

Manpower Update Report

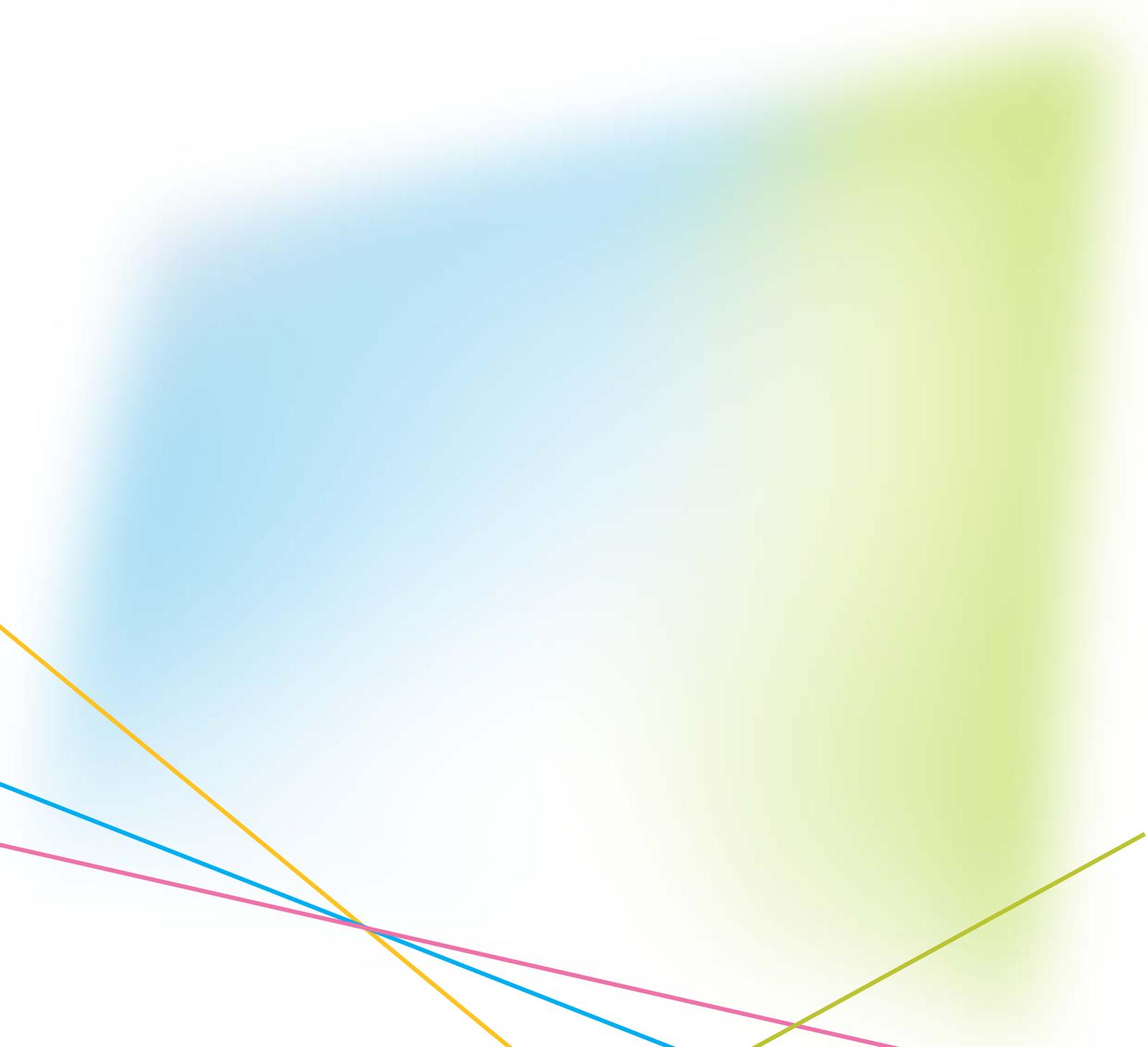
Accountancy Sector

2024



ACKNOWLEDGEMENT

The Accountancy Training Board would like to express its gratitude to the members of the focus group for their valuable time and insights on the manpower situation in the Accountancy sector. Special thanks go to the CPJobs and CTgoodjobs which shared with us their database of job vacancies. The views of focus group members and information from major recruitment websites formed an integral part of this report.



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Introduction

Background

The Accountancy Training Board (ACTB) of the Vocational Training Council (VTC) is appointed by the Government of the Hong Kong Special Administration Region (HKSAR) to be responsible for, among other duties, determining the manpower situation of the accountancy sector in Hong Kong, assessing whether the manpower supply matches manpower demand, and recommending to the VTC the development of vocational and professional education and training (VPET) facilities to meet the assessed training needs.

