



CENTER FOR
ACCOUNTING
TRANSFORMATION

The DEI Journey of the Accounting Profession

A Research Study

Identifying trends among accountants and their organization's DEI journeys and how to best help CPAs, accountants, vendors, and other professionals in the accounting profession accelerate their organization's DEI journeys.

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INTRODUCTION

It feels like we've been talking about the needs of minorities in the accounting profession for literally decades already. Actually, I know it's been at least a decade because it was one of the topics discussed by the AICPA's [CPA Horizons 2025](#) Advisory Board in 2011, which I was lucky to be a part of. Being born and raised and having done my undergraduate work in Hawaii, I hadn't been exposed to much of the broader racial tensions or discrimination seen in the mainland U.S., except for what I read in history books or saw in movies. Hawaii was already quite culturally diverse while I was growing up in the 80s and 90s, and Asian Americans have been the majority in Hawaii for many years.

As a result of the Advisory Board discussions, the CPA Horizons 2025 Report included ten "Insights and Directions" that we felt would shape the profession until we reached 2025. One of these insights was "Demographic Shifts," which provided the following directives:

- "Continue to offer opportunities that enhance the profession's appeal and be proactive in addressing both U.S. and global demographic shifts.
- Continue to embrace changing demographics as they relate to diversity (age, gender, and ethnicity), changing family structures, increasingly international communities, and other demographic changes in society." [i]

The report goes on to cite the AICPA's 2011 Trends report, which looks at the supply of accounting graduates and demand for public accounting recruits. It mentions some key statistics:

- Women represent half of the new accounting professionals hired by CPA firms. **Yet, they are not reflected in the same proportion in senior management or leadership roles in the majority of firms or in the U.S. job market.** [ii]
- Ethnic diversity in accounting graduates increased from 7% to 21% from 2009 to 2011. **But minority populations are not reflected in leadership roles in business.** [iii]

Sadly, when you look at the data today, both bolded statements above are still true.

How could we have come 13 years further and not made significant progress on building a more inclusive profession? This is the question that inspired the Center for Accounting Transformation to conduct this research study.



DEFINING DEI

Just in case anyone new to this topic is reading, DEI stands for Diversity, Equity, and Inclusion. To help ensure we are working from the same understanding of these terms, in this section, I'll explain how we use these terms at the Center for Accounting Transformation.

Understanding Diversity

Mention of Diversity usually makes us think of race and gender, and, increasingly, sexual orientation. But keep in mind that true Diversity has many aspects beyond these typical three. In our research we gathered data on 15 aspects of diversity specific to respondents:

1. Age range
2. Children: whether a person has children and the number of children they have
3. Ethnicity: cultural identification
4. Gender identity
5. Immigrant status: what generation of immigrant the person is to their country of residence
6. Marital status
7. Nationality: country of citizenship
8. Organizational role: their level of authority within an organization, for example, lead executive versus management versus staff
9. Physical disability and neuro-diversity
10. Political ideology
11. Practice area: their area of expertise within the accounting profession
12. Religion
13. Sexual orientation
14. Social class
15. Veteran status: whether or not the person has or is serving in the armed forces.

As you can see from the above, when you consider the broader picture of diversity, many DEI issues have a more expansive impact than just gender and ethnicity, where much of the work in this area is focused. In our work at the Center for Accounting Transformation, we try to work with this wider view of diversity. We find that many of the solutions and interventions that help one part of the diversity spectrum help others in another aspect of the diversity spectrum.

Understanding Equity

When we talk about Equity, we're really talking about ensuring that all people have equal access to opportunities. Note that Equity often gets confused with Equality. There is a cartoon graphic showing the difference between *equity* versus *equality*. In the cartoon, there are three people, a tall person, an average height person, and a short person. All three are trying to peer over a fence that is above the average height person's head. The solution to help them see over the fence is to provide them with a box to stand on. *Equality* would mean that you provide all three with the same size box—which is determined based on the average person's need.

While this helps the tall person and the average person, the short person still can't see over the fence. To help the short person, it is necessary to provide *equitable* boxes, so the box for the tall person is a little lower, the box for the average person is the same as before, and the box for the short person is higher. This lets all three see over the fence and have the same view.

