

# TODAY'S CPA

Texas Society of Certified Public Accountants

## TXCPA ACCOUNTING INDUSTRY OUTLOOK

New Accounting Industry Outlook Report reveals trends in organizational culture and other issues impacting the profession

This special report is easily removed for future use.



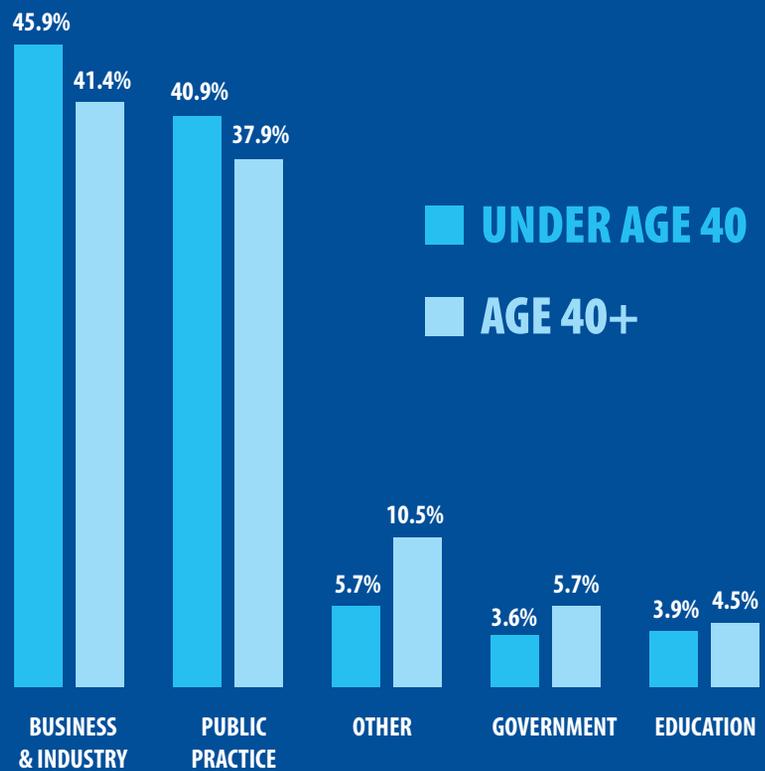
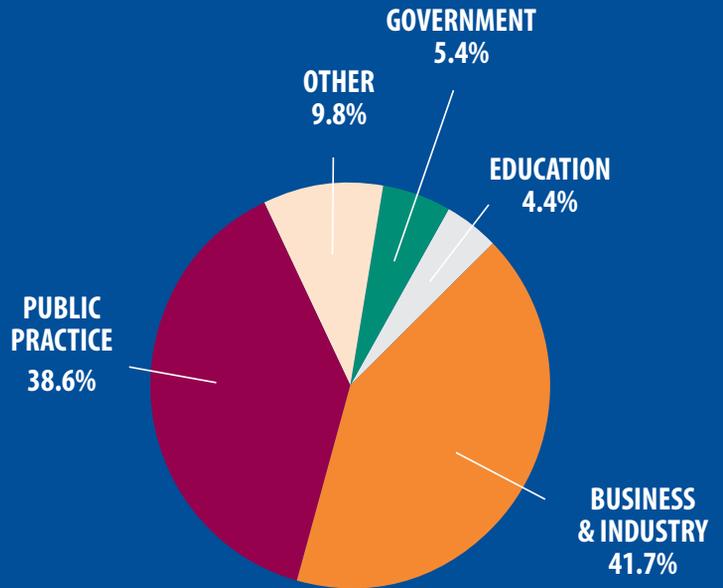
**C**onsider this – what is the most important intangible element of your business that sets you apart from every other business in the world? Organizational culture should be right at the top of the list. **A positive culture is considered to be the single most important competitive advantage for an organization** and it can have a major impact on your bottom line.

