

4TH MEMBERSHIP SURVEY

(14 November to 15 December 2016)





Dear members.

The Institute is keen to listen to you. As members of Hong Kong's sole statutory accounting licensing institute and the largest professional body, your views are instrumental to the development of the accounting profession and the city itself.

The 4th annual membership survey was conducted to gauge your views on the areas of learning needs, the outlook of the profession, business development, earning power, and work-life balance. With a better understanding of these areas, the Institute can further improve our strategic and long-term action plans to serve you better.

The respondents' views and opinions have been summarized in this report and we thank those of you who have taken the time to complete the survey.

Please feel free to let us know your feedback after reading this report. We value your views which will help formulate the Institute's strategies and the 7th Long Range Plan.

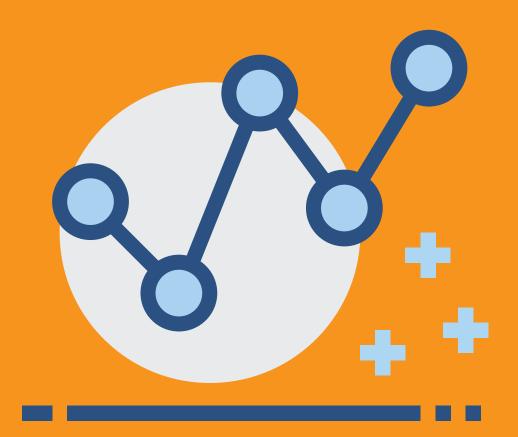
Thank you again for your continued support to the development of the profession.

Mabel Chan President

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Demographics



Profile of respondents

- A total of 3,748 responses (about 9% of total membership of 40,462 during the survey period) were received.
- The figures shown in red below the survey results are the Institute's statistics based on total membership.

Gender

Male vs. Female



53%: 47%

(50%:50%)

Age Under 45 years old



66%

(57%)

Employment



CPA firm with listed clients (12%) CPA firm without listed clients (11%)

(24%)



Private 65% sector

Entity listed in Hong Kong (24%) Hong Kong subsidiary of a multi-national corporation (17%) Privately-held (20%) Other (4%)

(61%)



Non-profit sector

12%

Government (7%) Not-for-profit, charity, trade association (4%) Academia (1%)

(15%)



Positions Public practice (23%)



Partner / director / sole proprietor

Associate director / senior manager

Manager or below

(43%:12%:45%)



With 100 or more partners Below 100 partners

(42% : 58%)

Private sector (77%)

(including non-profit sector)



CFO / financial COO / director controller or above

Divisional manager or below

(23%:7%:70%)

With 1,000 or more employees

Below 1,000 employees

(42%:58%)

- The Hong Kong Institute of CPAs has recorded high numbers of members (more than 41,000) and students (more than 18,000) as of May 2017 as more people continue to join the profession. Accounting is an attractive career not only because it is a well-recognized qualification, but it also opens many doors for CPAs in their future career developments in the business world, or otherwise.
- Hong Kong CPAs, working in different sectors, play a significant role in business and the capital market by providing valuable professional services and support for Hong Kong to maintain its status as an international financial centre.
- Among the respondents, there is a higher percentage of members (aged below 45) at junior level and from smaller firms / organizations compared with the Institute's total membership.

Earning power

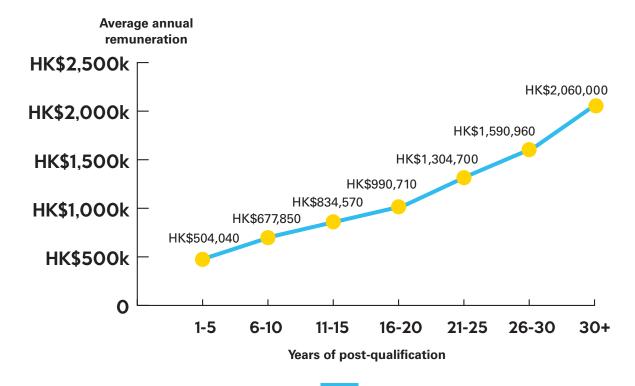




 49% of survey respondents (vs. 45% in 3rd Survey*) enjoyed an annual remuneration of HK\$600,000 or more.