This is what we are trying to achieve with Equity, providing all people with a “level playing field.” Keep in mind that having access to opportunities doesn't mean that all people have to “win” equally. For example, I am involved with conference planning and the selection of people for committees. When selecting people to present or appoint, respectively, we try to ensure our candidate pools are diverse and we are purposely spending time to increase the diversity of the pool if we feel it isn't represented by the candidates. Sometimes that results in diverse candidates getting selected, and sometimes we determine that the non-diverse candidates are still the best choice for the conference or committee. Even if the end result is not diverse, we've still provided Equity in the opportunity to speak or be a part of the committee.

Notice that I used the terms *diverse* and *non-diverse*, rather than minority or under-represented. At the Center for Accounting Transformation, we believe that we need to create Equity for *all people*. While we do want to ensure that minorities and under-represented people have that “higher box” to ensure they get access to opportunities, we also believe that it shouldn't result in harm to the majority by penalizing or taking opportunities away from them. Yes, I know this is a very sensitive area for many, and there are a lot more nuances to how we should handle this, but that could be a whole other whitepaper alone. So please just go with me on this concept for now—to be effective and accepted by all, Equity needs to work for all, not just the minority or under-represented.

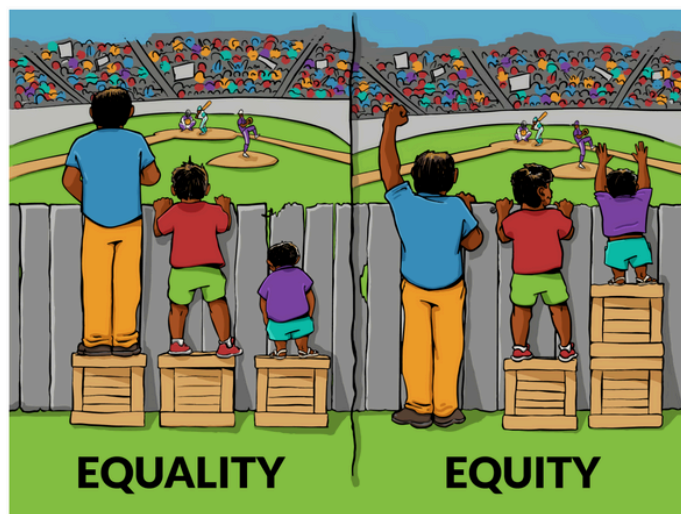


Image attribution: [Interaction Institute for Social Change](#) | Artist: [Angus Maguire](#)

Understanding Inclusion

Lastly, but probably most important is Inclusion. If you think about opportunity in general as “having a seat at the table,” Diversity looks at who is sitting around the table. Are the people around the table diverse? Keep in mind that I purposely didn’t ask, “Can we SEE the diversity of the people sitting around the table?” If you look at the list of aspects of diversity in the previous section, many of those aspects are not physically visible. For example, neurodiversity (part of the physical disability aspect) includes people with dyslexia, or, another physical disability is the inability to hear (whether partial or full deafness). These are not directly visible, so when you look at diversity, be sure you are considering visible and non-visible aspects.



Image attribution: Jina Etienne, CPA, CGMA, CDE - Etienne Consulting, LLC

But I digress, back to Inclusion. While there may be a diverse set of people sitting at the table, Inclusion means that everyone at the table feels like they belong at the table. Can everyone participate in the conversation? Are their ideas treated as equally as ideas from others at the table? Are they just the “token person for diversity” and there to meet the metrics, but not actually welcome to participate?

Another analogy for Inclusion is being at a social event where there is dancing. You may have diverse attendees at the event, but is the person(s) representing diversity being asked to dance? If they’re there sitting at a table by themselves or at a table with others but being ignored, they aren’t being included.



