Chapter 4:

The Declining Accounting Profession: Unravelling the Causes and Implications for the Future

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ABSTRACT

The accounting profession has historically been regarded as a prestigious and indispensable career, essential to both the public and private sectors. Accountants play a crucial role in financial evaluation, forecasting, and ensuring compliance with policies and standards, thereby maintaining financial integrity and corporate accountability. However, recent trends indicate a significant decline in the number of individuals pursuing and remaining in accounting careers. Reports highlight a 17% reduction in accountants and auditors, with over 300,000 professionals leaving the industry since 2019. This trend is exacerbated by the retirement of experienced professionals and a decreasing number of new entrants into the field. Furthermore, statistics reveal a sharp decline in accounting degree completions and CPA exam applicants, raising concerns about the profession's sustainability. Contributing factors to this decline include work-life balance challenges, limited interest among fresh graduates, and apprehensions regarding technological advancements potentially replacing traditional accounting roles. The diminishing workforce in accounting not only places additional burdens on existing professionals but also raises concerns about the long-term viability and integrity of financial reporting. This paper aims to explore and examine the key factors influencing the decline in the accounting profession and their broader implications for the industry.

Key Words: Accountant, Accounting Profession, Declining Profession

1. INTRODUCTION

Accounting used to be seen as a high-level profession. In any condition of economics, accountants are always needed in every sector of business, either public or private organizations. Regardless of whether they work in the public or private sectors, accountants are respected for their technical and strategic knowledge and expertise. This is due to their ability to carry out a thorough evaluation of finances and make predictions and projections for the entire year to maintain the financial health, success, and prosperity of the government institutions, agencies, and enterprises. Besides, accountants will also oversee the financial reporting and the procedures while ensuring that the policies and standards are followed. If the scarcity of the accounting profession keeps happening, corporate ethics and accountability may fall apart, which could potentially contribute to an increase in fraudulent activities which resulted in the similar case of Enron and WorldCom scandals of the early 2000s. However, it is no longer like that nowadays. The number of individuals joining and continuing in accounting professions is dropping, which creates a serious concern. According to Kathy Gurchiek (2023), there is a decline of 17 percent in the number of accountants and auditors that remain in the accounting field. It shows that there are 300,000 and more accountants and auditors who left their jobs in 2019. This may be due to the high number of employees who reached the age of retirement and also employees who leave the industry earlier to other industries like finance and technology. American Institute Certified Public Accountant (AICPA) mentioned that 75 percent of CPAs have reached the age of retirement in 2020. The number of Certified Public Accountants (CPA) that enter as accountants and auditors in the industries is also decreasing. The number of fresh talents and graduates entering the field is not enough to replace and fill back the large-scale departure of experienced CPAs from the accounting fields. The American Institute of Certified Public Accountants (AICPA, 2021) highlights that the number of students taking and passing the accounting degrees is declining. Hence, accounting degree completions show the lowest in the academic year of 2019 until 2020 with the overall number of bachelor's and master's degree completions being 72,923, which is the lowest in a decade (Burke & Polimeni, 2023; AICPA 2021). In the meantime, the number of people applying for the CPA exam in the year 2021 is also dropping 33 percent from 48,004 in 2016 to 32,188 in 2021 (Burke & Polimeni, 2023; AICPA, 2021). These problems can be seen due to many factors which includes, work life balance as an accountant and auditor, limited to no pursuant among fresh graduates, as well as the fear of the role of accountant is being taken over by the technologies. This issue has given significant impact to the accounting field, including the existing accountants and auditors, since they will face the current implications in their work, where their work will increase due to the scarcity of people remaining in the accounting fields and the concerns also widen regarding the future of this profession. Therefore, this paper will explore and examine the factors that are supposed to be influenced the decline in the accounting profession nowadays.

2. LITERATURE REVIEW

There are several significant factors that can be highlighted and elaborated in the discussion of causes for declining in accounting profession.

