

**National Pipeline
Advisory Group**

Accounting Talent Strategy Report: Executive Summary

Analyzing the root causes of the accounting talent shortage, potential solutions, and next steps forward.





◀ **LEXY KESSLER, CPA, CGMA**
Chair, National Pipeline
Advisory Group

Welcome and gratitude

Thank you for your interest in developing accounting's talent pipeline. While a career in accounting has much to offer, the profession is at a crossroads, and many agree it's time for changes that will make the field more attractive.

I am encouraged by the thousands of people who have shared their insights on this challenge over the past year with the National Pipeline Advisory Group (NPAG). The independent advisory group was convened in July 2023 in response to an AICPA Council resolution aimed at developing a national strategy to address accounting talent issues. Embedded in the Council resolution was a commitment to preserving mobility, which powers the ability CPAs have to practice with ease across state lines.

Expectations surrounding education and careers are changing. We must respond to and anticipate market needs, as well as design and implement solutions to ensure accounting's future talent continues to grow and keep pace with demand.

The dearth of accounting professionals expands beyond labor issues. There is profession-wide concern that the shortage is playing a role in financial reporting delays and challenges across U.S. businesses,¹ an alarming fact that increases the urgency for action.

¹ Mark Maurer, "[The Accountant Shortage Is Showing Up in Financial Statements](#)," *The Wall Street Journal*, July 11, 2023.

Now more than ever, we need a cohesive, unified, data-driven, and flexible approach to bring more people into accounting – and ensure that those who are already in the profession remain.

An inclusive approach

The fundamental approach of NPAG's work was to seek extensive input to ensure an inclusive strategy that reflects diverse perspectives. The recommendations in this report are driven by a combination of insights from stakeholders across the profession; thousands of individuals who participated in focus groups, forums, and discussions; and surveys of students and other stakeholders.

Jennifer Wilson, partner and cofounder of ConvergenceCoaching®, LLC, and her team facilitated NPAG's planning process, and a separate third-party research organization, Meridian Research & Insights, was responsible for deploying and analyzing our national and student surveys.

Highlights within this report include:

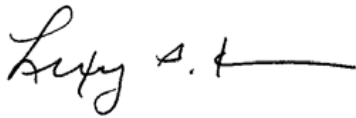
- **An analysis of the changing labor market and education landscape.**
- **A look at root causes of the pipeline shortage.** The initial step in identifying solutions was to understand the causes of the shortage and how they intersect.
- **Recommended strategies and tactics for bolstering the accounting talent pipeline and evolving the CPA license.** NPAG is urging the profession to take a coordinated and intentional approach to its suggested solutions, including any that might disrupt the national system of substantial equivalency that underpins CPA mobility.
- **Highlights of other ongoing efforts.** NPAG and other stakeholders are focused on ideas and solutions for improving the accounting pipeline. In this report, we also highlight the extensive and valuable work of other organizations and initiatives that are in place or being developed to address the talent shortage. Our commitment in this report is to be both inclusive and comprehensive to help drive a unified stakeholder approach.

What are the next steps?

These recommendations are only the beginning. NPAG is acutely aware of how critical implementation will be to transforming the accounting talent pipeline. No single entity in the profession can implement these strategies and recommendations alone. To be successful in attracting more people to accounting, the profession's key stakeholders must unify and work together in a more structured, collaborative, and transparent way to continuously innovate and improve our profession.

Together, leaders of these initiatives will test, customize, and refine the strategies. As stakeholders implement year one of this strategy, stakeholders must also continue envisioning plans for year three, year five, and beyond to build on, accelerate, and amplify our ambitious goals.

Thank you for reading this important report. I am truly honored to be part of an effort to build the accounting profession's workforce. We look forward to discussing how these strategies can help the profession achieve its greatest level of success in the ever-changing market.



Lexy Kessler, CPA, CGMA
Mid-Atlantic Regional Leader, Apriso
Chair, National Pipeline Advisory Group

**We need a cohesive,
unified, data-driven,
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into accounting.**



Executive summary

The talent shortages of the past several years, coupled with strong demand for accountants and CPAs, have created challenges throughout the profession. Yet today we see the potential for meaningful change.

Stakeholders from all areas of accounting – including CPA firms, finance departments, businesses, academia, government bodies, not-for-profits, the regulatory community, accounting associations, and state societies – have devoted substantial time and energy to understanding the talent hurdles and identifying positive solutions. The collective passion around solving the pipeline problem is encouraging.

While the challenges are daunting, the members of the National Pipeline Advisory Group (NPAG) feel a genuine sense of optimism. We know that when the accounting profession pulls together to solve a tough challenge, some amazing things can happen. That’s what this report is all about.

NPAG’s recommendations are based on six major themes that emerged from various data sources. These themes are not ranked, and all are equally critical. To succeed, the profession collectively needs to:

- ✓ Make the academic experience more engaging
- ✓ Address the time and cost of education
- ✓ Grow support for CPA Exam candidates
- ✓ Expand access for underrepresented groups
- ✓ Enhance the employee experience
- ✓ Tell a more compelling story



Make the academic experience more engaging

Academia is leading an important push to change how introductory courses are taught by making best-in-class resources and training available to all educators. NPAG also recommends:

- Consider what is taught in Principles of Accounting courses and when. Reviewing the pacing and topical areas would help ensure that introductory courses provide undeclared students with a sense of the prestige, flexibility, and purpose that a career in accounting can deliver, along with the attractive lifetime earning potential.

