

# Accounting Talent Crisis: Why Firms Struggle to Find Staff and How to Adapt

*Five shifts in talent expectations accounting firms need to embrace*



# Table Of Content

- |   |         |
|---|---------|
| 01. Introduction  | P.01    |
| 02. Talent Crisis Is Causing The Most Damage To Accounting Firms                | P.02    |
| 03. What Are The Key Underlying Factors Contributing To This Snowballing Issue? | P.03-04 |
| 04. Why Do Accounting Firms Struggle To Find Staff?                             | P.05    |
| 05. How To Embrace The Shifts To Overcome Staffing Challenges                   | P.06-07 |
| 06. Opportunity For Your Firm To Lead The Profession                            | P.08    |



Hitendra Patil, a doyen of the accounting profession, holds a distinguished position as one of the Top 100 Most Influential People in Accounting for six consecutive years. His expertise spans client accounting and advisory services (CAS / CAAS), emerging accounting technologies, and CPA firm success. He's an accomplished author of three books widely embraced by accountants across 15 countries and five continents. With a robust career spanning 25 years in accountancy-specific SaaS, global outsourcing, and executive leadership roles, Hitendra brings a wealth of experience. As the President of Global F&A Services at Datamatics, he drives the company's CPA and F&A business.

## Hitendra Patil

President, Global F&A Services, Datamatics Business Solutions, Inc.

# Introduction



**Executive Summary:** *Talent Crisis is the biggest threat to modern accounting firms' efficiency, growth, and stability. The evolving talent expectations are one of the key factors behind the crisis. This whitepaper examines the five shifts in talent expectations that accounting firms must embrace to excel and reroute themselves onto the path to success and growth.*

**TL;DR** - [Click Here to Schedule A No Obligation Call with Our Experts](#)

The talent crisis is the biggest challenge that modern accounting firms are facing. The workforce at any accounting firm is the secret behind the immaculate financial stability, innovation, and strategic service offerings they deliver to their clients. Marred by the ongoing accounting talent shortage, the accounting industry has to relook at its talent development programs, staffing strategies, and in-house talent retention programs.

Through this whitepaper on **“Accounting Talent Crisis: Why Firms Struggle to Find Staff and How to Adapt,”** we will dissect the ongoing talent crisis keeping accounting firms up at night. We will be covering five shifts in the talent expectations that accounting firms need to embrace to meet the expectations of the modern workforce. So, let us get started.

# Talent Crisis Is Causing The Most Damage To Accounting Firms

In nearly **50%** of accounting firms, staffing and retention, (lack of) work-life balance, and staff hitting burnout are the topmost challenges now.

And quite startlingly, to deal with these challenges, nearly **45%** of firms are turning away new clients and work.

The trends emerging from the current (**October 2023**) ongoing CPATrendlines research survey have uncovered these measurable impacts of the talent crisis on the accounting profession.

The accounting profession has been facing a talent shortage for quite some time. The challenge is getting more severe by the day. Reports indicate that:



Less than 1% of firms can find enough staff



The number of accounting grads is plummeting further, and



Accounting salaries are rising as the talent pipeline shrinks, making it strenuous for most firms



# What Are The Key Underlying Factors Contributing To This Snowballing Issue?

One of the topmost thought leaders in the accounting profession, Ron Baker, widely known as the father of “**value pricing**” for professional services firms, hit the nail on its head, stating:



*The World Bank reports that 80 percent of the developed world's wealth resides in human capital, illustrating that we've been in a knowledge economy since the 1950s. Yet most accounting firms are utilizing a business model developed during the Industrial Era, with a relentless focus on efficiency and a 'we sell time' mentality.*



When firms “**sell time**,” the natural focus is on extracting as much work as possible from the time available. For such firms, “**staff utilization**” and “**billable hours**” are the key management metrics. The invariable result is staffing challenges.

But, despite all the technological advances, automation, and artificial intelligence, you still need to hire and retain staff. You still need people to produce work and help clients accomplish their goals. How do you crack the code for balancing profitability, firm growth, and human capital fulfillment?

We have been speaking with hundreds of CPAs, accountants, and tax practitioners through the years. Over the recent few months, there has been distinctly noticeable common feedback from firm leaders about the generational work-ethic changes, aspirational differences, and the undeniable staffing challenge/talent shortage plaguing the accounting and tax profession.

