

The Global War

for Talent and its effects on the Finance
and Accounting teams in New Zealand

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Specialised Permanent & Temporary Recruitment

This White Paper presents the findings of a roundtable discussion between 10 leading CFOs, Finance Directors and Partners from some of New Zealand's major companies, finance institutions, academic organisations and professional accounting firms.

The roundtable meeting was hosted by Robert Half Finance & Accounting in partnership with the Institute of Chartered Accountants of New Zealand in June, 2005.

Participants

- David Jones, Managing Director, Robert Half International Australia and New Zealand
- Bill Robertson, General Manager Admissions, Institute of Chartered Accountants of New Zealand
- Michael James, Chief Financial Officer, Navman
- Bryce Marsden, Head of Operations and Finance, BT Finance
- Stuart Boyce, Finance Director - New Zealand, Frucor Beverages
- Brad Worthington, Group Financial Controller, Kitchener Group
- David Morrow, Chair of Admissions Board, Institute of Chartered Accountants of New Zealand & Partner, Ernst & Young
- Judith McKay, General Manager - Finance and Resources, Auckland University of Technology
- Terry Tidbury, General Manager Finance, Asteron / NZ Guardian Trust
- Lisa Cruickshank, Partner - Audit and Assurance, Deloitte
- Craig Richardson, Chief Financial Officer, New Zealand Steel
- Kim Smith, Senior Consultant, Robert Half Finance & Accounting

Executive Summary:

The global war for talent within the Finance and Accounting industry is impacting heavily on New Zealand companies with the shortage of qualified Accountants in New Zealand now reaching unprecedented levels.

The shortage comes at a time when demand has never been stronger, driven by the need for greater corporate governance and more stringent international compliance standards.

The local shortage of Accountants is exacerbated by a worldwide shortage and New Zealand, in particular, is suffering as its Accountants are lured offshore by greater opportunity and higher remuneration. While this is not a new trend, professionals are staying away for longer, leaving later in their careers and, in many cases, those returning to New Zealand do not appear to have the skill-set local employers need.

Although the profession is actively promoting itself to young people as a viable career choice, and the major accountancy firms continue to train young graduates, the shortage appears to have moved down from senior level Accountants to also include newly qualified graduates and trainees. However the new finance regulations mean a greater number of qualified people are also required at the senior end.

Businesses and accountancy firms report real difficulty in both recruitment and retention, and state that many candidates returning from overseas are almost pricing themselves out of the market.

Ongoing training and more flexibility in the workplace is beginning to help with retention.

The roundtable discussion revealed that businesses are overlooking some key talent pools, such as foreign candidates. Companies must look at offering part-time options and more flexibility so finance and accounting roles become more attractive to women returning to the workforce after they have had children and to older workers looking to minimise their work commitments.

The major accountancy firms can also help fulfil their business clients' needs for staff, for example by developing stronger alumni networks with those working overseas and intending to return to work in New Zealand.

This white paper examines the growing skill shortage problem, the factors driving it and some key solutions for New Zealand employers and the industry as a whole.

"In essence, New Zealand industry needs to go fishing in the global talent pond."

Michael James - Chief Financial Officer, Navman.



Part One: The Problem

Supply versus demand

Demand is outweighing supply in New Zealand's accounting and finance sector.

The shortage is acutely felt at the junior end of the profession as many newly qualified Accountants leave to go and work in other countries such as the UK.

Those that are leaving are staying away for much longer (five or six years when it used to be two) with a greater number staying away indefinitely. Those who do return in a shorter timeframe tend to leave again either for Australia or back to the UK, tempted by more attractive salaries.

Qualified migrants are not arriving in sufficient numbers in New Zealand to fill the gaps left by those leaving on OE. More needs to be done to promote New Zealand and its cities as attractive places to live, work and progress a career. In comparison with other locations such as Sydney and London, New Zealand is not a destination that features in the mindsets of finance professionals around the world.

