

# THE STATE OF ACCOUNTING

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# AN IMBALANCED LANDSCAPE



The accounting industry's "books" are **out of balance**. Not financially, but demographically. The future looks sobering: Student enrollment in accounting is dropping, mid-career professionals are fleeing, and the significant gap between open jobs and willing workers continues to grow.

This is not just a story of numbers. It is a story about people –overworked, stretched-thin, people yearning for a better work-life balance and grappling with outdated tools.

Accountants worldwide have shared their personal stories on what it is like to work in finance. These include stories of missing important life events, working on vacation, not attending family occasions, literally living at their desks during tax season, and working overtime during month-end close. Perhaps you are experiencing something similar.

**It is no wonder there is a massive exodus from the industry.**

It is not all dire, and there is still time to bring balance to the "books." Some revolutionary solutions are happening in the industry with the evolution of technology, the adoption of AI, shifting trends in accounting and finance roles, the evolution of accounting education, outsourcing, and just good old-fashioned learning from past failures.



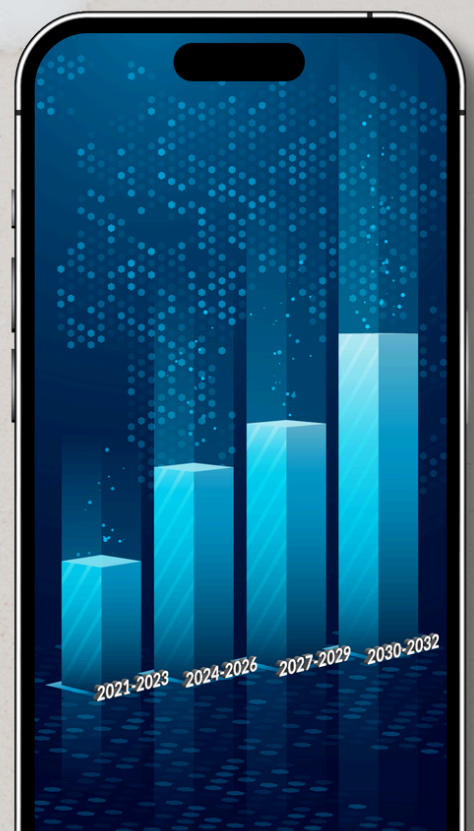
# THE DATA: SUPPLY AND DEMAND



Accounting has been hit hard, and the AICPA's 2023 Trends Report has shed comprehensive light on the subject. This report states, "Bachelor's degree completions in accounting dropped **7.8% from 2021-2022**" (AICPA, 2023, p. 5). The numbers show that graduates in accounting have dropped from over **57,000 in 2011-12** to barely **47,000 in 2021-22** (AICPA, 2023).

All while, the need for accounting has not diminished. The AICPA found that **91% of U.S.** CPA firms who traditionally hire new graduates intend to hire the same number or more graduates in the near future. Therefore, the decrease in the supply of accounting graduates is not due to a drop in demand among accounting firms.

The Bureau of Labor Statistics also found that job openings in the accounting field are projected to grow by **6% from 2021 to 2031**. There will be approximately 136,400 job openings yearly (Gurchiek, 2023). When compared with the 47,000 new graduates from the 2021-22 year, this is just more evidence solidifying that the gap between job openings and willing workers is significant and will continue to grow.





Unfortunately, the loss of graduates is only the beginning of the exodus. According to the Wall Street Journal, **over 300,000 accountants** and auditors have retired or left the field. This is more than a numerical loss; it is a significant loss of critical institutional knowledge and experience. This figure above represents a **17% decline** in the total workforce within the accounting sectors, suggesting a significant reevaluation of career choices among professionals spanning all career stages. Young and mid-career individuals are opting to leave for finance and technology roles, reflecting a paradigm shift where emerging industries are perceived as more attractive and dynamic (Ellis, 2022). And the most experienced professionals often opt for early retirement.

The findings from Dext's survey add another layer to the issue's complexity. The fact that more than a third of current accountants and bookkeepers express a desire to leave the profession within the next five years underscores a systemic problem (The Accountant Online, 2023).

The motivations behind such intentions could range from dissatisfaction with traditional accounting roles to a desire for more diverse and engaging career paths. Addressing these underlying concerns is crucial for the industry to stem the tide of talent loss and create an environment that fosters professional growth and fulfillment.

