Understanding Large Accounting Firm Perceptions on the Decline of Accounting Graduates and Implications of Supply Shortages

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Understanding Large Accounting Firm Perceptions on the Decline of Accounting Graduates and Implications of Supply Shortages

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Abstract

The accounting industry in the United States faces a persistent supply shortage, exacerbated by declining undergraduate interest. The Association of International Certified Professional Accountants (AICPA) has reported a decline in accounting bachelor’s and master’s degrees over the last five years, with the largest drop in 2021-2022 (AICPA 2023). Misconceptions about the profession, high barriers to entry, and generational values are factors in this decline. Mass retirements of Baby Boomers and exits of young-to-midcareer professionals put further strain on the shortage. This study aims to better understand the perceptions of accounting professionals at large accounting firms regarding the decline in accounting graduates and its impact on the industry supply shortage.

The research survey found that 83 percent of the 18 participants were concerned with the accounting graduate decline and shortage. Their main concerns included lack of quality talent, declining work quality, and increasing workloads. Thus, the firms represented in the survey are outsourcing and investing in artificial intelligence (AI). While some perceive the shortage as cyclical, others highlight generational trends. Generational values, high barriers to entry, and the profession’s poor image factor into the decline of accounting graduates. The 17 percent of respondents who were unconcerned about the decline or shortage highlighted job security and positive trends in technology. However, they recognized reliance on technology could devalue education and increased sanctions on Certified Public Accounts (CPAs) could dissuade staff from pursuing higher-level positions. Industry-wide efforts are needed to reshape the image of accounting to reclaim its status as a coveted profession.
Understanding the Accounting Graduate Decline and Industry Supply Shortage

Key words: Accounting Degree; Accounting Graduates; Accounting Profession; Accounting Talent; Supply Shortage; Perceptions from Large Accounting Firms
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Introduction

In 2023, there were over 1.6 million accountants and auditors employed in the United States, according to the Bureau of Labor Statistics (U.S. Bureau of Labor Statistics 2024). Further, according to the National Association of State Boards of Accountancy (NASBA), there were over 670,000 licensed Certified Public Accountants (CPAs) as of August 2023 (National Association of State Boards of Accountancy (NASBA) 2023). However, the accounting industry is currently facing hiring and retention challenges, especially with less graduates entering the industry.

The Association of International Certified Professional Accountants (AICPA) issued its 2023 Trends Report: A report on accounting education, the CPA exam, and public accounting firms’ hiring of recent graduates, examining the 2020-2021 and 2021-2022 academic years. According to the report, accounting bachelor’s degree completion has been on a steady decline of one to three percent per year since 2015-2016, but 2021-2022 experienced the largest decline of 7.8 percent. Master's degree completion fell 6.4 percent in 2021-2022 but was significantly less than prior years (The Association of International Certified Professional Accountants (AICPA) 2023). The shortage is not a new issue but has been exacerbated by the declining accounting graduates stemming from lack of interest and industry professionals leaving the field.

There are several studies that seek to understand why students do not choose to pursue accounting (The Center for Audit Quality (CAQ) 2023; Wagaman and Maginnis 2023; Billiot, Glandon and McFerrin 2004). It is well-known that there are misconceptions about the accounting profession that contribute to students’ lack of interest. For instance, that the job is
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mundane and monotonous. Incoming students believe that accountants only perform journal entries, bookkeeping, or taxes. It is also perceived that accountants do not work in teams. They just sit in cubicles alone working long hours. We know this is not true. However, the way in which younger generations consume information is often through media. For example, television, films, and social media. Accountants and the profession are generally not portrayed in a positive light, or at all. Given the limited exposure and, perhaps, the way introductory accounting courses are traditionally taught, students do not experience the ways the profession is dynamic and evolving.

Declining enrollment in higher education should also be considered. University enrollment across the United States (U.S.) has been in a steady decline. Fall 2023 undergraduate enrollment was the first increase since the COVID-19 pandemic (National Student Clearinghouse Research Center (NSCRC) 2024). We must look at (1) will an individual choose to attend a college or university and (2) if they chose to attend an undergraduate program, what important factors do they consider when deciding their area of study. The high barriers to entry may persuade students away from the major due to continued education to meet the mandatory 150 credit hour requirement for those seeking to become a CPA. Additionally, more time and resources may be required to pass the CPA exam for licensure.

Within the industry, Baby Boomers are retiring at high rates. Further, young-to-midcareer professionals are exiting the industry as well. Many young professionals are putting in one to two years and then realize that it is not a fit for them. Some work for three to five years until they reach manager status. Conversely, some work until their employer requires a CPA license to continue on the promotion track within the firm, then exit. The values of younger generations and professionals are changing. They want work-life balance and flexibility, careers that are
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fulfilling and exciting, and compensate them appropriately for their work and certifications they hold. Seemingly, students may not perceive accounting as a profession that can provide them with that.

With the number of accounting graduates declining, there is concern about the effect on accountant and CPA supply. The industry is already experiencing a shortage and large numbers of baby boomers are retiring. The purpose of this study is to deepen our understanding of what is driving the decline in accounting graduates and the impact of the tightening supply on the industry, specifically through the eyes of accounting professionals. The shortage may have an impact on the quality of financial statements and potentially audits as well, due to understaffing. Accounting firms may have to drop less-profitable engagements. On the other hand, clients face being fired by their account firm due to lack of profitability. This could have significant implications in the financial markets with the way individuals rely on financial statements to make informed decisions.

The study’s overarching research question is “Are large accounting firms concerned with the decline in accounting graduates and growing shortage?” It further considers how firms are currently managing the shortage and whether they perceive the shortage to be cyclical. It seeks to understand what factors are driving the decline in accounting graduates and whether outsourcing is necessarily a bad thing as it is one of the primary methods of managing the shortage.

The research questions are addressed using a survey that includes a series of related questions about perceptions around the accounting graduate decline and industry shortage. It was distributed to 82 accounting professionals. The response rate was approximately 22 percent, with the final sample including 18 participants in various positions at large accounting firms.
Of the 18 participants, 83 percent said that they were concerned with the decline in accounting graduates and growing shortage. Most responses indicated that professionals were significantly concerned about the lack of quality talent coming through the pipeline. Additionally, firms are finding it difficult to retain its talent. On a similar note, professionals are worried about declining work quality related to understaffed engagement teams. They have also experienced increasing workloads as partners continue to bring in new clients but have limited personnel leading to overworking and burnout.

