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CPA Australia urges enterprises to revisit HR strategies to mitigate risks linked to shortage of skilled accountants in China

Increasing demand for work-life balance and professional development from employees, and recruiting the right candidates to support overseas expansion are key challenges for China's employers

One of the world's largest professional bodies, CPA Australia, is advising companies to relook at their human resource strategies to minimize the business risks associated with a shortage of skilled accountants in China.

The recommendation follows the release of the results of CPA Australia's China Human Capital Survey, which was conducted online in April.

One in two respondents indicated that there is a shortage of skilled accounting professionals in China. They believe the major factors contributing to the shortage are a mismatch in education and demand of employers (44 per cent), increasing sophistication of local companies (41 per cent), increasing compliance requirements (41 per cent), and Chinese companies increasingly expanding overseas (40 per cent).

Of those companies investing overseas, over a quarter of respondents (26 per cent) stated that their company was unable to source sufficient accounting talent to support their foreign investments and operations.

Commenting on the results, Mr Kenny Lam, President of the East and Central China Committee of CPA Australia, said "As China's economy enters the 'new normal', outbound investment and the "One Belt, One Road" initiative will make an important contribution to economic growth and transforming the economy. Our survey however detects that a number of companies are having difficulty attracting the talent they need to expand and compete effectively overseas."

"According to China's Ministry of Commerce (MOFCOM), China is the third largest economy for outbound foreign direct investment (FDI), with over US\$100 billion in FDI in 2014. It is expected that in the next five years, the annual growth of China's outbound will at least be 10 per cent per annum. With more companies going abroad, more skilled accountants are required to support these companies' overseas expansion. It seems that the current supply of skilled accountants is insufficient to satisfy this growing demand and the talent challenge that some companies are experiencing will very likely continue and even intensify. This may over time impact the profitability of companies, weaken their competitiveness and possibly increase their business risks," Mr Lam added.

China's employment outlook over the next six months is promising with almost 80 per cent of respondents indicating that they believe their companies would maintain or increase headcount in China. When asked why respondents believe their employer intends to increase employee numbers in China, respondents were most likely to identify robust growth of the existing business (61 per cent), demand for employees with new and different sets of skills and knowledge (40 per cent) and a need to enter new markets (34 per cent) as the key drivers of that expected increase.

Reflecting the promising employment market nearly one in three respondents stated that they will look to change jobs in the next six months. While 41 per cent of respondents indicate that they would not consider relocating to another market, a majority of respondents (59 per cent) state that they would consider relocating to another market for new job opportunity in the next 12 months, with Australia being the most preferred market.

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Mr Kevin Ng, President of the North China Committee of CPA Australia, said “It is clear from the survey findings that some companies in China are facing significant difficulties in fulfilling their talent needs. Companies are competing for talent domestically, as well as with neighboring markets. To win this battle for talent, companies should relook at their human resource strategies to determine whether those strategies are assisting them recruit and retain the staff they need to grow in an increasingly competitive environment.”

In the past 12 months, 47 per cent of respondents stated that they received a pay rise of more than 5 per cent. Respondents are most likely to believe that employees working in the financial services (50 per cent), e-commerce (43 per cent) and healthcare (36 per cent) sectors will receive the highest pay increase in 2015.

Respondents listed attractive salary / compensation (31 per cent), benefits and incentive reward programs (22 per cent), and career and development opportunity (17 per cent) as the three most important factors contributing to employee retention in their companies.

However, respondents nominated professional development and training opportunities as the most important consideration when looking for a new job (30 per cent), followed by work life balance (19 per cent). Only 15 per cent of respondents nominated salary as their most important consideration when looking for a new role.

“Surprising as it might sound, the survey data highlights that it takes a lot more than an attractive salary to keep your employees happy. Attention to career development not only leads to a better skilled and productive workforce, it also helps companies attract and retain top and valued employees. Helping your staff to maintain work / life balance can be a balancing act, however it is an important element in developing retention and recruitment strategies,” said Mr Ng.

When looking for employment, almost half (48 per cent) of respondents use social media for their job seeking, with LinkedIn being the most popular platform, followed next by WeChat. Among those using social media for job seeking, 49 per cent believe social media gives them easier access to potential employers and also identifies more suitable jobs that match their experience and skill set (42 per cent). The survey outcomes reveal that over 1 in 5 respondents stated that their employer reviews the social media profiles of potential employees (22 per cent).

“Social media platforms like LinkedIn and WeChat are increasingly being used as job seeking tools. Using social media for recruiting enables employers to reach out to a wider audience and tap into a larger pool of talent more effectively. Companies should actively consider making greater use of social media in its talent acquisition efforts,” said Mr Ken Chen, Deputy President of the South China Committee of CPA Australia.

Based on the survey findings, CPA Australia recommends the following:

1. Assess human resources risks

- Assess current workforce skills, identify skills gaps and develop strategies to close those gaps.

2. Recruitment strategy

- Use social media channels to engage and attract talent. This can not only reduce recruitment costs but more importantly, potentially give the company access to a broader talent pool to recruit from.

3. Retention strategy

- Create differentiated rewards-based package based on the experience, goals and stage of career development of employees.
- Grow talent in-house through internal training programs and / or training offered by professional associations to ensure relevance to the company and the industry.

CPA Australia conducted the survey last month with 252 of its senior members including accounting professionals working in multinational corporations (MNCs), accounting firms, listed companies, private companies and not-for-profit organizations.

CPA Australia is one of the world's largest accounting bodies with 150,000 members globally. It has established a strong membership base of more than 16,000 in the Greater China region.

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