



Think Ahead

Professional accountants – the future:

Generation Next: managing talent in small and medium sized practices



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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.

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Preface

Much has been written about the challenges that small and medium-sized practices (SMPs) are facing in today's business environment. Deregulation, automation and increased competition all have had significant implications for the future of the SMP business model, which has traditionally focused on a 'core' service offering to clients, based on assurance, tax and compliance.

SMPs are also facing pressing challenges in talent management, and particularly over how they can retain a sustainable flow of talent as the sector continues to evolve.

Enter Generation Next, the newest cohort of workers operating in the global accounting and finance profession today. In 2016, ACCA conducted one of the largest ever studies of this group. The findings suggested that this is a generation with ambitions for fast progression and rapid career development. These traits are placing new pressures on SMPs to rethink how they attract, develop and retain young talent.

Building on the 2016 study, this report takes a closer look at the aspirations of younger accounting and finance professionals working for SMPs today, as well as exploring the strategies employers can adopt to gain the talent they need to thrive. It is the second of a four-part series of reports that brings deeper talent insights into specific sectors across the profession.

Executive summary

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.



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 'intrapreneurially' 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).

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

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

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

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

1. Introduction

In 2016 ACCA published *Professional Accountants – The Future: Generation Next (ACCA 2016a)*, the results of a global survey in which almost 19,000 members and students aged 16 to 36 shared their career aspirations and work preferences, what attracts them and retains them in organisations, and how they like to learn.

This report follows on from that global study and takes a deeper view of the career aspirations and desires of those young accounting and finance professionals working specifically in SMPs. The findings are presented from two perspectives:

- those relating to 'Generation Next' working for SMPs, and
- the implications for employers in attracting, retaining and developing talent in the sector.

Working for an SMP has long been recognised as providing an excellent foundation to a professional career in the accounting and finance industry. Nonetheless, attracting, developing and retaining staff for SMPs come with their own set of unique challenges.

Attrition and turnover rates in the SMP sector continue to be high in certain markets, not least owing to increased competition for recruits from other sectors in the profession, all targeting a limited pool of talent. Deregulation and technological disruption are also creating a business environment for SMPs with its own specific implications for talent management.

This report seeks to highlight both the career opportunities and barriers Generation Next employees recognise in their experience working for SMPs. It also briefly compares and contrasts these findings for small and medium-sized enterprises (SMEs). It then considers the implications for employers, as well as proposing a series of final recommendations that SMP employers might want to incorporate into their own talent management strategies.

1.2 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% (Figure 1.1).

The average age of Generation Next employees working for SMPs (28 years old) was slightly older than the wider Generation Next population (27 years old) (Figure 1.2). Therefore SMP respondents are likely to be at a stage of their career where they are actively considering their long-term future. This might involve contemplating whether they want to stay in practice or move into industry for their next role, or whether developing their skills and experience is a more important priority than looking for higher remuneration.

FIGURE 1.1: Gender of respondents

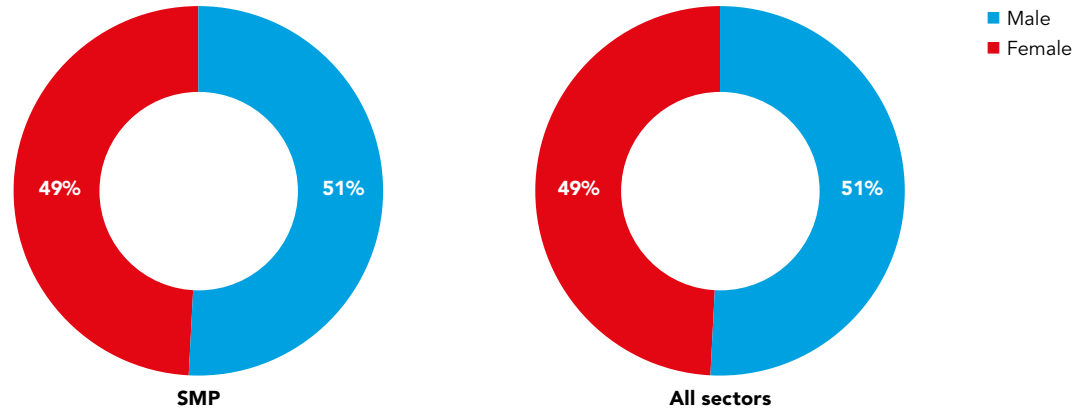
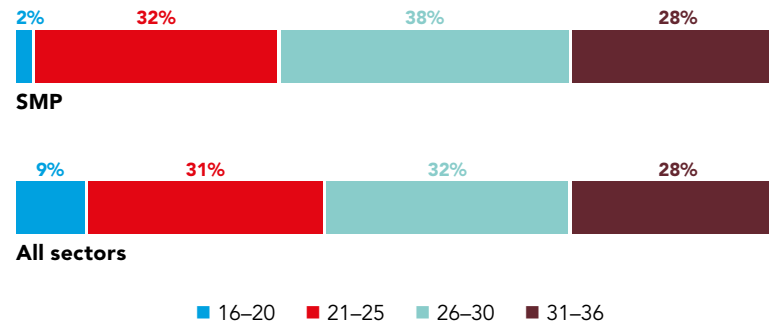


FIGURE 1.2: Age of respondents



2. Key findings

Results from ACCA's Generation Next survey (ACCA 2016a) revealed that today's young professionals working for small and medium-sized practices have ambitions to learn and develop new skills as well as to progress rapidly within the finance organisation. They are tech savvy and see changes driven by innovation and globalisation as an opportunity rather than a threat. Work-life balance and flexibility are also important features of their roles, which they value.

The findings presented in this section suggest that the views of those working for SMPs include the following:

- they see their experiences in the SMP sector as a valued platform for a successful long-term career
- they are attracted to employers that offer a rounded package of incentives that goes beyond just pay and progression opportunities; these include providing good job security and work flexibility
- a similar series of factors are important in influencing whether younger professionals want to remain with an employer; the opportunity for learning and developing new skills remains the leading factor in whether they decide to stay with an SMP employer, indicating the importance of providing a dynamic learning environment for staff throughout their careers, but
- they also perceive barriers to career progression associated with pay and a limited availability of roles. This may suggest why the Big Four and large corporate firms are the most popular destinations for those wishing to leave the SMP sector.

These trends clearly hold significant implications for the future of talent in a rapidly changing sector. As SMPs face greater competition from other sections of the accounting and finance profession in attracting and retaining younger professionals, it is vital that employers respond to the work preferences of Generation Next.

2.1 A PLATFORM FOR LONG-TERM CAREER SUCCESS



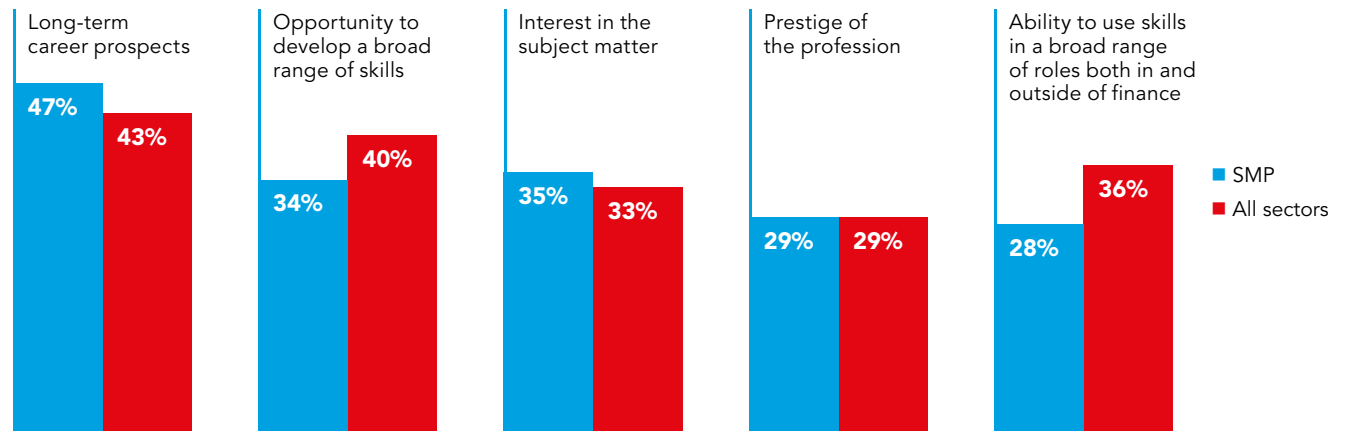
Confidence in the profession is evident, with 83% of SMP respondents believing that accounting and finance experience will be valuable for business leaders in the future, which is very much aligned to the overall global response from Generation Next. Such evidence offers an excellent foundation for attracting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

The original Generation Next study (ACCA 2016a) found that younger professionals saw entry into the business world as a smart career strategy, recognising accounting and finance experience as a great platform for skills attainment and professional development. This is a view shared by SMP respondents, with almost half attracted to the profession because they believed it offered them excellent long-term career prospects (Figure 2.1). Alongside this, nearly four out of five SMP respondents (78%) see a long-term future for themselves in the accounting and finance profession.



of SMP respondents see a long-term future for themselves in the accounting and finance profession

FIGURE 2.1: What attracted you to a career in finance? (Top five factors cited)



2.1.1. Attraction factors differ according to market maturity

The importance of certain factors in attracting respondents to a career in finance, however, appeared to vary depending on whether the respondent was based in either a developed or developing economy. For example, attraction on the basis of acquiring a broad range of skills was far higher in Malaysia (45%) and Pakistan (42%) than it was in the UK (21%) and Ireland (9%) (Figure 2.2). Conversely, attraction related to interest in the subject matter of the respondent's role was higher in the UK (45%) and Ireland (39%) than in Malaysia (25%) and Pakistan (28%) (Figure 2.3).

Bright Amisi, Managing Director of Avante Advisory Services Ltd and a member of ACCA's Global SME Forum based in South Africa, suggests why skills development might be a more important attraction factor for those based in developing economies:

'There is high unemployment in our economy so competition for available jobs is common. A lot of young finance professionals are therefore becoming more entrepreneurial by necessity. Their training allows them to understand the fundamentals of business, which is a definite strength for setting up a small company and surviving.'

Therefore if accounting and finance roles are not available, finance experience may instead be a useful foundation for starting a business or finding a more general business role.

FIGURE 2.2: Did the opportunity to develop a broad range of skills attract you to a career in finance?

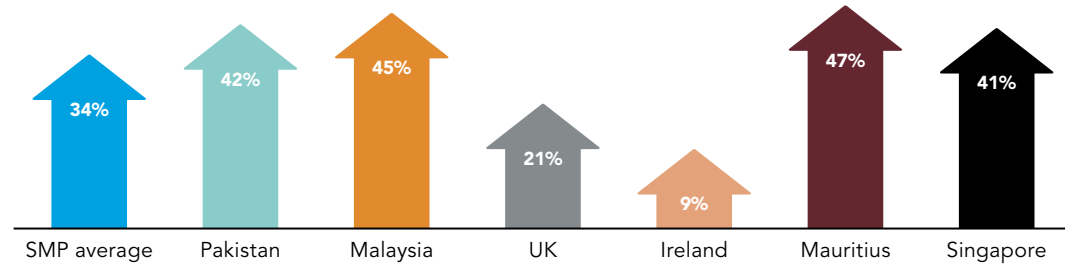
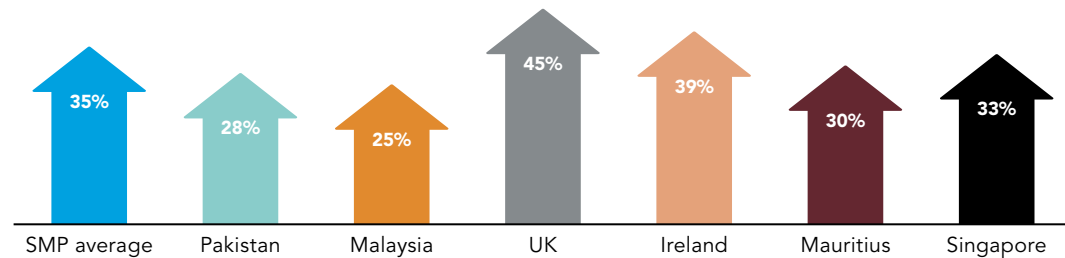
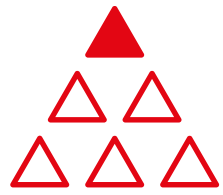
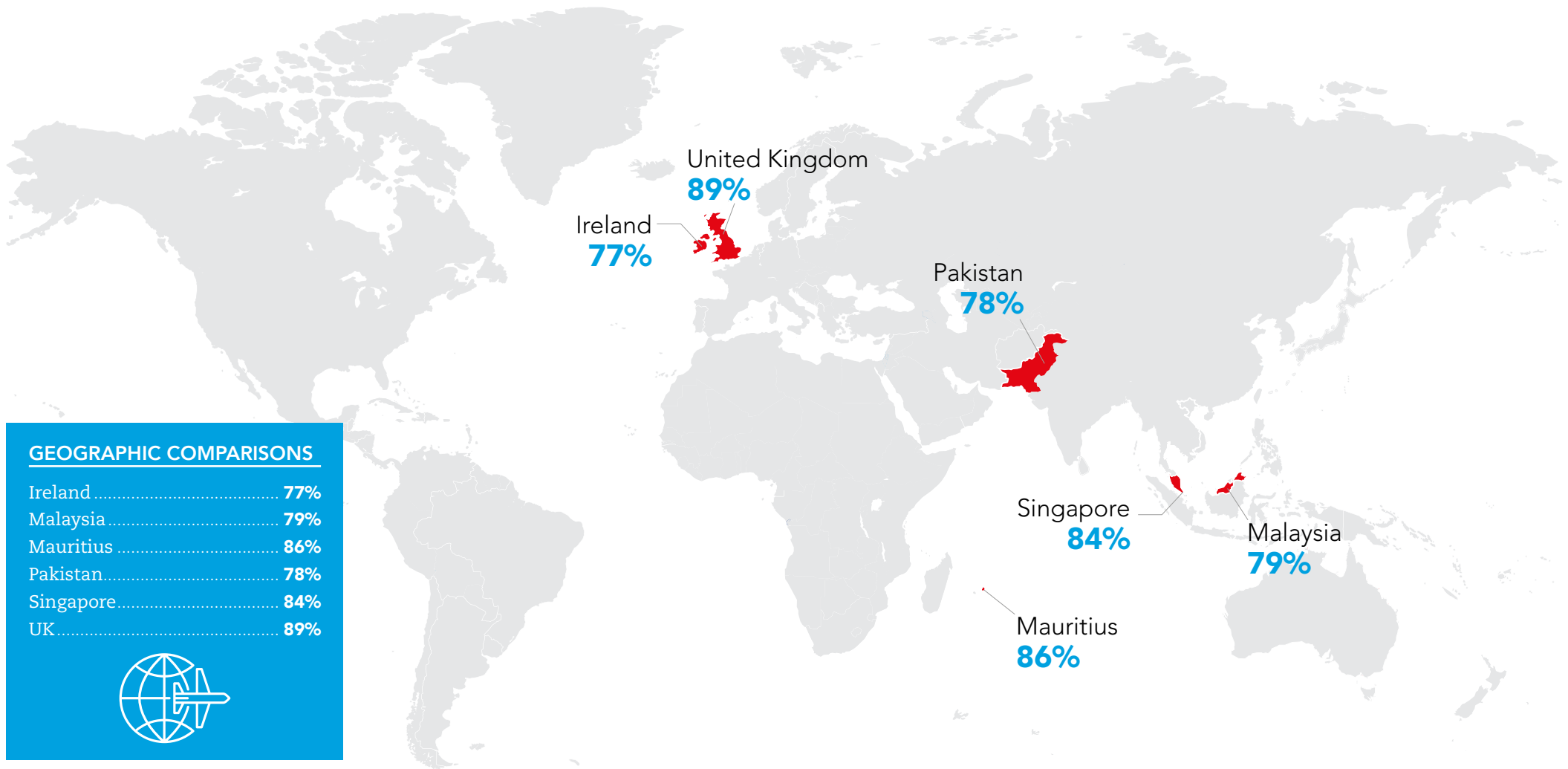


FIGURE 2.3: Did an interest in the subject matter attract you to a career in finance?





83% of Generation Next professionals working for SMPs believe that a finance career background will be valuable for business leaders in the future



GEOGRAPHIC COMPARISONS

Ireland	77%
Malaysia	79%
Mauritius	86%
Pakistan	78%
Singapore	84%
UK	89%



2.2 BEYOND THE PAY CHEQUE IT'S THE WHOLE PACKAGE THAT MATTERS



The evidence from ACCA's 2016 global study (ACCA 2016a) suggests that 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.

The research shows that the opportunity to learn and develop skills is the single most important factor for attracting Generation Next in SMPs to an employer (Figure 2.4). Alongside this, career progression and remuneration are also extremely important to respondents. This is very much aligned to the average global response of Generation Next.

Nonetheless, a broader range of considerations are also vital in attracting staff in the SMP sector. These include interest in day-to-day work and flexible working arrangements. Therefore, employers who are able to provide a more rounded package of incentives beyond just pay and progression may prove more successful in attracting talent.

A broader range of factors is also likely to be most effective in persuading staff to stay (Figure 2.5). It is important to note that the opportunity to learn and develop new skills remains the leading factor for whether Generation Next employees in SMPs decide to remain with an employer. This indicates the importance for employers of providing a dynamic learning environment for staff throughout their careers.

FIGURE 2.4: The top five factors attracting SMP respondents to an employer, compared with the global results

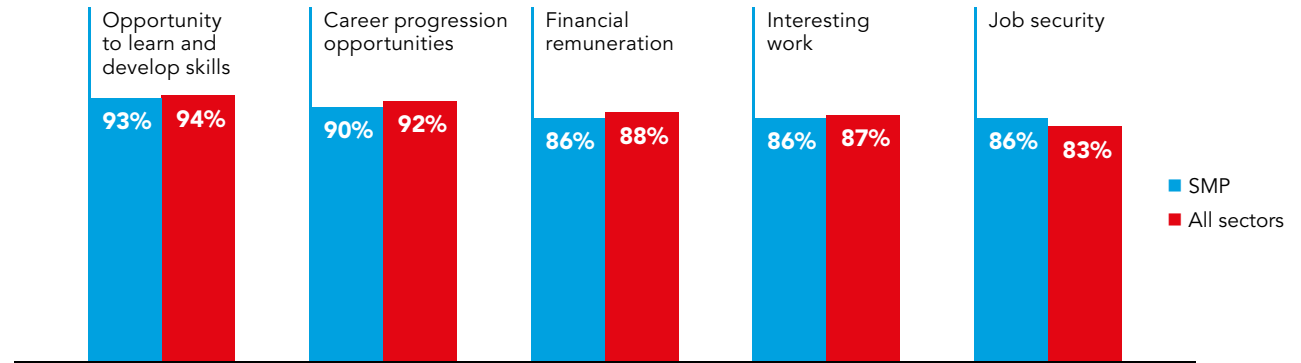
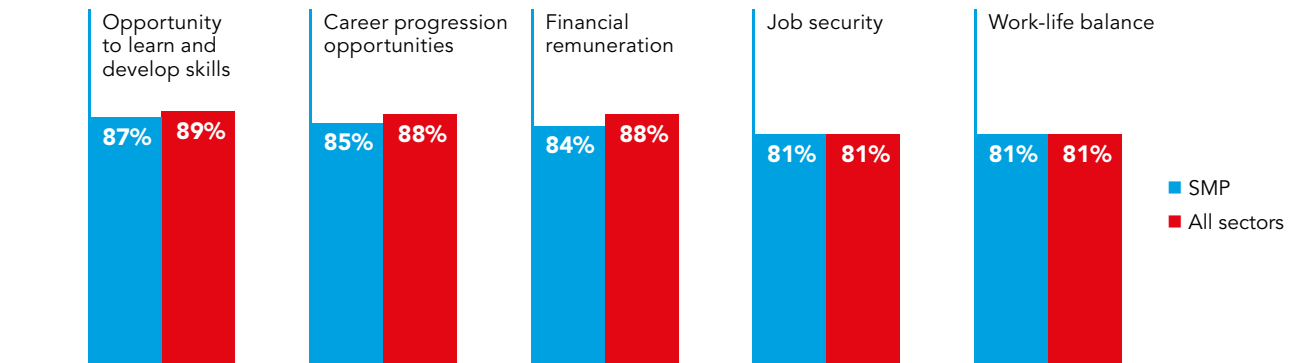
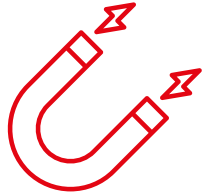
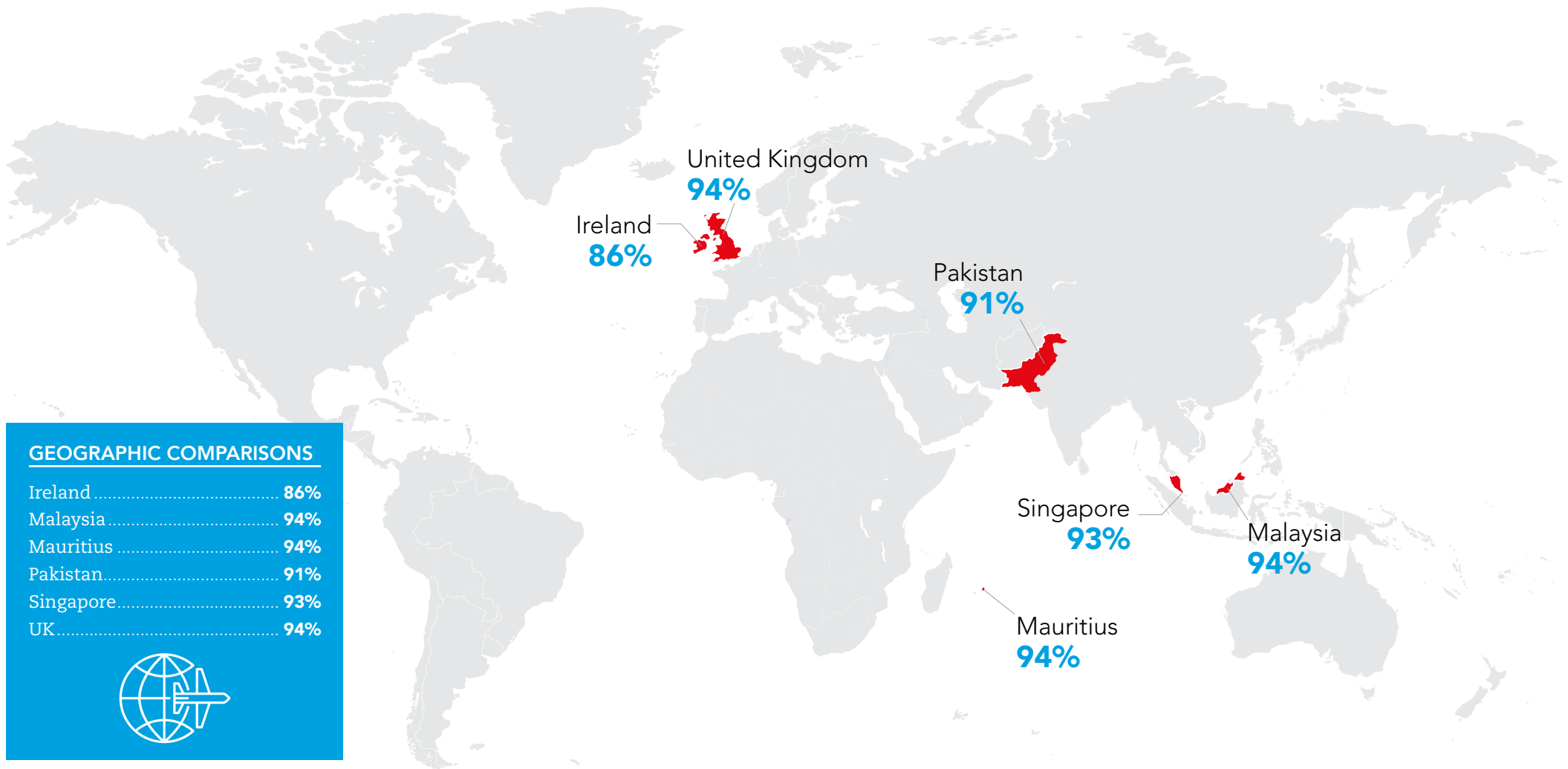


FIGURE 2.5: The top five factors influencing employer retention of SMP respondents, compared with the global results





94% of Generation Next employees in SMPs are attracted to an employer by the opportunity to learn and develop new skills



GEOGRAPHIC COMPARISONS

Ireland	86%
Malaysia	94%
Mauritius	94%
Pakistan	91%
Singapore	93%
UK	94%



2.3 MOBILE BUT 'STICKIER' THAN GENERATION NEXT AS A WHOLE



Most members of Generation Next have tended to move quickly between employers across the majority of their careers so far. While this is also the case for those working for SMPs, they have tended to spend slightly more time in organisations at the beginning of their careers than on average.

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% (Figure 2.6). 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.

When asked how quickly they would like to move roles, 31% of SMP respondents said that they would like to move in less than a year, which is 5% lower than the overall average (Figure 2.7). This gap increases to 6% after two years when 64% of SMP professionals would like to move roles compared with 70% for the average Generation Next respondent.

The reasons for this slower pace in progression at the outset of their careers may be attributable to the breadth of experience younger professionals are likely to receive within the sector. As a result they may be less inclined to move employers as quickly as their peers across the accounting and finance profession. In addition, the employment structures of SMPs tend to be flatter and therefore the availability of senior roles for staff to progress into can often be limited. These factors collectively contribute to a characteristic 'stickiness' among Generation Next in SMPs.

FIGURE 2.6: How many organisations have you worked for since entering the profession?