When asked about shortage management strategies, outsourcing and investments in artificial intelligence (AI) were the primary methods. However, while outsourcing is not necessarily a bad thing, as participants noted, it is not effective as it should be. Onshore teams still need to check and often redo the work. When asked if they perceived the shortage to be cyclical, there was not a definitive answer. Most said “sort of” in that there is job security during times of economic decline that make it an appealing career, seeing more hires. Others said “not exactly” due to generational trends. The responses noted that the generational values are a key driver in the decline in accounting graduates. The high barriers to entry for the profession were also noted as a key driver. For instance, more education requirements and CPA exam. The current reputation and image of the profession contribute as well. The lack of discussion about the profession is growing the disconnect between the industry and potential accounting students.

For the 17 percent of respondents that were not concerned with the decline in accounting graduates and growing shortage, they highlighted job security and positive trends in technology. One response noted that people often forget about the job security aspect when considering a future career. However, these respondents also recognize potential future issues in the industry. Although they are seeing positive trends in technology, automation, and analytics, these tools
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may devalue education and credentials. One respondent said, “The increase in sanctions on CPAs for mistakes made during practice may deter staff from pursuing a higher-level position.” It could deter students from pursuing accounting as well if they do not want to have significant responsibility or liability involved in their career.

Given that the accounting shortage is not new, further staffing shortages are to be expected with declining accounting graduates. However, based on the aggregated survey results, the reduction in talent quality and work quality are major concerns professionals shared in their responses. The decline in talent quality coming through the pipeline in combination with already understaffed engagement teams may have a significant impact on financial statements and audit quality. Further, accounting firms will be forced to fill open positions, which could also impact the quality of firm talent if they can longer be highly selective. Almost all the participants said that outsourcing is not necessarily a bad thing, but it comes down to efficiency versus efficacy. It is cost efficient, but for the purpose of reducing the amount of noncomplex tasks for onshore teams, it might be creating more work for them instead. Finally, the survey participants support the need for a reputation and image adjustment for the accounting profession to become a coveted career again. Industry professionals have identified that the lack of interest stemming from misconceptions is a driver of the decline in accounting graduates. The industry must now demonstrate the role accountants play in the larger market and that they are not simply number crunchers.

The remainder of this thesis is organized as follows. In the second section, I provide a literature review, looking at the changing supply of accounting graduates and current industry professions. It also looks at the impact of the supply shortage on the profession and potential outcomes. In the third section, I discuss the primary research questions in the study. In the fourth
section, I describe the method of study. In the fifth and sixth sections, I provide descriptive statistics for the sample, and I present the survey results. In the last section, I summarize the study, sharing key takeaways from the study, along with the limitations. I also discuss future research questions.

**Literature Review**

**Changing Landscape in the Supply of Accounting Graduates**

As discussed earlier, the 2023 AICPA Trends Report, examining the academic periods from 2020 to 2022, showed that accounting bachelor’s degree completion has been on a continual decline of one to three percent per year since 2015-2016. However, the 2021-2022 academic year experienced the most significant decline of 7.8 percent (The Association of International Certified Professional Accountants (AICPA) 2023). Master's degree completion also fell 6.4 percent in 2021-2022 but was significantly less than prior years. Total bachelor’s and master’s completion fell about 7.8 percent by almost 5,500 graduates (AIPCA 2023).

It is important to note that the report followed the COVID-19 pandemic and university enrollment in the U.S. also declined during this time. However, college enrollment has been in decline for over a decade. According to a 2022 National Student Clearinghouse Research Center (NSCRC) report, enrollment has declined 2.6 million students over the past decade (Dawkins 2023). COVID-19 accelerated the already declining undergraduate enrollment seen since 2011 per the National Center for Education Statistics (Dawkins 2023).

Further, some professionals are concerned that the trend in lower birth rates in the U.S. will result in a significant reduction in students entering colleges and universities 18 years from now (Dawkins 2023). Some are optimistic about undergraduate enrollment numbers returning to
pre-pandemic levels. According to the NSCRC, fall 2023 saw the first increase since the pandemic with undergraduate enrollment increasing by 1.2 percent (National Student Clearinghouse Research Center (NSCRC) 2024). Nonetheless, the supply shortage has been an ongoing concern for several years.

Billiot, Glandon, and McFerrin (2004) published *Factors Affecting the Supply of Accounting Graduates* in 2004. In this article, the authors provide a framework for understanding the changing labor market and highlight that the factors deterring students from accounting are very similar to current concerns. First, the aggregate numbers in the labor market are the outcomes of individual choices. An individual must first consider the benefits and costs of attending a university and obtaining a degree. At the 2023 PricewaterhouseCoopers Annual Accounting and Tax Symposium, members discussed several factors contributing to the decline in accounting graduates. In addition to declining enrollment, members highlighted the high cost of higher education and declining perceived value of a college degree as significant factors in the declining talent pipeline (Burke and Polimeni 2023).

Researchers have also found that enrollments are responsive to changes in economic conditions (Billiot, Glandon and McFerrin 2004). For instance, during the COVID-19 pandemic, the AICPA 2023 Trends Report showed a steep decline in accounting graduates but also showed a decline in undergraduate enrollment. This may also indicate that declines in accounting graduates and industry shortages could be cyclical, which this study seeks to understand more about.

After deciding to attend a university, students must choose an area of specialization (Billiot, Glandon and McFerrin 2004). Students often weigh the benefits and costs of pursuing a degree in accounting over others. Benefits may include the availability of employment or
demand for accountants, earnings potential, job satisfaction, job security, and advancement opportunities. The costs associated with pursuing an accounting degree seem to outweigh the benefits for many students. They can be deterred by the academic and professional barriers to succeed, such as additional education to meet the 150-credit hour requirement for certification and the CPA exam, itself. It adds time and costs to succeeding in the industry. Educators and practitioners note that these factors are critical to a student’s decision to pursue accounting (Billiot, Glandon and McFerrin 2004). Students may also be deterred by their inaptitude for accounting, quantitative skills necessary to succeed, and workload associated with accounting both in the classroom and in the industry.

The negative perceptions and misconceptions about accounting are significant issues recognized by professionals and educators. They are driving the lack of interest among students and persuading them away from accounting. At the 2023 PricewaterhouseCoopers (PwC) Annual Accounting and Tax Symposium, members noted that students perceive accounting as boring but also as too specialized, contributing to the declining talent pipeline (Burke and Polimeni 2023). Students also view the profession as mundane and tedious. Typically, students think that accountants perform bookkeeping or tax services. They think accountants work alone in cubicles, not in groups, and crunch numbers all day.

In addition to misconceptions about accountants, there are also misperceptions about the role of CPAs. One section of a survey by the Illinois CPA Society asked accounting students, graduates, and professionals under 35 to assess the CPA brand or how they viewed the CPA credential. Most associated CPA with the words “accounting, auditing, and tax preparation.” The survey results demonstrated a very narrow view of the role and value of CPAs as strategic
business advisors (Dawkins 2023). The misperceptions also do not just apply to potential undergraduate students.

