

Date: 8 September 2005

# CPA Survey 2005

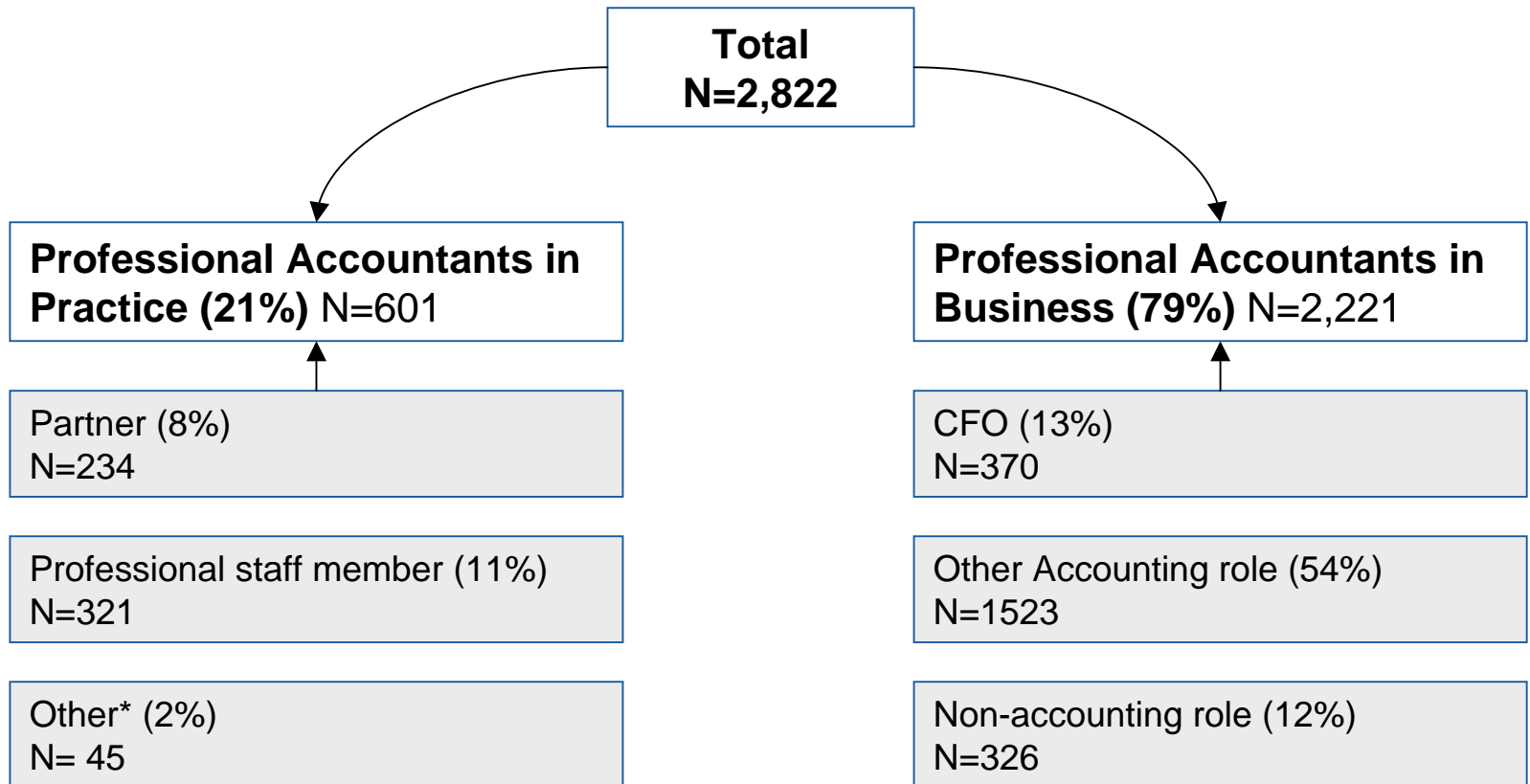
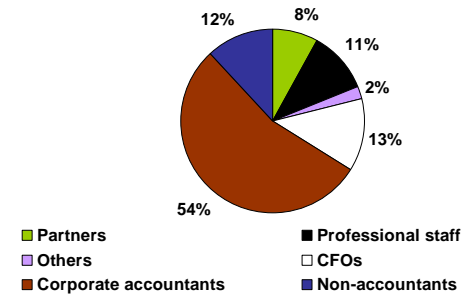
## *The Pull from the North*



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

# Survey Sample

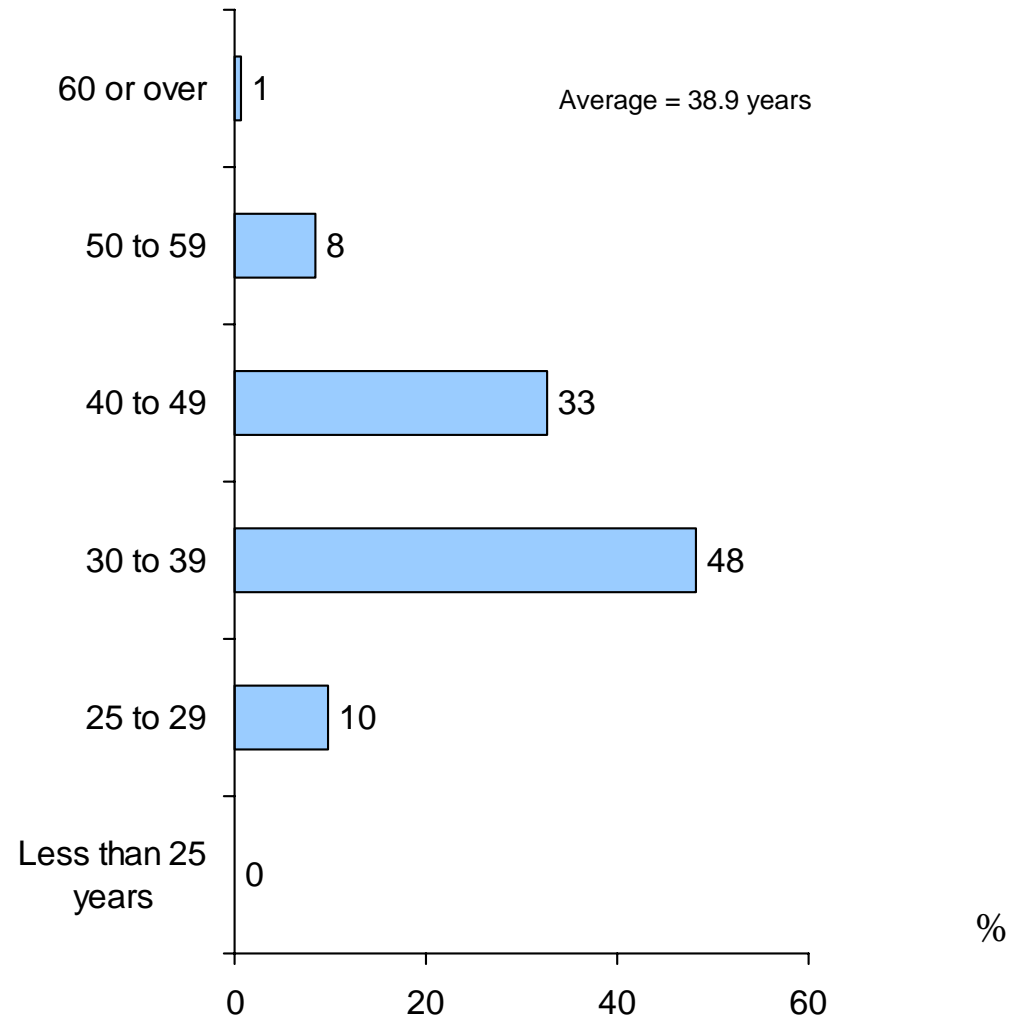
Date undertaken: July 8th to August 17th  
Total responses n=2,822 from 14,075 invitations sent  
Response Rate 20.0%



\* Mostly Sole proprietorships / sole ownership practices

# Age of respondents

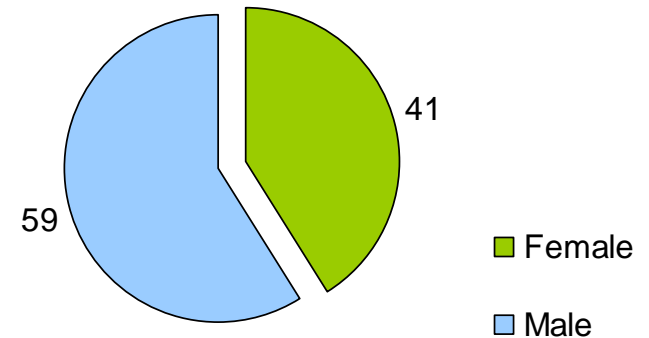
The survey respondents are the average age of 38.9 years and they are most likely to fall into the 30 to 39 year age range (48 percent). Around one-third are in the 40-49 year age range (33 percent).



Q1.1 First, into which of the following age categories does you fall?  
Base: All Respondents  
N=2,822

# Gender of respondents

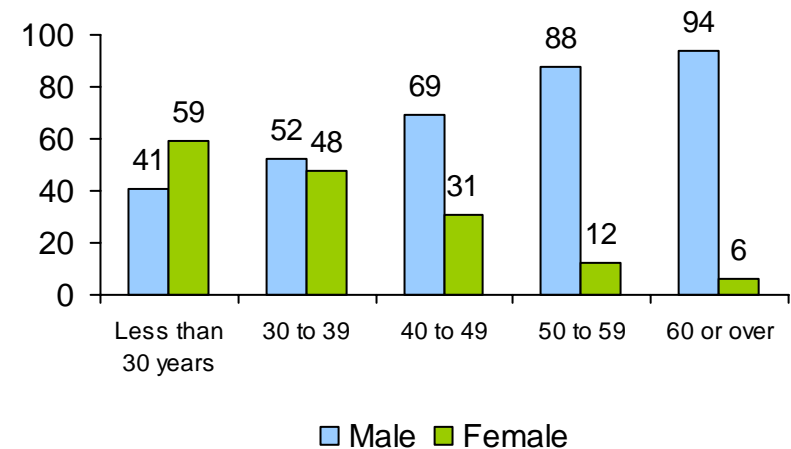
## Distribution by sex



- Among the total sample of respondents, 59 percent were male and 41 percent were female. Females were more strongly represented amongst the younger age groups (see chart bottom right). More than half of accountants under the age of 30 are female. Males and females are approximately evenly represented in the 30 – 39 year age range, but female representation drops sharply in the 40 + age categories.
- Among Public Accountants in Business (PAIBs), CFOs were more likely to be male (78 percent) than those filling 'other accountancy roles (52 percent) and those in non-accountancy roles (63 percent male).

