



Manpower Update Report

Accountancy Sector

2020

Accountancy Training Board

ACKNOWLEDGEMENT

The Accountancy Training Board (ACTB) would like to express its gratitude to members of the focus group for their valuable time and insights contributed to the manpower situation in the accountancy sector. Special thanks go to 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 HKSAR. According to its Terms of Reference, the ACTB is responsible for determining manpower demand of the sector, 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.

A new approach for collecting manpower information is adopted to enhance the effectiveness and better reflect the dynamics of the manpower situation in various industries.

Under the new approach, one full manpower survey which collects companies' manpower data by means of questionnaires, is conducted every four years. This is supplemented by two manpower updates by means of desk research and focus group meetings.

The ACTB completed its latest full manpower survey in 2017. Two manpower updates were conducted in 2019 and 2020.

The contents of the manpower update reports are based on two information sources:

- (i) A focus group meeting collecting the views of industry experts on the latest development of the sector, its manpower and training needs, recruitment and retention issues, and suggested solutions for the challenges; and
- (ii) Desk research analysing recruitment advertisements, including the offered salaries, qualification, experience and skill requirements of different principal jobs of the industry.

Objectives

The objectives of the manpower update are:

- (i) to examine the latest trends and developments of the sector;
- (ii) to explore the job market situation and training needs;
- (iii) to identify the recruitment and retention 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 2017 full manpower survey of the accountancy (AC) sector, this update report aims to provide qualitative descriptions of the recent development of the sector through a focus group meeting, supplemented by quantitative findings from desk research.

- i) 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 accountancy background.

Focus Group Meeting

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

A focus group meeting was held on 28 July 2020. The secretariat staff served as the moderator and led members to in-depth discussion on topics selected by the ACTB. The discussions were recorded and transcribed to facilitate analysis.

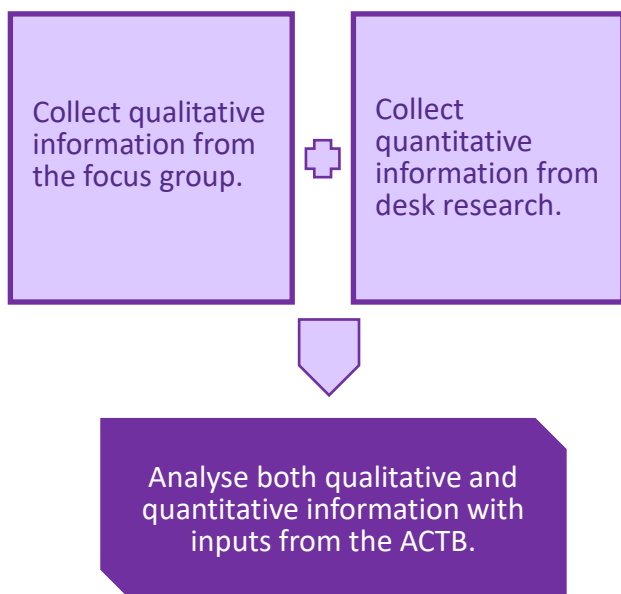
Desk Research

An employment information system was developed to capture recruitment advertisements from CPjobs, CTgoodjobs and other major online recruitment portals. Recruitment records of four months were collected between Quarter 3 of 2019 and Quarter 2 of 2020 for the sector. After de-duplication and a mapping process based on the company

list under the Hong Kong Standard Industrial Classification, 9 106 records relevant to the AC sector were identified. These records were further grouped by job levels, i.e., i) partner/ principal / director/ chief financial officer, ii) senior manager/ financial controller, iii) manager, iv) supervisor/ senior, v) clerk/ associate, vi) trainer/ teacher, to facilitate further analysis.

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 meeting are more qualitative

in nature and hence the manpower update report focuses mainly on the manpower trends.

The information of job advertisements was collected from major recruitment websites and the Labour Department. Other channels, such as social media and referral by friends, were not covered. As a result, a clear correlation between the number of recruitment advertisements found and the number of employees recorded in the full manpower survey could not be identified.

Since the data collected is a snapshot of a particular period without referencing to any historical data, this can only serve as reference information supplementary to the findings of the focus group meeting. The data should not be directly compared with the figures recorded in the full manpower survey.

