WHO'S COUNTING?

FROM STAFF ACCOUNTANTS TO CFOS, TALENT IS GETTING SCARCE

If you have tried to hire or outsource accounting or finance help lately, it will come as no shock that qualified people are hard to find. What might be a surprise is the depth of the problem and how it is impacting organizations of all sizes.

A Dec. 19, 2022 Wall Street Journal article reported that a whopping 87% of respondents to a Robert Half survey of over 1,500 managers find it increasingly difficult to secure the needed talent for general accounting, financial reporting, and financial planning and analysis positions.

The most recent Trends report, issued biennially by the American Institute of Certified Public Accountants (AICPA), shows a continued decline in the number of accounting bachelor's and master 's graduates, down 4.4% for the most recent annual period measured. In contrast, not long ago, the number of accounting graduates rose between the 2000 - 2001 and 2011 - 2012 years by an impressive 47.2%. Further, the number of candidates completing the final section of the CPA exam declined by 30% between 2016 and 2021.

Just the title of a July 11, 2023 Wall Street Journal article is alarming: "The Accountant Shortage Is Showing Up in Financial Statements: Advance Auto Parts and others have cited a lack of skilled accounting personnel for material weaknesses in their financial-reporting controls, a key predictor of restatements." For organizations required to have audits (e.g., for their bank), auditors rely on internal accounting controls to some extent to determine the reasonableness of financial statements. If there are material weaknesses in controls and procedures, the auditors may have to do more extensive (and expensive) substantive testing, release a qualified or adverse audit opinion, or, horror of horrors, issue a disclaimer. These scenarios are apparently happening with increasing frequency.

Internal control weaknesses are nothing new; what is new is the growing trend of it being due to the largescale lack of qualified personnel. And it's not just companies that need audits feeling the hurt; insufficient internal controls can lead to lack of compliance with bank covenants, material reporting errors, undiscovered fraud, and more. We've seen some doozies.

So what to do? Certain functions might be outsourced, depending on the time and qualifications needed. But for attracting and retaining qualified employees in this challenging environment, I think of the following as the "Big Three":

CULTURE: This warrants a deeper look than we can give it here, but there are some basics. Seek a mutual respect of both work and personal needs. Examine whether there is a team orientation or prickly internal competition, and if personal achievements are acknowledged. Are communications open, or is rumor the main channel? Is it OK to admit mistakes, or does that just get someone in trouble? And of increasing importance, is there a quick and appropriate response to expressed, legitimate complaints or concerns?

WORK MODEL: We increasingly find that accounting and other professionals want an offsite or hybrid work option, and flexibility in work schedules. The pandemic pushed that along and forced employers to accommodate it whether they wanted to or not. Now that they don't have to, many (such as Tesla) are trying to bring people back in – and employees are pushing back. For example, a survey of executives at U.S. financial services institutions released in August 2023 by Deloitte found that 66% of respondents who either work from home or have a hybrid schedule would quit their job if required to return to the office five days a week. You need some structure in the workday but be careful where you draw the lines. Dolly warned us about 9 to 5 way back in 1980 and it is still true today.

COMPENSATION: Well, duh. This is just basic supply and demand economics, and it has tilted in favor of supply. Make sure you understand the market for the education, experience, and responsibilities you need.

With focuses on outsourced accounting, recruiting, and cultural and organizational development, Morrison has assisted many organizations with the realities of the job market for accountants and others. There's more, but a focus on the "Big Three" will give an organization significant advantages in meeting accounting and other needs in this tight market.

ABOUT THE AUTHOR

Founder and Principal Brent Morrison founded Morrison in 2002. He has served in processing, agribusiness, distribution, manufacturing, and other companies as an executive and advisor since 1981. Brent oversees Morrison strategy and implementation, infrastructure development, and both provides and oversees services to Morrison clients. He brings special expertise in business planning, strategy, management, and financial analysis. To get in touch with Brent visit www.morrisonco.net/contact.