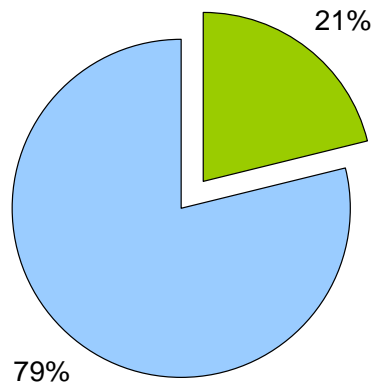
%

## Age vs. Gender



# Professional status

- One in five of the survey respondents were Professional Accountants working in Practice (PAIPs) and four-fifths (79 percent) were Professional Accountants in Business (PAIBs).
- The table summarises key measures on the survey for each group. Accountants on either side of the professional divide are similar in most respects. PAIPs work slightly longer hours on average and are less satisfied with their working hours. Average wages are similar. However, PAIBs have slightly higher bonus as a percentage of their base salary. PAIPs tend to be slightly younger and are less likely to be female. PAIPs are more likely to travel for work purposes than PAIBs.



- Professional accountant working in a firm/practice (PAIP)
- Professional accountant in Business (PAIB)

	PAIP (n=601)	PAIB (n=2,221)
Average Age	38.2	39.0
% Female	33%	42%
Average Income*	\$48,000	\$47,570
Average hours worked*	56.3	53.4
Mean % of base for bonus, 13 <sup>th</sup> week + benefits*	17.5%	18.8%
Mean rating of enjoyment of career	6.3	6.2
Mean satisfaction with working hours	3.9	4.2
% resided and worked overseas	49%	47%
% travel at least monthly	67%	57%

Q1.3 Which of the following applies to you...?

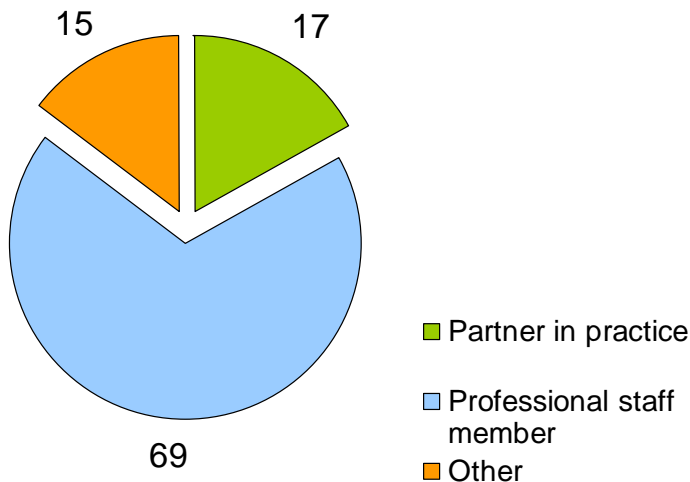
Base: All Respondents

N=2,822

\* Calculated using mid-point of class interval ranges

# Professional Accountants in Business

- Of the 2,221 respondents who were public accountants in business, (PAIBs), 17 percent indicated they were in company CFO positions, the majority (69 percent) were in other accountancy related positions and the remainder were in other non-accountancy positions.
- CFO's are the highest earning group of PAIBs (\$74,180 per month on average) and they work slightly longer hours than other accountants in business (54.4 hours per week vs. 53.2 amongst 'Other accountants' and 53.3 among those in non accounting positions). Their satisfaction with working hours, although not high in itself, is higher than other PAIBs. CFOs tend to be older (42 years on average) and were least likely to be female (22 percent). They have the largest earning capacity through bonuses (24.2 percent on average) and rated their career enjoyment the highest of the PAIB groups (6.7). CFOs are the group most likely to travel for work (81 percent) and to have lived and worked overseas (61 percent).



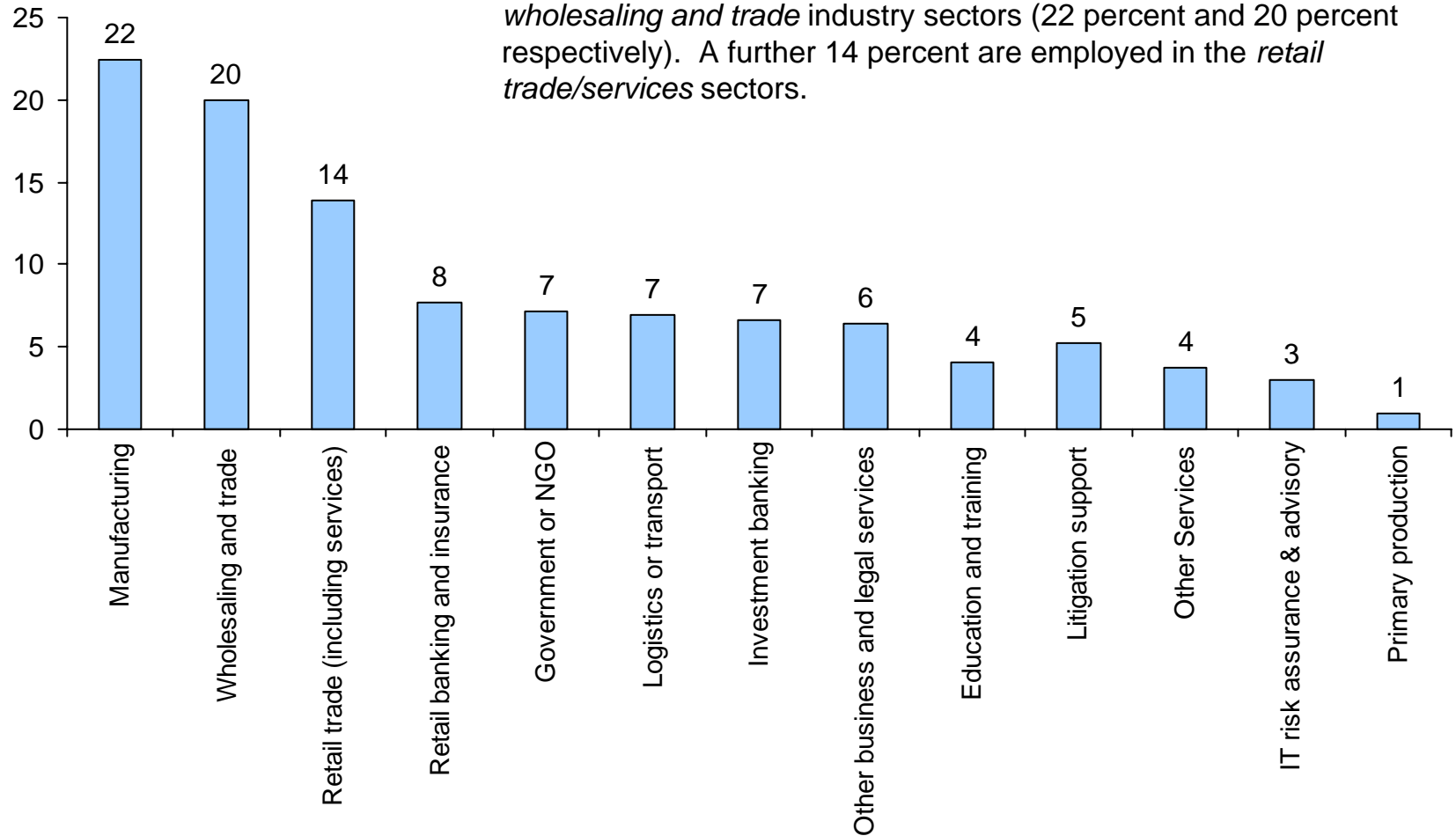
Q1.9 Which of the following describes your professional status  
 Base: PAIBs  
 N=2,221

	CFOs (n=370)	Other accounting (n=1,523)	Non- accounting (n=326)
Average Age	42.0	38.1	40.1
% Female	22%	48%	37%
Average Income*	\$74,180	\$38,560	\$62,960
Average hours worked*	54.4	53.2	53.3
Mean % of base for bonus, 13 <sup>th</sup> week + benefits*	24.2%	17.3%	19.8%
Mean rating of enjoyment of career	6.7	6.2	6.1
Mean satisfaction with working hours	4.4	4.2	3.9
% resided and worked overseas	61%	42%	51%
% travel for work purposes	81%	52%	57%

\* Calculated using mid-point of class interval ranges

# Employers of Accountants in Business

- Consistent with the general profile of Hong Kong business, PAIBs are most likely to be employed in the *manufacturing* and *wholesaling and trade* industry sectors (22 percent and 20 percent respectively). A further 14 percent are employed in the *retail trade/services* sectors.



Q1.10 In which of the following industry sectors does your employing firm operate?

Base: PAIBs

N=2,221

# Top 10 issues

## Top Ten Issues

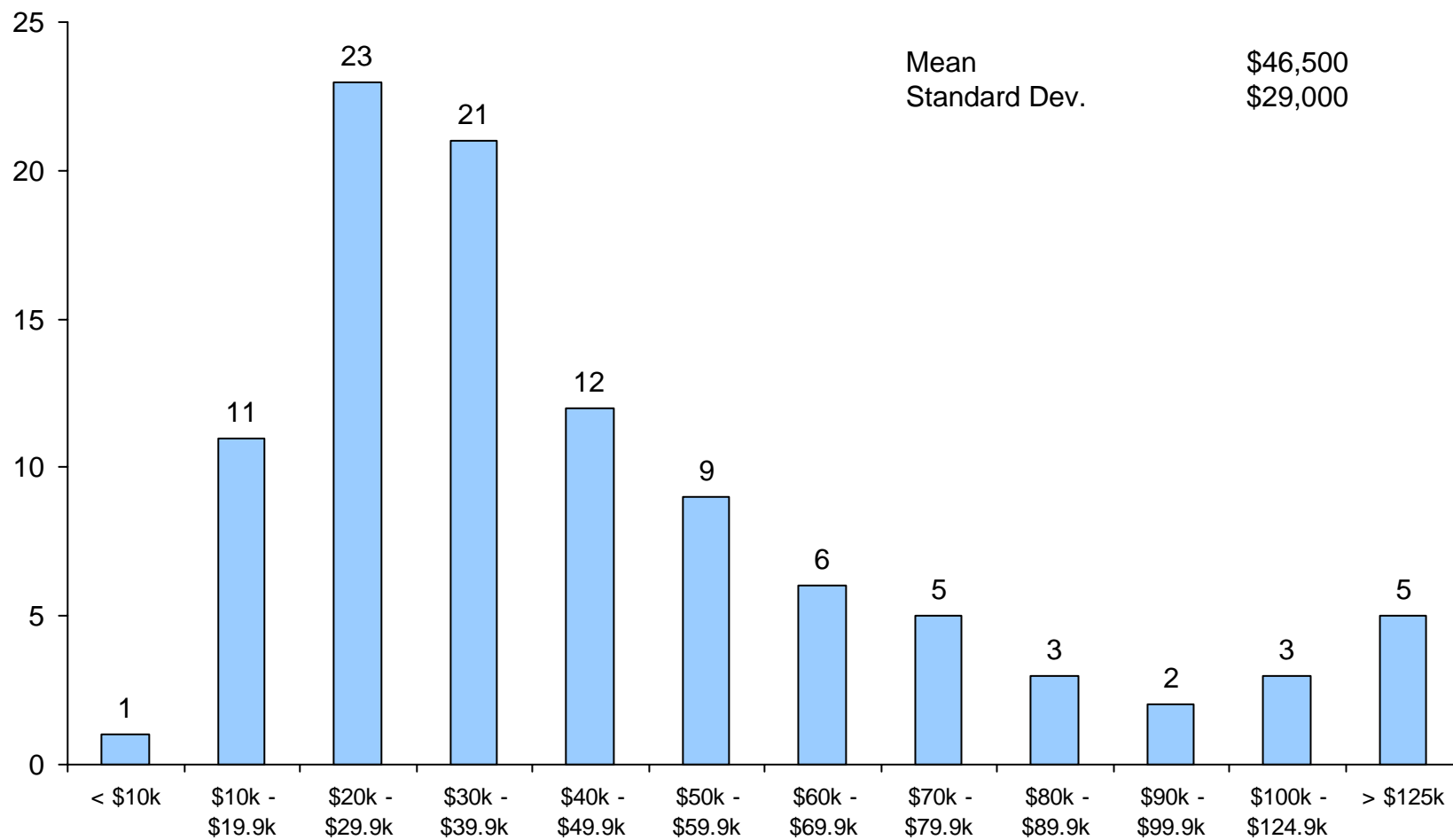
Indeed, so much travel is done by Hong Kong accountants that the issue wound up on the top ten list of issues effecting the profession today.