Findings

Factors Affecting the Development of the Sector

The Impact of Pandemic on Audit Processes

Certified Public Accountant (CPA) firms in Hong Kong are famous for their robust auditing processes and high efficiency. In the face of disruptions brought forth by the pandemic which has an adverse impact on virtually all industries and the daily life of an ordinary person, auditors and practitioners of CPA firms have difficulties in accessing the evidence and people they need so as to support their audit opinion. Auditors are trying their best to ensure that the auditing processes are as robust as possible in light of the circumstances in meeting the applicable statutory requirements. Take stocktaking as an example. As auditors are normally unable to pay a visit to clients that their warehouses are located elsewhere outside Hong Kong, they now rely on photos or video observation to facilitate stocktaking. Some warehouses also have security cameras and they can be remotely controlled in order to focus in on different areas inside the warehouse.

On the other hand, training for interns in CPA firms or accounting departments will be carried out via online platforms.

Though the Inland Revenue Department offers extension of tax deadlines as a relief measure, there are quite a number of government payments that cannot be arranged through electronic means.

Other Impacts of the Pandemic

It was announced on 20 July 2020 that the seasonally adjusted unemployment rate reached 6.2% in the three months to June 2020. The previous figure is 5.9%. Although it is below the market expectation which is 6.4%, the rate is still the highest since 2005. The unemployment rate is expected to rise because of seasonality factor and the government measure of the Employment Support Scheme (ESS). In times of the global health crisis and economic downturn, some corporations are taking this opportunity to restructure their organisations. Some will merge functional departments while some others will outsource certain functions like accounts payable / accounts receivable services. Certain processes or tasks which are repetitive in nature will be relocated to service centres in the Mainland. Because of uncertainty, many

corporations simply freeze their current headcounts and call off new business plans.

It is also noted that some multinational corporations (MNCs) will either trim down their operations or move their regional offices to the Mainland or Singapore. In this connection, some of the practitioners will choose to work in local companies instead.

The Trend of Digitalisation

Boosted by the pandemic, a number of employees are now practising “work from home” (WFH). WFH requires employees to be tech-ready that they should be able to conduct online meetings with colleagues, clients, or stakeholders. They should also be able to get access to files and data remotely, relying on tools like cloud computing which allows accounting practitioners to perform tasks from any location and deliver information and financial reports. All along, information technology has enabled businesses to make use of IT systems to record transactions. Actually, technology goes far beyond purely automating standard auditing and accounting tasks. Accounting practitioners also rely on data analytics to make informed decisions, including the possibility of spotting trends and

anomalies. The benefits brought forth by technology are not confined to big players in the market. There are developers who are offering software packages which can be used by organisations smaller in size and allow them to use data analytics and artificial intelligence. Technology is changing the landscape of the accounting profession drastically. Accountants are expected to be business advisers rather than just focusing on checking numbers.

Risk Management

Risk management has been gaining popularity during the last decade. The outbreak of coronavirus has just pushed the topic to the front of the stage. Risk management is actually the process of understanding the risks to which an organisation is subjected and exploring ways to mitigate or work with those risks. In fact, accountants play an important role in helping organisations with their internal controls and risk management. The accounting profession has been changing and accountants are not just number-crunchers. Quite a number of proactive accountants are playing an active role in designing, planning, implementing and monitoring risk management programmes and activities.

Manpower Demand

Focus Group

Taking into consideration Hong Kong's current economic situation and the development of the sector, focus group members shared their views on the anticipated changes in manpower demand. Principal jobs related to risk management, compliance, artificial intelligence, blockchain, cloud computing, and data analytics would continue to be in high demand.

Desk Research

A total of 9 106 accountancy related recruitment advertisements were captured by desk research in the period between Quarter 3 of 2019 and Quarter 2 of 2020*. The distribution of recruitment advertisements by branch and by job level are shown in figures 1 and 2.

**Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.*

The majority of the job advertisements came from commerce and services establishments (88.1%), followed by accounting firms (8.5%) and industrial establishments (3.3%).

By grouping the recruitment advertisements by job level, Supervisor/ Senior (34.6%), together with Clerk/ Associate (30.3%) and Manager (29.4%) had the largest number of advertisements.