I've also heard about issues - and experienced myself - not being included when with other minorities. For example, there was a large accounting firm with predominantly Black staff where some of my non-Black friends worked who said they really felt out of place and felt excluded from a lot of the socialization because they weren't Black. I have also experienced this when I was with a bunch of first-generation Asian immigrants. Because I'm fourth-generation Asian American, I don't speak either of my "native tongues" (I'm half Japanese and half Chinese). They would hold full conversations in their native tongue while I was at the table—unable to understand or participate—they didn't include me. They would also ask me about my "home country" and why I don't speak my "native language". When I responded saying that I'm fourth-generation American, so the U.S. and English is home and native to me, they would make me feel like I was not Asian enough.

Inclusion is very nuanced and much more difficult to "measure," but I hope through the examples above, you can see how it applies to everyone and in many different types of situations. At the Center for Accounting Transformation, we believe that the outcome of inclusive practices is the feeling of "Belonging"—that the person feels like they are a part of the group and belongs at the table or at the event. Because of the importance of this outcome, you often now see DEIB, short for Diversity, Equity, Inclusion and Belonging.



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- executive coaching
- building organizational capability relative to inclusive people development

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WHERE ARE WE ON DEI IN THE ACCOUNTING PROFESSION?

The accounting profession's concern with diversity goes back well before the CPA Horizons project. Most of you know racial issues have historically plagued the U.S. and we could write novels on these issues if we analyzed the past.

Using 2010-2011 As a Baseline

For the purposes of this report, I am going to use the CPA Horizons project year of 2011 as somewhat of a baseline as I write for two main reasons. One, because, as I mentioned before, the advisory board meeting was my first more in-depth exposure to these issues, so it is hard for me to comment on conditions before 2011 without a lot of research. But perhaps more importantly, two, because the social trends and tenor in the country in 2011 are probably more comparable to what we know today than previous years. Also, many of the current reports include data that goes back to 2010-2011, so these years will be used as the baseline.

In addition to the statements on women and minorities included in the introduction, consider these other points provided by the CPA Horizons 2025[iv] report:

- The convergence of the Baby Boomers, Generation X, Generation Y, and Millennials is transforming the workplace. The differences in the needs, wants, and work styles of these generations create numerous challenges.
- The oldest Baby Boomers reach retirement age in 2011, yet many expect to postpone retirement. In particular, the report mentions economic turmoil that has reduced savings necessitating working additional years to recoup losses before retirements.
- Enormous changes are taking place within the profession as younger workers bring their own priorities to the workplace. Younger workers desire greater work/life balance, increased technological integration and innovation, and meaningful learning and advancement opportunities. Older workers are concerned that traditional relationship-building and commitment to business and client needs are losing importance.



The report went on to describe these impacts to the accounting profession:

- “The profession must strive to reflect the demographic shifts of incoming accounting students, clients, business, and society.
- Programs offered to support minorities, women, and young CPAs in the workplace must be more widely implemented throughout the profession.
- Experienced and older CPAs must continue to mentor young CPAs and identify leadership and advancement opportunities that will foster stronger relationships and loyalty.
- In order to attract and retain younger generations, employers must increase flexible work arrangements and work-at-home options.
- The profession must continue to support and enhance programs that build awareness of the CPA profession to young audiences.” [v]

As I reread those myself, I felt like they were all completely valid and could have been describing current issues. That made me sad to think we haven’t made much progress in over a dozen years.

Thus, at the Center for Accounting Transformation, we believe all these impacts are still valid. Still, we would change the references from “CPA” and “CPA profession” to “professional” and “accounting profession.” We believe that many types of professionals are needed to do the work that we do within the accounting profession, and thus, we try to use this more *inclusive* language so that all who are part of the profession—not just CPAs, not just accountants—feel like they *belong* in the accounting profession.

Defining An Inclusive Pipeline

Let's define the word "pipeline." Some of you may have read the word "pipeline" and thought, “What do oil pipelines have to do with the accounting profession?” You’re not alone; I experienced the same confusion the first time I heard the word used in this way.

In the world of learned professions, “pipeline” refers to the ability of a profession (e.g. accounting, engineering, law, medicine) to sustain its ability to serve the public. In our case, the “Accounting Pipeline” has traditionally been defined as our ability to get students interested in accounting, have them major in accounting in school, work in an accounting/finance job, obtain an accounting certification, and stay in that career path to become an executive in an accounting/finance role (e.g. partner at a CPA firm or Chief Financial Officer in a business).

