



Challenges and Opportunities for Increasing Diversity in the Accounting Pipeline

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accounting+

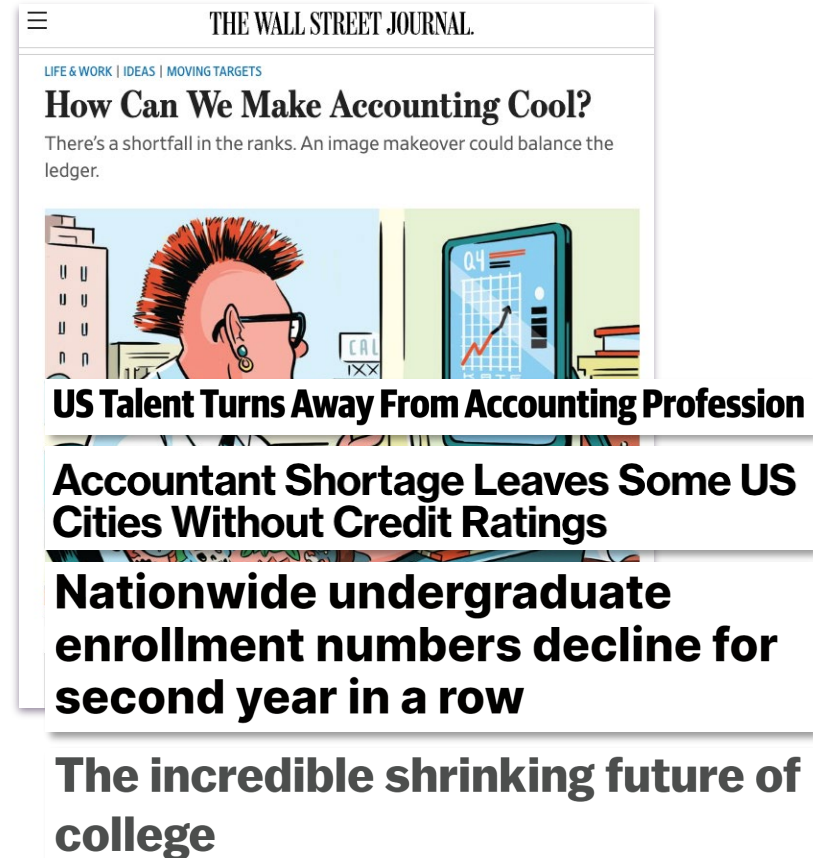
AAA Pipeline Webinar

September 12, 2023

Headwinds Collide: Increasing Pipeline Pressures

The profession has struggled with a decades-long diversity challenge, which has been further intensified by a growing tensions in the external landscape.

- **Broader accounting pipeline shortage:** The US is experiencing a shortage of accountants.
- **College enrollment cliff:** Facing the greatest population decline since the great recession, there is a projected decline in college-aged students, forcing the profession to focus on getting a larger slice of an increasingly shrinking pie.




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How Can We Make Accounting Cool?

There's a shortfall in the ranks. An image makeover could balance the ledger.



US Talent Turns Away From Accounting Profession

Accountant Shortage Leaves Some US Cities Without Credit Ratings

Nationwide undergraduate enrollment numbers decline for second year in a row

The incredible shrinking future of college

Data-Driven Approaches Required

To better understand the drop-off between openness to accounting and actual pursuit, the CAQ conducted additional specialized research.

A few of the questions the CAQ sought to answer with this research included:

- Why or why not do business students choose accounting?
- Why or why not do accounting graduates pursue CPA licensure after graduation?
- And are there notable distinctions in experience between student demographics that may help explain disparities in representation across the accounting talent pipeline?
- What are the motivations and experiences of accounting majors and recent accounting graduates?
- How satisfied are recent accounting graduates with the profession they have chosen?

Survey Methodology

Undergraduate Business Students (N = 1399)

Enrolled full-time or part-time in the US in community college or 4-year college/university, broken out as follows

	TOTAL	Pct	Black/AA	Pct	Hispanic	Pct
	(N = 1399)	100%	(N = 492)	35.2%	(N 460)	32.9%
Community College	265	18.9%	89	18.1%	84	18.3%
4-Year College	1134	81.1%	403	81.9%	376	81.7%
Accounting Majors	460	32.9%	130	26.4%	113	24.6%
Men	789	56.4%	282	57.3%	267	58.0%
Women	596	42.6%	205	41.7%	187	40.7%

Data weighted according to IPEDS Undergraduate Business 2020 Fall Enrollment for accredited 4yr and Community College institutions, as follows:

- Race/Ethnicity: 12.6% Black/AA, 16% Hispanic
- Gender: 53% Male, 47% Female
- Accounting majors: 11% of Business undergraduates

Survey Methodology

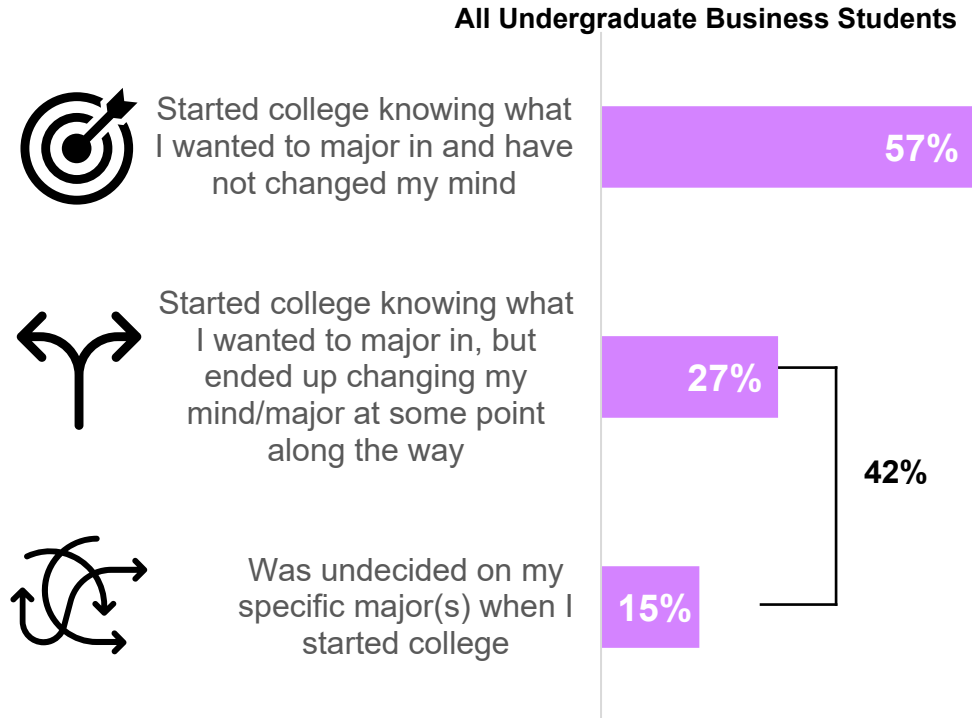
Recent Accounting Graduates (N = 407)

