



Unleashing the Power of Tax Automation for Talent Recruitment and Retention Success

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UNLEASHING THE POWER OF TAX AUTOMATION FOR TALENT RECRUITMENT AND RETENTION SUCCESS

The accounting profession stands at a crossroads, particularly in recruitment and retention. While recruitment and retention have been challenging for many years, recent trends have brought this to the forefront of nearly every firm leader.

Let's consider some statistics that underscore the urgency of the situation.

According to the AICPA's Trends Report, the number of CPA exam candidates dropped 35% from 2016 to 2022. This decline is not just a temporary blip but a stark representation of the waning interest in the accounting field among recent college graduates. Moreover, the total hiring of new accounting graduates for accounting and finance functions by U.S.-based CPA firms decreased by 36% between 2014 and 2020. These figures are not just numbers; they call for introspection and action within the profession.

Adding to the complexity of this challenge is the sentiment echoed by CPA firm leaders. In a recent poll, less than 1% said they have adequate staffing levels to meet client needs. This talent scarcity is compounded by the pervasive issue of employee burnout, which threatens to exacerbate retention issues and impact the quality of service for clients.

In this report, we will delve into the factors that have led us to this point and explore the implications of these trends for the present and future of the profession. Most importantly, we will chart a course for firm leaders, outlining innovative strategies to enhance recruitment and bolster retention. By embracing the future of tax automation, firms can navigate these challenges and transform them into opportunities for growth and revitalization.



UNDERSTANDING THE PRESENT: HOW WE GOT HERE

The current state of talent attraction and retention in the accounting profession is not an overnight phenomenon. It culminates several trends and shifts in the workforce demographic and expectations.

Mass retirement

One significant factor is the wave of mass retirements from the baby boomer generation. According to Accounting Today, [half of the 76 million baby boomers are already at or past retirement age](#). While many professionals certainly choose to continue working past the normal retirement age, it's not a stretch to imagine that more CPAs retired than they might have had we not entered the COVID-19 pandemic in 2020.

As experienced professionals step away from their roles, they leave behind a vacuum that is challenging to fill. The impact is twofold: there is not only a quantitative decrease in available expertise but also a qualitative loss of institutional knowledge and leadership.

No desire to explore the partner path

Compounding this issue is a noticeable shift in career aspirations among existing employees. The partner path, once the pinnacle of achievement in the accounting profession, is no longer seen as alluring as it once was.

As an interview with a recruiter who specializes in placing accountants with firms published in [Financial Review](#) noted:

“The newer generation typically wants a few years of experience from the big four firms so they can then secure a role with a better work-life balance and higher pay in commercial accounting and finance.”

Young professionals see the grueling hours, stress, and lack of work/life balance in their firm’s partner group. As they reevaluate work-life balance and long-term career goals, fewer employees are interested in the demanding climb to partnership. This change in mindset has significant implications for the leadership pipeline within firms.

Dwindling number of college students entering accounting

The pipeline of new talent is also narrowing. There is a dwindling number of college students entering the accounting field, a trend that raises concerns about the future supply of qualified professionals. This decline is partly attributed to the perception of accounting as less dynamic compared to other fields, such as technology or consulting, which are seen as offering more varied and innovative career opportunities.

Many thought leaders point to the 150-hour requirement for CPA licensure as a hurdle contributing to this decline. This requirement, which requires an additional year of education beyond the traditional four-year degree, demands additional time and financial investment from students who might otherwise consider a career in public accounting. This barrier is particularly daunting in light of the rising costs of higher education and the increasing burden of student loan debt.

These factors collectively represent a systemic challenge that the accounting profession must address. In the following sections, we will explore the implications of these trends and propose strategies that firm leaders can implement to navigate this complex landscape.



IMPLICATIONS OF CURRENT TRENDS IN THE ACCOUNTING PROFESSION

The trends affecting the accounting profession's talent pipeline have far-reaching implications that extend beyond the walls of individual firms.

Inability to fill mid-level senior roles

As the baby boomer generation exits the workforce, there is a notable gap in mid-level senior roles. These positions, critical for the operational and strategic functioning of firms, are becoming increasingly difficult to fill as burnout leads professionals to seek less demanding careers.