- Ensure that accounting programs are positioned to help guide and support students as they progress into more challenging coursework. There are majors that are known for high attrition rates. To build a stable talent base, accounting can't be one of them.
- Secure classroom engagement from ample mentors, champions, and visiting practitioners.
- Harness technology to bring the accounting material to life in different ways.

Address the time and cost of education

This entails creating a nimble process to keep the CPA license and its requirements evolving, transparent, and accessible. NPAG recognizes that some candidates must begin working immediately after earning a bachelor's degree and need a cost-effective way to earn the final 30 credit hours for licensure. With a focus on moving swiftly, NPAG has outlined three concepts that build on each other and shift direction toward measuring competency versus just academic experience.

In addition, NPAG recommends that a timely practice analysis be conducted to assess market needs and drive better alignment of national licensing requirements. Concepts include:

Experiential learning that earns college credit on the student's transcript, delivered by an accredited college or university. This option is **available now** under several models and could be expanded nationally. This continues to preserve CPA practice mobility.

Experiential learning that earns college credit off the student's transcript, most likely delivered by the employer or another third party. Through this **near-term** option, the learning would be earned through work experience according to a yet-to-be-developed common rubric, with clearly defined learning objectives and measurable outcomes, following standards and guidelines that outline the competencies necessary for CPA licensure.

Due to its overall complexity, the third concept is deemed **longer term: Create a competency-based licensure model that is not based solely on university credit hours or time on the job**, although both are likely to contribute in some way. This model, which is used by other licensed professions, would help measure a candidate's competency in specific knowledge and skills. This competency-based model would measure outputs (skills mastery, abilities, knowledge, and experience) versus time (education hours). This model reimagines the education and experience together and moves the discussion away from hours completely. It would be the single umbrella that any and all pathways would fall under and could provide unity among states regardless of pathways in statute.

All three concepts would require passage of the CPA Exam, just as the existing process does. **The second and third concepts would require an intentional and coordinated approach to manage potential disruption to CPA practice mobility.** Today's existing pathways would remain, and candidates and employers could choose which approach would work best for them.

Grow support for CPA Exam candidates

NPAG's scope is accounting talent broadly. But some accounting professionals will go on to take the CPA Exam, and there's room to improve the testing experience. The recommendations sit in these areas of focus:

- Addressing the cost of the exam, and rewarding individuals for passing each section of the exam
- Adding flexibility to the timeframe in which the exam can be taken
- Simplifying the application and eligibility process end-to-end
- Reworking the content and/or format of the exam itself

Prioritize strategies to expand access for underrepresented groups at every stage

It's critical that the accounting profession reflect the makeup of the U.S. population. Getting there will take building interest in accounting careers among underrepresented populations through:

- Targeted messages
- Scalable college-bound experiential programs
- Closer relationships among the profession and community colleges, four-year colleges, and minority-serving institutions and universities

Enhance the employee experience by evolving business models and cultures

Reversing the long-term accounting enrollment trends depends on the creation of a more attractive employee experience, including an immediate shift in starting salaries to be competitive with other majors and professions vying for top talent. Simply put, employers need to make the return on investment of an accounting education more compelling. This must happen, along with more manageable workloads, more interesting work, and clearer advancement opportunities and rewards. Accounting associations and state CPA societies can assist with resources and best practices for some employers, but at the end of the day, this shift lies with leaders of firms and finance departments.

Tell a more compelling story

Outdated messaging that highlights more negatives than positives and misperceptions about an accounting career persist, which ultimately hurts the profession's pipeline. To move the needle, let's all put some muscle behind a grassroots effort to tell a better story, amplify existing resources, and spotlight diverse voices. While working together to address the business and cultural hurdles identified by NPAG, we can begin to shift the profession's image. NPAG is inviting everyone in the profession to take the [Pipeline Pledge](#) — a commitment to participate in activities that can influence and grow the talent pool.

What we collectively tell students and other prospective accountants must be truthful and balanced, giving them a sense of both the benefits of a career in accounting and the common challenges. Painting a clear picture increases the importance of fixing some of the issues that detract from accounting careers. To tell a more compelling story, there must be a better story to tell.

Moving forward

This is not the first time accounting has seen a talent shortage, and NPAG is not the first group or even the only group recommending steps to make the profession more sustainable. (See “NPAG’s quick guide to recommendations” in the appendix for a full list of solutions.) Today we have an opportunity to better understand what’s truly behind the current decline in interest and craft actionable, data-driven, and long-lasting solutions. So, what will make these efforts successful?

Data. Our profession needs data that can help paint a detailed picture of what’s working and what’s not when it comes to accounting talent. Key stakeholders should commit to making changes needed to enable the sharing of existing data, as well as identifying what new data should be collected and shared. That could include parsing data on the majors students switch to if they leave accounting programs, analyzing CPA Exam performance and progression, or exploring what careers accountants move to if they exit the profession.