By DeLynn Deakins, *Today's CPA* Managing Editor



## Which of the following most closely reflects your area of work?

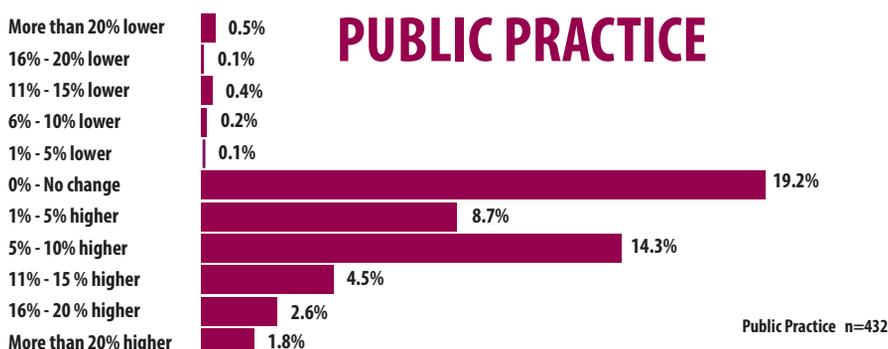
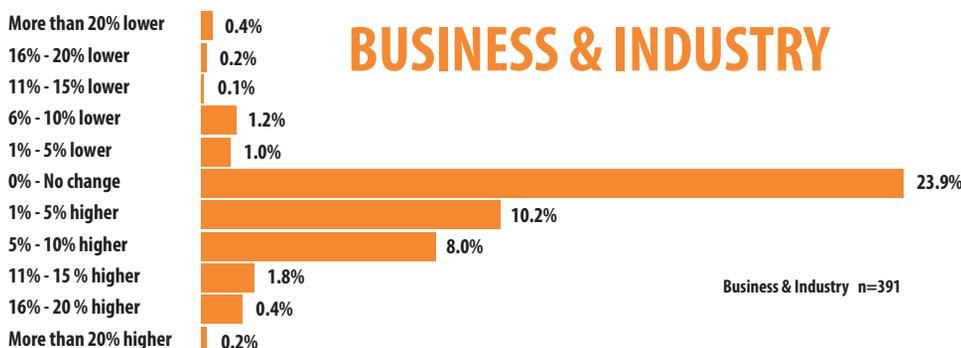
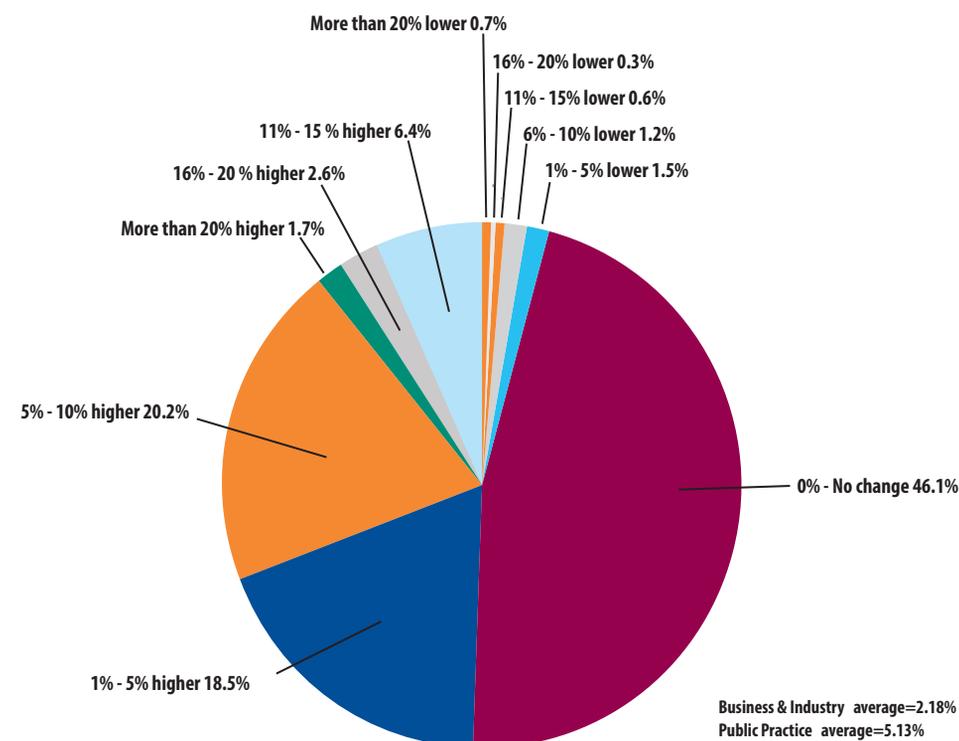
n=2,635



