
4. RECRUITMENT AND RETENTION OF FINANCE PROFESSIONALS

The evolutionary but fundamental nature of the changes we have seen at play in finance would suggest that how finance personnel are recruited and retained would be greatly affected. In this final section therefore we shall look at issues surrounding recruitment of the next generation of finance professionals and, as importantly, at how to retain the best of the current generation.

Recruitment criteria: issues and preferences

When an individual is recruited into the finance organisation it is a fair assumption that the organisation is looking for the highest calibre candidate it can obtain – someone for whom the long-term plan, all other things being equal, is for them to take up a senior position in the future. Especially where the finance function is looking to take on the management support and business partnering role, the focus is put on the recruitment of someone with leadership potential, whether this role will be in the finance function or in the wider business.

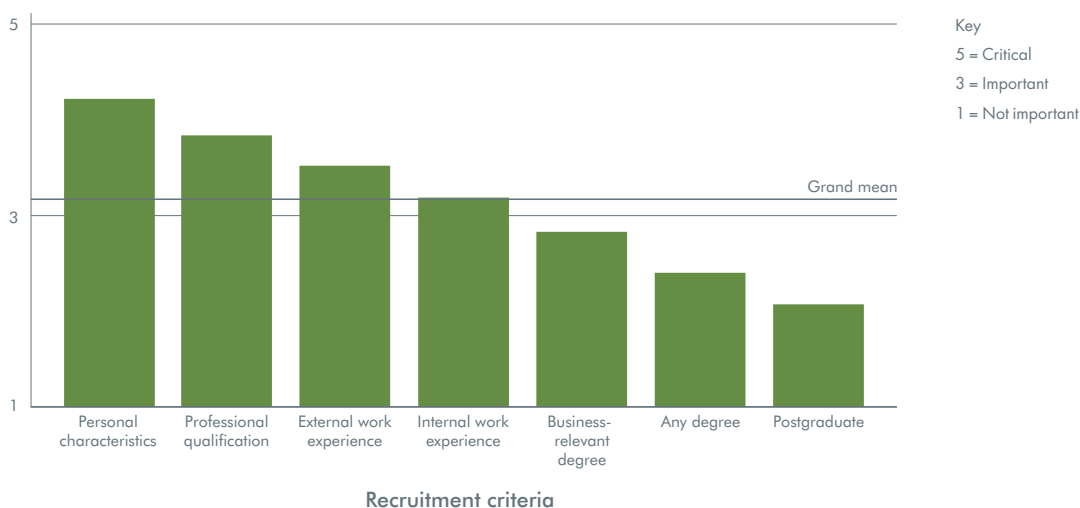
Selection criteria are usually used to help assess the calibre of potential employees. Seven relevant criteria were rated and ranked as to how critical

they are when identifying potential employees and leaders of the future (Figure 4.1).

All criteria were rated as important or critical in the recruitment decision. It is clear that the individual's personal characteristics rather than their experience or education dominate. This does not mean that personal characteristics alone are sufficient to merit recruitment: the most attractive of potential recruits in terms of their intelligence, compatibility with other personnel etc. would still not be suitable without some relevant experience or education.

Possession of a professional finance qualification is more important than work experience, university degrees or masters degrees as a criterion for selection. This trend continues to be highlighted here, though it must be noted that the respondents were primarily finance professionals.

FIGURE 4.1: Importance of recruitment criteria



What is interesting is the apparent gap between this clear preference for a professional qualification and the trends we saw back in Section 3. Here we reported that non-senior finance professionals rate external education, such as professional qualifications, as being the most useful training and development method but report it as being the least widely experienced in practice. This would indicate employers having a preference for recruiting already qualified staff and therefore limiting the need to make support available for such qualifications and training in post.

Furthermore it is worth noting that of the organisations which claim they do not provide support for training and development, over 30%, give the rationale that they already recruit professionally qualified finance people – supporting the importance of professional qualification at recruitment time.

This suggests that these organisations do so with the view that little or no further development or training is required. We already know that the needs of organisations and the demands and changes on the finance function affect the skills and competencies that finance staff require. The implication is that relying only on recruiting in technical talent is a risky approach.

Work experience gained outside the organisation is preferred to that obtained within it. Internally gained experience might be perceived as making the individual better suited to progress within that organisation since they are aware of institutional routines, organisational culture etc. However, here there is a perceived advantage to importing and buying in skills into the organisation since the external recruit embodies the lessons gained from experience in other organisations.

We have already seen in Section 3 that there is a perception that finance people that work best in management support roles have been developed internally, thus getting a better understanding of their organisation's products and services and environment. As such, organisations are wise to consider a mix of approaches, and specifically for this type of collaborative support role.

Personal characteristics, experience and professional qualification are all more important in recruiting future leaders than all university education, presumably because they are more directly relevant

to the potential contribution the individual can make in the business.

Consultations show us that the ability to train undergraduates in a professional qualification is the key factor here. Post-graduates such as MBA holders, it appears, are less likely to have the technical skills required and may also be less likely to continue to study for the professional qualification in finance that organisations may actually need.