Sustained collaboration. To accomplish the scale of change ahead, continuous collaboration among stakeholders is critical. If the profession’s key stakeholders take a fragmented approach to solving the issues, the collective results will be muted. Stakeholders may not always agree on the way forward, but the best results lie in amplifying each other’s strategies and programs, eliminating duplication, and continuing the dialogue. NPAG is calling for inclusive joint roundtables of key stakeholders, the first of which is being planned for fall 2024. **Implementing NPAG’s proposed solutions will require cooperation from all key accounting bodies, including the AICPA, AAA, NASBA, state licensing boards, and state CPA societies, among others.**

Transparency and reporting. Talent must remain a priority, even when market conditions change and the urgency to fill roles begins to abate. The talent pipeline should remain a standing agenda item when the profession’s stakeholders gather. NPAG recommends the development of a scorecard to measure and report publicly on progress.

Individual actions. Our intent with this report is to harness the momentum from ongoing discussions and ensure individuals feel empowered to effect change in their communities and organizations. For more details on the current landscape, the available data, and the recommendations, we encourage you to read the full report and visit the [NPAG website](#).

Working together

This report is only the beginning of a longer journey, and every individual can contribute. We must now pull together, identify solution “ownership” assignments that leverage each stakeholder group’s unique talents, and develop, fund, and execute the solutions in this report. Ideally, this next group of accounting leaders will transparently report their progress to the profession semi-annually and will call on individual stakeholders to take new actions as progress is made.

Together, we can – and will – transform the accounting pipeline.

Identifying the key factors behind the CPA pipeline shortage

The accounting profession is facing a shrinking workforce due to a confluence of causes, including demographics, the cost of higher education, starting pay that lags behind competing sectors, and concerns about long hours and workplace culture. Examining labor reports and research findings to identify the root causes of this talent shortage provides the foundation needed to evaluate NPAG's recommendations for growing the pipeline while paving a path forward to ensure a vibrant profession.

A changing U.S. labor market

To understand the accounting profession's talent challenges, it helps to start with global and U.S. demographic and labor trends. The accounting profession is one among many sectors facing hiring constraints because of these trends. From nurses and doctors to airline pilots, skilled tradespeople, and restaurant workers, concerns about meeting current and future staffing needs abound.

What's driving these shortages? Census data shows the U.S. working-age population grew only 3% from 2010 to 2020, slowed by a general drop in fertility rates and the growing pool of retirees.² The Pew Research Center reported that nearly 28.6 million baby boomers left the workforce in late 2020,³ a 12.6% jump from 2019.

While hiring rates continue to rise across all industries, the financial and business sectors are especially struggling to fill jobs, according to the U.S. Chamber of Commerce.⁴ There simply aren't enough skilled people to meet the demand for accounting services. The U.S. Bureau of Labor Statistics reports that job openings for accountants and auditors will grow by 4% between 2022 and 2032, due in part to workers retiring or changing roles.⁵

Unfortunately, this supply and demand mismatch won't pass quickly. According to the U.S. Chamber of Commerce, there are 8.5 million job openings in the United States, but only 6.5 million unemployed workers.⁶ Through 2032, the U.S. labor force is expected to grow by just 0.4% annually, compared to 0.6% from 2012 through 2022.⁷ The accounting profession's strategies for building a vibrant future workforce must anticipate this changing landscape.

² Luke Rogers and Kristie Wilder, "[Shift in Working-Age Population Relative to Older and Younger Americans](#)," U.S. Census Bureau, June 25, 2020.

³ Richard Fry, "[The pace of Boomer retirements has accelerated in the past year](#)," Pew Research Center, November 9, 2020.

⁴ Stephanie Ferguson and Makinzi Hoover, "[Understanding America's Labor Shortage: The Most Impacted Industries](#)," U.S. Chamber of Commerce, May 13, 2024.

⁵ U.S. Bureau of Labor Statistics, "[Occupational Outlook Handbook: Accountants and Auditors](#)," accessed June 10, 2024.

⁶ Stephanie Ferguson, "[Understanding America's Labor Shortage](#)," U.S. Chamber of Commerce, June 24, 2024.

