



The Big Mismatch: High Demand, Low Supply for Accounting and Finance Talent

How to Bridge the Gap with Contractors

By Anya Hurtado, Executive Senior Partner
Lucas Group

As nationwide unemployment rates hit record lows, finding and hiring qualified professional talent is a challenge for all employers. Nowhere is this challenge being felt more acutely than by companies seeking to hire within the accounting and finance industry. A recent Lucas Group survey on small and medium-sized businesses found that 27 percent of the businesses surveyed are struggling to hire qualified talent—making this a top business challenge.

In a highly competitive, candidate-driven market where qualified talent is in short supply (and the gap between supply and demand is widening), is there anything businesses can do to fill vacancies? Absolutely.

Hiring managers who understand the causes for this talent shortage will be positioned to successfully bridge the gap with a competitive alternative to full-time hires: contractors.

Why is Accounting & Finance Talent in Such High Demand?

A perfect storm of factors has created one of the most competitive accounting and finance talent markets in more than a decade.

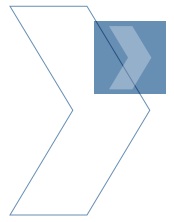
1. Candidate-driven job market.

[US employment](#) grew by an average of 180,000 jobs per month in 2016 with nationwide unemployment falling to 2007 levels. Unemployment rates hit record lows for management and professional occupations—a mere 2.3 percent. That's great news for accounting and finance professionals, but less than fantastic news for companies struggling to hire talent in this competitive marketplace.

In a candidate-driven market, job seekers have the luxury of being more selective about which offer they accept. Salary is just the start. To recruit top talent, companies need to be competitive with all aspects of their offer, including benefits packages, telecommuting and flextime opportunities, vacation policies, and career advancement opportunities. Everything from company culture to geographic location can now swing would-be hires for or against a company.

2. Baby Boomer retirement.

An estimated 10,000 Baby Boomers retire each day, according to the [Washington Post](#). Only half of all Boomers aged 60 and older are [still employed](#) in some capacity. This figure drops to one third for the oldest Boomers (aged 67 and older). As more Baby Boomers retire, companies are faced with more open jobs and a shrinking talent pool to fill these positions.



Compounding Boomer retirement trends: there's no internal talent waiting to step up. During the recent recession, companies scaled back on hiring and got by with bare-bone departments. Rather than hiring young employees and grooming them for internal advancement opportunities, businesses re-allocated their shrinking budgets to client retention. Now, businesses have few mid-level employees who are adequately trained to take over the more senior positions being vacated by retiring Baby Boomers.

3. Shifting millennial professional priorities.

Millennials, the generation born between 1981 and 1997, have different professional expectations and goals than previous generations. Millennials are the least engaged generation in the workplace and have acquired a reputation as serial “job hoppers”. Nearly one-quarter of Millennials have changed jobs within the past year and 60 percent report being open to new job opportunities, according to [Gallup](#).

While not all millennial employees will jump ship after a year, this generation as a whole isn't afraid to move between employers in search of everything from career advancement opportunities to better work-life balance. This mentality means Millennials have lower levels of employee loyalty and may prefer shorter-term projects to long-term positions, further exacerbating retention efforts.

4. Lack of technical and soft skills.

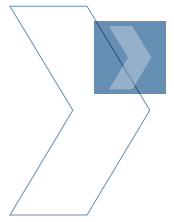
A shrinking talent pool also means companies are having a more difficult time finding prospective hires with the right skill set. In demand technical skills like SEC/financial reporting compliance, internal auditing expertise, budget forecasting, and Sarbanes-Oxley compliance experience are in short supply. When firms do find talent with these technical skills, there is no guarantee that skills like strong oral and written communication or work ethic will also be present. That is bad news for businesses seeking to hire specialized talent, including cost accountants and finance managers.

5 Reasons to Hire Independent Contractors

To hire top talent in today's job market, companies must make a choice. One option is to continue down the current path and pour time, energy and money into grabbing their small share of the shrinking talent pool. Companies that make this choice may strike gold and find that perfect employee. Or, they may find they are forced to settle for the less-than-perfect hire, one who lacks a critical skill or just is not the right fit for company culture.

This type of hire is a big risk. Businesses must invest significant time and resources in onboarding their new hire. The prospect of the new hire jumping ship in a year – or worse, having to let the employee go due to a misalignment in performance and needs – is enough to make any company skittish during the hiring process. In addition to wasting onboarding resources, a bad hire can harm your company's reputation and sink team morale, leaving key employees vulnerable to outside offers. In an already competitive market, businesses cannot afford to risk alienating current employees at the expense of a bad hire.