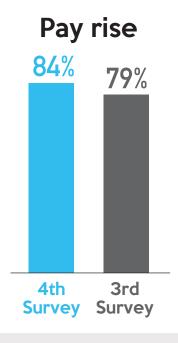
Annual remuneration HK\$299,999 or below 10% HK\$300,000 - 599,999 41% HK\$600,000 - 899,999 25% 12% HK\$900,000 - 1,199,999 7% HK\$1,200,000 - 1,799,999 **49**% HK\$1,800,000 - 2,399,999 2% HK\$2,400,000 - 3,399,999 1% HK\$3,400,000 - 5,399,999 1% 1% HK\$5,400,000 or above

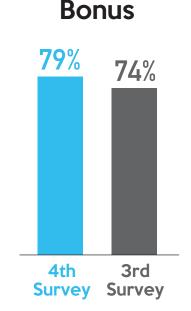
In the first 5 years of their post-qualification career, survey respondents earned an average annual remuneration of HK\$504k. The survey results also reflect a higher growth of remuneration as the number of years of post-qualification increase.



^{*} The 3rd Survey was conducted on 1-16 March 2016.







 Compared to the last survey, the 4th Survey has more respondents saying they received a pay rise and a bonus.

 $\frac{5\%}{6}$ pay rise or more

- Public practice: 44%

- Private sector: 32%

- Non-profit sector: 22%

15% pay rise or more

- Public practice: 13%

- Private sector: 7%

- Non-profit sector: 1%

More than 1 month bonus

- Public practice: 31%

Private sector: 59%

- Non-profit sector: 24%

More than 2 but less than or equal to 3 months bonus

- Public practice: 5%

Private sector: 17%

- Non-profit sector: 5%

 Respondents from the private sector may receive lower pay rise but they may enjoy a higher bonus due to the different remuneration structure between public practice and private sector.

Work-life balance





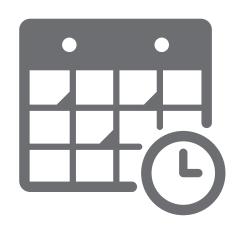
In an average week

• 53% of the respondents worked 50 hours or more per week.

1-19	0%	
20-29	1%	
30-39	5%	
40-49	41%	
50-59	35% <	
50-59 60-69	35% \ 12%	
	`	53%
60-69	12%	53%

Comparison between an average week and the busiest week

	Average week 4th 3rd Survey Survey		Busies	t week
			4th Survey	3rd Survey
Worked 50 hours or more	53%	43%	80%	72%
Worked 70 hours or more	6%	6%	26%	17%



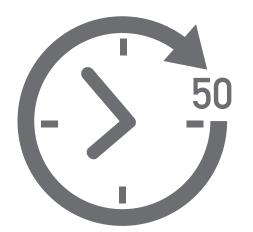
2% worked 120 hours or more during the busiest week.

Work-life balance

Comparsion between different sectors

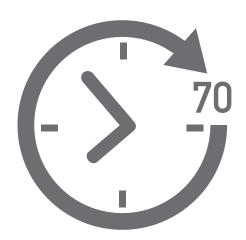
Worked 50 hours or more in an average week:

CPA firm with listed clients · · · · · · ·	78 %
CPA firm without listed clients · · · · ·	48%
Private sector	50 %
Non-profit sector · · · · · · · · · · · · · · · · · · ·	49 %



Worked 70 hours or more in the busiest week:

CPA firm with listed clients · · · · · · ·	66%
CPA firm without listed clients · · · · ·	26 %
Private sector · · · · · · · · · · · · · · · · · · ·	20 %
Non-profit sector · · · · · · · · · · · · · · · · · · ·	12%





According to survey respondents...

Top 3 ways to deal with long working hours

	CPA firm with listed clients	CPA firm without listed clients	Private sector	Non-profit sector
1st	Employing more staff Streamlining		Streamlining	work process
2nd	Overtime compensation		ition	Employing more staff
3rd	Legislation for standard working hours	Streamlining work process	Employing more staff	Overtime compensation

Top 3 factors in motivating staff

	CPA firm with listed clients	CPA firm without listed clients	Private sector	Non-profit sector
1st		Salary an	d benefit	
2nd	Job satisfaction			
3rd		Promotion	prospects	