At universities, accounting is perceived as a rigorous major with the most substantial workload in the business school (Wagaman and Maginnis 2023). Introductory accounting courses are known to be difficult, teaching the fundamentals that are essential, but not exposing students to the other interesting functions accounting plays in business. As such, many students seek out other majors that they find more appealing and rewarding. Jordan, Kaplan, and Samuels (2023) conducted a survey of accounting and finance undergraduates to understand the role of different career beliefs on whether they chose to pursue accounting or finance. Interestingly, the most important differentiating factor was that accounting involved less interesting work than finance and indicated that they found it “boring” (Kaplan, Jordan and Samuels 2023).

Additionally, there is a shift in the values of young adults today. They value work-life balance, flexibility, and remote work opportunities (Wagaman and Maginnis 2023). They also want career growth opportunities and to be compensated accordingly. Many professionals recognize that potential compensation relative to other majors requiring similar skills is an important consideration for students. There is a disconnect. Students do not think a career in accounting can lead them to what they want to achieve.

Changing Landscape in the Supply of Accounting Professionals

The AICPA estimates that about 75 percent of CPAs would have reached retirement eligibility by 2020 (Nagri 2024). In the last two years, over 300,000 accountants in the U.S. have left their positions, a 17 percent decline (Wagaman and Maginnis 2023). Not only is there a
massive number of Baby Boomers retiring, but there are also young-to-midcareer professionals exiting the industry at high rates.

The changing of values plays a significant role in accounting professionals leaving the industry. For instance, in a poll of 250 top CPA firm leaders in the country, 27 percent reported former staff moving outside the industry for higher pay (Cohn 2023). Also, even individuals graduating with degrees in accounting are seeking jobs in other fields initially. Considering that the profession is not growing in popularity among undergraduate students, the shortage is being exacerbated by the declining graduates and exits of experienced professionals.

**Impact of the Supply Shortage on Talent in the Profession**

The current state of talent pipeline is raising concerns for industry professionals. In a poll of 250 top CPA firm leaders, less than one percent indicated that they were able to find the staff they needed in the U.S. (Cohn 2023). In 2020, accounting firm hiring of new accounting graduates decreased 10 percent following an 11 percent decrease from 2016 to 2018 (Dawkins 2023). As a result, current engagement teams are understaffed and overworked, causing burnout, and leading to employees leaving the firms.

To fill the talent gap, firms are looking to outsourcing, raising starting salaries, offering remote positions, investing in technology, and hiring staff who have not yet graduated college (Cohn 2023). Although firms may see these as ways to mitigate the understaffing issues and help their overworked employees, it raises questions about the lack of adequate education and training.

According to the poll, 75 percent of firm leaders are considering, planning, or have already employed workers without extra graduation requirements. Seventy-four percent are
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considering, planning, or have already offered fulling remote roles. Seventy-nine percent are considering, planning, or have already integrated more technology to execute baseline work. Fifty-six percent are expecting to have to increase starting salaries by at least 11 percent or more, with an average 14 percent increase (Cohn 2023).

Several professionals have also mentioned lowering the 150-credit hour requirement for accounting graduates would be useful. It is seen as a significant barrier. However, will reducing the barriers to entry at universities and firms result in less quality talent? Will it impact work quality? Are offshore teams going to have the appropriate training to work efficiently and effectively?

Further, the number of new CPA candidates has declined about six percent from 2021 to 2022, seeing the lowest number of exam takers since 2006 (AICPA 2023). There has been a 37 percent decrease in new CPA candidates since 2016, which was the highest since 2010. The number of CPA candidates who passed their fourth section of the CPA exam declined about 3.5 percent from 2021 to 2022, the lowest since 2007 and 32 percent less than 2016 (AICPA 2023).

The CPA license is important for continued professional growth opportunities. However, accounting graduates are not becoming CPAs. Technically, you do not need a CPA license. However, typically to be promoted to manager at a Big 4 firm, you would need your CPA license. Anecdotally, there were seniors on my team at Ernst and Young (EY) who do not have their licenses yet and individuals leaving the firm prior to needing a CPA license.

The Illinois CPA Society conducted a survey to understand reasons why accounting graduates and young professionals were not planning to or unsure of becoming CPAs. Thirty-two percent of respondents said they did not see its relevance or value to their careers. Twenty-eight percent said they did not see a return on investment. Twenty-eight percent said their employers
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or prospective employers did not require or support it. Twenty-eight percent said other credentials or specialties were more valuable to their careers (Dawkins 2023).

For those unsure, 63 percent said workload time commitment and 41 percent said personal time commitment. Fifty-one percent said fear of failure and 54 percent said difficulty of CPA exam content made them reluctant to pursue a CPA license (Dawkins 2023). While the CPA can help an individual’s personal professional development, it is also important to ensure efficient and transparent financial markets as well as acting as strategic business advisors.

**Potential Outcomes of the Accounting Graduate Decline and Talent Shortage**

Since the accounting shortage has been an issue for years, its negative effects on firms are an expected outcome accelerated by the declining accounting graduates. Accounting firms are understaffed, and they are having difficulty retaining their talent. Further, demand is surpassing supply, so recruiting quality talent is hard to find. Firms have also been reviewing their clients and dropping their less-profitable engagements (Wagaman and Maginnis 2023). However, the implications go beyond just the firms. Current clients risk being “fired” by their firm, causing disruption in the market and economy.

Businesses may be left with unfilled accounting positions. They could turn to outsourcing or part-time staffing, but it still increases pressure on the internal finance teams to perform the role (Wagaman and Maginnis 2023). In academia, if there are fewer accounting students, less accounting professors are required resulting in layoffs and/or terminations. Investors and creditors rely on CPA auditors to ensure timely, accurate, and verified financial information to facilitate decision-making. The shortage can negatively impact the efficient function of markets (Wagaman and Maginnis 2023). As such, the shortage is weighing heavily on companies looking
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to enter capital markets through initial public offerings (IPOs) and special purpose acquisition
cOMPany (SPACs) (Blythe 2022). Audits are important for companies looking to raise capital
and investors and creditors in aiding informed decisions.

Given the effects on these parties, financial statement quality may decline if internal audit
departments and audit engagement teams are not properly or adequately staffed. The audit
quality may also decline due to lack of quality talent causing more mistakes. If the clients are
unsatisfied with the resulting quality from understaffed engagement teams, they could seek out a
new firm to avoid paying such high fees for poor quality work. Blythe (2022) noted a survey by
the Financial Education & Research Foundation in which about half of the financial executives
surveyed said that the 2021 audits require more effort than prior years. For example, expanded
audit scope, organization structure changes, divestitures, and economic uncertainties. Declining
enrollment trends present a threat to the public and capital markets as the audited financial
statements are important to making informed decisions.