Limited to no pursuant among fresh graduated
According to AICPA (2023), Bachelor's degree completions in accounting dropped 7.8% from 2021–2022 after steady decline of 1-3% per year since 2015–2016. Master's degree completions also fell in 2021–2022 (-6.4%), but the percentage decline is significantly less than in 2019–2020.

First-year students usually start their study of introductory accounting with many and a lot of positive perceptions of accounting that they received and heard during their high school life. However, as they further their study until they became senior and final year students, the negative perceptions of accounting started to grow in them. Some recent high school graduates wish to pursue their study in accounting because they believe accounting is solely related to numbers, taxes and calculations. In turn, upon seeing that accounting is not like what they presumed, some grow enraged and opt to complete their studies without having a will to pursue a career in accounting fields. Some started questioning whether the designated syllabus and subjects are actually really for them as accounting students.

Misconception of accountants and accounting profession
There are few perceptions and stigmas that have pictured to the students and public on what and who the accountants are. These include, the images of the accountant, the work they perform, the skills needed to be an accountant and many more. The image of an accountant is being portrayed as someone who is introverted, systematic, antisocial and boring. According to Hunt, Anthony & Intrieri (2004) most people also believed that accountants are very skilled and competent in maths and tax preparations and very attentive to detail. Research performed by Mladenovic (2000) shows that students often view accounting as mainly numerical, essentially objective and less likely to understand the importance of communication skills for accountants. This makes them believe that accounting might have an inherent link and is related to the mathematics and statistical subject only and not any other subjects. Such stereotypes about the accountants are likely to deter and put off the interest of some creative individuals before they see and experience the genuinely appealing parts and aspects in the accounting environment. This includes the constantly changing clients, new challenges and problems occurring and variety in the work life. Therefore, it is critical that the public have a true understanding and realistic view of what accountants do, because inaccurate representations may result in biased conclusions and judgements.

Unbalanced work life
There is always a talk among the public about people who work as associates in an accounting or audit firm where they need to spend a significant number of hours while the one who works at an Amazon or Walmart doing analytics needs only a number of hours that are less than the hour accountants and auditors usually spend. The lengthy workweeks in the accounting field, 50-to-60-hour workweeks are common and standard when working at the biggest public companies, especially the period prior to tax and audit deadlines. Experiencing long working hours that sometimes-required overtime with heavy workload and tasks, stress and lack of rest has led to physical and mental exhaustion. According to Howard (2023), Stephanie (2022), and Mary (2022), they have mentioned that almost all accountants experienced some level of burnout that consists of emotional exhaustion, depersonalization and low sense of personal accomplishment. The stereotype of accountants and auditors' lifestyle has forced some students to avoid working in this industry and some accountants also choose to move out from working in the accounting field due to the same reason.

The rise of digital and technology in industries
A lot of traditional professions require changes to survive and stay relevant with the advent of the digital age since the 21st century has become the age of technological advancements. It might transform how businesses operate and will be used widely in the industries including in the accounting field. One of the professions where the new technology has made its impact including the accounting profession. As we can see, bookkeeping, a job that used to be done by hand, has changed to being done electronically with accounting software instead

nowadays. This has contributed to the rise of fear among the existing accountants where their roles and tasks being taken over by robots and artificial intelligence (AI). New technology and electronically machine used in accounting and auditing work has force accountant and auditors to require additional skills and knowledge in AI and machine learning skills which are different from those in the previous decades. This new sets of skills of technology have created a feeling among people in accounting fields that their skills may not be in demand anymore especially in the future since the job basically can be done by anyone that have the skills and knowledge in IT, software and machine. This can be seen in the year 2020 where the number of new non-accounting graduates who were hired into accounting and finance functions is increasing by 10 percent. AICPA's 2021 Trends Report revealed that 57.3 percent of newly hired graduates were accounting graduates while the remaining, 42.7 percent were non accounting graduates.

3. RECOMMENDATION

It is necessary to use a multifaceted approach that combines preventive measures and detecting methods to address the issues of reduction of accountant profession. There are numerous solutions for the issues that arise and highlighted in this conceptual study. This recommendation of solutions only can be successfully done by involvement of everyone
including the organizations, accountants itself, educators and the students.