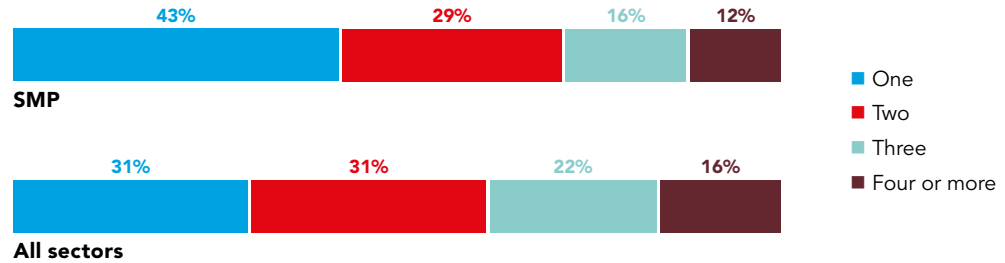
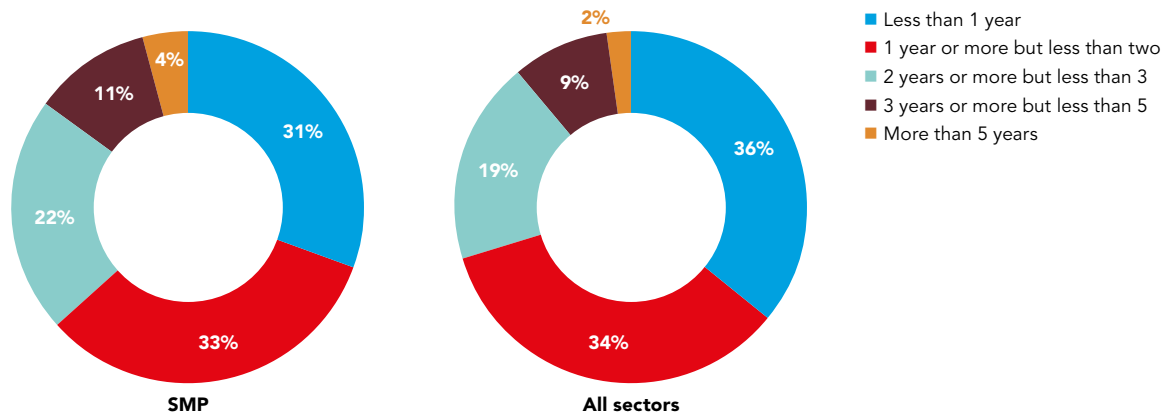


FIGURE 2.7: How quickly would you like to move to your next role?



The career goals of SMP respondents appear to be broadly aligned with those of the overall Generation Next population (Figure 2.8). For their next move, the overwhelming majority wish to continue in their current area but move towards obtaining a more senior position. When asked about their next move, they cited leading a team as the second-highest career goal. On a country-by-country basis, respondents from Pakistan and Mauritius were most enthusiastic about achieving this aspiration whereas there was far less motivation among respondents in the UK or Ireland (Figure 2.9).

As SMP respondents reflect on their future career path longer term, there are notable ambitions to move beyond the sector into other areas of the profession. This appears to be broadly consistent with the ambitions of the wider Generation Next population. That said SMP professionals are nearly 10% less likely to want to move into a more general business role than the average Generation Next respondent. They are also slightly less likely to want a role in a different country or region.

So there appears to be a desire to build a career path (initially at least) more centred within the confines of traditional roles in the accounting and finance profession. Even so, the same proportion of younger professionals working for SMPs as in the total Generation Next population expressed a desire to set up their own business at some stage in their career (81%), though again there were some country variations here too (Figure 2.10).

FIGURE 2.8: Career goals of those in SMPs compared with those of total respondents

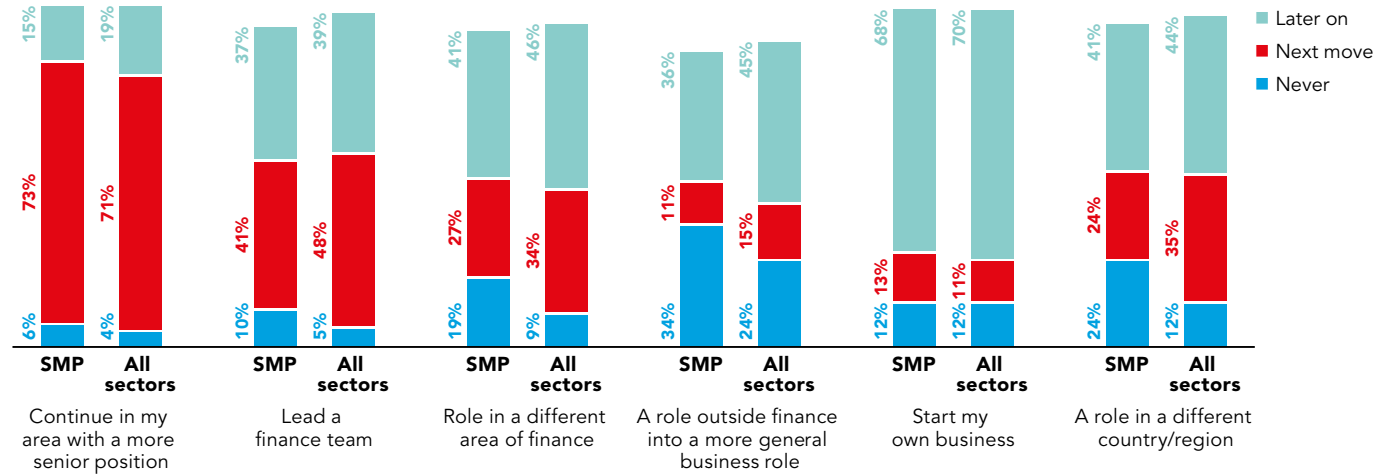


FIGURE 2.9: SMP respondents' career goals by country – the desire to lead a finance team

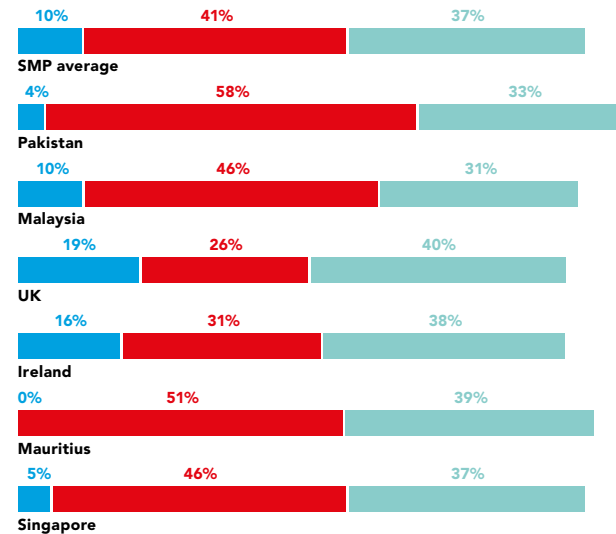
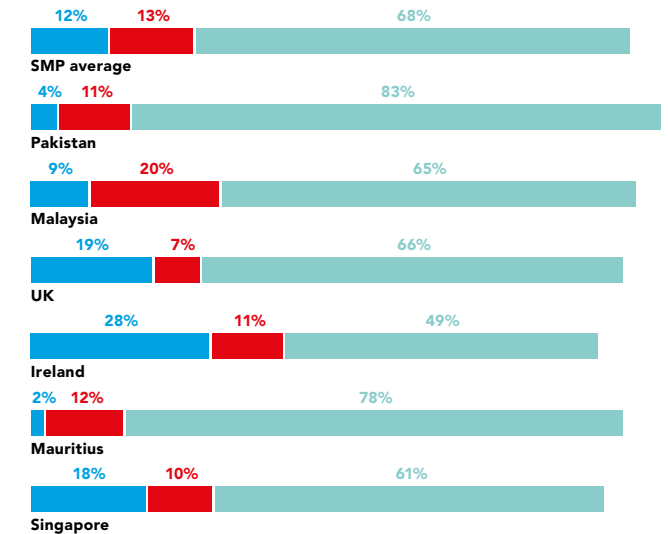
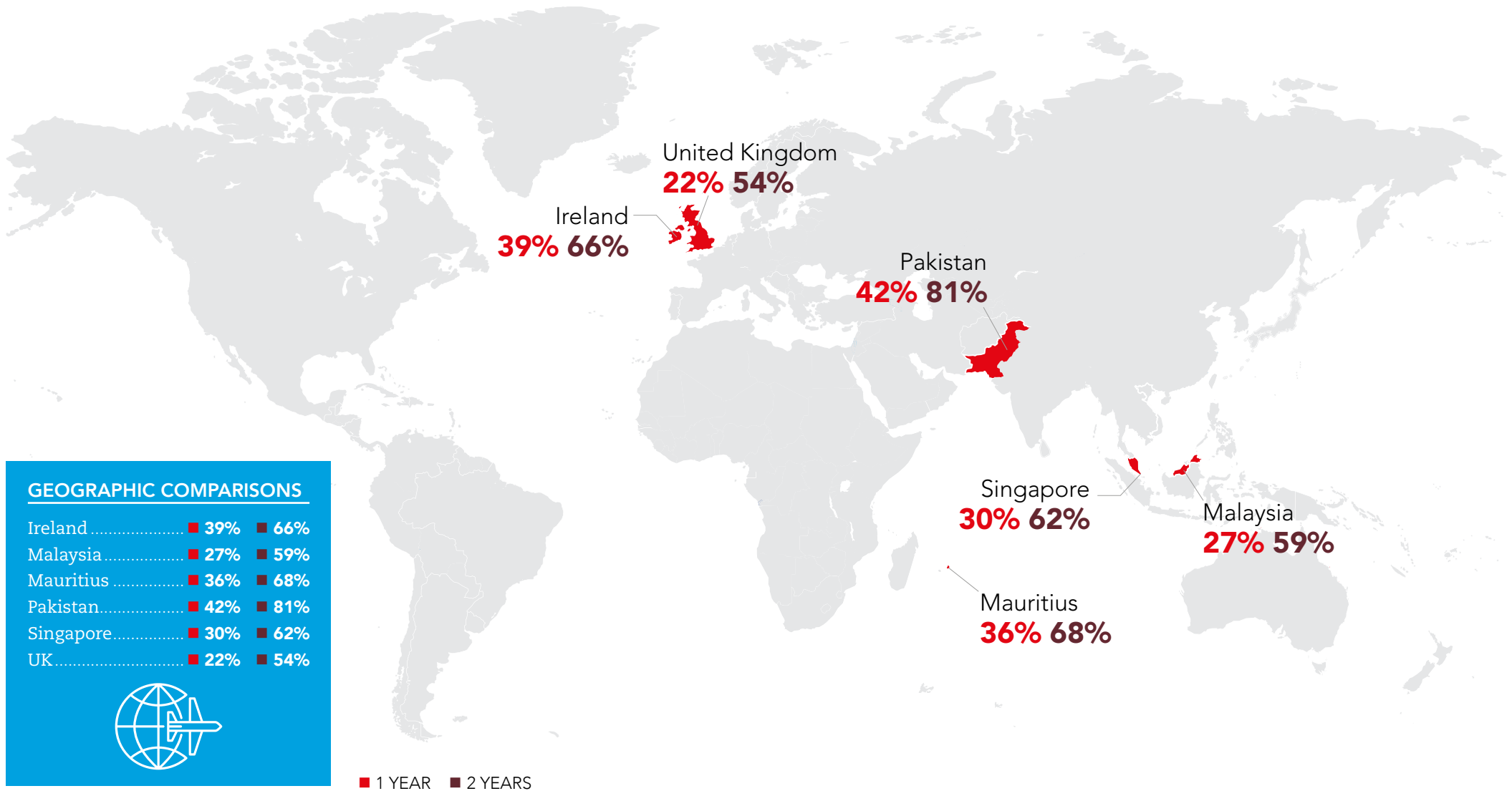


FIGURE 2.10: SMP respondents' career goals by country – the desire to start one's own business





Globally, **31%** would like to move to their next role in one year and **64%** in two years



GEOGRAPHIC COMPARISONS

Ireland	39%	66%
Malaysia	27%	59%
Mauritius	36%	68%
Pakistan	42%	81%
Singapore	30%	62%
UK	22%	54%



2.4 LOOKING FOR A WAY OUT IN THE LONGER TERM



SMP professionals are ambitious and focused on gaining promotions to achieve their career goals (Figure 2.11). The majority of respondents want to continue gaining experience in the SMP sector, using this as a springboard for a later move into another sector.

The majority of respondents stated that their next career move will be an external one (Figure 2.12). 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.

Further to this, a third of respondents would prefer to stay working within the SMP sector rather than moving to another in the future (Figure 2.13). This is again slightly higher than the overall Generation Next average. Of the 67% who eventually want to leave the SMP sector, 42% aspire to move either to a Big Four firm or to a large corporate firm (Figure 2.14). Although this is a large proportion, the majority are looking to move to a wide range of employers across the private, public and not-for-profit sectors. This challenges the assumption that the SMP is typically viewed only as a stepping stone to larger corporate employers.



A third of Generation Next employees in SMPs (33%) would like to remain working in the sector in the future

FIGURE 2.11: Would you like your next move to be a promotion or a lateral move?

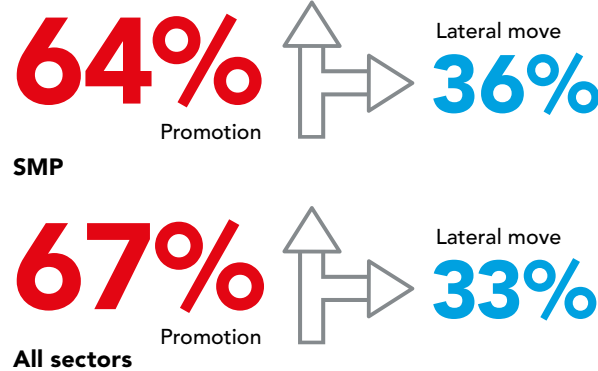


FIGURE 2.13: Would you like to move sector or type of organisation in your career, in the future?

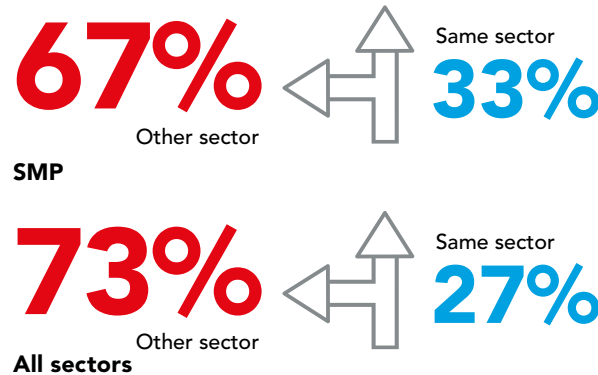


FIGURE 2.12: Do you expect your next move to be internal or external to your current organisation?

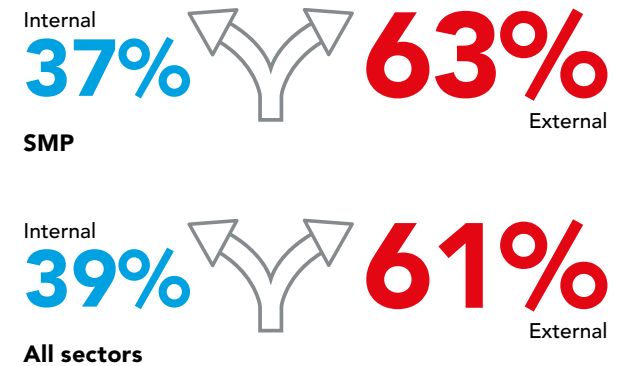
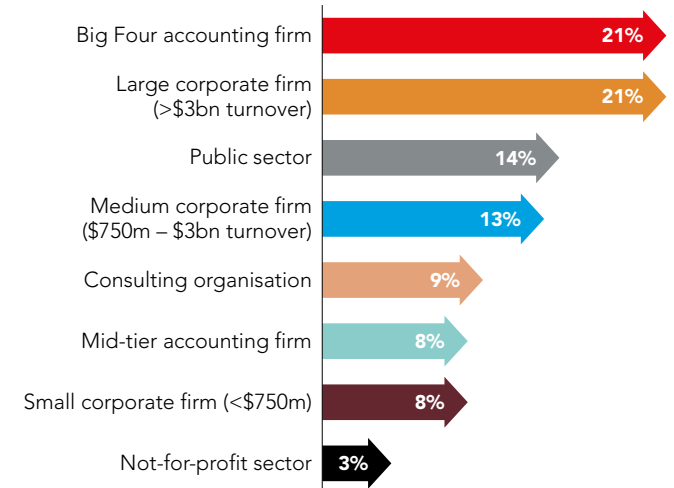


FIGURE 2.14: To which sector would you like to move next?





Big Four and large corporate firms most popular destinations for those wishing to leave the **SMP** sector for their next move

42%

of SMP respondents aspire
to move either to a **Big Four**
or a large corporate firm

SECTOR COMPARISONS

Big Four firm	21%
Large corporate firm	21%
Public sector	14%
Medium corporate firm.....	13%
Consulting organisation	9%
Mid-tier accounting firm	8%
Small corporate firm	8%
Not-for-profit sector	3%

2.5 JOB SATISFACTION IS HOLDING UP ✓

There may be an assumption that, because some smaller practices are not able to offer the same development and remuneration opportunities as larger firms, Generation Next employees in SMPs might experience less job satisfaction. This reasoning is not supported by our evidence.

Among Generation Next employees in SMPs, 48% report being satisfied in their current role (Figure 2.15). This aligned with the overall total response of Generation Next, indicating that SMP employers were not falling behind other sectors in the accounting and finance profession in the experience provided to younger professionals.

Their satisfaction can partly be explained by respondents' experience of a better than anticipated work-life balance, with good flexible working arrangements in their current roles (Figure 2.16). A higher proportion of SMP respondents also believed their work was more interesting on a day-to-day basis than they had expected it to be. All of these findings aligned with the average overall response of Generation Next.

The survey found **no evidence** to suggest that SMP employers were falling behind other sectors in providing **job satisfaction** ✓

FIGURE 2.15: How satisfied are you in your current role? (Cumulative percentages)

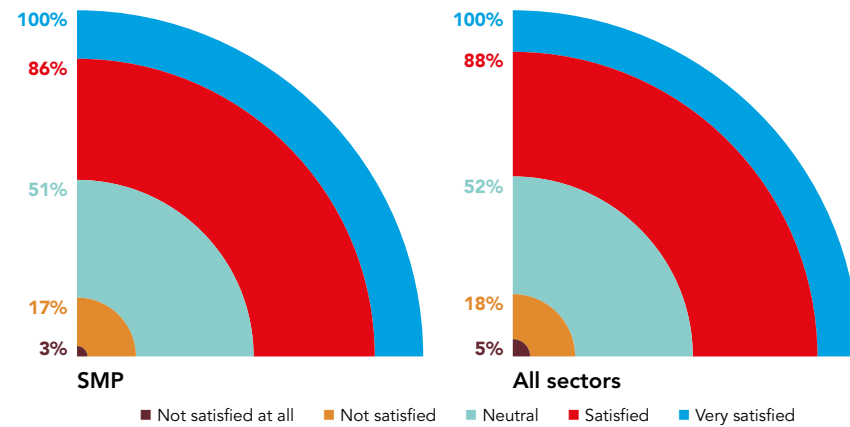
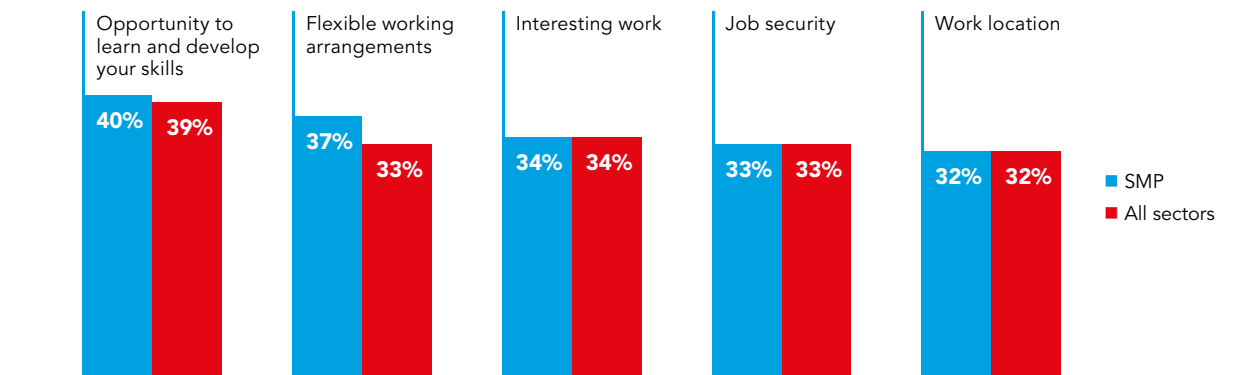


FIGURE 2.16: Was your experience of the following key retention factors better than expected (top five factors)?



Among SMP respondents, 33% also said that job security was better than they expected in their current role (Figures 2.17 and 2.18). This was consistently reported across the key markets used for this study, with the exception of Pakistan. The importance of finding a stable and secure role for SMP professionals also appears to be a particularly important factor as to whether they decide to remain at an employer. On the other hand, fewer respondents believed that remuneration and career progression in their current roles were better than they had expected.

2.5.1 Job satisfaction varies across different markets

Job satisfaction among Generation Next employees in SMPs varied widely when analysed on a country-by-country basis (Figure 2.14). Satisfaction was highest in developed economies such as the UK, Ireland and Singapore, as well as in Mauritius, but was significantly lower in Pakistan and Malaysia.

A 2013 talent management study conducted by ACCA Malaysia and the Malaysian Audit Oversight Board indicated that insufficient reward was a key contributing factor to existing dissatisfaction among professionals in Malaysia (ACCA Malaysia and AOB 2013). Similarly, in this study, when respondents in Pakistan were asked about whether they were happy with their level of remuneration, 76% expressed some level of dissatisfaction. A gap in pay between developed and less developed economies may therefore be partly contributing to the differences in job satisfaction found in the survey.

FIGURE 2.17: Has job security in your role been better than expected?

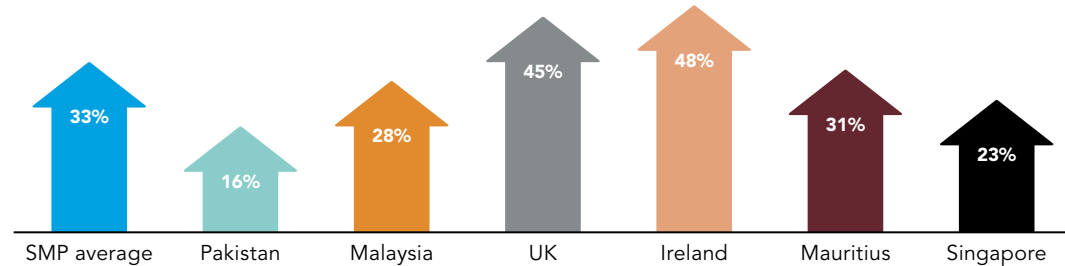
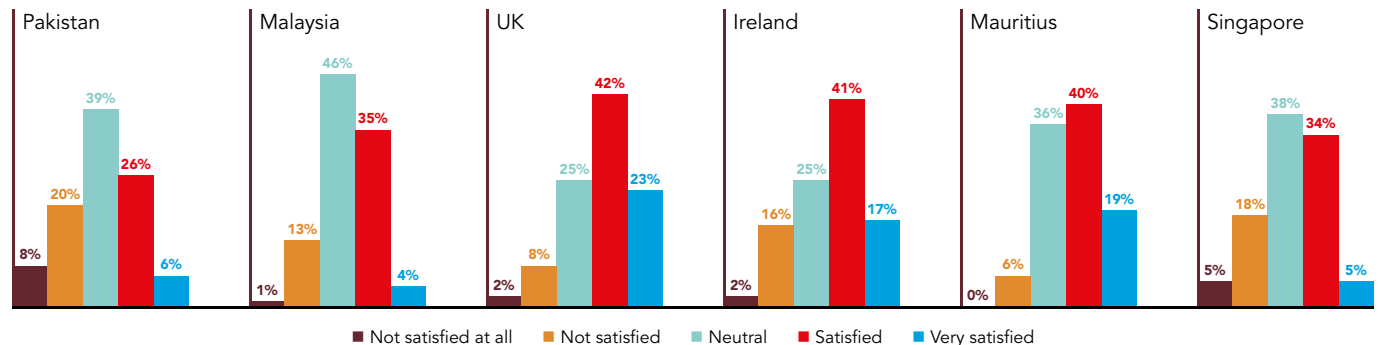
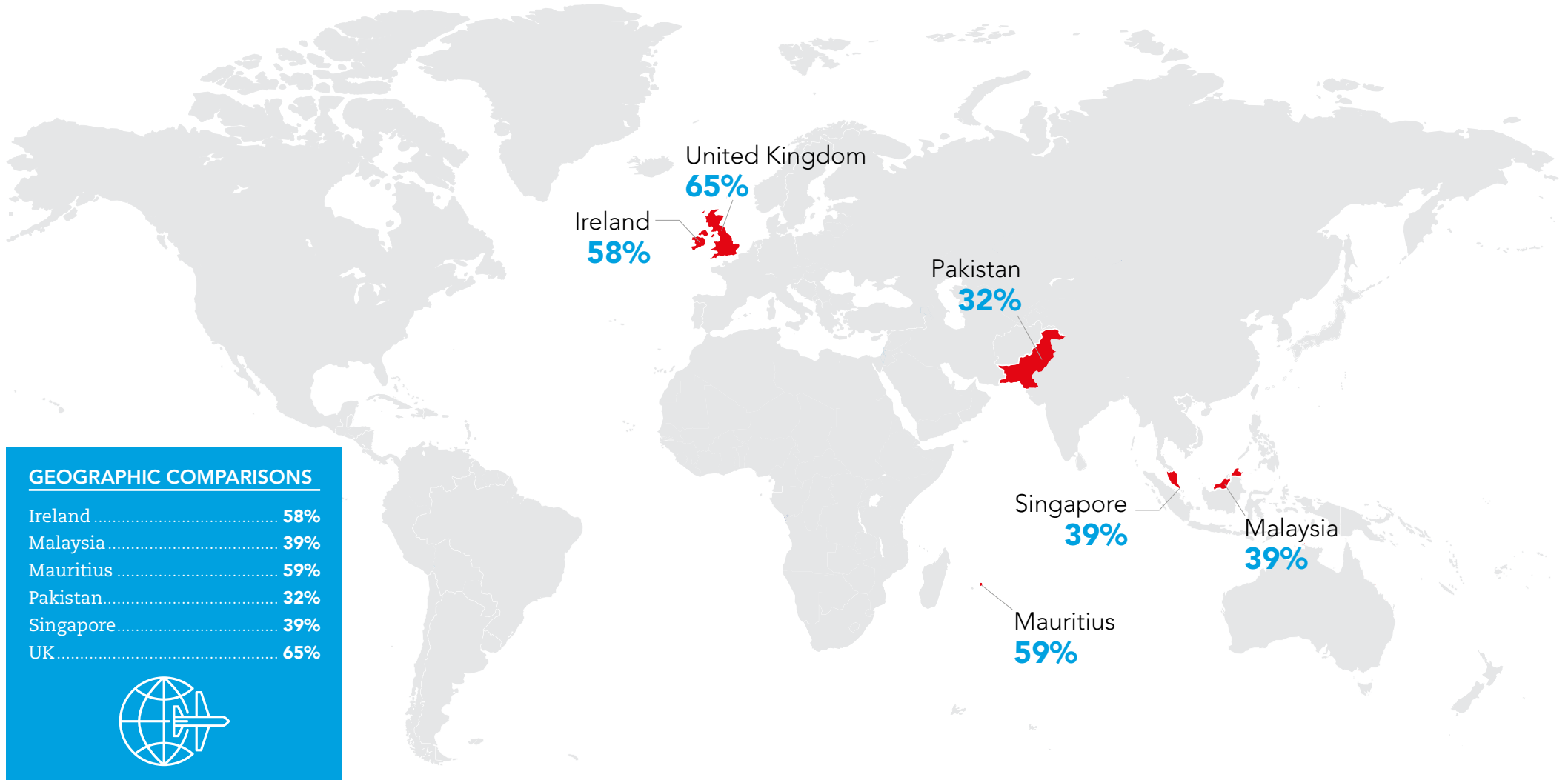


FIGURE 2.18: Job satisfaction of Generation Next in SMP in different countries



✓ Globally, **48%** of Generation Next employees
in SMPs are satisfied with their current role



2.6 LEARNING WORKS BEST WHEN IT IS PERSONAL AND PRACTICAL



As noted in the original Generation Next 2016 study (ACCA 2016a), the 70:20:10 rule has long been an established model for approaching learning and development. It holds that individuals gain 70% of their knowledge from job-related experiences, 20% from social learning with colleagues and just 10% through formal learning such as classroom training or online.

