

# The Decade Long Accountancy Skills Gap and the Impact of Covid-19

by Chantal Haynes-Curley

**From 2008 to 2012 we witnessed a cataclysmic 49% decline in student registrations across all professional accountancy bodies, a figure attributed to the 2008 economic recession and lack of training opportunities for accountancy students.**

Unsurprisingly in the ensuing years, the Irish labour market faced a significant shortage of accountants. In 2016 the Irish government took action to reduce the skills gap by adding accountants to the critical skills occupations list, making accountants who wished to emigrate to Ireland eligible to apply for employment in the state.

By 2018 the number of new accountancy students stood at -27% below pre-recession levels, with an estimated shortfall of almost 15,000 trainees within Ireland. This shortage persisted through to 2019 where once again the government acted by putting in place new immigration arrangements allowing trainee accountants to come to Ireland under student visa permits. During the same year, the number of students registering in Ireland across all professional accountancy bodies rose by 2% vs the previous year, although figures remained significantly lower than pre-recession levels.

Twelve years on from the start of the 2008 recession the labour workforce for accountants has not bounced back; accountancy remains on the critical skills list, and employers continue to struggle to source qualified accountants. In January of 2020, an accounting and financial professionals survey carried out by Case Wise showed that 62% of employers reported "significant skills gap" within the industry, up from 51% in 2016.

## The impact of Covid-19 and digital transformation on work

The change in our environment due to the Covid-19 pandemic has been

seismic. The ushering in of lockdown measures has forced much of the global labour force to take up working from home without warning. Companies that had never considered their capacity to operate remotely have scrambled to accommodate employees working from home, while employees have had to quickly acclimate while faced with a global pandemic. The ability demonstrated by workers to remain productive and operational during this time has been incredible and what it has shown many employers is just how malleable work practices and processes are to digitalisation.

For some time, there has been considerable discussion around digital transformation and the need for organisations to implement adequate IT infrastructures, staff training in digital skills and computing technologies. Those who heeded this advice, taking the initiative to act and adapt to the digitalisation of the workplace, will have been rewarded with a considerably reduced need to furlough staff during the lockdown. Their actions will have supported the sustainability of their work during this most turbulent period and ensured a significantly reduced impact on the day to day operations of their business. However, those entities who lagged behind progress with outdated paper-based systems, inadequate IT systems, and/or inadequate remote access to systems, will have been significantly disrupted. This is a striking example of how important it is to adapt.

While this period can be seen as a great test run for organisations who perhaps would have never previously considered remote working, it is important to bear in mind that remote working as a work

practice is very different to the crisis response deployed over the past few months. Remote working is a choice, it requires a considered approach, planning and the implementation of adequate structures, policies, and tools; the provision of adequate and fit for purpose IT Infrastructure, remote leadership practice and a considered approach to performance management.

## The global shift in workforce practices

The remote worker is a topic that has been catapulted to attention by Covid-19 although this type of work and the demand for this type of employment is by no means revolutionary. The emergence of digital technologies, online platforms and the 'talent economy' has had a major impact in opening alternative work practices to employees. Over recent years, the labour market has been experiencing its most historic change since the Industrial Revolution, as noted by the OECD in 2015, a large segment of the workforce favours the growing 'talent economy' over the traditional employment the labour market has to offer.

The 'talent economy' allows workers greater autonomy over when, where, and how they conduct their work. For the 'talent economy' worker flexibility and adaptability take precedence over permanency, structured environments, and standardised roles. This change has accelerated the war for critical talent within the 'traditional' labour market; In December 2019 the Irish government launched a consultation seeking the public's views on flexible working as part of a Government plan to prepare businesses and workers for the

future. Little did we know what flexible working challenges would lie ahead for employers over the coming months with the onset of lockdown measures.

Following what has been considered a successful trial run for remote working implementation, entire professions that have previously been considered ineligible for such practices are now moving towards implementing remote and/or hybrid working. A majority of employers are taking note of surveys such as the one taken by the National University of Ireland Galway on remote working, which showed that 83% of workers would like to continue remote working once Covid-19 restrictions are lifted. Leading UK Law firm Slater and Gordon recently announced that they will be making the transition to a completely remote workforce for its 200+ London based employees; US-based accounting firm PDK are extending remote working to its 900+ staff. These organisations are adapting to the changing workforce/ workplace, the expectations and preferred working practices of their employees while managing the impact risk of another seismic disruption.

### What does this mean for professional training and workforce talent?

Although the shortage of accountancy talent and its source is clear, what has been learned from this experience? How can a further widening of critical skills be avoided? What are employers doing to accommodate the changes in the workplace and the growing demand for flexibility? How can this be used to impact the availability of accountancy talent?

