



# Accounting Insights Report.

The culture of learning and future skills development



### About the CommBank Accounting Insights Report

The findings in this edition of the Accounting Insights Report for Professional Services are based on a wide-ranging quantitative survey of 414 business owners, decision-makers and managers from 'Professional Services firms' and 208 employees conducted on behalf of the Commonwealth Bank by ACA Research between September and October 2018. The specific references to accounting as a sub-sector within the Professional Services industry are based on responses from decision-makers within 67 accounting firms. Participants were drawn from Professional Services firms across Australia with an annual turnover of more than \$500,000 and at least two employees.

The results represented throughout the report also seek to compare the perspectives of business owners, decision-makers and managers within accounting firms with those of employees across the Professional Services sector more broadly.

All references in the text, tables and charts to accounting firms and employees refer to those surveyed. Likewise, all data points and percentages refer to the results of the quantitative survey.

### The OECD innovation framework

To determine which business initiatives were truly innovative, and assess innovation activity, CommBank adopted the framework set out in the Organisation for Economic Co-operation and Development (OECD) Oslo Manual. Used by organisations around the world, including the Australian Federal Government and the Australian Bureau of Statistics, the manual is constructed around four key innovation areas: products, processes, marketing and organisational.

References to 'innovation-active' are based on an assessment of innovation using the Oslo Manual definition - a new or significant improvement in one or more of the four areas.

We used the Oslo Manual criteria to test each innovation mentioned by the survey respondents, allowing us to determine whether their business improvements met the definition of innovation and the number of areas in which they were innovating. We used this approach because we did not use the word 'innovation' in this part of the survey so the results would be robust.



# Workplace learning and development

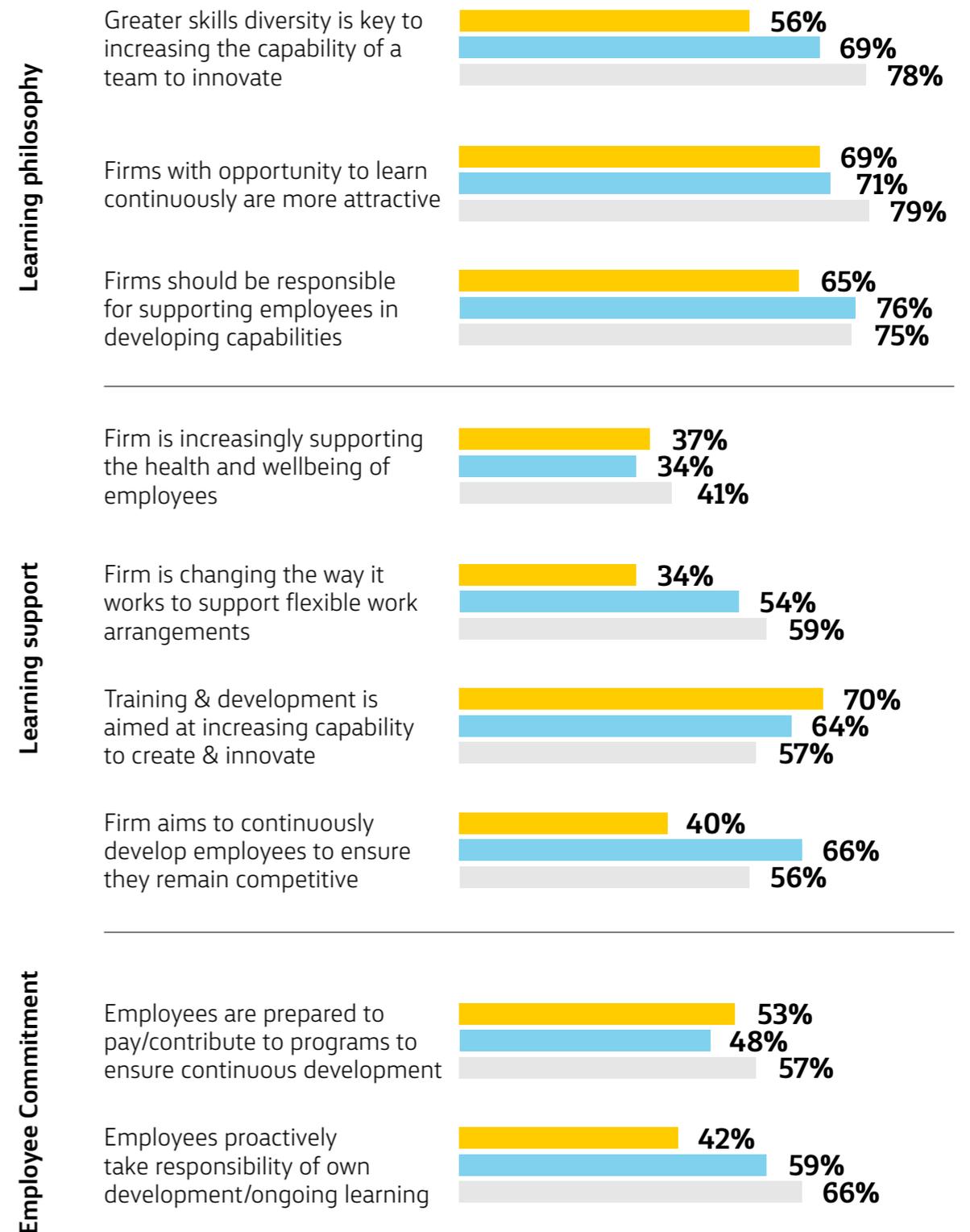
The first in-depth report for accounting firms into the findings of this year's Business Insights Report for Professional Services, identified the skills and capabilities that decision-makers seek to secure to ensure their organisation is future-fit. It also highlighted the importance of better balancing training and development between the organisation's needs and employees' desire to progress in their career.