This model very much fits with how learning and development are approached across the SMP sector. Indeed, given the broad exposure to clients that younger professionals working for SMPs tend to have, and the subsequent need for soft skills, it is perhaps no surprise that on-the-job training and mentoring are the most-used learning activities (Figure 2.19).

Encouragingly, SMP respondents also believed that these were the most effective learning activities, with staff tending to benefit from being tasked with a wide range of responsibilities, as well as receiving guidance and oversight from more experienced staff in the process (Figure 2.20).

FIGURE 2.19: What are the most used learning activities in your organisation (Top five factors)?

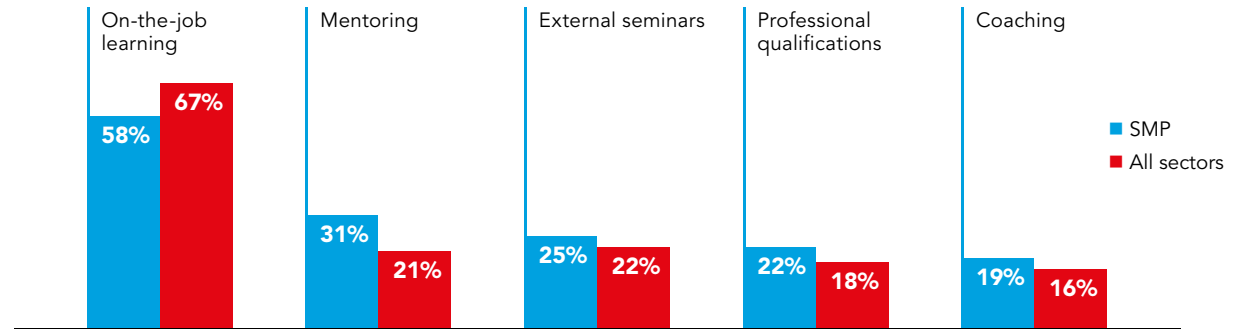
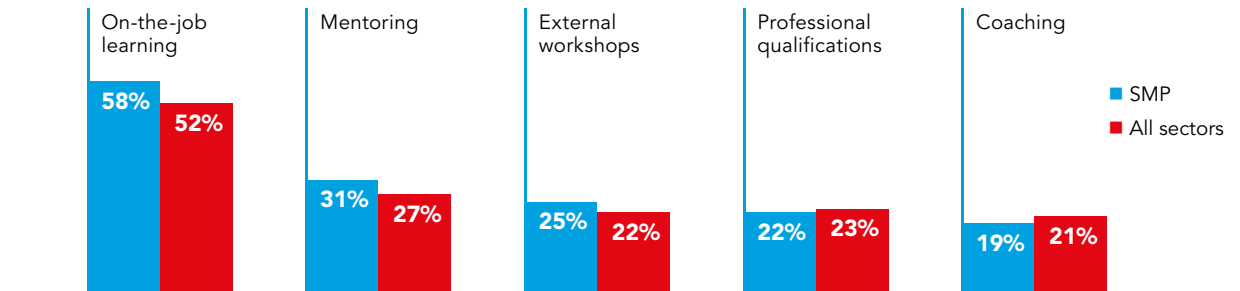
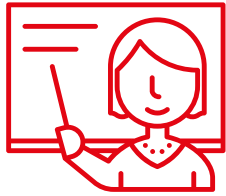
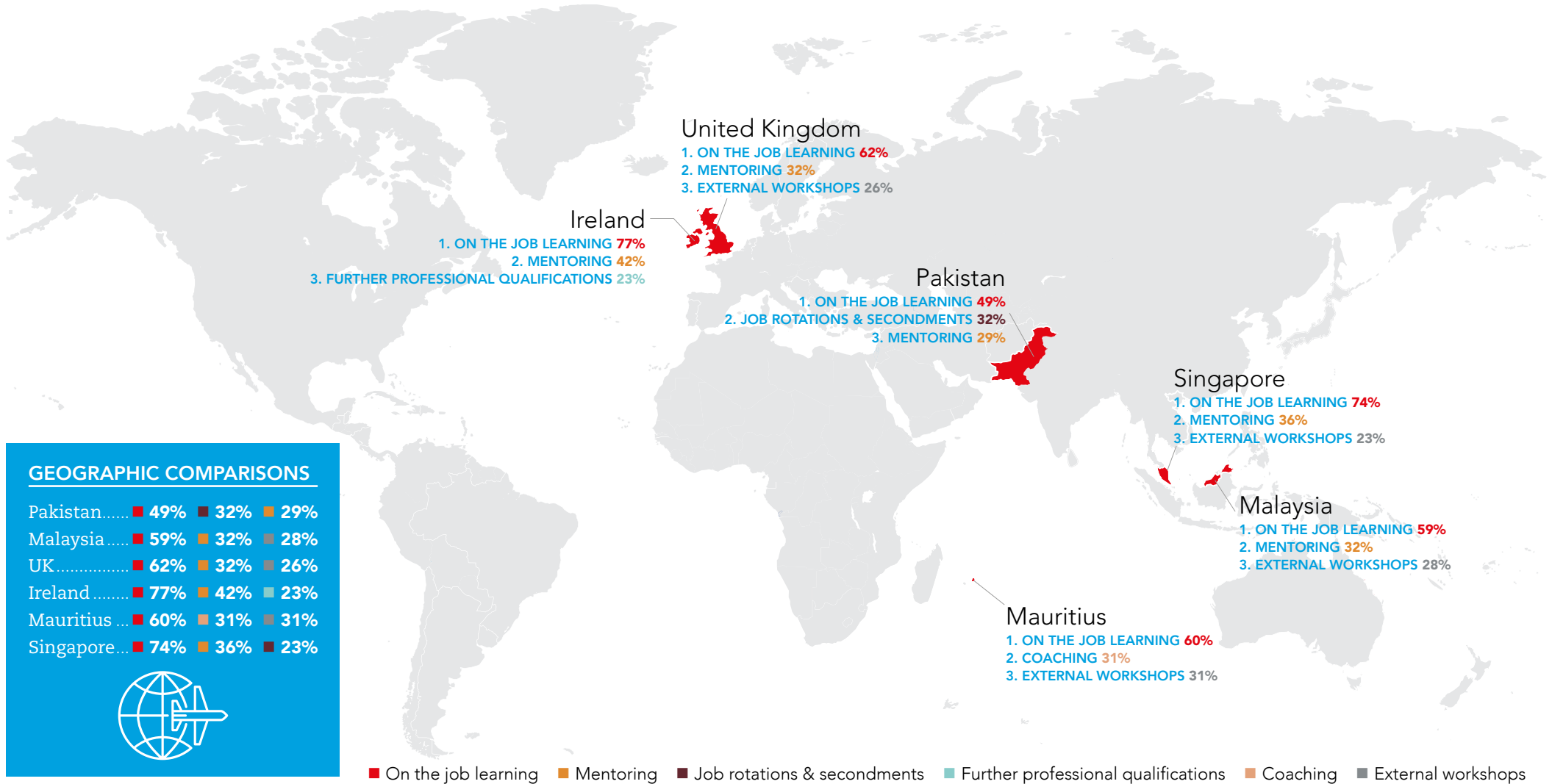


FIGURE 2.20: What do you see as the most effective learning activities (Top five factors)?





58% of Generation Next employees in SMPs say that on-the-job learning is the most effective learning activity, followed by **31%** who cite mentoring



2.7 LACK OF AVAILABLE ROLES AND PAY RESTRICTIONS REPRESENT THE LARGEST BARRIERS



SMP respondents identify a lack of available roles (41%) followed by insufficient reward (34%) as the primary barriers to career progression (Figure 2.21). That said, SMP respondents were less likely than the total Generation Next population to be unable to identify transparent career paths in their organisation, while they were just as likely to agree that their organisation offered sufficient opportunities to achieve their career goals.

As discussed in section 2.5, Generation Next can sometimes use SMPs as a stepping stone to finding an employer where the salaries might be more attractive.

Given that learning and development was a key attraction and retention factor for those working for SMPs, it is notable that the survey evidence shows that insufficient formal training and learning opportunities were also seen as a barrier to career progression by 31% of respondents (Figure 2.21). Looking at this on a country-by-country basis (Figure 2.22) this appeared to be a particularly significant problem in Pakistan, Singapore and Malaysia.

It may be the case that some learning opportunities, when they are made available to SMP employees, are offered on an ad hoc basis rather than through tailored development plans. Greater formalisation of such activities may therefore be an area where SMP employers could improve their talent-management strategies.

FIGURE 2.21: Main barriers to career progression (top five factors)

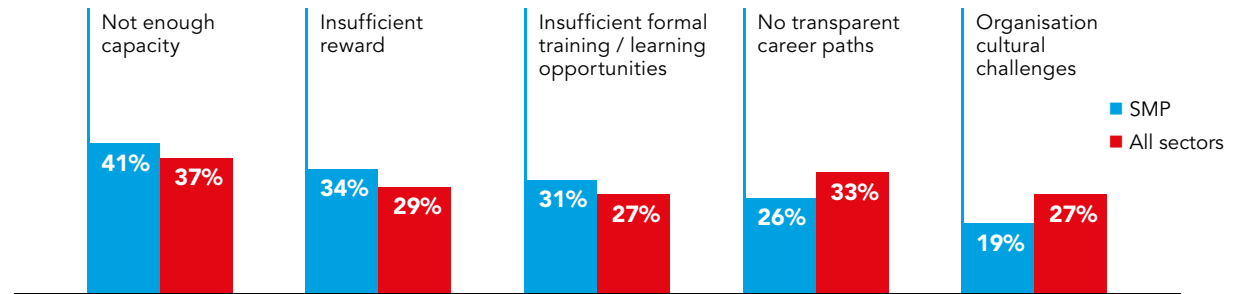
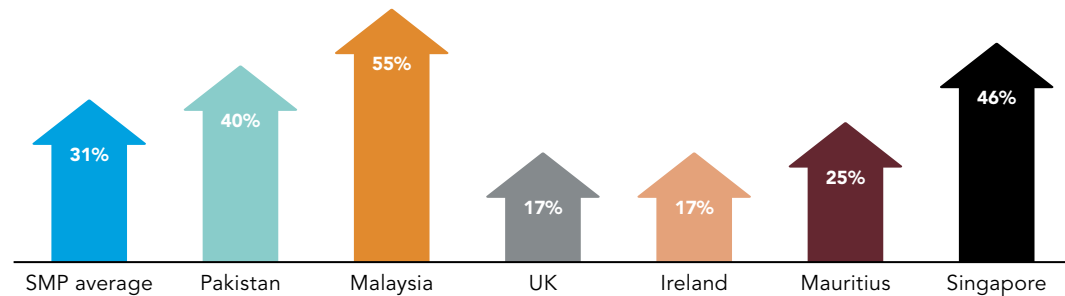


FIGURE 2.22: Insufficient formal training and learning opportunities as a barrier to career progression



Despite these barriers, only 26% of SMP respondents stated that there were no transparent career paths in their organisation (Figure 2.23). This was 7% lower than the overall response from the Generation Next population. This suggests that barriers such as remuneration and a lack of available roles may not be disproportionately damaging career progression in the SMP sector.

This is supported by the fact that, when asked whether their current organisation offered sufficient opportunities for achieving their career goals, there was little difference between those working for SMPs and their peers across the accounting and finance profession (Figure 2.24).

FIGURE 2.23: There are no transparent career paths in my organisation

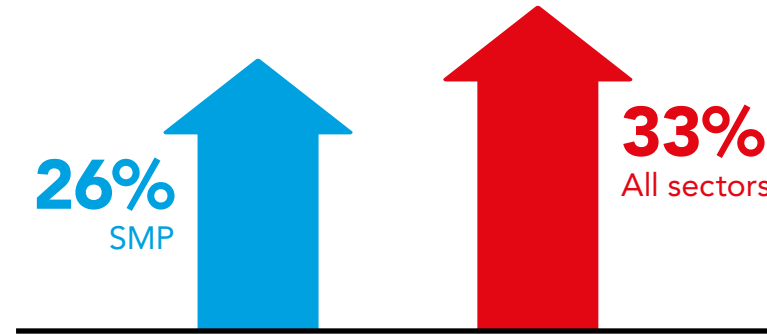
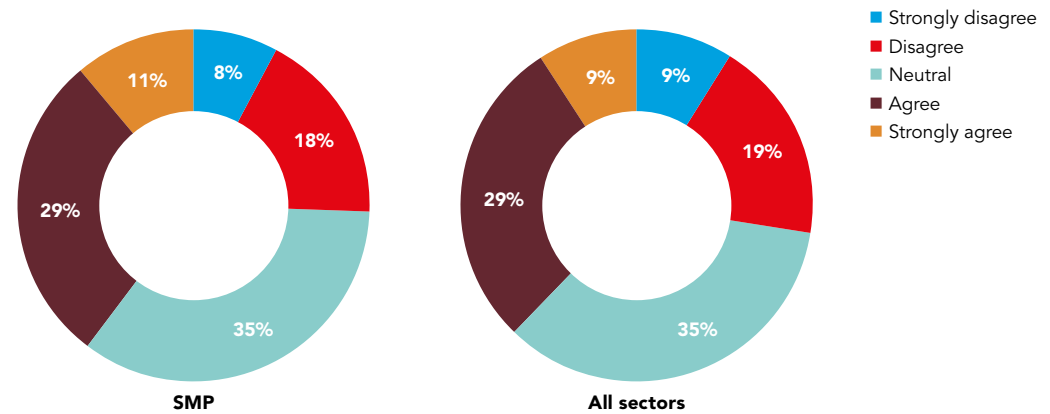
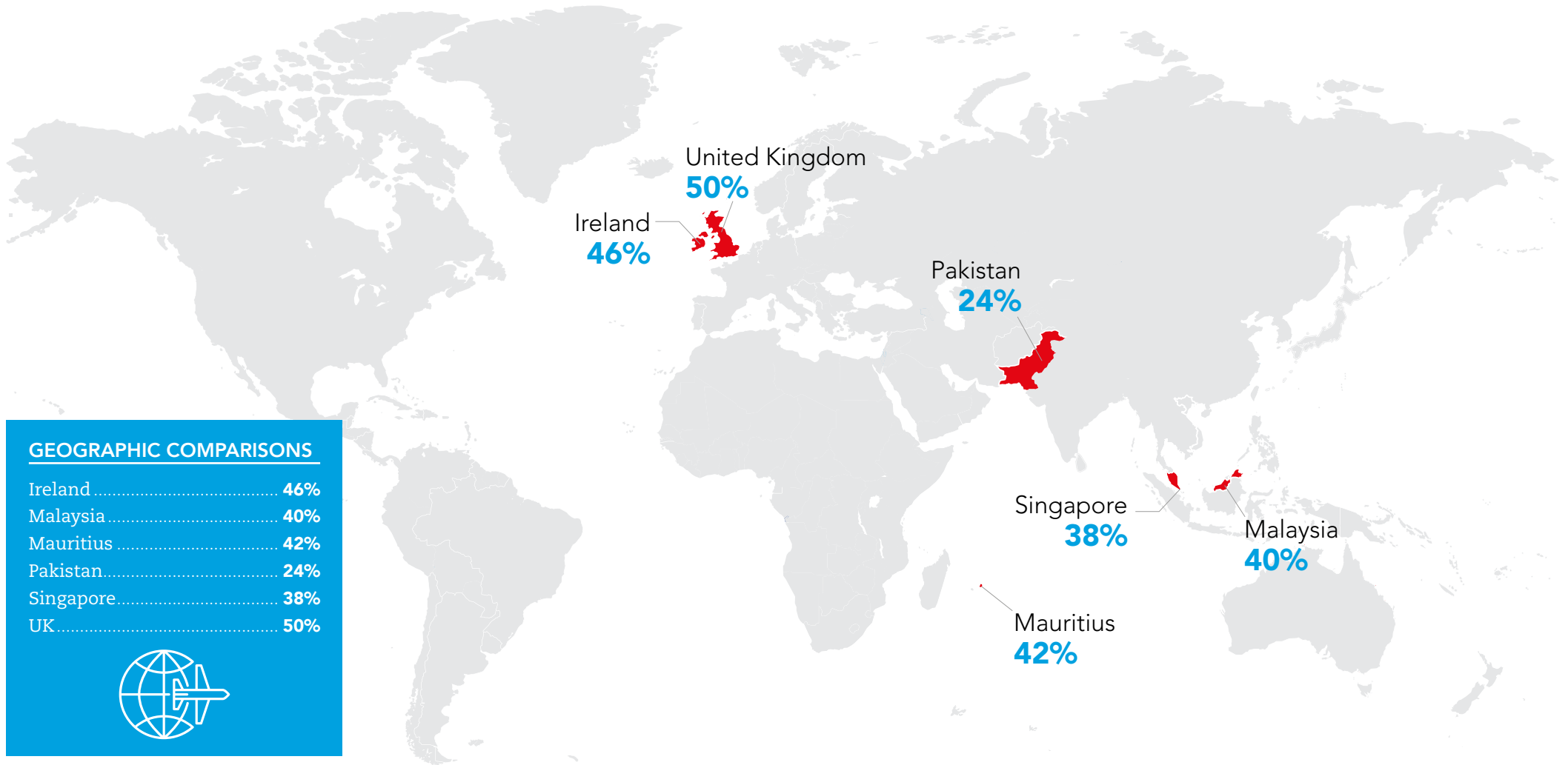


FIGURE 2.24: My current organisation offers sufficient opportunities for achieving my career goals



■ Globally, **40%** of Generation Next employees in SMPs agree that their current organisation offers sufficient opportunities for achieving their career goals



2.8 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 2.25). This suggests that respondents see good opportunities for innovation through technology. This should be seized upon by employers to reinvent business practices and service provision across their organisation.

Nonetheless, only 50% of Generation Next employees in SMPs believed that technology will replace entry-level roles in the accounting and finance profession, a figure broadly aligned with the global average response (Figure 2.26). Therefore, while respondents are optimistic about the use of new technologies across the profession, they also may need to be more realistic about some of the impacts this might have, particularly on the SMP sector.

FIGURE 2.25: Technology will enable finance professionals to focus on much higher value-added activity

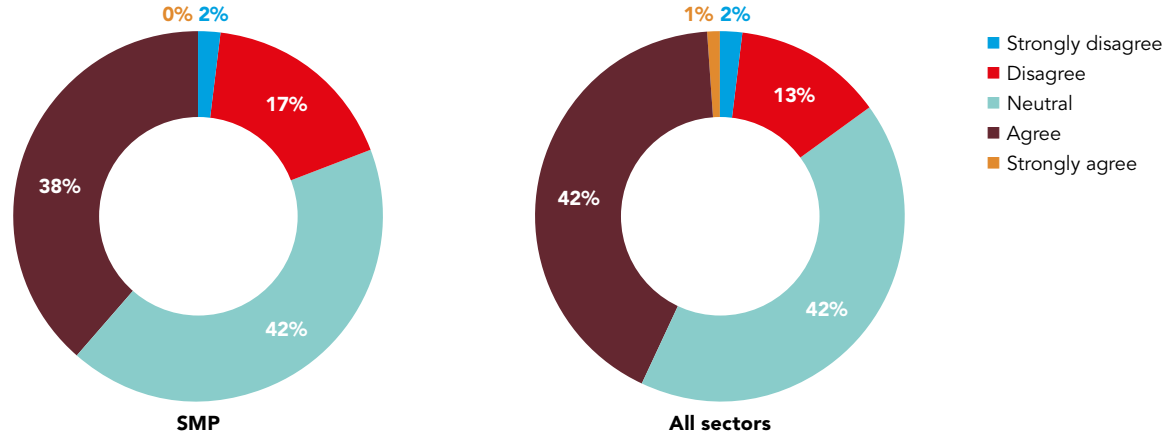
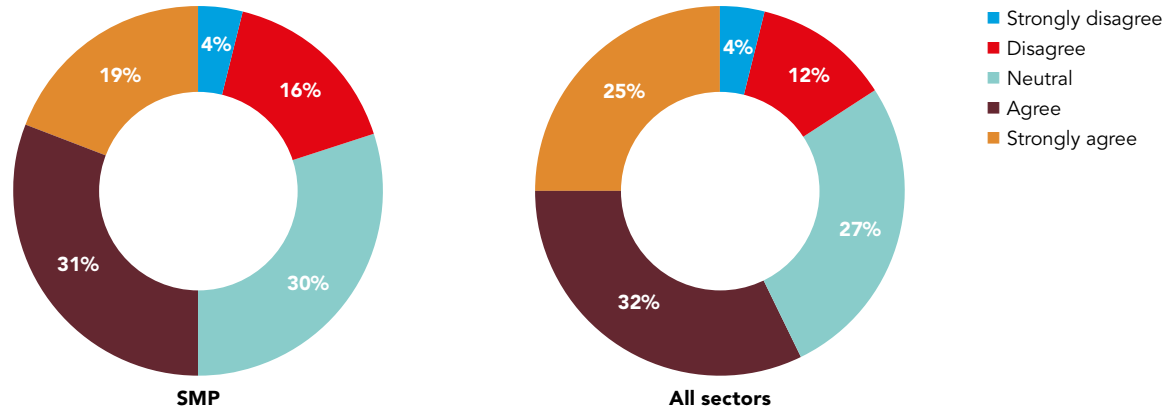


FIGURE 2.26: Technology will replace many entry-level roles from the profession

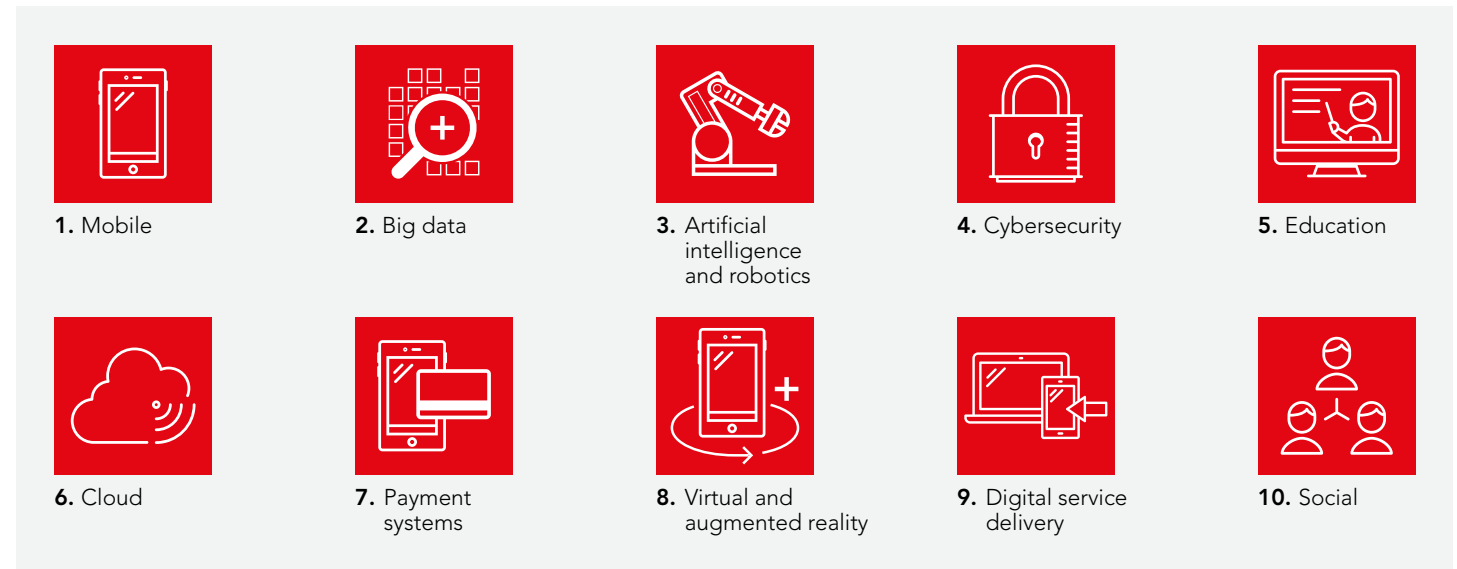


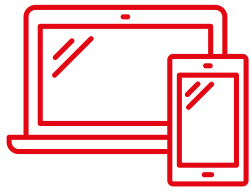
ACCA research (2016b) has previously identified 10 technology trends with the potential to reshape the business and accountancy landscape in the future, and these are detailed below (Figure 2.27). This could be useful for employers attempting to inform their staff about how such change can be used for the wider benefit of the organisation.