This trend of shrinking supply raises critical questions about the attractiveness and sustainability of careers in accounting. The allure of other career paths, like finance and technology, may be perceived to offer greater opportunities for greater opportunities for innovation, higher earning potential, and the ability to use state-of-the-art finance tools, all the while enjoying a more dynamic work environment. As these competing fields continue to advance, the accounting profession faces the growing challenge of retaining talent and competing for skilled professionals against industries that may seem more cutting-edge and personally rewarding.



**THE NUMBERS SHOW ONE STORY: ACCOUNTANTS ARE LEAVING, AND THERE ARE NOT ENOUGH NEW ACCOUNTANTS TO FILL THE GAPS.**



# WHY ACCOUNTANTS ARE LEAVING.



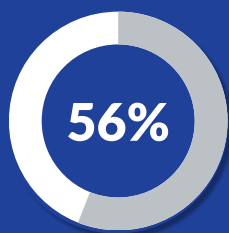


# BEYOND THE LEDGER: WORKER BURNOUT

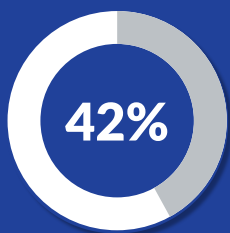
The accounting profession has historically been associated with long hours, causing accountants to experience more work-life balance challenges than workers in many other professions. Despite many firms' efforts to help their employees better balance their work and lives, the AICPA and CIMA found that employees still work **50-80 hours a week** during tax season (Pitstick, 2022).

One of the most significant contributions to this excessive workload is repetitive tasks. The Accountant Online found in their study that **56% of accountants** spend more time on manual tasks than is necessary (2023). This amount of repetition increases the time accountants spend on their jobs and keeps them from being able to improve their efficiency.

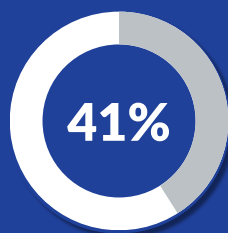
The struggle with long hours and a demanding work-life balance leads to burnout. Surveys also show that **burnout is the most prominent reason accountants quit their jobs** (Howard, 2023).



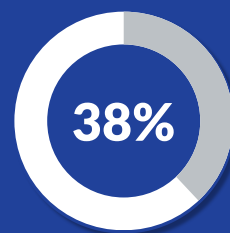
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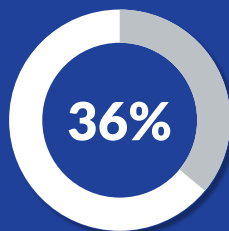
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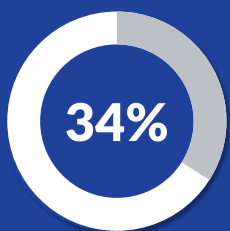
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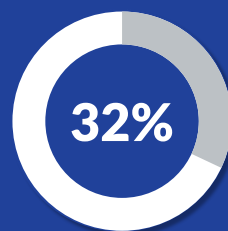
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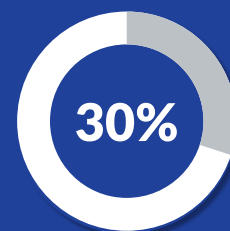
USE SPREADSHEETS  
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PROCESS  
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# Modernizing the Ledger: Accounting in the Era of Technology

In today's rapidly evolving business landscape, implementing state-of-the-art accounting technology is often viewed as less essential when compared to other applications managing the business.

Whether the technology spend is allocated to business units perceived as having more organizational value or the skeletons of a robust, highly customized ERP system still linger, too many **accounting professionals work with outdated or bloated systems**. This is a major cause of job dissatisfaction and burnout.



Using outdated systems most often results in manual, tedious workflows that may use multiple applications, such as Excel, to accomplish straightforward tasks. The use of multiple, nonintegrated tools can be a source of **data corruption** and unintentionally create data silos that make the sharing of information complicated or impossible—including managing, auditing, and training new hires on this system.

Accounting software providers, like Microsoft, Visma, and QuickBooks, have recently announced that they are phasing out certain product lines. Their decisions to discontinue certain accounting software systems are prompting organizations to research and ultimately implement a new solution. The upside is that businesses have the opportunity to upgrade their systems to new accounting software platforms that should help attract and retain their accounting staff, as well as **fix outdated business processes**.