The top ten issues, in order of importance to the profession, are:\*

1. China's emergence as an economic superpower
2. New accounting standards and the adoption of international standards
3. Increased regulation and oversight of the profession
4. Risk management and professional liability
5. Long working hours
6. Shortage of relevant skills in the profession
7. Rebuilding trust in the profession following scandals
8. Quality of entry to the profession
9. Competition for market share among accounting firms
10. Too much travel and time away from home

\* These issues are ranked by calculating the net number of members viewing the issue as "important" and "most important."

# Salary level



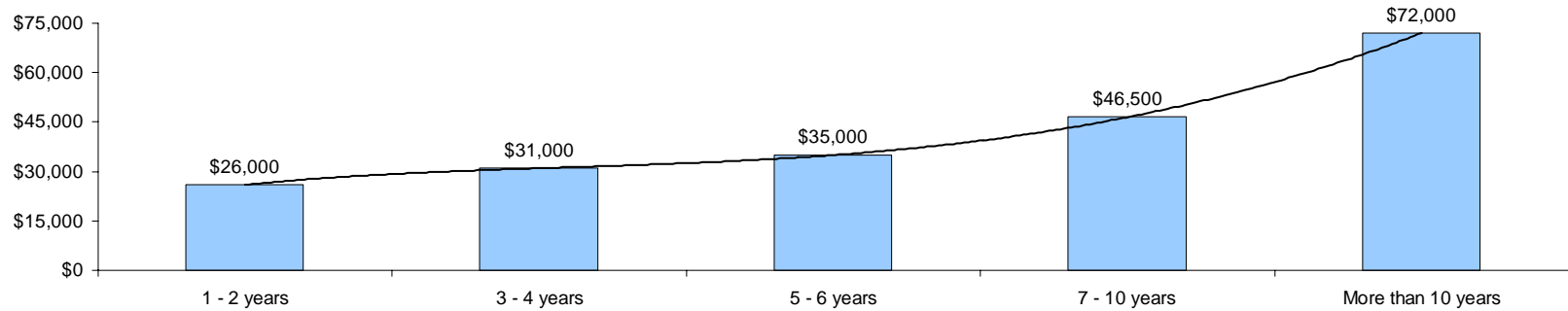
Q3.1/2 Into which of the following salary bands does your current monthly base salary fall (i.e. excluding bonuses and fringe benefits)?

Base: All respondents who agreed to answer (n=853 refused to answer)

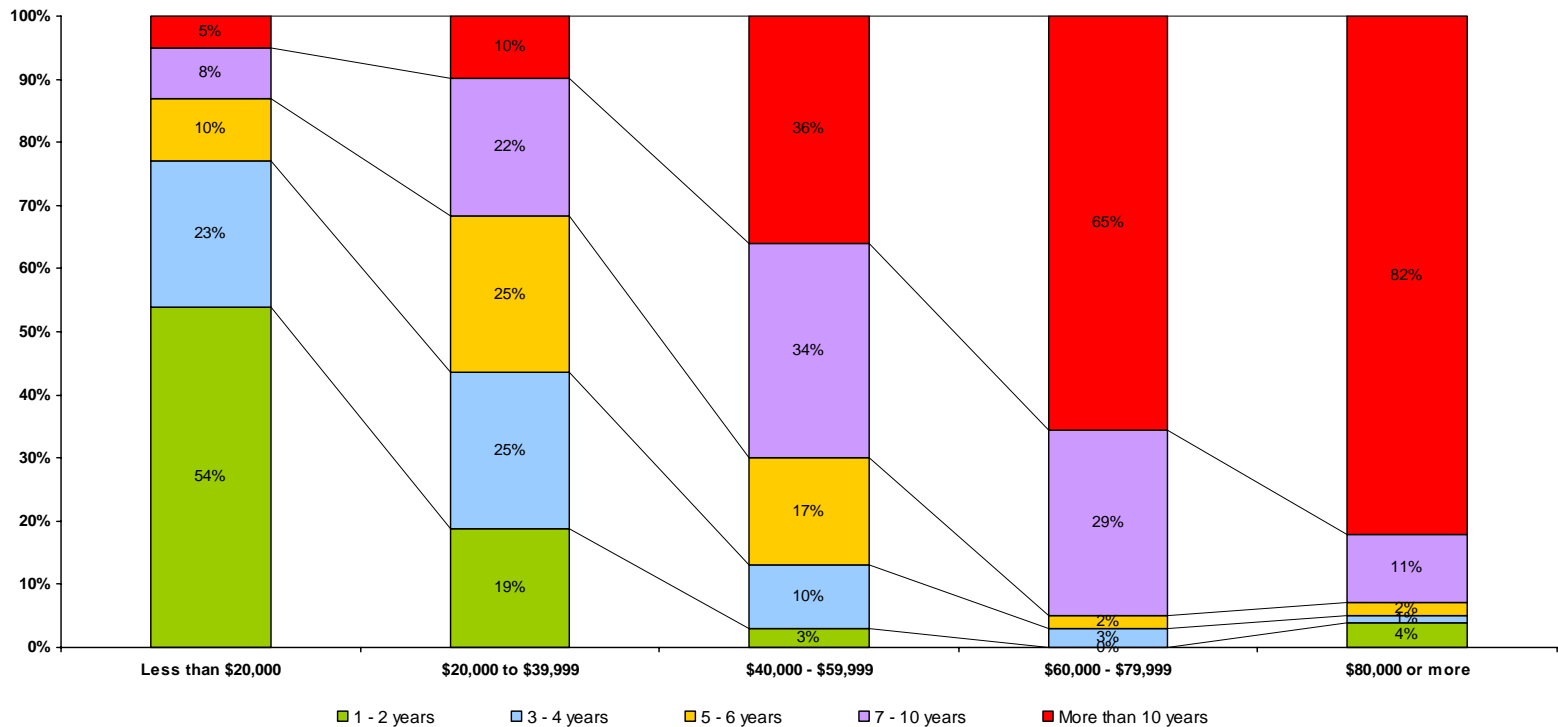
N=1,969

# Salary and experience

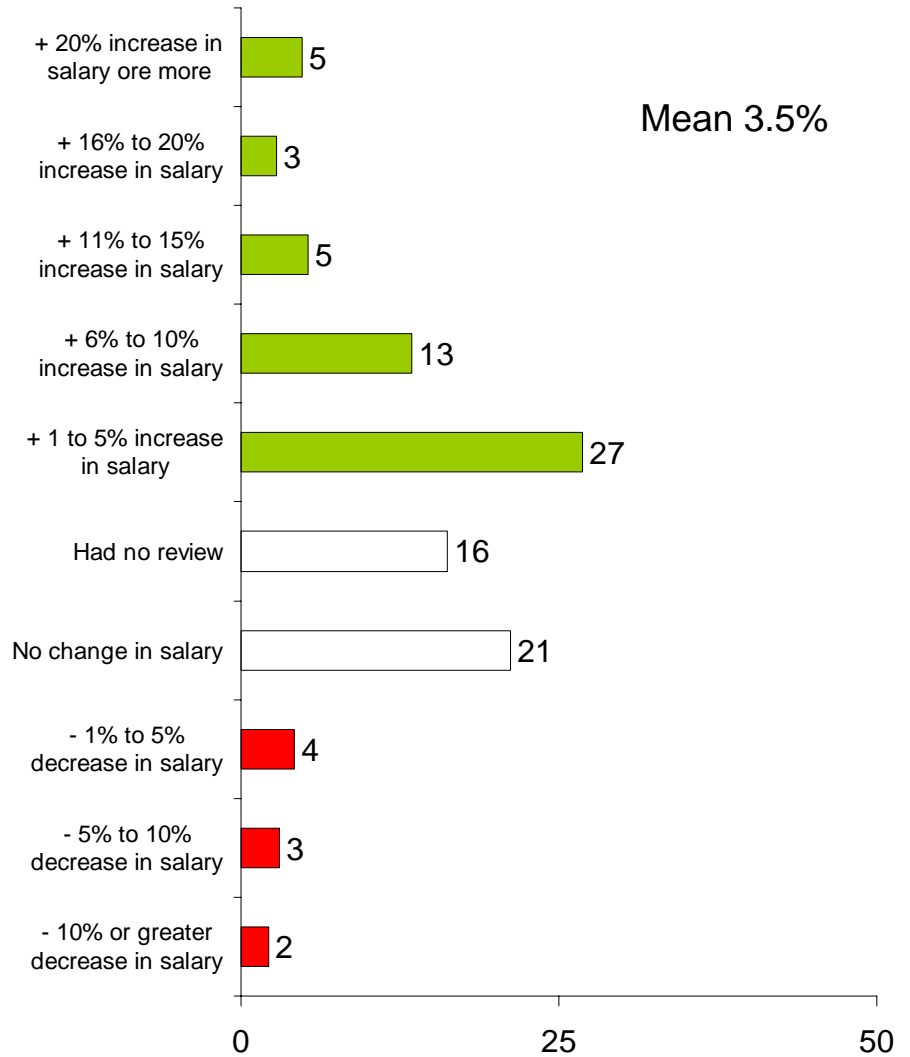
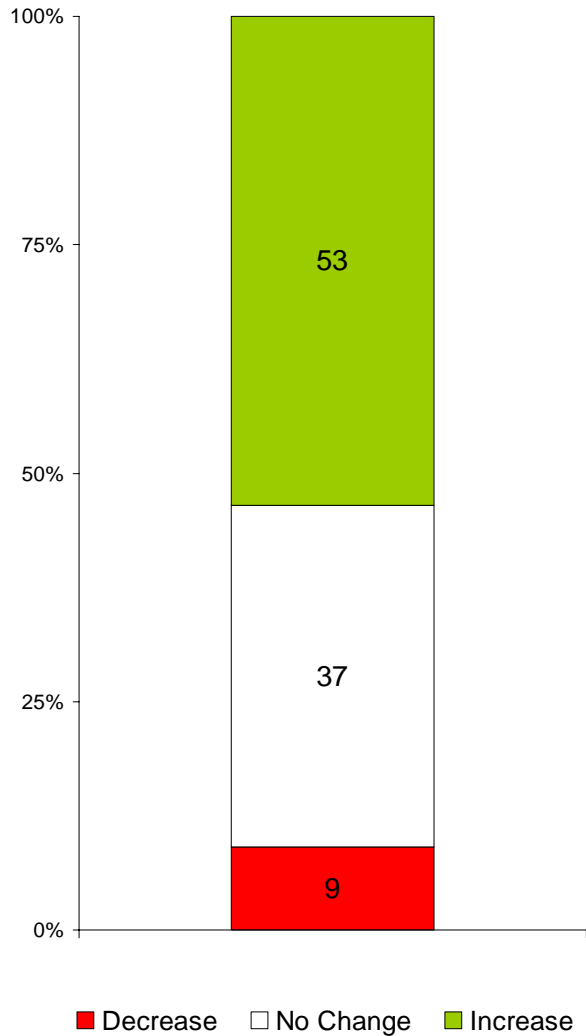
## Mean salary



