

# Talent Shortage: Crisis in Malaysia's Accounting & Auditing Industry

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## ABSTRACT

The accounting and auditing industry in Malaysia is currently facing a significant talent crisis, characterized by a widening gap between the demand for skilled professionals and the available workforce. Despite increasing enrolment in accounting programs, only a small percentage of graduates pursue careers in the field, contributing to a systemic shortage of qualified accountants and auditors. This paper examines where factors of talent shortage and its impact on accounting and auditing industry. A total of 33 articles were included in this paper as research finding. This paper highlighted the talent shortage is driven by multiple factors, including high attrition rates, negative perceptions of the profession, and a lack of alignment between academic training and industry needs. Technological advancements, such as artificial intelligence and data analytics, have reshaped the profession, requiring new skill sets that many graduates are not equipped with. Additionally, demographic shifts, including the retirement of experienced professionals, have further intensified the talent gap. The impact of this shortage extends beyond individual firms, affecting regulatory compliance, financial reporting quality, and Malaysia's competitiveness in the global financial sector. This paper explores the root causes of the talent shortage and its broader implications for the profession and the economy. It also offers strategic recommendations, including modernizing accounting education, enhancing continuous professional development, and strengthening collaboration between industry and government. Addressing these challenges is critical to building a future-ready workforce that can adapt to evolving industry demands and sustain the profession's contribution to national economic resilience.

**Keyword:** Talent shortage, Skills Gap, Technological Advancements, Workforce Attrition, Accounting and Auditing Industry

## INTRODUCTION

*"The accounting profession is at a pivotal moment: demand is rising, yet the talent pipeline is shrinking."* The statement by Blood and Yong (2024) highlights the critical challenge of talent shortages in both the accounting and auditing industries in Malaysia. Accounting is recognized as one of the professions most affected by labor and skills shortages globally (OECD, 2024). These professions, crucial for financial transparency, economic stability, and regulatory compliance, are now under immense strain due to a growing mismatch between the demand for skilled professionals and the supply of qualified talent. In Malaysia, the shortage of accountants and auditors is more than a short-term concern, it is a systemic issue requiring urgent attention.

The issue is the pressing shortage of accountants and auditors in Malaysia, exacerbated by demographic shifts, technological advancements, and limited career interest. The Malaysian government has emphasized the need for an additional 60,000 qualified accountants by 2030 (Poo, 2023). However, the current pipeline is concerning. Despite high student intakes in accounting programs, only 40% of graduates pursue careers in the field (Yap & Tan, 2024). Many options available in other industries especially in tech-savvy and entrepreneur result the demand for accounting-related programs outstrips the seats available at tertiary institutions in Malaysia (MIA, 2023). Moreover, this shortage extends beyond private firms to government agencies and

financial institutions, straining operational and strategic capabilities and driving up recruitment costs by 25% (KPMG, 2022).

Among the most pressing contributors to this challenge is the gap between education and career paths. According to Yap & Tan (2024), graduates are drawn to better prospects in other fields due to perceiving accounting as overly traditional and offering limited opportunities for innovation and career advancement. This trend is not confined to Malaysia. Globally, a significant decline in the number of students entering the accounting profession has been observed. In the U.S., enrollment in accounting programs decreased by 2.8% for bachelor's degrees and 4.7% for master's degrees between 2021 and 2022 (Tyson, 2023). Additionally, high attrition rates have compounded the issue, with a 17% decline in registered certified public accountants (CPAs) reported over the same period (Maurer, 2023). In Malaysia, Mohd Khalid et al., (2021) stated accounting students face similar issue to not continue study in same field due to working benefits, environment as well as external influences.

Another critical issue is the rapidly changing landscape of accounting and auditing roles. Advancements in technology have created new demands and opportunities for specialized skills. However, many graduates and professionals in Malaysia lack the technical expertise to navigate these changes (Shamsudin et al., 2025). Including Malaysia, the industry norms regarding job tenures have shifted. Although the industry always opened to adopt new digital skills, the emerging technology may disrupt the employee performance if there is no parallel development of new paradigms that allow the understanding of new data or ways of working (Kroon et al., 2021). Furthermore, employees may gain experience at accounting firms for at least three to four years and there were 30% of potential accountant of those under 25, are thinking about quitting their jobs over the next five years. Such decision will impact the previous company performance since the company need to scout the new talent and improve their skills. (Poo, 2023; Pickard, 2023; Shamsudin et al., 2025).