Firstly, accounting academics especially, can encourage their students by promoting what accountants actually are. Students and the public's expectations and speculations can be influenced by a wide range of the profession's perceived personalities and the outcomes
produced by being an accountant (Hatane et al.,2021). Therefore, in order to positively influence students' and public's overall perception as well as to attract people who are creative, have analytical and leadership skills to the accounting field, the accounting educators and practitioners should actively promote the outcomes of becoming an accountant in terms of extrinsic, intrinsic, prestige and social to the student's public of all age (Hatane et al.,2021). Besides, students should be given the exposure to the real life of accountants by observing them and being part of them.

According to Aziz et al., (2017) and Brink et al., (2023), the exposure of the accounting students had towards the accounting profession during their degree program may have contributed to some changes in the way they view accountants and correct the false expectation and speculation that they had before. Other than that, colleges and universities can also provide and offer scholarships for students to sit for the CPA exam that might be costly for some of them as well as promising practical training placement for those who succeed and manage to finish the CPA test. For example, KPMG has offered scholarships to those with the ability and potential by providing a program that can accelerate their professional success and stretch their potential as future accountants (KPMG,2024). Furthermore, accountant that burned out can reach out to several resources for support, guidance and encouragement. Organization for professionals like the Association of Chartered Certified Accountants (ACCA), the American Institute of Certified Public Accountant (AICPA) and many others should provide their members with resources, guidance and supports systems. For example, these organizations can offer webinars, workshops and online services to promote mental health, work-life balance as well as stress management. The members of those organizations can consult with the mental health professionals, including therapists or counsellors, who can offer personalized counsel and specific guidance on burnout coping mechanisms. Besides, getting involved with peer by participating in the peer support like forums, support groups or professional networking platforms may help the accountants share and exchange their stories and experiences. They can also learn and gain any valuable and significant knowledge about effectively managing the burn. Other than that, in a world that technologies are widely used in the daily activities, gaining and learning new knowledge can help to survive in the long run. This is because, its being said that the technology will become part of essential things to operate the business nowadays. The rise of technologies, machineries and automations might just merely transform the roles and duties perform by the accountants into advisory since they are not solely dependent on the technologies. The accounting professions of nowadays might face certain threats from the usage of technologies in the industries however, the benefits when utilising this advancement are far more significant. It is proven that because of technological developments, accountants are now able to focus more on strategic and advanced thinking while the programs and software they use will help them in generating a greater value of work. The accountants' work with additional and deeper insight will improve their works efficiency. Therefore, to remain valuable in the accounting industry, it may be highly beneficial to pick up new and needed digital and technological skills like analytics, data visualization, cognitive computing, and machine learning. The companies have the option either offering tuition reimbursement or education support to cover any of their employees' educational expenses. For instance, KPMG has implemented a program that remains until today which offers educational benefits to its members. The formation of new and additional skill sets will result in a holistic education for the accounting students to enter the accounting profession since it encompasses both technology and humanities.

4. CONCLUSION

In conclusion, the accounting profession can be seen decreasing in number as the year increasing. The two main reasons are the departure of existing accountant from the accounting fields and no pursuant or entrance of new talent and fresh graduates into the accounting fields. The number of gaps occur between the two reasons has led to the rise of the problem of reduction of number of accountants over the year. The issues that can be seen contributed to the widen of the gap between the reason why the problem arise includes the misconception about the accountant created, the work life of accountant that seem unbalance to the public, limited to no pursuant in the number of fresh graduates' student in the accounting field as well as the rise of technological and digital in the industries. Therefore, there are few recommendations of solutions that can be seen to help in minimising the problem. This includes the encouragement by the academician, so the students know what accountant are actually are. Besides, exposure towards the real accountant that is given to the student might help them realize and know more about accountant. Furthermore, organization or accounting firm can help by providing support for
both mental and physical health to the members. Other than that, accountant itself needs to have will to gain and learn additional knowledge and skills of digital and technological to be able to survive in the accounting field in the future. The organizations can also provide
educational support for their employee to learn about the digitalize things and training to improve their skills.

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