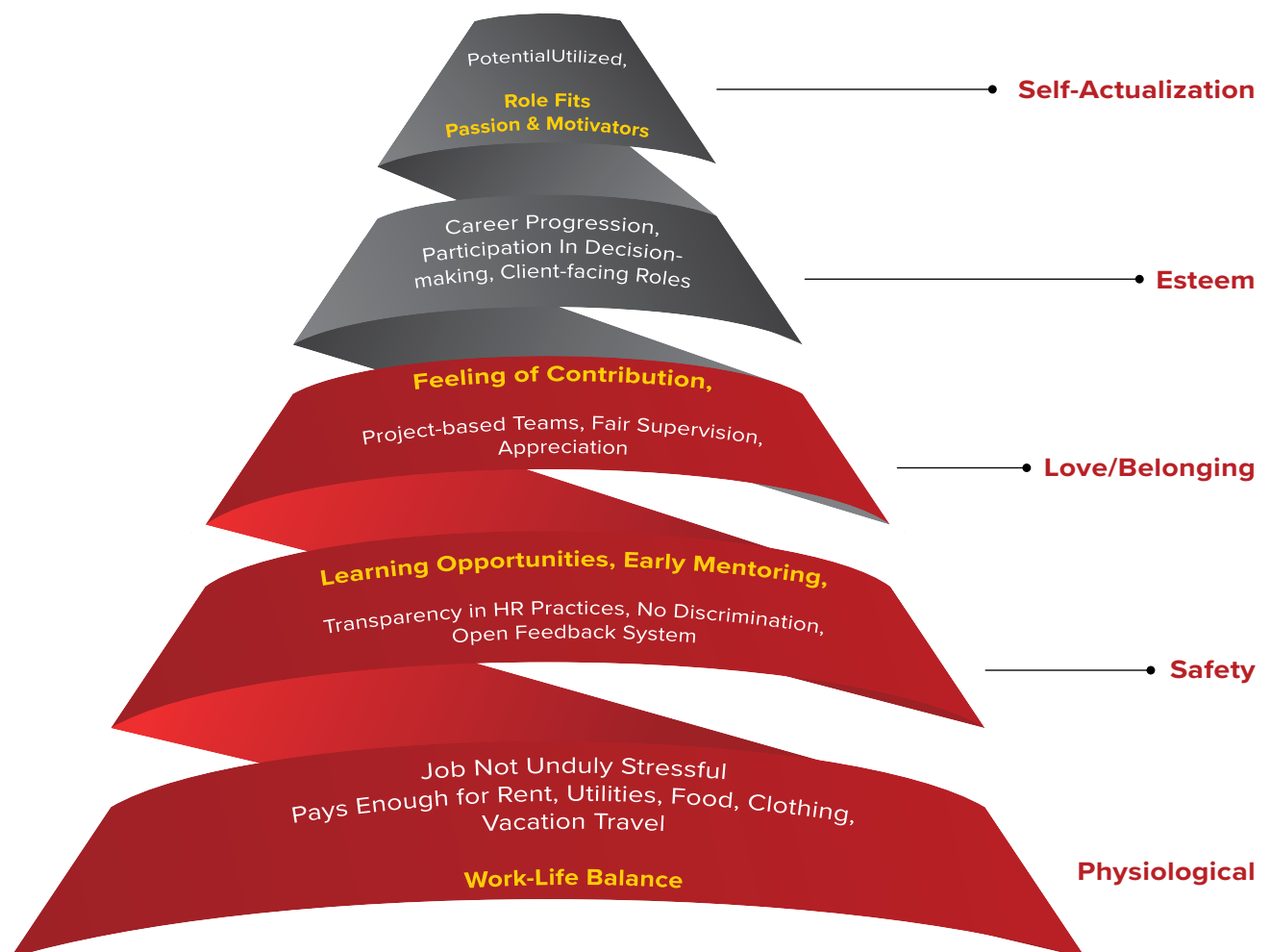
We researched further to discover solutions and possible strategies to ride the disruptive wave of human capital scarcity patterns in the accounting profession. We studied several technological shifts, human behavior science research, and successful firms' strategic and tactical moves.

We then thought about how to apply the widely accepted and well-researched Maslow's Theory of Hierarchical Needs to the accounting profession's current (and endlessly spiraling) situation, given the almost unanimous concern about the staffing scarcity challenges in the profession.

It is apparent that there are significant shifts in the hierarchy of needs of staff at accounting firms.

- What used to be LATE-STAGE needs in earlier generations seem to be now the EARLY-STAGE requirements of staff - to be more engaged and feel fulfilled.
- At the same time, the pinnacle of fulfillment no longer seems to be confined to only realizing one's potential. It now needs to align with the passion and strengths of the individual.

### The New Hierarchy of Needs of Staff at Accounting Firms



Note carefully. The proportion of the first two basic needs represents nearly 50 percent of the full spectrum. It indicates that compared to their past practices, firms must invest more time and pay more attention to the incoming staff. In addition, firms must give more opportunities to the existing team to leverage the experience and expertise they have gained working for the firm.



# Why Do Accounting Firms Struggle To Find Staff?

While the perceptions about the accounting profession, the likely fear that technology will take away accounting jobs, other professions and industries being perceived as more rewarding, and the resultant decrease in the number of accounting students are factors not in your control, there are some things you can do something about.

However, staffing challenges are not the real problem; they are symptoms of the underlying issues. For example:

- When firms hire, the job descriptions in their job ads invariably fail to adjust to the shifts in the hierarchical needs. Such a job ad indicates to the talent that they will be a misfit.
- The job descriptions that detail many tasks can (at times incorrectly), indicate inadequate automation and technology at the firm, thereby signaling grind-work.
- When the pay offered is not in line with the shifting safety and psychological needs, it is indicative of the struggle of firms to raise their prices, find better-higher-value clients, and not leverage their expertise enough to move more towards advisory services. That leads to the lower-value grind-work cycle reflected in the job ads and interviews.