“There is a gap from academia going into the practical side of SMP accounting. Even fully qualified staff have often had limited interaction with accountancy software but this is a major obstacle towards their development.”

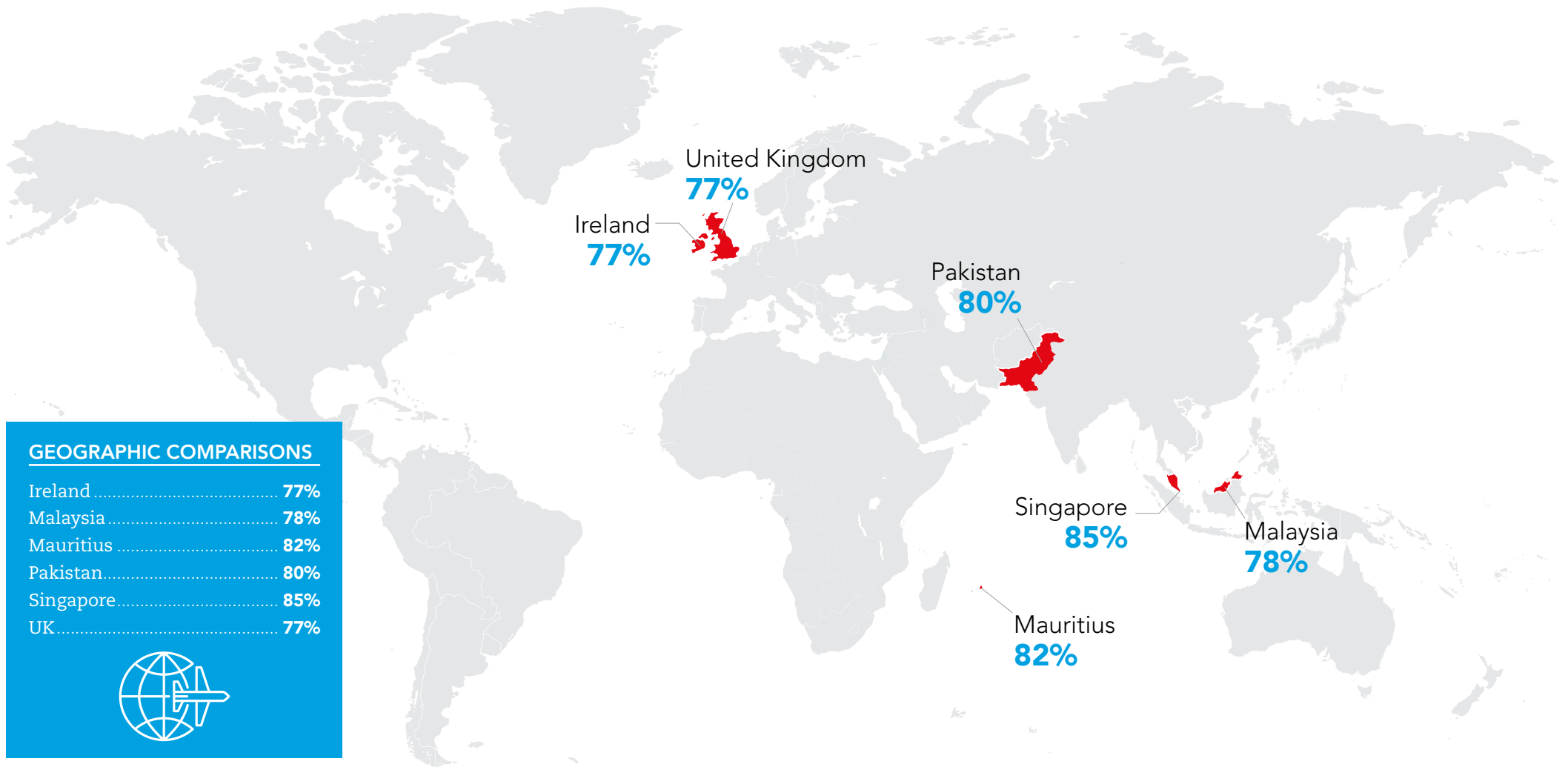
Clensy Appavoo, Senior Partner,
HLB Appavoo & Associates, Mauritius

FIGURE 2.27: Top 10 technologies reshaping the business and accountancy landscape





Globally, **80%** of Generation Next employees in SMPs agree that technology will enable finance professionals to focus on much higher value-added activity



GEOGRAPHIC COMPARISONS

Ireland	77%
Malaysia	78%
Mauritius	82%
Pakistan	80%
Singapore	85%
UK	77%





3. Employers' call to action

3.1 ATTRACTING TALENT

For any SMP, attracting the best talent available is a crucial, and continuous, activity. In the SMP sector, as noted in Chapter 5, there are a number of challenges that employers need to address if they are to attract the best talent among this generation:

- create a brand that reflects the story of their practice
- market their practice through academic institutions, and
- become a registered training practice.

3.1.1 Create a compelling employee proposition

As SMPs increasingly compete with large corporate firms and the Big Four for a limited pool of talent (IFAC 2017), not surprisingly many employers and members of Generation Next who responded to the survey stressed the importance of effectively communicating to younger people their organisation's proposition. This should demonstrate the potential benefits for their long-term career prospects. To support the development of a compelling employee proposition, employers should clearly define the mission, values and broader purpose of their business.

However, our research suggests that, currently, many SMP employers do not proactively engage with younger people to 'sell' their practice or the sector at large, even though younger professionals are clearly communicating a number of positive factors about working for SMPs. Addressing this area could provide the basis for attracting more talent to join the sector.

For example, our evidence showed that many respondents described the brand of their SMP employer as either quite good or very good, whereas their initial expectations had been much lower. This suggests there is scope to build on the potential of this brand value. This includes highlighting the 'quasi-FD' role many SMPs play for their SME clients, giving them the opportunity to learn about a wide range of services. Employers should therefore factor in the importance of selling their story and service offering to younger people when looking to attract talent.

Attraction for SMPs rooted in a collegiate working environment



Thomas Lee is a Partner at Lee, Au & Co. Established in Hong Kong in 1978, the company serves a large variety of clients within the retail, industrial and property development sectors, providing auditing and assurance, tax advisory and internal audit services. Their clients are mostly based in Hong Kong, some with origins from Europe and Australia.

Thomas believes SMPs in Hong Kong are in a strong competitive position, compared with other sectors, for attracting talent. 'Being part of a smaller team where everyone gets on and learns from each other is exciting to younger people', Thomas says. 'We are a boutique firm with a pool of multiple talents and our culture is very warm and friendly. We have a strong mentoring culture and practice so that new recruits will not work alone by themselves.'

There is also an emphasis on using technology to build on the flexible working environment which many of the Generation Next population working for SMPs appreciate. 'With the help of technology, I think the need for everybody to get into the office and work the same hours will become less relevant. There will be more flexibility for individuals to carry out their work at times which suit them.'

3.1.2 Reach out to younger people

One way for employers to promote their employee proposition effectively might be to engage directly with younger people, in order to communicate the value of career experience in the SMP sector. This could be achieved through engagement with academic institutions where prospective employees can be effectively targeted.

For example, in this research, ACCA interviewed SMP employers who had developed partnerships with local schools, colleges and universities in order to advertise both training positions and permanent roles. John Lim, Assurance, HR and Training Partner at PKF Singapore, said that his practice had previously had difficulties attracting graduates. They then began engaging with local universities 'to make our presence known – otherwise younger people will only know the names of the Big Four'.

John said that giving talks and providing an internship programme through these channels 'helped to make our name known and as a result more students got to know us through word of mouth'. Developing these links may be a more cost-effective means of attracting junior staff as well as allowing those entering the sector to understand the benefits of a career in the SMP sector.

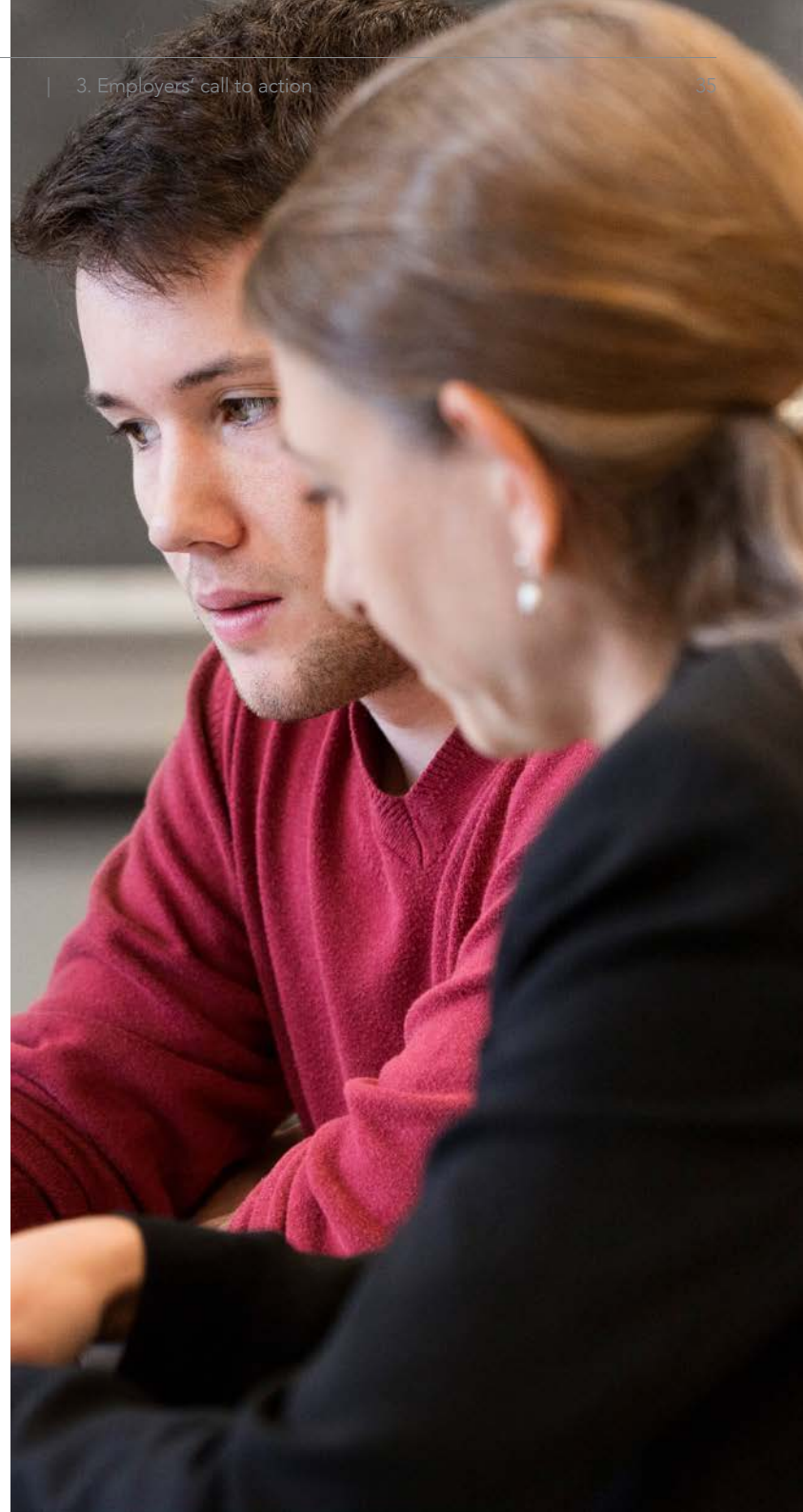
3.1.3 Become a registered training practice

ACCA's research has demonstrated that younger professionals working for SMPs are attracted to those employers who offer good opportunities to learn and develop new skills. Therefore being able to demonstrate a commitment to professional development may be an effective way of attracting new talent.

One route to doing so is for employers to become registered training practices and allow themselves to be monitored by a professional qualifications body.¹ As well as offering learning activities and assessment for staff, such schemes enhance SMPs' reputation for providing a rich learning environment in which younger people can progress in their careers.

Eilis Quinlan, Senior Partner of Quinlan & Co in Ireland, says that becoming a registered training practice might enable some SMP employers to stand out from the crowd. 'I think the benefits of structured development should be made very obvious to students and the reasons why they should go with a registered training practice'. To some extent, this is aligned with ensuring effective communication of the benefits that professionals gain from the breadth of finance experience available in the SMP sector.

¹ For example, an employer can be accepted, at no cost, to become an ACCA Approved Employer. This scheme provides support and assistance for the ACCA members and students the firm employs.





3.2 DEVELOPING TALENT

Often, owing to limited resources, SMPs face a series of challenges in providing structured training programmes for their younger employees.

In developing talent, employers therefore need to consider:

- how the provision of structured development plans could benefit staff
- whether capacity can be supported through collaboration with external partners, and
- what broader skills younger professionals will require in the future.

3.2.1 Invest in formal development

Employers need to think about the ways in which the key benefits of the SMP working environment can be used effectively to provide good development opportunities for staff. ACCA's research indicates that in SMPs training and learning opportunities outside on-the-job training and mentoring are often provided on an ad hoc basis. This may also be why SMP respondents see a lack of sufficient training and learning activities as a significant barrier when pursuing their career goals.

Creating a more structured programme of activities could therefore form an important aspect of employers' talent-management strategies. Part of this might involve

Barriers to attracting talent discussed at the Pakistan roundtable



In September 2017, ACCA Pakistan held a roundtable in Faisalabad to discuss the survey findings on Generation Next in SMPs. Some of the obstacles employers in Pakistan have faced in attracting talent to the sector formed a key area of discussion.

Fiza Imran, Executive Director at Corporate General Solutions, explained that many younger people prefer to seek roles in industry rather than in SMPs. Muhammad Zeeshan Abid, a Partner at Parker Randall AJS, explained that many qualified professionals are motivated by the relative attractiveness of remuneration and associated fringe benefits on offer to prospective employees in industry.

Employers also noted that they faced growing recruitment competition from the Big Four firms. Younger professionals in Pakistan are often attracted to the employer brand of the Big Four firms when thinking about their next move. In contrast, there is less certainty about the benefits of working for an SMP.

Employers subsequently emphasised the importance of doing more to profile the value of an SMP career path when engaging with younger people. In particular, it was agreed that communicating the importance of the broad experience gained by working for an SMP could support employers' talent management strategies in the future.

introducing more formal learning activities and developing tailored development plans for individual staff members. These should take into account the specific long-term career aspirations and short-term development objectives of employees.

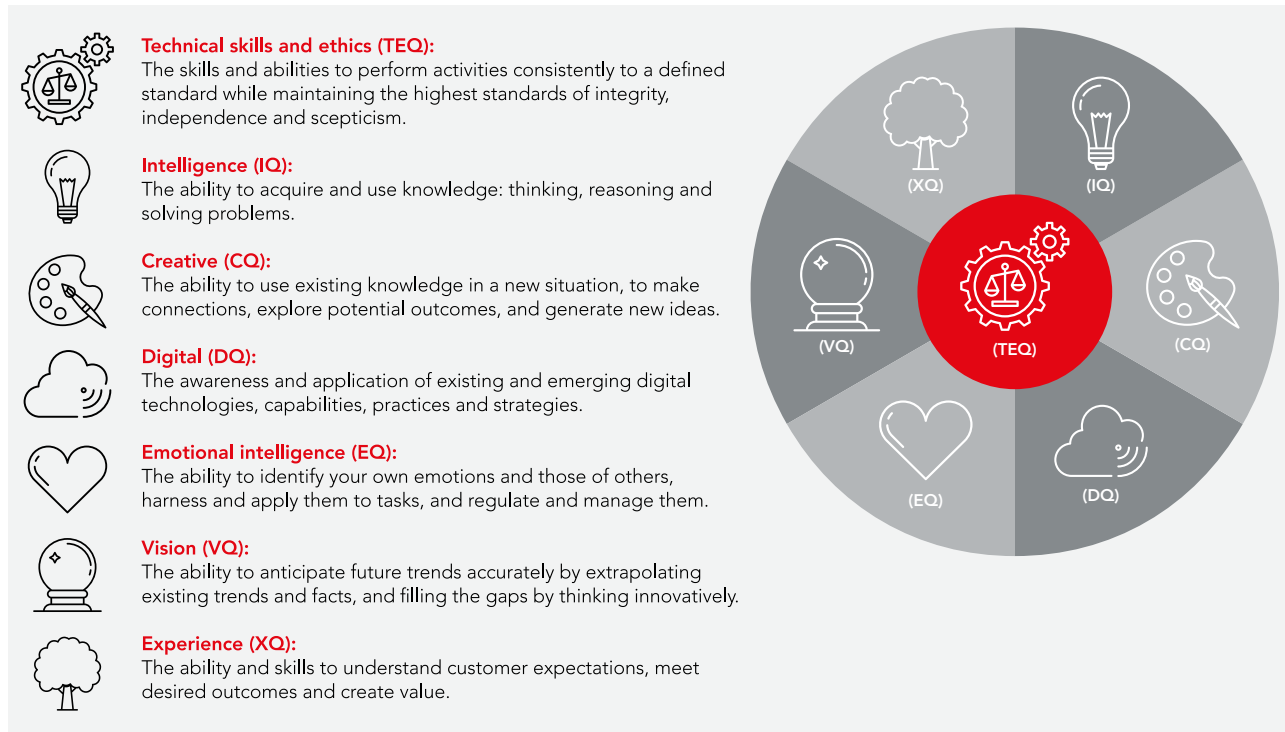
Potentially acting as mentors and coaches to younger professionals, line managers should regularly meet with junior staff to assess whether they are meeting their objectives or require any further support to do so. These discussions might also take the form of honest career conversations, which may be helpful in managing the career expectations of Generation Next in SMPs.

This process could be supported by the seven professional quotients ACCA (2016b) identified as part of its *Professional*

Accountants – the Future: Drivers of Change and Future Skills project in June 2016. This analysis argued that in order to add value for their employers and clients, professional accountants of the future will need to reflect their competency and skill across seven areas or quotients (Figure 3.1). Line managers could use this resource as a tool for ongoing performance management of staff.

Crucially, one of the benefits of designing more structured development plans will be the ability of employers to anticipate any barriers or issues that may be affecting morale, job satisfaction and retention across the business. Indeed, suggesting activities that keep employees engaged in their roles, while developing their skillset in the process, could enhance their own sense of value and loyalty to the organisation.

FIGURE 3.1: Future skills: Professional quotients for success



3.2.2 Think succession: build transparent career paths

For many SMPs, limited resources mean that the provision of training and development opportunities is often going to be a challenge. This not only stifles career progression for staff but also makes the task of succession planning more challenging for employers. In response, some employers might want to consider participating in external collaboration networks to overcome capacity issues. Line managers could inform staff of available opportunities during regular career conversations.

For example, as part of the Generation Next research, ACCA interviewed practices that have established workplace employee rotation schemes with both other SMPs and mid-tier firms. 'We offer a scheme with a medium-sized accounting firm which allows us to second

our staff to obtain experience in areas we no longer cover, such as audit', says Michael Simon, a Partner at Simon Silver Myer in the UK. 'This provides development opportunities that wouldn't otherwise be available to our younger professionals in-house.'

SMPs could also consider establishing partnerships with local bodies such as community groups or charities. Providing younger professionals with the opportunity to gain volunteering experience in their spare time would enhance their interpersonal skills as well as challenging their emotional intelligence. This could provide a valuable source of soft skills training as well as encouraging staff to think more dynamically – which could prove highly advantageous for a finance sector increasingly being defined by its adaptability.

SMEs could benefit from SMP advice when approaching talent management challenges

ACCA's research indicates that the broad talent management challenges that SME employers face are often similar to those of SMPs. The levels of resource available for attracting and developing staff are often limited, which is why looking outside the confines of the organisation may be necessary for building a more effective and dynamic talent management strategy.

Development challenges

Finance teams within SMEs can often be small or even limited to just one staff member. Despite this, the attraction of working for an SME may be a desire to learn about a specific industry through moving into a more general business role. In practice, one barrier may be that development opportunities are hindered by the lack of colleagues dealing with finance or accountancy-related work.

Bright Amisi says this may be one of the key differences between an SME and SMP working environment for accounting and finance professionals. 'In an SMP you're working in a like-minded environment and receiving guidance from fellow professionals. In an SME your manager may not work in finance, which could have implications for development'. Building a learning culture for finance staff in SMEs may therefore be more challenging for this reason.

Limited capacity

Training may also be hampered by the fact that many SMEs do not have the capacity to offer study leave for younger professionals and students. Indeed, if the finance professional goes on study leave they may be taking the business's entire finance function with them.

Reaching out

Therefore, to attract the right accounting and finance professionals, some SMEs may want to consider asking an SMP to advise them on their recruitment process. SMPs will often have a stronger understanding of where to locate talent as well as what skills are required for the business.

Eilis Quinlan says that some SMPs will provide informal mentoring for an SME client taking on a younger finance professional. 'It's usually only for a little while but it does give that new recruit a sense of security – whether that's a simple phone conversation every month or even a bit of training'. Importantly, this could lead to savings for the SME. 'The idea is to cut down on the total cost to the client in terms of upskilling their finance team. In doing so we free up our time to give them added value and take up a broader advisory role'.

Where available, SMEs should look to access advice and support for their talent management strategies from SMPs. They should also ensure that staff is equipped with the skills they need to use relevant technologies. Collectively, this approach could reduce costs and make SMEs' retained finance function more sustainable over the longer term.

'Different generations can definitely learn from each other. Clients want information faster and younger people are sometimes better at delivering this.'

Webster Ng, Partner,
Webster Ng & Co, Hong Kong

3.2.3 Introduce reverse mentoring

As the original Generation Next study (ACCA 2016a) explored, younger professionals often enter the workplace equipped with a suite of valuable skills and insights from which employers can benefit. From a greater awareness of the latest technologies to a familiarity with using social media channels, there may be opportunities to share young professionals' pre-existing knowledge through internal training activities such as reverse mentoring schemes.

Professor Robert Blackburn, Director of the Small Business Research Centre at Kingston University in the UK and a member of ACCA's Global SME Forum, notes that on a practical level, younger peoples' aptitude for using new technologies could be of benefit to SMPs. 'You often find that firms stick with one generation of technology, which slows them down later on in their business journey. Insights from younger people might encourage them to stay more relevant.'

Bright Amisi recognises how more experienced professionals could benefit from younger peoples' familiarity with certain technologies. 'A lot of Generation Next has grown up using mobile phone apps. We have adopted productivity tools through similar technology which mimics the way younger people lead their personal lives.'

Meanwhile, one employer at the ACCA Singapore roundtable explained how a younger staff member had introduced new technology to his business. 'We've taken on a university graduate who has trained the whole team to use a lot of time-management apps we didn't know existed. This has saved us a lot of money and created additional resource to spend on clients.'

Such examples demonstrate how retained knowledge held within the SMP might provide an excellent platform for improving business practices and introducing new learning interventions. For younger professionals as well, being given the opportunity to support senior staff might enhance their own sense of value to the firm.

As technology continues to change the sector, using Generation Next to guide the wider workforce is likely to become an increasingly important dimension of in-house learning and training activities. More importantly, if conducted appropriately, it should help SMPs to take greater advantage of growth opportunities as well as enhancing their talent management strategies.



Among Generation Next employees in SMPs, **58%** believe that more finance professionals in the future will want to become entrepreneurs rather than pursuing a traditional finance career.

3.2.4 Push 'intrapreneurialism'

Among Generation Next professionals working for SMPs, 58% believe that more accounting and finance professionals in the future will want to become entrepreneurs, rather than pursuing a traditional finance career. In fact, 81% wish to set up their own business at some point in their career. Therefore the motivation for working for an SMP might be partly to develop entrepreneurial skills and greater business acumen.

Hence many believe that working for an SMP provides unique training for setting up one's own business. 'You don't necessarily receive the same exposure in seeing all of the necessary parts of how to run either an SMP or an SME at a senior medium or large firm', says Michael Simon. 'Running a business is of course to do with developing practical skills but it's also about learning how to be an effective communicator, managing a client relationship and understanding their needs. Having worked for all sizes of firms in my career, my judgement is that this comes through a lot quicker if you've worked for an SMP.'

'We always try to find a new way of doing things. It's about exploring new business opportunities and developing new services for clients. It's also giving staff the freedom to explore their own projects, and, if you like, supporting entrepreneurialism, which benefits us and benefits them.'

Thomas Lee, Partner, Lee, Au & Co, Hong Kong

The original Generation Next 2016 study (ACCA 2016a) explained the concept of intrapreneurship, whereby Generation Next employees use their entrepreneurial skills while benefiting from the resources, capabilities and security of the current organisation, and learning from possible failures without the personal risks that entrepreneurship entails.

As SMPs continue to adopt new technologies, the 'intrapreneurial' skills among younger staff could be used, particularly by getting them to contribute to innovation across the firm. Tapping into a diverse pool of ideas and skills might help create cost efficiencies and identify new growth opportunities for firms.

Importance of entrepreneurship and technology raised at ACCA Singapore Roundtable

In September 2017, ACCA Singapore hosted employers at a roundtable, where the importance of entrepreneurship was raised. Some of those present wanted to develop working environments that would encourage employees to contribute to generating new revenue and growth opportunities.

Desmond Yiong, Director of Avic NAC, explained: 'Every time I talk to our younger staff, I will talk to them about entrepreneurship. I want them to go out, learn what our clients and other businesses are doing and understand their best practices. That's where value can be added for our firm.'

Linked to entrepreneurship was recognition of the importance of technology. In particular, participants argued that technology was bringing new opportunities for introducing new advisory services and evolving the 'quasi-FD' role that SMPs so often provide to their SME clients. In particular, data analytics was seen as offering significant potential to add value to practices' service offering.