Under the current approach for conducting manpower surveys, a full manpower survey will be conducted once every four years, supplemented by two manpower updates with the latest trends and manpower information of the sector.

The ACTB completed its latest manpower survey in 2021. Following the release of the first manpower update in 2023, the second manpower update is completed in 2024, with findings and recommendations published in this report.

The 2024 manpower information update comprises:

(a) a focus group meeting to get the views of industry experts on the latest developments in the sector, manpower and training needs, recruitment difficulties, and measures to tackle the challenges the sector face; and

(b) desk research analysing job advisements including qualifications, experience and skills required, and salaries offered by the principal jobs in the accountancy sector.

Objectives

The objectives of the manpower update are:

- (i) to examine the latest trends and developments in the sector;
- (ii) to explore the job market situation and training needs;
- (iii) to identify the recruitment challenges; and
- (iv) to recommend measures to meet the training needs and to ease the problem of manpower shortage.

Methodology

Overview

With reference to the 2021 full manpower survey and 2023 manpower update of the accountancy (AC) sector, this update report aims to provide qualitative descriptions of the recent development of the sector through focus group meeting, supplemented by referring to some quantitative data of recruitment advertisements from desk research.

Focus Group Meeting

Members participating in the focus group are representatives from five accountancy branches, including:

- i) certified public accounting firms;
- ii) commerce and services establishments/ industrial establishments/ non-governmental organisations;
- iii) accounting and finance discipline of an education/ training institution;
- iv) field of human resources; and
- v) consultancy firms with an accountancy background.

A focus group meeting was conducted on 22 May 2024. The secretariat staff of the Accountancy Training Board served as the moderator and led members to in-depth discussions on topics selected by the ACTB. The discussions at the meeting were recorded and transcribed to facilitate

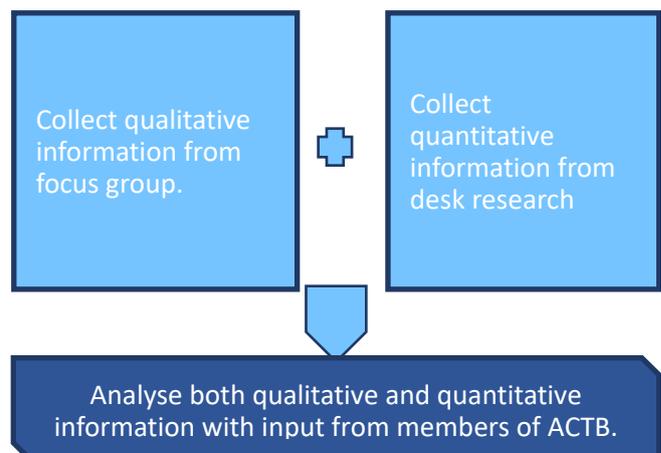
analysis.

Desk Research

The desk research was conducted between July 2023 and June 2024 to collect job advertisements in the accountancy sector from major online recruitment portals through an employment information system. The information collected was mapped against the list of companies related to the sector under the Hong Kong Standard Industrial Classification. After mapping and removal of duplicated records, a total of 44,263 recruitment records were collected during the research period and served as indicative information of job market trends.

Data Analysis

The analysis consists of the following three steps:



Limitations

As this is not a full manpower survey, the findings and recommendations of the focus group meetings are more qualitative and the report focuses mainly on the manpower trends. The information on job advertisements was collected from major recruitment websites and the Labour Department. Other channels, such as headhunting for managerial positions, were not covered. Since the data collected is a snapshot of a particular period without reference to any historical data, this can serve as reference information supplementary to the findings of focus group meetings.

Findings

Factors Affecting the Development of the Accountancy Sector

The development of the accountancy sector is shaped by a confluence of factors. To better understand these dynamics, the ACTB conducted a focus group to elicit perspectives on major influences. Participants talked about the business environment, talent shortage and shifts in priorities, Government regulations and policies, digital transformation and environmental, social, and governance (ESG) considerations as having an impact. This section will explore how each of these factors affects the growth and direction of the accountancy profession.

Business Environment

The global business environment had both positive and negative impacts on the accounting sector in Hong Kong. On a positive note, the Hong Kong economy rebounded from pandemic lows, leading to companies rehiring after freezing headcounts. Emigration also created job openings, particularly at mid to high levels in CPA firms. However, the recent global economic turmoil affected the accounting sector negatively. High staff turnover had affected the sector in recent years, but the economic slowdown reduced turnover, giving employers more options and bargaining power. Despite the ongoing demand for top

talent, overall competition decreased when compared to the situation reported in 2023 with the slowing economy and reduced emigration impact. Looking ahead, employers were poised to have more control over hiring and retention but were required to remain competitive to attract and keep skilled professionals. The sector outlook had improved, but ensuring a robust workforce remained crucial.