- The survey results reaffirm that there is a long working hours issue in the accounting profession as 53% worked 50 hours or more in an average week, and 80% worked 50 hours or more in the busiest week.
- Members working at CPA firms with listed clients have the longest working hours.
- Busy season in the accounting profession normally happens in the first quarter of the year when CPAs work with employers or clients to ensure financial results are announced before the listing rules deadline. Special projects like IPOs, mergers and acquisitions keep accountants busy at other times of the year.
- The Institute is aware that the issue of unduly long working hours is likely to affect employees' health and the quality of work, leading to a higher chance for errors and increasing the cost of compliance. In the long run, it will affect investor confidence and the status of Hong Kong as an international financial centre.
- Some respondents suggested that the issue of long working hours can be solved by employing more staff to spread job duties, while others suggested that, among other things, streamlining work processes may help.
- The diversity of responses indicates that there is no single best way to deal with the issue of long working hours. However, the Institute endeavours to play a more active role to bring together employers, employees and other stakeholders to address the issue in a considered and robust manner.
- The Institute is also aware that this issue is not isolated to the Hong Kong accounting profession. The Institute plans to learn how similar-natured professions as well as the accounting profession in other major capital markets are dealing with the issue of long working hours.
- The Institute observes that accounting firms and businesses are harnessing technology such as artificial intelligence to help cope with work and deal with long working hours. Keenly aware of the need to consider advanced methods for conducting audits and businesses, the Institute is proactively playing a part by reforming its Qualification Programme and introducing more relevant CPD programmes, to equip our students and members to meet the changing market needs brought by the rapid digital advancement that affects all business across the board.

Outlook of the profession





Economic outlook

	4th Survey	3rd Survey
Positive	17%	12%
Neutral	42%	32%
Negative	37%	53%
Undecided	4%	3%

 The economic outlook for the next 18 months has improved since the last survey, as reflected in the 4th Survey results.

Career development

58% (vs. 57% in 3rd Survey) do not plan to change jobs

32% (vs. 29% in 3rd Survey) plan to change jobs

- 17% of respondents from public practice plan to move to private and non-profit sectors. Among them, 82% are under 35.
- It is common for members, after having acquired a few years of experience in public practice, to switch to private and non-profit sectors.
- The survey results reaffirm the opportunity of broader career choices for CPAs, as the accounting qualification opens up many doors in their career development as reflected in the high mobility.



Institute's supports on members' career development



The Institute currently provides the following supports for members' career development:

- HKICPA Source job portal A key resource for members looking for career change with latest recruitment news and trends.
- Career conference An annual event with panel discussions and sharing sessions to provide members with valuable insights on career development and hiring trends, and help them build career connections.
- Financial Controllership Programme An in-depth training conducted by experienced professional accountants who are experts in different subject areas, to groom members to become leaders in finance and help those who want to switch from practice to business.
- CPD training Besides regular training, increasing number of in-depth programmes on both technical and soft skills and non-traditional training such as cloud computing and environmental, social and governance strategies to equip members with the necessary qualities for career progression are being organized.
- Mentorship Programme A popular programme offering an opportunity for young CPAs to boost their career development by learning from experienced members through consultation and experience sharing.



According to survey respondents...

Difficulties in...

Difficulties III	recruiting staff	retaining staff	
CPA firm with listed clients · · · · · · ·	86%	88%	
CPA firm without listed clients · · · ·	92%	63%	டாப
Private sector · · · · · · · · · · · · · · · · · · ·	88%	56 %	
Non-profit sector · · · · · · · · · · · · · · · · · · ·	75 %	44%	

- Employers, in all sectors, face difficulties in recruiting and retaining staff. Among them, employers in private and non-profit sectors find it relatively easier in staff retention as they are more stable.
- At the same time, the survey results show that there is a strong demand for accountants especially those with the right skills and experience.



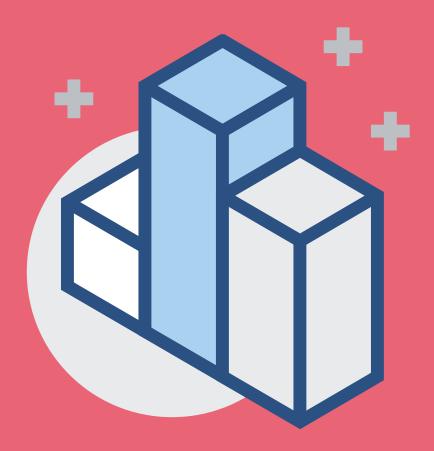
Top 3 factors in attracting new employees

	CPA firm with listed clients	CPA firm without listed clients	Private sector	Non-profit sector
1st	Salary			
2nd	Work / life balance		Career opportunities	Work / life balance
3rd	Career opportunities		Work / life balance	Security of employment

Top 3 factors in influencing staff to resign

	CPA firm with listed clients	CPA firm without listed clients	Private sector	Non-profit sector
1st	Work / life balance	Salary		
2nd	Salary	Lack of career opportunities		unities
3rd	Str	ess	Work / life balance	Relationship with colleagues and clients

Skill-sets and Institute's support



According to survey respondents...