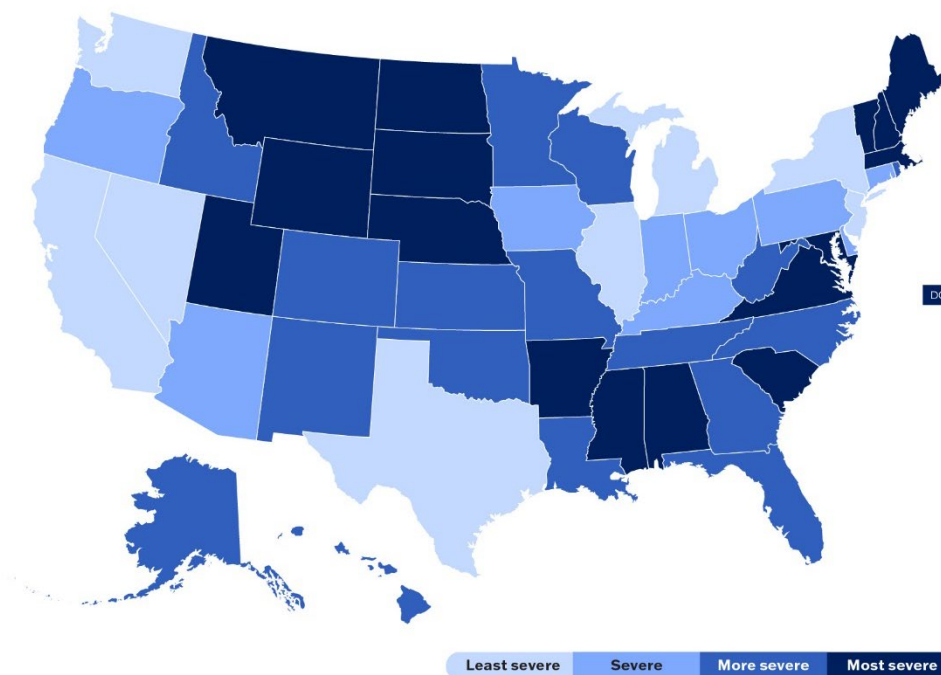
⁷ U.S. Bureau of Labor Statistics, "[Labor force and macroeconomic projections overview and highlights, 2022–32](#)," September 2023.

Paradoxically, these shortages exist amid reports of layoffs at some accounting firms, including at the partner level, and delayed start dates for new hires.⁸ Such layoffs, however, may be attributed to a lower demand for specific consulting services. Meanwhile, the accountant shortage is being acutely felt throughout the market. Several businesses have reported that the shortage is so severe they have had to delay the release of annual reports and other key filings.⁹

Regional differences

The overall talent shortage among all sectors is not being felt equally across the country. The U.S. Chamber of Commerce's Worker Shortage Index ratio, which reflects the number of available workers for each job opening, shows that the need for workers *of all types*, not solely accountants, is the least severe in states such as New York, New Jersey, Texas, California, Nevada, Washington, Michigan, and Illinois. It's worth noting that even these states still face shortages.

U.S. Chamber of Commerce Worker Shortage Index Ratio



⁸ Mark Maurer and Alexander Saeedy, "[Accounting Firms Overhired. Now Some Are Starting to Lay Off Partners,](#)" *The Wall Street Journal*, December 15, 2023.

⁹ Shubhangi Goel, "[The accountant shortage is so bad that it's delaying key reports at companies like Tupperware,](#)" *Business Insider*, April 1, 2024.

The nature of the labor shortage is more severe throughout much of the Midwest, South, and New England. The data shows a wide variance between states, with the highest worker index in California, with 92 workers per 100 open jobs, compared to the lowest worker index found in New Hampshire, with 28 workers per 100 open jobs.¹⁰

While regional and state-based pictures are important considerations, the availability of trained workers can vary greatly even within a state's borders, a factor that causes the pipeline issue to be felt much more deeply in some areas. With these stark differences between states, professional mobility becomes even more crucial as organizations may seek accounting services from providers in regions with more capacity, and accounting employers may seek to hire remote talent from more populous states.

"The vast majority [of states] have seen their labor forces shrink because of early retirements, increased savings, and less immigration, among other factors," according to a U.S. Chamber of Commerce analysis.¹¹ Remote work may offer some employers access to a larger labor pool. The Chamber estimates that approximately 20% of business and professional services positions are fully remote, and close to 40% are hybrid, offering an opportunity to ease hiring strain.¹²

Students are exploring options other than a bachelor's degree

The pressing need to fill the pipeline has come at a time of shifting demand and expectations around higher education, and consequently, there is a greater need to reevaluate the academic experience to attract and retain more students.

Students are exploring options, and one of those options is foregoing college. Total undergraduate enrollment fell by 15% between 2010 and 2021, according to the National Center for Education Statistics.¹³ The downward trend began before the pandemic. Job opportunities not requiring a degree and the rising cost of higher education are thought to be contributing factors.¹⁴

In 2019, 41% of 18- to 29-year-olds said a college education is "very important," a steep drop from 74% in 2013.¹⁵ Among parents, who are key influencers of their children's choice of education and career, nearly half envisioned something other than a four-year degree for their children. Two-year colleges, non-college training programs, and other pathways were seen as ideal for their children by 46% of parents, even when they were told to consider a scenario in which there were "no obstacles or limitations."¹⁶

¹⁰ Lindsay Cates and Stephanie Ferguson, "[Understanding America's Labor Shortage: The Most Impacted States](#)," U.S. Chamber of Commerce, July 2, 2024.

¹¹ Ibid.

¹² Stephanie Ferguson and Makinizi Hoover, "[Understanding America's Labor Shortage: The Most Impacted Industries](#)," U.S. Chamber of Commerce, June 24, 2024.

¹³ National Center for Education Statistics, [Undergraduate Enrollment](#), updated May 2023.

¹⁴ Collin Binkley, "[Jaded with education, more Americans are skipping college](#)," *The Associated Press*, March 9, 2023.