And as one participant said, this in turn could help with retention. 'If we can train them to use this technology it offers them something new to learn and a reason to stay. And that's an opportunity to create another revenue stream for the firm.'



3.2.5 Focus on creating the right behaviours

For the sector to thrive in the future, Generation Next employees staff working for SMPs need to be encouraged to engage proactively in the challenges that their employers face. When employers were asked what skillset younger professionals entering the SMP sector will need to prioritise in the future, a consistent 'soft skills' theme emerged, and specifically the areas of communication, marketing and client management.

The increasing importance of soft skills is relevant to the entire accounting and finance profession – not just SMPs. As smaller practices seek to offer more advisory services to clients, the importance of improving the ways in which employees are able to manage clients effectively will be crucial in determining the future success of the sector. Indeed, the sector's growing diversification means that the SMP accountant increasingly plays the 'role of advisor, confidant, analyst, facilitator, and educator to clients' (IFAC 2016).

As Ken Lee, Partner of Lee & Lee Associates in China, notes, the practical importance of understanding the broader challenges that clients face is therefore critical: 'Finance professionals need to be sensitive to external circumstances beyond their day-to-day responsibilities, integrating the threats and opportunities they identify into the work they conduct with clients'.

While the SMP sector provides numerous opportunities for staff to develop their soft skills while 'on-the-job', employers might want to consider how this process can be supported more effectively. Investigating what resources are available through local training contractors or their professional accounting bodies may be an initial route towards doing so.

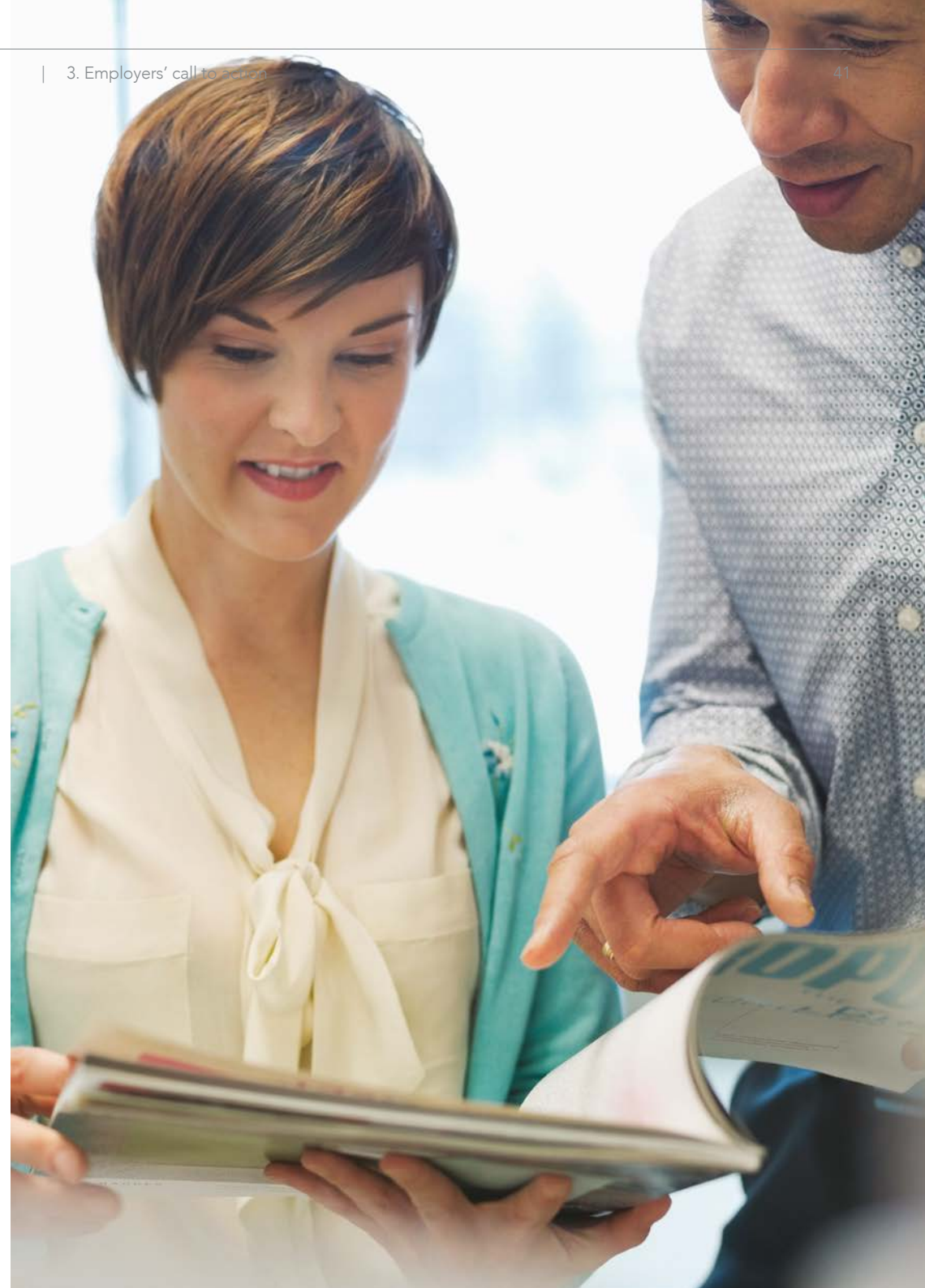
This goes beyond just obtaining soft skills – it involves changing young employees' wider attitudes and behaviours in the workplace. From demonstrating creative thinking in response to new training initiatives to a desire to adapt to using new technologies, younger professionals need to understand how their actions in the workplace can improve the visibility of their skills within the organisation and potentially open up new opportunities for their career.

Developing soft skills recognised as a key priority at ACCA Ireland Roundtable

In August 2017, ACCA Ireland hosted a roundtable in Dublin to discuss employers' views about talent management.

Communication skills were singled out as a key area where the development of younger professionals was of particular importance to SMPs. 'The ability to pick up the phone and talk to a client, instead of sending an email, is really important'.

One employer noted that younger professionals 'often lack confidence' in dealing with clients. 'They don't know what to expect and they're just not able to deal with the questions clients pose'. Ensuring that younger professionals had access to relevant training was therefore seen as an important priority for the sector in future.



'As a practice we encourage work-life balance; we're very much a family-orientated firm. The whole team – from junior to senior members of staff – are a really close bunch. We organise social events for them but everyone has time for their own social lives as well.'

Mark Gold, Partner at Silver Levene and Chair of Accountancy Europe's SMP Forum, UK

3.3 RETAINING TALENT

ACCA's research has found that retention is often the biggest challenge that SMP employers face. Providing incentives for younger professionals to stay longer is important for SMP business models to remain sustainable and to justify the costs of any investment in their professional development.

To retain talent, employers need to consider:

- how the SMP working environment can be improved
- how technology can be used to support SMP business models, and
- what broader skills younger professionals will require in the future.

3.3.1 Create brilliant working environments

The values of younger people are changing. Increasingly, long hours and rigid job responsibilities are out of favour. The task for SMP employers is to adapt their working environment or risk exacerbating existing challenges for attracting and retaining talent.

Encouragingly, ACCA's research shows that the SMP working environment is a key selling point for Generation Next. Many of the younger professionals interviewed remarked upon how the close relationships they have developed with line managers, colleagues and partners had contributed to their own job satisfaction.

Opportunities for employees to engage in social interactions outside work can also be a valuable engagement intervention.

ACCA interviewed many SMP employers who have subsequently sought to build their talent management strategies around the development of a flexible and accommodating working environment. Michael Simon, argues that the tendency for younger professionals to develop good working relationships with their line managers helps to create a more collegiate working environment. 'It fosters a culture which is more relaxed but also more discursive'. This is something that larger firms often cannot provide as easily, and that SMPs should continue to build on through providing opportunities for staff to socialise outside work, which can be valuable for building this working environment.

More broadly, employers should consider ways of creating a work environment that aligns more closely with the preferences of Generation Next. This could be supported by creating sufficient channels through which staff may confidently raise issues relating to their work well-being, working relationships and office environment. As was suggested in the original Generation Next study (ACCA 2016a), employers could also track engagement through surveys and actively 'reward' or recognise contributions from staff.



Flexible working is a key attraction for Generation Next in a larger SMP

Fiona MacNamara is a Senior Manager working for PKF O'Connor, Leddy & Holmes, a full-service firm of accountants and business advisers based in Ireland. The firm includes more than 65 accountants, tax consultants, and other professional staff.

According to Fiona, the work flexibility that SMPs often give their employees is a major attraction for Generation Next. This is also something she believes larger firms do not offer their staff. 'I have the option to work at home one day a week and they offer that flexibility to a number of staff and you often find you get far more done at home than you do the rest of the week. More importantly, this flexibility helps retain more qualified staff'. Such insights are supported by the findings from the Generation Next survey.

Fiona also believes it is important that SMP employers continue to be accommodating towards younger professionals conducting their studies outside their day-to-day role. 'We recently took on someone who had discovered that she could complete her qualification at night while working for us in the daytime. She's actually more determined than any of the other graduates we've taken on. But definitely the flexibility offered to them is clearly valuable.'

3.3.2 Embrace technology to aid future development

Technology has huge implications for the future of the SMP sector. Already, some traditional services, such as assurance and compliance work, are changing, with some concerned about whether such revenue streams will exist in the future.

Many within the SMP sector have therefore sought to invest in new technologies as a means of developing existing client services and introducing new ones. From internal management processes to external communication, from administration to data analytics, many activities regularly conducted by SMPs have already become reliant on technology.

‘They are using software without any training beforehand. This is the culture that we need to drive into them. Technology is always going to be there – it’s about how we take advantage of it.’

Suree Rohan, Partner, Rohan Mah & Partners, Singapore

As this evolution continues, younger professionals need to be prepared for driving innovation across the SMP sector. This involves being trained in the appropriate skills and knowledge to use relevant technologies efficiently. It also requires employers to think about how they may expose staff to more technology in the workplace to demonstrate the increasing value it will play in carrying out their responsibilities.



The impact of technology on developing talent

Nauman Mian is ACCA's chairperson for its Members Advisory Committee in the United Arab Emirates, as well as Chief Financial Officer of Bayt.com, a leading recruitment website in the Middle East. Founded in 2000, Bayt.com offers a range of end-to-end employment services and career planning tools.



‘Digital technology is bringing a lot of change for how you develop people. You look for people who have those skills where they can develop themselves according to the requirements of the company’, explains Nauman. ‘So you are always looking for the talent that can help your business grow.’

4. Conclusion

The results from ACCA's survey of younger professionals and interviews with employers from around the world present an SMP sector that is resourceful, supportive and committed to the long-term development of a new generation of professionals.

While remuneration is important to younger professionals working for SMPs, a broader range of factors are also significant in determining their job satisfaction. These include long-term career prospects, having the opportunity to benefit from a supportive learning environment, and job security. At the same time, they believe that work shouldn't come at the expense of having a life away from the office.

It is therefore encouraging to see that job satisfaction for young professionals in the SMP sector was aligned with the rest of the Generation Next population. Moreover, 78% of respondents saw a long-term future for themselves in the accounting and finance profession – a clear endorsement of their experiences working for SMPs.



Nearly three-fifths of respondents said that they saw a long-term future for themselves in the finance profession – a clear endorsement of their experiences working for SMPs.

Despite these benefits, it is also apparent that the sector faces a number of challenges. In particular, the majority of respondents still want to move sectors at some stage, primarily to progress in their careers and benefit from higher remuneration. Retention is therefore a major and continuous challenge that SMP employers experience. Similarly, increasing competition for talent from other sectors of the accounting and finance profession means that some employers face growing difficulties when recruiting.

With the ongoing development of new advisory services across the SMP sector, employers also reported that equipping staff with the soft skills needed to communicate effectively with clients was of increasing importance. Equally, as technology plays a more prominent role in the profession, the research underlined the importance for employers of introducing younger professionals to new tools and resources that will be relevant to their professional development.

Some employers we spoke to had introduced creative new initiatives towards developing their talent management strategies. These included overcoming limited internal resources by teaming up with other practices to offer staff wider professional development opportunities. Some employers were harnessing the intrapreneurial skills of younger staff to come up with tech-enabled ways of providing client services more efficiently, generating new business, or showcasing the work of their practice to external audiences.

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.



Appendix

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

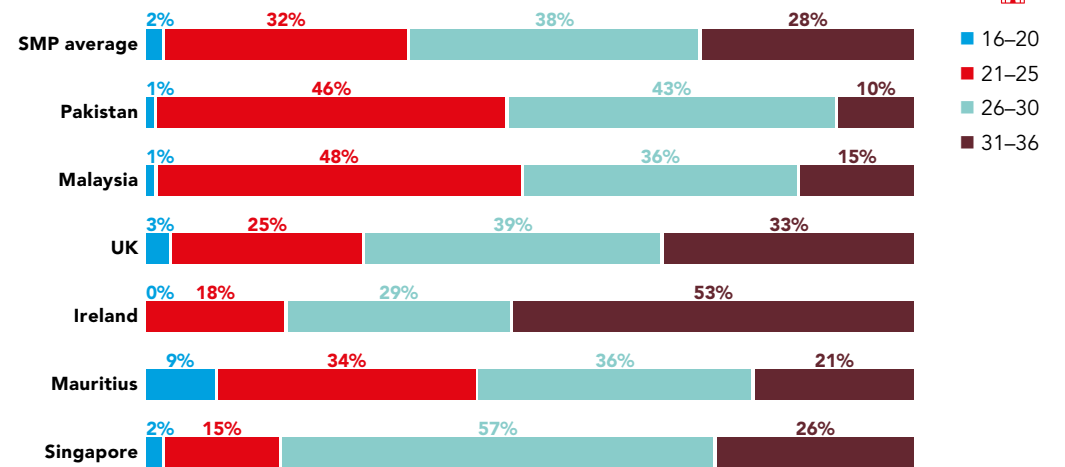
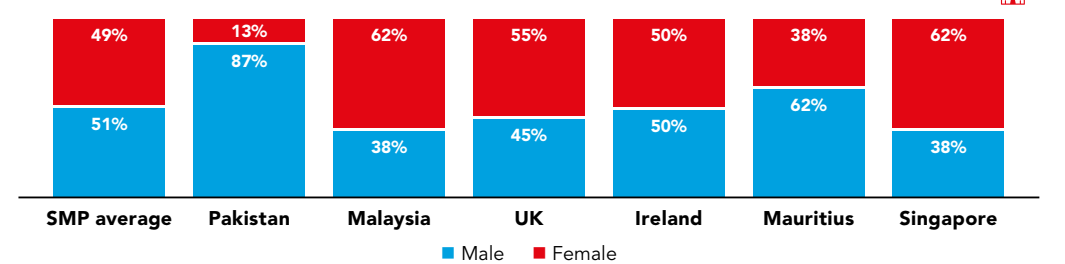


FIGURE A2: Gender by country



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.

FIGURE A3: How long have you been in your current role?

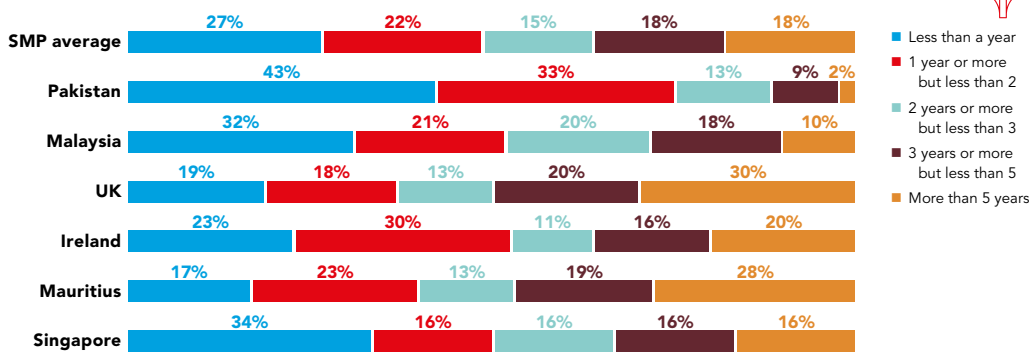


FIGURE A4: How many organisations have you worked for since entering the profession?

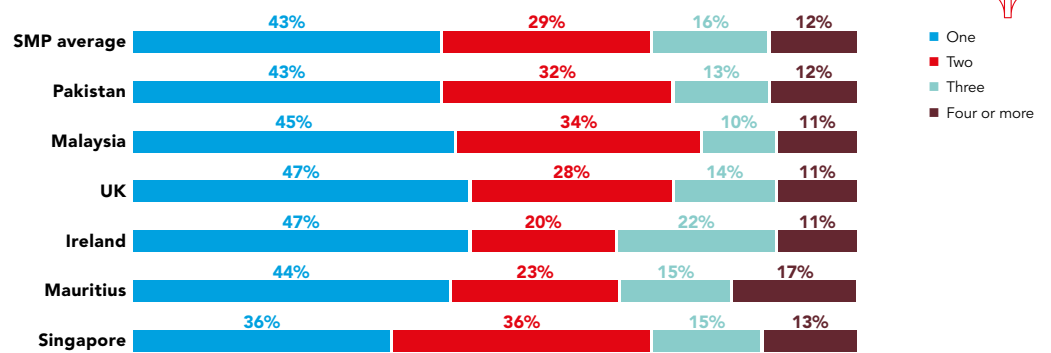
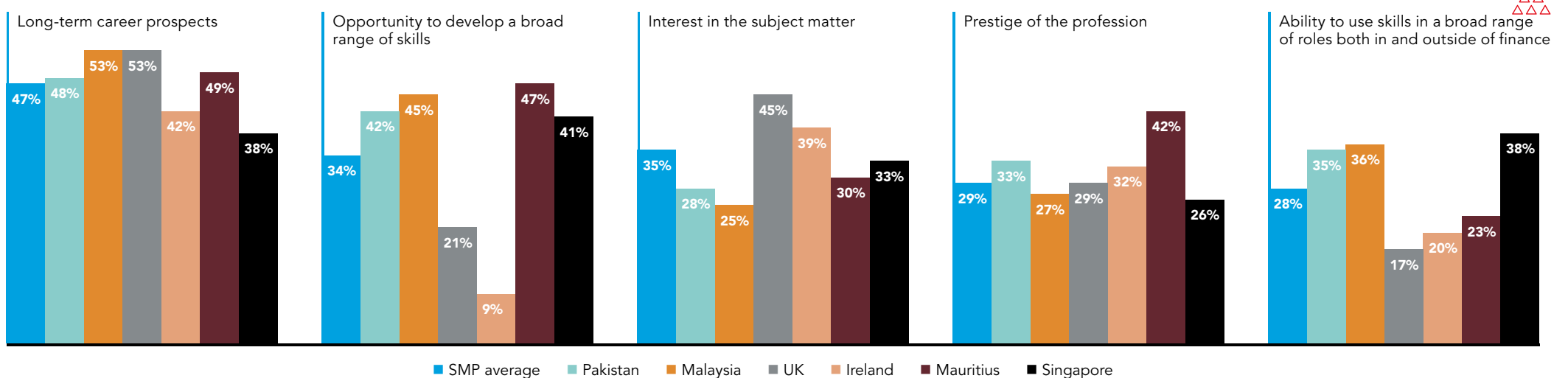


FIGURE A5: What attracted you to a career in finance? (Top 5 factors)



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).

FIGURE A6: SMP respondents who agree that technology will lead to the replacement of entry-level roles from the profession

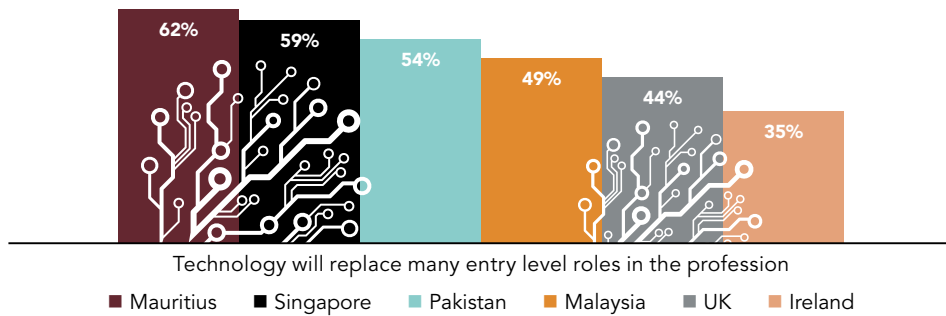
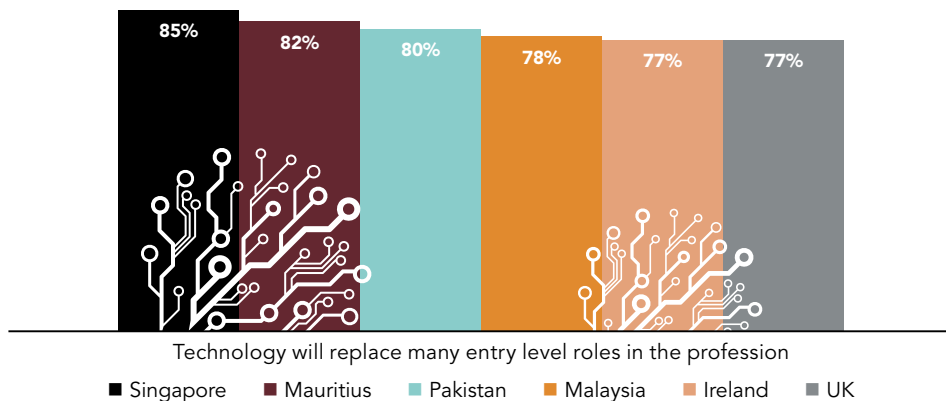
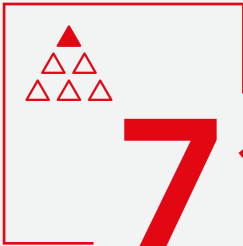
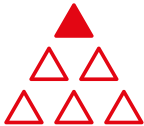
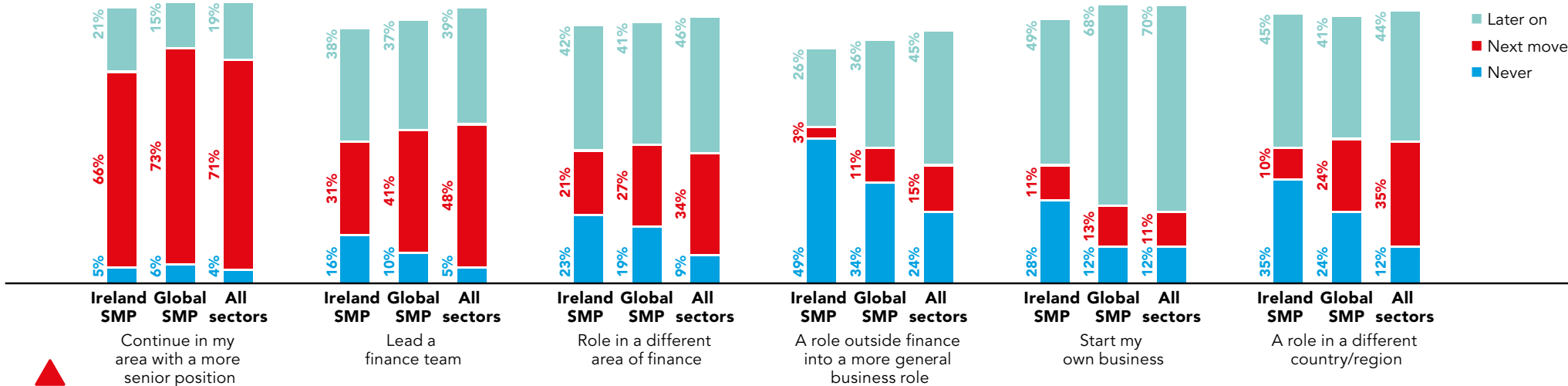


FIGURE A7: SMP respondents who agree technology will replace many entry-level roles in the profession



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.

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



71%

have ambitions to progress to a more senior position in their next career move

Ireland: Next move – where and when

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

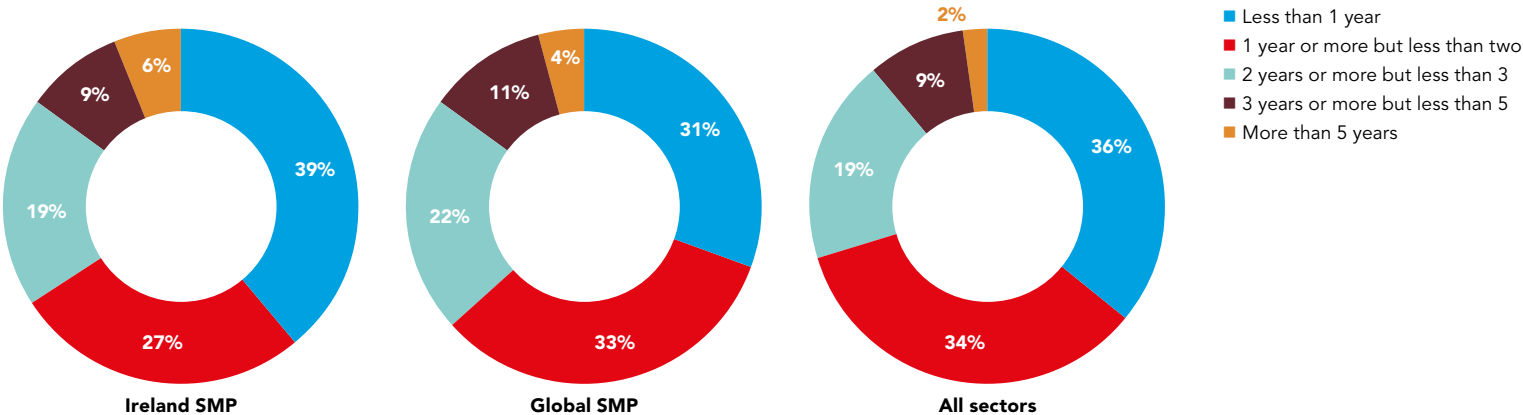


FIGURE – IRE.3: Would you like your next move to be a promotion or a lateral move?