Under Age 40 n=386

Age 40+ n=2,215

# To what degree is your organization adjusting the starting pay for new CPAs?



**E**very organization has a unique culture. It's the most powerful force people experience, setting the tone and context for everything an organization does.

It tells people how to behave, what values to adhere to, and what matters most.

According to Brighton Leadership, culture enables strategy. When culture and strategy are aligned, companies can show as much as a 50% differential in performance. To energize a culture into a competitive advantage, an emotional connection is needed between the enterprise and its employees. It is culture that shapes an employee's experience. Employees say organizational culture is a top priority for potential jobs.

This spring, TXCPA continued our series of research surveys designed to examine the accounting industry outlook and we discovered some interesting trends related to organizational culture and other far-reaching issues. The survey respondents were made up of TXCPA members and non-members and they were professionals in business and industry (41.7%), public practice (38.6%), government (5.4%), education (4.4%) and other professionals (9.8%).

## Hiring and Salaries

Having ample staff resources to meet organizational objectives can positively impact the culture by minimizing burnout and preventing disproportionate responsibilities across team members. The accounting profession is facing a shrinking pipeline of new talent, which is critical for replacing retiring staff and growing business. As firms and companies continue to face heavy competition to attract and hire CPAs, the survey revealed a shift toward hiring more non-CPAs to fill the void. The rate of employment of full-time, in-house

CPAs has statistically declined from 2022 to 2023, while the rate of projected employment of full-time, in-house non-CPA professionals has statistically increased during that time. In addition, the rate of projected employment of administrative staff has statistically declined from May 2022.

To help attract top talent, a majority of respondents in public practice predict an increase in the starting pay for new CPAs. Many of the respondents working in business and industry organizations (23.9%) predicted no change in the starting pay.

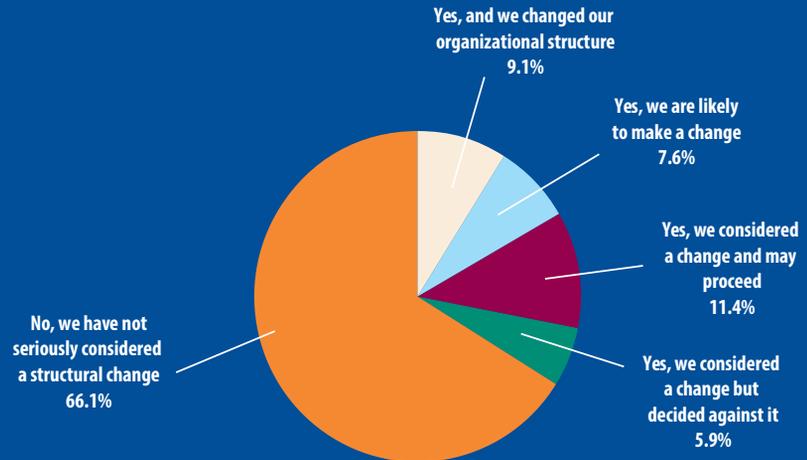
## Structural Change – Mergers and Acquisitions

When two organizations merge, their cultural aspects must also come together. If cultures clash, it can lead to tension and conflict. This can disrupt productivity and even cause the deal to fail. In fact, it has been reported in the past that around 70-90% of mergers and acquisitions fail to deliver their anticipated benefits because of “cultural issues.” Organizations need to recognize the cultural differences as influences that can affect the merger’s success and take steps to address the issues that impact their people.