Recruitment preferences – a global view

An organisation’s geographical location has often been assumed to make a difference in terms of how recruitment criteria are rated and thus on how career paths for finance professionals vary around the world. For instance there has long been a perception of a continental European tradition whereby individuals enter companies direct from education and receive training in accounting and finance from the employer, contrasting with the professional qualification route favoured in Anglo-Saxon countries.

While we might expect these traditions to lead to different preferences in respect of professional qualification depending on location, in fact this does not appear to be the case (Figure 4.2). Instead there is remarkable consistency around the world, with the only significant differences in ranking being:

- In the EU and Asia, where post-graduate degrees are rated more highly than first degrees.
- In North America, where external work experience is rated more highly than a professional qualification.
- In the UK, where business-relevant degrees are rated lower than non-relevant degrees
- In Australasia, where internal work experience is rated lower than a business-relevant degree.

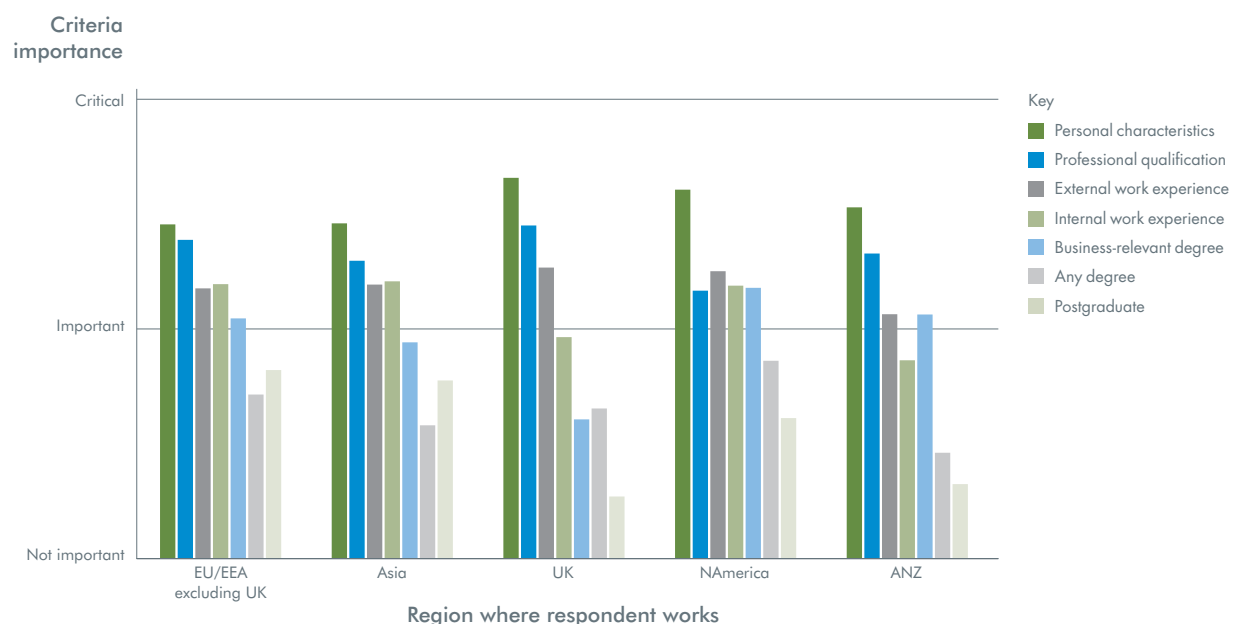
A professional qualification at the point of recruitment is rated as between important and critical by organisations in all countries except Japan, where it is seen as either not important or not relevant (Figure 4.2). The next lowest ranking for a professional qualification is in the US. This is backed up by finance professionals themselves; a clear majority feels that a professional qualification is essential to their role in all countries except Japan and the US.

Japan does not seem to have a history or background in specialist professional education.

In the US finance qualification seems to be acknowledged to be more focused on the accountant in practice with a strong tax and audit coverage, so it may be seen as less useful for finance professionals in business. The strong requirement here for work experience seems to indicate that relevant work experience in business is very important. This could highlight the benefits and value the Chartered Global Management Accountant brings to an organisation – with their experience in business coupled with the professional qualification providing the technical competency.

Overall, however, finance professionals with specialist finance/accounting duties and also those in senior finance positions rate a professional qualification as being more critical than do those in more general roles and in more junior positions.

FIGURE 4.2: Importance of recruitment criteria across regions



Thus when planning to recruit someone who is expected to attain a senior position as a future leader, or who will continue in a specialist role, personal characteristics and a professional qualification are the top criteria that help an organisation to distinguish the best candidate. Individuals that can demonstrate these two criteria, and have relevant work experience in business, are best placed to succeed.

The value of professional qualification

We have already seen that the professional finance qualification is widely viewed as valuable to the finance person.

- 68.4% of finance professionals confirmed that a professional finance qualification is essential to be able to undertake their job.
- 61% of senior non-finance management also view a professional qualification as essential for the senior finance roles in their organisations.

But the main issues we now explore are precisely what this value derives from, using the different perspectives:

- What benefits the finance professional sees as being gained by qualifying.