The problem statements are that despite the high demand for accountants due to economic developments, global investments, and evolving regulatory requirements (Kroon and Alves, 2023), the supply of qualified professionals is unable to keep pace. This surge in demand is not matched by a proportional increase in qualified professionals, leaving Malaysia at risk of lagging in global financial competitiveness (Moo & Da Wan, 2023). Furthermore, compliance with evolving regulatory frameworks, such as IFRS 17 and new financial reporting standards, demands specialized skills that are increasingly difficult to find.

According to Razali et al. (2022), the root of the issue lies in the inadequate alignment between the capabilities of the accounting workforce and the demands of the modern industry. Hence, lack of collaboration between academia and industry leaves potential accountant unprepared to develop digital skills. Organizations struggle to find candidates with specialized skills needed for regulatory compliance, financial reporting, and strategic advisory. This skills gap is worsened by the accounting profession's limited appeal to younger generations. Graduates often cite low starting salaries, limited career progression opportunities, and high stress levels as deterrents to entering the field (Khalid et al., 2025).

This paper aims to explore the underlying causes of the talent shortage in Malaysia's and its impact toward accounting and auditing industry. By analyzing local and global trends, the paper will highlight the importance of strengthening the talent pipeline through collaborative efforts between government bodies, educational institutions, and industry players. Addressing this critical issue is essential not only to safeguard the integrity and sustainability of the profession but also to ensure Malaysia remains competitive in an increasingly complex and digitally driven global financial environment.

## METHODS

There are 33 articles from various sources. The information extracted from articles focuses on 'factor of talent shortage' and 'crisis to the accounting and auditing industry'. The talent shortage in Malaysia's accounting and auditing sector has emerged as a pressing concern, posing significant challenges to the industry and the broader economy. This issue is rooted in a complex interplay of factors, including a decline in new entrants into the profession, the accelerated retirement of experienced professionals, and shifts in career preferences among younger generations. Structural issues, such as demographic trends (aging workforce) and evolving industry

demands, are core contributors (OECD, 2024). As the gap between the sector's demands and available talent widens, the ability of the profession to meet the needs of an increasingly dynamic business environment is under significant strain. This section will explore these factors in greater detail and discuss their broader consequences.

### **Retirements and Aging Workforce**

The demographic profile of the accounting profession shows a significant portion of senior professionals approaching retirement. According to the AICPA, 75% of today's public accounting CPAs will retire within the next 15 years, reflecting global challenges in retaining expertise (CPA, 2023; Blood & Yong, 2024). Research by the International Federation of Accountants (2022) highlights that 60% of accounting professionals in Southeast Asia are expected to retire within the next decade, leading to an anticipated depletion of expertise and institutional knowledge. This retirement trend is not being matched by sufficient inflows of younger professionals, resulting in a widening talent gap. In Malaysia, organizations face particular challenges in recruiting for senior roles that demand years of experience and specialized knowledge. Reports by the Malaysian Institute of Accountants (2022) indicate that between 2019 and 2022, the profession experienced a 15% decline in new entrants, further compounding the impact of retirements.

Declining professional in filling the critical roles, existing staff face excessive workloads, leading to stress, burnout, and higher turnover rates. Greggworth (2024) highlights that overworked employees are less likely to maintain accuracy and compliance, increasing the risk of financial misstatements or regulatory violations. This workforce dissatisfaction not only affects productivity but also exacerbates recruitment and retention challenges, as employees leave for less stressful roles. Mutoh (2023) also stated that the decline in job entrants, exacerbated by the talent shortage, has further placed pressure on existing accountants, driving many to exit the profession.