Talent Shortage and Shifts in Priorities

The accounting sector in Hong Kong was facing a talent shortage and shifts in priorities, as reported in 2023 and persisting into 2024. As Government policies aimed to boost Hong Kong's competitiveness, the accounting sector, which played a pivotal role in safeguarding the financial system's integrity and contributing to stability and growth had encountered substantial challenges in attracting and retaining skilled professionals, a problem not unique to accounting but affecting various industries. Young accounting professionals in Hong Kong prioritised finding purpose and achieving goals early in their careers over long-term loyalty to a single company. This shift in priorities presented difficulties, as accounting upheld financial integrity and

contributed to stability and growth and the focus group expressed that effective retention strategies tailored to the motivations of young professionals were needed.

The Government had initiatives to make Hong Kong as an educational hub and expand the talent pool, but the focus group expressed that further efforts to integrate overseas students who may not have been fluent in Cantonese were required. While talent admission schemes positively attracted professionals, a multifaceted approach was necessary to fully address the shortage and engage young accountants with incentives aligned with their shifting priorities.

Government Regulations and Policies

The growing emphasis on ESG issues profoundly impacted the accounting sector in Hong Kong. A study by HKICPA in November 2023 revealed a moderate increase in ESG assurance adoption among listed companies, particularly for large companies with clear carbon targets. Stakeholders were interested in a company's sustainability development blueprint^a. The focus group anticipated a surge in for talent

^a Source: HKICPA's recent research shows a step forward in Hong Kong's ESG Development Increasing awareness in large listed companies adopting external ESG assurance | Hong Kong Institute of Certified Public Accountants (14 November 2023)

https://www.hkicpa.org.hk/en/News/News-Release/20231114_ESG-Assurance-Research-2023

^b Source: Hong Kong accounting industry grows as ESG, Greater Bay Area opportunities draw young professionals: HKICPA president | South China Morning Post (23 April 2024)

<https://www.scmp.com/business/banking-finance/article/3260084/hong-kong-accounting-industry-grows-esg-greater-bay-area-opportunities-draw-young-professionals>

associated with impending mandated ESG reporting, particularly for professionals skilled at sourcing high-quality ESG data, verifying its accuracy and completeness, and preparing required reports. Companies highly valued accountants with advisory skills to assist in setting and achieving sustainability goals. Despite a decline in IPOs, Hong Kong's accounting sector had attracted more young professionals due to opportunities in ESG reporting and corporate governance consulting, as per the HKICPA's new president^b. In the long run, the focus group expressed that accountants with ESG capabilities could expect a robust job market and promising career prospects.

Technology Environment

The focus group anticipated that digital transformation would profoundly impact the accounting sector in the coming years. Technologies such as artificial intelligence, blockchain, and advanced analytics were expected to be adopted, leading to the automation of routine and repetitive tasks. This would have freed up accounting professionals to focus on providing more value-added advisory services and strategic business insights. However, these accounting professionals were also required

to acquire new digital fluencies and change management skills to guide firms and clients through technology integration. With cloud computing making remote work possible, talent recruitment and retention practices might also have transformed. Overall, these digital advances were likely to have created new career paths while changing traditional accounting roles. To take advantage of emerging opportunities, proactive training and upskilling would have been crucial for accounting professionals at all levels. Leadership capabilities would also have become more important in

spearheading digital initiatives and fostering corporate cultures that are adaptable to technological change. While there might have been short-term displacement in some operational accounting functions, the focus group believed that automation and digital transformation would ultimately have elevated the accounting profession. The focus group saw tremendous potential for more strategic, value-adding roles and services in the digital future, provided that professionals could adapt through upskilling and retraining.

Manpower Demand

Findings of Focus Group

Forward-Focused Advisors

During the focus group discussion, participants from diverse professional backgrounds articulated distinct staffing priorities for accounting roles. Representatives from commercial enterprises emphasised the need for candidates possessing strong business acumen, in addition to technical accounting skills. They require professionals who can leverage accounting data to inform strategic decisions and drive profitability. In contrast, professional services firms stressed accounting standards and compliance as core competencies.

A clear theme emerged across all focus group members on the importance of well-rounded accounting professionals. There was unanimous agreement that technical expertise should be combined with business acumen and communication abilities. In this connection, hiring managers are seeking those who can go beyond technical capabilities and translate financial data into tangible business outcomes. These individuals serve a vital role in bridging the gap between accounting compliance and commercial strategy.