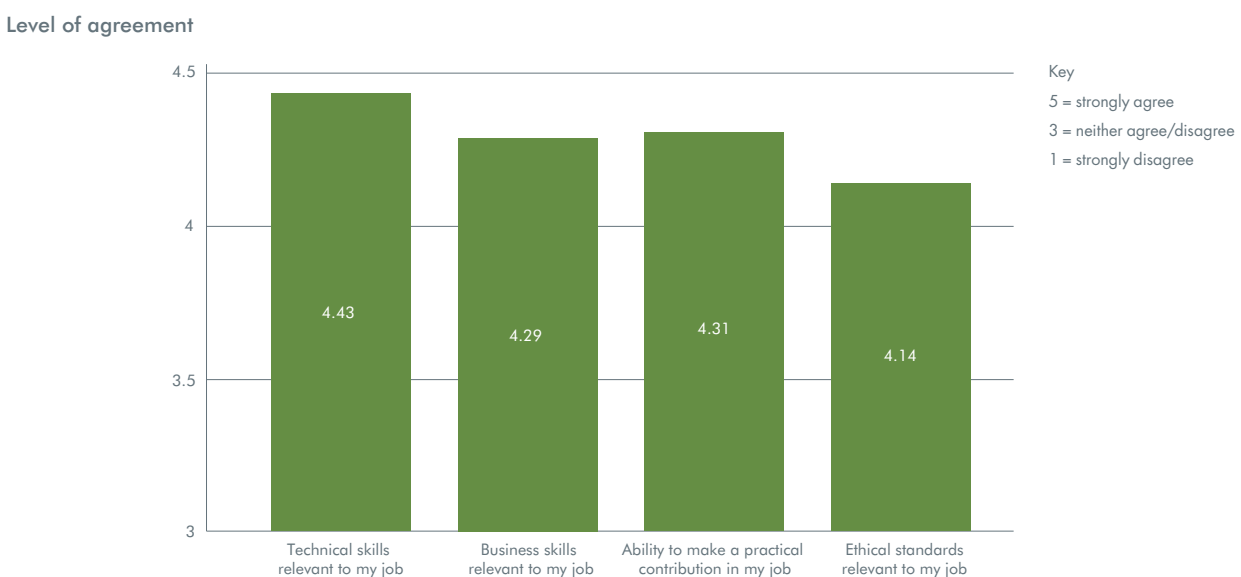
- What the perceptions of the qualified finance professional are both from the view of finance professionals themselves and from that of non-finance personnel.

Benefits of qualification

According to finance personnel, the training for qualification imparts a range of benefits. In each case all rated on average as showing strong agreement.

- The highest level of agreement is that it imparts technical skills.
- Followed by providing the ability to make an important contribution.
- It also provides business skills relevant to their job.
- The lowest that it instils relevant ethical standards, still with high agreement.

FIGURE 4.3: Benefits of training for qualification



Perceptions of qualification benefits

When the views of finance personnel as to what other people perceive about qualified finance professionals (green bars) are compared with the views of non-finance personnel (blue bars) it is apparent that the ordering of items is similar, but on average finance professionals rate them higher. (Figure 4.4)

While there was general agreement of the benefits rated on the whole, professionals' expectations as to the benefits perceived by others overstate those perceptions.

The strongest level of agreement is as regards technical competence and the lowest that qualified professionals can be relied on to be objective for both groups.

The comparative overstatement of expected benefits by finance professionals is unsurprising and not necessarily a matter of concern where non-finance personnel are on average at least in agreement.

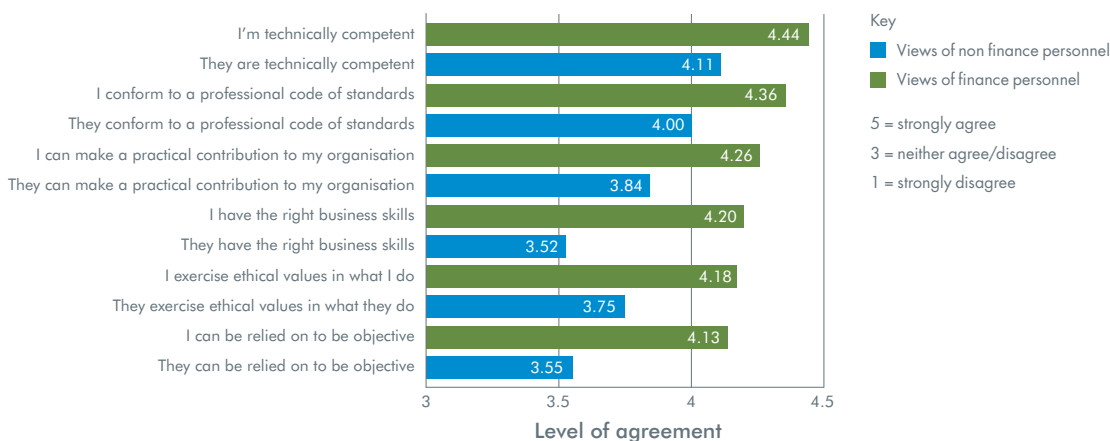
However, there are clearly some issues to address in some concrete cases. On the basis of the evidence here, this means that attention may be particularly directed towards the following areas where non-finance personnel do not on the whole see as much the value of qualification:

- business skills
- ability to make a practical contribution
- objectivity and ethical values.