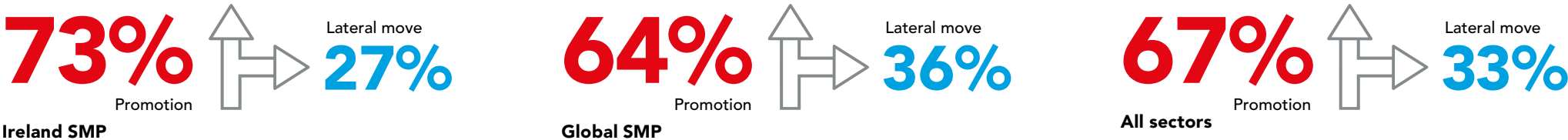
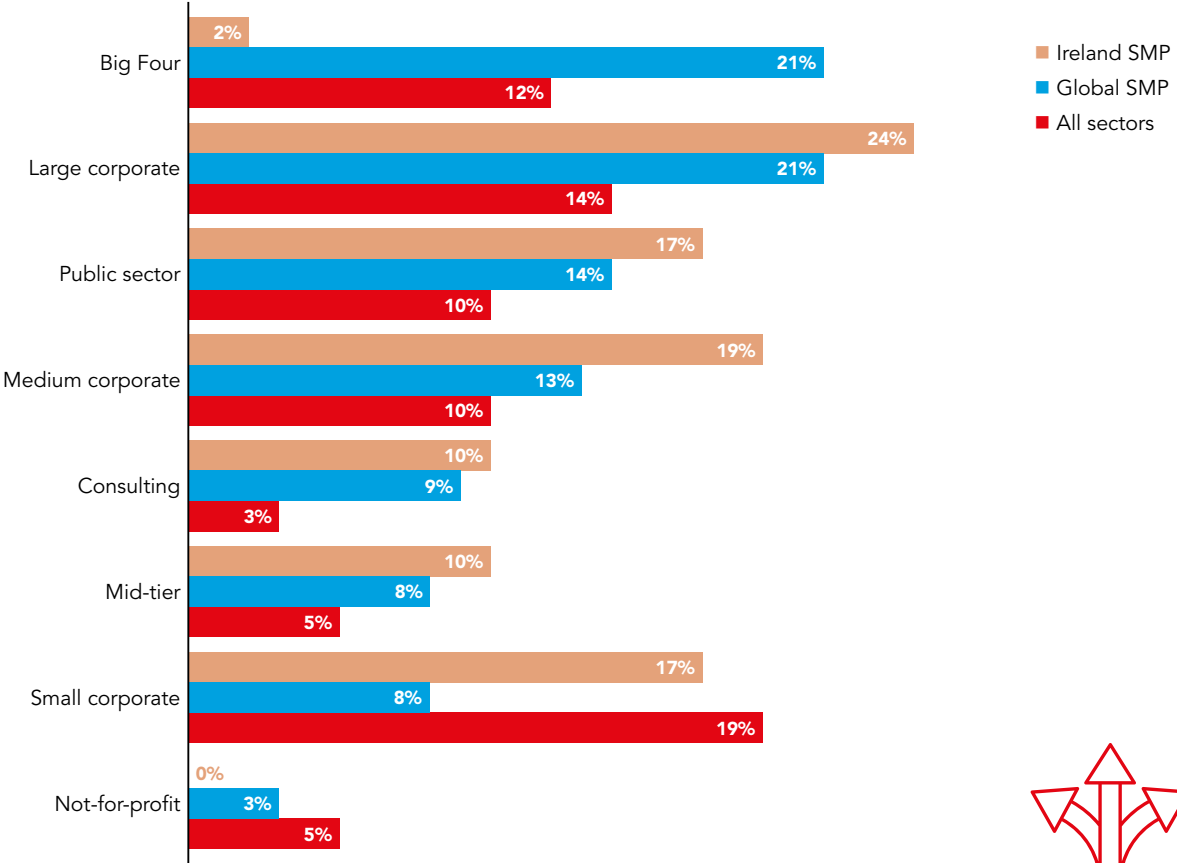


FIGURE – IRE.4: Do you expect your next move to be internal or external to your current organisation?



Ireland: Next move – where and when

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



43%

of those who would like to move sectors want a role in a medium or large corporate firm





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

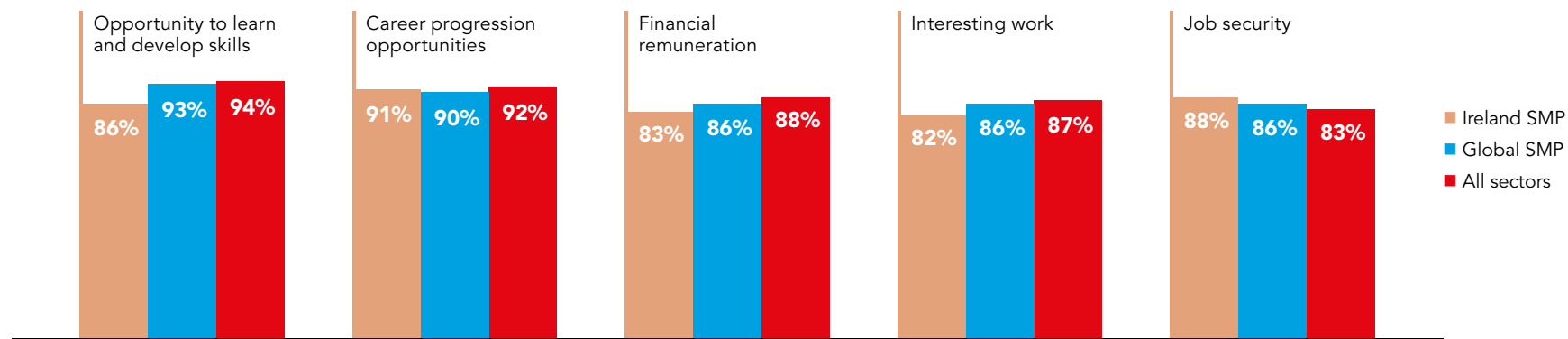
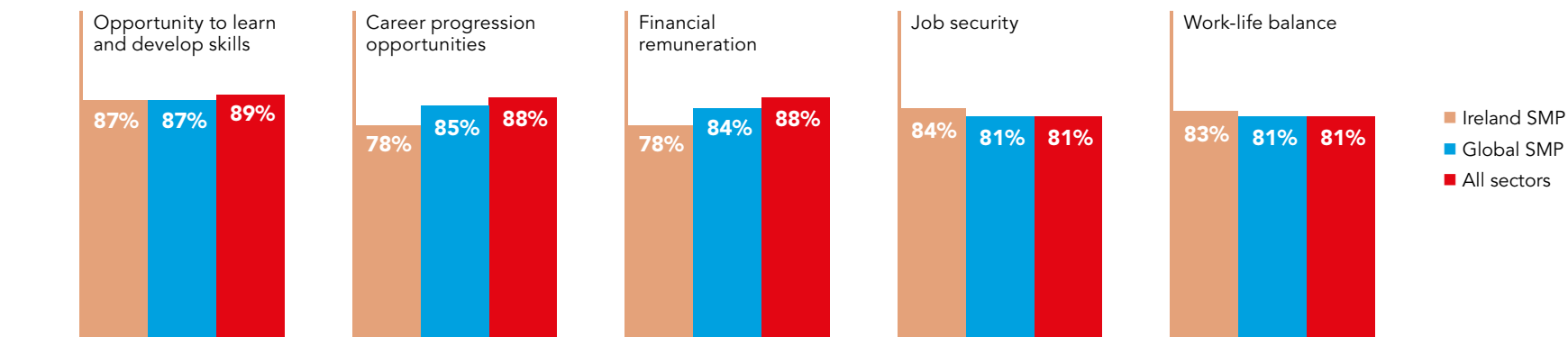


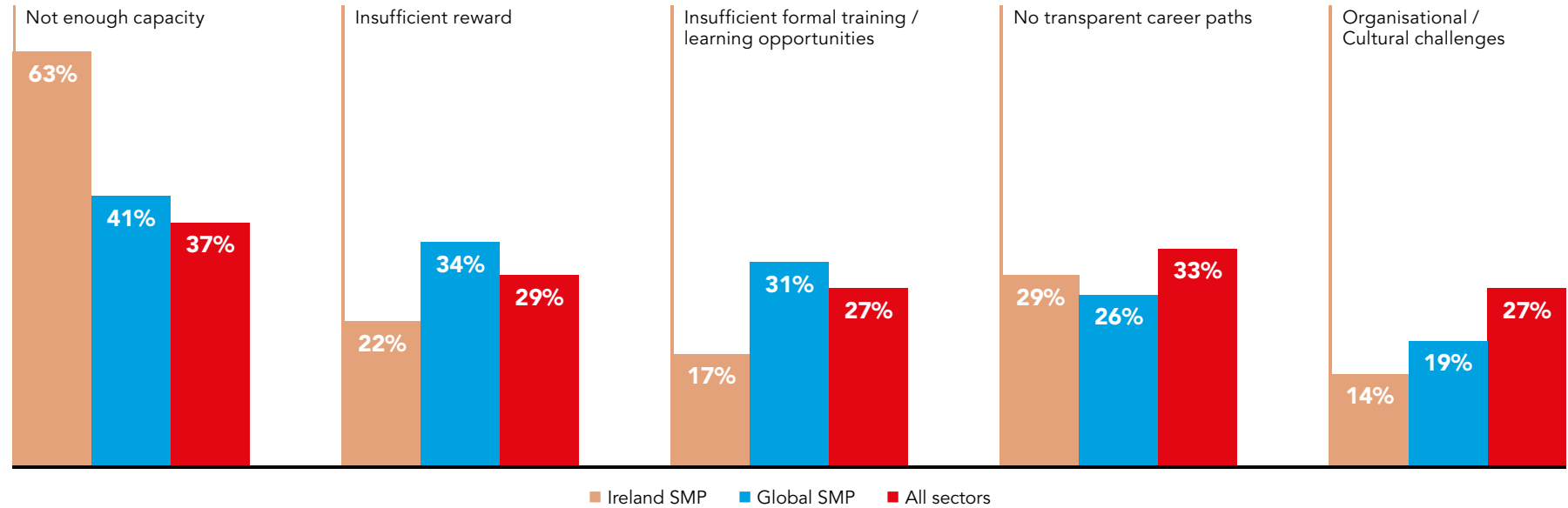
FIGURE – IRE.7: The top 5 factors retaining SMP respondents to an employer, compared with the global results



Ireland: Barriers to career progression



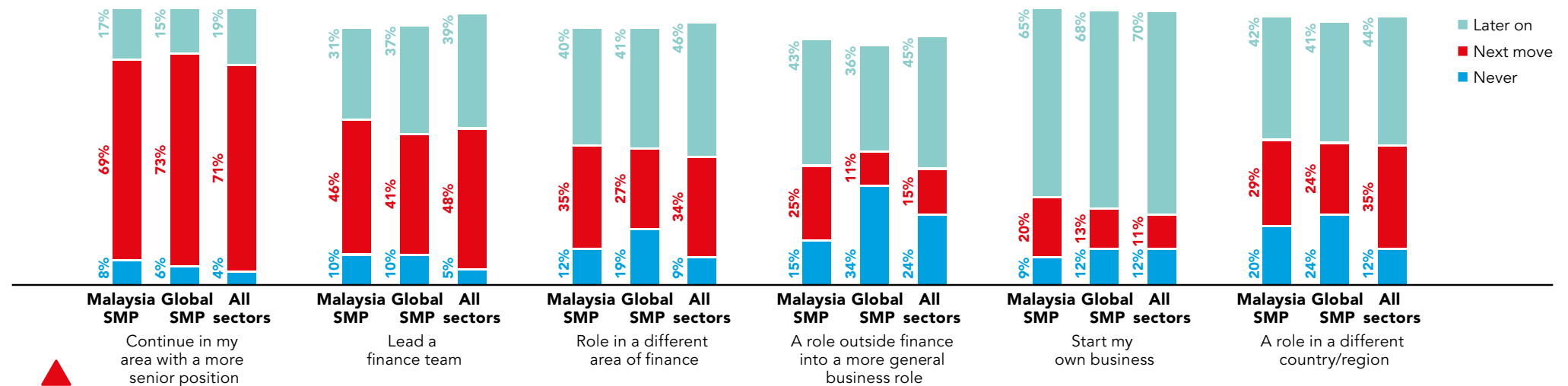
FIGURE – IRE.8: Main barriers to career progression (top five factors)



63%

believe there is not enough capacity or any available roles for where they want to go

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



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?

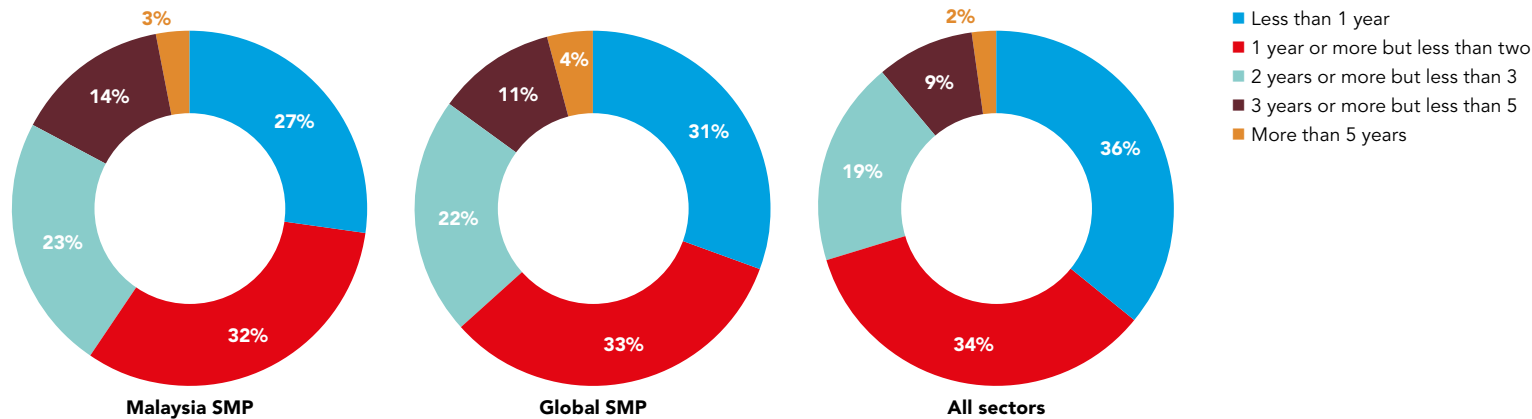


FIGURE – MAL.3: Would you like your next move to be a promotion or a lateral move?


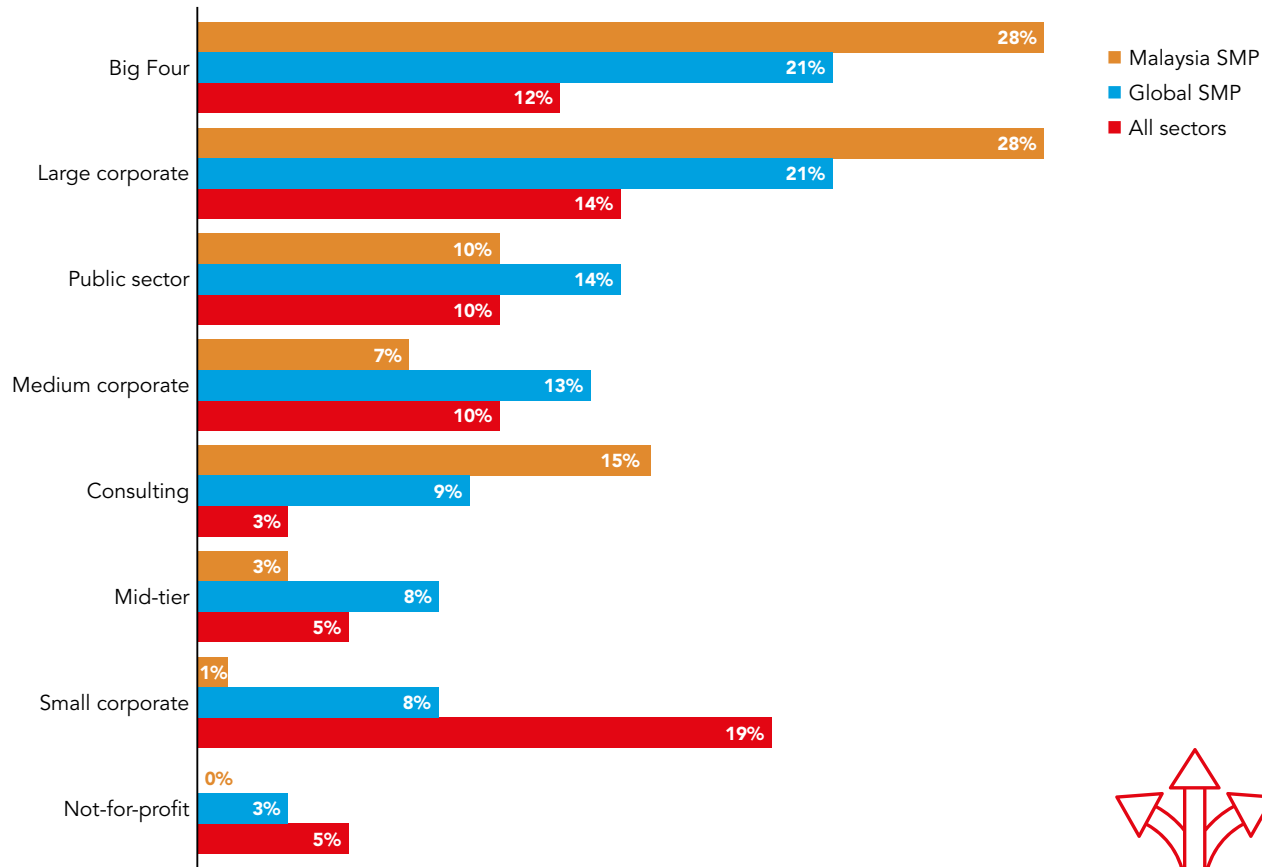


FIGURE – MAL.4: Do you expect your next move to be internal or external to your current organisation?



Malaysia: Next move – where and when

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



28%
of those who would like
to move sectors want a
role in a Big Four firm





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

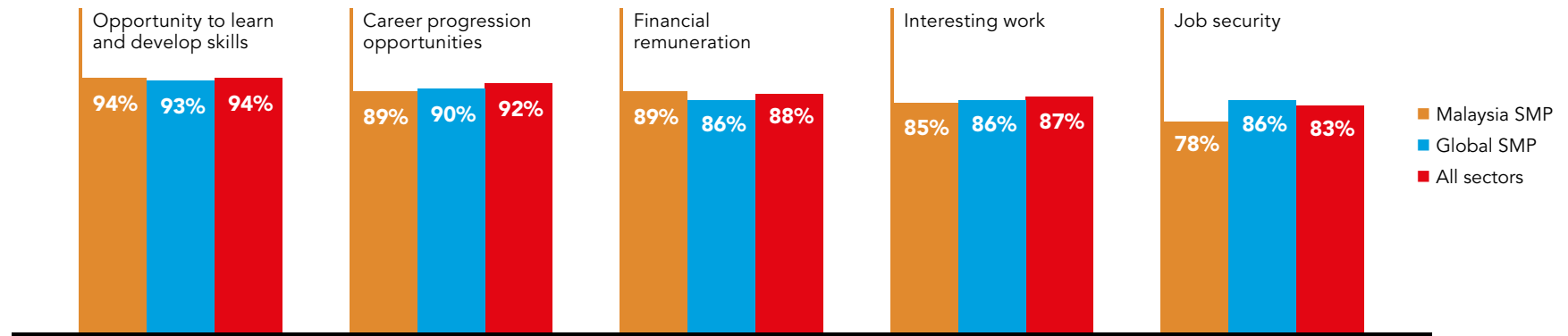
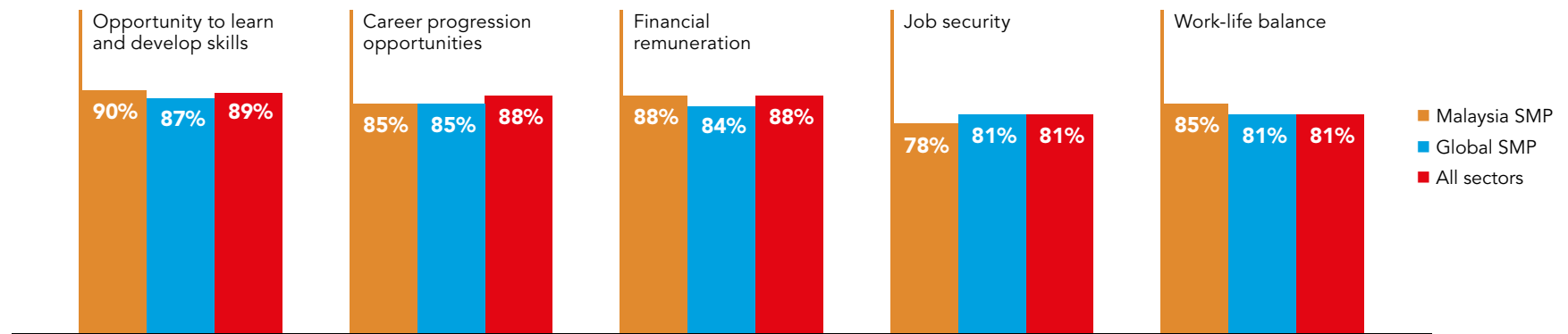


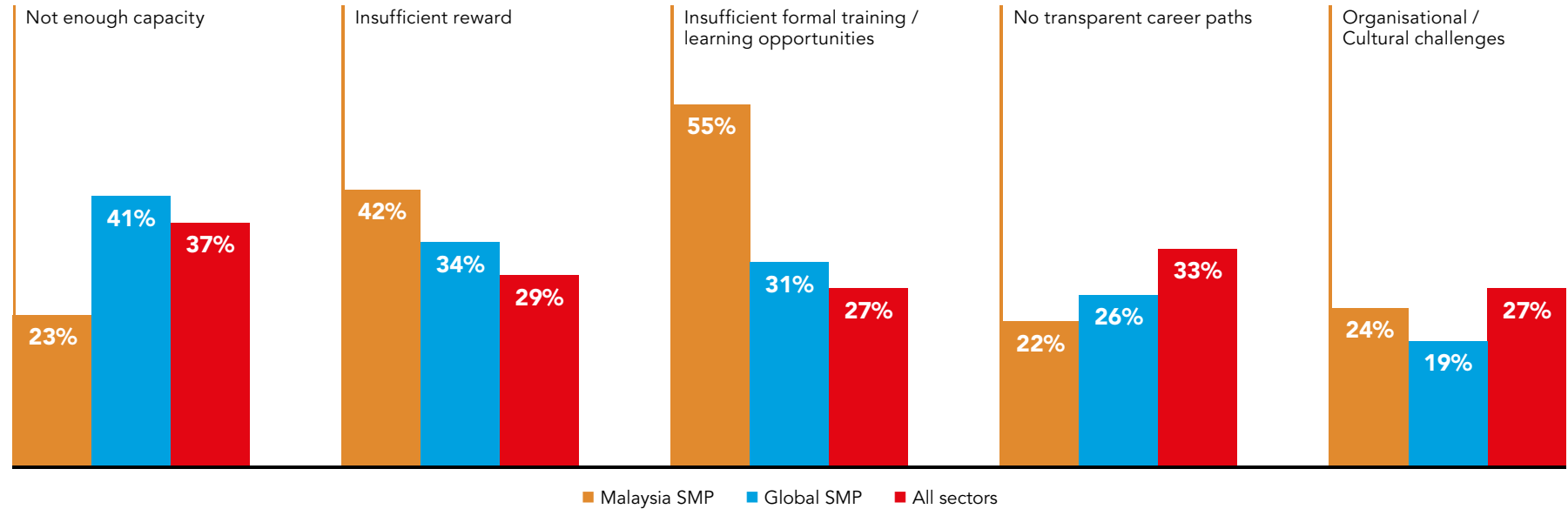
FIGURE – MAL.7: The top 5 factors retaining SMP respondents to an employer, compared with the global results



Malaysia: Barriers to career progression



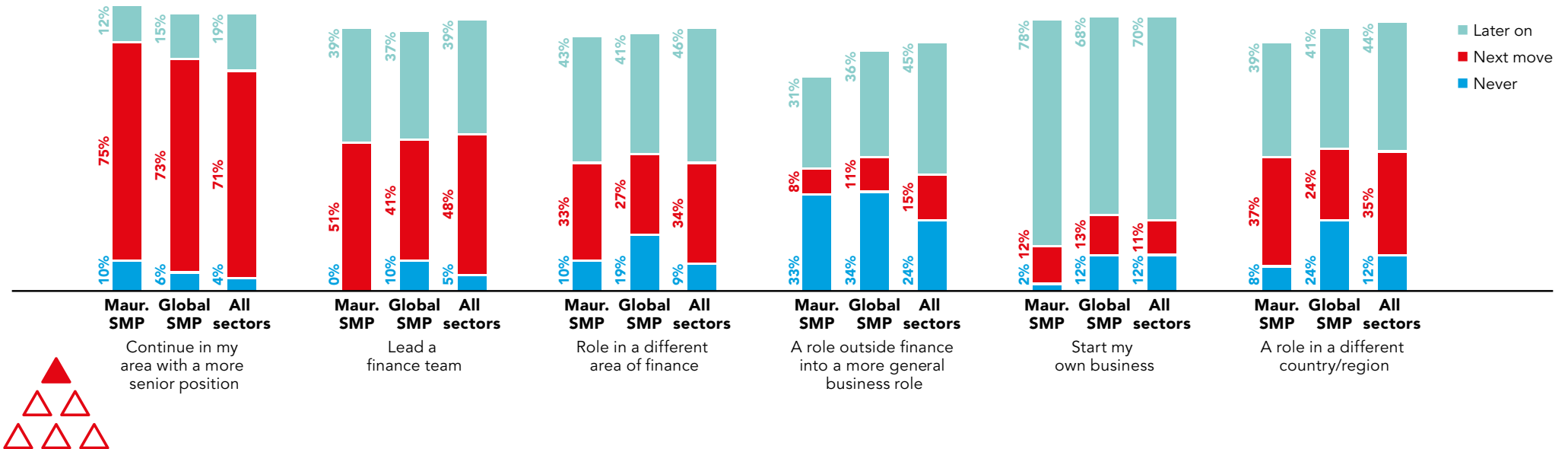
FIGURE – MAL.8: Main barriers to career progression (top five factors)



55%

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

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



81%

have ambitions to start their own business

Mauritius: Next move – where and when

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

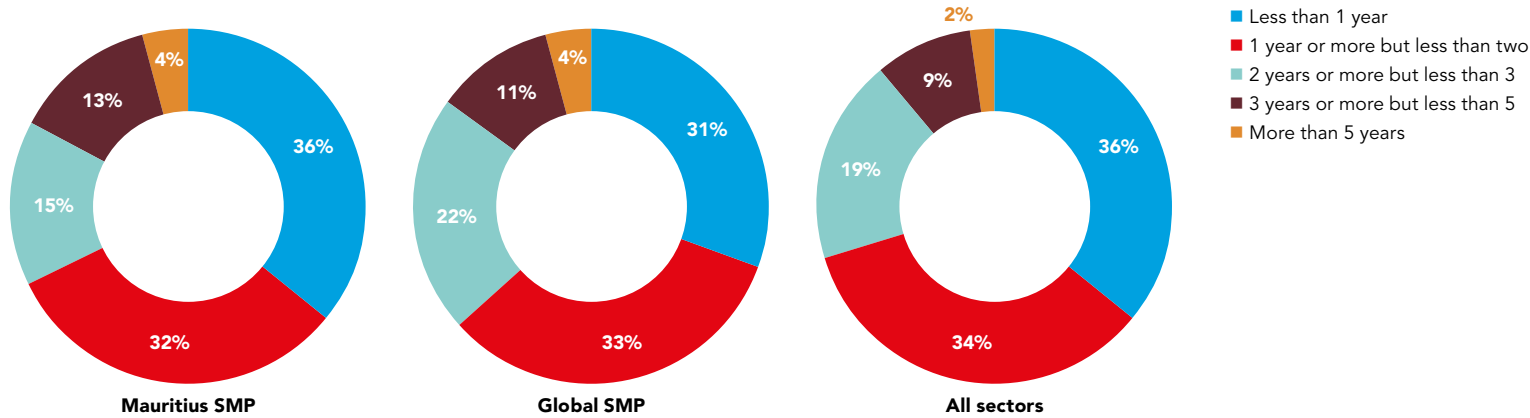


FIGURE – MAU.3: Would you like your next move to be a promotion or a lateral move?