## Distribution of income by years of post-qualification professional experience



# This year's salary



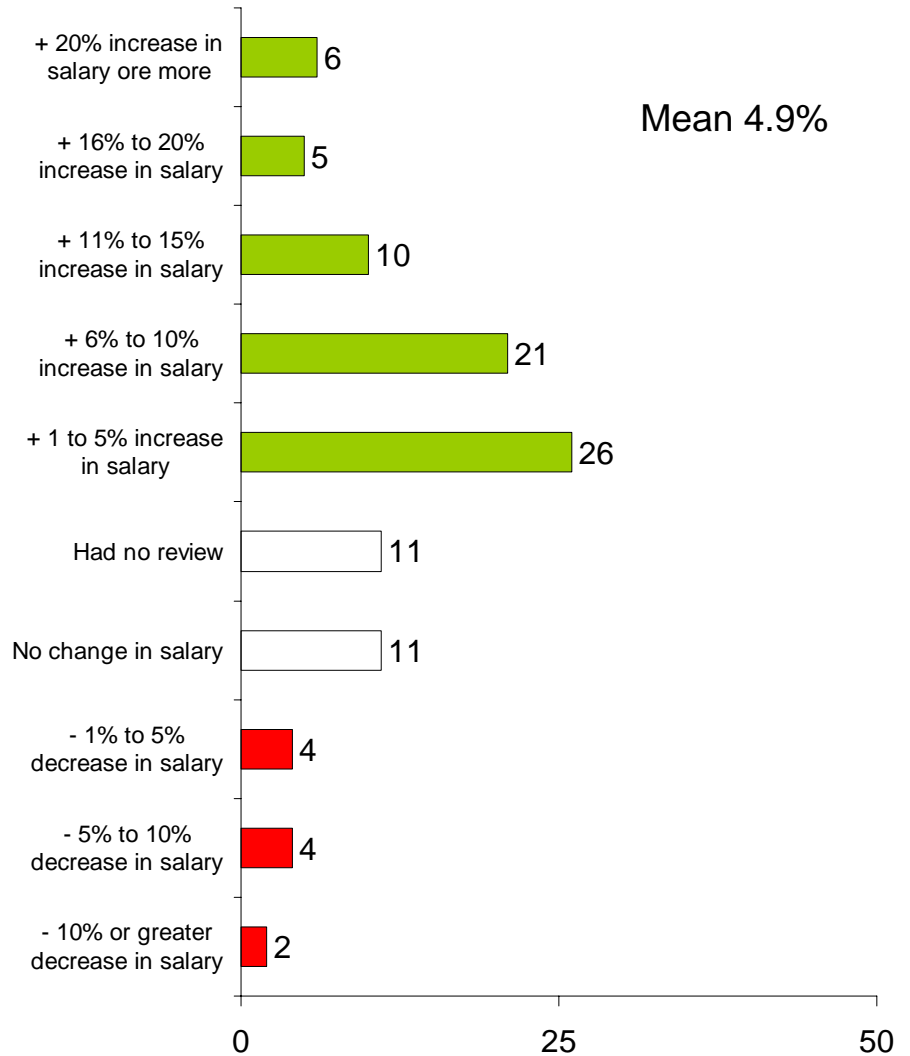
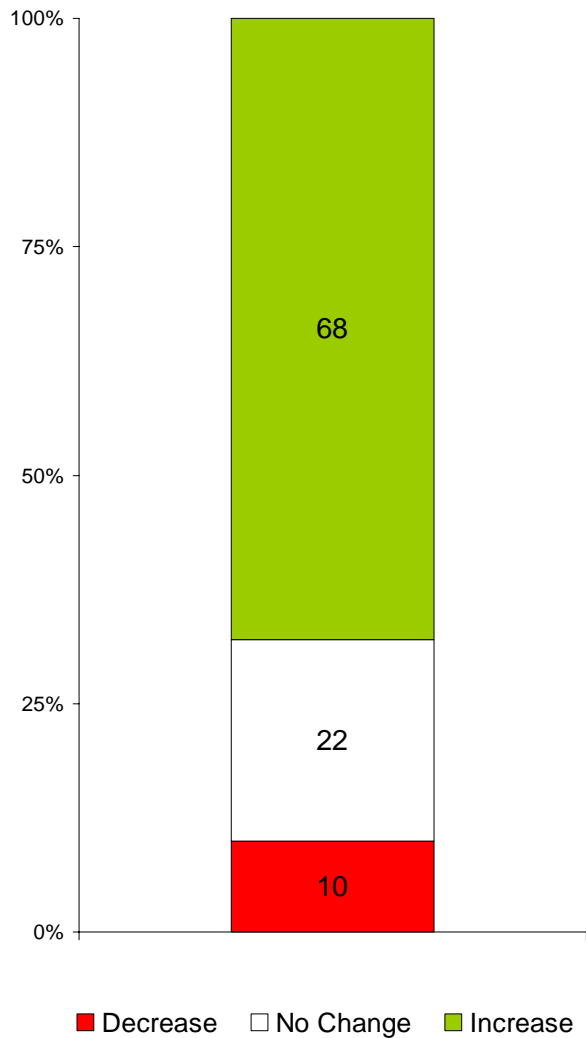
Q3.6 Which of the following bands best describes the **outcome of your most recent salary review?**

Base: All respondents

N=2,822

Note – Having no review may be due to Partners not having a review rather than not giving themselves a pay increase

# Next year's salary



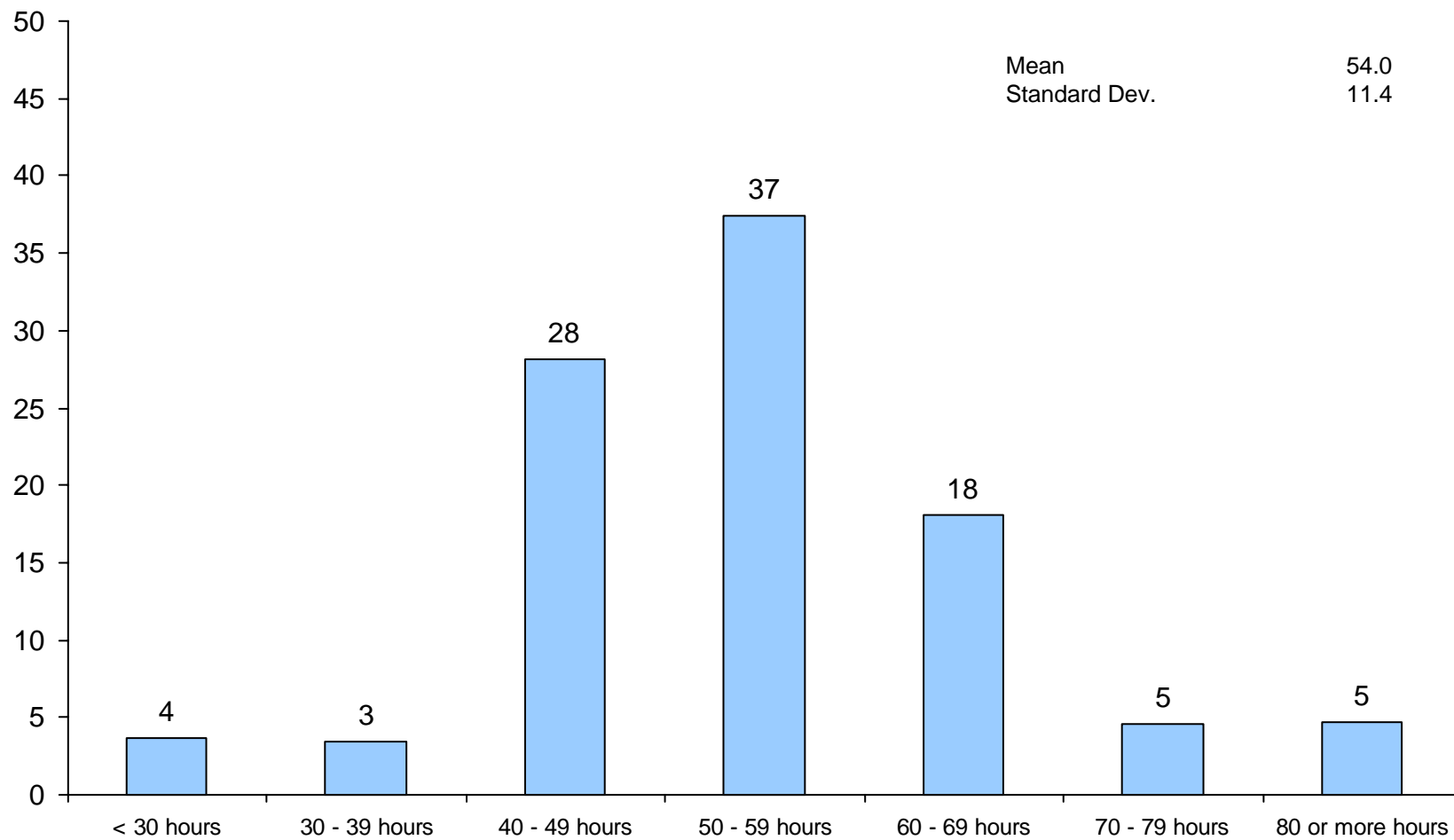
Q3.6 Which of the following bands best describes your **expectation of your next salary review?**

Base: All respondents

N=2,822

Note – Expecting no review may be due to Partners being reviewed rather than not giving themselves a pay increase