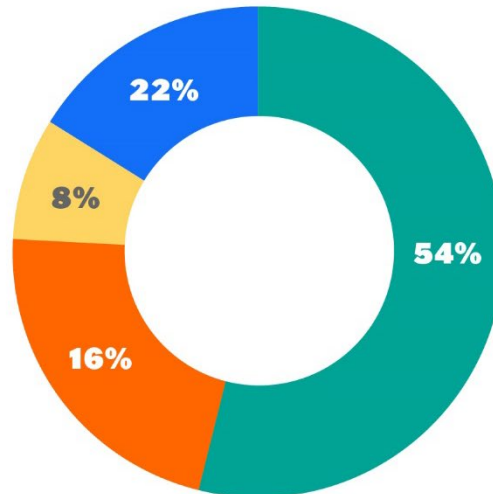
¹⁵ Stephanie Marken, "[Half in U.S. Now Consider College Education Very Important](#)," Gallup, December 30, 2019.

¹⁶ Zach Hrynowski, "[Nearly Half of U.S. Parents Want More Noncollege Paths](#)," Gallup, April 7, 2021.

The term “paper ceiling” has begun to gain traction in questioning whether a college degree is necessary for certain positions and whether requiring a degree creates unnecessary barriers for candidates who are otherwise right for a job.

Parental preferences

When asked about their ideal scenarios with no barriers or limitations, **46% of parents favored something other than a four-year college** for their children after high school.



College enrollment figures for spring 2024 showed some positives, with overall undergraduate enrollment up 2.5% over the previous year. That made for the second straight semester of year-over-year increase following years of declining enrollment during and following COVID.

“While these enrollment gains are optimistic signs for a potential recovery from pandemic losses, they remain well below pre-pandemic levels, with nearly 800,000 fewer students (–4.2%) overall and over 900,000 (–6.0%) fewer undergraduates, compared to spring 2020,” the National Student Clearinghouse Research Center reported.¹⁷

Accounting undergraduate enrollment followed a similar trend, with spring enrollment in 4-year institutions increasing 6% year over year to reach 170,000, the National Student Clearinghouse Research Center data shows. Mirroring overall undergraduate enrollment, accounting enrollments have not returned to pre-pandemic levels. Some 201,000 accounting students were enrolled in 4-year institutions in the spring semester of 2019.

¹⁷ National Student Clearinghouse Research Center, “[Postsecondary Enrollment Continues to Grow](#),” May 22, 2024.

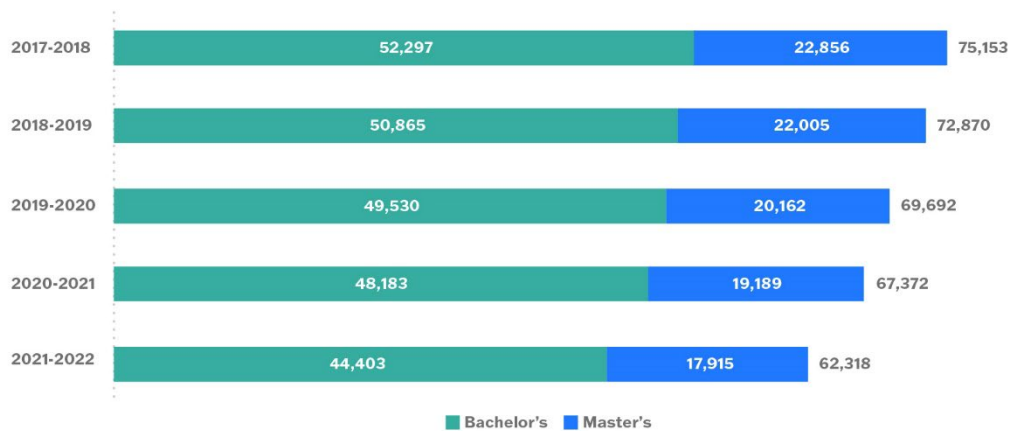
Where the pipeline is leaking

No single organization is collecting data on a student's entire journey from entering college to graduation to beginning an accounting career and possibly taking the CPA Exam. But several trends provide context for the profession's loss of talent. Among all undergraduate business students, only one in nine chooses an accounting major.¹⁸

Of students who declare an accounting major, not all will graduate with a bachelor's degree in accounting, fewer will go on to earn a graduate-level degree, even fewer sit for the CPA Exam, and even fewer will pass all four sections and become licensed. In terms of a pipeline "funnel," we can begin to see areas in need of remediation. Areas to examine include the following:

Trends in accounting degree completions: Of those students who are pursuing higher education, there are fewer completing bachelor's in accounting programs in favor of other majors. Accounting degree completions fell 17% from 75,153 in 2017–2018 to 62,318 in 2021–2022, according to IPEDS, the Integrated Postsecondary Education Data System.

