U.K.

Britain's accountants, auditors and advisers are clinging to their jobs, nervous that their negotiating power has sharply dropped.

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By Irina Anghel, Bloomberg News (TNS)

It was dubbed the Great Resignation as an army of workers quit in search of higher pay, better hours and more attractive perks. The U.K.'s largest consulting firms were among the worst hit as staff hunted down new roles when COVID lockdowns began to ease.

Now, Britain's accountants, auditors and advisers are clinging to their jobs, nervous that their negotiating power has sharply dropped.

“The great resignation has turned into a mindset of staying put while the global

recruitment firms.

Fewer than 750 people left the UK divisions of the Big Four accountancies—Ernst & Young LLP, PricewaterhouseCoopers LLP, Deloitte LLP and KPMG LLP—last month, compared with more than 1,500 in August 2022, the data showed. It’s a similar situation at McKinsey & Co., Bain & Co. and Boston Consulting Group, which saw 87 leavers at the end of summer—around half the level of a year ago.

There are also fewer open roles this year as accounting firms tighten their purses. The Big Four hired about 790 people in August, according to Consulting Point figures. Last year, that number was more than 1,500.

Attrition, or the number of people departing without being replaced, is now half the normal rate in the consulting world, several recruiters told Bloomberg News.

As well as having fewer deals to advise on and the economic uncertainty, consultants are seeing clients cut costs by shelving longer-term investments.

“Strategy consulting is very, very quiet. Anything around M&A, growth strategy, those people are firing, not hiring,” said Matthew Bennett, director at Ascent Professional Services. “People getting made redundant is higher than normal, but people leaving their jobs is lower because they’re nervous about the market.”

The current situation is a U-turn for Big Four firms which hired hundreds of thousands of people in a bet on a post-COVID recovery, as well as making up for the wave of leavers between mid-2021 and 2022. Together, the four firms employ more than 80,000 people in the U.K., making the sector a key indicator of confidence among finance workers.

EY recently announced plans to cull about 5% of staff from its U.K. financial services consulting division amid a slowdown in demand, while rival PwC said it's cutting pay increases and bonuses for some of its 25,000 U.K. employees.

the U.K.'s top accounting firms that month in 2022.

KPMG is on track to hire around 1,400 graduates and apprentices this year in the U.K., said Chief People Officer Lisa Fernihough.

They join an industry with much less churn than they might expect.

EY's attrition has slowed down over the last nine months across the whole of Europe, Middle East, India and Africa, EY's managing partner for the region Julie Teigland said in an interview. The firm saw 20% of its employees in the region leave in June, down from about 24% in the same period last year. Meanwhile in the U.S., KPMG's U.S. partners have been told they will be put on 50% pay during six months of gardening leave if they quit to join a rival, which would make moving jobs even less attractive.

Current job opportunities don't come with a big enough pay jump to justify a move, especially when compared with the salary increases seen in the last two years, Ascent's Bennett said.

The trend might not last forever—but worryingly for the firms, it could be the most talented staff who end up leaving. In 12 months' time, the best-performing employees could start looking for jobs elsewhere if they grow frustrated because more senior roles aren't being vacated, Bennett said.

"They're not getting promoted and they're not getting bigger pay increases," he said. "They'll feel their career is going stagnant and they'll push on. We'll see attrition go up."

— *With assistance from William Shaw*