"The shortage is impacting on business. We have opportunities that we can't resource... it has taken six months to appoint a Manufacturing Management Accountant."

Stuart Boyce, Finance Director - New Zealand, Frucor Beverages.

Why the demand?

The demand is being driven not only by New Zealand's buoyant economy but by changes to international standards and regulations which have made the issue a global one. New international financial reporting standards (IFRS) which companies in the European Union and Australia were required to comply from January 2005 are already impacting New Zealand organisations prior to their deadline.

In addition to demand for senior Accountants, the industry is also facing a shortage at graduate and even third-year trainee level. Interim staff, or contractors, are equally hard to attract.

"I have never known a time when we had such a shortage of resource, particularly in the assurance area."

David Morrow, Chair of Admissions Board, Institute of Chartered Accountants & Partner, Ernst & Young.

"The high demand for accounting professionals, at this point in time, is very much the equivalent of Y2K for the IT profession."

David Jones, Managing Director, Robert Half International.

Image problem

Accounting is not viewed as a 'sexy' industry, especially in some sectors. The industry is often stereotyped as an uninteresting career choice and has had limited success in changing its image sufficiently. The accounting profession needs to do better at selling itself in a competitive market.



David Jones
Managing Director
Robert Half International



Stuart Boyce
Finance Director - New Zealand
Frucor Beverages



Bryce Marsden
Head of Operations and Finance
BT Finance



Brad Worthington
Group Financial Controller
Kitchener Group

Skill-sets: The search for bigger fish in a small pond

Businesses and professional firms are struggling to find adequately qualified staff. Many claim that the calibre of those returning from overseas is much lower than it used to be in terms of relevant experience and skill-sets.

While on their OE, candidates tend to work in narrowly defined roles in large companies but in New Zealand are expected to work in broader roles in smaller companies. By staying away from New Zealand longer than in the past, many distance themselves from the local business culture. Commercial and leadership skills, in demand in New Zealand, are often poorly developed in candidates returning from overseas.

"Accountants who leave straight after university and haven't worked in New Zealand come back with a very narrow focus and struggle with the broad range of tasks they are required to do."

Bryce Marsden, Head of Operations and Finance, BT Finance.

"It is transferable skills I'm looking for... often the skills I have found lacking in ex-UK candidates include leadership experience, planning (forecasting) experience, and commercial interaction with other parts of an organisation. This could be partly explained by the small fish in large pond experience you can get with larger companies in the UK. The short contract duration of many UK roles does not help."

Michael James, Chief Financial Officer, Navman.

The price war

Finding staff can be particularly difficult in the financial services area and many candidates are pricing themselves at a premium. They know what they're worth and for businesses trying to control costs this presents a challenge.

"Many return with high expectations in terms of role and remuneration that aren't in all cases supported by relevant experience."

Craig Richardson, Chief Financial Officer, New Zealand Steel.

"We are being asked to pay a global price in a local market."

Lisa Cruickshank, Partner - Audit and Assurance, Deloitte.

"The returning Accountants expect to convert the pounds they earn to New Zealand dollars which we certainly can't afford."

Bryce Marsden, Head of Operations and Finance, BT Finance.

Part Two: The Drivers

Professional development

Should employees be responsible for their own professional development or should employers take more responsibility?

Up to half of all graduates in finance and accounting disciplines leave New Zealand as soon as they graduate. Many are leaving in order to pay off debts quicker from overseas.

“The numbers coming through the profession are not critically low, but what we are experiencing is around 50 percent of trainees, once they qualify fully, and sometimes on the day they qualify, will leave New Zealand to go overseas.”

Bill Robertson, General Manager Admissions, Institute of Chartered Accountants.

“At a minimum, students are coming away with a \$10,000 debt excluding living costs, but many are graduating with a 3 year loan of \$30,000 when they’re 20. The industry is expecting to pick up qualified people who have spent a lot on gaining their qualifications and naturally want to go overseas to pay that off quickly.”