Demand for IT Talents

The accounting sector is currently seeing a high demand for accounting professionals who possess strong information technology skills and business acumen. As organisations undergo digital transformation, accountants who are proficient in IT can lead the shift from manual processes to efficient digital systems and automated workflows. Their technical expertise would enable them to implement solutions such as cloud computing, analytics, and robotic process automation to modernise practices. Additionally, having a keen commercial sense is essential for identifying areas where technology can optimise operations, reduce costs, and provide valuable financial insights. Accountants who possess both IT and business capabilities are highly sought after, as they can help organisations innovate and create added value.

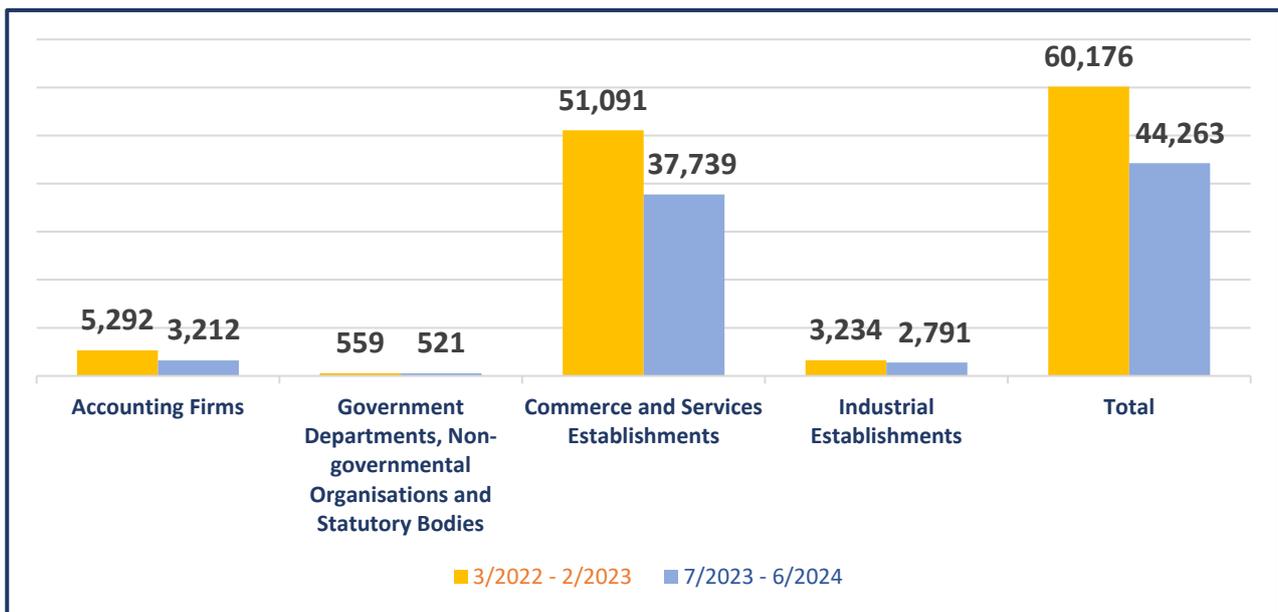
Findings of Desk Research

The desk research collected 44,263 job advertisements related to the accountancy sector from July 2023 to June 2024 over one year. This represents a 26.44% decrease compared to the figure reported in the 2023 Manpower Update Report of the Accountancy Sector, which covered job advertisements from March 2022 to February 2023 for one year.

In the distribution of job advertisements by branches, the demand for accounting staff from Commerce and Services Establishments was the highest at 85.26%, followed by Accounting Firms at 7.26%,

Industrial Establishments at 6.30%, and Government Departments, Non-Governmental Organisations, and Statutory Bodies at 1.18%. Besides, the number of job advertisements collected from all four branches decreased – Accounting Firms by 39.30%, Industrial Establishments by 13.70%, Commerce and Services Establishments by 26.13% and Government Departments, Non-Governmental Organisations, and Statutory Bodies by 6.80%. For more details about the distribution of job advertisements by branch, please refer to Figure 1 below.