We have already seen the need for developing business and commercial skills to be able to better support the business and for leadership. This is already understood and an area identified for action by many finance professionals. We have also discussed the support for finance to add to value creation via closer collaboration and management support. Those commercial and business skills will in turn raise the awareness of finance making a practical contribution as more focus in on the value add. This may go some way to understanding the discrepancy between finance and its customers on the business skills that they bring, it is where the demand is and more work and development seems to be needed.

In terms of independence and objectivity, CIMA's paper *'Fact or Fiction; the independent business partner,'* published in April 2011, deals with this issue. The paper suggests that there is a need to protect and reinforce the finance role in bringing an objective and independent perspective to the units that finance supports. This would point to a call to action for those in finance – to work to get a better appreciation and understanding of what the benefits are. While also focusing on how the function can challenge and bring objectivity with their non-finance colleagues. To better communicate so as to help engender 'trust' more effectively.

FIGURE 4.4: Perception of the benefits of qualification



Qualification for management support

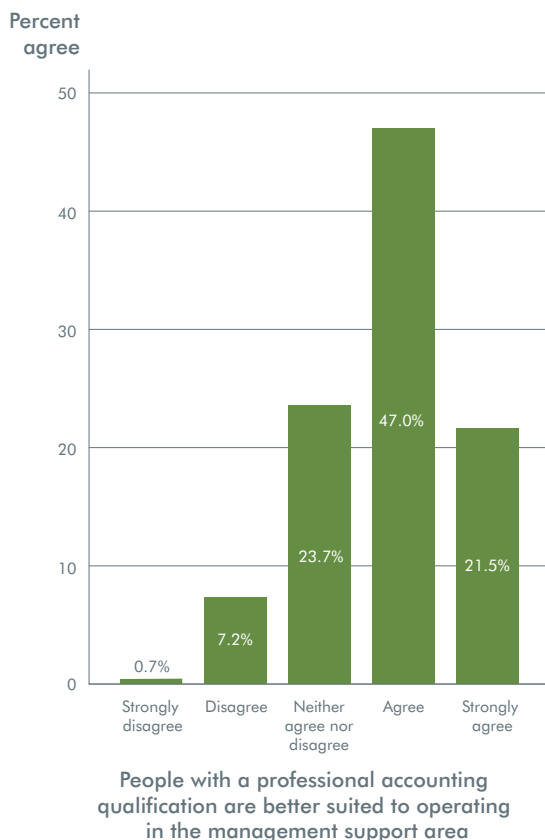
A further question on suitability for management support work arises from professional qualification. Here the results are equally clear:

- 68.5% see the possession of a professional finance qualification as better suiting them to this type of work (Figure 4.5).

The data shows majority support for qualified finance professionals being the most suitable to deliver this support service as rated by both finance professionals and senior management in non finance roles. This is felt to be the case in terms of it being easier or less costly to develop them rather than others:

- 57.4% believe finance professionals are better suited when compared to non-specialists, such as engineers.
- 53.5% when they are compared to general managers with a business education, such as MBAs.
- In both cases only about 11% of respondents disagree that finance professionals are better suited.

FIGURE 4.5: Professional qualification and suitability for management support activities



Although the majority thus believes that finance professionals are better suited to providing management support from a finance base, the sample is dominated by finance professionals and there may be some bias in their views ie favouring people more like themselves rather than non-finance professionals.

As such, with the development of the right technical skills (as highlighted in previous sections), others could also enter and be successful in the management support or finance business partner role.

Personal incentives for competency in management support activities

Although respondents to our surveys generally see the need to increase their time spent on management support activities to advance their careers, ie to satisfy organisational demands and achieve a more satisfying work mix, the question remains as to whether undertaking such activities is rewarded.

The evidence here is that this is generally seen as the case and that individuals active in the management support, business facing roles are more valued for this type of work:

- 67.1% agree that those who undertake management support activities are better remunerated.
- 66.8% that they are promoted faster.
- 53.3% that they are more difficult to retain.

Furthermore, there is evidence supporting the notion that those at higher remuneration levels tend to spend more of their time engaged in management support activities at the expense of time in accounting operations services. This is the case in all main countries examined in our survey.

Remuneration by finance activity

We see that those professionals at higher remuneration levels tend to spend more time on management support activities than their peers regardless of the number of years of experience or indeed seniority.

We can clearly see this relationship in the UK and US where higher salary levels are seen as more time is spent on management support activities (Figure 4.6 across page 45-46).

The graphs also clearly demonstrate a decrease in time spent on accounting operations and internal reporting as finance personnel move up the remuneration scale and earn more. The positive relation demonstrates an incentive for certain finance professionals that are motivated in this area, reinforcing the earlier finding that these roles are also perceived as a good way to progress in the respondent's organisation.

Having established that the relation is not merely a perception it may also be concluded that organisations find these collaborative and management support activities valuable thus justifying higher rates of payment to those who perform management support.