All is not lost. Increasingly, I recommend my clients consider a second option: hiring contractors. Hiring contractors will allow businesses to tap into top accounting and finance talent at considerable cost savings and without the risk of onboarding a bad hire.



Is hiring a contractor the right decision for your business? Consider the following:

1. Immediate talent for short-term needs.

For companies on the lookout for professionals with a specific skill set for a limited period (like a short-term busy season), contractors can be their saving grace. Contractors help lighten permanent employees' workloads and serve as a morale booster during busy periods to help prevent full-time employees from burning out. Contractors are also ideal for bridging the gap following an unexpected employee departure. A temporary contractor will keep business running smoothly until the full-time hire is made. With the typical job search lasting three months or longer for accounting and finance talent, temporary contractors serve as a crucial stop-gap that allows companies the time to recruit the right hire, rather than settling for someone who is just "good enough".

2. Reduced benefit expenses.

Since contractors can be hired on a project-to-project or seasonal basis, opting for contractors over full-time employees could also result in significant savings. Your company won't have to worry about benefits like health insurance, retirement contributions or seasonal bonuses.

3. Less paperwork.

Taking on a fulltime employee comes with its own gamut of paperwork and tax obligations. When hiring contract staff, a placement agency typically handles the paperwork on your behalf, streamlining the onboarding process. Additionally, since contractors are not full-time staff, you will face a reduced tax burden.

4. Attract top millennial talent.

While Boomers and even Gen Xers sought job stability and a steady pathway to professional advancement, younger Millennials prioritize job choice, flexibility and work-life balance. A recent [Fidelity study](#) found that Millennials would be willing to take a \$7,600 pay cut if it meant improving work-life balance or engaging in more purposeful work. Millennials want to develop their skill sets through meaningful professional engagement— show them that your company is the place to do this. I advise businesses that are struggling to attract top millennial talent to consider contract positions rather than full-time hires. Contract positions allow Millennials to develop their skills while still retaining long-term flexibility. For Millennials, "testing out" a company can be crucial to ensuring a full-time offer acceptance and cultivating loyalty.

5. Test out potential hires.

Not sure whether a prospective hire will be the right fit for your company? Consider "testing out" the hire as a temporary contractor with the option to extend a full-time offer. Hiring contractors offers a safe option for confirming whether a job candidate is the right choice for the position on everything from technical skills to company culture fit.



NEXT STEPS: WHERE TO FIND AND HIRE TALENTED CONTRACTORS

Ready to hire accounting and finance contractors who will hit the ground running on day one? I recommend these three options to clients to meet their immediate and long-term staffing needs:

1. Work with a professional recruiting company to fill immediate gaps.

Professional recruiting companies aren't just for full-time hires. Recruiters can connect your business with a deep talent pool that's open to part-time positions or contract work. Should the time come to make a full-time offer, recruiters can also serve as a neutral third party and determine what conditions need to be met for your offer to be accepted. Working with a recruiter can help you bridge the immediate talent gap your business is facing while you cultivate a pipeline of talent to fill positions in the future.

2. Tap into your network for Baby Boomer talent.

Reaching out to your network, including current and past employees, can help you connect with individuals seeking short-term project positions, including Baby Boomer retirees. As discussed earlier, Boomers are retiring in record numbers. However, some younger Boomers are opting for "[un-retirement](#)" and returning to the workforce as contractors and freelancers. Boomers have years of on-the-job expertise and can even offer invaluable mentoring to new employees.

3. Build a pipeline of younger millennial talent.

Yes, Millennials have earned a reputation as job hoppers, but not all Millennials want to jump ship after just a year on the job. What they do want is the ability to engage in meaningful work while building their skills. Help younger Millennials see that your company is a place where they can do both. Tap into the millennial marketplace with a competitive paid internship program for college and graduate students. Offer flexible work arrangements, access to mentors, and regular, actionable feedback while also emphasizing your company's CSR mission. Once interns complete the program, offer them opportunities to stay on in contract positions.

With accounting and finance talent continuing to be in high demand, companies need to think strategically about the best ways to fill their talent gaps. Rather than settling for a full-time hire that's just not the right fit, consider hiring accounting and finance talent on a contractor basis. Your business will immediately fill its in-house gap, both you and the contractor will be able to "test out" one another before making a full-time commitment, and you'll come out ahead by reducing paperwork and benefits expenses. Working with a professional recruiter to meet your immediate hiring needs also buys your team valuable time to develop a pipeline of future talent. Bridging the talent gap by hiring contractors will keep your business competitive in this candidate driven market.