Judith McKay, General Manager - Finance and Resources,
Auckland University of Technology.

Culture shock

A large proportion of finance and accounting students in Auckland are migrants.

Employers need to overcome any perceptions that these students may not fit into the local work culture: many are permanent residents already and others are keen to stay in New Zealand.

There is also a perception that some companies are reluctant to bring in people who do not have a Kiwi background. In a range of skill sets there are a good number of qualified candidates from overseas who are not being placed. Lack of employer interest in foreign students is resulting in many of them leaving.

“I come across many employers who are reticent to hire foreigners, either because they think the visa issue is too difficult to face, or because of perceived differences in culture. On many occasions these candidates are of high quality with great experience and ideal skill sets, but they struggle because of employer misconceptions.”

Kim Smith, Senior Consultant, Robert Half Finance & Accounting.

Generational differences

Much has been written about the differences between the Baby Boomers and Generation X. However now employers need to consider Generation Y (those born in 1981 or later), and encourage them to enter and remain in the profession.

This new demographic tends to be more career loyal and less company loyal. They want to know what the organisation will offer them. Work is something that fits into their lives, rather than the other way round as in previous generations.

Cross-functional training, strong provision for career development, work-life balance and opportunities for overseas travel are all top priorities for Generation Y.

“More questions are being asked related to the culture of the firm, whether we are input or output focused; what we are doing in our community.”

Lisa Cruickshank, Partner - Audit and Assurance, Deloitte.

“Ask employees where they want to go and help them map out their careers, make sure that you get the right training for the right people and provide them with the kind of career development they’re looking for, instead of just saying congratulations on your new job, here’s a conveyor belt. Many professionals want offshore experience, so if your company has overseas offices, offer them a secondment. There are some really offbeat things that people want to do as part of their training, but if it helps develop them as individuals, it’s likely to keep them longer.”

Bryce Marsden, Head of Operations and Finance, BT Finance.



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Part Three: The Solutions

Image is everything

Businesses should work harder on their employment brand and promote their image through public relations, advertising and word of mouth.

Some firms are focusing on personal development initiatives, not just business development, and many are recognising the need to reward and recognise high performance. These benefits should be emphasised in company communication and job advertising.

“One needs to get good recruiting partners on board as there’s wide variation of recruiting agent capabilities out there.”

Michael James, Chief Financial Officer, Navman.

Migrants are arriving in New Zealand and nationals are returning to their homeland for lifestyle reasons, rather than for dollars or career progression. Employers can turn this to their advantage when advertising positions, by selling the many benefits of the New Zealand lifestyle.

“We can’t stop members from going offshore and we’d be foolish to want to. Now we have to think of ways to get them home.”

Bill Robertson, General Manager Admissions, Institute of Chartered Accountants.

Training the talent

It’s time employers raised the bar in terms of training. The process of gaining essential qualifications is costly for students, but perhaps not as great a burden to businesses that may benefit from the investment in the long-term through increased employee longevity. Financing employees through CA qualifications, further training or an MBA is very attractive to many candidates and can encourage loyalty and retention.

Training does not have to stop at formal qualifications. Candidates are keen to embrace both personal and career development opportunities through their work and this can be offered through mentoring or coaching programmes, aimed at improving non-technical or soft skills.

“Once people have qualified, putting them through an MBA presents another opportunity to keep them for at least another three years, and the learning becomes applicable right away.”

Judith McKay, General Manager - Finance and Resources,
Auckland University of Technology.

Talent and loyalty in New Zealand’s universities

Companies can begin a relationship with potential employees at an early stage. For instance, they can partner with universities in a scheme whereby students are placed within a business for one semester.

Other opportunities not currently popular with employers due to the perceived cost, include taking on second year students over summer vacations, providing them with part-time work during the year and paying their course fees.