This final report looks at the culture underlying staff training and development among accounting firms and the approaches that firms take to securing the skills they need. It also assesses the range of training programs offered and their effectiveness. An examination of what innovation-active firms are doing differently illustrates the value that accrues from getting workplace learning right.

Starting with the culture around employee learning and development, the biggest disconnects between decision-makers within accounting firms and employees across the Professional Services sector are around continuous development that aims to keep the firm competitive, offering flexible work arrangements to support employee learning and the value of skills diversity to support innovation.

Employees who claim to work for innovative Professional Services firms more broadly are also more likely to enjoy those types of training and development approaches. Innovation-active firms are far more likely to embrace a strong learning philosophy that delivers ongoing development and flexible working arrangements so that people can work from home, study and manage their health.

## Culture of workplace learning – proportion that agree



● Accounting firms ● Professional Services firms ● Professional Services employees

# A greater focus on internal skills development

The ways that Professional Services firms access and develop the skills needed to be future-fit can be divided between internal and external. Internal refers to developing the skills and capabilities of their existing staff. External refers to bringing in fresh talent from outside of the organisation. It also includes using consultants to help bring staff up to speed and outsourcing some functions.

The research found that:

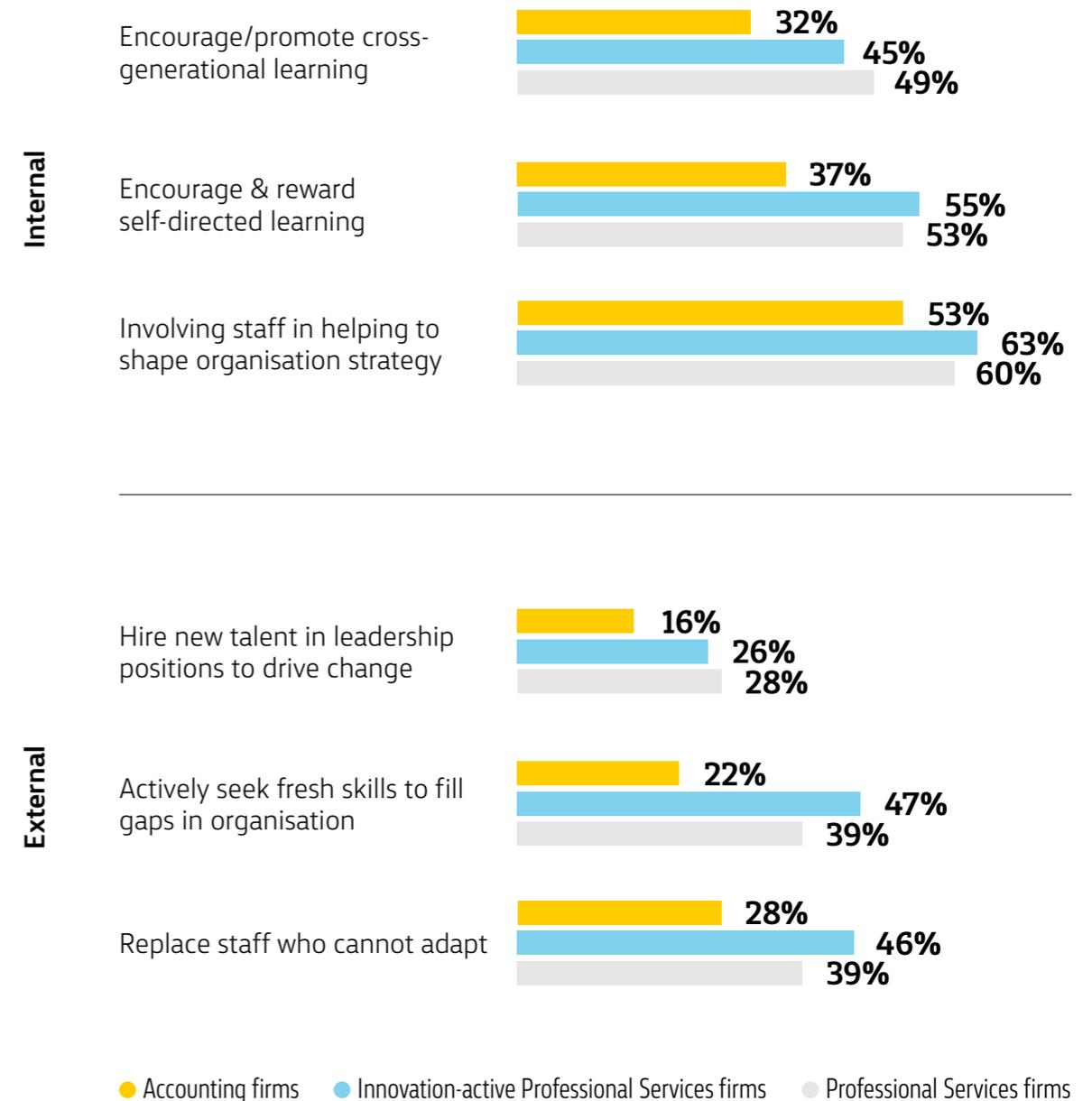
- Just over half of accounting firms involve staff in helping to shape their organisation's strategies, but are less likely than other Professional Services firms to encourage self-directed learning and cross-generational training.
- They are further distinguished by being less likely than other Professional Services firms to acquire leadership and other talent from outside the firm to drive change and develop new skills.