# Working hours

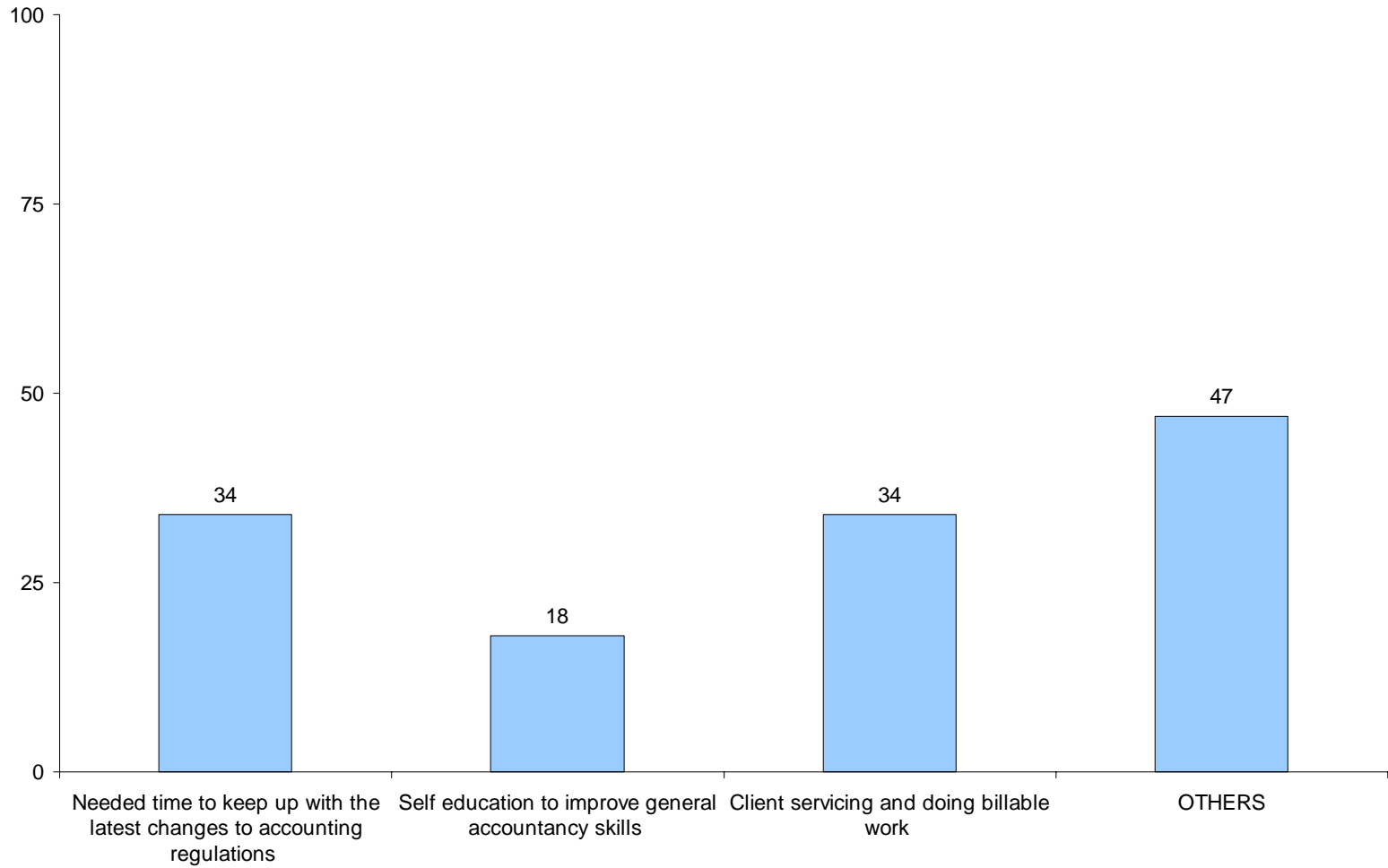


Q3.7 On average, over the last 12 months, how many hours a week did you work?

Base: All respondents

N=2,822

# Reasons for extra hours



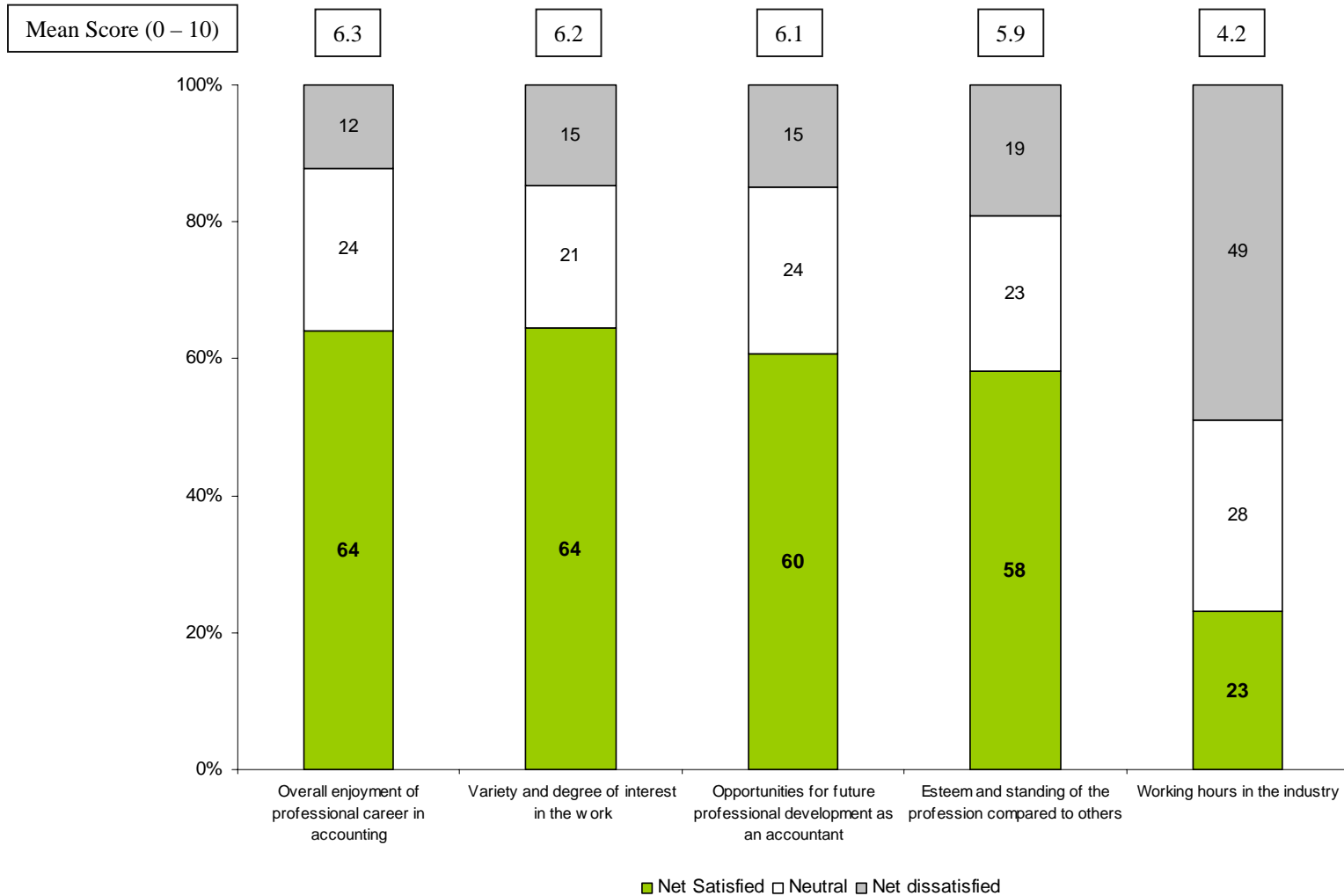
Q3.10 Which of the following reasons best describes why you worked extra hours?

Base: Worked overtime

N=2,550

[Multiple Response]

# Satisfaction with an accounting career



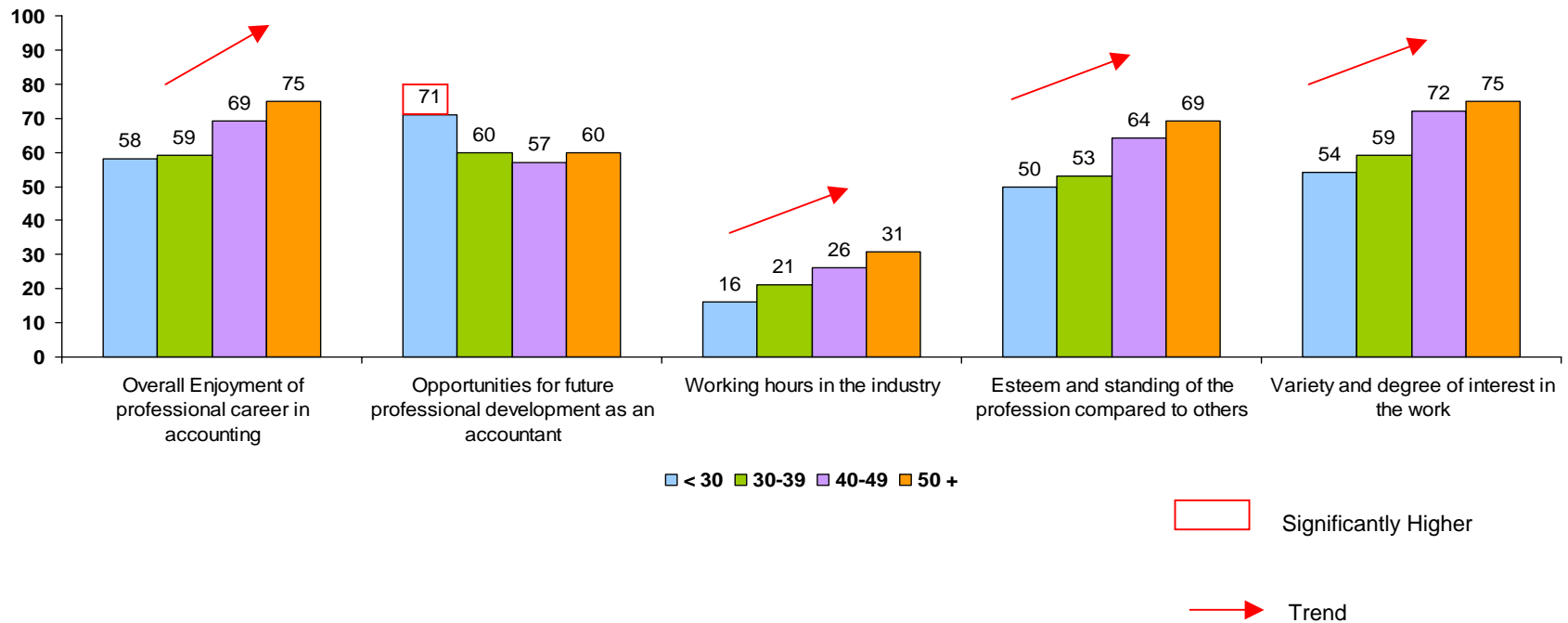
Q3.13 Thinking more generally now about your satisfaction with the accounting profession and career, can you please rate your satisfaction with the following areas from 0 to 10 where 0 means 'extremely dissatisfied', 5 means 'neutral' and 10 means 'highly satisfied'?