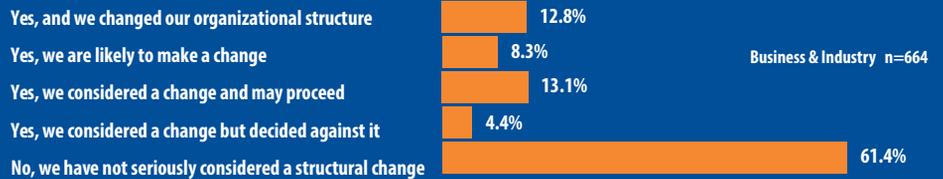
Within the accounting profession, business and industry companies are statistically more likely to have considered a structural change in the past 12 months compared to public practice firms.

Taking a closer look at the size of the organizations that seriously considered a structural change within the last 12 months, they were organizations with at least 15 CPAs and at least \$30 million in accounting-related annual revenue. Further, the most likely organizations to have actually changed their structure employ at least 75 CPAs and at least \$30 million in accounting-related annual revenue.

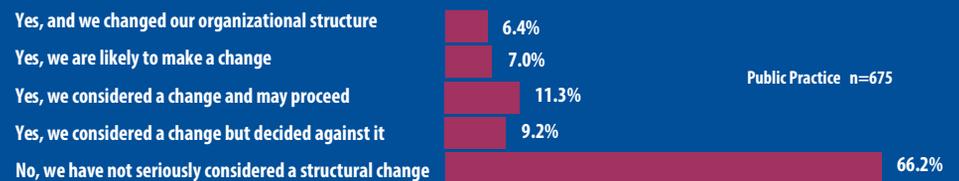
# Has your firm seriously considered an organizational structure change (i.e., mergers and acquisitions) within the last 12 months?