With technological advances in the accounting software industry, more manual tasks can be **fully automated**. This has many implications for accountants and could be part of the solution to the work-life balance challenges. However, implementing new technology requires accountants to learn to work alongside this new technology and adapt to new, more efficient business processes.



In the dynamic landscape of finance and accounting, integrating advanced systems has proven instrumental in streamlining workflows and automating processes. Yet, amidst these transformative changes, we confront the pivotal presence of technology: **Artificial Intelligence (AI)**.

The evolution of AI is not merely a technological shift; it signifies a profound paradigm shift, unlocking unprecedented opportunities within the accounting field. AI's impact ranges from simplifying document processing, advancements in fraud protections, to its prowess in interpreting vast, complex datasets. The result? Crucial insights that empower financial data users at every echelon of a company.

The potential of AI within the accounting function is nothing short of extraordinary, with its capabilities rapidly expanding. While AI promises to make our professional lives more efficient, it certainly **does not spell the end for accountants** (Utochukwu, 2023). We will cover this in more depth later, so stay tuned to learn more.

In the contemporary landscape, accountants and CFOs recognize that technological literacy is paramount for professional efficacy. However, a gap exists where many accountants need to deepen their understanding of the ongoing technological evolution (Howard, 2023).

This imperative underscores the need for accountants to proactively embrace continuous learning, taking the extra step to catch up and stay ahead of advancing technology. Leadership from management becomes paramount to facilitate the widespread adoption of this proactive stance.

Management must spearhead this technological evolution by providing resources and oversight for their respective accounting teams, ensuring the entire organization is well-equipped to navigate the intricacies of the evolving financial landscape.

**AI IS THE FASTEST-ADOPTED BUSINESS TECHNOLOGY IN HISTORY**

-Forbes



# Beyond Numbers



Most of the time, accounting departments are seen as a cost center. This mindset relegates valuable and insightful accounting departments to simple and mundane tasks like data entry and closing the books.

In reality, the accounting department contributes to every facet of your company. Thanks to the insight they are able to provide, your sales are more profitable, your marketing is streamlined, and your business should be making important decisions on insightful, reliable, and real-time data. Your accounting department is more than just accounting and bookkeeping. Empowered with the right tools, they can significantly contribute to the overall business' financial strategy and planning.

When in the process of formulating business and strategic plans, executives should not overlook the value of their accounting and finance teams. Accurate budgets, scenario modeling, and financial projections are a few of the basic resources they bring to the table. A well-empowered finance team can bring a lot more value to the table (Ali, 2023). It is easy for sales teams to create a big, hairy, audacious goal - the accounting and finance department should help the entire management team create real, sustainable, attainable, and executable action plans.

Empowering accounting and finance departments will also lead to performance monitoring and course correction happening before it is too late (Ali, 2023).

**Accounting Fact: 100% of Accountants have feelings, too.**



# CPA Required

Obtaining a certified public accountant license is a priority for many accountants, but there are distinct challenges for those who want to pass the exam. To take the exam, one must complete 150 credit hours, usually a fifth year in college. These 30 extra credit hours can cost thousands of dollars and significantly hinder many students from pursuing their credentials (Ellis, 2022), reducing the supply of accountants available for hire.

NASBA is attempting to improve the deterrents by making changes that allow work hours to double as credit hours, which they call the Experience Learn and Earn (ELE) program (Ellis, 2022; AICPA, 2023). Many accounting jobs make it a requirement to have a CPA, with only roughly 28% of accounting positions not requiring a CPA. However, we are seeing a massive decline in people wanting or needing to obtain a CPA since they do not want to work in public accounting for most of their careers (Gurchiek, 2023).

Even with people actively pursuing accounting and finance degrees, only 32% of people surveyed think it is valuable to get a CPA (Gurchiek, 2023). This is all on top of the 7.8% drop in accounting graduates we discussed earlier. However, there is a disconnect in the hiring process, with many accounting job postings requiring the applicant to hold the CPA credential. It could be reasonably concluded that this requirement may be steering budding accountants away from the field.

The final burden, not often discussed with CPAs, is the ongoing Continuing Professional Education (CPE) they must complete to maintain their licenses. Every year, CPAs must complete 40 hours of CPE or could face losing their CPA. This ensures they stay current on their competencies and expertise (Wright, 2023). Most other career paths competing with the field of accounting have no continuing education requirements. This requirement may contribute to the shrinking supply of accountants.

