



Navigating the Skills Deficit in the Audit and Accounting Sector: Gold City Offshoring's Solution

The audit and accounting sector on both sides of the Atlantic is facing a reality characterised by a significant skills shortage, declining application numbers, and a negative impact on firms' growth and stability. However, Gold City Offshoring (GCO), a South African-based talent solutions company, offers a viable solution to these challenges. By leveraging South Africa's highly skilled and tech-savvy workforce, as well as its robust auditing and accounting standards, GCO is uniquely positioned to address the skills gap and provide valuable offshoring solutions to both the UK's & US's audit and accounting sectors.

Skills Shortage and its Consequences.

Failure to incorporate strategies to address the skills shortage into their business plans can result in firms falling short of their goals. This is exemplified in the UK, where there has been a significant 36% decrease in the number of accountants applying for jobs over the last 48 months negatively impacting the strength and stability of the industry.[1] The situation does not improve when shifting focus to the US.

Over the past two years, more than 300,000 U.S. accountants and auditors have departed from their roles, marking a 17% decline from the peak employment in 2019.[2] Furthermore, the U.S. Bureau of Labor Statistics notes a trend of professionals aged 25 to 34 and midcareer individuals aged 45 to 54 also exiting the accounting profession, while forecasting a 6% growth in job openings for accountants and auditors from 2021 to 2031, totaling around 136,400 openings annually, largely attributed to retirements and occupational transitions.[3]

Consequently, accounting firms are compelled to decrease their workload, impeding their growth potential. The Open University's Business Barometer further emphasises the severity of the issue, revealing that 78% of organisations in the UK have experienced a decline in output and profitability due to the scarcity of skilled individuals.[4] Small businesses, in particular, encounter challenges in recruiting candidates with the necessary skills. The shortage of accountants not only impedes growth but also compromises the quality of work as illustrated in a recent US market study, potentially leading to increased deficiencies and fraud in Internal Control over Financial Reporting (ICFR).[5]

Moreover, the percentage growth of students in the fields of accounting and auditing in the UK and the Republic of Ireland (ROI) recently witnessed a decline of 2.1% and an overall decrease of 2.2% from 2016.[6] Additionally, the percentage growth of qualified members to registered

professional auditing and accounting bodies in the UK and ROI showed a mere increase of 1.9% over the same period. The dire situation faced by this sector is further evident in the significant drop in the number of accounting graduates taking the Certified Public Accountant (CPA) exam in recent years. Just as in the UK the US talent pipeline faces a substantial challenge as the number of US students graduating with an accounting degree has steadily declined from 56,715 in 2015-2017 to 52,481 in 2019-2020, as reported in the 2021 Trends Report by the Association of International Certified Professional Accountants (AICPA). These statistics underscore the magnitude and depth of the current problem faced.[7]

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Employee Turnover and the Cost of Talent

The accountancy sector in both markets is grappling with multiple challenges beyond just a skill shortage. Employee turnover rates in the UK have risen by 8.7%, and it is predicted that the turnover rate will reach 35.6% by the end of 2023.[8] This turnover exacerbates the scarcity of skilled professionals, presenting additional hurdles for firms. In response to the need to retain talented employees and attract suitable candidates, salaries in the accounting and finance sectors are expected to continue rising beyond 2023. In 2022, there was an average salary growth of 6.5% in the accounting and finance field in the UK. Remarkably, 89% of employers increased their accounting and finance salaries, and

86% anticipate further raises in the upcoming year.[9] The same scenario is simultaneously unfolding across the pond in the US. Starting salaries for entry-level US accountants and auditors increased by 13% to nearly \$61,000 in 2022, a notable rise attributed to both wage inflation and efforts within the profession to attract more talent. [10] However, despite the fastest salary growth in recent years, industry experts suggest that addressing these national shortages of accountants may require more than just increased pay.

These combined challenges of declining applications, high employee turnover rates, and the impact on salaries highlight the urgency for this sector to address the skills shortage and create attractive career opportunities beyond its borders to meet its demands. With the ripple effects of the reality of the state of the auditing and accounting sector clear many businesses have opted for a short-term quick-fix solution that only offers temporary relief to the skill shortage experienced.


The Role of Offshoring and Gold City Offshoring's Solution.

GCO presents an enticing resolution to the obstacles encountered by the audit and accounting industry in both the US and the UK by providing companies with a powerful alternative to traditional offshoring and staffing solutions. This approach ensures that businesses have access to high-quality staff hand-picked by them to form a more permanent part of their teams instead of

just a temporary bolted-on resource. As a South African-based entity, GCO is ideally situated to access not only high-level talent but also to tap into the rapidly expanding offshoring sector in the region.

South Africa is projected to experience a compound annual growth rate of 13.2% in business process outsourcing solutions by 2027, with a significant emphasis on financial services.[11] Leveraging South Africa's educated and tech-savvy workforce, GCO can provide access not only to professional auditing services but also to offshoring opportunities. South Africa's auditing and accounting standards, enforced by institutions like the Independent Regulatory Board for Auditors (IRBA) and the South African Institute of Chartered Accountants (SAICA), ensure a high level of professionalism.

The World Economic Forum's Global Competitive Report has ranked South Africa among the top 50 nations for auditing and accounting standards, while the recent Edelman Research Results reveal that South African Chartered Accountants (CA(SA)) have secured the top position in a groundbreaking global professional trust survey conducted on behalf of Chartered Accountants Worldwide (CAW).[12] With an economy increasingly integrated with the global market and Africa projected to have the largest working-age population by 2040, South Africa is well-equipped to bridge the global skills and labour shortage gap.



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With a skilled workforce and robust auditing and accounting standards, GCO can address the skills shortage, provide offshoring opportunities, and contribute to the growth and stability of accounting firms in the UK. With its expertise in the sector and commitment to delivering high-quality services, GCO is well-positioned to navigate the situation in the audit and accounting sector, ensuring a positive outlook for businesses in the industry by providing the long-term solutions needed.

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