

Briefing on Emerging Issues

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Emerging Issues – Talent and Diversity

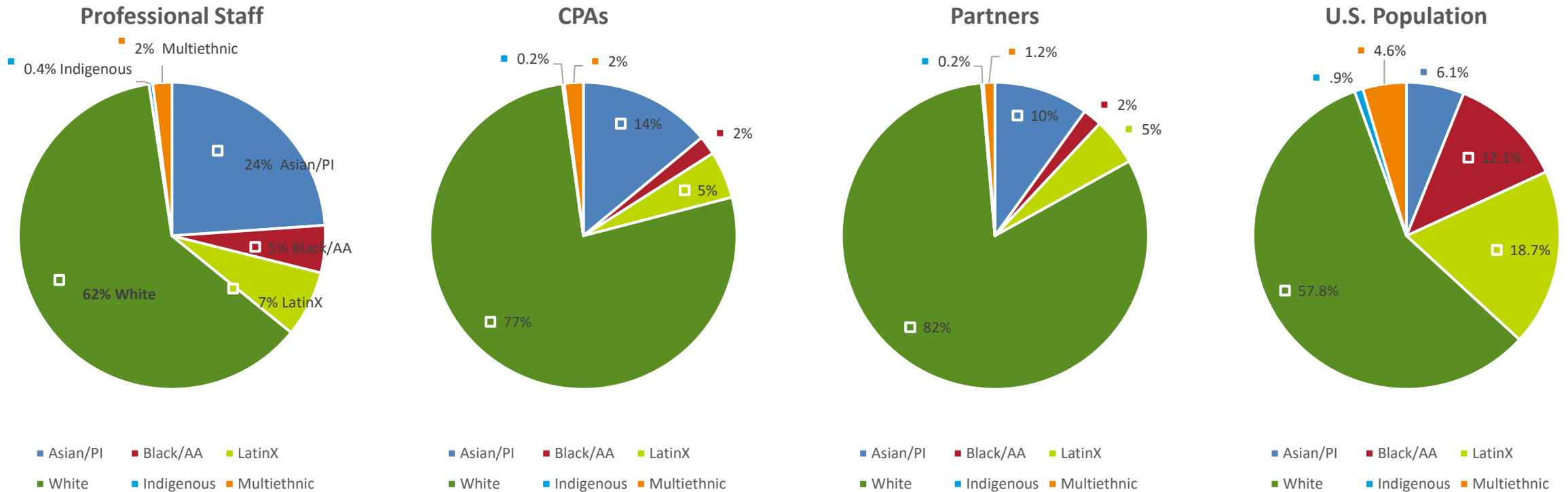
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Accounting Profession Talent Deficit

- Decline in the number of people sitting for the CPA exam (AICPA)
- Decrease in CPA Exam candidates who passed their 4th section of the exam (AICPA)
- Reduction of enrollment of students pursuing a degree in accounting (AICPA)
- Expectations of lower future enrollment in the accounting major (AICPA)
- Increased turnover in large CPA firms (firm with revenues exceeding \$75 million)
(Inside Public Accounting)
- CFOs rank attracting and retaining employees as a top challenge (Deloitte)
- “The labor shortage is here to stay” Mike Bearup, KPMG Lead partner for culture



The Accounting Profession in Context of US Population



Accounting is less representative of the population as the career progresses.



Opportunity for PCAOB Leadership

- Conversations on the talent deficit often omit the DEI issue
- Lack of Black talent is particularly stark: Blacks are < 1% of U.S. CPAs. While other minority groups saw growth, the proportion of Black CPAs has remained largely unchanged since the inception of the National Association of Black Accountants (NABA) in 1969 (NABA)
- The major accounting firms claim to have spent considerable dollars and issued many statements on increasing inclusiveness, but AICPA and firm data show little to no achievement (Joe 2022)
- The “pipeline problem” is a myth – since 2013 < 60% of accounting majors are White (AICPA Trends; Integrated Postsecondary Education Data System)



Opportunity for PCAOB Leadership

- Black CPAs report that lack of mentoring, feelings of isolation, and being targets of discrimination by peers, supervisors and clients led to their departure from public accounting (Weisenfeld and Robinson-Backmon 2001; Davis et al 2021)
- The current model for promotion, particularly at the partner level, encourages sameness and bias towards those who reflect the existing partner group
- Despite the recent emphasis in accounting on environmental, social and governance (ESGs), the conversation has omitted diversity and equity (Joe 2022)
- ESG metrics do not consider the disproportionate negative impact on racial minorities. ESG policy making bodies are not inclusive of people from the populations most negatively impacted by ESG issues and problems (Joe 2022)



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