A significant shortage of skilled professionals has led to delays in the completion of financial reporting and audit processes. This inefficiency undermines the credibility of financial statements, which are essential for informed decision-making by stakeholders, including investors, regulators, and management. According to the Malaysian Institute of Accountants (2022), delays in audits can create bottlenecks in financial systems, particularly during periods of regulatory updates or when managing complex financial transactions. These setbacks risk eroding stakeholders' trust in the financial ecosystem.

### **Technological Advancements and Skill Gaps**

In a report issued by National Audit Department of Malaysia (2025), technological advancements, including artificial intelligence (AI), blockchain, and cloud computing, have significantly transformed the field, improved productivity but also creating new skill demands. While these innovations have revolutionized the profession, many fresh graduates are not adequately trained in these emerging technologies, resulting in a mismatch between their academic training and industry needs as accounting and auditing professionals are expected to possess skills in data analytics, AI tools, and digital reporting, which many traditional educational programs do not address adequately (Shamsudin et al., 2025). This skill gap is particularly evident in Malaysia, where reports from Ghani et al. (2023) indicate that local universities have been slow to incorporate technological training into their accounting programs, leaving graduates ill-prepared to handle modern accounting tools. According to Greggworth (2024), this technological disruption has intensified the talent shortage, as the industry now requires professionals who can combine traditional accounting knowledge with advanced digital skills. A report by ACCA Global (2023) found that 43% of accountants are concerned that technology may replace some or all aspects of their roles, while 86% of professionals believe their employers should provide more technology training. Furthermore, the rapid pace of technological change is contributing to the talent shortage, as some professionals, particularly older generations, find it challenging to keep up making them apply for early retirement or change their career.

The talent shortage has hindered the competitiveness of Malaysian organizations, particularly in the global financial arena. Without the necessary expertise, organizations struggle to adopt advanced technologies such as blockchain and AI, which are essential for innovation and responding to economic changes. This skills gap

puts Malaysia at a competitive disadvantage, especially when compared to countries with robust talent pipelines in the financial sector (ACCA, 2023). As businesses fail to keep pace with technological advancements, the economic impact is felt across industries that rely heavily on skilled financial professionals.

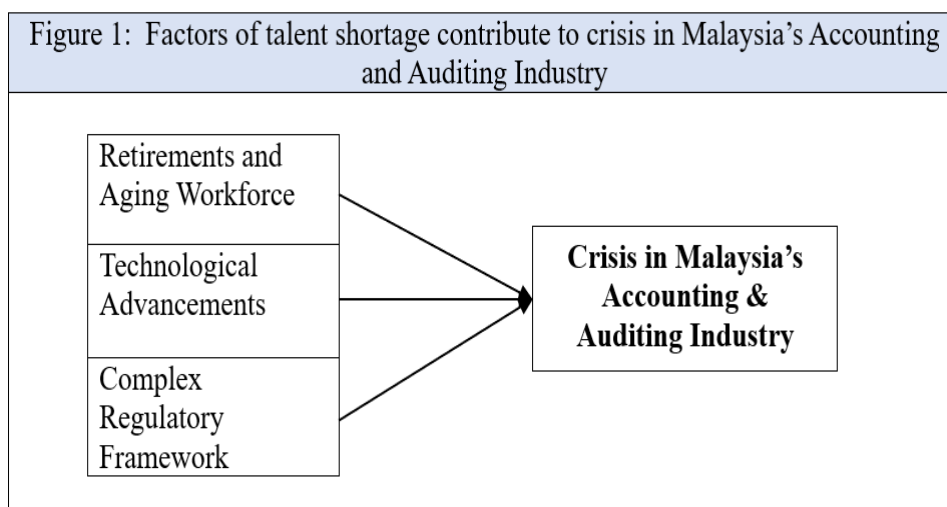
### Complex Regulatory Environment

The increasingly complex regulatory environment, driven by evolving frameworks like IFRS 17 and heightened compliance standards, is creating a demand for accountants and auditors with specialized skills. However, many professionals lack the expertise required to interpret and implement these intricate regulations. As the need for technical knowledge grows, so does the shortage of qualified professionals who can navigate these frameworks effectively. This issue is particularly pressing in Malaysia, where stricter governance standards and reporting requirements are being enforced. The challenge is compounded by the perception that over-regulation makes the profession riskier and less attractive, which has led to a decline in new talent entering the field. As noted by Datuk Bazlan Osman, former president of the Malaysian Institute of Accountants (MIA), over-regulation is a key factor contributing to the shrinking talent pool in the accounting profession (Yap & Tan, 2023). This trend has further exacerbated the talent shortage, making it more difficult for companies to find qualified professionals to meet the demands of the industry.