The scarcity of seasoned professionals ready to step into these roles means that firms are often left with a leadership vacuum, affecting decision-making and client relationships.

Workload compression and inability to keep up with demand

The intensity of the accounting profession, especially during peak periods like tax season, has always been high.

However, with fewer professionals entering the field and existing staff burning out or leaving, firms are experiencing workload compression. With more work concentrated within shorter time frames and fewer hands, firms find it increasingly challenging to keep up with client demands and regulatory changes, risking service quality and timeliness.

Inability to sustain growth and profitability

The inability to sustain a skilled workforce directly impacts a firm's ability to grow and remain profitable. Growth often depends on a firm's capacity to take on new clients and expand services. However, without the necessary talent, firms may have to turn down opportunities, stunting their potential and financial viability.

Systemic effects on business and finance

The accounting industry does not operate in isolation; it is a cornerstone of the broader business and financial world. An overworked and backlogged accounting industry can lead to systemic effects, such as delays in financial reporting, inefficiencies in financial markets, and a general lack of business insights typically informed by accounting data.

Perhaps the most concerning implication is the potential compromise of accountability and integrity within the profession. Accounting is built on accuracy, ethical conduct, and meticulousness. When firms are overwhelmed and resources are stretched too thin, these principles can be at risk, leading to errors, oversight, and, in the worst cases, ethical lapses.

In the following sections, we will explore how embracing tax automation and revising recruitment and retention strategies can address these implications, not just as stopgap measures but as part of a long-term vision for a resilient and thriving accounting profession.



STRATEGIES FOR RECRUITMENT AND RETENTION: A NEW PARADIGM

In the face of these challenges, firm leaders must adopt a proactive and innovative approach to recruitment and retention. The following strategies can help firm leaders address the immediate concerns and align with the evolving expectations of the workforce.

While there is no one-size-fits-all solution, here are several actionable strategies that can help firms attract and retain top talent.

Understanding staff motivations

Leaders must work to understand what drives and motivates their staff, and motivations can vary from individual to individual. Regular check-ins, surveys, and open forums allow firm leaders to ask questions and listen to employees.

Consider conducting stay interviews to help employees feel cared for and valued. Recognizing and responding to employees' career aspirations, personal goals, and preferred working styles can lead to a more engaged and committed workforce.

Empowerment through meaningful work

Young professionals entering the workforce today are looking for meaningful work. The work of accounting professionals has meaning and purpose, but the profession hasn't done a great job of articulating it.

Firm leaders need to do a better job of making that purpose clear and empowering employees to do work that matters. This empowerment involves entrusting staff with significant projects, client interactions, and decision-making opportunities. When people feel their work has a purpose and makes a difference, their engagement and productivity can soar.

Professional development opportunities

Offering robust professional development opportunities is crucial. Continuous learning and growth are often high on the list of priorities for professionals.

Some options to consider include:

- Providing subscriptions to LinkedIn Learning or other online training programs
- Creating internal training programs
- Offering learning days that allow employees to block off time for professional development that matters to them
- Mentorship programs
- Offering stretch projects and assignments
- Encouraging networking across the organization and in the community

Firms that invest in their employees' development can not only improve their competencies but also demonstrate a commitment to their staff's future.

Flexibility, work/life balance, and wellness

Flexibility, work/life balance, and wellness initiatives are no longer perks; they are expectations. Flexible working hours, the ability to work remotely, and a focus on mental health can make a firm much more attractive to current and prospective employees.

Remember, people may have different needs for flexibility at different times. Young people might want to work remotely so they can travel. Parents might need flexible hours to pick children up from school or attend school events. Employees caring for an aging family member might need flexibility in hours and location.

Focusing on results instead of hours can help employees meet expectations while fitting work into their personal lives.

Transparency in career progression

Firms should be transparent about the path to partnership and career advancement. This transparency includes clear communication about the expectations, timeline, and competencies required for progression.

When people know what the path to partner looks like, they can weigh the pros and cons and make an informed decision about whether it's the right path for them.

We also need to make partnership an attractive choice. Accounting is not hours behind a desk—it involves imagination, knowing what makes businesses tick and driving the economy. It's a people business and involves working with clients across multiple industries.