Accounting degree completions 2017-2022

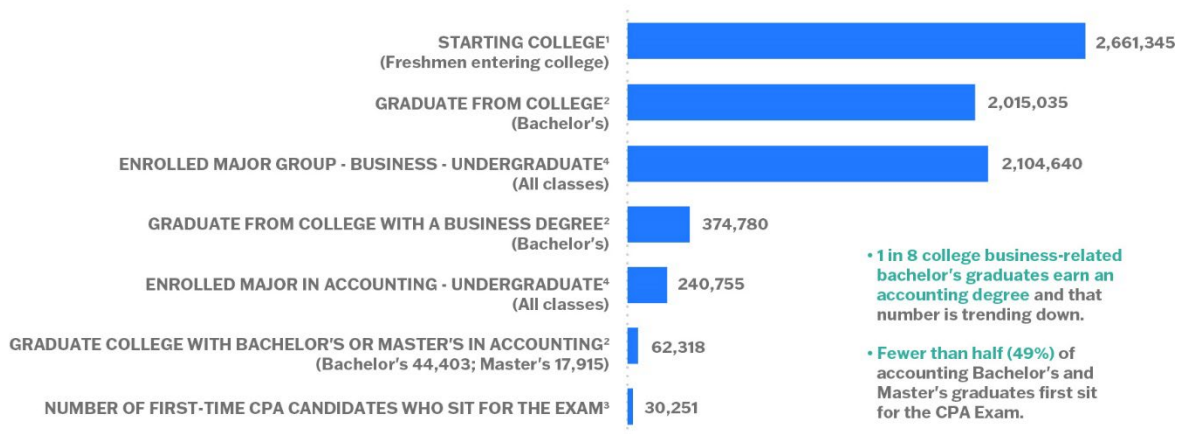


Source: [NCES/IPEDS 2021–22 Degrees/Certificates by Field of Study](#)

CPA Exam interest: The percentage of accounting graduates sitting for the CPA Exam for the first time peaked at 70% in 2010. In 2018, the percentage of exam takers fell below 50% for the first time.

¹⁸ Wiley, "State of the Education Market 2023: Trends and Insights in Key Undergraduate Disciplines," February 2023.

Examining the pipeline 2021-2022



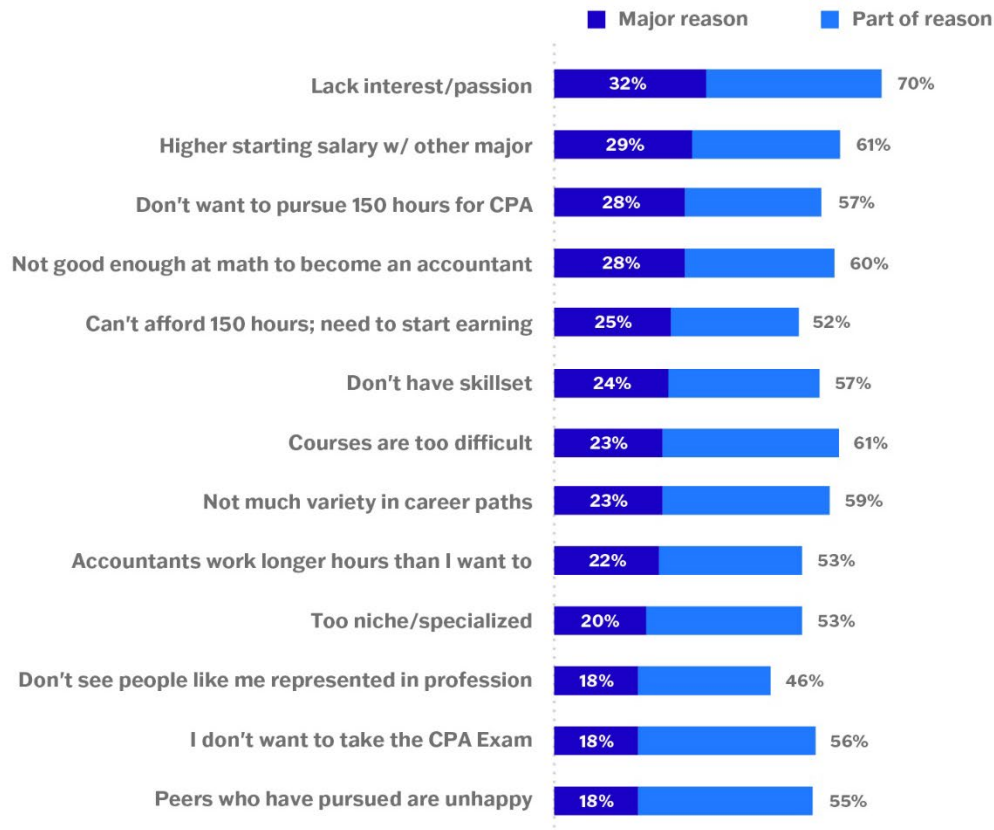
Sources: [NCES/IPEDS 2022 Table 305.10 Total Fall Enrollment of First-Time Degree Certificate Seeking Students](#);¹ [NCES/IPEDS 2021–22 Degrees/Certificates by Field of Study](#);² [AICPA 2023 Trends Report](#);³ [2023 Fall National Clearing House Current Term Enrollment Estimates Report](#).⁴

When examining the data, we can begin to pose the most relevant questions. Why are we not attracting people to a career in accounting, and where are we losing them along the way? And more to the point, what can we do about it?