Develop versus recruit for management support

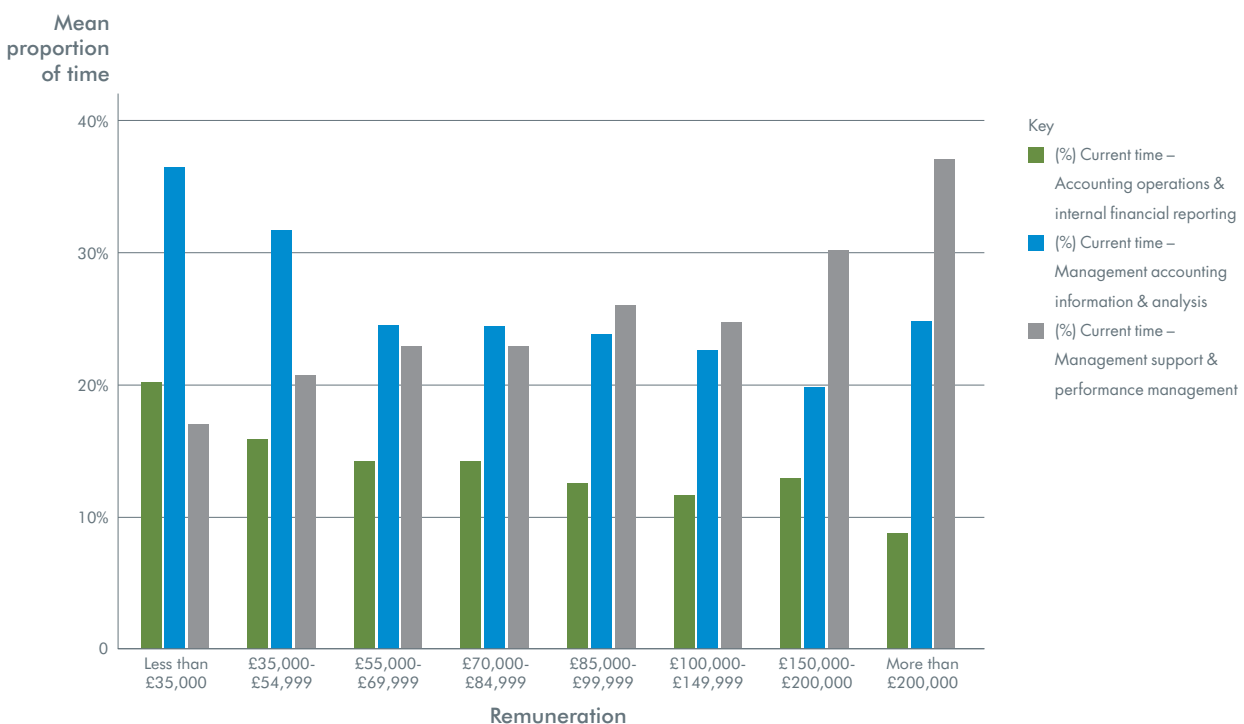
We established earlier that when finance undertakes management support or business partnering activities there is value to the organisation and also for the individual. The next question is whether it is better to recruit individuals with such competence or develop them internally.

The stronger feeling is that internal development for this role is preferable:

- 63.3% agree that those who are good at management support activities have been developed for this role.
- Only 37.7% agree that recruiting such personnel is easier than internal development.

Our consultations indicate that the successful individuals working in these collaborative support roles have a good understanding of the sector, products and services of the organisation gained from internal development. This organisation and sector knowledge, coupled with their technical finance expertise, allowing them to better support decision making and focus on the organisation's plans and strategies.

FIGURE 4.6: Time on certain activities by remuneration level - UK



A corollary issue when considering the targeting of resources towards development in the management support area is whether finance professionals should be seen as the only group capable of delivering this service.

The recruitment landscape

Moves towards the business partner role place a strain on the timing of recruitment in organisations, probably because a wider search is needed for candidates who possess both the technical and business competencies demanded by the role.

Senior finance personnel reported that in it can take longer to recruit the right people into finance roles, with many reporting that it could take more than 50% longer.