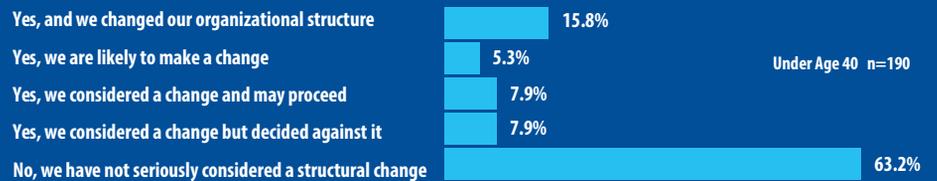
## BUSINESS & INDUSTRY



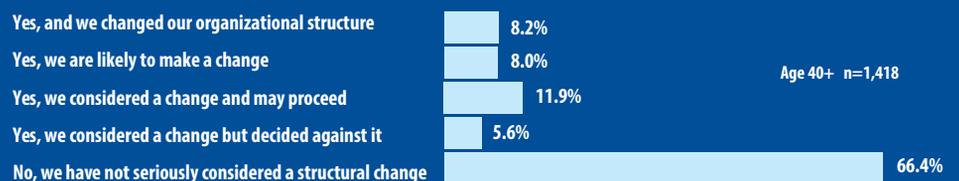
## PUBLIC PRACTICE



## UNDER AGE 40

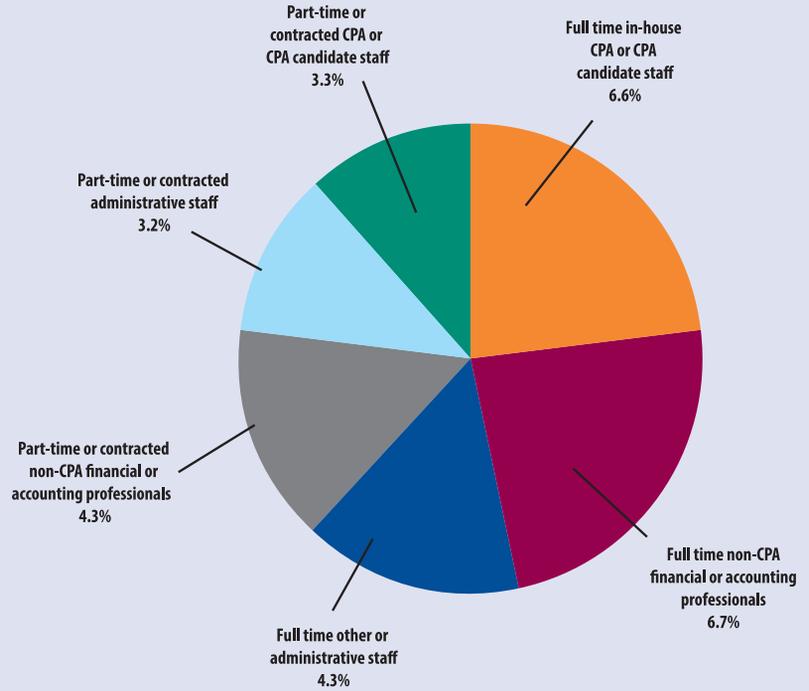


## AGE 40+

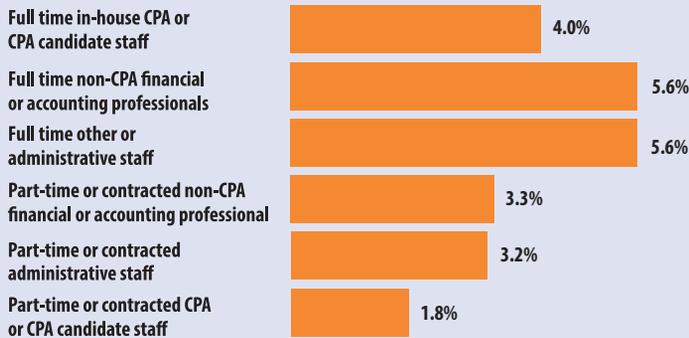


# How much do you project employment will change within your organization, overall, over the next 12 months?

n=1,688

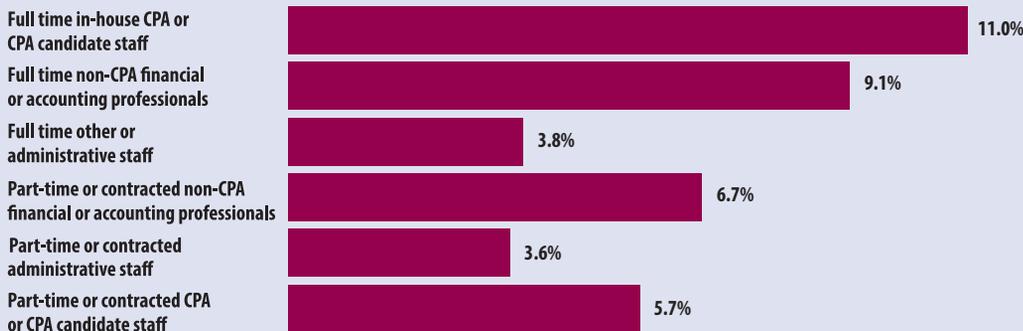


## BUSINESS & INDUSTRY



Business & Industry n=709

## PUBLIC PRACTICE



Public Practice n=712

## Trends in Levels of Business

Organizational culture can also thrive in times of growth, which can come about through expanded business opportunities or with a positive outlook on the future of the organization's current business. The survey explored the predicted levels of business in the accounting industry over the next 12 months. Respondents in public practice expect higher business levels than CPAs in business and industry.

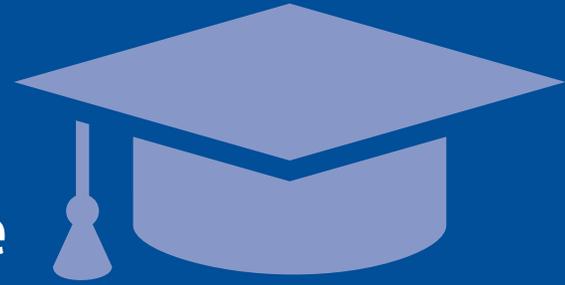
When considering tax vs. audit work, respondents in tax predicted statistically lower levels of business in the year to come, while CPAs in audit predicted statistically higher levels of business during the same time period.