The accounting major faces competition and challenges. A report from the Center for Audit Quality and Edge Research¹⁹ asked respondents to rank their major reasons and partial reasons for not choosing accounting as a major. Among business students who did not consider accounting, a lack of interest in or passion for accounting along with the belief they lacked the necessary math skills were the top reasons cited for not choosing accounting as a major. For those students that considered accounting but chose not to pursue the major, the additional 30 credit hours required post bachelor's degree to qualify for CPA licensure along with lagging salaries topped their list of reasons why.

¹⁹ Center for Audit Quality, [Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities](#), July 2023.

Reasons for not choosing accounting as a major among non-accounting majors



Source: [Center for Audit Quality](#), July 2023.

A global issue

Worker shortages appear to be prevalent in the accounting profession globally as well. A 2024 poll by AICPA & CIMA, the Global Accounting Alliance (GAA), and the Confederation of Asian and Pacific Accountants (CAPA) showed that 28 out of 33 accountancy bodies around the world believe that there is a shortage of professional accountants in their jurisdiction(s).²⁰ Shortage concerns for pre-entry and entry-level roles presented the most significant challenges, while fewer concerns were noted at more experienced levels. Across the world, compensation and attractiveness of the profession were the most frequently selected causes for the shortage of professional accountants.

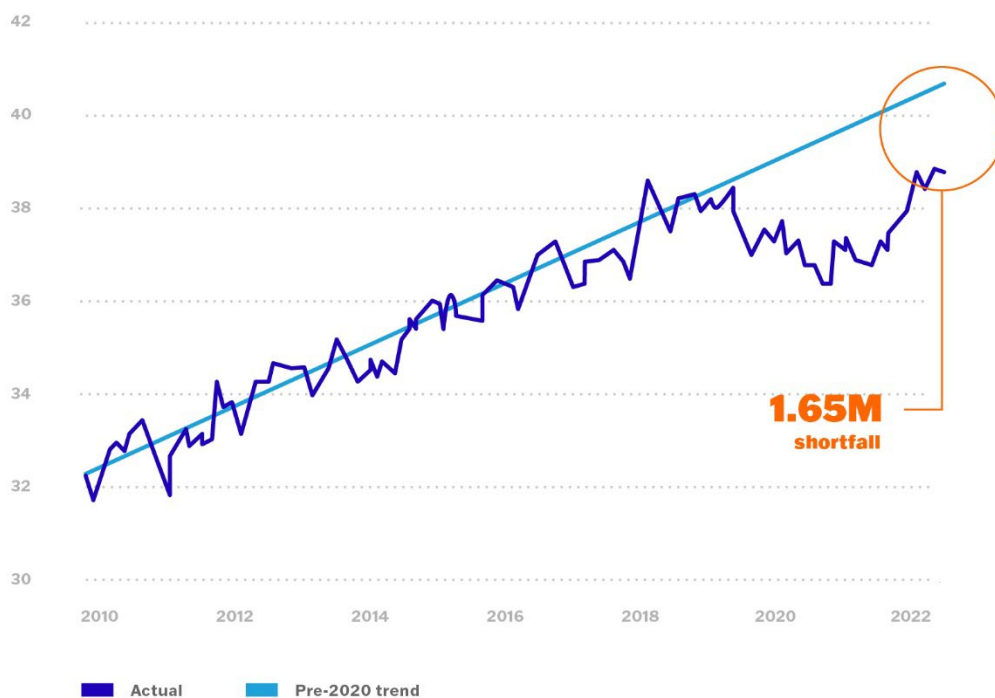
²⁰ AICPA & CIMA, "[Attraction and retention in the global accounting profession](#)," February 2024.

Immigration's role in the talent supply

Immigration plays a role in talent supply for U.S. employers. Although overall immigration numbers began to decline prior to the COVID-19 pandemic, the pandemic's wake created a 1.65 million shortfall in foreign working-age individuals compared to the previous growth trend, according to economists.²¹

Working age immigration levels contribute to workplace shortages

Working age immigrants in millions, 2010–2022



Source: Source: [U.S. Chamber of Commerce](#), August 2023.

During the 2021–2022 school year, more than 50,000 nonresident graduates earned either a bachelor's or master's degree in business, which accounting falls under. This represents a 10.5% decline from the previous academic year, according to IPEDS data.²²

²¹ Giovanni Peri and Reem Zaiour, "[Changes in international immigration and internal native mobility after COVID-19 in the USA](#)," *Journal of Population Economics*, July 27, 2023.

²² U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS), [Degrees/certificates by race/ethnicity, gender, and field of study, 2020-21](#), accessed June 20, 2024.

A global perspective has also led some firms to turn to offshoring for accounting talent, primarily to countries like India, the Philippines, South Africa, and Mexico. A potential solution could be looking to international accounting talent to fulfill some unmet capacity, either through offshoring or immigration.

The impact of technology: Artificial intelligence

Technology innovation and adoption are moving at light speed. As we consider the impact of technology on the pipeline, it's important to consider shifts in workplace expectations. Gen Z was born into an age of always-on, handheld technology. They expect their employers to be technology-forward, which creates opportunities for employers to differentiate themselves. If the salary and job description were the same, 70% of Gen Z employees would leave their job for more efficient tools and technology, according to an Adobe survey.²³

The rise of AI offers both opportunities and challenges. Several accounting educators suggest that technology can be labor saving (when it replaces job functions) or labor augmenting (when it improves a person's productivity, freeing up labor to add more value).²⁴ NPAG believes that technology in general, and AI in particular, is likely to reduce the number of repeatable processes in accounting, freeing up talent to focus on other, higher-value activities. Further, clients and companies need more advisory and planning services from their accountants than they are currently able to receive, due to capacity issues. Labor-augmenting technologies that increase efficiency and free up capacity allow those in the accounting profession to turn their attention to more difference-making work.