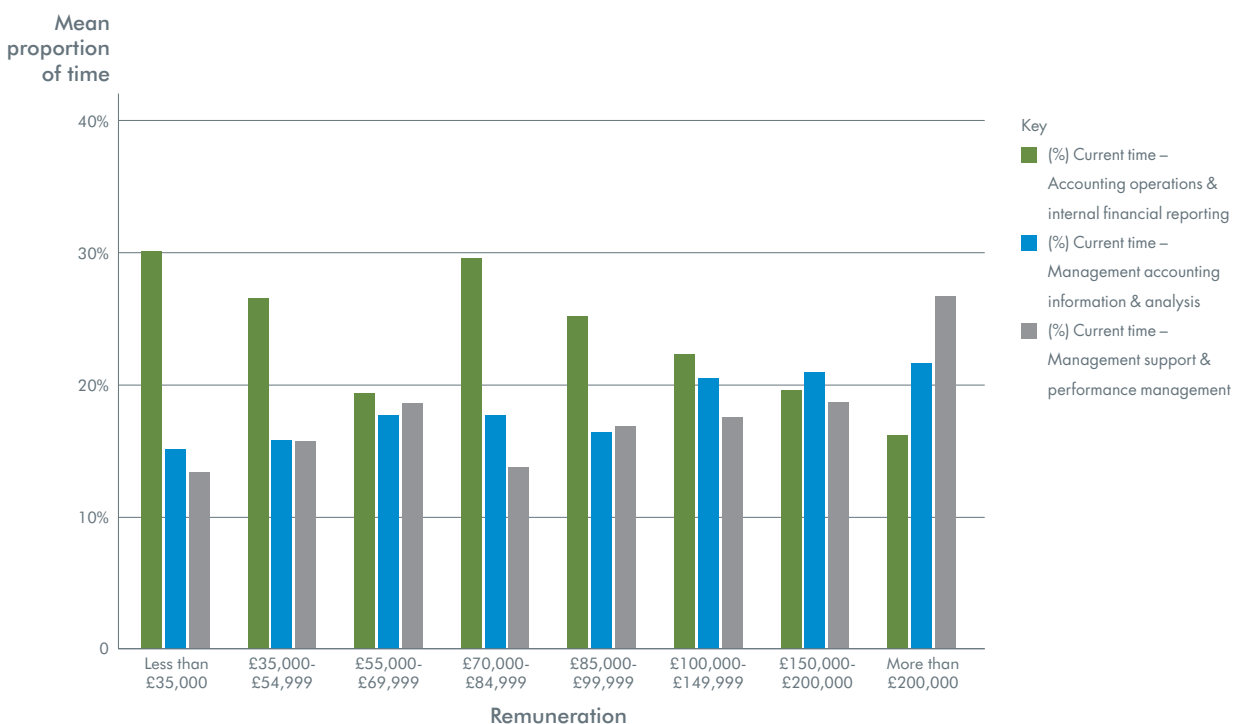
There may be a short-term respite in the recruitment battle in the current economic crisis, but the search for the best talent remains tough where a combination of skills and competencies are required. Our interviews and consultations refer to finance professionals with the technical background plus commercial and negotiation skills still being a scarce resource.

Recruitment was also becoming more difficult in that it sometimes required greater effort and even compromises, including:

- Employing candidates with the right technical competency but who needed training in business competency.
- Employing candidates with the right business competency but who needed training in technical competency.
- Widening the search for talent to international markets.

Of these three types of compromise, the one that organisations were most likely to make was to recruit an individual with the appropriate technical competency but with a shortfall in their business competency. Thus when faced with the necessity of compromising, technical expertise wins. In recruitment, technical competency clearly takes precedence over business competency despite the fact that organisations rate business competency highly, as we have discussed.

FIGURE 4.6: Time on certain activities by remuneration level - US



We can summarise, therefore, that of the criteria used for rating recruits the ‘financially oriented MBA’ is not being favoured, based on the responses from a majority of finance professionals. The business partnering model is not forcing or incentivising organisations to recruit business managers with some financial competency rather than finance professionals with business competency.

It certainly seems that a proportion of finance people are not fully equipped with the business skill set that organisations are seeking when looking to fill certain finance posts. For many recruiting externally is preferred, however the preferred strategy for the management support role overall seems to be to develop them in the role. Thus exposing them to more commercial and business situations and hence developing the management and softer skills.

It appears that individuals who wish to enter finance need to equip themselves with a professional finance education. It is clear that finance qualifications which also equip them with business management skills help them to excel within finance. Furthermore,

both new recruits and those already in finance who want to progress into senior roles should invest in getting exposure to business and commercial experience and training to improve their skill sets.

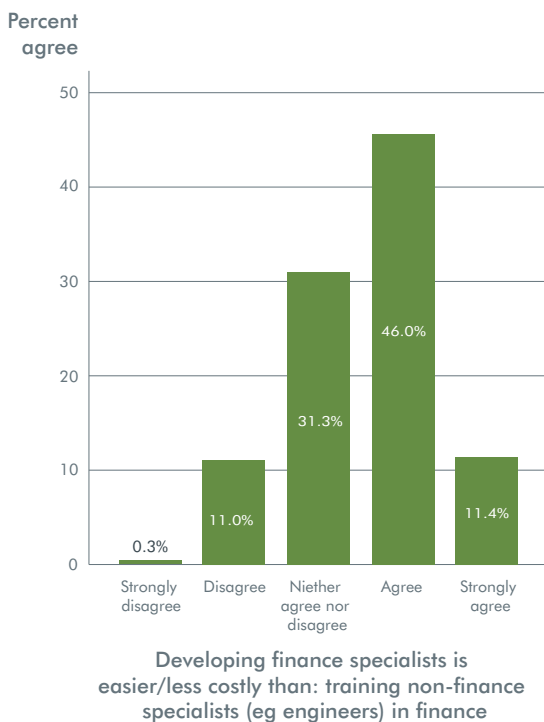
Retention challenges

Given the relative importance of people who are both business and technically competent, and the difficulty in recruiting these professionals, retention strategies will become ever more crucial in the war for talent.