Some professional firms already have success with ‘summer clerk programmes’ and as a consequence say that recruitment at the lower end has not been a problem. However it is worth employers remembering that it can take up to four years before the graduates are fully ‘up to speed’.

“We have used co-op students over a period of time and found it to be pretty good value generally. Guardian Trust has failed to keep someone full-time as a result, but it has been an interesting experiment. We will be exploring paying students’ fees further this year.”

Terry Tidbury, General Manager Finance, Asteron/NZ Guardian Trust.

“At the student end of the market, if you can provide part-time work during the year or holiday breaks and pay the student’s fees (tax-free), the cost isn’t that much for your business, but for the student it is a huge attraction. Your company may get loyalty coming through as a result.”

Judith McKay, General Manager - Finance and Resources,
Auckland University of Technology.

The untapped resource: qualified migrants in New Zealand

It is essential that employers address the often untapped resource of qualified migrants already living in New Zealand.

Chartered Accountant qualifications from regions including the UK, North America, Australia and Asia Pacific are recognised as being of a similar standard to New Zealand. The Institute of Chartered Accountants membership reciprocity arrangements with other countries are published on the organisation’s website www.icanz.co.nz

A large proportion of accountancy graduates are foreign students who find themselves in a Catch 22 situation. They would like to settle in New Zealand but are not getting the job offers.

Employers could partner with universities to identify the best of these students before they have completed their degrees, and employ them on summer internships to ensure some retention.

Employing foreign candidates may also be a way of overcoming the escalating salary issue, as many come to New Zealand for the lifestyle and not in search of a premium salary.

Organisations should embrace the increased diversity of cultural backgrounds and look towards foreign markets that offer a huge resource of potential talent.

“New Zealand Steel has actively recruited Asian graduates and found they are mature, high quality candidates with strong career potential in our international business.”

Craig Richardson, Chief Financial Officer, New Zealand Steel.

Homing in on talent

Another route for sourcing employees is the alumni of the large professional accounting firms who are planning to return from overseas.

Professional accounting firms in New Zealand tend to keep track of their offshore alumni through informal networks.

Maintaining relationships with alumni is all-important as they look to return to New Zealand to continue their working life with the major accountancy firms or with corporates. Even if the right candidate is not found immediately, networks and word-of-mouth are often effective in locating the right employees even from the other side of the world.

“New Zealand industry should take more responsibility for retention of global talent and business networks and alumni could be better utilised.”

Michael James, Chief Financial Officer, Navman.

“I know of one consulting firm that has a full-time Alumni Manager tasked with developing alumni relationships. They also offer office space while alumni are looking for work, and by building strong relationships, the candidates often return to practice.”

Kim Smith, Senior Consultant, Robert Half Finance & Accounting.



Kim Smith
Senior Consultant
Robert Half Finance & Accounting



Bill Robertson
General Manager Admissions
Institute of Chartered Accountants

Attracting talent from overseas

Many professionals from countries such as the UK may be attracted to the idea of living in New Zealand and the lifestyle it offers, but often don't explore the option because they view it as a long-term, rather than a short-term move. The concept of OE does not exist to the same extent in countries like the UK as it does in New Zealand, but in reality, the option is just as accessible, through Working Holiday Visas and other programmes.

In order to tap into the overseas resource, New Zealand needs to better position itself as an easy and attractive choice for foreign candidates interested in either OE or permanent migration.

Employers have the ability to sell these benefits, as does the Institute of Chartered Accountants, which can communicate through its members and online by publicising case studies and guides to migration.

Furthermore, the Government's Work to Residency scheme is a relatively easy option for businesses and candidates.

"Currently in our London operations more than 80 percent of contractors are Kiwis, Australians and South Africans on their OE. By contrast, there is only a small proportion of qualified young people in the UK who consider working in the Southern Hemisphere. I'm sure there are lots of British people who would love to experience this lifestyle, but there needs to be a change of mindset to attract significant numbers of professionals to New Zealand."