- Graduated 2017 to 2023 with an undergraduate degree in Accounting; working and/or in school, broken out as follows:

	TOTAL	Pct
	(N = 407)	100%
CPA license	146	35.90%
No CPA license	261	64.10%
Black/AA	46	11.30%
Hispanic	77	18.90%

- Data weighted according to DATA USA/IPEDS 2020 Bachelor's in Accounting, as follows:
 - Race/Ethnicity: 7.5% Black/AA, 13% Hispanic
 - Gender: 49.5% Male, 50.5% Female

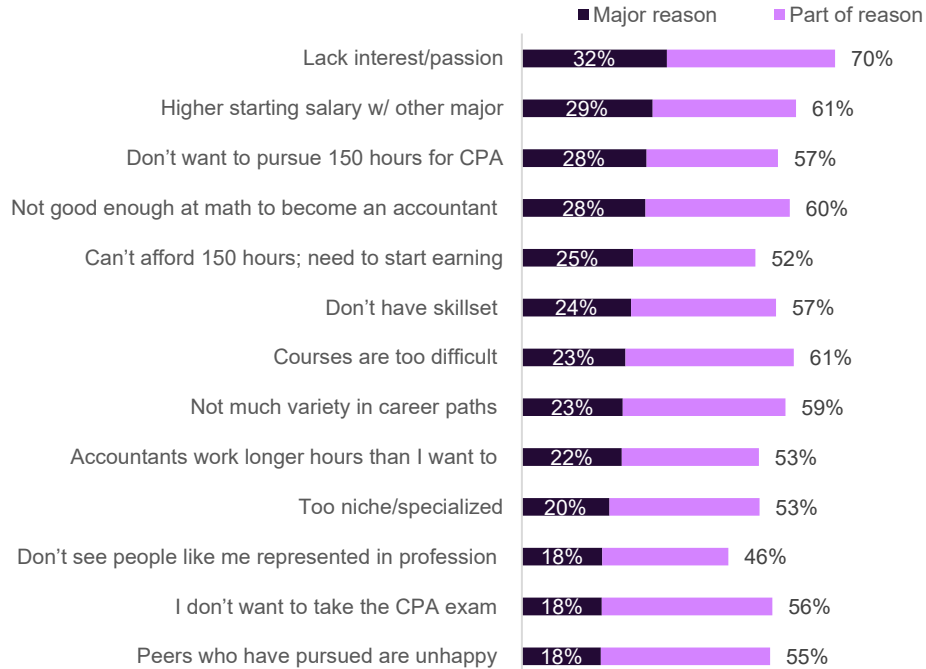
When are students making decisions about what to major in?



Reasons non-accounting majors decided against an accounting major

Reasons for Not Choosing Accounting as a Major

Among Non-Accounting Majors (n=939)



The primary reason that business school students indicated they didn't choose accounting as a major was because they lacked interest or a passion for the subject, felt that starting salaries were higher with other majors, and felt they weren't good enough in math

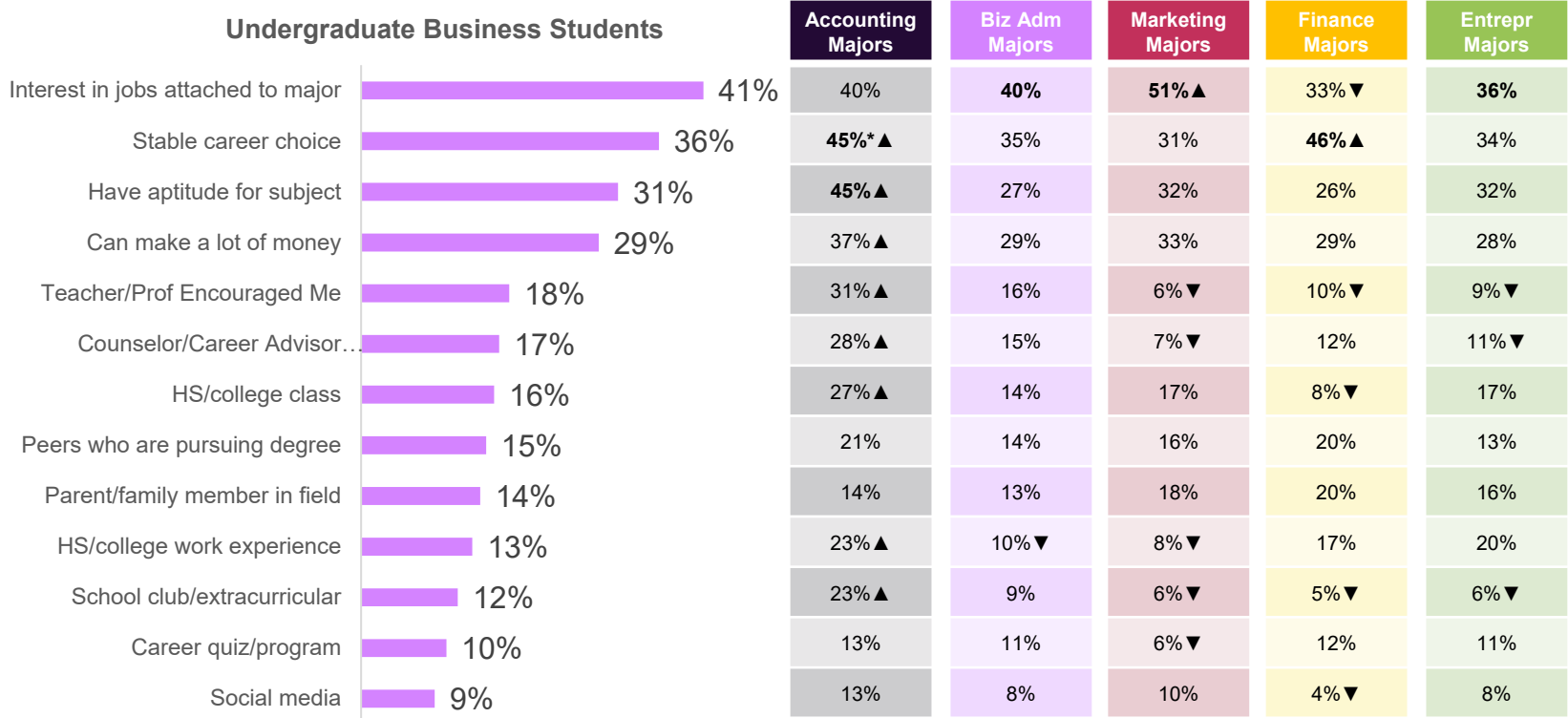
Reasons those who once considered accounting pursued other majors