Potential Strategies in Dealing with the Accounting Graduate Decline and Supply Shortage

Current shortage management strategies include outsourcing, investment in Artificial
Intelligence (AI) and other technology and increasing compensation. According to the 2023
NYSSCPA–Rosenberg Practice Management Survey, over 50 percent of firms with over $20
million in revenue outsourced staff or tax returns in 2022 and 74 percent planned to do more in
2023 (CPAJ Staff 2024).

Firms are not as averse to outsourcing as they have been in the past. Cohn (2023) noted
survey data from alliantTalent of 250 of the top CPA firm leaders in the U.S. and 79 percent said
they were integrating more technology to execute baseline work. Further, that survey found that
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56 percent expect to increase salaries by at least 11 percent, with an average increase of 14 percent. Additionally, 18 percent said they anticipate increasing starting salaries by 21 to 40 percent in the future (Cohn 2023). Although, there are questions around whether the increases are actually encouraging potential new hires or retention of employees.

To encourage more students to enter the field, industry professionals are casting a wider net. They are highlighting the profession more during high school career fairs and more recruitment from community colleges. Firms are also trying to engage with more high school students and offer more internships for college students. However, the accounting industry also needs a rebrand. Industry professionals note that to increase interest in accounting, firms need to emphasize its selling points and promote transferable skills (Nagri 2024). Professionals must have the ability to analyze data and identify trends to help businesses make informed decisions. For instance, I met a manager from Ernst and Young (EY) in Ireland whose degree is in chemical engineering. They use their background to provide consulting services for pharmaceutical companies in the European Union.

The industry needs to eliminate stereotypes by correcting misconceptions about the profession. Large accounting firms not only provide audit, assurance, and tax services, but also consulting, technology risk management, and other financial services. Further, accountants today are not just performing bookkeeping services. The industry should highlight that accounts serve as strategic business advisors, leveraging new technology and innovation, and evolving with the changing business environment. There are also numerous industries to consider (Cohn 2023).

In terms of targeting the declining CPA exam takers, the Center for Audit Quality (CAQ) survey confirmed the narrow view of CPAs. It also demonstrated the need for a shift in the perceptions of CPAs towards pathways to entrepreneurship and serving as trusted business
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advisors (Dawkins 2023). Accounting is not necessarily a student’s “dream job,” but it can serve as a launching point as it is a versatile career.

The industry also needs to set realistic salary expectations (Cohn 2023). Compensation is a large consideration for students when deciding what to pursue. However, students and firms need to be realistic about their starting salary expectations. Students’ expectations are often skewed by what some other professions are earning. They have been rising with inflation, but numbers are still declining. Also, the longer you stay at the firm and leverage professional growth opportunities, pay increases will come over time.

**Research Questions**

The purpose of this research study and survey is to aggregate perceptual data from accounting professionals at large accounting firms about the decline in accounting graduates and industry supply shortages. The study seeks to improve our understanding of the concerns and potential risks of the decline and shortage in the accounting industry. The study also aims to provide insight into trends around student interest in the accounting field, implications of the accounting graduate decline and industry shortage, and how firms are managing talent hiring and retention.

Many research studies focus primarily on why students are not choosing to pursue accounting and how the industry needs to enact major changes to mitigate he negative perceptions. However, there could be significant implications of fewer accounting students, which is exacerbating the industry shortage. In this study, I specifically conducted survey research to gather insights from professionals at Big-4 or large accounting firms. In doing so, I ask four primary research questions. These questions are:
RQ1: Are large accounting firms concerned with the decline in accounting graduates and growing shortage?

The first research question seeks to establish whether or not professionals at large accounting firms are concerned at all. The initial research indicates that many industry professionals are concerned. Although, there is expected to be a subset of individuals who are not concerned about the accounting graduate decline and industry shortage. After responding yes or no, participants are asked a series of associated questions. If the participant answers no, they are asked about positive and evolving trends they see in the industry and any potential future issues.

RQ2: How are firms managing the shortage? Is the shortage perceived to be cyclical?

Participants (who responded to RQ1 with a yes) are first asked to assess their major concerns about the shortage and what they are currently experiencing or seeing as future implications of the shortage. Then, participants are asked to sort in the order of relevance eight ways their firm may be dealing with the shortage: improving compensation, increased benefit/flexibility, temporary staffing, outsourcing, increased talent recruiting efforts, training and upskilling, investment in AI/technology, and other. Finally, they are asked whether they think the shortage is cyclical and if it will continue to be an issue for the industry.

RQ3: What is driving the decline in accounting graduates?

Participants (who answered yes to RQ1) are asked to discuss perceived drivers of the lack of interest and decline in accounting graduates. Additionally, they are asked about potential ways
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of encouraging students to consider accounting, especially since the decline is accelerating the current industry shortage.

RQ4: Is outsourcing necessarily a bad thing?

Lastly, all participants regardless of their response to the RQ1 are asked whether they think outsourcing is necessarily a bad thing. Outsourcing is one of the shortage management strategies currently in practice at many firms. They are asked to provide some pros and cons to outsourcing either from their personal or firm’s view.

Method of Study

To conduct my research, I constructed a survey. Survey participant criteria included accounting professionals employed by Big-4 or large public accounting firms and talent recruiters. This study seeks to better understand the perceptions of large accounting firms and their employees on the decline of accounting graduates and growing industry supply shortage.

The Big-4 firms (Deloitte, Ernst and Young, KMPG, and PricewaterhouseCoopers) are the top recruiters of accounting graduates. Additionally, surveying the largest accounting firms allows for a greater pool of potential participants. Talent recruiters have significant contact with students, potential hires, and interns. So, they may have insight into recruiting opportunities and strategies to encourage more students to enter the industry. Participants excluded from this survey were non-Big-4 or small firm accounting professionals. Smaller firms are more specialized and have a smaller population and pool of potential participants.

The survey was administered by Qualtrics and emailed to 82 accounting professionals in various positions at large accounting firms, including talent recruiters. It consists of multiple
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choice and open-response questions about their perceived concerns, risks, and actions around the accounting graduate decline and industry shortage. Open-response questions asked for an explanation in at least 2-3 sentences.

The primary categories of survey questions included descriptive statistics collection, a series of questions associated with a response indicating that the participant is concerned about the decline in accounting graduates and industry supply shortage, and a series of questions associated with a response indicating that the participant is not concerned. Table 1 (as discussed in the next section) provides demographics for the sample pool. A further breakdown of the primary and secondary research questions is presented in table form below (i.e., Tables 2 - 3).

The data was analyzed using qualitative methodologies.