Comparison with the Previous Manpower Update

When compared with the recruitment advertisements captured last year, the number of recruitment posts across all branches had recorded a decrease of 4 557 (-33.4%), with the largest drop (-60.8%) in "Accountancy Firms"; followed by "Government Departments, Non-Governmental Organisations and Statutory Bodies" (-48.1%) and Industrial Establishments (-36.8%) and Commerce and Services Establishments (-28.3%).

The recruitment advertisements have similar distribution on the top three job levels when compared with the recruitment posts collected in the 2019 manpower update exercise. Although a significant number of recruitment advertisements were related to the job levels of supervisor/ senior (34.6%), clerk/ associate (30.3%) and manager (29.4%), recruitment advertisements of clerk/ associate showed the biggest decrease of

55.3% (6 170 in 2018), contributing to a reduction of around 33.4% of total advertisements (13 663 in 2018).

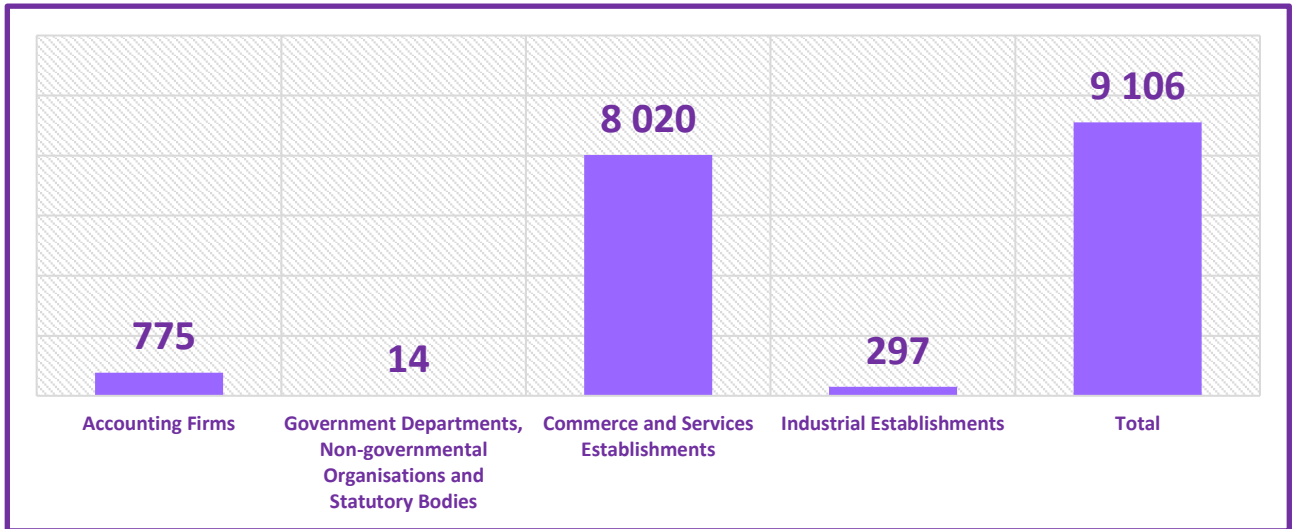
Fewer recruitment advertisements for clerk/ associate might be due to the fact that more employers have intended to outsource certain operational functions to various business partnering firms specialising in compiling, classifying and recording data, etc. This is likely to have an adverse impact on the demand of

clerk/ associate.

At the same time, advanced technologies have been greatly adopted by the accounting sector in recent years. Other than the benefits of saving time and making tasks more efficient, automation has significantly enhanced the internal system by streamlining operational processes and therefore fewer clerical staff will be needed to perform manual and repetitive tasks.