## What innovation-active Professional Services firms do differently

- Compared with improving firms across the industry, the most innovative ones stand out for promoting cross-collaboration and learning across teams.
- The other big difference between innovation-active firms and improving firms is that they are far more proactive in hiring new people to fill any skill gaps. And, as a corollary, more inclined to replace employees who cannot adapt.



## Approach to securing the workplace skills firms need for the future



# Accounting firms offer a diverse range of training programs

Turning to building skills within their organisations, accounting firms offer their staff training and developments opportunities with a larger focus on internally focused programs. The greatest proportion of accounting firms offer informal, on-the-job training, team building activities, industry events and education and training content.

## What innovation-active Professional Services firms do differently

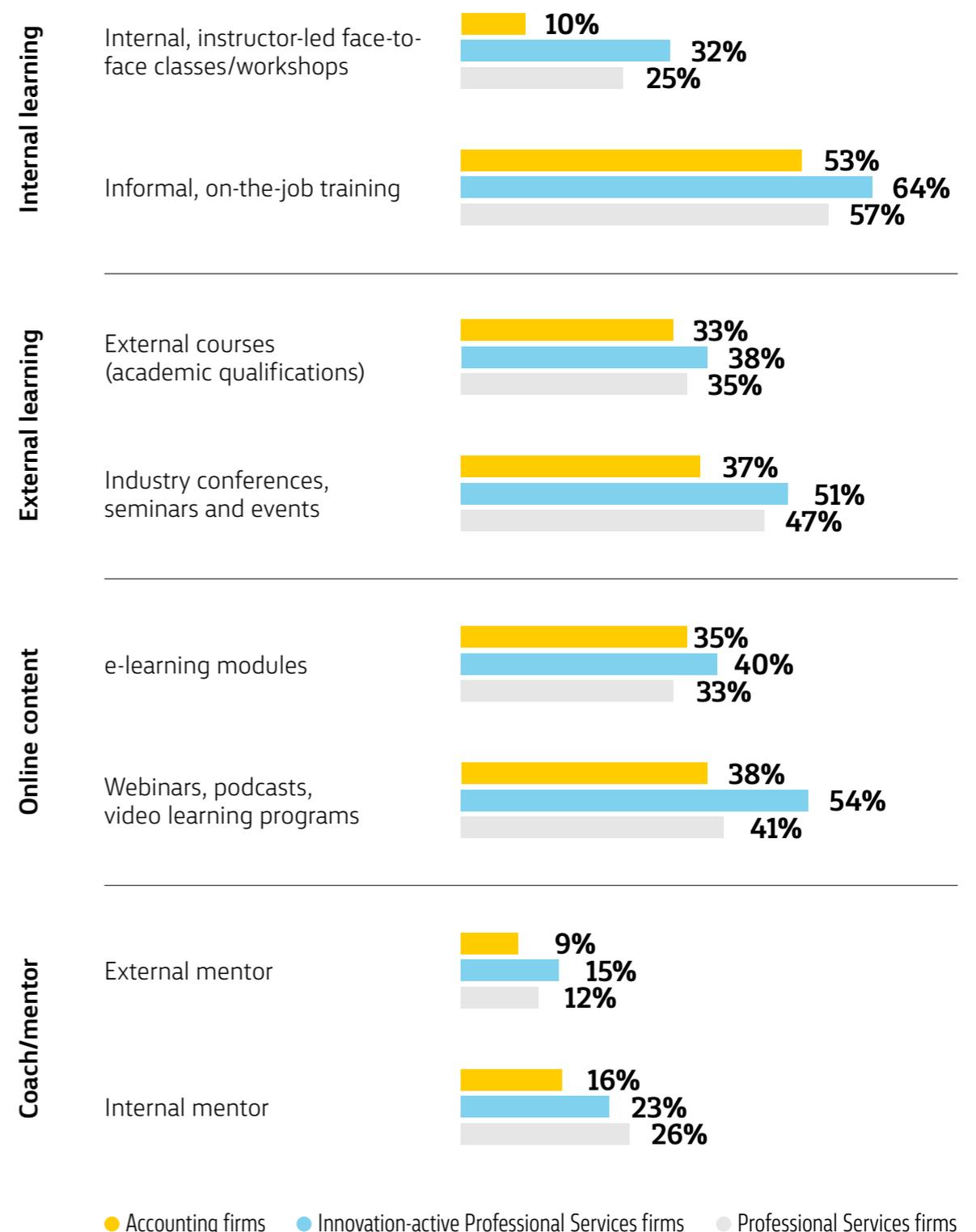
- Online content is also particularly favoured by innovation-active firms compared with improving firms.