# 32%

of surveyed accounting students, think it's valuable to get a CPA, while only 28% of positions don't require a CPA.



# The Pursuit of Progress: Dissatisfaction and Growth in Accounting Roles



Many students and young professionals in the accounting industry would like to be more satisfied with the field's financial prospects and growth opportunities. While the accounting industry traditionally attracts graduates, consulting firms and financial institutions are increasingly luring them away with promises of better pay (Ellis, 2022).

Despite investing in graduate degrees, accountants with advanced education only see a marginal 4% increase in salary compared to those with associate degrees. This financial discrepancy and limited career growth prospects contribute to a growing trend of professionals seeking alternatives in more lucrative and dynamic sectors (Howard, 2023; Gurchiek, 2023).

The career path within the accounting industry appears constrained, often leading professionals to choose between prestigious roles in "Big Four" firms or potentially lower-paying positions in smaller private companies (Gurchiek, 2023). This dilemma forces young accountants to make difficult trade-offs between achieving work-life balance and receiving competitive compensation.

Additionally, concerns about diversity within the accounting field and the perceived monotony of a long-term commitment to a specific role pose challenges for professionals aspiring to reach higher positions, such as becoming a partner. Younger workers are reluctant to commit to such rigid career trajectories, seeking more varied and dynamic experiences.

While some companies have responded by increasing pay for entry-level positions, the long-term effectiveness of this strategy in retaining talent remains to be determined (Ellis, 2022). The accounting industry is at a crossroads, grappling with the need to address salary competitiveness, create more diverse and inclusive environments, and provide career paths that appeal to the evolving preferences of younger professionals.



# WHAT ARE THE SOLUTIONS?



# Beyond Manual Labor: Overcoming the Struggle with Outdated Accounting Software

Investing in older software and solutions is one of today's most significant problems plaguing the accounting and finance industry. There are many solutions, from streamlined accounting software to full-force ERP systems - each with pros and cons. We have buyer guides you can check out to help you determine the right solution for you, but for most businesses, upgrading their accounting solution would be a massive step up for their company.

Investing in an accounting solution offers numerous advantages for individuals and businesses. These solutions automate tasks, improving efficiency and reducing the likelihood of errors associated with manual data entry. The time saved through automation allows for a focus on strategic aspects of the business, while real-time financial visibility ensures informed decision-making.

Accounting software aids in compliance with accounting standards and tax regulations, generating reports required for tax filing and audits. Scalability accommodates business growth, and potential cost savings arise from reduced manual labor. Security features protect sensitive financial data, and integration with other systems streamlines workflows. Cloud-based solutions provide remote access, and advanced features like predictive analytics support decision-making processes.

A cloud-based solution is an excellent option. Cloud-based solutions allow businesses to work from anywhere and collaborate more easily.

Finally, technology is always rapidly changing, so working with an innovative company with excellent training services and customer support is essential. The last thing a business wants is to start the implementation process, never to start using the software.





# Strategic Streamlining: Redefining Workflows to Enhance Productivity in Accounting

Updating technology typically is only a half step when it comes to fixing many issues in the accounting industry. Most of the work-life balance issues we see come from workflow issues.

To start, businesses need to begin to **streamline workflows**. Identify and eliminate redundant or unnecessary steps in financial processes to enhance efficiency. Streamlining workflows helps optimize resource use and ensures tasks are completed more swiftly. Removing unnecessary steps can improve overall productivity and reduce the likelihood of errors.

Streamlining workflows is just the beginning. Accounting departments must establish standardized procedures for routine tasks to reduce errors and improve consistency. Standardization ensures that each task is performed consistently, making it easier to train employees and minimizing the risk of mistakes. This also facilitates better tracking and auditing of financial processes.

Automation will become critical with process optimization, which goes back to upgrading the technology. Implement financial software and tools to automate repetitive tasks, such as data entry, reconciliation, and reporting. Automation not only saves time but also reduces the chance of human error. By letting technology handle repetitive tasks, the accounting team can focus on more strategic and value-added activities, ultimately increasing overall efficiency.

Receive  
Invoice

Send  
Money

Put Receipt  
Somewhere

Record that we  
paid invoice?



## Beyond the CPA: Exploring Creative Hiring Solutions in the Accounting Industry

Now, we know one of the biggest challenges is hiring accountants. Some firms have been exploring creative solutions, like hiring part-time and internships after students have completed Accounting 101 and Accounting 102 (**Gurchiek, 2023**). This is helping students get set up in a career immediately before they even get their CPA, and many of these firms are helping pay for their degrees and CPAs as they go forward.