Figure 1

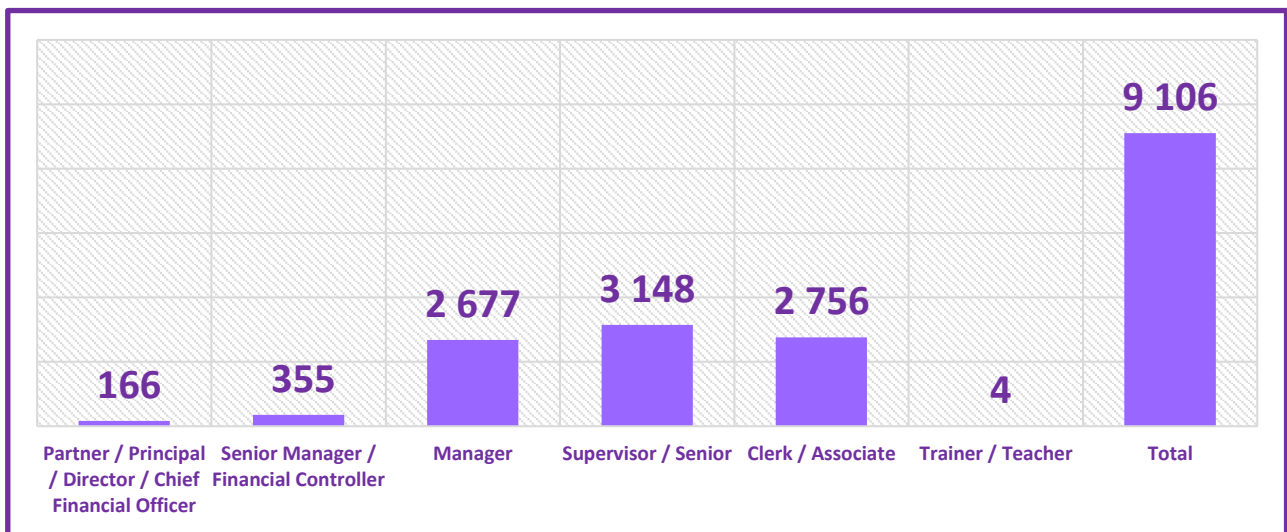
Number of recruitment advertisements of four months*
in the accountancy sector
for the period between quarter 3 of 2019 and quarter 2 of 2020 (by branch)



*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Figure 2

Number of recruitment advertisements of four months*
in the accountancy sector
for the period between quarter 3 of 2019 and quarter 2 of 2020 (by job level)



*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Training Needs

Tech-Savvy

According to a report published by the World Economic Forum, 75 millions of jobs may be displaced by a shift in the division of labour between human beings and machines in 2022. A cluster of job profiles will become redundant in the future, including accounting practitioners and auditors. At the same time, however, 133 million jobs may also emerge by 2022. This means that the world is facing a growing instead of a shrinking global workforce. Having said that, there is still a danger for the sector to shrink if CPA firms or the accounting profession at large does nothing in the paradigm shift. It is simply because all industries and business models are being disruptively changed by the advancement of automation and technology. It is therefore imperative for the accounting profession to proactively evolve itself and adapt to the change.

Technology is reshaping the profession while some practitioners are reskilling or upskilling themselves by using the technological tools to help transform the role that accountants need to perform. Tech-savvy practitioners with core technical knowledge will be most needed by employers.

The New Qualification Programme

The existing Qualification Programme (QP) administered by the Hong Kong Institute of Certified Public Accountants (HKICPA) was launched in 1999 to groom local accounting talents. In order to ensure the qualification is aligned with the continual changes in business needs and professional markets in Hong Kong and worldwide, the examination at associate level of the new QP will first be offered in December 2020. The new QP aims at providing comprehensive training to ensure that upon completion, the newly qualified CPAs will possess the necessary technical knowledge, professional skills, values and ethics, and relevant practical experience to meet the needs of today's employers. In addition to knowledge related to risk management and compliance, the new QP emphasized on the development and assessment of higher-order enabling skills such as problem-solving, critical and lateral thinking skills. These skills are important in identifying complex problems including aspects of ethical dilemma and they are mostly required by organisations in addition to technical knowledge.

Growing Importance of Soft Skills

Besides performing traditional accounting duties, today's accountants should be able to present business proposals with the support of tools like sensitivity analysis. The business world is moving away from the one which is knowledge based to application based.

Accountants need to possess good

communication and presentation skills as well as the business acumen and right attitude to adapt to the corporate culture.

As the world is changing rapidly, accounting practitioners should also be creative, innovative and agile enough to react quickly to internal and external changes. Changes can be in the scope of the work, the tools with which the work is done, and the rules and regulations that one must adhere to.

