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Market survey

Talent crunch

Demand for accountants outstrips supply, while the gender balance is shifting, writes *Donald Gasper*

With no end in sight for the healthy economic recovery that the Pearl of the Orient has been experiencing since late 2003, accounting students in Hong Kong are confident that the world is their oyster, a recent report reveals.

Senior finance professionals, too, are increasingly able to call the shots and may soon be as much in demand as sports stars, some specialists speculate. Meanwhile, it looks likely that women will soon predominate in what used to be a male preserve.

"This is one of the hottest markets for accountants I have ever seen," David McDonnell, the worldwide chief executive for Grant Thornton International, recently told the *South China Morning Post*.

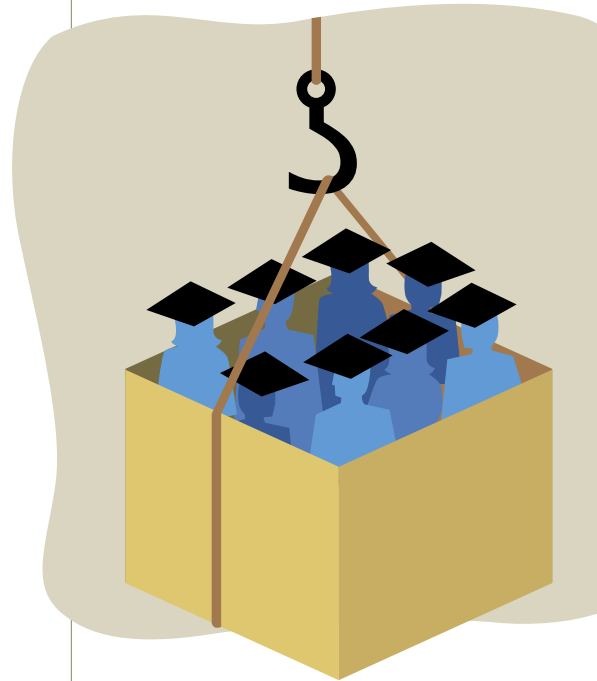
The new market survey completed by the Hong Kong Institute of CPAs confirms his impression, showing that demand for accountants in Hong Kong is exceeding supply and will continue to do so as long as economic growth remains healthy.

The study, carried out by independent research firm Market Insights Group on behalf of the Institute, canvassed more than 80 course coordinators, over 300 accounting students and approximately 300 early-career accountants.

The results indicate that both supply and demand are growing, but demand for accountants is growing at a faster pace, resulting in a net deficit. Based on the most recently available data provided by the HKSAR government for 2004, demand is estimated at 6,544 jobs in 2005, with supply from local institutions estimated at a maximum of 5,007, leaving a shortage of 1,537 accountants, or 23 percent.

Winnie Cheung, the Institute's chief executive, says demand is notoriously fickle and could change within months, but the survey accurately reflects the supply of accountants about to enter the market. "Many firms and companies are dealing with this talent crunch by recruiting overseas. Fortunately, the Institute's recognition agreements with overseas accounting bodies allow Hong Kong firms to recruit from some of the best trained professional accountants from around the world."

Institute President Paul Chan agrees: "Right now, demand is outstripping supply and the CPA qualification is valuable – not only in Hong Kong but worldwide."



Confident students

Accounting students are very confident about their ability to find work, the survey shows, with nearly three quarters (72%) of those polled saying it will be easy to get a job after graduation. Sub-degree accounting students are confident, too, with 64 percent saying it will be easy to find employment. As a whole, accounting students think it will be easier to find a job than non-accounting students and few accountancy graduates are jobless.

Early-career accountants (those working in the profession for less than four years) are even more confident than accounting students, with 94 percent saying they think it will be somewhat or very easy for them to find jobs.



Supply and demand

The number of places offered at Hong Kong's educational institutions for accounting studies has increased about 20 percent in the last two years, the report says – from roughly 4,700 in 2004-05 to 5,600 in the 2006-07 academic year, and academics polled say this will continue for the 2007-08 academic year. These academics overwhelmingly (86%) confirmed that demand for accounting graduates is increasing.

As for accountants, the majority polled (74 percent) expect demand from the mainland to increase over the next five years. "Many employers are gearing up to make themselves attractive to accounting graduates," says Chan. "And they are doing more to keep the accountants they have now."

Gender – a fundamental shift

For Garreth Chandler of Market Insight Group, the most surprising finding of the survey was that students of accounting are increasingly female. In the final year student population, the ratio of female to male is 64 percent to 36 percent, meaning that females may outnumber males in the profession at some time in the next 10 years.

"The potential ramifications for employers' attitudes to the work-life balance are critical," he points out.

Says Stella Cho, chair of the Student Services Committee, "Various evidence suggests that the gender balance in the industry will shift from a male skew to a female skew over the next three to five years."

"The change in demographics means the profession has nearly reached gender equilibrium," notes Chan. "This is a healthy development for the profession."

While agreeing with this point, Cho notes that employers may need to be mindful that women and men in search of work-life balance might take time away from the profession, which may exacerbate the shortage of accountants.



The professional personality

"Ultimately, the supply of accounting graduates in Hong Kong depends on the perceived benefits of the profession being sufficient to attract tertiary students to study it, and then subsequently the willingness of early-career entrants to remain in the sector," notes Cho.

Evidently status is an important factor in choosing a career in accounting. Apart from the prestige of the professional title (CPA), the report identifies as other desirable factors the greater certainty of finding employment, the fact that an accounting career is well structured, and the flexibility of being able to switch to other careers at a later stage. It recommends the Institute continue to focus on positioning the profession as a desirable career.

Unfortunately, the increased demand for accountants is also resulting in long working hours for these professionals, Chan says.

According to Cho, the main disincentives to an accounting career are concerns about long working hours and the perceived time and monetary cost of undertaking continued education.

To increase retention rates, it might pay to investigate these concerns and consider strategies like engaging with employers to develop appealing work practices such as career sabbaticals and the benefits of work-life balance in general, the report suggests.

Another possible way to increase supply is to tap into non-accounting students interested in an accounting career. The study's results suggest there are more non-accounting students interested in working in accounting than there are places in conversion programmes.

"We'd like to tell all the non-accounting students out there they are welcome to join the accounting profession when they finish their degrees," says Cho. "Through a bridging programme, they can enter our qualification programme and look forward to a prosperous career as CPAs. We want the best and brightest from all academic backgrounds to join the profession."



Working on the mainland

Most early-career accountants polled by the survey are positive about working or living in mainland China, with a healthy majority (76%) saying they are very positive or somewhat positive about the idea.

Students are less enthusiastic, with fewer saying they are very or somewhat positive (67%). That statistic changed when the researcher separated the data from university students and QP students, with many more (83%) QP students saying they viewed working or living on the mainland very or somewhat positively. **A+**

Calculating demand

Market demand for accountants is calculated in the Institute's study by estimating, as of the 2004 calendar year, the total number of accounting professionals in Hong Kong (regardless of qualification), the loss of accountants due to retirement, retrenchment, emigration, or change of career, and growth rates based on annual GDP. These estimates are from government data on industry size.