Base: All respondents

N=2,822

# Satisfaction with an accounting career

Figures show % 6 – 10 (Satisfied)



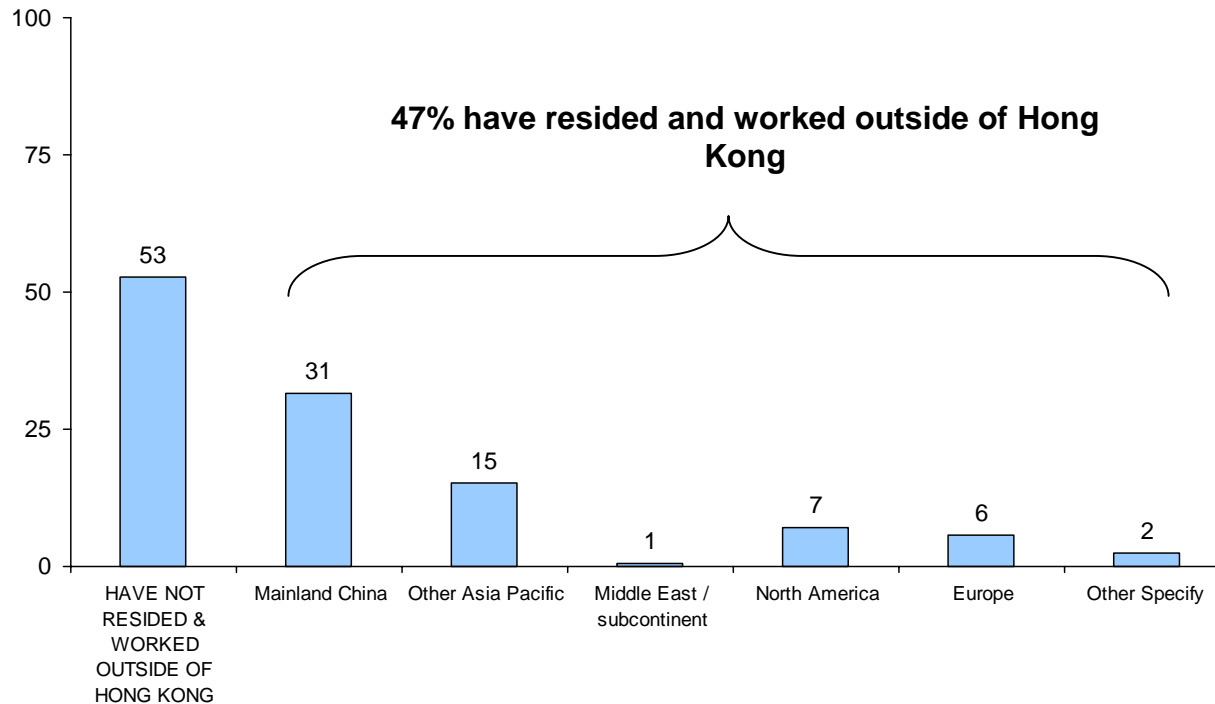
Q3.13 Thinking more generally now about your satisfaction with the accounting profession and career, can you please rate your satisfaction with the following areas from 0 to 10 where 0 means 'extremely dissatisfied', 5 means 'neutral' and 10 means 'highly satisfied'?

Base: All respondents

N=2,822

# Lived and worked outside Hong Kong

The chart shows the proportion of accountants who have resided and worked overseas. Almost half of Hong Kong's qualified accountants (47 percent) have resided and worked overseas. Around one-third (31 percent) have worked in Mainland China and 15 percent have worked abroad within the Asia Pacific region. Around one in ten (9 percent) have worked in either Europe or North America.



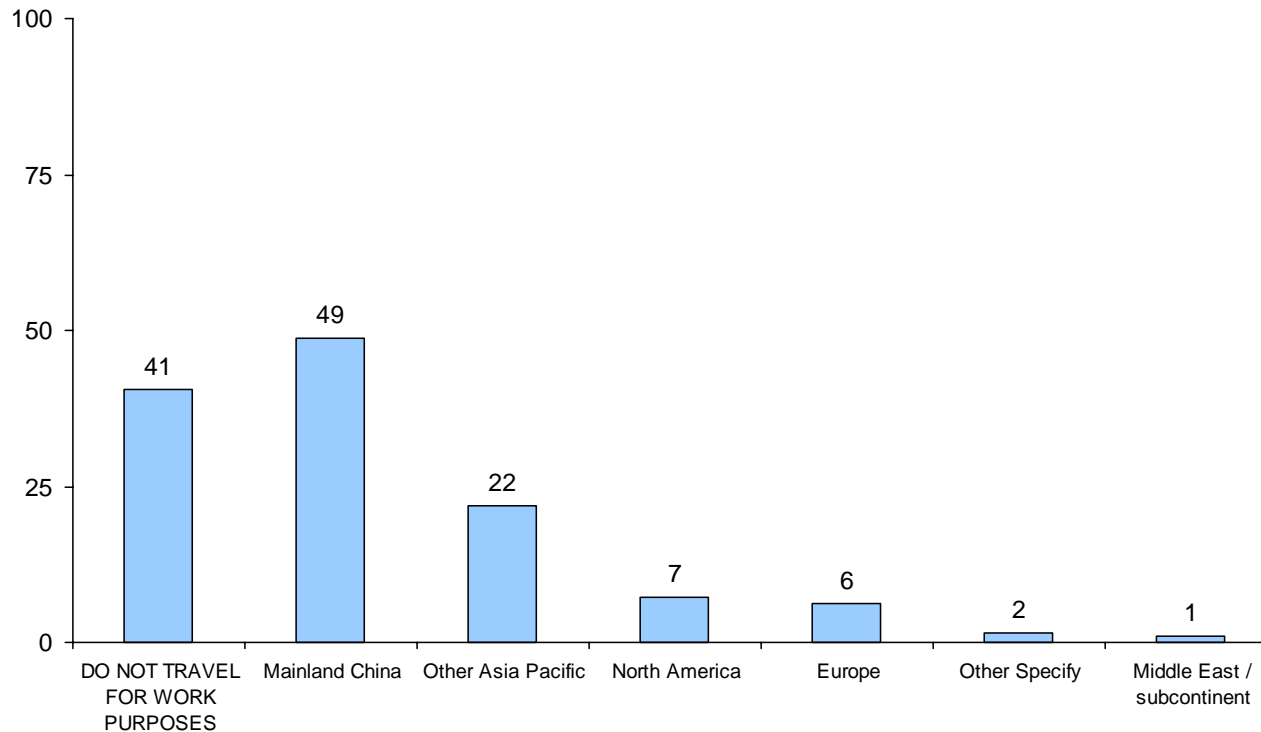
Q4.1 Have you personally ever resided and worked as an accountant outside of Hong Kong. IF YES, in which of the following regions?

Base: All respondents

N=2,882

# Work travel

Around half of accountants surveyed indicated that they travel for work purposes in their job (51 percent). Almost all who travel for work, travel to Mainland China (49 percent). Around one-in five (22 percent) also travel to destinations in the Asia Pacific region. Around one in ten (13 percent) travel to Europe (6 percent) and/or North America (7 percent).



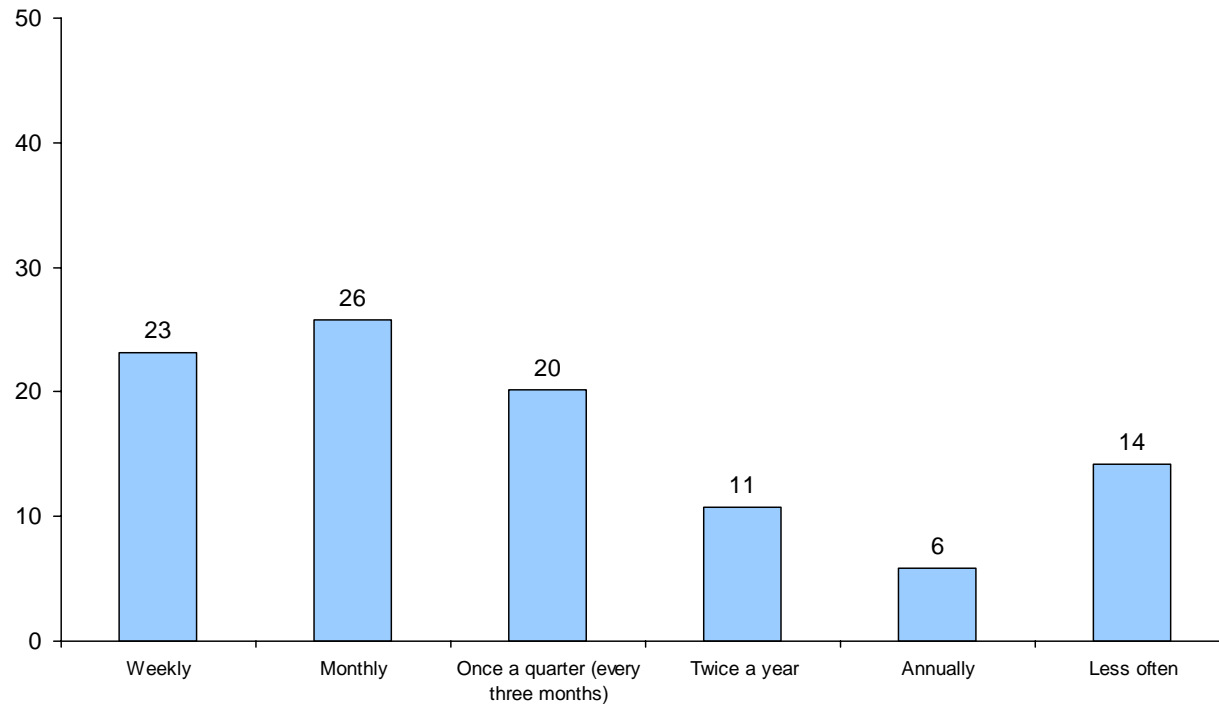
Q4.3 Do you currently travel overseas for work purposes? IF YES, where to you travel?

Base: All respondents

N=2,822

# Frequency of travel to the Mainland for work

Around one quarter of accountants (23 percent) said they travel to Mainland China for work at least weekly and half (49 percent) said they travel to the Mainland at least monthly. Four in five accountants (50 percent) travel to the Mainland at least twice a year



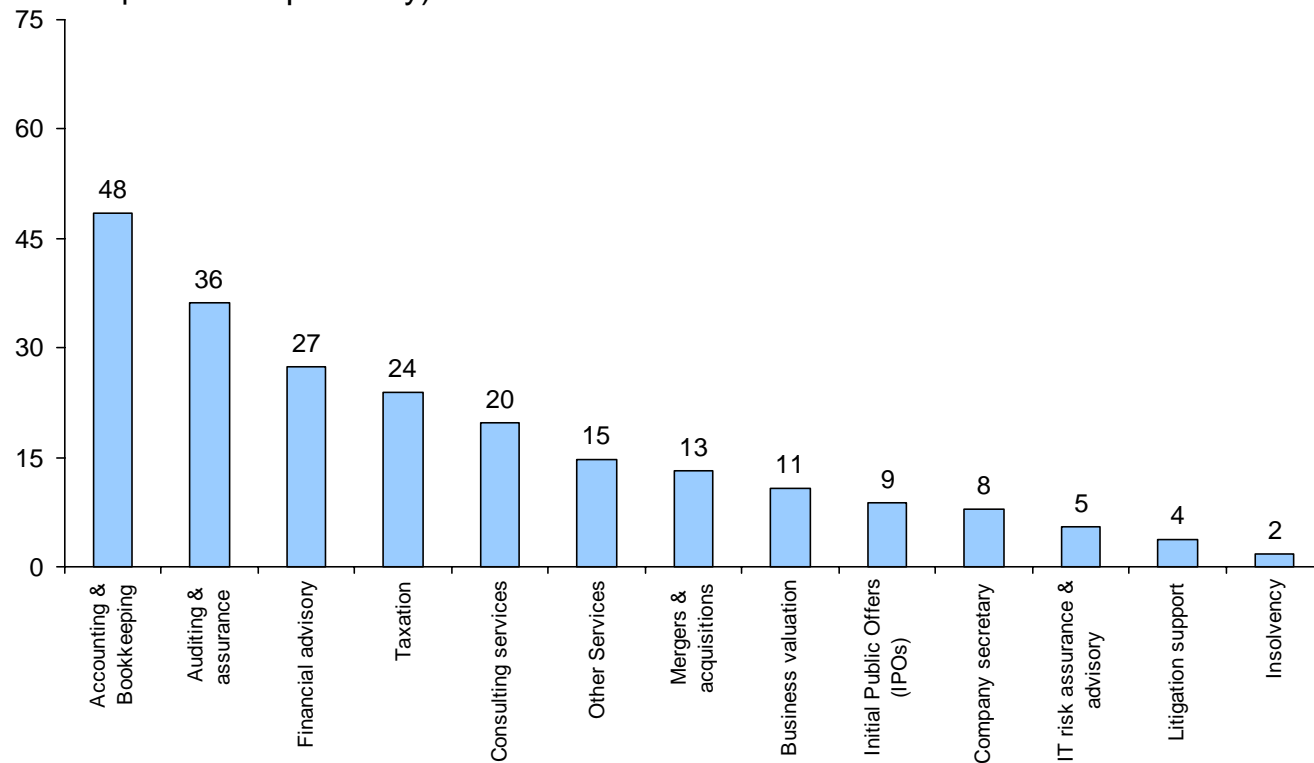
Q4.4 How frequently do you travel to Mainland China for work?