David Jones, Managing Director, Robert Half International.

"Perhaps we should look at linking up with the Institutes in the UK to change those perceptions and facilitate the movement of people to New Zealand."

David Morrow, Chair of Admissions Board, Institute of Chartered Accountants and Partner, Ernst & Young.

"Getting more UK accountants to migrate here is predominantly a publicity issue for New Zealand, as the perception for mainstream UK is that migration is a very difficult process. Professionals can actually obtain New Zealand visa requirements quite easily if they are qualified and of the right age bracket, but often it's perceived to be too much red tape."

Michael James, Chief Financial Officer, Navman.

Baby boomers and mid-career mothers

Mature workers and 'mid-career mothers' are another untapped resource.

While there is some reluctance on the part of employers to bring in over-qualified people on a permanent basis, it can work very well with more mature employees, who are at a time in their lives when they are prepared to accept less remuneration in return for greater flexibility.

Older professionals can bring a wealth of experience and maturity to a young team. Having passed the stage of huge financial commitments like children and mortgages, they now have more disposable income. Many earn \$10,000 - \$20,000 less than they did ten years ago and are able to downsize as their financial commitments abate.

"Some people reporting to me are very senior and have chosen to take a step down. They are invaluable to our business and, as a bonus, they work closer to the junior employees so the mentoring relationship is much better."

Craig Richardson, Chief Financial Officer, New Zealand Steel.

Many highly qualified professionals, particularly females, are searching for part-time work or job-share options to enable them to cope with parenting responsibilities without fully sacrificing a career. These packages weren't traditionally found in the finance sector but are now in high demand.

Employers need to avoid unreasonable barriers to re-entry for qualified mid-career female Accountants and instead offer incentives to encourage them to return to the workforce after child-birth, and retain them as they juggle family and work.

"60% of the Institute's students are women, who often opt out in mid-career to raise a family. There is a definite challenge to retain them and there is an increasing number who may be looking for part time work in the middle of their careers."

Bill Robertson, General Manager Admissions, Institute of Chartered Accountants.

The retention factor: building loyalty

Retaining the employees that businesses already have is the easiest solution and this means offering incentives.

Non-cash benefits to consider include training, career coaching/personal development, flexible hours, sabbatical opportunities, unpaid leave options and the ability to work from home.

Putting salary aside, a wide range of other cash-related employee benefits can be incorporated into the package to make it more attractive, including child care, well-being benefits like gym membership, car allowances or life insurance.

Many of these benefits have ranked highly among candidates in recent Robert Half Finance & Accounting research into staff retention and they can also help attract staff with high remuneration expectations.

Businesses need to recognise that peoples' expectations have changed. The work-life balance is paramount.

"Businesses must first investigate the underlying causes of high turnover. It may be addressed by simply placing greater emphasis on listening and responding to employees' concerns and ideas. But high turnover organisations may require a broader long-term plan. It may involve introducing initiatives to improve internal career opportunities, to support work-life balance and to create an attractive and interesting working environment. The overall aim is to create a 'great place to work' or to become an 'employer of choice'."

Brad Worthington, Group Financial Controller, Kitchener Group.

"The major boost for the industry must come from retaining staff. If you structure your training programmes and mix in the right amount of personal development you will be able to retain people longer."

Terry Tidbury, General Manager Finance, Asteron / NZ Guardian Trust.



David Morrow
Chair of Admissions Board,
Institute of Chartered Accountants
& Partner, Ernst & Young



Judith McKay
General Manager - Finance and Resources
Auckland University of Technology



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To discuss any of the opinions presented within this paper please contact Kim Smith at:

Robert Half Finance & Accounting
Level 35, The Vero Centre
48 Shortland Street
Auckland

Tel: 09 915 6700

Fax: 09 915 6701

Email: auckland@roberthalf.co.nz

Web: www.roberthalf.co.nz