Corporate Controller & CAO Hot Topics

The Finance Talent Crunch

The evolving talent landscape is creating opportunities and challenges for finance leaders as they try to develop the workforce of tomorrow in their organizations.

Smaller talent pools are forcing leaders to be creative in how they acquire new talent, either through new paths of development or new acquisition strategies. Leaders also need to balance the needs of their companies with the expectations and desires of the younger generation of workers. Along with new expectations, these young professionals also bring with them new skills and outlooks which companies can leverage to take full advantage of the capabilities new technologies offer.

Leaders face challenges and opportunities in the areas of talent acquisition and retention. A confluence of factors has made both finding and keeping good talent harder than ever before. As Gen Z workers comprise a larger share of the workforce, there is friction between new attitudes around work and the traditional expectations that many hiring managers still hold. In addition to these worker-level factors, organizations face broader challenges of smaller pools for accounting talent and lingering resistance to in-office work. Organizations are working to meet the expectations of the new workers by offering better connection between tasks and larger enterprise goals, empowering workers where they are, and deploying clearer development paths for promotion-minded employees. The new generation of workers are largely more tech savvy which presents a significant advantage for companies as they carry out digital transformations. AI adoption also impacts the talent landscape—its innovative work can be attractive to younger workers wanting to be on the cutting edge. By seeking new ways to bring talent into the finance profession and couching office work in terms of its benefits, leaders hope to strengthen their ranks and position their companies to take advantage of new opportunities, such as generative AI.

Given how closely KPMG works with many of the world's leading organizations, we have unique insights into how finance leaders are approaching these topics. Below are four areas executives in finance and accounting are focused on as they approach the acquisition, training and retention of top talent.

Talent trends and generational change

Top leaders understand that growth of their companies and of the accounting field in general will rely on robust participation from Gen Z. However, this younger generation works in different ways, is driven by different values, and has vastly different expectations than the baby boomer generation, which is largely the generation doing the hiring and managing of these workers.

Leaders are hearing from the new, younger workforce that they are looking for flexibility, inclusivity, values-based work, and more work/life balance. Companies are responding to these insights by creating workplace opportunities for people to be empowered and see the impact of their work. KPMG is seeing a trend toward helping to "connect the dots" for their employees to show how their individual contributions help accomplish larger company goals. For example, in the analogy of three bricklayers, the first one may think they simply are laying bricks, a second one might understand that they are building a wall, but the third one understands that, by laying the bricks, they are accomplishing the larger goal of building a cathedral.

As finance leaders try to secure the workforce needed for the future, they are directing their focus to several key areas.

Growth from a shrinking talent pool

Finance leaders are looking to grow their companies by attracting talent with the skills to meet the needs of tomorrow. Many companies are seeing their talent pools in finance and accounting shrinking and are taking steps to attract younger talent to the profession. In some cases, firms are working with local universities to shore up their STEM training in general, and to offer accounting degrees specifically. There has been a trend in the field to try to reduce the number of required credit hours for accounting professionals from 150 to 120. Some states, such as California, Minnesota and Ohio, are in front of this trend, and other states are following suit.

In some cases, companies are taking matters into their own hands and creating programs to ensure talent has access to the necessary training. One example is KPMG's **Master of Accounting with Data and Analytics program**.

Attracting and keeping people in accounting

Some finance leaders see adoption of generative AI and other new technologies as ways to attract more talent to the accounting field. Generative AI demands that a company have its data in order and talent in place to leverage AI effectively; this presents great opportunities for new talent in the field hoping to work in growing areas such as AI or data and analytics (D&A). With the increasing tech emphasis in all areas of business, many new hires are becoming more specialized, with a good portion going into D&A, although there is a recognition that core accounting functions must still be prioritized—some firms are hiring accounting professionals with the stipulation that they must spend at least 40 percent of their time in audit.

Although accounting is intrinsic to economic forecasting, which in turn is of strong interest to shareholders, accounting still receives a “bad rap” at times. In response, finance leaders are finding ways to make accounting more exciting and important to the mission of their companies. They are fostering opportunities for employees to gain more experiences and see how their work connects to the overall goals of the company, something increasingly prioritized by younger workers.

The return to work and development of soft skills

With the pandemic lockdowns in the rear-view mirror, many organizations are requiring that employees return to the office, often at least three days per week. While many younger workers have come to expect that they can work from home, leaders have seen a lapse in “soft skills” due to more junior employees becoming accustomed to working remotely and meeting via Microsoft Teams/Zoom. While people can learn the more technical aspects of their jobs by working remotely, “emotional intelligence” comes with meeting in-person and collaborating in the office.

While some leaders feel that a return to the office can be mandated from the top, others note the risk that employees will simply go elsewhere if office presence is required. One advantage of the finance field is that many financial and accounting staffs were considered "essential employees" during the pandemic, and many haven't minded the return to the office.

In some cases, many younger, more junior employees are eager to return to the office to gain some career development that was lost during Covid. Now, employees are happy to have the in-person meetings and mentorship that comes with working in the office. Combined with better soft skills, in-office development often comprises the pathway to promotion and increased leadership responsibilities. However, some are finding that time in the office is taken up with back-to-back meetings all day, and employees still need to carve out time to get their work done.

Companies and their finance departments need a strong, competent workforce if they hope to take full advantage of the new opportunities presented by artificial intelligence and data analytics. Promoting the integral role that accounting plays in these pursuits and understanding the expectations of the new generation of workers can help the function attract the necessary talent for the future.

KPMG has incorporated four key objectives into their talent strategy to help prepare their workforce for the future:

Growth

This approach focuses on developing people today to meet the needs of tomorrow.

Work smart

By leveraging centralization, automation, and standardization, companies can refine processes and enable workers to work smarter.

Leading at every level

From intern to partner, organizations are empowering their workers to lead where they are. Instead of work being title-driven, it is focused on level of involvement. This can involve giving workers the ability to vote in their own leaders, to do fundraising or other empowering activities.

Thrive

Companies are focused on helping their employees lead healthy, fulfilling lives. This includes healthy work culture, psychological safety and well-being, and access to resources, including mental, physical and personal, and fostering an openness to asking for help.

On October 9th, KPMG became the first Big Four firm to publicly advocate for alternative pathways to CPA licensure that emphasize experience after one earns their bachelor's degree.

In the words of KPMG U.S. Chair and CEO, Paul Knopp:

> **"I can't over-emphasize, it's not just the Big Four. We need more accountants in corporations and outside of the Big Four. The industry that we are in is systemically important to the functioning of the capital markets."**
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> **Financial Times**

Contact us

Dana Foote
Audit Head of Markets
+1 816-802-5229
dfoote@kpmg.com

Becky Sproul
Audit Talent and Culture Leader, KPMG US
+1 305-913-2763
rpriegues@kpmg.com

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