**It is culture that shapes an employee's experience. Employees say organizational culture is a top priority for potential jobs.**

## Managing Your Culture

In an ever-evolving profession, it is critical that organizations are continuously reviewing and supporting a culture that will provide a steady foundation and help them thrive in times of change. Knowing the trends related to hiring, pay, mergers and growing areas of business will help you prepare your organization for what's to come so

# Strengthening the CPA Pipeline



Addressing the challenges employers continue to face attracting new CPAs to the profession, TXCPA along with our 20 local chapters, our member volunteers, and Texas firms and companies have done significant work to provide student outreach and promote accounting as a career, and specifically the CPA license. TXCPA's Pipeline Task Force developed a **statewide strategy** to guide our work and help measure the impact of our collective efforts.

During the 2023 Texas legislative session, the legislature and TXCPA took some major steps in addressing the CPA pipeline. TXCPA and our partners in the legislature advocated for two bills that passed. They were signed by Governor Greg Abbott and are now the law.

**SB 159** allows students to begin to

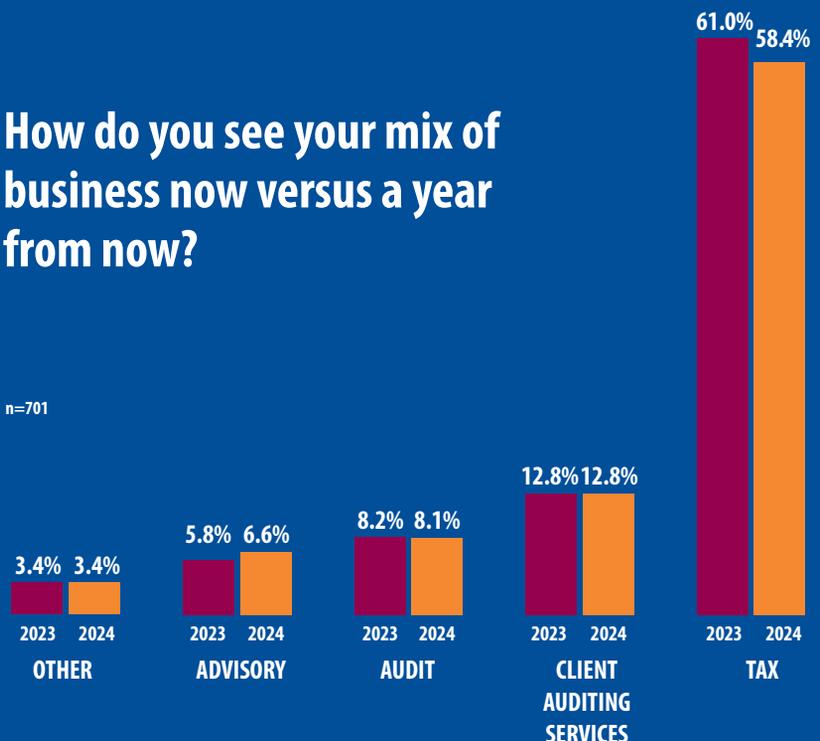
take the CPA Exam after completion of 120 hours of education and 21 hours of upper-level accounting. This was a big change for Texas, and TXCPA is working to make sure the rules work for students, educators and the Texas State Board of Public Accountancy.

The second bill, **HB 2217**, includes an expansion of the State Board's Fifth-Year Scholarship Program. The legislation will expand the number of students who would be eligible to receive a scholarship to include accounting students who have completed at least 15 hours of upper-level accounting.

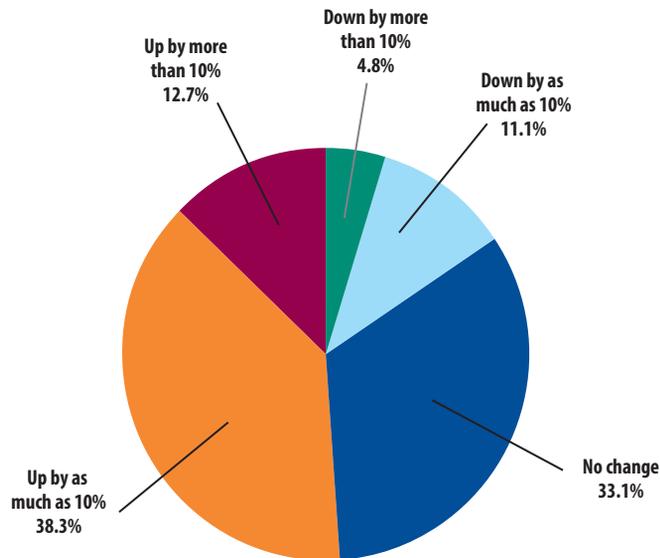
In the coming months, TXCPA will be providing more information on both of these bills and how students can take advantage of the legislation in their path to CPA licensure.