When we get young people to see the profession in a new light and demystify the journey to partnership, firms can rekindle interest in this traditional career pinnacle.

Cultivating a culture of innovation

To appeal to the younger generation, firms must create a culture of innovation that resonates with their values and aspirations. This culture should encourage creativity, embrace new ideas, and leverage technology to solve complex problems.

Encourage team members to develop ideas to improve efficiency and provide resources to act on those ideas.

A dynamic and forward-thinking environment can be a significant draw for young professionals who seek to make an impact.

Leveraging technology for efficiency and engagement

Technology plays a pivotal role in supporting these goals.

Imagine a recent college graduate interviewing with two different firms and asking interviewers about the process of preparing a tax return. One firm lays out a manual process, re-entering numbers from W-2s, 1099s and other tax documents, passing a paper file on to the reviewer, and getting a long list of review points to clear. The other firm explains how technology automates much of the process, allowing the employee to focus on developing a relationship and providing strategic advice to the client.

Which firm would be most attractive to the candidate?

Remember, new talent entering the profession was born into a tech-enabled world. They don't see technology as an added bonus — they expect employers to have it in place.

By automating mundane and repetitive tasks, firms can free up their staff to engage in more interesting, high-value work. This shift can lead to higher job satisfaction and a sense of accomplishment.

Automation tools also support hybrid and remote work models, which have become increasingly popular. These models not only provide employees with flexibility but also allow firms to tap into a broader talent pool unrestricted by geographic boundaries.

Successfully implementing these strategies requires a thoughtful approach integrating technology with a deep understanding of human nature. By doing so, firms can create an environment that not only attracts talent but also inspires loyalty and drives performance. The future of the accounting profession hinges on its ability to adapt to these new paradigms of work, culture, and technology. Firm leaders who recognize and act on these shifts will position their firms—and the profession at large—for enduring success.



CONCLUSION: EMBRACING THE FUTURE WITH TAX AUTOMATION

Throughout this report, we have examined the critical challenges facing the accounting profession in attracting and retaining talent. We have identified the root causes of these challenges, from demographic shifts to educational barriers, and outlined the profound implications they hold for the profession's future. The inability to fill essential roles, the pervasive issue of burnout, the self-perpetuating cycle of turnover, and the systemic risks posed by an overburdened profession have all been brought to the forefront.

However, with these challenges come opportunities—opportunities to innovate, redefine the workplace, and create a profession that is resilient, appealing, and sustainable. We have provided actionable strategies that firm leaders can implement to improve recruitment and retention. These strategies include fostering transparency in career progression, cultivating a culture of innovation, understanding and responding to staff motivations, empowering meaningful work, providing professional development, and prioritizing flexibility and wellness.

Central to these strategies is the role of technology, particularly tax automation. By leveraging automation, firms can alleviate the burden of mundane tasks, freeing up professionals to engage in more complex and rewarding work. This shift not only enhances job satisfaction but also positions firms as leaders in a tech-forward industry. Automation supports flexible and remote working arrangements, broadens the talent pool, and underscores a firm's commitment to modernization and efficiency.

As we conclude, we invite you to explore how Thomson Reuters' tax automation solutions can transform your firm into a magnet for talent. Discover how our software can elevate your firm's recruitment and retention strategies, making it the place to be for existing staff and the next generation of accounting professionals.

- [UltraTax CS](#). Move quickly and connect all the dots with UltraTax CS. You can link business entities and personal tax returns via data sharing throughout the CS suite, pull in previous year data that links directly to input fields, and email missing data to clients — all with the click of a button.
- [SurePrep 1040SCAN](#). Automate 4–7x as many documents as the alternatives. Unmatched document coverage eliminates more data entry for your preparers than any other solution on the market. Patented, AI-powered technology auto-verifies OCR data for 65% of standard documents. Eliminate verification entirely with an optional service performed by trained SurePrep staff.

The future is here, and it is automated. Let's navigate it together, ensuring that your firm not only survives the current challenges but thrives in the years to come.

[Contact our sales team](#) to learn more about our tax and accounting solutions.