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Audit profession must rid ‘overworked, underpaid’ image to attract best talent

Many accounting graduates are deterred from joining the audit profession because of the perception that auditors are lowly-paid and made to work long hours.

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In a recent article titled “Recruiting the Right Junior Auditor,” human resources researchers Hu Dawei and Andrei Kehlmeier examine the high turnover rate of junior auditors working in audit firms and suggest that the high turnover rates could be attributable to factors such as long working hours and relatively low salary, which are common in the industry.

In Singapore, the situation appears to be similar, with a recent article published in the Singapore Business Review highlighting employees working in the Big Four audit firms complaining of “the possibility that you will be worked to death” and that “the compensation is not as great as it might be.” Indeed, many accounting graduates in Singapore are deterred from joining the audit profession because of the perception that auditors are lowly-paid and made to work long hours.

A few years ago, Singapore raised its accountancy professional qualification criteria. Graduates are now required to go through more rigorous professional training and pass a set of public examinations before they can become a qualified Singapore Chartered Accountant (CA). In a world characterised by a continuously changing environment and complexity, it is vital to increase the standard of qualified Singapore CAs. We believe the move is a big step forward and will improve the professional competence of auditors. However, while the revamped qualification process of the Singapore CA qualification aims to significantly raise the standards of trained accountants, we argue that for the status of qualified Singapore CAs to be truly elevated, we must, at the same time, seek to attract the best graduates to join the profession.

To make the audit profession more attractive, we may consider the following:

1) Image of the audit profession

The audit profession is one of the best professions to enter into, for example, it provides invaluable quality training and the opportunities to learn from the first day, work with a myriad of clients and colleagues for varying periods. With the increasing use of IT, audit work nowadays is no longer a tick-the-box exercise; it requires excellent soft skills such as good communication and critical thinking. Auditing has a great impact on the financial markets and its contribution is made more transparent than before. The enhanced auditor reports, which was introduced in Singapore a few years ago, explain in

much detail of the auditors' work and their findings. We must better recognise auditors' contributions through promoting the benefits of their work to graduates and public.

We also suggest that auditors should focus on audit work and minimise on non-audit activities. Some audit firms in Singapore may do non-audit work for their clients. For example, they may create schedules from the client's accounting system from scratch, and then audit them while other audit firms request such schedules to be compiled by clients. We suggest a systematic and regulatory change to move away from the current culture.

2) Welfare and other motivations

Some tech firms such as Google and Facebook provide a wide range of welfare to their employees such as in-house catering, rest and exercise areas in the office. The welfare provided by these tech firms can help attract and retain better quality of staff. Audit firms may consider improving their welfare to make the profession more attractive.

Many graduates are deterred from joining the audit profession because of the relatively low starting pay compared to other industries. However, in addition to starting pay, the new generation values good mentorship and clear career paths that are already in place in most audit firms. Moreover, many are attracted by good learning opportunities such as local work rotation and overseas working experience. If "exchange" programmes or secondments, for example, can be made more structured and available, this will improve the overall learning experience and attractiveness of the profession.

3) Flexible working hours

In a recent study by Microsoft Japan, it was found that although the employees clocked fewer hours, more work was done. Other studies also provide similar findings. For example, an article published by Harvard Business Review in 2018 suggested that "By...introducing a shorter workday, you're setting the scene not only for higher productivity and better outcomes, but for more motivated and less-stressed employees, improved rates of employee acquisition and retention....." For auditing, it is understandable that the work is quite seasonal. If staff are required to work overtime during peak periods, the extent of the overtime should be kept to a reasonable level; beyond that, studies show that it will be counter-productive. Moreover, if staff are rewarded time off during non-peak periods to compensate for the overtime worked during the peak periods, they will be more motivated and remain productive during the busy months.

Most employees value flexible working hours and work-life-balance. They enjoy the idea of being able to work from home and to save on travelling time. If some of the auditing work can be done remotely, many trainees would not mind working from home during non-office hours. This not only saves travelling time, but also allows them for working in a more relaxed environment with the opportunity to see the family more often.

In conclusion, auditing plays a critical role in ensuring that high quality and robust information is made available to the public. In order to ensure the effectiveness of audits, the profession needs to attract graduates that are both technically highly competent and with uncompromised ethical standards.

There are signs that the industry is making headway in making the profession more attractive to young accounting graduates. For example, in a move that simultaneously seeks to improve the professional competence and compensation of its employees, KPMG recently announced that it would give a 20% pay raise to its auditors who obtain the Singapore CA qualification by July 2020. In addition, Deloitte, through its Deloitte Ignite programme, offers flexible work arrangements to support its employees who are also Singapore national athletes in pursuing their sporting ambitions. Such initiatives represent significant steps in making the audit profession more attractive to young graduates.

A good qualified Singapore CA who has gone through a rigorous training system is invaluable to any firm locally or overseas. In a highly complex business environment, the audit profession is becoming more challenging and it is crucial that the industry continues to attract and develop highly competent auditors.

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