

## **OSKA study of accounting and business consultation**

### *Key findings*

According to the OSKA forecast, the employment in the accounting and business consultation field will remain around 23,500 people until 2032.

Currently, over 10% of all employees in the field are already of retirement age, including 4% over the age of 70 (nearly 1,000 workers), and an additional 21% will reach this age over the next decade. In total, this will account for over 7,000 workers in a ten-year perspective. 92% of them work in financial management and accounting, where, on average, 13% of current top and mid-level accounting specialists and lower-skilled accounting workers are 65 years old and older. Thus, a quarter of them will reach the retirement age within ten years.

The total number of graduates from study programs suitable for the sector exceeds the labour demand, but considering the share of those entering the field, the training offering is sufficient.

### **The growing need for new knowledge and skills**

Over the next decade, the need for labour and skills in the accounting and business consultation will be most significantly shaped by the obligations for sustainability (ESG) reporting and auditing, the promotion of real-time economics, the growth of international and cryptocurrency transactions and services, as well as the broader adoption of automation and artificial intelligence. The proportion of advisory work will notably increase.

Technological solutions such as AI, machine learning technologies, AI-based language models, big data analysis, and automation of analyses are increasingly being adopted in both corporate accounting and auditing. Along with this, the need for technology skills within companies grows, while the number of positions for lower-skilled accounting workers decreases.

In the occupations of accounting and auditing, there is an increase in the volume of data needed for reporting as well as a diversification of the range of topics requiring auditing. It is necessary to stay up to date about new areas, including sustainability reporting and reporting evaluation standards.

Sustainability reporting evaluates the impact of corporate activities on the environment, social welfare, and economic sustainability. The knowledge of environmental topics, such as biodiversity, CO2 footprint, circular economy, waste, resource use, social issues (fair wages, workplace safety, social guarantees, etc.) and human rights is also needed.

The growing need for international taxation knowledge is the result of the growth of services provided to Estonian e-residents, a changing tax environment (including international tax agreements), and the presence of accounting centres for international companies and large conglomerates in Estonia.

There is an increase in the number of service providers specializing in accounting for specific virtual currency services.

## **Skills in growing demand**

Future skills include data mining, analysis, and interpretation, information and data visualization, critical thinking, oral and written expression, and project management skills.

The growing need for generic skills most often highlights analytical and critical thinking skills, as well as communication skills needed for advisory work. During volatile times and rapid changes, companies value employees with good self-management skills and adapting to changes.

## **Training the workforce in the field**

The field has a high proportion of employees with higher education – 77%. Nearly 70% of the workforce that graduated after 2006 has acquired education in the education field of Business, Administration, Law. Over one-third of those entering higher education are aged 25 and older, and 15% are over 35 years old.

Graduates of vocational accounting education primarily take up positions requiring lower to middle skill levels. However, among vocational students, there are also starting and active (small) entrepreneurs who wish to manage their company's accounting themselves. Over 70% of those who have studied in vocational education as accountants (or tax specialists) in recent years are over 25 years old, i.e., adult learners, including career changers, qualification improvers, and those studying due to the need for a side job.

## **Challenges in skills development**

Employers believe that the gap between the skills taught in school and those needed in the labour market is growing. There are deficiencies in the practical skill levels of graduates from vocational and higher education programs in the accounting field.

The skills gap is exacerbated by the limited capability and readiness of predominantly small and micro-enterprises to keep up with technological innovations, as well as their limited resources to offer internship opportunities and guidance to interns.

While vocational training involves substantial practical experience compared to bachelor's programs, employers' assessments of the practical skills of vocational and bachelor's graduates do not differ significantly. Employers continue to highly value the graduates of applied sciences institutions and expect an increase in the proportion of applied higher education graduates in accounting-related studies.

More effective collaboration between employers, schools, and professional associations (such as the Estonian Accountants Association, the Auditors Association, and the Estonian Internal Auditors Association) in finding internship opportunities, as well as expanding the use of various practical training labs, demo, and e-environments in education would help improve the development of practical skills.

## **Quality of accounting services**

According to the Estonian Accountants Association and the Auditors Association, the quality of accounting services in Estonia varies greatly. Increasing the proportion of certified accountants

would help improve the quality. Currently, only 30% of those working as accountants have an occupational qualification certificate.

In rural areas, there is a shortage of business advisors and entrepreneurship consultants. In Northern Estonia, specifically in Harju County and Tallinn, 61% of all Estonian companies are located, while 78% of business advisors operate there. Familiarity with the local area and businesses would aid in finding the best consultation service or expert for a company.

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