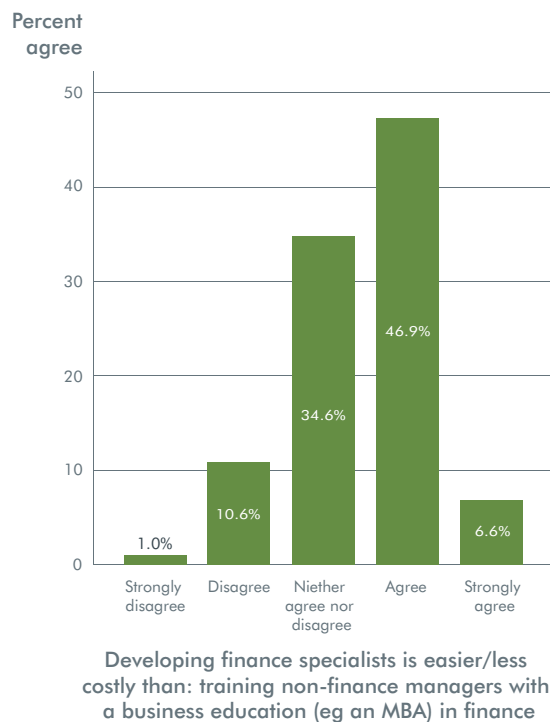
With the ongoing transformation in the role of the finance function towards business partnering, and the ever-increasing emphasis on both business and technical competency, it would perhaps not be surprising if finance professionals in mid-career felt that they had been somewhat ‘left behind’ because of a lack of exposure to business situations or appropriate training and development, and a lack of will on the part of organisations to retain them.

FIGURE 4.7: Alternatives to developing finance professionals

Panel A - non-finance specialists



Panel B - business managers



Reasons why otherwise highly-valued finance personnel might leave an organisation could be as follows:

- perceived lack of scope for promotion
- desire to work in another country
- career change
- perceived lack of training and development opportunities
- personal/family reasons
- offer of a salary increase elsewhere
- other.

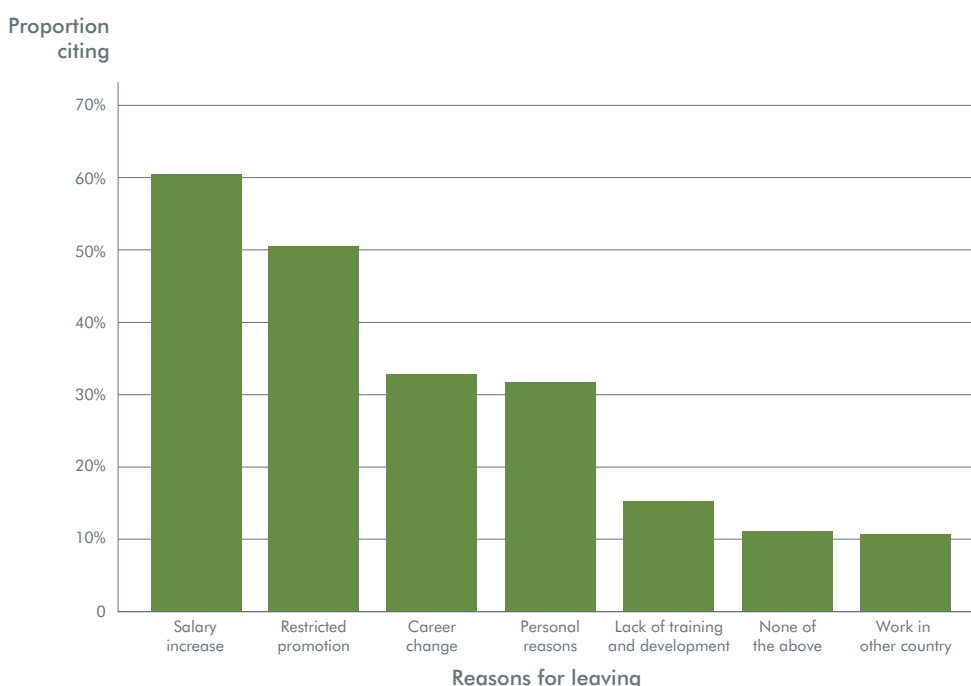
A perceived lack of training and development opportunities was only selected by a minority (18%) of respondents as a common reason why valued staff members leave their organisation. Yet, personal advancement in terms of salary increase (60%) and promotion (50%) were selected as the main reasons. So training and development opportunities per se may be less important in retaining staff than their prospects for career progression.

Career change is the third most frequent motivation for high calibre finance professionals to move on, and this factor is particularly pronounced in Japan and the rest of Asia, an area where we have seen training and development support is weaker. This could point to a certain stagnation in the finance professional's progression, thus prompting a change in direction.

It appears therefore that training and development problems are not currently a significant issue in terms of retention of good staff. In part this is because organisations, medium and large ones in particular, have a relatively good track record of using appropriate retention strategies – beyond simply raising salaries to match external offers – including:

- personal development planning
- formal talent management, for example structured training programmes
- employee engagement initiatives such as flexible working
- exit management strategies, for instance interviews/surveys of leavers.