Considered Accounting
(n = 480)

	Major Reason	Part of the Reason	Total
Lack interest/passion	19%	41%	60%
Higher starting salary w/ other major	32%	35%	67%
Don't want to pursue 150 hours for CPA	32%	28%	60%
Not good enough at math to become an accountant	24%	35%	59%
Can't afford 150 hours/ need to start earning	30%	30%	60%
Don't have skillset	23%	33%	56%
Courses are too difficult	20%	40%	60%
Not much variety in career paths	25%	38%	63%
Accountants work longer hours than I want to	26%	31%	57%
Too niche/specialized	24%	32%	56%
Don't see people like me represented in profession	19%	28%	47%
I don't want to take the CPA exam	18%	39%	57%
Peers who have pursued are unhappy	21%	39%	60%

For those who considered accounting, factors such as higher starting salaries with other majors, and the 150-hour requirement were the primary reasons they opted to pursue a different degree

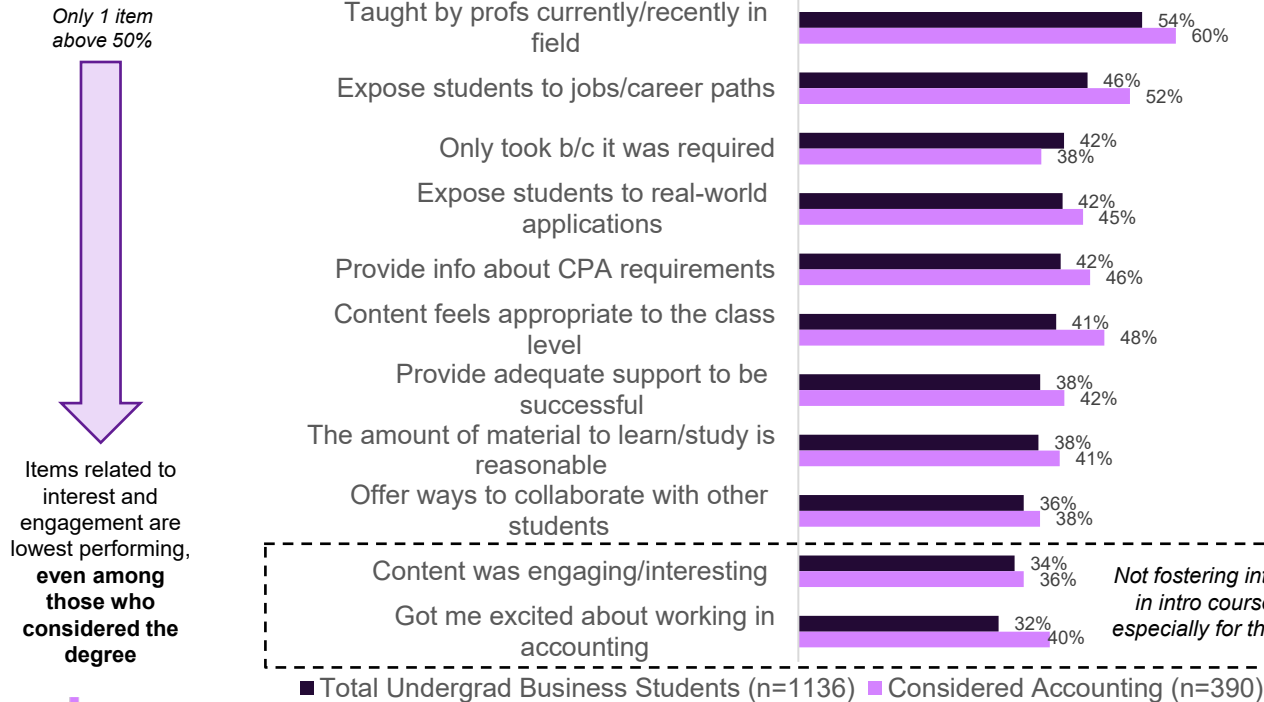
What attracts students to the major they ultimately choose?



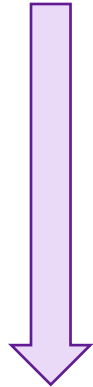
Intro to Accounting classes could spawn interest in the major if students found the content engaging

Perceptions of Introductory Accounting Courses Among Undergraduate Business Students with Experience with Intro to Accounting Class

% Strongly Agree; Base: Experience with Intro Courses



Only 1 item above 50%



Items related to interest and engagement are lowest performing, even among those who considered the degree

...It wasn't taught to make it more engaging or make you more interested...it's almost like they were trying to do it to see who they could eliminate...The classrooms were so big, and it was just going slide by slide almost and it was not engaging.
Recent Grad, no CPA, Black/Hispanic