Understanding Gen Z

When building a pipeline strategic plan, a heavy emphasis must be placed on the motivators and concerns of next-generation talent and on anticipating trends affecting future generations. So, it is important to understand areas where the priorities of "next-gen" talent may differ from those of current leadership.

Pew Research defines Gen Z as being born between 1997 and 2012, so the oldest members are turning 27 this year. Gen Z, or post-Millennials, will be the most ethnically diverse and well-educated generation to date, according to Pew Research. This cohort is "enrolling in college at a significantly higher rate than Millennials were at a comparable age."²⁵ Gen Z is also entering the workforce later, which will almost certainly have an impact on overall labor trends and the accounting pipeline.

According to an EY study exploring Gen Z perceptions, business and STEM students are pursuing accounting because it provides:

- Career stability and a comfortable lifestyle (46%)

²³ Adobe, [The Future of Time](#), August 2021.

²⁴ Henry L. Friedman, Andrew Sutherland, and Felix Vetter, "[Technological Investment and Accounting: A Demand-Side Perspective on Accounting Enrollment Declines](#)," April 30, 2024.

²⁵ Richard Fry and Kim Parker, "[Early Benchmarks Show 'Post-Millennials' on Track to Be Most Diverse, Best-Educated Generation Yet](#)," Pew Research Center, November 15, 2018.

- The ability to find solutions within numbers and data (25%)
- An opportunity to contribute to society (23%)
- The chance to impact sustainability (21%)²⁶

Gen Z views on diversity and family makeup are similar to those of Millennials but differ from Gen X and Boomers, something that employers must understand. For instance, Pew indicates that:²⁷

- Nearly half (48%) of Gen Zers say gay and lesbian couples being allowed to marry is a good thing for our society.
- Roughly two-thirds would say that Black or African American individuals are treated less fairly than whites in this country.
- 59% of Gen Zers indicate that forms or online profiles should include additional gender options other than “man” and “woman.”

Pew suggests that Gen Z resides overwhelmingly in urban areas and in Western states. In fact, only “13% of post-Millennials are in rural areas, compared with 18% of Millennials in 2002.”

Despite the demographic and cultural shifts, minority groups are still underrepresented in accounting. During the 2021–2022 school year, 8% of accounting graduates were Black or African American, and just over 14% were Hispanic or Latino/Latina, according to IPEDS. Those percentages decline as seniority levels rise within the profession, with even fewer minorities and women represented in leadership roles.²⁸ This report aims to identify strategies to attract and retain candidates of all backgrounds, with specific ideas for engaging underrepresented minorities outlined in the section “Prioritize strategies to expand access for underrepresented groups.”

A path forward

Understanding some of the macro trends influencing the profession and our pipeline issues was a first step taken by NPAG. The deep dive into research, poll data, forums and discussion groups, and the NPAG national and student surveys has helped lay the groundwork for a path forward. By identifying the root causes, we can develop corresponding solutions to draw more people to accounting and transform the pipeline.

²⁵ Dante D’Egidio, Ginnie Carlier, Becky Burke, “[How Gen Z insights are shaping the accounting profession of the future](#),” EY, November 2, 2023.

²⁷ Kim Parker, Nikki Graf, and Ruth Igielnik, “[Generation Z Looks a Lot Like Millennials on Key Social and Political Issues](#),” Pew Research Center, January 17, 2019.

²⁸ Institute of Management Accountants and California Society of Certified Public Accountants, “[Diversifying US Accounting Talent A Critical Imperative to Achieve Transformational Outcomes](#),” October 12, 2021.

Solutions to the pipeline crisis: Transforming support, engagement, and business models

NPAG has worked to identify what it believes to be the highest-impact ideas for growing the accounting pipeline. These solutions are organized by each thematic area in the sections that follow.

The recommendations in this report are guided by the core principles that any solutions must balance rigor with flexibility and will require collaboration across the profession.

NPAG's solutions aim to preserve or elevate the profession's value. The solutions are intended to attract more people to a career in accounting and provide candidates of all backgrounds with greater clarity, accessibility, and options on the way to licensure.

No single solution will solve the problem in isolation, and stakeholders must work together to accomplish meaningful change. We must amplify and leverage each other's programs to reach new recruits and retain early-career employees. The effort to grow the pipeline must involve academia, business and industry, CPA firms and decision-makers, state societies and CPA associations, regulators and state boards of accountancy, and other advocates.

This work is ongoing and, in many respects, just beginning. These solutions and recommendations are meant to serve as the start of a broader conversation, providing a deeper understanding of the hurdles we face and meaningful, actionable ideas to address them. We owe it to the public, the profession, and future generations of accountants to move these solutions forward and show real progress, with meaningful results in growing the accounting pipeline.

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