FIGURE 4.8: Reasons for leaving the organisation



Personal development planning (PDP) is the most popular retention strategy in all sectors while formal talent management is relatively infrequently employed (Figure 4.9). However, none of the strategies is used by a majority of organisations. Formal talent management is used by only 30% and alarmingly 25% of organisations have no retention strategies at all, an area for immediate action.

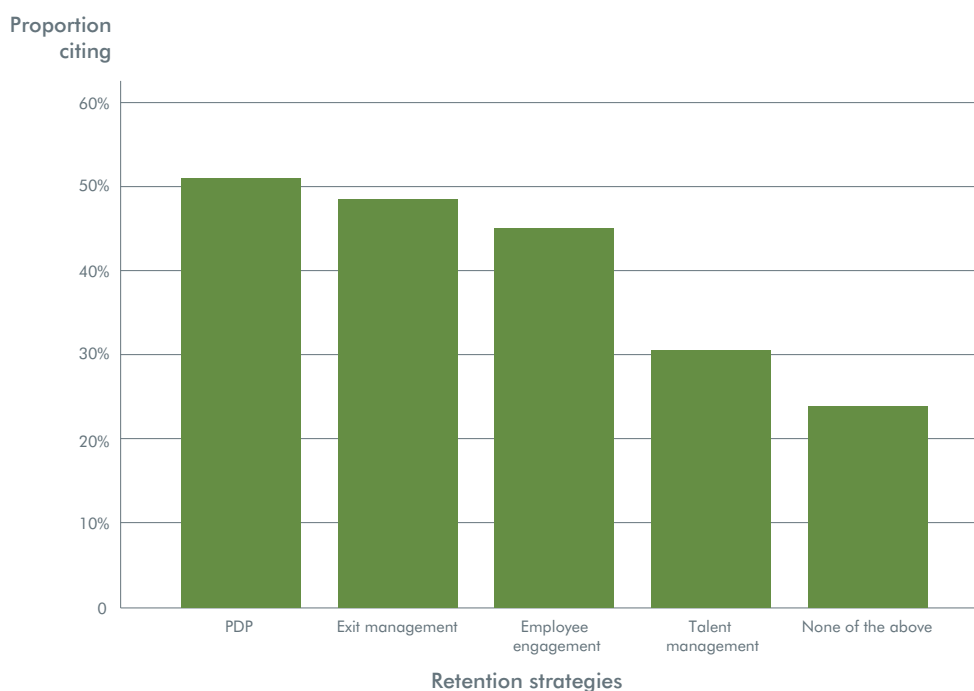
Thus finance professionals generally do not appear to be so dissatisfied with their opportunities for personal career development that they leave their organisations.

We have seen in previous sections the changing need of organisations for a mix of technical and

business skills, and we have also noted through our consultations the scarcity of people with this balance of skills and/or experience. This points to a proportion of existing finance people that do not have the required mix, in particular the business skills that will be more and more in demand.

There is a risk that without personal will and the support of the organisation, through training and exposure to business situations, these individuals will become less fit for purpose. Recruitment and retention will in fact become even more difficult for both employers and finance professionals themselves.

FIGURE 4.9: Employee retention strategies



Summary and recommendations

Possible actions to note from the research and consultations for organisations:

- To aid in candidate selection, when planning to recruit someone expected to go on to a senior position or who will continue in specialist roles, personal characteristics and a professional qualification are the top criteria to look for, followed by quality of work experience.
- As for which qualification should be sought, while there is a preference for professional training in finance there is no clear preference for any particular professional qualification from our global survey. However our consultations point to audit-based ones for finance and regulatory roles and the CIMA qualification being preferred for the management accounting and strategic and advisory roles.
- Post graduates, such as MBA holders, may be perceived to be less likely to have the technical skills required and may be less likely to continue to study for the finance professional qualification that many organisations seem to require.
- Candidates and existing staff with a balance of technical and business competency are still a rare resource, so organisations need to ensure that staff with a mix of these skills and experience are identified and engaged. It is recommended that retention strategies for this group are applied. In particular, organisations should focus on competitive salary levels, provision of opportunities for career development, and training and development.

For individuals working in finance, or wishing to get into finance, this area of research is consistent and supports the actions that we have seen throughout the report, namely:

- Choosing a professional qualification in line with your aspirations is a good place to start. Those looking at the financial roles and at specialist finance/accounting duties could consider any of the professional finance qualifications including the audit-based qualifications; for those wishing to follow the strategic and advisory and management accounting roles the CIMA qualification and the CGMA designation may be better suited.
- We see that experience is also important, as is continuous development. For those with ambitions of leadership within their career plan it is vital to gain further skills, in particular business and commercial ones. The skills within the strategic and advisory and the management accounting roles are more aligned with those needed for seniority and leadership, so such roles should be carefully considered.
- To remain fit for purpose in the wave of finance transformation, those qualified and working in finance – regardless of their role – need to take proactive steps in ensuring that technical skills are maintained while focusing on development of ‘softer’ business competencies. This is essential if they are to have a competitive edge at the point of promotion and new job selection.