- They're also far more likely to offer internal, instructor-led face-to-face classes and industry events.
- In contrast, they don't tend to offer internal mentors nearly as much as improving firms.



The programs offered among accounting firms are broadly aligned with Professional Services industry best practice given their strong focus on team-building activities.

Across the Professional Services industry, regardless of innovation status, the most popular form of training is informal, on-the-job training. Is it effective?

## Training and development programs offered



# The fruits of effective workplace learning

Yes, in the eyes of employees across the industry, it is. Of the 12 types of training programs offered, informal, on-the-job training ranks third equal after internal mentors and internal, instructor-led face-to-face classes.

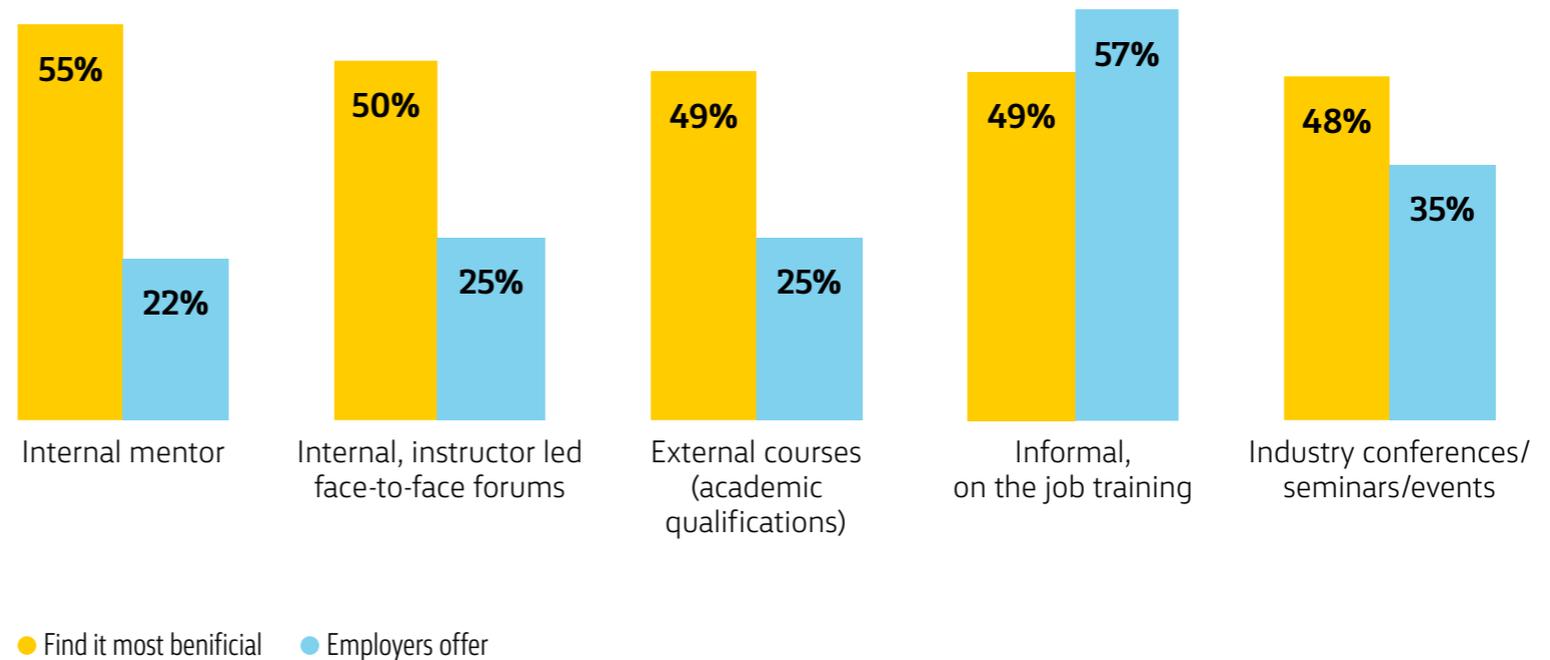
A higher proportion of Professional Services employees within Professional Services firms also rate external courses that lead to academic qualifications and attending industry events as effective. Online content and social collaboration tools, on the other hand, are deemed the least effective.