The most enjoyable elements of the job



Problem-solving



Making strategic recommendations



Collaborating with others

The most important skill-sets for current job



Analytical



Problem-solving



Technical



Communication

Overall, 81% say there is a gap between possessed skills and skills needed for the job, and the areas include:





Top 5 areas need to be strengthened for those transitioning from public practice to private and non-profit sectors are:



- The survey results clearly show that members are looking to the Institute for professional and technical training and this coincides with our records that our CPD training (2,800 hours in a year) is among the most popular services enjoyed by our members. That said, however, we do not stay complacent as we continue to expand the scope of training to include more in-depth programmes including soft skills and non-traditional training such as artificial intelligence and data analytics, and we also provide different delivery modes in response to members' feedback.
- To help young members further develop their career outside public practices, the Institute offers the Financial Controllership Programme and the Mentorship Programme, which provides valuable opportunities for them to learn from seasoned members.
- Our support to members will continue to evolve to meet members' needs as reflected in the 4th Survey as summarized in the following pages.

According to survey respondents...

Top 5 learning needs

- Explaining professional standards through seminars
- 2 E-learning
- Writing and publishing cases or articles to help members understand the standards from a holistic overview of professional standards and framework
- 4 Helping to apply professional standards through practical workshops
- 5 Seminar on non-accounting knowledge (e.g. industry knowledge)

Top 5 most preferred formats of delivery for training

- 1 Seminars
- 2 E-learning
- 3 Half-day workshops
- Annual update conferences
- Technical Update Evening (TUE)



Top 5 products or services to be enhanced

- Enhanced online resources centre for technical information
- More training opportunities via e-learning
- 3 More best practice guidance
- More in-depth training with seminars and workshops
- 5 Alert members of relevant international pronouncements

Top 5 training areas to be provided other than accounting, auditing and taxation

- Compliance
- 2 Risk management
- 3 Corporate finance
- Industry knowledge
- 5 Corporate governance



Top 5 important professional and technical issues for private sector

- Keeping abreast of legal and regulatory requirements
- 2 Corporate governance
- 3 Assist in developing business strategies, setting business goals and targets
- Business ethics (including dealing with conflicts of interest)
- 5 Keeping abreast of business developments and international trends

Business development





According to survey respondents...

Top 5 most important concerns

Public practice

1

I	Hiring and / or retaining qualified staff
2	Business development
3	Retaining quality clients
4	Keeping up with changes in accounting and auditing standards
5	Meeting clients' demands for additional services

Private and non-profit sectors

1	Business development / sales
2	Measuring organization's financial performance
3	Managing cash flow / liquidity
4	Keeping up with regulatory requirements
5	Managing staff

Top 5 income generators for CPA firms

1	Auditing and assurance	42%
2	Company secretarial	17 %
3	Taxation	15%
4	Accountancy / bookkeeping	14%
5	Management and commercial consultancy services	5%



Top 5 innovation priorities

Public practice

1	Developing new services that expand the value we provide to existing clients
2	Developing new services or approaches to the market that attract new clients
_	
3	None of the options in the survey questionnaire
4	Innovation is not a priority we plan to focus on in the next 18 months
5	Implementing a new service for a specific market segment

Private and non-profit sectors

1	Developing new products / services that expand the value we provide to existing customers
2	Developing new products / services or approaches to the market that attract new customers
3	Implementing new products / services for a specific market segment
4	Realizing value to the company from existing innovation investments
5	Innovation is not a priority we plan to focus on in the next 18 months



Top 5 deterrent factors to implement innovation

- Talent / skills required for proper execution
- 2 Time
- 3 Leadership to provide vision and direction
- Strategy to provide focus and priority
- Culture / mindset



- Staff retention / minimizing staff turnover is not among the top issues for private sectors but it is the top most important matter to public practice.
- Income generators for CPA firms still mainly come from traditional services. It
 indicates that they need to diversify to other non-assurance areas in order to
 remain competitive.
- It is the international trend that CPA firms have to diversify in order to be successful. Enhancing innovation capability will help them get new business and recruit quality staff, and as a result, will strength their long term sustainability.



The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 41,000 members and 18,000 registered students. Members of the Institute are entitled to the description "certified public accountant" and to the designation CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.



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