## How do you see your mix of business now versus a year from now?

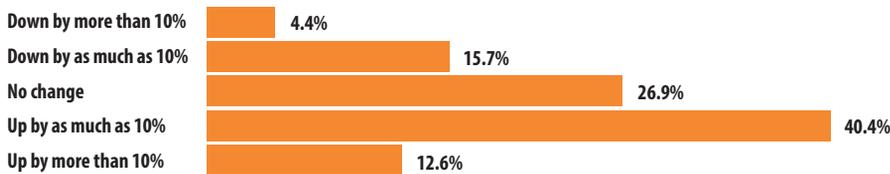
n=701



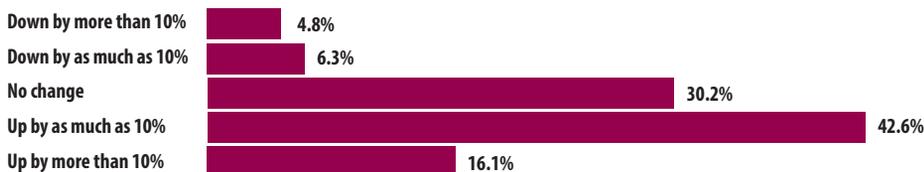
# How do you predict your overall level of business to change over the next 12 months?



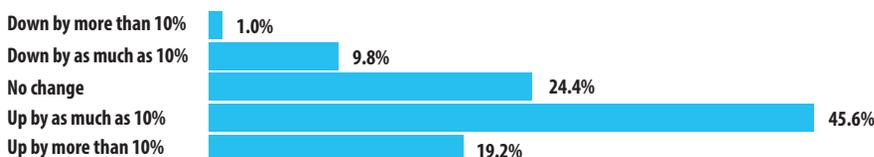
## BUSINESS & INDUSTRY



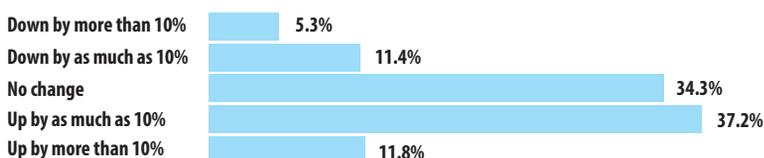
## PUBLIC PRACTICE



## UNDER AGE 40



## AGE 40+



you can manage your culture for positive results.

TXCPA thanks those who participated in the spring 2023 accounting industry outlook survey and provided important data on the direction the profession is headed over the next year. We look forward to sharing future reports with you, where we'll continue to identify key trends that will impact Texas businesses and accounting organizations.

### Endnotes

<sup>1</sup> "What is Corporate Culture, Why It Matters and How to Build It." Haiilo, Jan 13, 2023, <https://haiilo.com/blog/corporate-culture-definition-importance-best-practices/>

<sup>2</sup> "What is Corporate Culture, Why It Matters and How to Build It." Haiilo, Jan 13, 2023, <https://haiilo.com/blog/corporate-culture-definition-importance-best-practices/>

<sup>3</sup> "Cultural Integration in Mergers and Acquisitions." Technicali, Aug 30, 2022, <https://technicali.com/cultural-integration-in-mergers-and-acquisitions/>

## You Can Sponsor TXCPA's Accounting Industry Outlook

Twice each year, TXCPA surveys accounting and finance professionals asking them to help us identify issues that will be important to the future of their business. If you would like to sponsor the TXCPA Accounting Industry Outlook, please contact our Media Representative Lisa Turner at [lisaturner@lmtmedia.com](mailto:lisaturner@lmtmedia.com) or 941-400-7419.