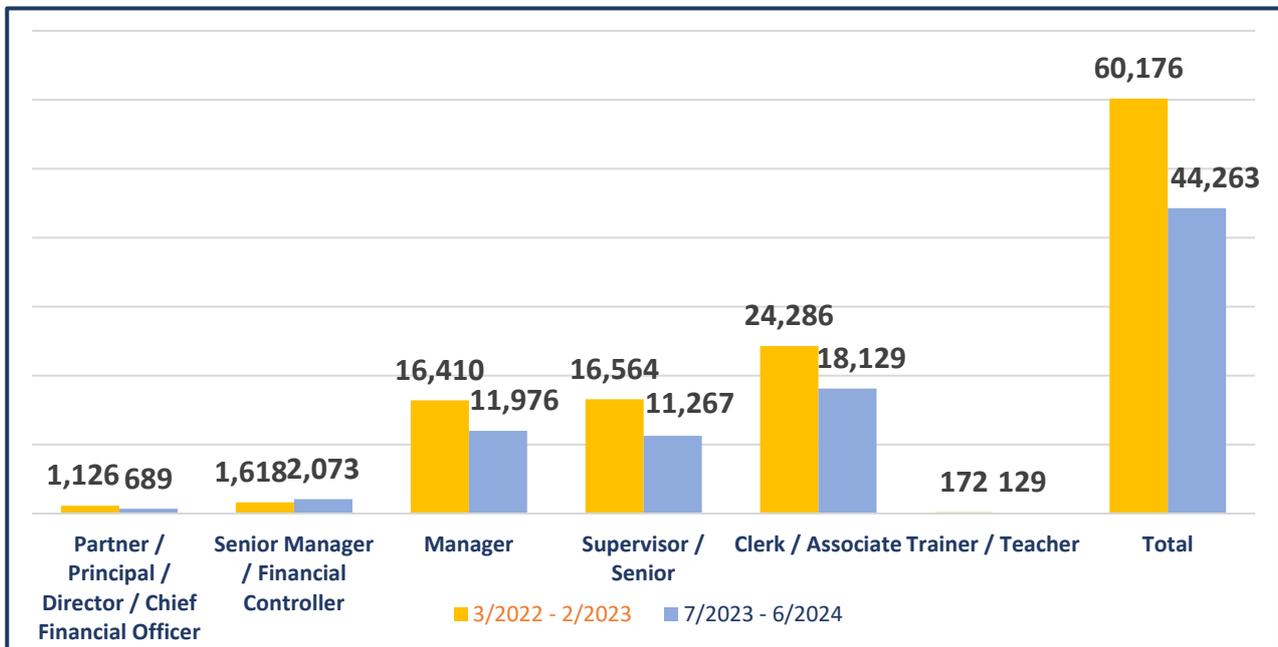
Figure 1: No. of Recruitment Advertisements in the Accountancy Sector (By Branch)



When grouping the advertisements by job level, the demand was highest for Clerk/Associate roles at 40.96%, followed by Manager at 27.06%, Supervisor at 25.45%, Senior Manager at 4.68%, Partners/Principal/ Director/Chief Financial Officer at 1.56%, and Trainer/Teacher at 0.29%. The only job level that saw an increase in demand was Senior Manager, rising 28.12%, primarily from Commerce and Services Companies and Industrial

Companies. The number of advertisements decreased across other levels as follows: Partner/Principal/Director/Chief Financial Officer by 38.81%, Manager by 27.02%, Supervisor by 31.98%, Clerk/Associate by 25.35%, and Trainer/Teacher by 25.00%. Figure 2 below provides a breakdown of the job advertisement distribution across the different levels.

