
Talent crunch has industry, educators teaming on solutions

By Kristin Harold, Ottawa Business Journal Staff

Mon, Aug 21, 2006 12:00 AM EST

The predictions of an impending talent shortage in Canada may seem like an empty threat to many, but in the country's accounting industry it's already a harsh reality.

In the post-Enron era, there has been a work overload and talent crunch that is making staff recruiting and retention a whole new ballgame.

"What happened after Sarbanes-Oxley was implemented was that all the reporting requirements increased in terms of the typical audit work done in a public firm," says Doug McLarty, managing director of McLarty & Co. "If you were doing an audit for Cognos and it took 10,000 hours, it will now take 15,000 to 20,000 hours, so all of a sudden the work needed to issue your audit opinion increased significantly. That means all accounting firms were suddenly understaffed."

He says that recruiting has now become a crucial part of doing business for accounting firms, no matter the size. McLarty & Co., a mid-tier firm in Ottawa with 25 employees, has a recruiting company working full-time in the search for talent.

"Your staff are your life-blood and what we've done is focus on being family friendly, with flexibility for parents," he says. "Our clients are owners/managers, so we have more flexibility than the big firms that makes it easier for us to accommodate people's schedules. We're trying to implement the whole work/life balance so we don't burn our people out."

Mr. McLarty expects this labour shortage to continue, especially with the influx of retirements by the baby boomer generation.

"It's a massive problem because you have the new regulations, the baby boomers retiring and not enough candidates out there," he adds. "The Institute of Chartered Accountants of Ontario (ICAO) is trying to meet this challenge by revising the training to get your CA and recognize the demographics and the problems that we have."

In fact, new legislation passed last year enables accountants across Canada with other designations, such as certified general accountants and certified management accountants, to join chartered accountants in the practice of public accounting. In the past, the process of becoming a chartered accountant was onerous and lengthy. These changes will allow for more entry-level CA positions and more training positions for candidates to gain the necessary experience, while still adhering to rigorous standards.

Peter Varley, ICAO vice-president of public affairs, says the changes were implemented in order to meet the rising demand for CAs in the industry.

"Starting over the course of the next 18 or so months we therefore intend to broaden CA training beyond the finite realm of audit and assurance, and into selected industry settings," he says. "This will enable CAs to acquire practical experience in areas such as taxation and management, expanding the number of training positions, and therefore, increasing the number of new CAs."



Doug McLarty, managing director of McLarty & Co. accounting firm. (Darren Brown, OBJ)

Firms are also widening their search for talent to the international level.

"It's been a constant challenge to find qualified accountants in the past few years and there aren't enough qualified folks in Canada, so we have been focusing our recruitment efforts not only across the country, but globally as well," says Donna Khawaja, the national director of recruiting for Ernst & Young.

She adds that in order to stand out as an attractive choice, Ernst & Young has also implemented a number of initiatives regarding inclusiveness and diversity.

"We have a really good reputation in the market and we've also won a number of awards, including one of Canada's Top 10 Employers, and that really helps with our recruiting overseas."

The company also stresses work/life balance to help ensure retention of its employees.

"We've looked at a number of creative ways, such as back-up daycare services, elder-care services, telecommuting and flexible work hours," says Ms. Khawaja. "We also offer a concierge service that's a great service. It's a 24/7 1-800 number that staff can call at any time for the smallest of errands like having their dry cleaning picked up (or) finding quotes for house cleaners. One of my team members is getting married this weekend and she used it to help her book a hall for the wedding."

The increased demand for accountants is also being experienced at the country's business schools, where the demand for graduates is unprecedented.

"We're constantly being told by the accounting firms, the controller general's office and other groups that they can hire as many as we can produce," says Micheal Kelly, dean of University of Ottawa's School of Management. "The finance environment today is much more complex, more focused on auditing, control, risk management and all of that leads to an increased demand for trained accountants."

Schools Scrambling

He estimates that University of Ottawa has between 700-800 students currently enrolled in the four years of the program, which represents about 25 per cent of the school's undergraduate enrolment.

Mr. Kelly says another side to this war for talent is the effect it's having on Canada's business schools, which are struggling with a labour shortage of their own.

"While the demand in the market is going up and there's increased interest on the part of students, there's been no increase in the amount of PhD qualified faculty," he says. "Two years ago there were something like 60 vacancies in Canadian schools for accounting and we were producing three or four PhDs in accounting across the country."

The University of Ottawa has 16 full-time faculty members teaching accounting. Mr. Kelly says he hired four new professors for this new school year.

"We've also spent a lot of time talking to local firms, telling them our problem is going to be their problem because if we can't produce the grads, they can't hire the grads," he adds. "We've had some success because now many firms are designating staff to teach some courses in accounting and we've had a number step up to make financial contributions to help us compete on a salary basis through fellowships and professorships. There seems to be a recognition in the accounting industry that they need to help their local business schools."