From qualitative research

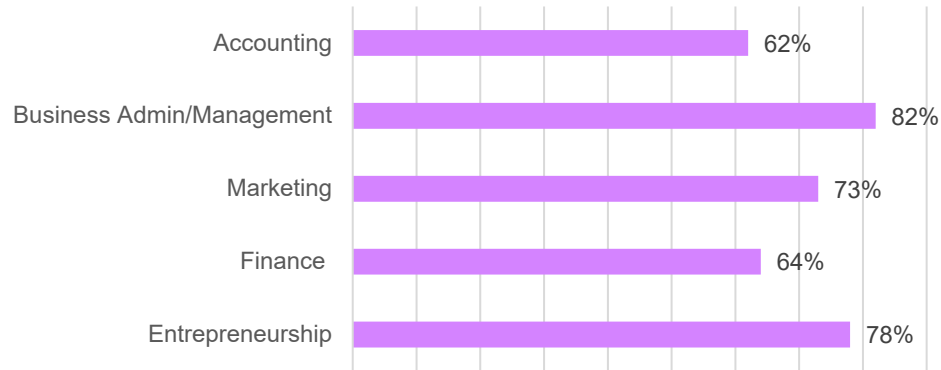
Not fostering interest/excitement for the field in intro courses is a missed opportunity, especially for those who discover their major in college

■ Total Undergrad Business Students (n=1136) ■ Considered Accounting (n=390)

Concepts in Introductory Classes Can Prove Challenging for Some Students

Understanding/Ability to Grasp Concepts
(Among those with Introductory Course Experience)

Percent of Students Who Indicated that They Grasped Content in the Introductory Class for the Following Disciplines



AAA-CAQ Intro to Accounting Videos

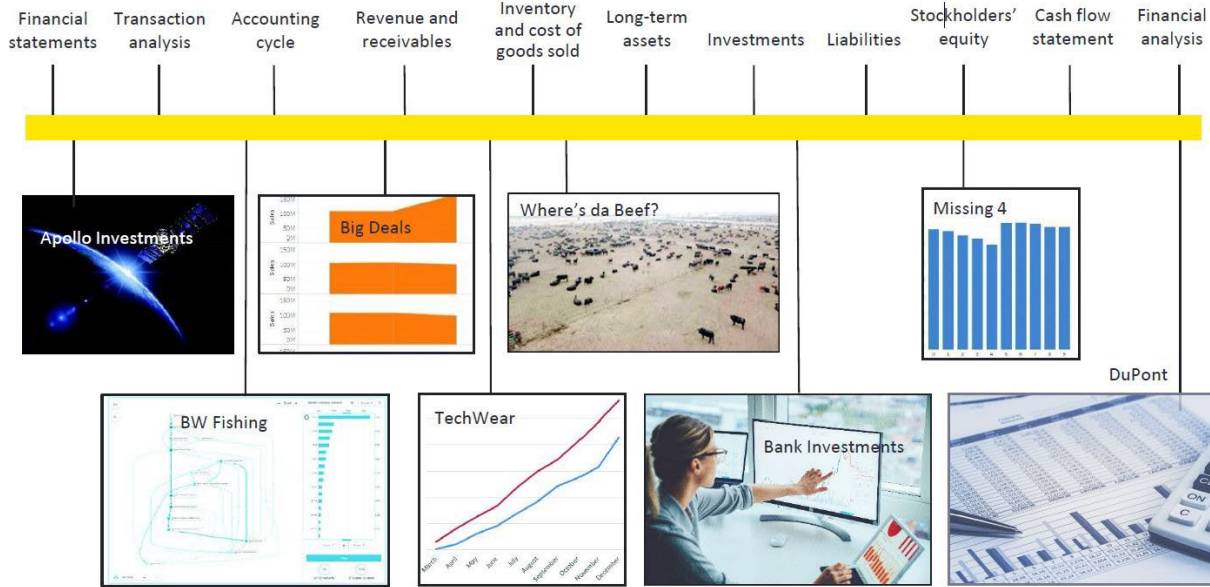
Series of six videos:

- Misconceptions About Accounting: What I Wish I Knew
- Entrepreneurship: Your Passions Choose You
- Giving Back: The Impact of Accounting
- The Language of Business: Oh, the Places You'll Go
- You Know the Basics: What's Next?
- Accounting & Technology: An Evolving Workplace