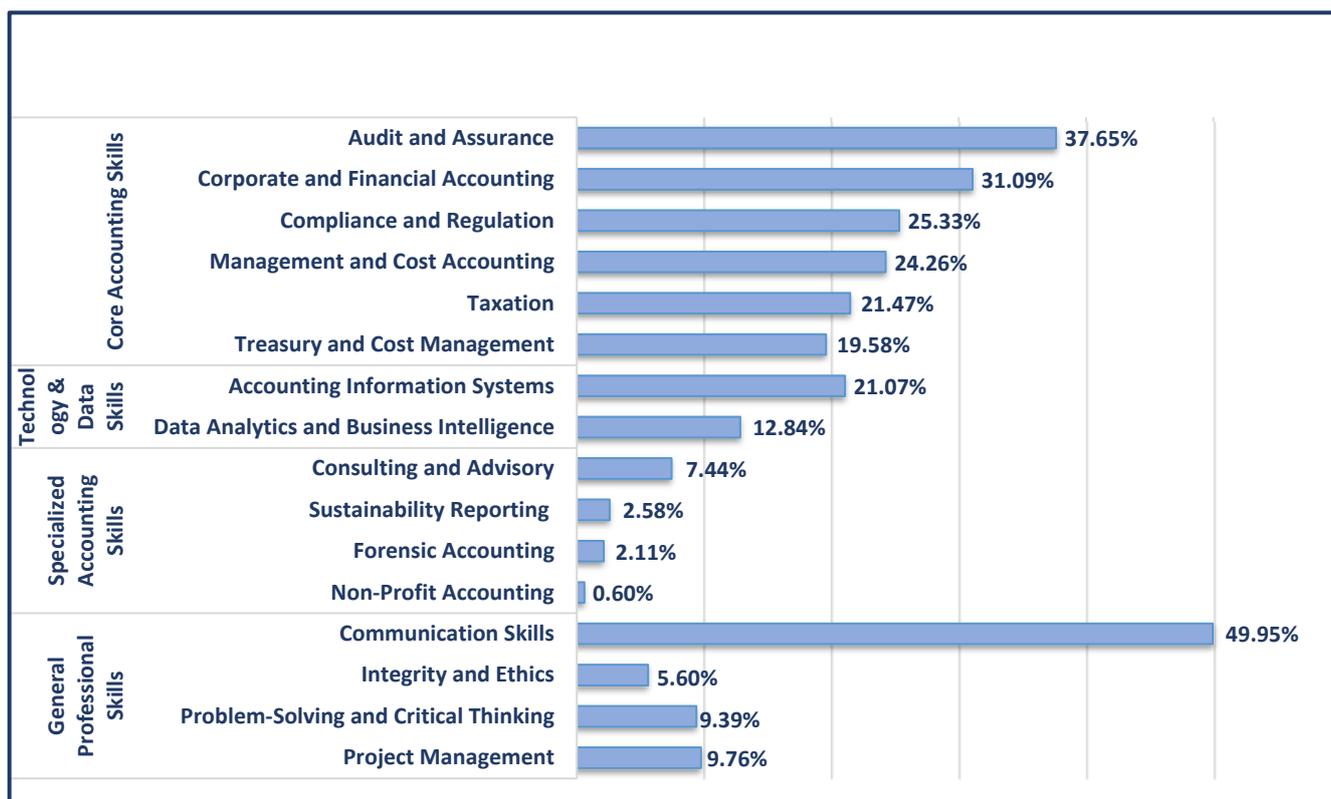
Figure 2: No. of Recruitment Advertisements in the Accountancy Sector (By Job Level)



To group job advertisements by required skills, we have identified four main skill categories: Core Accounting Skills, Technology and Data Skills, Specialised Accounting Skills, and General Professional Skills. Within Core Accounting Skills, Audit and Assurance led with 37.65%, followed by Corporate and Financial Accounting at 31.09%, Compliance and Regulation at 25.33%, Management and Cost Accounting at 24.38%, Taxation at 21.47%, and Treasury and Cost Management at 19.58%. In Technology and Data Skills, Accounting Information Systems accounted for 21.07%, while Data Analytics and Business

Intelligence was 12.84%. Specialised Accounting Skills included Consulting and Advisory at 7.44%, Sustainability Reporting at 2.58%, Forensic Accounting at 2.11%, and Non-Profit Accounting at 0.60%. For General Professional Skills, Communication Skills were most prominent at 49.95%, followed by Problem-Solving and Critical Thinking at 9.39%, Project Management at 9.76% and Integrity and Ethics at 5.60%. The total percentage exceeds 100% because some job advertisements were recruiting talents with multiple skills, reflecting the demand for versatile professionals.

Figure 3: The specific skills required for accounting positions in the recruitment advertisement for the period between July 2023 and June 2024



Training Needs

Good foundation training and continuous learning were essential for all accounting professionals as they helped them stay relevant and competitive in the constantly evolving accounting profession. The focus group identified the critical training needs for the accounting sector as follows:

Understand the Evolving Regulations and Standards

The focus group emphasised that staying current with tax requirements, auditing standards, and financial regulations is essential for accountants. This helps them ensure compliance, offer accurate advice, and protect their organisation's reputation and financial stability. Given that these regulations are continually evolving, practitioners are suggested to attend training on technical knowledge updates and to keep abreast of the latest changes in order to maintain a competitive edge in the sector.

Skills for New Service Areas

The focus group has deliberated on how ESG initiatives offer Hong Kong the opportunity to take the lead. They emphasised that effective project management skills are crucial for overseeing complex ESG implementations and coordinating cross-functional teams. To achieve this objective, accountants must not only ensure they have the skills necessary to understand ESG frameworks, standards and reporting methodologies in order to provide compliant and valuable disclosures, but also develop the ability to collaborate across different fields and interpret carbon neutrality data. Furthermore, they should possess the business acumen required to connect ESG performance to financial value and integrate sustainability into the overall business strategy.