The evolving global financial landscape and constant updates to international standards like IFRS make it increasingly difficult for Malaysia to maintain compliance. The shortage of qualified accounting professionals exacerbates the challenge of keeping up with these updates. Non-compliance can lead to financial penalties, damaged reputations, and diminished investor confidence. Specifically, the shortage of professionals trained in specialized reporting standards such as IFRS 17 (insurance contracts) poses significant obstacles for industries like insurance and banking that require precise and timely compliance (Alhawtmeh, 2023).

Addressing Malaysia's talent shortage in accounting and auditing requires a multi-pronged approach involving academia, industry, and regulatory bodies. Key studies and reports underscore the urgency of aligning educational frameworks with industry needs, improving talent attraction and retention strategies, and equipping professionals with the skills necessary to navigate evolving technologies and regulatory demands. By understanding both the factors contributing to this shortage and their broader implications, stakeholders can implement targeted solutions to safeguard the industry's sustainability and its role in Malaysia's economic resilience.

The correlation between factors of talent shortage and its implications to the crisis of Malaysia's accounting and auditing industry is presented as Figure 1 below:



### Discussion to overcome the crisis of talent shortage to accounting and auditing industry.

The ongoing talent shortage in the accounting and auditing sector presents a critical challenge, compounded by factors such as rapid technological advancements, economic uncertainties, and shifting workforce preferences.



This shortage not only affects the internal functioning of firms but also hampers the broader growth and competitiveness of the industry. To effectively address this issue, a comprehensive and strategic approach is needed. The following recommendations aim to provide practical solutions that will help bridge the talent gap, enhance workforce retention, and ensure the accounting profession remains adaptable to future challenges.

### **Implement Continuous Professional Development (CPD)**

Continuous Professional Development (CPD) is essential for accounting profession to keep with new norm. Upskilling and reskilling initiatives must be prioritized to help professionals stay competitive and relevant, and adapt to emerging technologies (OECD, 2024). Chan & Wahab (2022) emphasize the need for universities and employers to highlight the long-term career benefits to encourage professional growth. CPD programs should focus on key areas like AI, blockchain, and financial data analysis, offering flexible training options such as scalable e-learning platforms and interactive workshops to emerge with the current norm. This approach allows professionals to learn at their own pace while meeting the demands of the digital economy (Ghani et al., 2023). Moreover, employers should integrate CPD into their employee development strategies, reinforcing both individual growth and organizational sustainability. Previously, CPD adopted voluntarily by the individual. However, the bodies member of the International Federation of Accountants (IFAC) stated any potential accountant must require CPD to supports the idea that ongoing learning is essential to established a professional and competent account. It also shows that the accounting profession is committed to maintaining high standards and earning the trust of society (De Lange et al. 2015). At present, ICAEW also provide CPD by establish relationship with Deloitte to provide initiatives like online learning, virtual internships, and flexible training through Finance in Digital World platform to address recruitment delays and equip future accountants with the necessary skills to thrive (ICAEW, 2023). Additionally, staying informed about evolving regulatory requirements highlights the ongoing importance of CPD to ensure compliance and professional (Lim & Fernandez, 2022).