Videos and Accounting+ toolkit available at
boldambition.com/academicresources

EYARC mini cases

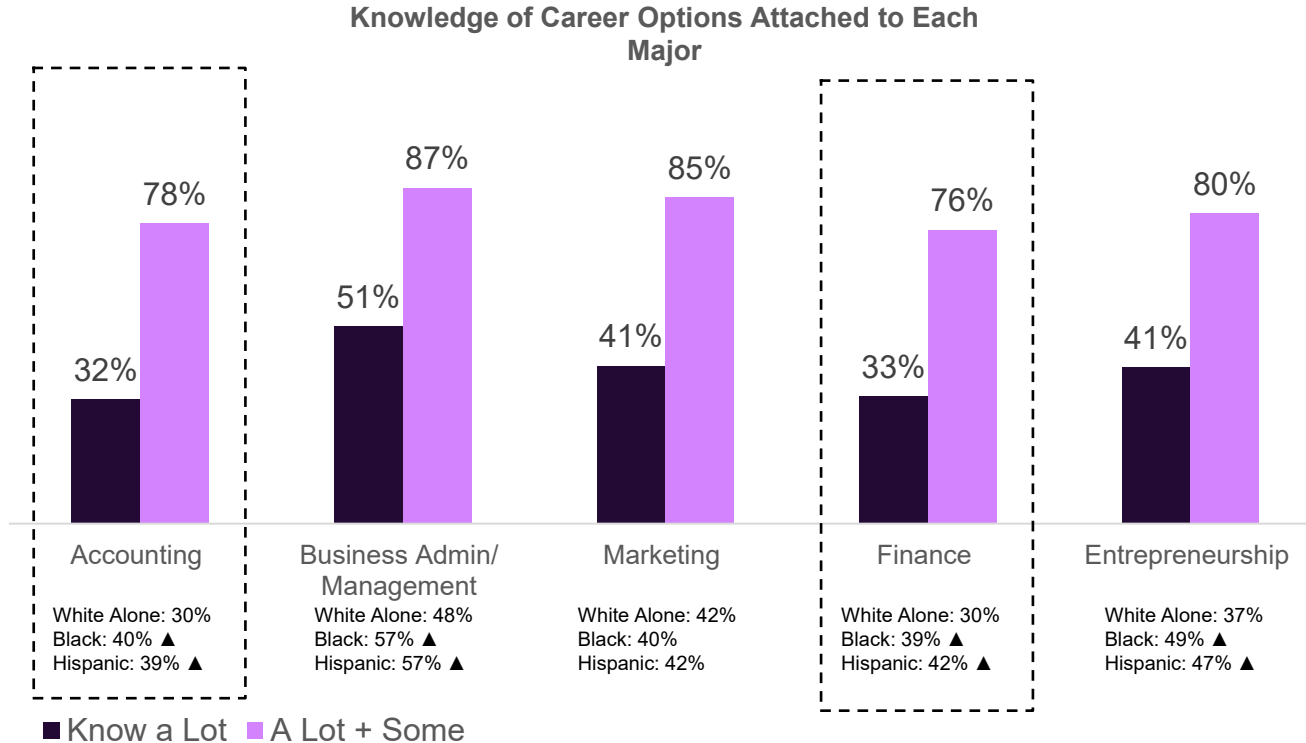
Introductory accounting sequence



Mini case series – overview introductory accounting sequence
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Are students aware of the long-term opportunities accounting provides?



What resources did students identify as most helpful in encouraging them through accounting courses?

	Extremely Helpful	Extremely + Very Helpful	Accounting Majors Extremely + Very (n=460)	Non-Majors Extremely + Very (n=939)	Non-Majors/ Considered Accounting Extremely + Very (n=480)	White Alone Extremely + Very (n=498)	Black/AA Extremely + Very (n=492)	Hispanic Extremely + Very (n=460)
Exposure to basic principles of accounting in high school , including how it relates to personal finance, bookkeeping and tax preparation, and small business ownership	41%	75%	73% ▼	75% ▼	80% ▲	74%	80% ▲	81% ▲
An overview of all the different jobs/career paths you can take with an accounting degree beyond public company accounting/auditing in the first year of college	33%	68%	75% ▲	67% ▼	77% ▲	66%	76% ▲	76% ▲
Breaking up the introductory accounting course into several courses to be able to spend more time mastering key concepts	32%	65%	67%	65% ▼	71% ▲	66%	68%	73% ▲
An accounting “lab” that complements introductory accounting courses to help grasp key concepts and get exposure to hands-on applications of accounting in business	31%	67%	72% ▲	66% ▼	73% ▲	65%	72% ▲	74% ▲
Formalized study groups taught by a TA to accompany intro level accounting courses to help master the content	29%	59%	68% ▲	58% ▼	65% ▲	55%	66% ▲	71% ▲
A speaker series where accountants with different types of jobs share what they do and their experiences	26%	60%	65% ▲	60% ▼	67% ▲	59%	63%	70% ▲

Significance testing across majors, non-majors, and considered accounting

CAQ

IMPACT REPORT

**ACCOUNTING CAREERS:
LIMITLESS OPPORTUNITIES**

2022-2023 SCHOOL YEAR



Reaching Students While in High School

Accounting Careers: Limitless Opportunities

- Build knowledge about accounting
- Introduce concepts behind accounting and the ways in which those concepts are valuable in a variety of careers and applicable to larger life skills
- Show how hobbies and interests might connect to careers available to those with an accounting background

After the course

68%
OF STUDENTS

said accounting skills are very or extremely valuable compared to 52% of students before the course.

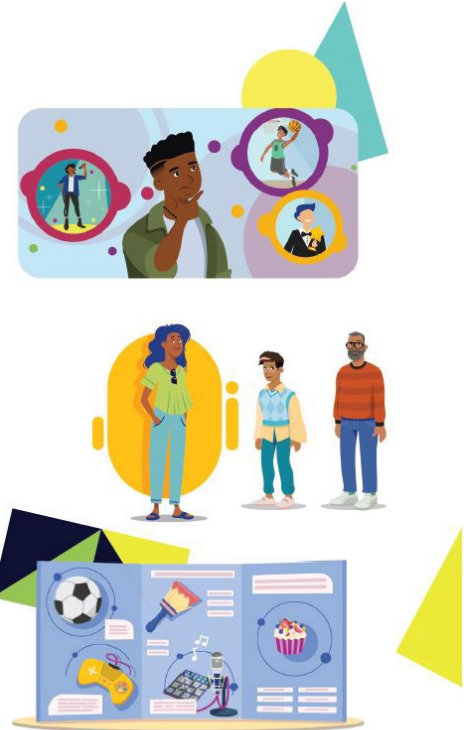
After taking *Accounting Careers: Limitless Opportunities*, share of students who say:

89%

Accounting skills are useful to reaching their goals (somewhat, very, or extremely useful).

80%

This course showed them accounting careers they did not know about before (some, a lot, or a ton of new careers).