Currently only 42% of employees believe the training programs they are offered are effective. The percentage rises to 54% among employees at innovative firms and drops to 28% among employees not working for innovative firms.

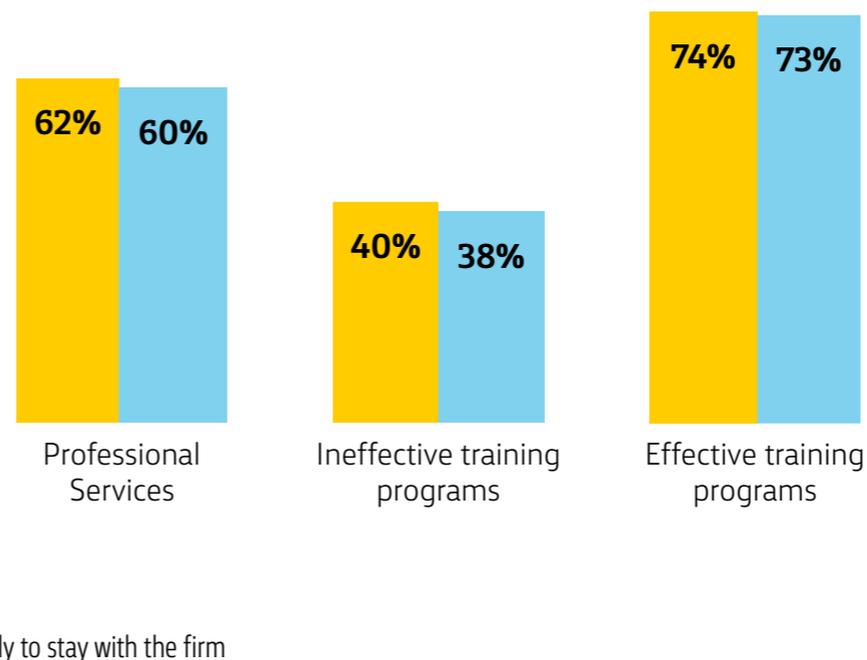
There is a clear link between effective workplace learning and job satisfaction. While 62% of Professional Services' employees report satisfaction in their role, this increases to 74% among employees who are offered effective training.

Of course, satisfied staff are more likely to stay with their firm. Across the Professional Services sector, 60% of employees expect to stay with their firm in the coming year. However, 73% of employees receiving effective training will likely stay with their current firm.

Training and development programs most beneficial to employees vs what employers offer (Professional Services industry)



Benefits of effective training programs (Professional Services industry)



# Conclusion

More than half (56%) of Professional Services firms spend between \$10,000 and \$100,000 on training and development annually. There is a big opportunity for accounting firms to get a better return from this investment, one that will also better arm them in the battle for talent.

Realigning training programs to be more effective in the eyes of employees will not only help firms to better develop the workforce skills needed for their future success, but also result in more satisfied employees who are more likely to stay with the firm.

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