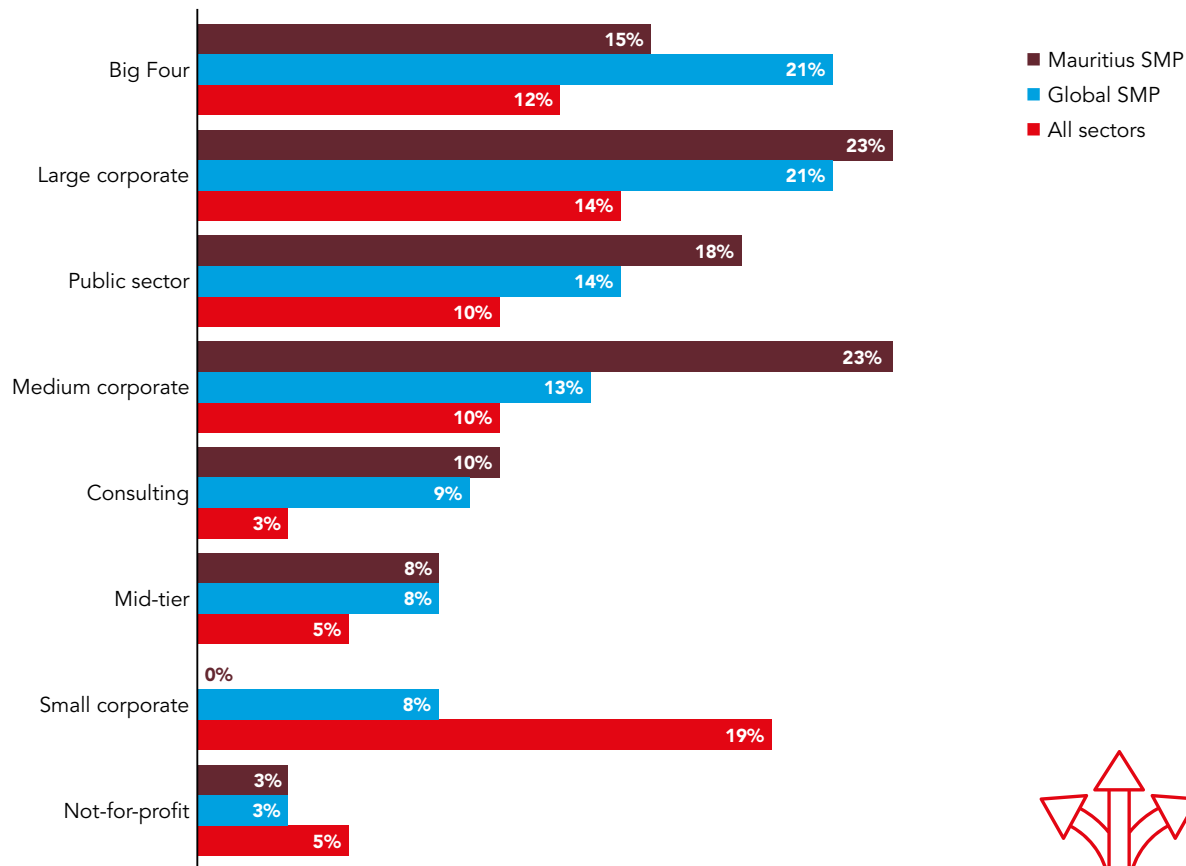


FIGURE – MAU.4: Do you expect your next move to be internal or external to your current organisation?



Mauritius: Next move – where and when

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



68%

expect to move to their next role within two years





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

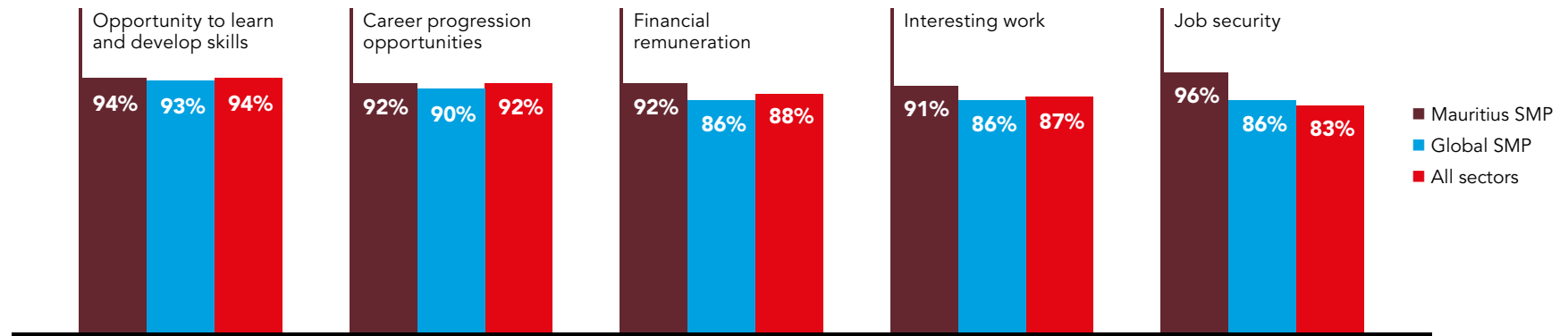


FIGURE – MAU.7: The top 5 factors retaining SMP respondents to an employer, compared with the global results

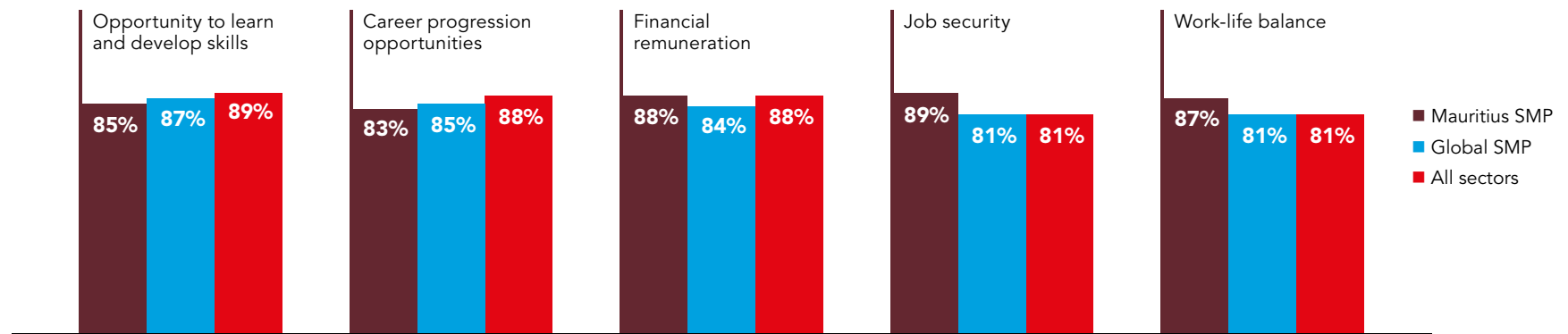
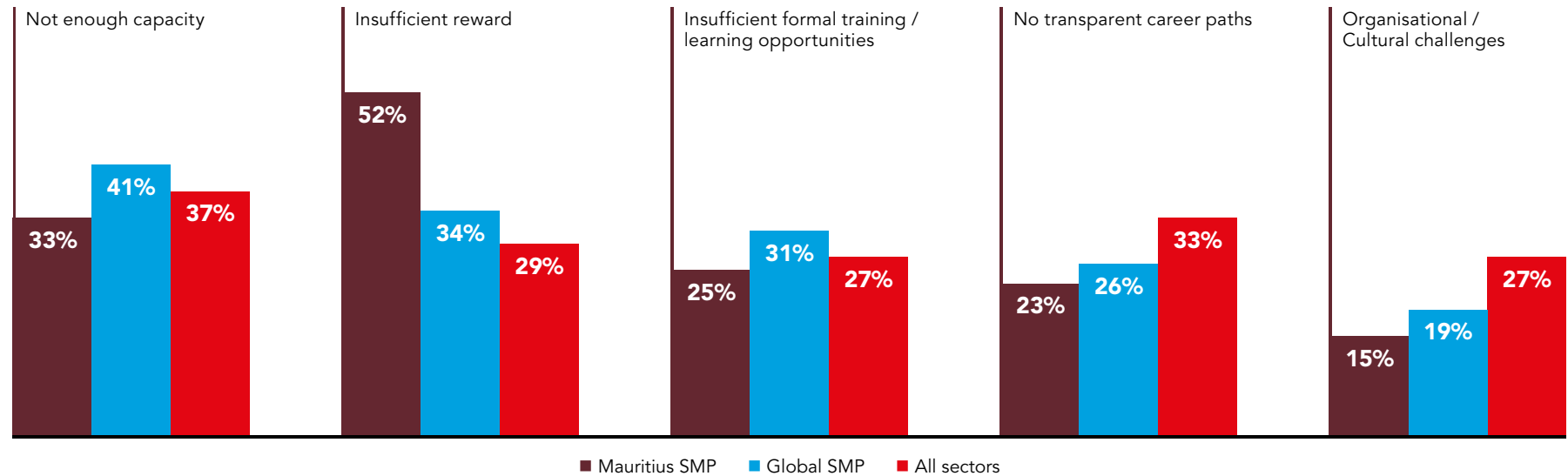




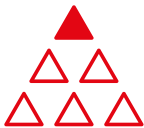
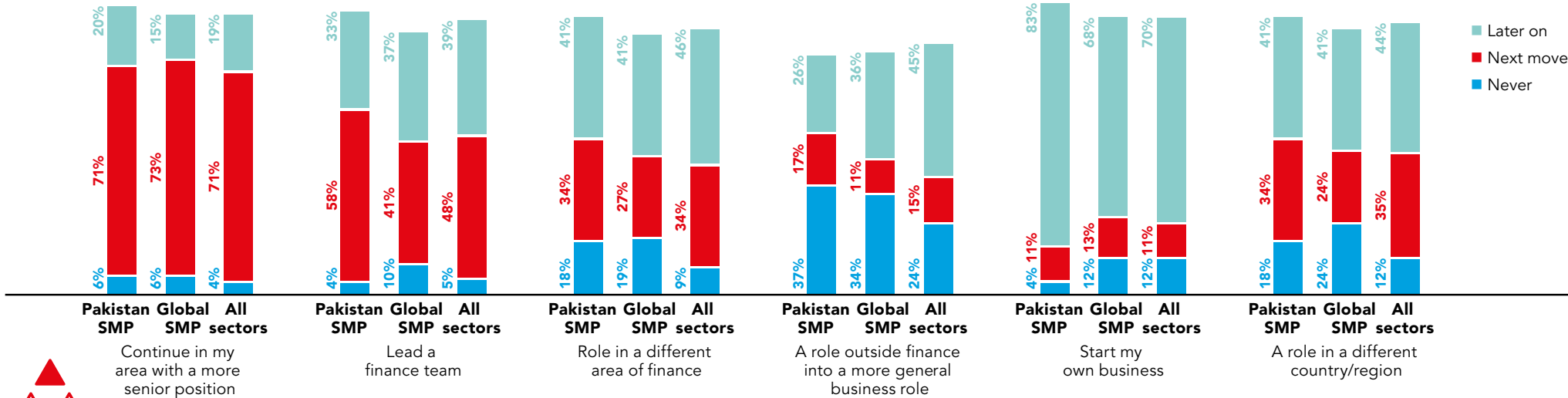
FIGURE – MAU.8: Main barriers to career progression (top five factors)



52%

believe there is insufficient reward in their current role

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



90%

want to continue in their area to reach a more senior position

Pakistan: Next move – where and when

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

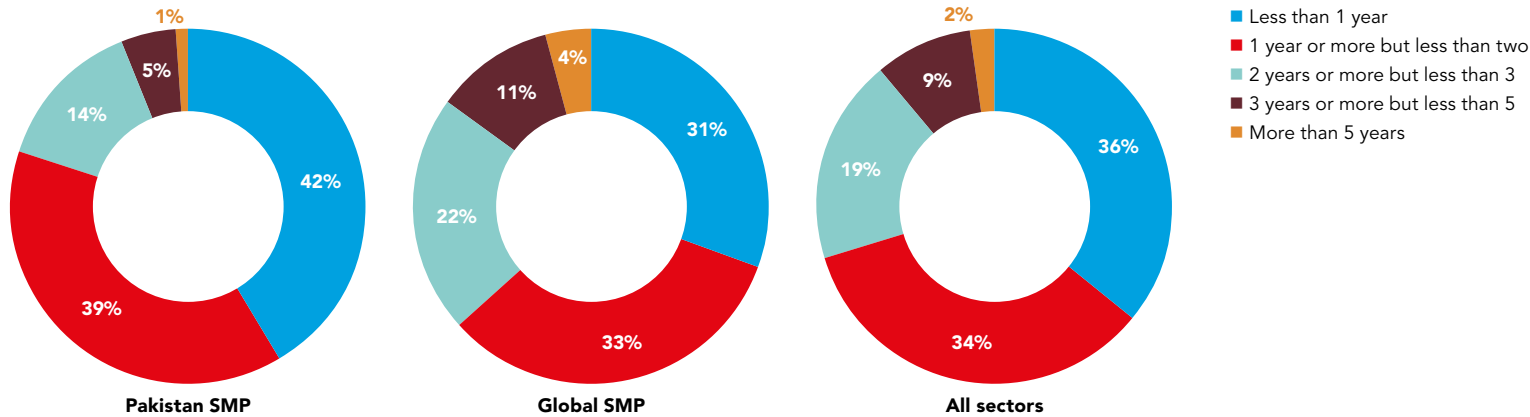


FIGURE – PAK.3: Would you like your next move to be a promotion or a lateral move?

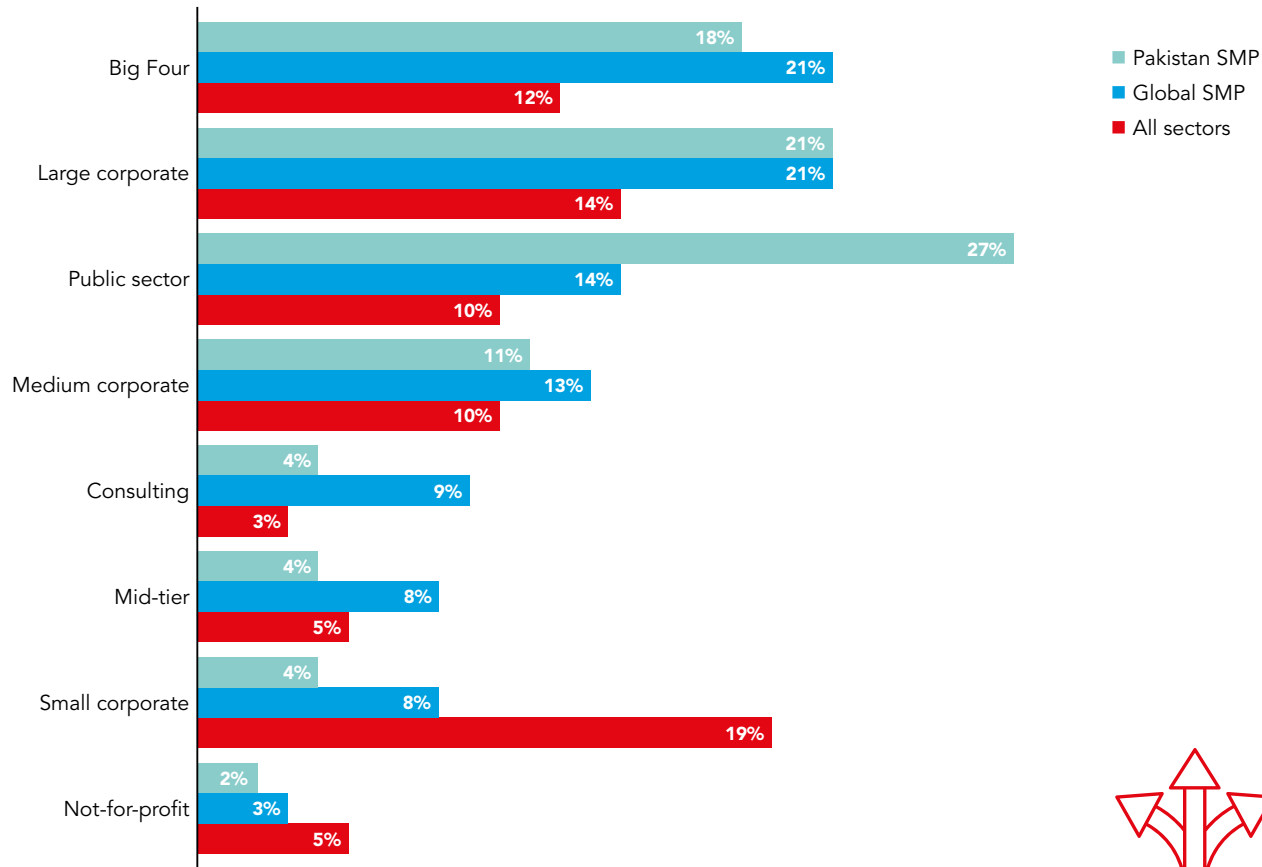


FIGURE – PAK.4: Do you expect your next move to be internal or external to your current organisation?



Pakistan: Next move – where and when

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



81%
expect to move to their
next role within two years





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

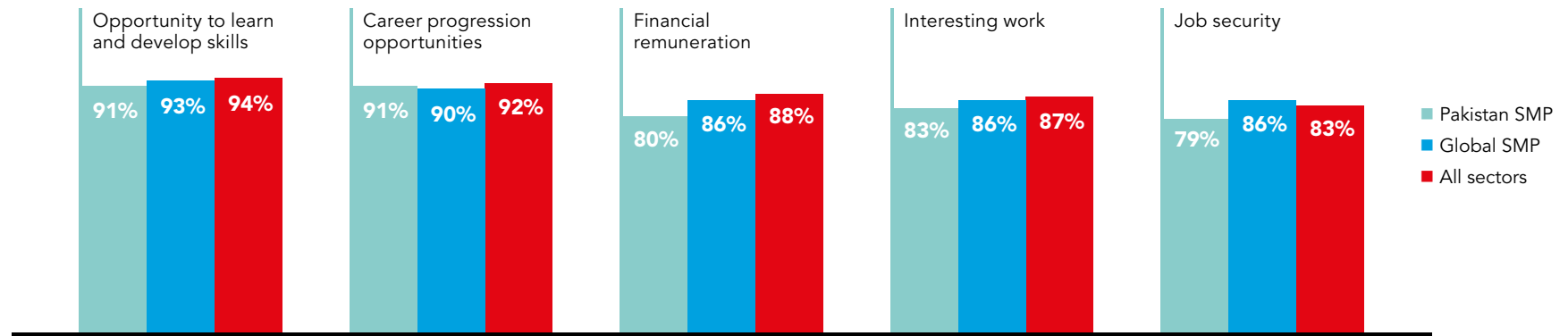
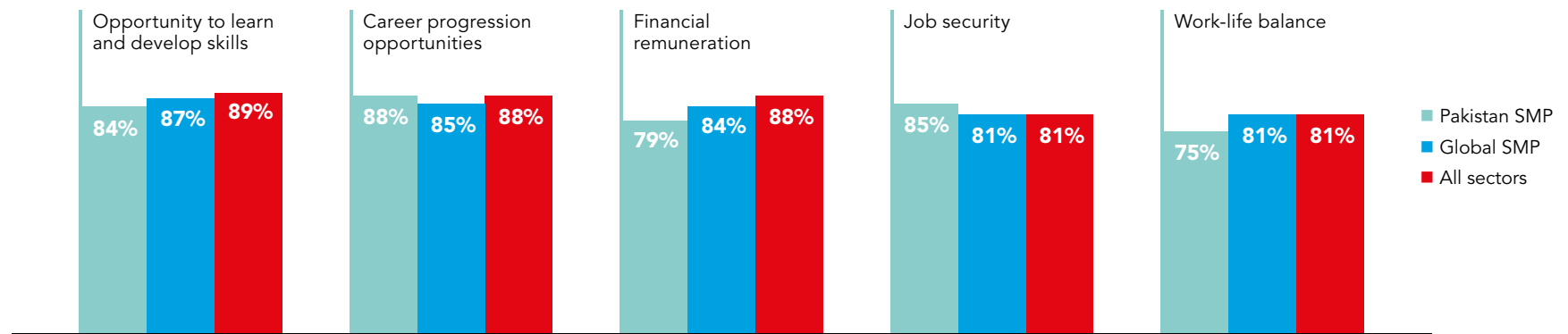


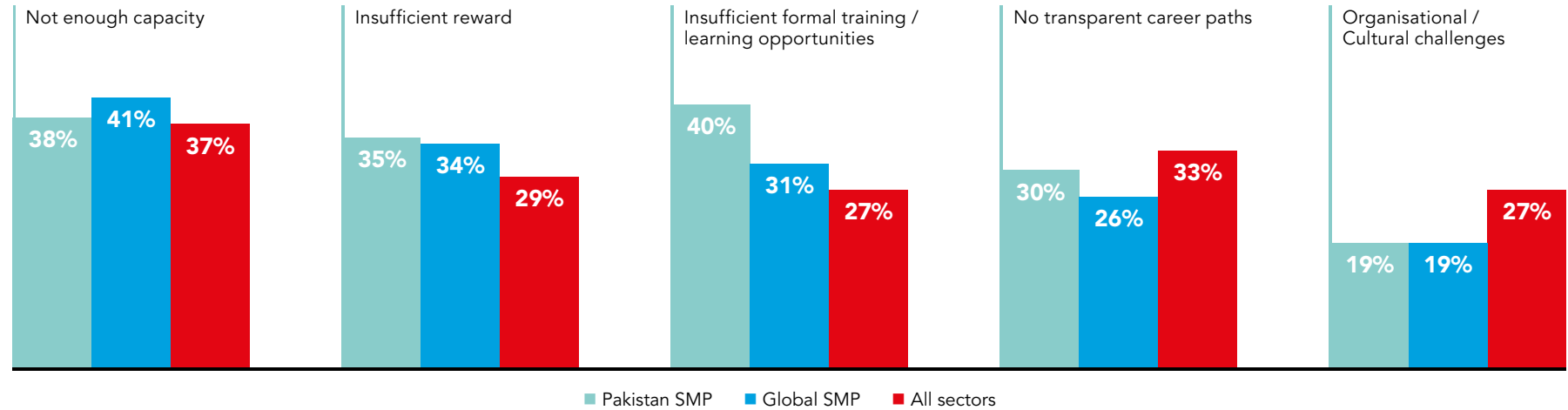
FIGURE – PAK.7: The top 5 factors retaining SMP respondents to an employer, compared with the global results



Pakistan: Barriers to career progression



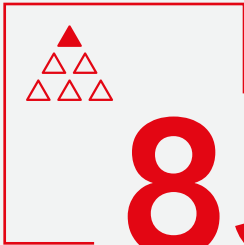
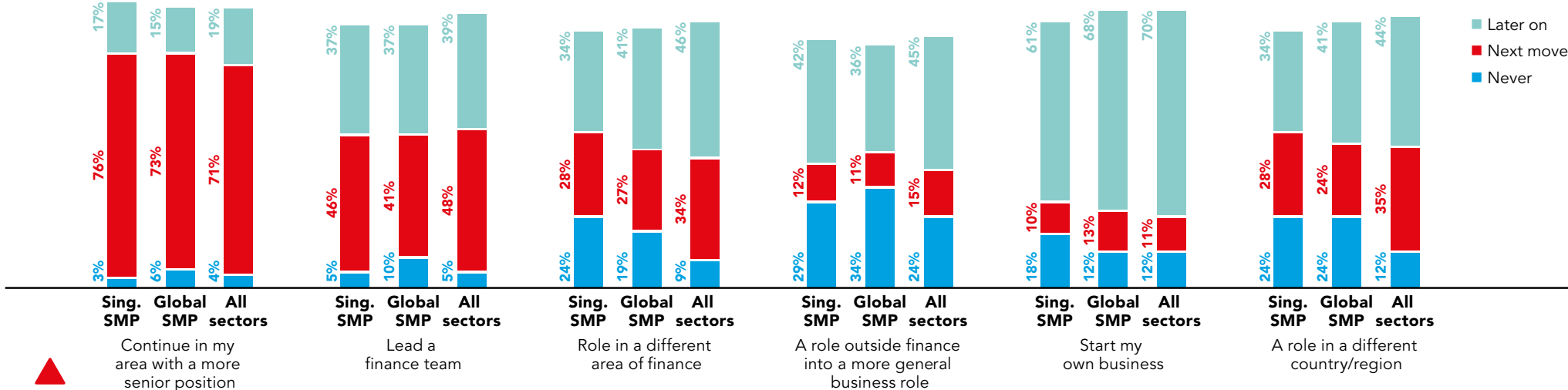
FIGURE – PAK.8: Main barriers to career progression (top five factors)



40%

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

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



85%

have ambitions to lead a finance team

Singapore: Next move – where and when

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

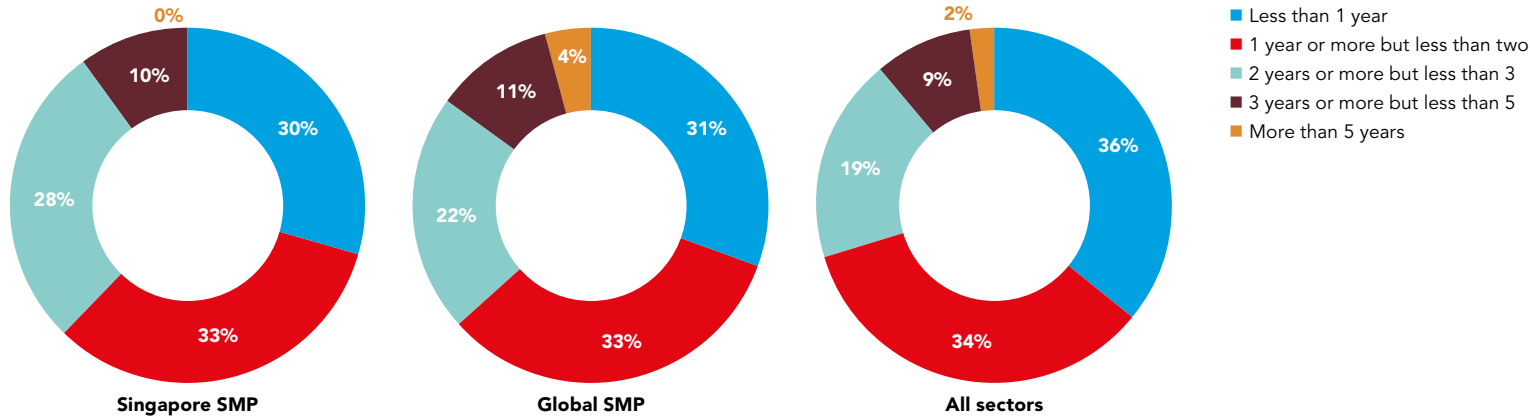


FIGURE – SIN.3: Would you like your next move to be a promotion or a lateral move?