Program Has Had National Reach

40,215

Students

2,352

Teachers

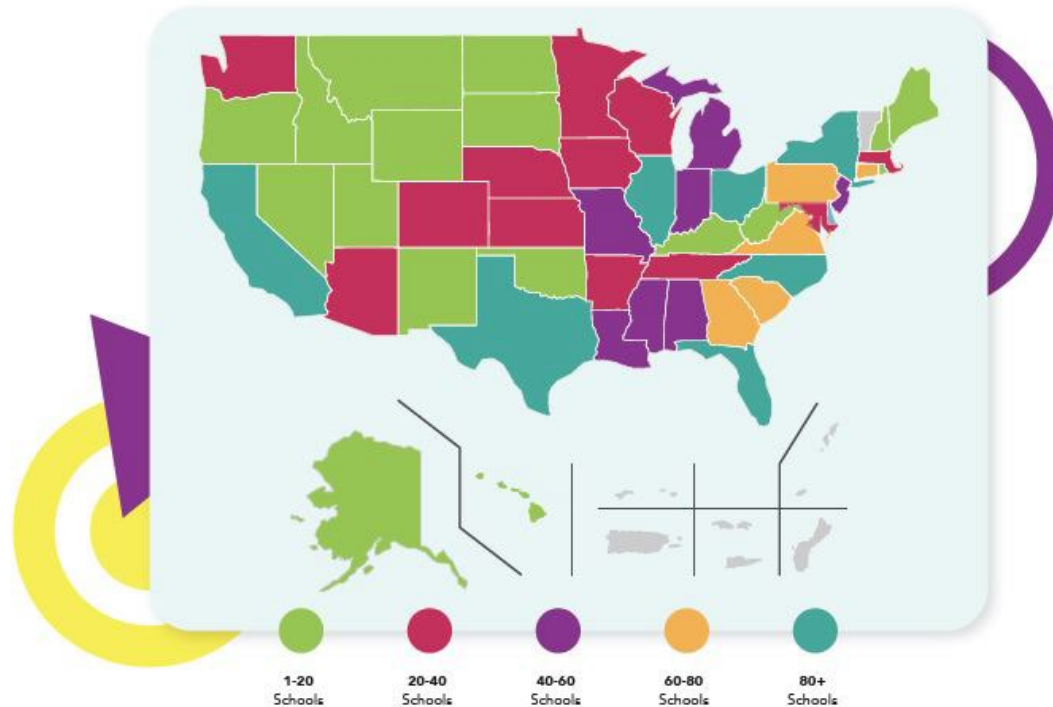
1,883

Schools

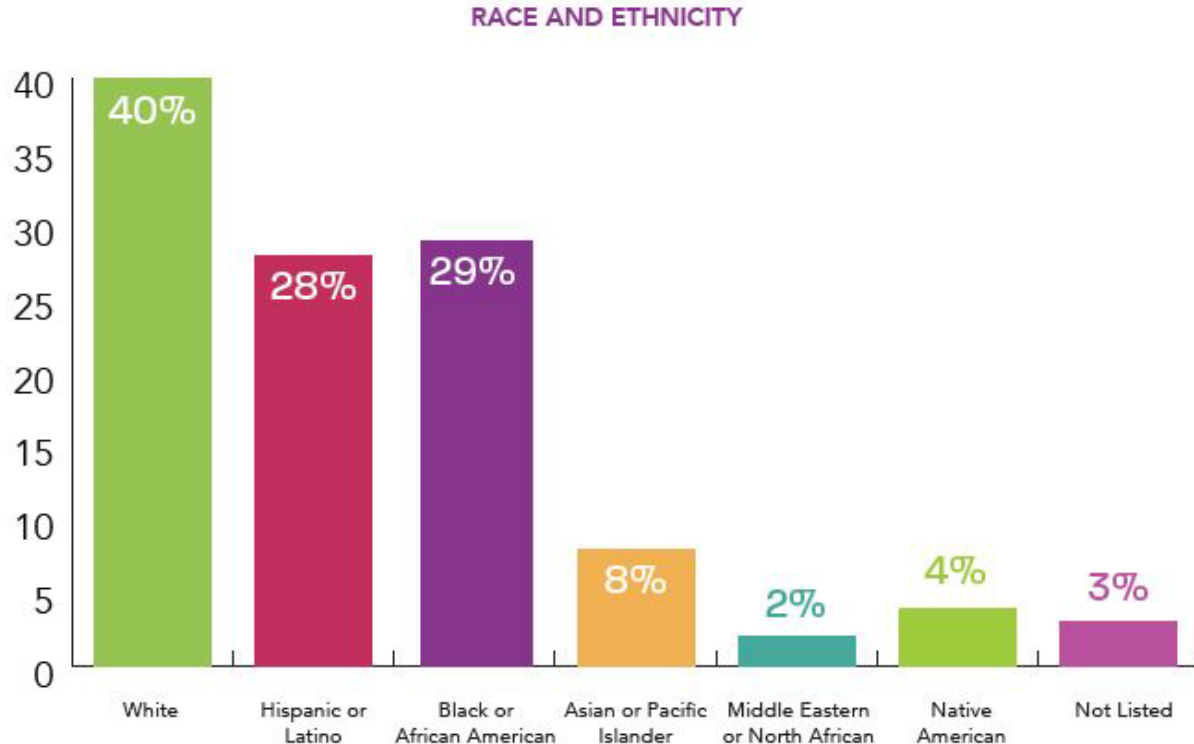
49

States

TOTAL SCHOOLS REACHED BY STATE



Reaching a Diverse Group of High School Students

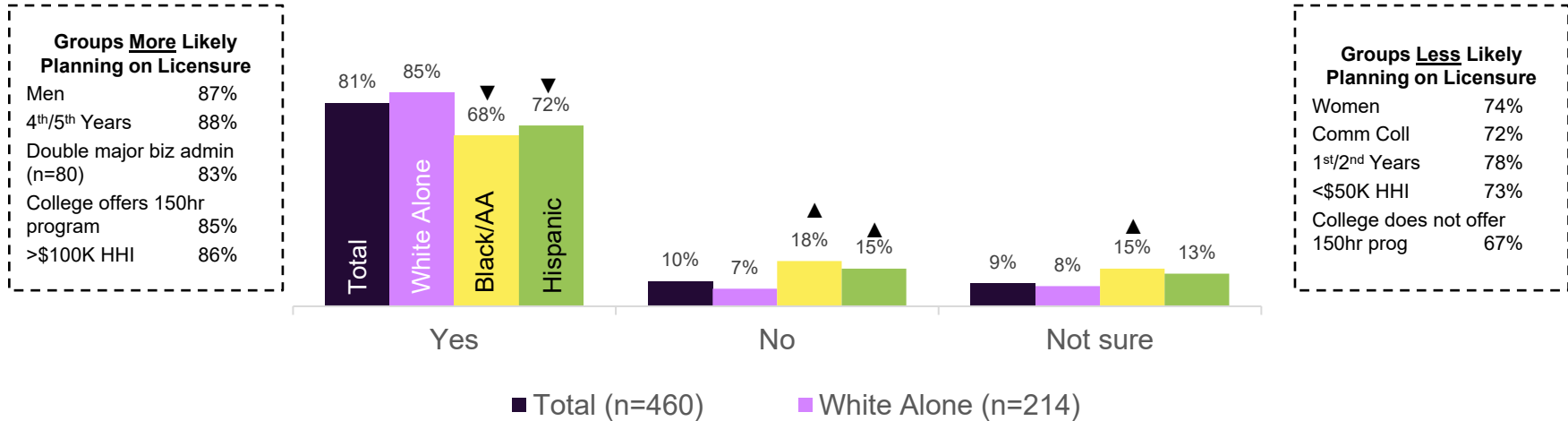




**Undergraduate
Accounting Majors and
CPA Licensure**

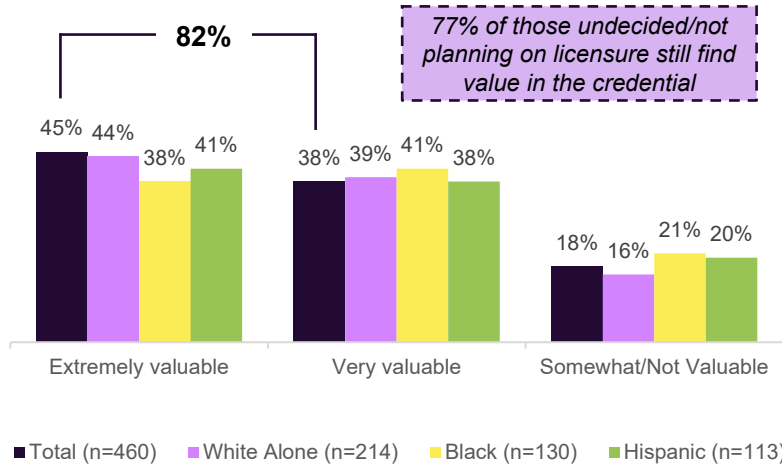
While the majority of undergraduate accounting majors plan to pursue CPA licensure, there is significantly lower intention