The survey results are categorized and assessed for common themes in the responses. Descriptive statistics are used to get a deeper understanding of differences between responses in accordance with the information collected. Gathering insights from accounting professionals through the survey will help understand the perceptions within the industry about the decline of accounting graduates and shortage of industry professionals. The interpretations can help better understand what accounting professionals are observing and any trends that may affect the interest and retention of young professionals in the industry.

**Descriptive Statistics**

The survey was sent to 82 accounting professionals at large accounting firms. With a response rate of about 22 percent, the final sample included 18 survey participants (n = 18). The
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survey included a demographics section, which helped obtain background information on the participants to further understand their insights. Below, I present in table form the demographics for the participants in my sample group.

< Table 1 >

As shown, the mean age is in the 25-29 age group at about 26 years old. Most of the participants were in the 25-29 age group. All of the participants held bachelor’s degree as it is required to work in the industry. Seventy-two percent of the participants held a graduate degree. Three of the Big-4 firms participated in the survey. A majority of respondents work at Ernst and Young (EY) and PricewaterhouseCoopers (PwC). Two participants previously worked at a Big-4 firm. One at EY and one at PwC. One participant currently works at Robson Rhodes, Salustro Reydel, and McGladrey (RSM). Most of the participants’ area of practice, 44 percent, is in audit, followed by 33 percent tax. For the two that selected “other,” one was in core business services/recruiting, and one was in hybrid accounting financial planning and analysis (FP&A).

The average years with the participant’s current firm is a little over two years, which is skewed by several participants on the low end at 3 months and one on the high end at almost eight years. Forty-four percent of participants’ current position is senior, followed by 28 percent staff. The total sample also included an intern, recruiter, managers, and senior managers. Generally, employee tenure at an accounting firm is associated with the position held.

The survey also asked about prior work experience. Several respondents indicated that they had been at their respective firms after interning or since graduating college. Two participants noted that they left a Big-4 firm and one participant started at EY and transitioned to Deloitte. Descriptive statistics help in gaining a deeper understanding of the responses provided and the demographic of each category influences their outlook on each question.
Findings

Findings - RQ1: Are large accounting firms concerned with the decline in accounting graduates and growing shortage?

Of the 18 participants in the final sample, 83 percent answered yes to the question “are you or your firm concerned with the decline in accounting graduates and growing shortage?” Based on the responses, there were three primary concerns with the decline in accounting graduates and industry shortage. First, a majority of the responses included concerns about the decline and lack of quality talent coming through the pipeline. It was a key concern noted by seniors, managers, and senior managers. On the current supply side, we have experienced professionals leaving the industry as well as increasing turnover rates. In terms of accounting graduates, one response noted that the decline may lower the barriers to entry causing less educated and less qualified individuals to enter the industry. One participant said, “I have serious concerns with the quality of talent that is being hired as many of the new staff that have worked beneath me in the past year have had subpar work ethic and critical thinking skills.”

As a result, the second major concern is the declining work quality related to understaffed engagement teams and less talent, both in terms of quantity and quality. It was also a key concern noted by seniors, managers, and senior managers as well as a few staff. One response from a senior at EY provided details about what a sufficiently staffed engagement team would look like: one to two staff, one to two seniors, a manager, a senior manager, and a partner. However, most teams have just one staff, one senior, and one manager or senior manager, very rarely both. Additionally, many managers and senior managers are scheduled to multiple clients, often leaving seniors to predominately manage jobs. This raises questions about the ability to conduct
high quality work efficiently and effectively as it is perceived to persist in the future. Some participants noted that it is very difficult to hire managers outside of the firm and fill the growing need for senior staff. There are also concerns about poor quality of outsourced work, even though it is one of the ways firms are dealing with the shortage, which will be discussed further.

Understaffing was included in almost every response but was to be expected given that the shortage is not a new issue. However, concerns about declining work quality were not something I initially thought of as a consequence of the shortage.

Further, the third major concern is increasing workload with limited personnel that is contributing to declining work quality, more burnout, and increasing turnover rates. There is already concern about not being able to meet existing client demands due to understaffing. However, as partners continue to bring in new clients with limited personnel, employees are facing even higher workloads and increased burnout. It is becoming increasingly difficult for firms to complete client work by the deadlines due to limited resources. One senior said that audits “have become more of a check the box exercise to satisfy the audit procedures. There are not enough resources to prepare the workpapers. People are just trying to complete areas of the audit as fast as possible, instead of taking the time to do it right and document things properly.” Since people are rushing, there is less time for learning technical skills and critical thinking. Another senior said, “I am also worried about firms needing to meet financial expectations and continuing to try and grow the firm’s client list with a shrinking number of employees to perform the job.” With the volume of work, understaffed teams, and limited resources, employees are absorbing greater workloads, working with little to no sleep, and burnt out. These factors are also concerns for prospective undergraduate students who are considering their major. They also contribute to the high turnover and staff leaving after one to two years.
Findings – RQ1 (continued): Why are you not concerned about the decline in accounting graduates and growing shortage? What are potential issues facing the accounting industry?

Of the 18 participants in the final sample, 17 percent answered no to the question “are you or your firm concerned with the decline in accounting graduates and growing shortage?” They noted that job security is an aspect of the career that students do not always consider when deciding what to pursue. One participant said that there has been an “increase in mental and physical wellbeing resources.” They are also seeing positive trends in technology, automation, and data analytics, which is increasing efficiency and efficacy of work.

While these participants did not indicate that they were concerned about the accounting graduate decline and industry shortage, they do recognize that there are some potential issues. There is concern about the increase in technology and data analytics tools decreasing the value of education and credentials. As members at the 2023 PricewaterhouseCoopers Annual Accounting and Tax Symposium discussed, the perceived value of a college degree is in question (Burke and Polimeni 2023). There is also concern about the increased sanctions on CPAs for mistakes made during practice that may deter staff from pursuing higher level position. An unwillingness to accept high-risk positions could be a factor in students not pursuing accounting in the first place. It is also interesting that 67 percent of these respondents mentioned a reduction in work quality as a future issue. It is a major concern of the participants who are worried about the current state of the industry.
Findings - RQ2: How are firms managing the shortage? Is the shortage perceived to be cyclical?

When asked about current shortage management strategies, most participants indicated outsourcing as their firm’s primary strategy. The survey asks all participants, regardless of whether they answered yes or no to the first question, if the think outsourcing is necessarily a bad thing. Almost all the responses said no, it is not necessarily a bad thing. However, there are limitations currently to its effectiveness. Outsourcing is efficient. It allows for greater and faster competition of “busy work” or menial tasks. It also eases the consequences of the shortage, increasing the number of people staffed on an engagement and engagements can be worked on almost 24 hours a day. It also offers more personnel at a lower cost. One participant noted that it also “exposed accountants and auditors to different cultures and thought processes.”