Recruitment and Retention

Facing an unemployment rate of 6.2% as announced in July 2020 which is the highest in over 15 years, many corporations are under pressure to freeze the headcount. Some are going to restructure their organisations so as to save manpower cost. No pay rise seems to be the norm for most employees in 2020. The number of recruitment ads is dropping amid coronavirus-induced economic downturn. Some human resources specialists have remarked that recruitment activities are slowing down. Because of the severity of the pandemic, certain interviews have been conducted online, even for candidates applying for senior management posts.

Re-evaluation of Headcounts

The economic recession brought about by

COVID-19 is savage. Corporations are suffering from the adverse economic performance and reduced consumption. Advisory services provided by international CPA firms are adversely impacted. As this is a global health crisis, the impact is not limited to local businesses, but also businesses with exposure across different geographical locations. Reassignment of job duties or tasks are being implemented that some functions or tasks are converged in order to enhance efficiency.

Headcount budgeted from the previous year has mostly been suspended and new positions require multiple levels of approval before the recruitment process can actually commence. As there are less job openings being offered, employees tend to put job security on top of the priority list. In order to play safe, employees try not to involve themselves

in job hunting activities. This in turn leads to a relatively low level staff turnover rate.

Although it is a challenging time across many industries, NGOs are relatively less affected. On the one hand, the government will allocate more resources to NGOs under recession. On the other hand, NGOs have more job applicants to choose from as they can offer a better balance between work and life and they are also regarded as relatively more stable in terms of job security.

Practitioners previously worked in listed companies may now turn to NGOs for better job security.

Job Openings for Fresh Graduates

It is understandable that employers will adopt a prudent approach in recruiting fresh graduates, considering the current circumstances. The impact is more acute for accounting practitioners working in commercial or industrial establishments, particularly people involving in clerical duties. Employers have the preference of seeking candidates with relevant working experience. Besides, job holders of clerical positions tend to be not young and young people

often do not have an interest in applying for those posts. In this connection, employers have to automate those tasks as they want to enhance efficiency and it is indeed not easy for them to find new blood to fill those posts.

Job openings offered by CPA firms are relatively more, especially those international CPA firms. They still need new blood to join the field according to their prevailing recruitment plans.

Recruitment Practices in Uncertain Times

Although corporations are adopting a leaner structure in order to survive during difficult times, practitioners who are tech-savvy will be highly valued by employers. Recruitment volumes year-on-year has significantly reduced but there is a stability in hiring staff on contract terms or recruitment of temporary posts. It may take longer to process or the approval processes will be tightened though. Due to the pandemic, virtual interviews are commonplace. Professionals who are due to move to the city have started roles in their home location with an increased flexibility on the location of roles.

RECOMMENDATIONS

To meet the future development of the sector, it is considered essential for the government, employers and education institutions to work hand in hand so as to promote the career prospect of the sector and provide suitable training opportunities to employees and the young generation.

Digital Acumen

Gone are the days when accounting practitioners only focused on checking numbers. The business world expects the accounting profession to handle duties in addition to conventional accounting, tax and audit matters. Practitioners are expected to involve themselves in duties such as risk management and data analysis, etc. Employers are looking for candidates who have the digital acumen. In fact, robotic process automation (RPA) facilitates the automation of manual processes which offers more time for the accounting profession to deal with the analysis and interpretation of data so as to make informed decisions. To discharge the duties effectively, practitioners need to equip themselves with the competence of applying artificial intelligence, blockchain, cloud computing and analytics of big

data. Nevertheless, the heavy adoption of digital tools may make organisations become more vulnerable to certain digital threats and risks. These digital risks include cybersecurity risk, data privacy risk, automation risk, and third-party risk, etc. Therefore, it is important for accounting practitioners to uphold ethical standards and safeguard the integrity which is a fundamental element of the accounting profession.