# How To Embrace The Shifts To Overcome Staffing Challenges

Comparing the new hierarchy of needs of accounting staff with the classical “Maslow’s Hierarchical Needs” reveals why the text in yellow (refer image on page 04) represents the telltale shift in expectations of your new and future staff.

Let’s dissect these new needs from the ground up:



## Physiological needs

The biggest and perhaps the most unsettling effect for firms hiring now and in the future is the expectations of work-life balance becoming an almost physiological need of staff. Vacation travel (life experiences, in general) is high on the agenda of millennials. They need time. More importantly, they need freedom from location and office hours. They want flexibility.

As long as the work is done measurably, **“how and where”** is secondary to the new-gen staff. It converts into more technological investments for the firm (cloud, data security, etc.) and, of course, a paradigm shift in the mindset about how the work needs to be produced. (And this is just about staffing. We haven’t yet researched how new-gen **“clients’ expectations hierarchy”** is shifting.)



## Learning opportunities, early mentoring

Assigning a mentor right from day one when new staff joins is something you would want to ensure if you want to retain talent.

Learning opportunities are not limited to your procedures and processes alone. They include learning business skills as early in the job as possible. Those are the expectations that the new-gen brings in with them, and any disillusion due to the culture at firms leads to quick exits.





## Feeling of contribution

Born and brought up with collaborative technologies, quick communication, and an ability and desire to contribute to the **“group”** (community) is like breathing for the new-gen. Without it, their personas will suffocate. And they will look for fresh air (opportunities) outside your firm.

It indicates they need to be more than just part of a project team. As a firm, you need to measurably specify how they work as team members to contribute to the project's overall success.



## Participation in decision-making

While this **“need”** may not seem to have changed over the years, it is essential to note that combined with the need for a feeling of contribution, the natural progression is to make the new generation feel they are genuinely participating in the decision-making at the firm.

Do not get surprised if much less experienced staff says something like, “What if we did it this way?” or “Why can’t we do it that way?” It is calm before the staffing storm if they are not saying this.



## Role fits passion and motivators

The pinnacle of success is no longer confined to utilizing the person's strengths.

Just because someone is great (highly skilled and knowledgeable at something) and their role leverages that greatness, it is no longer a guarantee that the person will feel happy and truly fulfilled.

What will matter now, and increasingly so, is to provide challenges that appeal to the true passions and unique (and ever-changing) motivators of talented and experienced people. It is for the firm to invest time and intelligence in discovering what are those passions and motivators

# Opportunity For Your Firm To Lead The Profession

As the firm owner/leader, are you concerned about how staffing challenges are affecting/will affect your firm? Are you the key person responsible for delivering a fulfilling experience to people working at your firm and, as a result, providing better and more impactful client experiences? What have you noticed recently as the make-or-break factors in attracting and retaining talent at your firm? Do you feel your initiatives to overcome this situation are not producing the intended outcomes?

Talent crisis is not a threat. It is a new, once-in-a-generation chance for you to adapt and transform your business model. It is a trigger to innovate your processes. It is a new focus area for you to create and deliver more/higher value to your clients and your staff. By committing to **“do whatever it takes”** to respond to the talent crisis, you create a great opportunity for your firm to lead the profession - by embracing a “global operations business model.” While many of the Top 100 firms have used this global operations strategy for years, the latest technological advances have made it possible for mid-sized and even smaller firms to leverage this model.

Many firms like yours are taking steps to leverage the resource capabilities and expertise of **Datamatics Business Solutions**, a global leader in helping CPA/Accounting/Tax firms leverage the global operations model. Datamatics Business Solutions provides services **exclusively** to CPA/accounting/Tax firms. With flexible and customized engagement models that help you quickly fulfill your growth needs by benefiting from a large talent pool with relevant expertise and leading-edge technological competencies, Datamatics can empower your firm to grow quickly and profitably while ensuring you create better value for your clients and staff.



[\*Click Here to  
Schedule A No Obligation Call with Our Experts\*](#)

## Here's what a Quick Chat With our Accounting Expert Gets You

With years of experience in tailoring customized outsourcing solutions for CPA, Accounting, Tax, and Audit firms of all sizes, our outsourcing experts are your one-stop solution to help you:

1. Find opportunities for you to overcome staffing shortages and empower you to achieve the growth you desire and deserve
2. Quickly learn from the proven path of successfully implementing outsourcing arrangements at your firm (so you don't have to risk a trial-and-error method)
3. Get clarifications for your questions and concerns, and obtain more practical insights about outsourcing
4. Secure vital guidance to overcome obstacles and make informed decisions about outsourcing options
5. Get a customized outsourcing solution specifically tailored to meet your firm's unique needs

## About Datamatics Business Solutions

Datamatics Business Solutions is a technology-driven outsourcing partner for leading global enterprises. With our technology enabled CPA services, we help CPA firms achieve their business goals with absolute ease.

With a perfect balance of a highly scalable and secure ecosystem comprising of some of the most acclaimed accounting & ERP software and human ingenuity to go with, we have been able to retain 100% of our clients in over a decade of our operations.