### **Strengthen Government and Industry Collaboration for Financial Incentives**

According to Tukiman et al., (2022), the collaboration between government and varieties of funding institution in Malaysia is crucial in overcoming financial barriers for students to pursue the studies in higher education. Financial aids programs assessable in Malaysia including the scholarships from Yayasan Peneraju Pendidikan Bumiputera (YPPB) and Majlis Amanah Rakyat (MARA), loan forgiveness from Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN), and other potential targeted financial incentives from other industry including CIMB, MAYBANK and PETRONAS can make the field more accessible to a broader range of students (Tukiman et al., 2022). Additionally, varieties of accounting mentorship programs to upgrade skills has offered by most universities in Malaysia as well Technical and Vocational Education and Training (TVET) (PwC, 2019). Such program provides valuable career guidance, industry knowledge sharing, and professional development opportunities. These initiatives should be expanded to connect students and young professionals with seasoned industry experts, ensuring they receive the support needed for career progression. By creating more accessible and financially viable pathways into the accounting profession, governments and industries can ensure a steady flow of talent into the sector (ACCA, 2023).

### **Leverage Technological Advancements for Recruitment and Talent Management**

Technology is transforming recruitment and talent management in the accounting and auditing sectors. According to the Malaysian Institute of Accountants (2022), accountants must continuously develop in-demand skills and stay current with technological advancements to remain competitive. AI-driven recruitment tools are increasingly being used by firms to identify highly skilled candidates by analyzing their skills, experience, and alignment with organizational goals (Meshram, 2023). This approach streamlines the recruitment process, ensuring the selection of qualified candidates while reducing time and costs. For example, Electrolux Group successfully implemented AI-powered recruitment solutions, Phenom to address talent shortages and improve hiring efficiency. Firms that embrace these technologies and showcase their innovation will attract younger, tech-savvy generations who expect to work in cutting-edge environments. Adoption of AI and other technological tools makes companies more appealing to candidates seeking modern, technology-driven workplaces, which helps address the growing skills gap in the industry (Meshram, 2023; Vaddepalli,

2023). In Malaysia, employers can screen potential employees by subscribing to the relevant digital recruitment platforms such as MYFutureJobs (SOCISO, 2020) or by hiring third-party agencies (Randstad Malaysia, 2024) that offer similar services. Such platforms also serve as a cost-saving alternative, especially for small and medium-sized firms facing financial constraints but still aiming to hire competitive accountants among fresh graduates and other job seekers.

## CONCLUSION

The talent crisis in Malaysia's accounting and auditing industry is a complex and multifaceted issue, driven by rapid technological changes, evolving workforce preferences, and economic challenges. As highlighted in this report, the shortage of skilled professionals is already impacting the operational efficiency of firms and could threaten the long-term competitiveness of the sector. The introduction of emerging technologies like AI and blockchain, along with increased automation in financial processes, requires a workforce that is not only technically proficient but also adaptable and forward-thinking.

Through the discussion, it became clear that the root causes of this talent shortage are tied to both external factors such as demographic shifts and changing workforce expectations, and internal factors, like outdated training and development practices. Additionally, while universities are producing a steady flow of accounting graduates, there is a disconnect between the skills taught and the demands of the industry. The rise of new technologies and the increasing complexity of financial regulations have created a gap that universities and employers must work together to fill.

The recommendations outlined in this report provide actionable steps to address these issues. Revamping educational curricula to integrate technological competencies, promoting continuous professional development (CPD) and fostering stronger government-industry collaborations are key strategies to address the talent gap. Hence, to ensure the strategies is successful, the higher education must ensure the syllabus of accounting offered is up to date with the current environment. The collaboration between government also needed to secure funding to support students from low-income backgrounds who interest to pursue the accounting field. The industry can also support potential accountants by providing accounting training and development programs as part of employee benefits, enhancing their competitiveness and expertise.

In conclusion, while the talent crisis presents significant challenges, it also offers an opportunity for the accounting and auditing sectors to innovate and build a future-ready workforce. Leveraging technological tools in recruitment and talent management will also be crucial in attracting the next generation of accountants and auditors. Hence, by implementing a combination of targeted strategies, ranging from education reforms to improved workplace culture, the industry can not only alleviate the current talent shortage but also future-proof its workforce against evolving market demands. Through collective action and investment in the sector, Malaysia's accounting and auditing industry can overcome these challenges and remain competitive on a global scale.

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