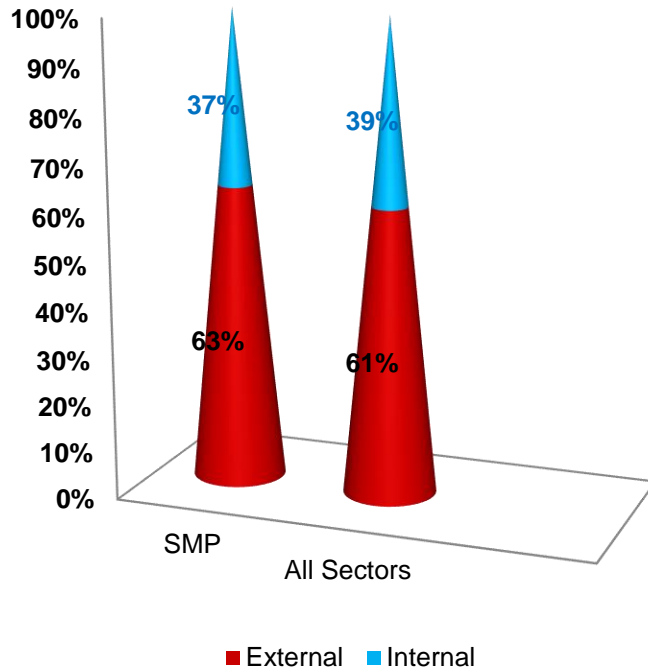
How many organisations have you worked for since entering the profession?



Among Generation Next **employees in SMPs**, 48% had only worked for one organisation in their career so far, which is a considerably higher proportion than the overall average of 31%. This is despite SMP respondents being slightly older than the total Generation Next population. This suggests **SMP employees stay longer** than on average and switch employers less frequently **than their peers in other sectors**.

Looking for a way out in the longer term

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



The majority of respondents stated that their next career move will be an **external one**. Therefore, while SMP professionals may **spend longer** with their employer and **move roles less quickly than the total Generation Next population**, career progression is often defined as moving outside their current organisation. Even so, more of those working for SMPs want a sideways move than is typical of the total Generation Next population.

Other key findings

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.**

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.

Other key findings (continued)

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.

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.



Think Ahead

**Employers' call
to action**



Attracting Talent

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.

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.

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.

Development Talent

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.**

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.**

Development Talent (continued)

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 'intrapreneurially' to identify new growth opportunities.

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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.

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.



The future direction of the SMP sector is hard to predict but the current priorities of employers give some indications. Yet whatever route they decide to take, **it is essential that employers recognise the importance of talent management as a key component of their future business strategies**

About ACCA

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

We believe 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.

More information is here: www.accaglobal.com



208,000 members | 503,000 students
in 179 countries

104 offices and centres
in 52 countries

More than
7,300 approved employers

323 approved learning providers

1,866 exemption-credited programmes from 876 institutions

458 strategic partnerships