to do so among Black and Hispanic students, as well as women and lower income students

Undergrad Accounting Majors; Plan to Pursue CPA

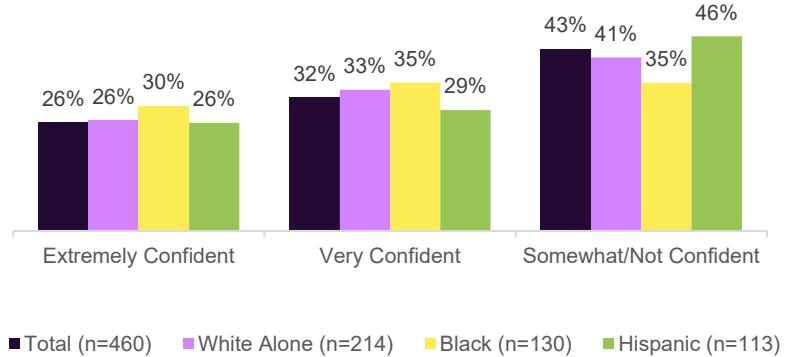


The vast majority of undergraduate accounting majors find value in CPA licensure, although there is less confidence in their ability to pass the exam

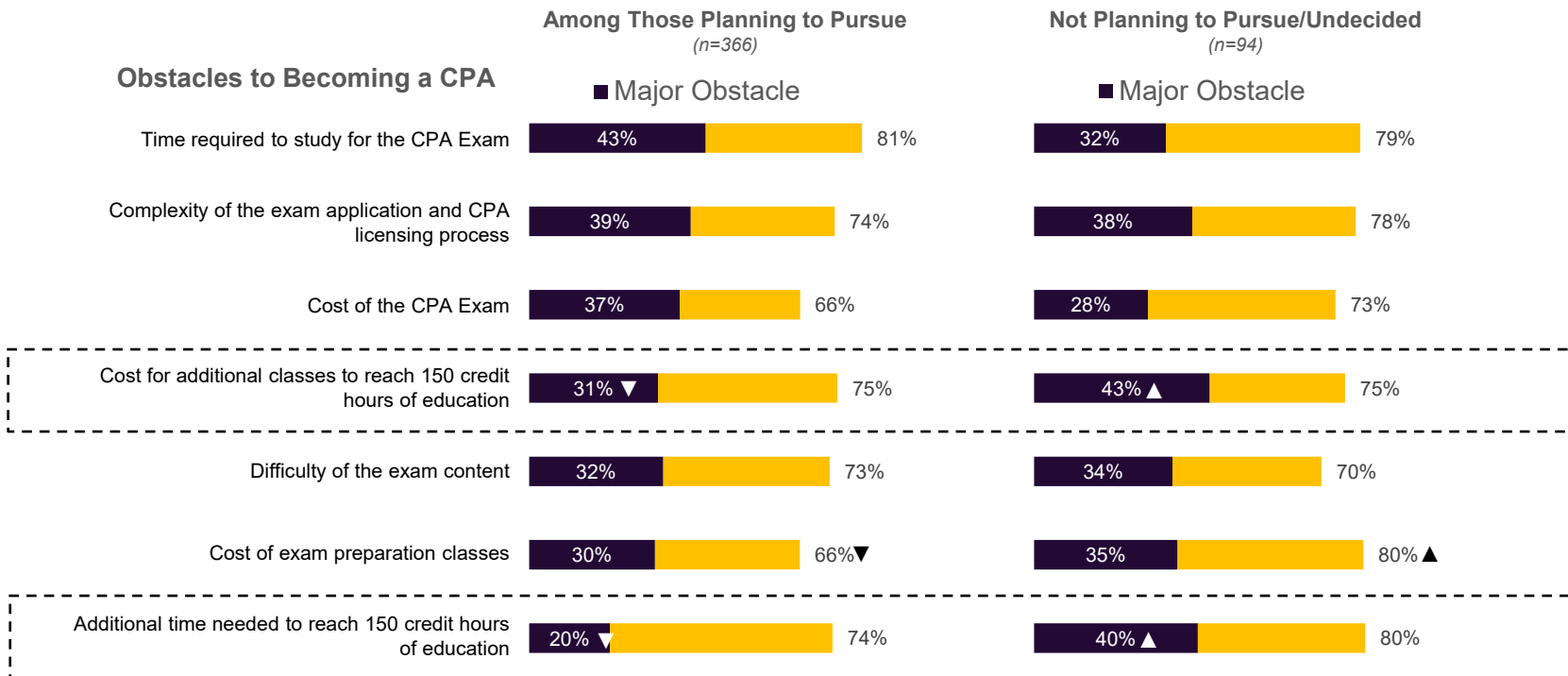
How valuable do you feel the CPA license is/would be for your career goals?



How confident are you that you would be able to pass the CPA Exam?



