**CPA firms' hiring of accounting grads down 30%**

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<https://www.accountingtoday.com/news/hiring-of-accounting-grads-by-cpa-firms-declines-30>

The hiring of accounting graduates by CPA firms has declined nearly 30 percent in recent years, and Illinois CPA Society president and CEO Todd Shapiro hopes to reverse that trend and make the profession more attractive to firms once again.

That’s especially needed in the midst of the novel coronavirus pandemic, when businesses have been laying off and furloughing staff, including accountants, leading to record levels of unemployment earlier this year before some companies began rehiring in recent months as the economy showed tentative signs of improvement. But corporate America has also been reducing the number of CPAs hired in recent years.

The American Institute of CPAs' [2019 AICPA Trends Report](https://www.aicpa.org/content/dam/aicpa/interestareas/accountingeducation/newsandpublications/downloadabledocuments/2019-trends-report.pdf), which is issued approximately every two years, says the decline occurred across the last two reports, going from nearly 45,000 in 2014 to 30,093 in 2018, with a 19 percent drop from 2014 to 2016, and 11 percent from 2016 to 2018.

“Hiring of accounting graduates is down 30 percent,” Shapiro said Tuesday during the ICPAS Summit, an annual conference that the Illinois Society held online this year. “That’s a massive decline in hiring of accounting graduates by CPA firms. This isn’t companies that traditionally haven’t hired accounting graduates that aren’t CPAs. These are accounting firms.”

At the same time, firms are hiring more non-accountants out of school, especially those with technology skills. The AICPA found the proportion of non-accounting hires as a percentage of all new graduate hires increased 11 percentage points to 31 percent in its most recent report.

“Yet there’s been an 11 percent increase in the hiring of non-accounting graduates, be they analysts, technologists, whatever the case may be — people who can use the technology to derive the information better,” said Shapiro. “So in fact we’re beginning a shift, and the question is how do we stave it off?”

He believes it’s essential for more accounting students to learn advanced technology skills. “In my mind, there’s no reason to hire a non-accounting graduate,” said Shapiro. “Hire an accounting graduate who has the right skills to do everything a non-accounting graduate can do. Hire an accounting graduate who in fact has the skills and capabilities and can perform those new skills that we’re seeing today.”

Like CPA firms, companies too have been reducing their hiring of CPAs, at least as CFOs. The percentage of Fortune 1000 CFOs who are CPAs fell to 36 percent last year, according to the consulting firm Korn Ferry, an all-time low from 2014, when the figure was 46 percent. “It’s not just on the firm side,” said Shapiro. “So if you’re working on the corporate side and asking if it’s affecting us, the answer is yes, it’s affecting the entire profession. Because people in fact are looking for different skills.”

That’s making accounting a less attractive option to many college students, whereas not long ago, many firms had trouble filling the pipeline of recruits.

“Students are seeing this,” said Shapiro. “Let’s not kid ourselves. When you’re in college, you think about what you’re going to do with your career. You think about what the opportunities are, and what skills you need. And when you look at who’s getting hired, and if you see a 30 percent drop in hiring of accounting graduates, you start thinking about whether I should be a CPA.”

He cited figures from the American Institute of CPAs tracking the number of new CPA candidates each year. It showed a 10-year low in 2018 after a big jump in 2016 and a stable level in 2017, perhaps due to upcoming changes in the CPA Exam.

“Whenever there are changes in the exam, we see people flock to take the exam before they make the changes,” said Shapiro.

The Illinois CPA Society is doing further research on the causes with accounting students and some recent graduates who have not pursued the exam to understand why, and whether it has anything to do with the requirement for 150 hours of semester study.

“Is it the 150 hours? Is that a factor? I’m not sure that’s the case,” said Shapiro. “It’s been around for a long time.”

He hypothesizes that it’s because students are not seeing demand from prospective employers. “If in fact it’s not being valued by employers, why should I pursue it? If it is being valued, what does it represent? Why is it being valued?”

The ICPAS board of directors had an offsite strategic retreat last November to talk about the issue and they met with a consultant to try to assess what the CPA profession will look like in 2027. The Illinois Society plans to come out with a white paper based on the research later this year.

Shapiro believes that the growth of technologies like robotic process automation and artificial intelligence help explain the trend. “Tech took over,” he said. “RPA and AI are utilized in every function a CPA performs. Some of you will say small businesses won’t get there by then. I tell you small businesses are getting there now.”