The second primary outsourcing strategy was investments in artificial intelligence (AI) and technology. Participants have seen a significant increase in investments and education around artificial intelligence. Although, they could not speak as to whether AI is an effective solution to the shortage. Participants seem to think that outsourcing and investments in technology are only temporary fixes as there will still be a need to train offshore staff and educate staff on how to leverage these new technologies.

The survey then asked participants whether they perceived the shortage to be cyclical. The responses were not yes or not. More so, “sort of” and “not really.” For those who said, “sort of,” they highlighted that job security and stability in times of economic decline is a factor. With high rates of unemployment people tend to gravitate towards safer degrees, like accounting. For instance, one tax senior said, “It was reassuring to have an accounting degree during COVID when many of friends in other industries were laid off.” Some responses noted that if job markets
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worsen in other industries, accounting could be seen as a safe and solid option for students. However, they recognize that there also needs to be a shift in the accounting industry’s reputation.

For those who responded, “not really,” they noted the changing generational values and societal beliefs, especially of young professionals, is the larger issue. Generation X is not interested in working over 60 hours per week and seeks more collaborative, creative environments. One participant said they see the “larger trend of people wanting to ‘pursue their dreams’ continue.” However, it does not seem like a career in accounting is a life goal for the young generations. A recruiter from EY said, “I think we’ll definitely see an uptick every few years, but overall, Generation Z and Generation Alpha groups are not interested in the demand that this industry has. I imagine we’ll decline steadily until major change is had.” What this significant change could be is uncertain.

**Findings – RQ3: What is driving the decline in accounting graduates?**

Generational values, personal goals, and societal beliefs are significant drivers of the decline. As mentioned previously, Generation X, Z, and Alpha has no interest in the accounting market demand. The current reputation of the accounting profession tends to drive people away. Young professionals value work-life balance. They do not want to work long, demanding hours. The boring, mundane perception of a career in accounting would not be something they would be interested in. They also want collaborative environments, but instead hear negative stories about what the office is like as an accountant. They want fulfilling and exciting careers that they are passionate about, which is not depicted in the current view of accountants. Careers in marketing, finance, and entrepreneurship tend to be flashier. Also, careers in science, technology,
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engineering, and mathematics (STEM) are highlighted in high school and viewed as very rewarding. Adequate compensation is also an important factor. They want to be appropriately compensated for the work they do and the degrees and certification they hold. An audit senior noted that they have already obtained their master’s and CPA license, but people their age (25-29) are making more money without the extra qualifications. However, accounting professionals have seen that even increasing starting wages has not solved the problem yet.

The high barriers to entry were also noted as deterrents for students considering a career in accounting. Additional credit hours as an undergraduate or continued education may be required to meet the 150-credit hour requirement for the CPA exam and license. The CPA exam requires extra time and costs as well. These may not be feasible for some students or appealing. There is also no significant compensation difference for having additional qualifications as there is in other industries. Students may not want to pursue a career that requires additional education. For those that do, they may find a career like medicine or law, which requires more education, more worthwhile.

**Findings – RQ4: Is outsourcing necessarily a bad thing?**

While most participants said that outsourcing is not necessarily a bad thing, the concerns arise from whether it is truly as effective as it is designed to be. Participants noted that the knowledge, education, and training differences increase the likelihood of errors. For instance, an offshore team may be more familiar with the International Financial Reporting Standards (IFRS) than the U.S. Generally Accepted Accounting Principles (GAAP). Participants are also concerned about the quality of outsourced work as more firms integrate outsourcing. Many responses said that onshore teams still have to check the work and often send it back to fix
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mistakes or end up fixing errors themselves. A few responses indicated that there was a lot of “hand holding” involved, so it seems to be creating even more work for onshore teams. Additionally, complex work cannot be outsourced. A senior manager asked, “How is someone going to understand how to perform a goodwill impairment test if they do not have a base of property, plant, and equipment (PP&E) and investment?” While there is a short-term cost benefit to outsourcing, it is difficult to determine how truly effective it is for firms.

**Conclusion**

The accounting shortage has been a longstanding concern that is worsening with declining accounting graduates, largely due to a lack of interest, and by experienced industry professionals exiting their roles. The impacts of the decline in accounting graduates and industry shortage may be felt beyond the firms. Clients, businesses, academia, investors, and creditors could be affected. Further, the decline in accounting graduates raises questions about the lack of talent quality in the pipeline. The shortage raises additional questions about declining financial statement and work quality. The purpose of this study is to increase our understanding and gain insights from industry professionals at large accounting firm about perceived concerns and impacts of the declining accounting graduates and industry supply shortage.

The research survey results found that 83 percent of survey participants (n = 18) were concerned with the decline in accounting graduates and growing shortage. Responses revealed three major concerns: the lack of quality talent coming through the pipeline, declining work quality related to understaffed engagement teams, and increasing workload with limited personnel causing increased burnout. Participants ranked outsourcing and investments in artificial intelligence (AI) as their firm’s primary shortage management strategies, respectively.
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Although outsourcing increases efficiency and cost benefits, there are concerns about its effectiveness due to the need to correct mistakes on outsourced work. Knowledge, education, and training difference may increase potential errors. Offshore teams may be more well-versed in the International Financial Reporting Standards (IFRS) as the U.S. uses Generally Accepted Accounting Principles (GAAP). Offshore staff may not have the critical and analytic skillsets required. As noted previously, they may not have the base of property, plant, and equipment or investments to properly perform impairment tests. Investments in AI and technology was highlighted by participants, but it only seems to be a temporary solution to the shortage.

The shortage is perceived to be cyclical in times of economic decline due to job security making accounting more appealing. However, most participants saw the decline in accounting graduates and supply shortage as the result of generational differences. It is noted as a key driver in the decline of accounting graduates. Generation Z and Alpha are not interested in the demand for accountants. They value work-life balance and prefer careers that appear more rewarding and exciting. Based on the negative perceptions and current information about the accounting profession, young professionals do not think their values and goals are attainable with a degree in accounting. The high barriers to entry also play a role in the decline as the additional education requirement and CPA exam may not be appealing or feasible for students.

Seventeen percent of respondents indicated that they were not concerned with the decline in accounting graduates and industry supply, citing job security and positive trends in technology and automation. Although, they did recognize some potential future issues for the accounting industry. With increasing investments in technology, automation, and data analytics tools, it may devalue education and other credentials. Also, accounting staff may be deterred from pursuing higher level positions with increased sanctions on CPAs for mistakes during practice. Further,
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students may be dissuaded in the first place due to it being a high-risk position. Even with some positive trends and new investments, professionals are still wary and see the shortage continuing unless there are significant changes in the industry.