Significant hurdles exist to pursuing CPA licensure, but among those not planning to pursue or who are undecided, the cost and time needed to reach 150 credit hours are the biggest obstacles



Stat testing between planning/not planning to pursue

The cost associated with completing 150 credit hours is a major obstacle for one-third of accounting majors overall, but is the most acute for Black students

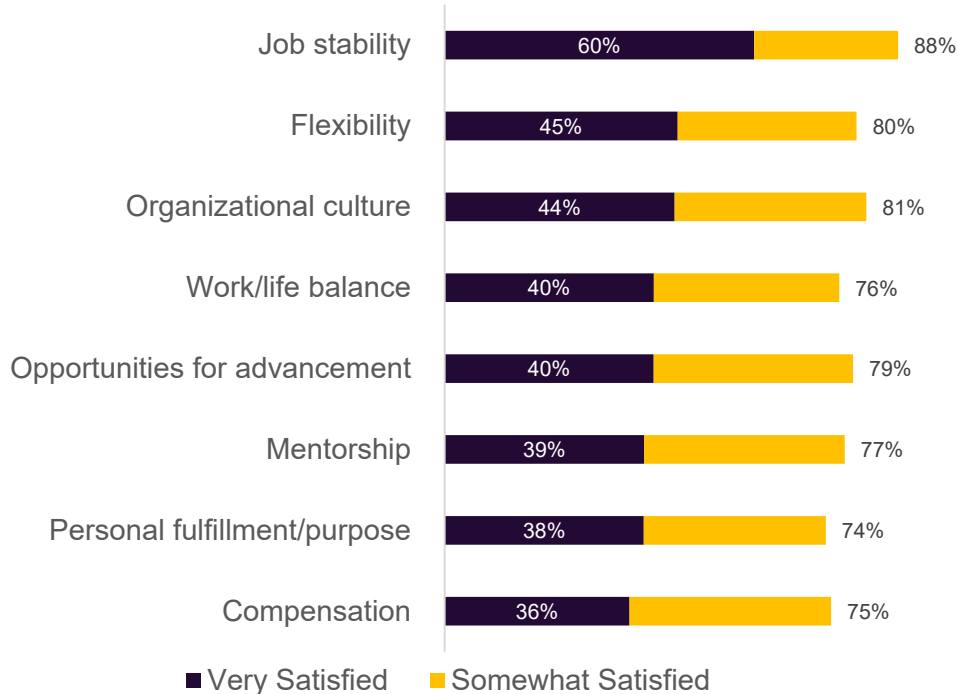
% Major Obstacle to Becoming a CPA (Among Accounting Majors)	All Majors (n=460)	White Alone (n=214)	Black/AA (n=130)	Hispanic (n=113)	
Time required to study for the CPA Exam	41%	41%	41%	36%	
Complexity of the exam application and CPA licensing process	39%	40%	36%	37%	
Cost of the CPA Exam	35%	35%	28%	24% ▼	
Cost for additional classes to reach 150 credit hours of education	33%	29%	42% ▲	37%	Significantly higher hurdle for Black/AA
Difficulty of the exam content	33%	34%	30%	22% ▼	
Cost of exam preparation classes	31%	27%	38% ▲	35%	Significantly higher hurdle for Black/AA
Additional time needed (beyond a bachelor's degree) to reach 150 credit hours of education	23%	24%	29%	26%	



**Recent Graduates and
CPA Licensure**

Job stability is the only aspect where a majority are very satisfied; Black recent grads are significantly less satisfied with organizational culture

Work Satisfaction in Each Area
All Working Accounting Graduates (n=326)



Higher Income Earners (over \$75K) More Satisfied with **All** Aspects of Work

Those at **Big 4** or **any public accounting firm**, and those with **CPA License** More Likely to be Very Satisfied with:

- Compensation
- Mentorship
- Opportunities for Advancement
- Purpose (for Big 4)

Total Satisfied with Organizational Culture

White (n=195)	83%
Black/AA (n=39*)	71% ▼
Hispanic (n=64)	83%

*Caution: small sample size

We have heard this anecdotally in qualitative research, and it is reinforced in the data

Survey data confirms time needed to study and exam difficulty are the biggest obstacles overall, however the cost and time associated with acquiring 150 hours are the biggest factors for those who have not yet completed that requirement

Obstacles to Becoming a CPA (Among Recent Accounting Graduates; Top 2 Ranked Items Per Column in Bold)	Major Obstacle + Obstacle			Major Obstacle + Obstacle			
	All Recent Grads; Major Obstacle (n=407)	Major Obstacle + Obstacle (n=407)	Have CPA (n=146)	Planning to Pursue (n=181)	Not Planning/ Undecided (n=80)	Completed 150 Hours (n=283)	Have NOT Completed 150 Hours (n=124)
Time required to study for the CPA Exam	43%	81%	76%	83%	83%	83%	77%
Difficulty of the exam content	34%	78%	71%▼	82%▲	82%▲	78%	78%
Additional time needed to reach 150 credit hours	31%	71%	70%	75%	66%	66%▼	81%▲
Complexity of the exam application + CPA licensing process	30%	74%	67%▼	79%▲	78%▲	73%	76%
Cost for additional classes to reach 150 credit hours	29%	68%	63%▼	72%▲	69%	63%▼	79%▲
Cost of exam preparation classes	25%	69%	56%▼	72%	84%▲	66%▼	76%▲
Cost of the CPA Exam	21%	68%	57%▼	77%▲	70%▲	65%▼	75%▲

Cost of 150 Hours is a Major Obstacle for 38% of those who have not completed 150 Hours

Key Takeaways for Faculty – How to Build Interest in Accounting

- Accounting is the language of business
- Highlight the various career paths that a degree in accounting offers – and raise awareness to students who might not otherwise have considered the major
- Work to dispel preconceived myths about accounting (i.e., it's boring, it's too hard, you have to be good in math, you only do taxes, etc.)
- Bring interest and engagement into the Intro to Accounting classes (integrate ESG, Use AAA-CAQ videos, etc.)
- Identify students who are having difficulty with accounting concepts – help them, don't weed them out
- Reach out to local high schools

Now What?

It is the CAQ's hope that stakeholders across the profession will work collaboratively to utilize this research in enhancing existing pipeline initiatives and when developing additional efforts, building into the accounting culture those elements that attract and motivate today's students.



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