Storytelling and Persuasion

Strong communication skills are increasingly vital in the accounting profession. With the evolving demands placed on accountants by corporations, the focus group emphasised the need for accounting professionals to possess more than just number-crunching abilities. They now require expertise in crafting compelling narratives as well. Converting data into insights is no longer sufficient. The focus group recommended providing training in creating engaging storylines, effectively advocating ideas, and presenting information from various perspectives to capture attention. Additionally, they highlighted the importance of honing presentation, storytelling, and advocacy skills to influence strategy, as well as fostering creative thinking and problem-solving abilities for effective business partnering.

Skills to Facilitate the Adoption of Emerging Technologies

In order to adapt to the digital transformation, it was imperative to provide introductory training to practitioners in the accounting sector on emerging technologies such as artificial intelligence (AI), data analytics, blockchain, cybersecurity, etc. The focus group emphasised that practitioners might not be needed to fully understand the theory behind these technologies, but at least learn how to use popular tools that utilised them. This training was essential to familiarise professionals with these technologies and to ignite their enthusiasm. By equipping accounting practitioners with the necessary skills, we encouraged them to explore how these tools could be leveraged to improve their work and drive operational efficiencies within their organisations.

Apart from the above training for in-service practitioners, the focus group expressed the importance of equipping pre-employment accounting students with technology knowledge at school. For example, they emphasised the need for artificial intelligence, fintech, and IT audit training to address the emerging digital transformation needs.

Recruitment Challenges

Talent Shortage in Accounting Recruitment

The focus group expressed that the accounting sector was facing great challenges due to the labour shortage situation in Hong Kong. According to members sharing a study of the Hong Kong census data, the general labour shortage started in 2015 when the baby boomer generation (born between 1955-65) reached 60 and began to retire^c. The situation coincided with declining birth rates since the late 1990s, shrinking the pool of younger workers. Approximately 100,000 working adults had also emigrated recently, exacerbating the talent drain. While muted during the pandemic as hiring stalled, the shortage became conspicuous in early 2023 as the market rebounded and demand for accountants resurged. Consequently, staff turnover had increased, and accountant salaries were rising overall amid intense recruitment competition.

The labour shortage in the accounting profession had been a persistent issue for over a decade and this existed in all levels of accounting jobs. The number of fresh graduates to be hired by the accounting profession every year far exceeded the number of accounting graduates. The rest of the workforce came from diverse backgrounds, including business, science, engineering, and other disciplines.

However, as other professions also grappled with labour pressures, attracting talent to the accounting profession had become increasingly challenging. Also, owing to the lower interest of young graduates in working in the accounting profession than in previous years, the supply was worsening.

Besides, there had been more options for new programmes with different subjects, which had influenced the number of young people pursuing studies in accounting. The emergence of new types of jobs in the market had attracted accounting talent and impacted talent retention in the accounting sector. The younger generation had been switching jobs more frequently, from every 3-5 years in the past to every 2-3 years now, which had impacted talent retention.

Perception-Reality Gap of Accounting Profession

The focus group shared that the accounting sector was facing challenges from the "Perception-Reality Gap of Accountants". This gap arose from several factors, as highlighted by the focus group's feedback. Firstly, there was a misconception about accounting being a monotonous number-crunching job, whereas in reality, it demanded strategic thinking, critical analysis, and social skills. Secondly, the younger generation valued flexibility, work-life balance, and career autonomy, which

^c Source: Hong Kong Monthly Digest of Statistics - The Fertility Trend in Hong Kong, 1981 to 2014 | Census and Statistics Department, HKSAR (December 2015)

<https://www.statistics.gov.hk/pub/B71512FB2015XXXXB0100.pdf>

may not have aligned with the highly regulated and compliance-driven nature of the accounting profession. Additionally, younger individuals sought careers that offered a sense of purpose and social impact beyond just financial rewards, which may not have been inherently fulfilled by the technical nature of accounting tasks. Moreover, the hierarchical, long-established, and risk-averse culture of the accounting profession did not align with the preference of the younger generation for flatter organisational structures and collaborative work environments. Lastly, the repetitive and mundane nature of certain accounting tasks may not have provided the intellectual stimulation and variety that younger workers sought in their careers.

According to the focus group, accounting indeed is a foundation knowledge for modern business. This perception-reality gap underscored the sector in attracting young students to pursue interest to join the sector. The implications of this identity crisis in the accounting sector were far-reaching and need further exploration beyond the given excerpts.