This is a solution for public accountants, but it only sometimes helps with other accounting positions. Some more accessible solutions would be to hire at a higher wage and better benefits. This is easier said than done at some businesses. Look at flexible working hours, remote work, and hybrid options.

One other thing to consider is the CPA as a requirement altogether. We are starting to see a trend that the CPA license might not be worth as much for some positions. If the accounting position is within a firm that outsources taxes, then the talent pool is severely limited by requiring a CPA.

There are other certifications to consider when hiring for accounting positions that could hold more weight depending on the position. One is the Certified Management Accountant (CMA) from the Institute of Management Accountants. This will give an accountant with a more management background than a compliance background. These are all things to consider going forward.

The CPA is still vital; we want to maintain sight of that. However, there is more to accounting than just the CPA. Something to keep in mind is that the percentage of CFOs who hold the CPA credential has been trending down for the past 20 years. We will be covering this in-depth in a future publication.





# Investing in Excellence: The Crucial Role of Continuous Training in Accounting

Continuous training and development for accountants is crucial for the success and sustainability of businesses and for accountants. One of the main reasons to continue to invest in accountants is so they can continue to have career growth and work their way up. With one of the main challenges being limited career paths, the more we can limit, the better the industry will be.

It is also crucial for accountants to stay current on changes in accounting principles, tax laws, and financial reporting requirements, enabling companies to remain compliant and avoid legal issues.

Moreover, continuous training is a cornerstone of effective risk management in accounting. Accountants must have skills to identify and mitigate financial risks, including fraud prevention, cybersecurity awareness, and understanding potential vulnerabilities. Well-trained accountants contribute to an organization's robust risk management framework, safeguarding financial integrity.

Furthermore, continuous training enhances financial decision-making by providing accountants with the tools to analyze financial data and offer valuable insights. This contributes to informed decision-making by the management, optimizing resource allocation, and supporting overall business strategy.

A person is seen from the back, working on a laptop. The laptop screen displays a video call with two participants, one of whom is making a peace sign. The background is a blurred office setting.

# Outsourcing

Strategic outsourcing offers organizations a transformative approach to fine-tuning their financial operations and achieving heightened efficiency. By outsourcing routine and non-core financial tasks to specialized firms or professionals, companies create a streamlined workflow that allows their in-house teams to redirect their efforts toward more strategic responsibilities. This not only enhances operational efficiency but also contributes to overall productivity. The streamlined processes, coupled with the release of in-house resources, enable organizations to delve into high-value activities that drive innovation, growth, and improved decision-making.

Furthermore, the exploration of offshore support for specific finance and accounting functions opens avenues for capitalizing on substantial cost efficiencies. Outsourcing certain tasks to offshore teams not only leverages lower labor costs but also ensures that quality standards are maintained. This dual advantage contributes significantly to cost-effectiveness, providing organizations with the flexibility to allocate resources judiciously. The strategic allocation of resources enables businesses to concentrate on their core functions, fostering agility and competitiveness in the dynamic business landscape.

Whether organizations opt for task-specific delegation or leverage offshore support, strategic outsourcing emerges as a dynamic and valuable approach. It not only optimizes financial processes but also positions businesses to adapt more effectively to market changes. The result is a business environment that is not only more efficient but also better equipped to navigate challenges and capitalize on emerging opportunities in the ever-evolving global landscape.





## Summary

The accounting profession faces a critical juncture. Declining student enrollment, mid-career departures, and a widening gap between open positions and available talent paint a sobering picture.

This exodus stems from many factors, ranging from long hours and tedious tasks to outdated technology and limited career progression opportunities. The allure of other fields offering better work-life balance, higher compensation, and dynamic environments further exacerbates the challenge.

However, the future of accounting is more than just attrition. The profession can reclaim its appeal by embracing technological advancements to automate repetitive tasks, streamline workflows, and enhance data-driven analysis.

Investing in continuous training and development, fostering diverse and inclusive workplaces, and exploring alternative certifications like CMA can further empower accountants and unlock new career paths.

By proactively addressing these challenges and adapting to evolving trends, the accounting industry can secure its own future and equip its professionals with the skills and tools necessary to thrive in an increasingly data-driven business landscape.

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