**Key Takeaways**

Based on the aggregated responses, the major concern among the accounting professionals that participated in the survey was that the reduction in talent quality and work quality may impact financial statements and audit quality. Accounting professionals are discussing a reduction in the 150-credit hour requirement. While that may increase potential candidates, lowering the barrier to entry may also lower the quality of the talent pipeline. Further, even if this is a consideration, how a candidate gets to 150 credits beyond the required courses does not appear to matter. It could be by taking a bunch of random electives or it could be by enrolling in a master’s program. If this is the case, does it devalue a master’s degree? The survey also revealed that accounting professionals were not compensated for the additional degree. So, perhaps, the electives route is “better” but taking (non-accounting) electives to fill the gap might not necessarily increase their accounting knowledge. The concern about declining work quality’s potential impact on the financial statements and audit quality should be alarming and not only to accounting firms, but also the larger market. It could have significant implications for clients, creditors, and investors who use audited financial statements to help make informed decisions.

With the decline in accounting graduates accelerating the effects of the industry shortage, accounting firms may not be able to fill a position. In the past, firms have had the choice to not fill a role, but now they cannot afford to be “picky” given the current supply and demand for
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accountants. It could result in less educated or experienced individuals filling vacant roles, contributing to concerns about declining talent and work quality.

Outsourcing is a primary shortage management strategy. It is not necessarily a bad thing, but it comes with its own limitations. Currently, it is a matter of efficiency versus efficacy. The short-term benefits look to alleviate some of the pressure from the shortage and in a cost-effective manner. However, for the purpose it is supposed to serve, it seems to increase work for onshore teams anyways. If onshore teams have to train the offshore teams and correct their work, would it be easier if the onshore teams just did the work themselves? It brings us back to the efficiency versus effective discussion. It may not be efficient for the onshore teams to do it, but it could be more effective with less work being returned. Also, outsourcing menial tasks is leading to less experienced employees needing to perform more complex tasks sooner in their careers, which may not be appropriately assigned. While firms are increasing the amount of outsourced work, it is important to consider the other associated costs.

Finally, the accounting profession has an image problem. It is not reflected in a positive light in media, which is how younger generations consume information. Participants agreed that accounting firms and professionals need to work to better the profession’s image. We need to talk about it more and highlight the advancements and opportunities. We need to be realistic about the demands of the degree and the job, which are quite rigorous. However, it is a versatile and valuable career that often acts as a launching point for future success. Professionals also said that there needs to be earlier exposure to the profession through early accounting courses and recruitment efforts. Two participants noted that there needs to be increased firm support for graduate programs and CPA licensure as well. As mentioned, the reputation and image of the profession plays a significant role an individual’s decision to pursue accounting. To begin
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reversing the lack of interest in the profession and encourage more students to consider accounting, they will need to see the role accountants play in the market at large, moving away from the traditional stereotypes.

**Limitations**

While this study has revealed important insights into the concerns, risks, and actions around the accounting graduate decline and industry shortage among accounting professionals, it is important to consider the limitations of this study. First, the study has limited generalizability as the survey was only distributed to accounting professionals at Big-4 or large firms. It did not include participants from small accounting firms, so the results cannot be generalized to all firms in the industry. The effects of the supply shortage may weigh more heavily on smaller firms as professionals note that the large public accounting firms will get their share (Cohn 2023).

The study also has a limited sample pool, and all participants are located within New England. Thus, it is not necessarily representative of the country. Lastly, the survey had limited feedback from the 20-24 age group, a majority of the participants were in audit or tax, and most of the participants had been at their firms for 2-3 years. Nonetheless, the responses and insights provided by the survey participants have been enlightening.

**Future Research Questions**

Upon discussing the key findings and takeaways for this study, there are additional areas for future research. One area to look at is whether clients are concerned about the lack of accounting professionals. This concern may also be influenced by new reporting requirements
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that are increasing the scope of audits. The audit fees could change due to lack of quality talent and the resulting audit quality of understaffed engagement teams could lose firm’s clients.

We have seen that accounting firms are concerned about the lack of accounting professionals and the effects may be felt by other parties. However, it raises the questions are clients concerned about the lack of accounting professionals and are they worried it will show up in their financial statements? It would be interesting to ask similar questions included in this survey to clients of accounting firms to assess the impact outside the accounting industry.

The Public Company Accounting Oversight Board (PCAOB) is looking to improve the quality of audit services. The Security and Exchange Commission (SEC) is in the process of establishing environmental, governance, and social (ESG) regulations for climate disclosures. What impact will these new complex reporting requirements have on both the clients and the firms? Blythe (2022) cited a survey in which about half of the financial executives said the 2021 audits required more effort due to expanded scope and other changes. Also, with the SEC’s ESG regulations in sight, there is a need for greenhouse gas accountants. But what is supply going to look like for such a specialized area if the current supply cannot meet existing demand? Since ESG and climate reporting is an emerging space, maybe it will be more interesting and encourage students to consider it as a potential career.

With the current supply and declining talent quality, will audit fees change? Further, could accounting firms begin losing clients as they are not willing to pay high fees based on understaffed engagement teams and resulting audit quality? If clients are unsatisfied with the work of their accounting firm, while also paying significant fees, there is a high likelihood the client could fire their firm. Anecdotally, Ernst and Young was recently fired by one of their
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clients due to missing material misstatements and making several errors during the audit of the client’s financial statements.

The accounting shortage is an issue professionals see persisting well into the future, unless there is a major shift, especially in the profession’s reputation. It is important to not only consider the impacts it has on the accounting industry, but also extend research to understanding the effects on external parties. There are promising undergraduate enrollment trends, but it remains to be seen if students will continue to pursue their accounting degrees through to completion. In understanding these contributing factors, accounting professionals and educators can better understand the disconnect between students and the profession, as well as what needs to happen to mitigate the effects of the shortage.
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References


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The Center for Audit Quality (CAQ). 2023. Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities. EDGE Research.