Gap Between Accounting Jobs and Candidate Abilities

The focus group shared that the accountancy sector had faced a widening skills gap between the capabilities required for accounting roles and the skills possessed by job candidates. As accounting jobs had evolved to require more advanced technical expertise, business acumen, analytical skills, and communication skills, many candidates had needed to gain proficiency in these in-demand areas. At the same time, accounting firms had struggled to find candidates with specialised knowledge in emerging fields like automation, cybersecurity, cloud computing, etc. This discrepancy between accounting job demands and candidate abilities had made recruiting qualified professionals more difficult. Firms had experienced more extended and costly searches to source accounting talent that met the technical and soft skills needed for today's accounting functions. In some cases, positions had gone unfilled for long periods as candidates with the requisite skillsets could not be found. For example, some of the most in-demand talent in the accountancy sector at that time included information technology and audit. Besides, the new reporting standards in 2026 were driving demand for risk management roles. However, risk management jobs may not have been a top priority for many accountants.

Recommendations

Government

The focus group expressed positive feedback about the talent attraction initiatives introduced by the Government. Members remarked that the staff recruited through those schemes were highly valuable to their operations, demonstrating dedication to their work and a strong grasp of necessary technical knowledge, effectively bridging the talent gap. These new talents exhibited positive attitudes and significantly contributed to the development of the GBA market. They were also able to support the organisations in their digital transformation and the adoption of new technologies.

While many of these talents arrived with their families and expressed concerns about education and healthcare, extending support to these new talents would be advantageous. As such, the focus group recommended that the Government continue to enhance these initiatives and provide support to assist the new talent settling in Hong Kong. This support could help them navigate cultural differences, adapt to various accounting standards, and provide schooling for their children.

Employers

The focus group had highlighted the need for the accounting sector to revitalise its talent pool and labour market appeal, especially among younger demographics. They had suggested establishing a more progressive, positive image that showcased the diverse career paths and opportunities for good work-life balance in modern accounting roles. Rather than remaining anchored by outdated perceptions of monotonous tax/audit work and long hours, the sector should rebrand itself to dispel these misconceptions. By prominently featuring the dynamic, multi-faceted nature of the field and promoting its strong prospects, employers could attract talented professionals. The key was reshaping accounting's image to resonate with younger talent as a progressive and varied sector with long-term viability. This shift in branding and recruitment messaging could help acquire new employees as well as better retain existing ones.

Individual accounting professionals should also have helped shift outdated stereotypes by exemplifying this multifaceted business partner role. Showcasing strategic insights, commercial awareness and communication strengths could be impactful. Finding opportunities to collaborate with other departments and provide valuable recommendations grounded in financial data and operational

understanding was encouraged.

To address this gap, the accountancy sector and educational institutions could have worked on improving the transparency of the profession, providing more realistic job previews, and highlighting the diverse career paths and emerging opportunities within the field. This could have helped young people make more informed decisions about pursuing a career in accounting and better align their expectations with the realities of the profession.

Employees

The employees in the accountancy sector were encouraged to embrace change and continuously develop their IT knowledge and skills. Accountancy professionals were required to have the willingness and ability to learn new technologies that could improve work efficiency and support the organisation's digital transformation. At a minimum, they were expected to be open to acquiring information on various IT solutions readily available in the market that could optimise workflows, automate repetitive tasks, and enable data-driven insights. The accountancy function played a key role in the organisation's success, so staying updated on how emerging technologies could boost productivity, analysis, and decision-making was highly valued. With an open and adaptive mindset combined with a capability to utilise new IT tools and applications, accountancy employees could help drive excellence and innovation even as the sector underwent rapid digital

change. The emphasis was on leveraging technology to work smarter, faster, and better.

Education Institutions

The talent shortage in the accounting sector was observed by the focus group, noting that employers expected accounting professionals to have strong data analysis and information technology skills. However, it was noted that the training for accounting professionals has traditionally focused on developing deep rule-based accounting knowledge. This creates an opportunity to further evolve talent development programmes to ensure stronger alignment with emerging employer needs in areas. This would empower the accounting talent pool to be equipped with the full range of in-demand skills.

As a solution, the focus group proposed updating training curriculums to include increased technology, AI, fintech, and IT audit training to fulfil emerging digital transformation needs, and to build accounting talent's proficiency in data, analytics, and relevant technologies. This approach could better prepare them for modern accounting roles and help address the shortage.

Moreover, the focus group observed that new-generation accounting practitioners often preferred written communication over face-to-face or verbal interaction, even if it required writing a large amount. To support the development of the accounting sector, they hoped that academic institutions could help strengthen

students' communication skills, such as through coursework and presentations that built verbal and interpersonal competencies. As accounting evolved, soft skills like effective communication, collaboration, and relationship-building were becoming increasingly vital, and nurturing these capabilities early through formal education and training could equip the next generation of accountants with the well-rounded skillsets needed to thrive.

There was also a suggestion to expand e-Training platforms by incorporating more blended and dynamic learning, such as AI-enabled self-study with feedback, and virtual sessions, which allowed for more flexible and accessible skills building.