There are a growing number of companies that will offer flexible working practices such as remote and hybrid working to attract talent and studies show that employees are increasingly willing to move jobs to gain the work-life balance that this model of work allows. The emerging workplace is one that promotes autonomy, flexibility, and trust - organisations that fail to offer this will likely be unable to compete in the market for talent. By 2025, millennials will account for 75% of the global workforce, they are the



first generation to grow up in the digital age, they expect agile work practices are highly receptive to the use of emerging technologies and favour work practices that utilise technologies to advance work processes and work-life balance. Overall millennials regard flexibility and agility as more important to them than compensation.

The obvious response for employers looking to avoid a repeated decline in trainees and subsequent widening of the critical skills gap will be for accountants to embrace remote training or hybrid work and training. Daunting as this may be for some, it is important to understand that in practice many occupations have been carrying out this model of training for a long time. Deloitte has an entire program that is dedicated to remote training, entire firms have shifted to remote operations such as award-winning accountancy firm Accountant Online who have

continued training in accountants remotely throughout the lockdown period.

Professional bodies are also responding to the changes in training delivery, CPA Ireland has implemented remote exam invigilation for students and promoted its online learning options. Recently the Law society of Ireland made the historic move to bring its professional solicitor training practice course online. Major law firms including Matheson, William Fry and Eversheds Sutherland are hiring newly qualified solicitors, trainees, and interns using online platforms that offer bespoke virtual work experience programs.

In general, the main concerns expressed among accountancy professionals in providing remote training and remote working are access to sensitive information and monitoring of staff. This simply requires a shift in the mindset of



the trainer, staff working within the tech industry for example, primarily work remotely. Tech professionals across most levels will have access to highly confidential and sometimes classified information although this does not seem to prohibit them from working and training remotely. As explained by Tamar Heffernan CPA, Accountant Online, 'It simply comes down to trust and having the right practices in place.' This is thanks to the correct and well thought out practices and policies that have been put in place to allow them to do so'.

### The potential impact of Covid-19 on the delivery of training

In the face of a crisis, it can be difficult to consider the impact decisions will have over the coming years, however, it is essential to build resilience.

If businesses and professions are to survive in a constantly evolving and sometimes hostile economic environment, workplaces must be agile, innovative and responsive. Employers must be prepared to work alongside changes as they occur and reshape the nature of work and how work is conducted.

None could have foreseen the impact that Covid-19 would have on the workplace, we are still speculating what overall impact it will have on global and domestic economies. Despite this many accountants are exclaiming it has never been a better time to be an accountant and accountants will certainly be needed if the economy is to bounce back and businesses are to survive the economic shock the pandemic has brought on.

However, the pandemic has left a substantial number of new graduates without training, lockdown measures and social distancing rules have forced offers of training contracts off the table. This uncertainty has left graduates worried about their future career prospects and considering alternative career paths.

This poses an even bigger threat to the future of accounting within Ireland. The writing is on the wall if graduates are not able to train where will our future accountants come from? Initiatives such as the critical skills permit have done little to close the gap for accountants within Ireland and if we are not continuously training accountants how are we to expect there will be a sufficient number of accountants to hire in the future. What impact will this have on businesses and the growth of the economy? Businesses will continue to require talented accountants to help them survive and grow long after the dust has settled on this crisis. But if we are not finding paths to nurture that talent during a crisis, we cannot expect it to manifest itself when needed.

To avert an even greater future shortage of talent within the accounting profession there is a degree of responsibility and foresight required from employers, we need preparation and considered response, which will lead to crisis aversion and recovery of skills.

### Careers advisory service – supports available to employers making the transition

In light of Covid-19 and the skills gap, trainee accountants will need to be proactive and flexible when it comes to how they will receive training and employers will need to be adaptive and flexible in how training will be delivered. If we are to continue the same pattern of events the 2008 crisis elicited, it is history repeating itself and the availability of accountancy talent will be decimated.

CPA Ireland Career Placement Service is working with remote working leaders and education partners to provide its trainees with the skills and competencies required to work remotely, this includes IT skills for remote working, accountancy software packages, time management and communications, among other areas. We also offer advice and support around managing the performance of trainees, digital skills and how to supervise and mentor remotely to managers engaged in our service.

If you would like to get in touch with CPA Ireland Trainee Placement Service team, please contact Caroline Moloney or Chantal Haynes – Curley at [chaynescurley@cpaireland.ie](mailto:chaynescurley@cpaireland.ie)



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