Base: Travel to Mainland China for work purposes

N=1,377

# Specialisation of Mainland China work

The type of accountancy work most frequently undertaken in Mainland China is *accounting and bookkeeping* (48 percent) and *auditing and assurance* (36 percent). *Financial advisory* and *taxation* are the next two most prevalent reasons for traveling to the Mainland for work (27 percent and 24 percent respectively).



[Multiple Response]

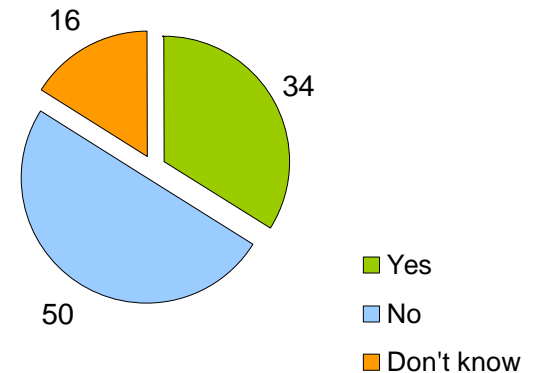
Q4.5 What area of specialisation is your work in China undertaken in?

Base: Travel to Mainland China for work purposes

N=1,377

# Opinions on shortage in Hong Kong

- Accountants who were responsible for employing staff were asked to indicate if they believe there is a shortage of accountants in Hong Kong. One-third (34 percent) agreed that there is a shortage, 50 percent indicated they did not believe there is a shortage and 16 percent were unsure.
- PAIPs were more likely to perceive a shortage than PAIBs (44 percent vs. 31 percent). Amongst PAIPs, those in Large Accountancy Firms were more likely to believe there is a shortage than those in SMPs (65 percent vs. 35 percent).



	Q1.3 Type		Q1.4 PAIP Status		Q1.5 PAIP Firm Type		Q1.9 PAIB Status		
	PAIP (n=164) %	PAIB (n=376) %	Partner (n=105) %	Prof. Staff Member (n=58) %	SMP (n=90) %	LAF (n=72) %	CFO (n=124) %	Other accounting (n=198) %	Non-accounting role (n=53) %
Yes	44	31	45	41	35	65	39	26	43
No	40	53	39	42	48	23	48	58	35
Don't know	16	15	16	18	17	12	13	16	21

Red = Significantly Higher

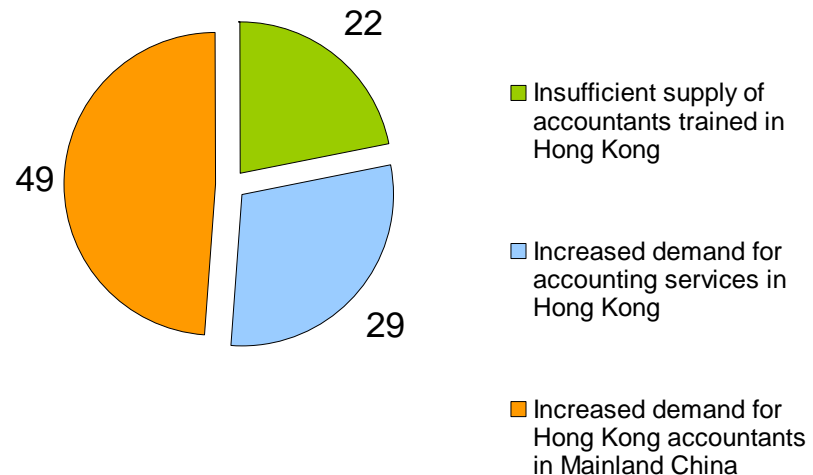
Q5.1 Do you believe there is a shortage of accounting professionals in Hong Kong?

Base: PAIB Employers and PAIP Partners

N=1,575

# Reasons for the shortage

Those who perceived a shortage of professional accountants were asked to apportion the reason for the shortage to three supply/demand factors. On average, 49 percent was apportioned to *increased demand for Hong Kong accountants from the Mainland* and 29 percent was apportioned to the *increased demand for accounting services in Hong Kong*. Twenty-two percent was apportioned to *insufficient supply of accountants trained in Hong Kong*.



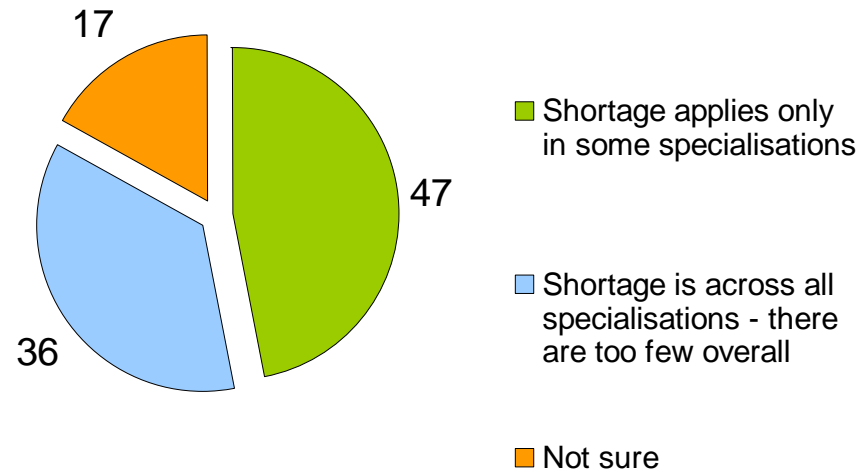
Q5.2 What proportion of the shortage do you believe can be attributed to each of the factors below?

Base: Believe there is a shortage of accountants

N=540

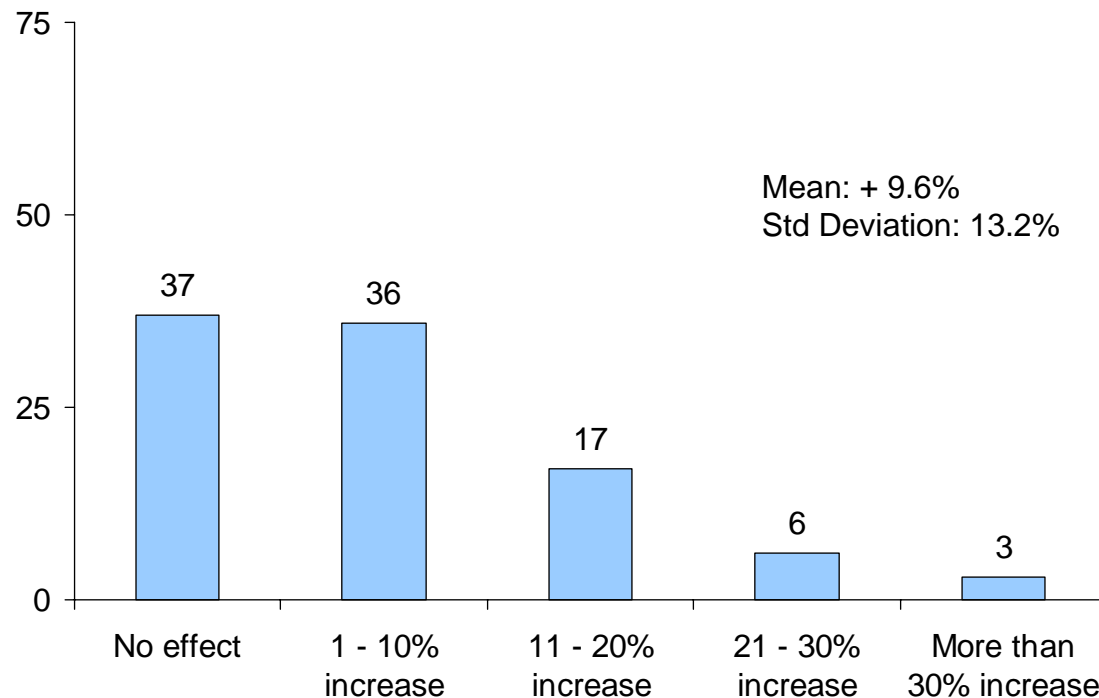
# Where the shortage is greatest

Half (47 percent) of those perceiving a shortage believe the shortage applied to only some specialisations. One-third (36 percent) believe the shortage is across all specialisations (36 percent).



# Effect on salaries

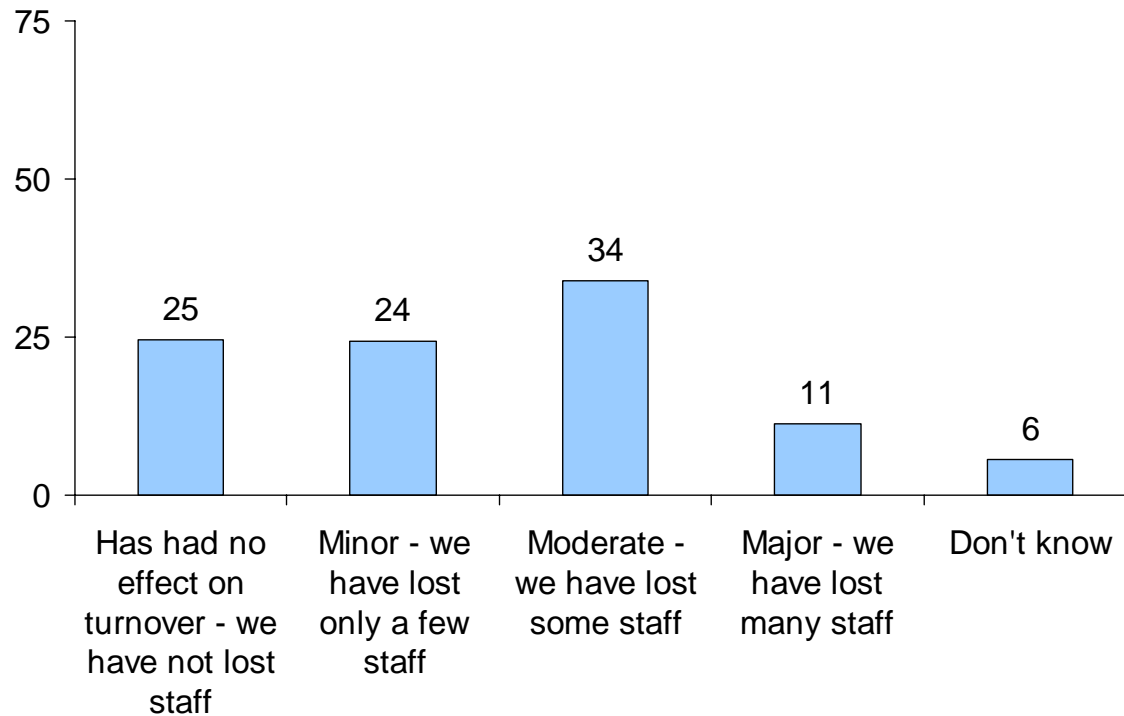
Those who believed a shortage exists, 37 percent believe there has been no impact on their firm's salaries in the last year and the remainder believed there has been some impact. The perceived impact was most likely to be in the order of 1 to 10 percent (36 percent) Overall the mean perceived impact is an increase in salaries of 9.6 percent over the last year.