Upskilling and Reskilling

As mentioned previously, the Future of Jobs Report published by the World Economic Forum indicates that a cluster of occupations have the tendency of becoming redundant. It is predicted that those occupations include accountants and auditors. Nevertheless, the predictions are based on the assumption that no action is being taken by the profession, i.e., accountants will continue doing the same thing as before. It is imperative for the profession to be aware of the competencies needed to be successful in the future business world. It is equally important for the profession to upskill and reskill oneself for the changing expectations about what it means to be a capable accounting

practitioner. In order to meet future challenges, the accounting profession needs to think about doing the same thing differently. Accountants have to be tech-ready to discharge traditional duties in a smarter manner. They need to adopt automation to enhance efficiency and leverage communication technologies to make a greater impact on liaising with different stakeholders. However, that is not the end of the upskilling and reskilling process. The accounting profession has to equip themselves with new competencies to enable them to do different things in addition to the conventional duties. For example, they are expected to analyse the information and partake in the decision making process. Accounting practitioners have to possess competencies like sound data analytical skills, problem solving skills, judgmental skills, and presentation skills. These competencies are required and reinforced to enable them to provide professional judgement and advice to organisations.

A Change of the Mindset

Certain new accountancy graduates tend not to join the accountancy sector. They prefer to work in the banking and finance industry, particularly investment banks. Due to economic downturn, however, the banking and finance industry has lowered the recruitment scale. This has put those who have the determination to join

the banking and finance industry in an embarrassing situation. Due to extremely fierce competition in the job hunting process in the banking and finance industry, new accountancy graduates may not be able to get a job offered by financial institutions. As those new graduates only applied for banking and finance jobs, they would be unable to join international CPA firms right after graduation as the deadline of applications had already lapsed.

On the other hand, the last decade has seen the emergence of the slash phenomenon, which means one individual with multiple careers. A major sub-group of this slash generation is millennials born after the 90s. The slash generation prefers to expand in several directions and forge multiple career paths while seeking varieties in life. Though this is purely personal choice, the very nature of the accountancy sector does not prefer employees to have a slash career, simply due to the fact that the accounting profession has lots of deadlines to meet as well as rules and regulations to observe.

Behavioural Competence

Although the younger generation normally does not have enough working experience, they are generally more tech-ready and creative than the older generation. Employers of the

accountancy sector do look for candidates with agility who are nimbler in acquiring new skills and adapting better to the evolving environment. Agility, resilience to change and the ability to embrace technology are the desired attributes of future accounting practitioners. The future accounting workforce should make

good use of their creativity, agility, critical thinking and adaptability to effectively respond to an environment of technological change. Last but not least, behavioural competence also includes integrity and the ethical use of data.

Number of online job advertisements of four months*
of the Accountancy Sector
for the period between quarter 3 of 2019 and quarter 2 of 2020
Qualification requirements by job level

Qualification / Job Level	Post Graduate	University Degree	Sub-Degree / Higher Diploma / Higher Certificate	Diploma / Certificate / Apprenticeship	Upper Secondary (F.4 or above)	Primary to Lower Secondary (F.1 to F.3)	Unspecified	Grand Total
Partner / Principal / Director / Chief Financial Officer	3	112	2	-	1	-	48	166
Senior Manager / Financial Controller	1	211	7	4	5	-	127	355
Manager	10	1 369	118	46	36	1	1 097	2 677
Supervisor / Senior	14	971	501	339	183	-	1 140	3 148
Clerk / Associate	12	324	427	492	538	-	963	2 756
Trainer / Teacher	2	1	-	-	1	-	-	4
Grand Total	42	2 988	1 055	881	764	1	3 375	9 106

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Number of online job advertisements of four months*
of the Accountancy Sector
for the period between quarter 3 of 2019 and quarter 2 of 2020
Experience requirements by job level

Year of Experience / Job Level	0 Year / No requirement/ NA	1-2 Years	3-4 Years	5-6 Years	7-8 Years	Over 8 Years	Unspecified	Grand Total
Partner / Principal / Director / Chief Financial Officer	14	-	2	2	9	45	94	166
Senior Manager / Financial Controller	16	6	3	39	24	50	217	355
Manager	110	71	247	355	145	78	1 671	2 677
Supervisor / Senior	147	467	484	124	12	11	1 903	3 148
Clerk / Associate	156	580	133	53	6	5	1 823	2 756
Trainer / Teacher	-	-	-	2	-	1	1	4
Grand Total	443	1 124	869	575	196	190	5 709	9 106

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.