## Appendix

### Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>Age Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20-24</td>
<td>33% (6)</td>
<td></td>
</tr>
<tr>
<td>25-29</td>
<td>50% (9)</td>
<td></td>
</tr>
<tr>
<td>30-34</td>
<td>17% (3)</td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>26.17</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>25-29</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educational Background</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>100% (18)</td>
</tr>
<tr>
<td>Graduate</td>
<td>72% (13)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area of Practice</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory</td>
<td>6% (1)</td>
</tr>
<tr>
<td>Assurance</td>
<td>6% (1)</td>
</tr>
<tr>
<td>Audit</td>
<td>44% (8)</td>
</tr>
<tr>
<td>Tax</td>
<td>33% (6)</td>
</tr>
<tr>
<td>Other*</td>
<td>11% (2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Firm</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte</td>
<td>6% (1)</td>
</tr>
<tr>
<td>EY</td>
<td>39% (7)</td>
</tr>
<tr>
<td>PwC</td>
<td>39% (7)</td>
</tr>
<tr>
<td>Other*</td>
<td>17% (3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiter</td>
<td>6% (1)</td>
</tr>
<tr>
<td>Intern</td>
<td>6% (1)</td>
</tr>
<tr>
<td>Staff</td>
<td>28% (5)</td>
</tr>
<tr>
<td>Senior</td>
<td>44% (8)</td>
</tr>
<tr>
<td>Manager</td>
<td>6% (1)</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>11% (2)</td>
</tr>
</tbody>
</table>

*2 previously worked at a Big-4 firm; 1 entry by RSM
Appendix

Table 2: Primary Research Questions

<table>
<thead>
<tr>
<th>RQ1: Are you or your firm concerned with the decline in accounting students and growing supply shortage?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>83%</td>
<td>17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What are your major concerns with the decline in accounting graduates and supply shortage?</th>
<th>Percent of 15 respondents that included similar feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing shortages/turnover/difficulty hiring</td>
<td>40%</td>
</tr>
<tr>
<td>Sufficient/quality talent</td>
<td>40%</td>
</tr>
<tr>
<td>Audit/engagement quality</td>
<td>33%</td>
</tr>
<tr>
<td>Increased outsourcing efforts</td>
<td>20%</td>
</tr>
<tr>
<td>Increased work/demand with limited personnel</td>
<td>27%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RQ1 (Continued): If you are not concerned about the decline in accounting graduates and industry shortage, what evolving or positive trends do you see in the accounting industry?</th>
<th>Percent of 3 respondents that included similar feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job security</td>
<td>67%</td>
</tr>
<tr>
<td>Automation/tech/analytics</td>
<td>67%</td>
</tr>
<tr>
<td>Mental &amp; physical health resources</td>
<td>33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If you are not concerned about the decline in accounting graduates and industry shortage, what do you see as potential issues in the accounting industry?</th>
<th>Percent of 3 respondents that included similar feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data analytics tools decreasing the value of education and other credentials</td>
<td>33%</td>
</tr>
<tr>
<td>Male vs. female equity partners</td>
<td>33%</td>
</tr>
<tr>
<td>Increased sanctions on CPAs for mistakes during practice</td>
<td>33%</td>
</tr>
<tr>
<td>Increased outsourcing</td>
<td>33%</td>
</tr>
<tr>
<td>Reduction in work quality</td>
<td>67%</td>
</tr>
<tr>
<td>Retention</td>
<td>33%</td>
</tr>
</tbody>
</table>
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RQ2: What are some ways your firm is dealing with the shortage? (Eight items ranked in order of relevance) | Percent of 15 respondents that included similar feedback *
---|---
1) Outsourcing | 33%
2) Investment in technology, automation, AI, etc. | 33%
3) Training and upskilling | 27%
4) Improving compensation | 27%
5) Increased benefits/flexibility | 27%
6) Increased talent recruiting efforts | 13%
7) Temporary staffing | 47%
8) Other | 100%

* Footnote: Percent of 15 respondents that ranked the eight items as 1, 2, 3 respectively.

Do you think the shortage is cyclical? | Percent of 12 respondents that included similar feedback
---|---
Sort of (Yes) | 58%
Not really (No) | 42%

RQ3: From your perspective, what is driving the decline in accounting graduates? | Percent of 12 respondents that included similar feedback
---|---
Excitement of other careers/"better" alternatives | 33%
Requirements of the profession | 33%
Reputation/image of the profession | 25%
Perceived lack of work-life balance | 75%
Compensation | 50%
Generation values | 33%

(3 participants did not chose to respond to this question)
RQ4: Do you think outsourcing is necessarily a bad thing? | Percent of 18 respondents that included similar feedback
--- | ---
No | ---
Efficiency/completion of "busy work" or tedious tasks | 39% 
Eases consequences of shortages & lower costs | 50% 
Exposure to different cultures & thought processes | 6% 
Yes | ---
Effectiveness vs. efficiency | 22% 
Knowledge/experience/training differential increases likelihood of errors | 33% 
Concerns about quality (especially as their role grows) | 11% 
Onshore teams need to check & fix mistakes | 22% 
Cannot outsource complex work | 6%
Appendix

### Table 3: Secondary Research Questions

<table>
<thead>
<tr>
<th>What has your firm experienced and what do you see as future implications of the shortage?</th>
<th>Percent of 15 respondents that included similar feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing</td>
<td>33%</td>
</tr>
<tr>
<td>Retention &amp; hiring concerns</td>
<td>27%</td>
</tr>
<tr>
<td>AI/Tech</td>
<td>20%</td>
</tr>
<tr>
<td>Increased pressure on employees (leading to burnout)</td>
<td>33%</td>
</tr>
<tr>
<td>Declining work quality</td>
<td>20%</td>
</tr>
<tr>
<td>Understaffed engagements</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Do you see shortages and the decline in accounting graduates continuing to be an issue for the industry?</th>
<th>Percent of 12 respondents that included similar feedback (3 participants did not chose to respond to this question)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest of undergrads &amp; grads</td>
<td>25%</td>
</tr>
<tr>
<td>Overall view of accounting driving people away (ie. long hours &amp; lack of work-life balance)</td>
<td>33%</td>
</tr>
<tr>
<td>Implementation of AI/tech, automation, outsourcing</td>
<td>25%</td>
</tr>
<tr>
<td>If firms continue to bring in work regularly/continue working on larger clients</td>
<td>17%</td>
</tr>
<tr>
<td>Comparing to other industries (ie. Compensation, work-life balance, success, &quot;exciting&quot; work, etc.)</td>
<td>17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What are some potential ways of dealing with the shortage and/or encouraging students to consider accounting?</th>
<th>Percent of 12 respondents that included similar feedback (3 participants did not chose to respond to this question)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increased) firm support for graduate programs/CPA licensure</td>
<td>17%</td>
</tr>
<tr>
<td>Early accounting courses/recruitment/intro to profession</td>
<td>33%</td>
</tr>
<tr>
<td>Bettering the professions image (talking about it more)</td>
<td>33%</td>
</tr>
<tr>
<td>Work-life balance (ie. Benefits, hybrid options, etc.)</td>
<td>17%</td>
</tr>
<tr>
<td>Compensation</td>
<td>25%</td>
</tr>
<tr>
<td>Community within the firms</td>
<td>8%</td>
</tr>
</tbody>
</table>