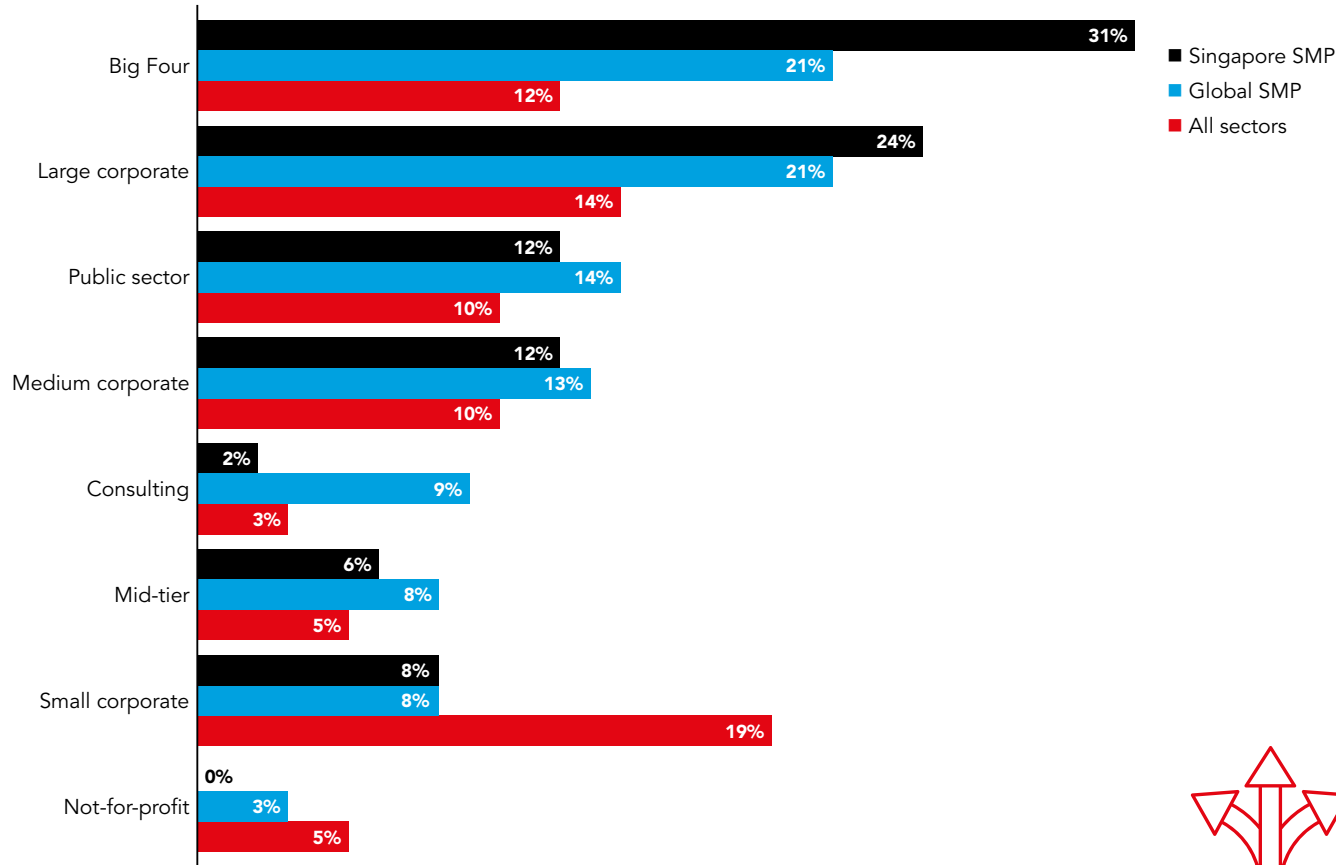


FIGURE – SIN.4: Do you expect your next move to be internal or external to your current organisation?



Singapore: Next move – where and when

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



31%
of those who would like
to move sectors want a
role in a Big Four firm





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

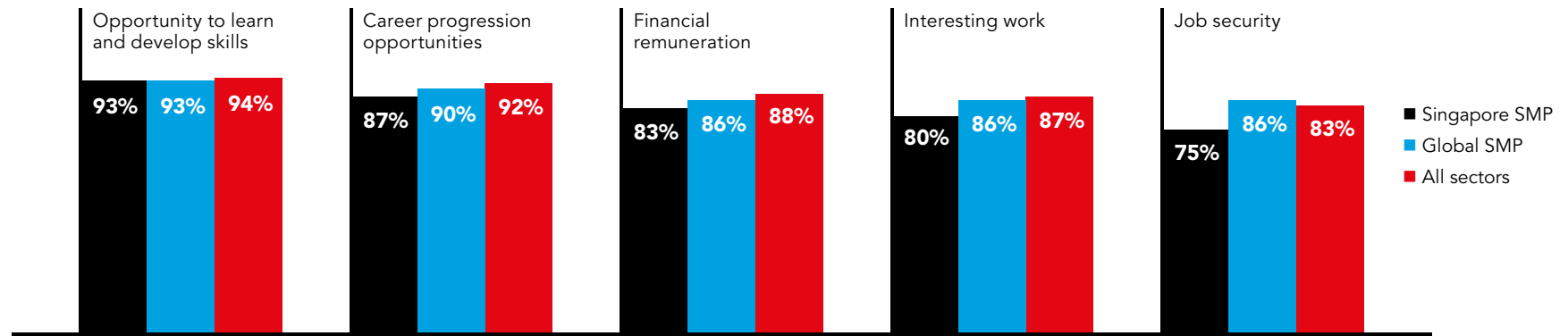
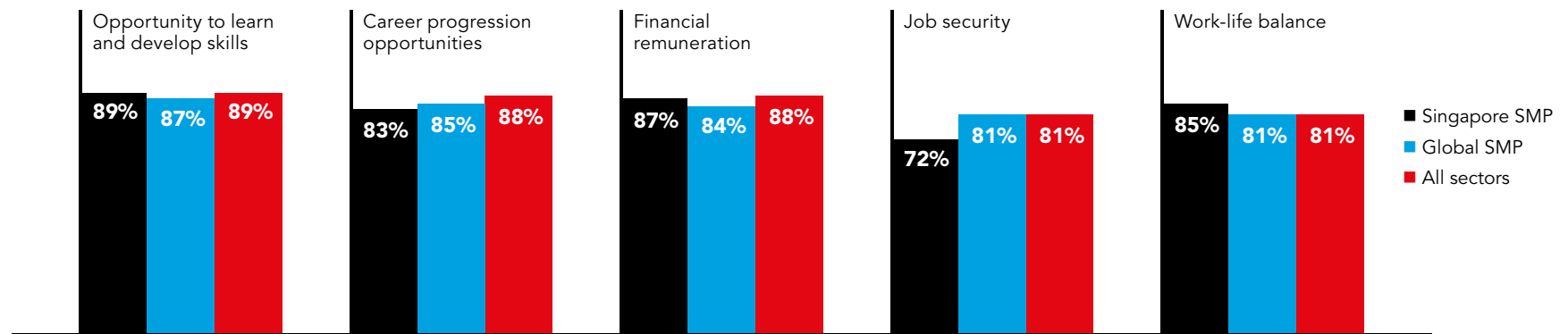


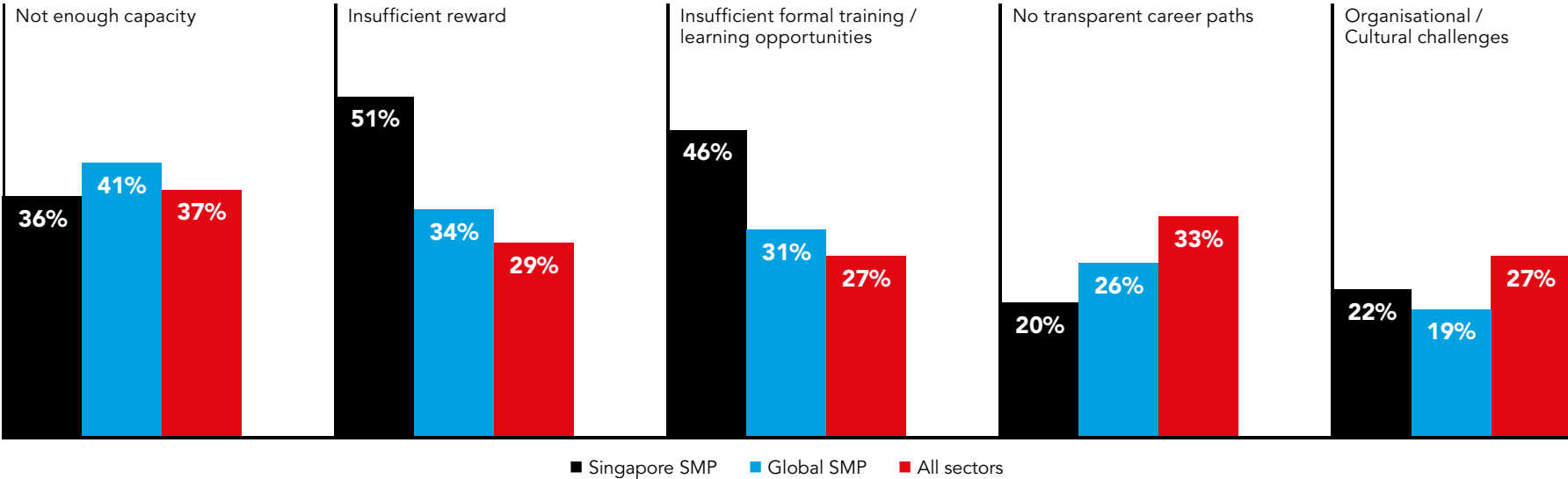
FIGURE – SIN.7: The top 5 factors retaining SMP respondents to an employer, compared with the global results



Singapore: Barriers to career progression



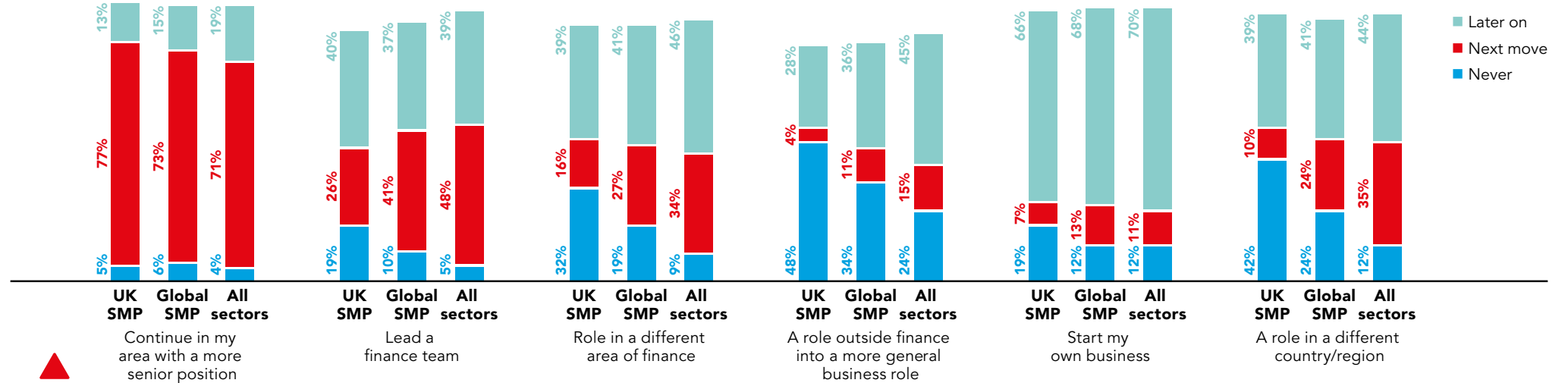
FIGURE – SIN.8: Main barriers to career progression (top five factors)



51%

believe there is insufficient reward in their current role

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



81%

have ambitions to start their own business

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

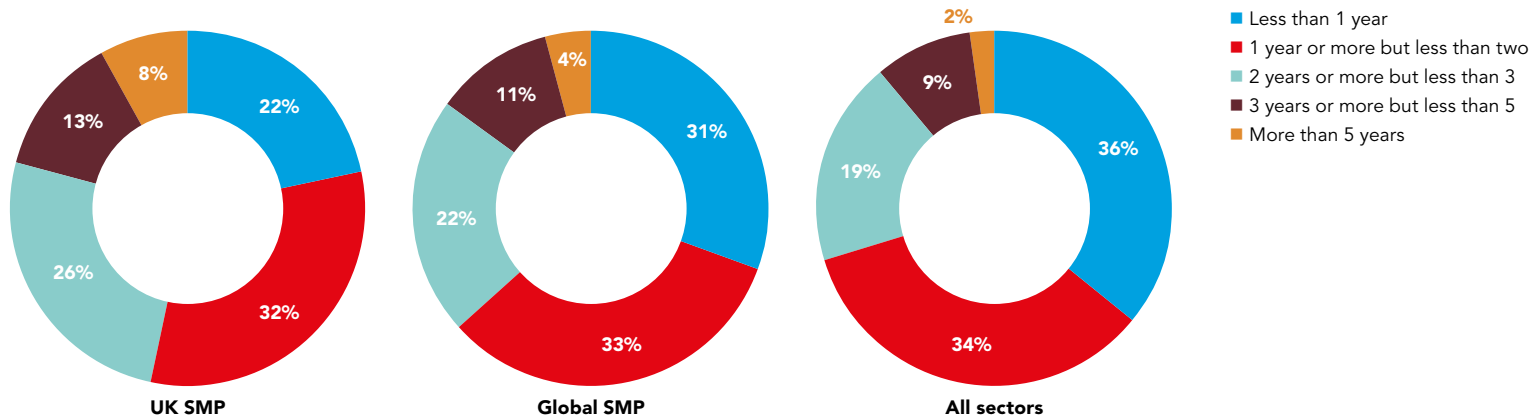


FIGURE – UK.3: Would you like your next move to be a promotion or a lateral move?

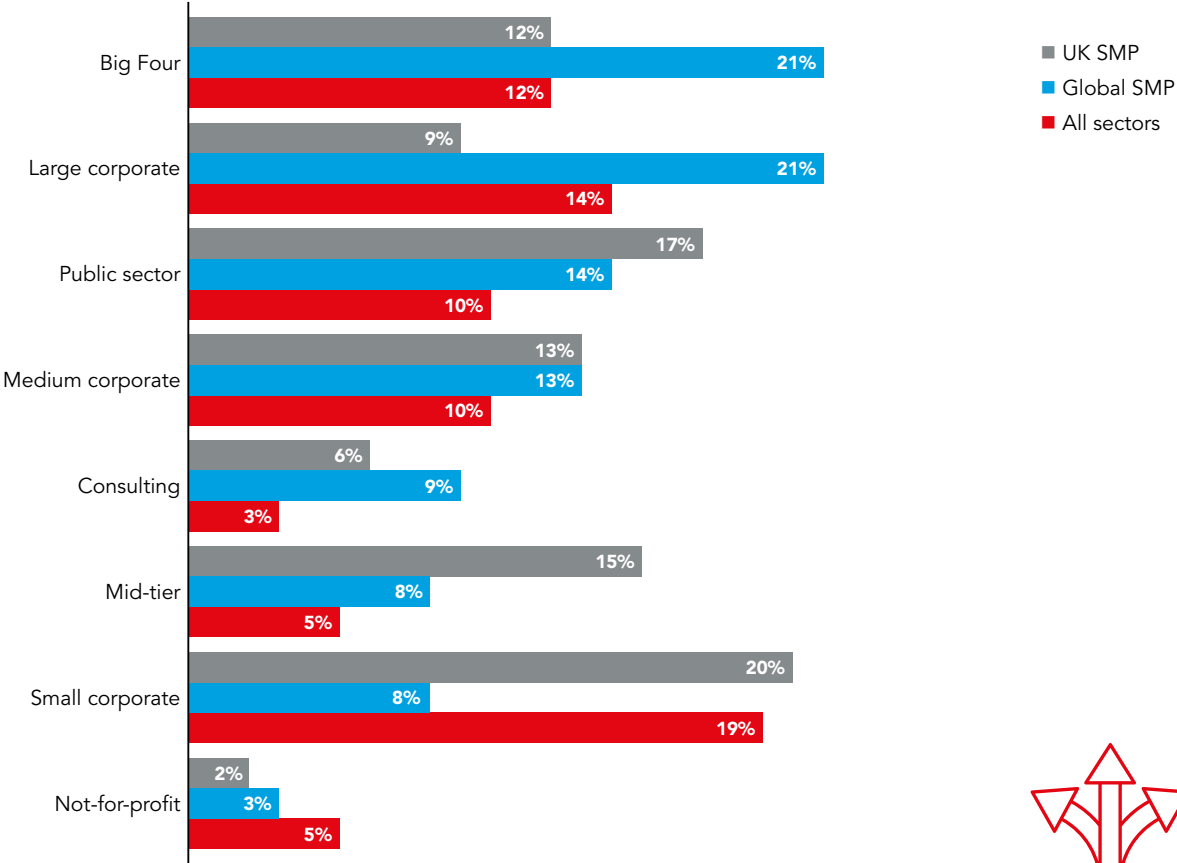


FIGURE – UK.4: Do you expect your next move to be internal or external to your current organisation?



UK: Next move – where and when

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



51%

expect their next career move to be an external one



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

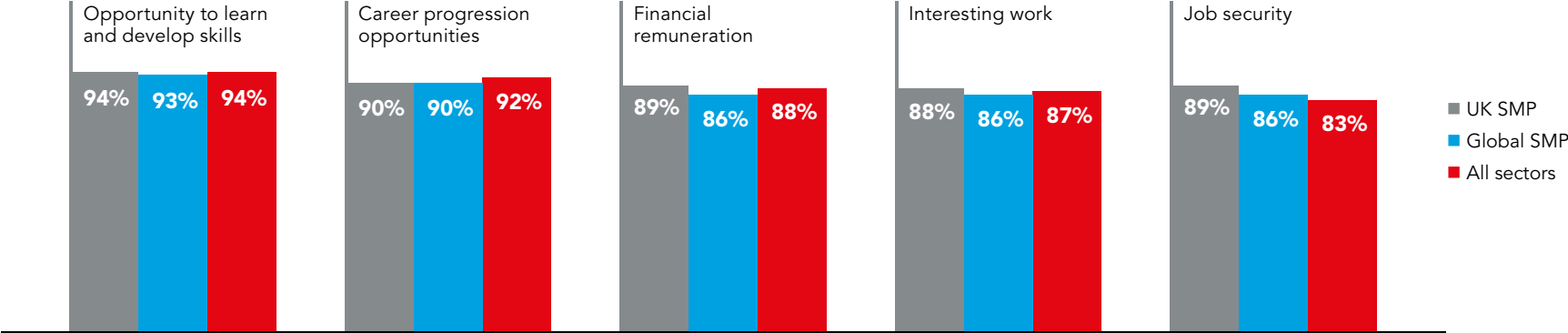
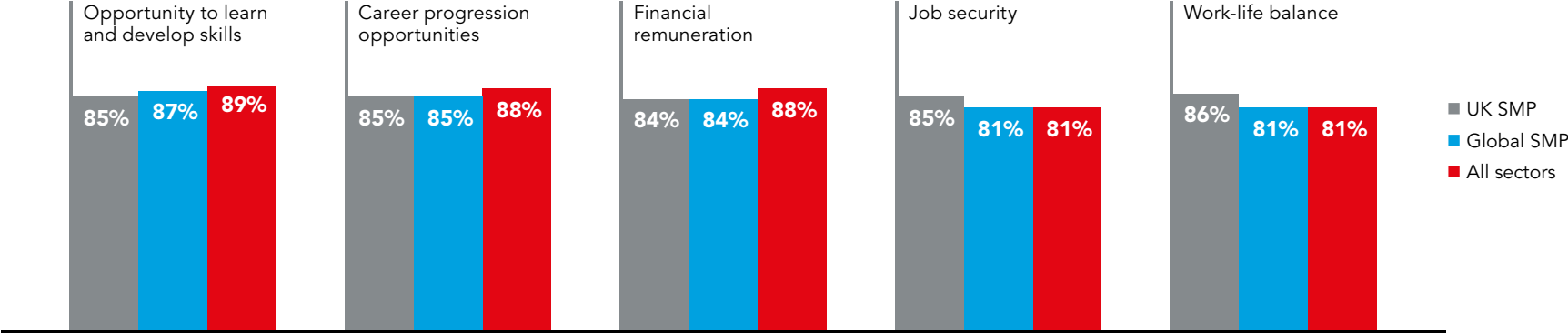


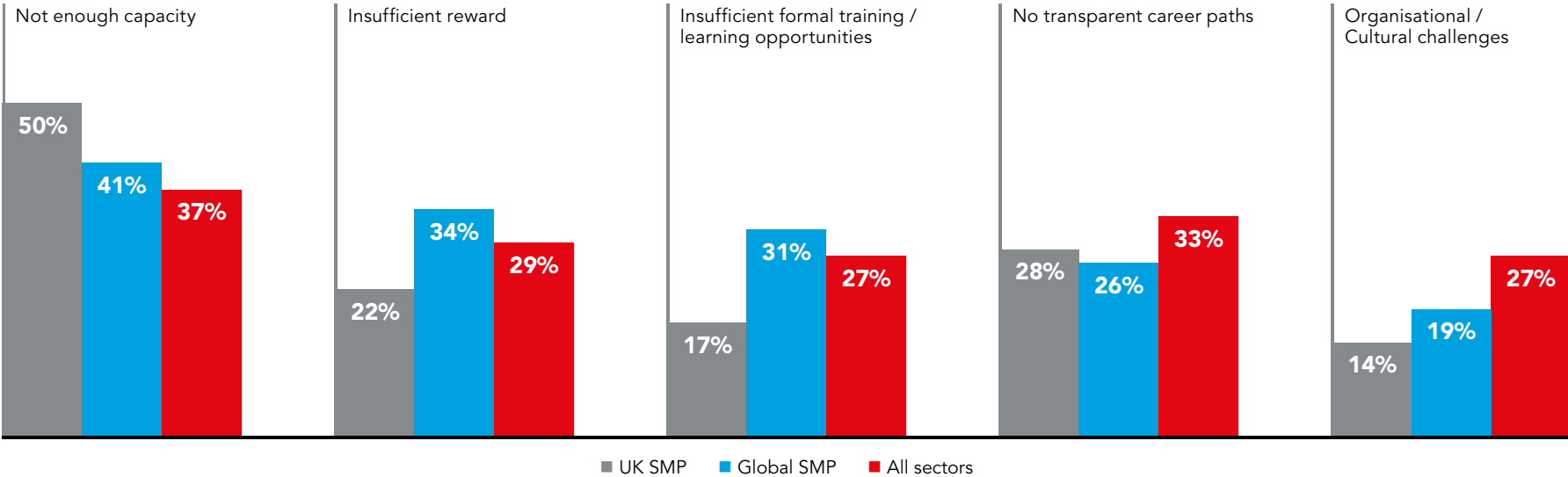
FIGURE – UK.7: The top 5 factors retaining SMP respondents to an employer, compared with the global results



UK: Barriers to career progression



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



50%

believe there is not enough capacity or any available roles for where they want to go

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