He cited the example of the Illinois CPA Society as a small business with less than $10 million in revenue that relies heavily on cloud-based technology to handle accounting processes and payment systems. “We utilize AI and RPA today and we’re a small business,” he said.

Shapiro cited an Oxford University study that predicted a 94 percent probability that the jobs of auditors and accountants will be virtually automated, and a 99 percent probability that tax preparation will become automated in the future.

“This is not just an accounting issue, it’s a societal issue,” said Shapiro. “There’s a McKinsey study that said by 2030, 30 percent of jobs will be replaced by artificial intelligence or robotic process automation. I can’t be exact about the year, but by about 2027, we believe that technology will take over and be utilized by every function a CPA performs. As a result, firms have had to evolve.”

He believes there will be a drop in the number of CPAs by 2027. Currently, according to the National Association of State Boards of Accountancy, there are around 647,500 CPAs.

“We believe there will be fewer CPAs in 2027 than in 2019,” said Shapiro. “In 2020, there were about 650,000 CPAs. In 2027, no matter what we do, there’s no way to stop the automation train.”

**Superheroes of business**

ICPAS chairperson Dorri McWhorter spoke alongside Shapiro at the conference. Like him, she believes accountants can overcome these trends by expanding beyond the traditional role of trusted advisor and become more like a strategic advisor for their business clients to help them deal with the economic downturn from the pandemic and other pressing issues.

CPAs are the “superheroes of business,” according to McWhorter, a former Crowe partner who is now CEO of the YWCA Metropolitan Chicago.

“The world can just be a better place if more superheroes are in charge of it,” she said. “You talk about being a trusted and strategic advisor. I think that fundamentally that’s what superheroes do. They use trust to create a better world. I feel like with how CPAs approach business by understanding and really using that foundation of trust to then give better strategic advice, that sort of makes them the superheroes of business, in the sense that they are the folks that people trust and they’re the folks people rely on.”

McWhorter believes businesses can benefit by listening to a CPA’s advice when they’re experiencing problems like the current pandemic. “In times of trouble, I always say people start looking at the financials instead of looking at the business,” she said. “They look at the financials first when CPAs can help guide them through what’s important in the financials and how you can truly drive the change on the financial side. I always say too that sometimes you become the tail wagging the dog in the sense of looking at the numbers, wanting the business to change, when you have to change the business to change the numbers. But CPAs can truly help people do that.”

The ICPAS has been weathering the pandemic, but it has needed to shift all of its conferences like the annual summit and other educational events online to reach its members. However, Shapiro has still been coming in regularly to the Chicago offices in person to pick up the mail and deal with other business at the Illinois CPA Society. He spoke from his office with *Accounting Today*about the trends he described in his keynote address and whether accounting is still a safe profession for college students to enter.

“I think it’s always going to be safe,” he said. “We’re not saying it‘s not going to be a safe career.”

He noted that the eight biggest firms have shifted much of their hiring away from CPAs, but they’re still hiring a lot of CPAs. “Those are the ones that are doing the shifting,” he said. “The Main Street firms aren’t shifting to hire non-CPAs. The largest employers of CPAs will always be the large firms. I don’t think it’s going to go away.”

He believes that initiatives like the AICPA’s and NASBA’s CPA Evolution project could convince firms to hire more CPAs by evolving the CPA licensing model to require more advanced technology skills.

“I think what the AICPA is trying to do through their evolution of the CPA is they’re trying to infuse more technology into it, which I think is important,” said Shapiro. “If you look at why the firms are hiring non-CPAs, it’s not that they’re hiring non-accounting majors because they don’t want accountants. They’re hiring skill sets. As they look at data analysis and data analytics, they’re hiring the people who have the skill sets in those things. What a data analyst does today will be done by computer in three years. So be careful of what you start to shoot for. That’s why our board and the Illinois CPA Society have moved from this concept of the most trusted to the most trusted and strategic advisor. We need to move toward providing more insight.”

In the end, it comes down to education and preparation, and putting technical skills into practice.

“We believe that the more you embed technology in accounting graduates’ education, they will have the skills that firms are looking for and firms will hire more,” Shapiro added. “This is consistent with the AICPA/NASBA CPA Evolution project. That said, long term, we (the Illinois CPA Society) believe that the CPA needs to be more than adding technology, as that is ever changing. That is why long term we believe that the CPA needs to be a strategist in addition to [having] accounting and technology skills. That ensures our relevance and will encourage colleges to pursue accounting.”

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