Q5.5 What has been the effect of the shortage of accountants on your company's salary levels over the last year?  
Base: Believe there is a shortage of accountants  
N=540

# Effect on turnover

**Sixty-nine percent** of those who perceived a shortage believe the shortage has had an effect on their company's staff turnover – 24 percent a *minor* effect, 34 percent a *moderate* effect and 11 percent a *major* effect.



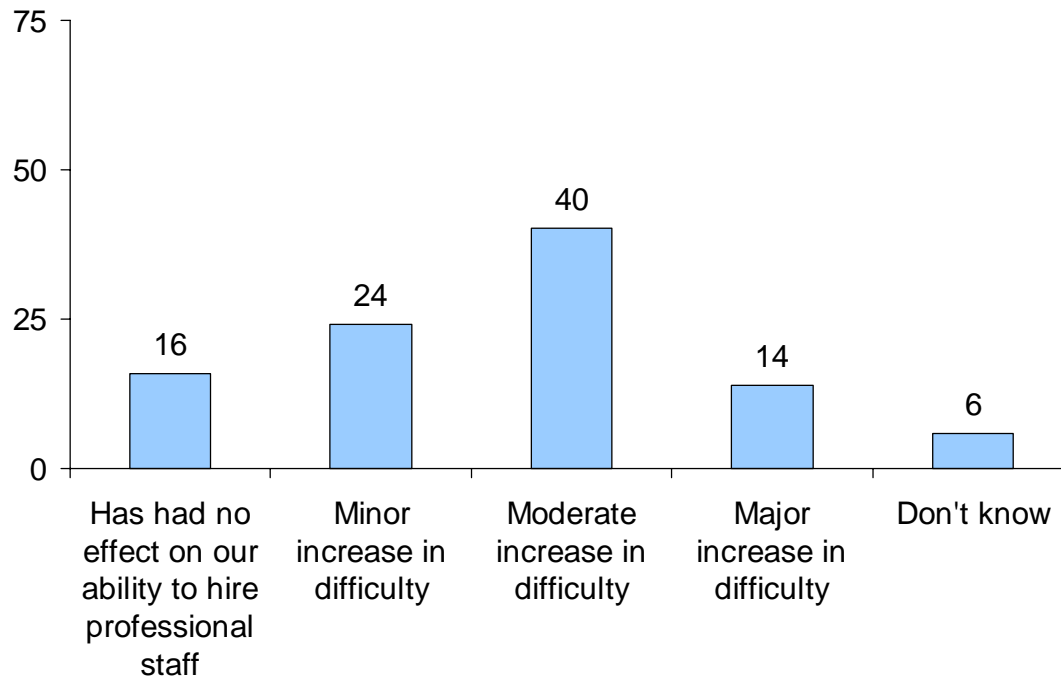
Q5.6 What has been the effect of the shortage of accountants on turnover of your company's accounting staff in the last year?

Base: Believe there is a shortage of accountants

N=540

# Effect on hiring

**Seventy-eight percent** of accountants who believed a shortfall exists thought there had been some impact on their firm's/company's ability to hire new staff. One-quarter (24 percent) thought the effect was *minor*, 40 percent thought it was *moderate* and 14 percent thought it was *major*.



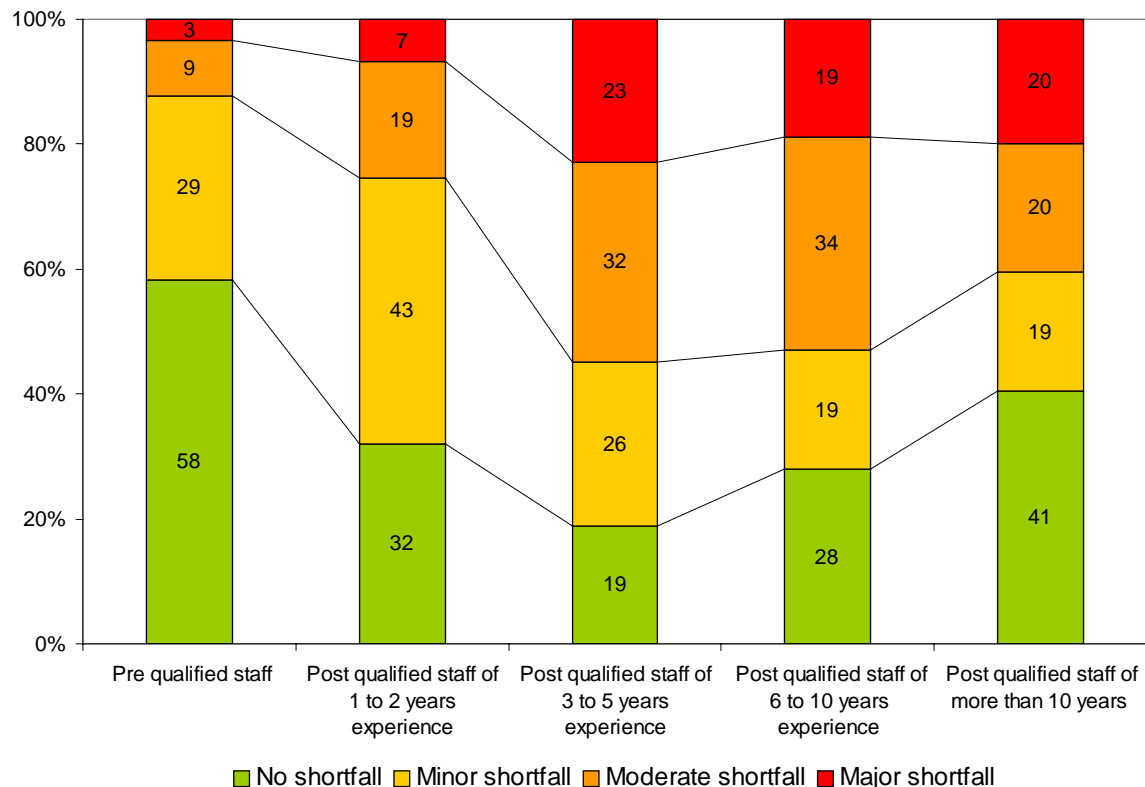
Q5.7 Which of the following best describes the effect of the accounting shortfall on your company's ability to hire new replacement staff?

Base: Believe there is a shortage of accountants

N=540

# Shortage by experience level

The perceived shortage is greatest among staff in the middle bands of experience – post qualified 3-5 years (81 percent perceive a shortfall – 23 percent *major*) and post-qualified 6 – 10 years of experience (72 percent perceive a shortfall – 19 percent *major*). Comparatively fewer perceive the shortfall to be among pre-qualified staff (42 percent shortfall - 3 percent *major*)



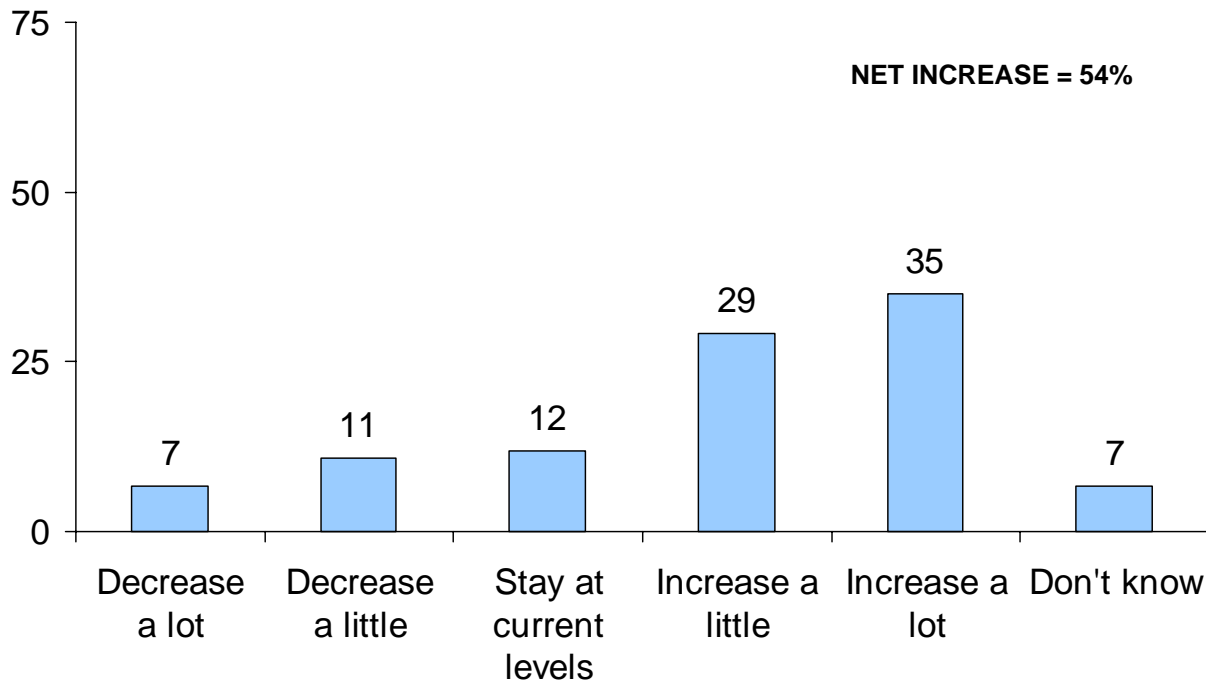
Q5.8 Please rate the size of the shortage for each level of experience described below. Please use a scale from zero to four where one means 'no shortfall', 2 means 'minor shortfall', 3 means 'moderate shortfall' and 4 means 'major shortfall'?

Base: Believe there is a shortage of accountants

N=540

# Demand from China – Next five years

Respondents who were involved in employment were asked to indicate their expectations of demand for Hong Kong accountants from Mainland China in the next 5 years. More than half (54 percent) of accountants believe demand will increase in the next 5 years – 35 percent believe it will increase *a lot* and 29 percent *a little*.



Q5.11 Over the next 5 years, do you expect demand for Hong Kong accountants in Mainland China to?

Base: PAIB Employers and PAIP Partners

N=1,575