In the next few sections, you are going to see references to “accounting graduates,” which encompasses college students who graduate with a degree in accounting. You’ll also see references to “CPA Firms,” which is the professional services industry that provides accounting services, and the “CPA Firm Pipeline,” which is the ability of CPA firms to ensure they can continue to serve their clients by hiring accounting graduates and getting them to stay with the firm to make partner.

At the Center for Accounting Transformation, we recognize that the CPA Firm Pipeline generally represents less than half of the full accounting profession. It does not consider what is commonly referred to as the “Business & Industry” (B&I) part of the profession, which can simplistically be thought of as the staff in the Finance and Internal Audit departments in businesses, nonprofits, and government. Other people who are disregarded in the CPA Firm Pipeline include:

- Non-accountants who help serve clients and who can also make partner in CPA firms. This has been increasing greatly with advisory services like system implementations, cybersecurity, and the emerging Environmental Social Governance (ESG) reporting movement.
- Non-CPA tax firms (e.g., a tax firm that is run by an Enrolled Agent)
- Non-CPA bookkeeping firms (e.g., a bookkeeping firm run by a non-CPA who has completed an accounting degree)
- Academics (i.e., accounting educators and researchers working at schools and universities)

We believe the accounting profession should be more Inclusive and that all of us involved in the profession should be considered part of the Accounting Pipeline.

However, the AICPA data focuses on CPA firms and people in the CPA Firm Pipeline, and there isn’t comprehensive data for the other parts of the profession available, so the next sections will focus on the CPA Firm Pipeline.

Diversity of Accounting Graduates

Every other year, the AICPA produces “Trends,” a report that looks at accounting education, the CPA Exam, public accounting firms’ hiring of recent graduates, and accounting firms’ expectations of the need for more accounting talent.



The report leverages data from the Integrated Postsecondary Education Data System (IPEDS), which is a compilation of data from universities throughout the U.S. The 2023 report includes IPEDS data from 2012-13 and 2021-22 academic years. The AICPA provided a 10-year analysis of the trend in new accounting degree completions by race/ethnicity for bachelor’s and master’s degrees[vi]:

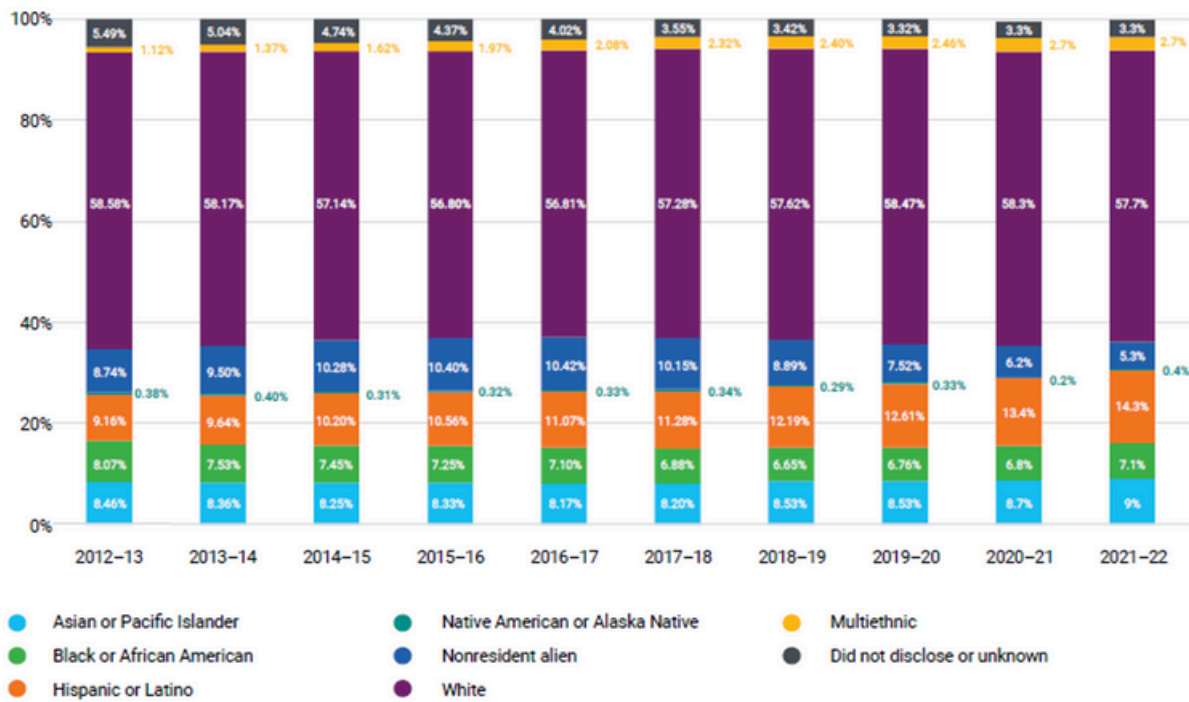


Figure 1 - Trend in new accounting degree completions by race/ethnicity from 2013-2022

If you take the percentages for the starting and ending degree completion years, we can see that there were significant increases in the percentage of Multiethnic (+141%) and Hispanic or Latino (+56%) degree completions. There was a decrease in Nonresident alien (-39%) degree completions.

Race/Ethnicity	% of graduates		Change in %	% change
	2012-13	2021-22		
Asian or Pacific Islander	8.46	9.0	0.54	6%
Black or African American	8.07	7.1	-0.97	-12%
Did not disclose	5.49	3.3	-2.19	-40%
Hispanic or Latino	9.16	14.3	5.14	56%
Multiethnic	1.12	2.7	1.58	141%
Native American or Alaska Native	0.38	0.4	0.02	5%
Nonresident alien	8.74	5.3	-3.44	-39%
White	58.58	57.7	-0.88	-2%

Table 1 - Changes in accounting degree completions by race/ethnicity from 2013-2022



Without doing a ton of additional research, most of these changes make sense at a surface level when you think through them.

- **Multiethnic:** We already know that there is an overall social trend of increasing interracial marriages in the US dating back to the 80's[1]. Thus, we would expect to see an increase in the number of people identifying as Multiethnic. And while the percentage of change is high (141%), the starting base of 1.12% going to 2.7% equates to a 1.58% change—not a large change when translated to actual counts of graduates. However, because Multiethnic usually indicates a mix of non-white ethnicities, we usually include Multiethnic in our overall stats when looking at increases in ethnic diversity.
- **Nonresident alien:** With changes in U.S. immigration policies during the previous Trump administration that resulted in significantly less student VISAs, we would expect this population of graduates to decrease significantly as well. Nonresident aliens are included in our Immigrant aspect of diversity, so this will cause a decrease in diversity.
- **Hispanic or Latino:** This ethnicity has continued to make progress in increasing college attendance and completion, and we are happy that many of them are seeing the potential benefits of accounting careers and choosing to graduate with degrees in accounting. This increases our ethnic diversity.

Keep in mind that this is an analysis of percentage changes, so volumetric increases in one population will cause a percentage decrease in other populations even if the number of graduates doesn't change. Therefore, just looking at the percentages is not a good measure of actual changes in the number of graduates.

However, from a Diversity perspective, we can look at the percentage of White graduates, which only decreased by 0.88%. If Diversity efforts are trying to increase the representation of minorities in accounting graduates, I think it's pretty safe to say that we've made no progress since the percentage of White graduates has not materially changed—well, not even materially. A change of less than 1% is almost no change.

Diversity of Hiring by CPA Firms

The AICPA's Trends report also collected data on hiring by CPA firms. Accounting firm data is collected directly from public accounting firms of various sizes. However, in 2023, the AICPA noted that due to a limited response rate, they were unable to accurately project the number of graduates that were hired into public accounting in 2021. Thus, we present the data that they provided in the 2021 Trends report,

which analyzes the trend in new bachelor's and master's accounting graduates hired into accounting/finance functions at U.S. CPA firms by race/ethnicity from 2007 to 2020[viii]:

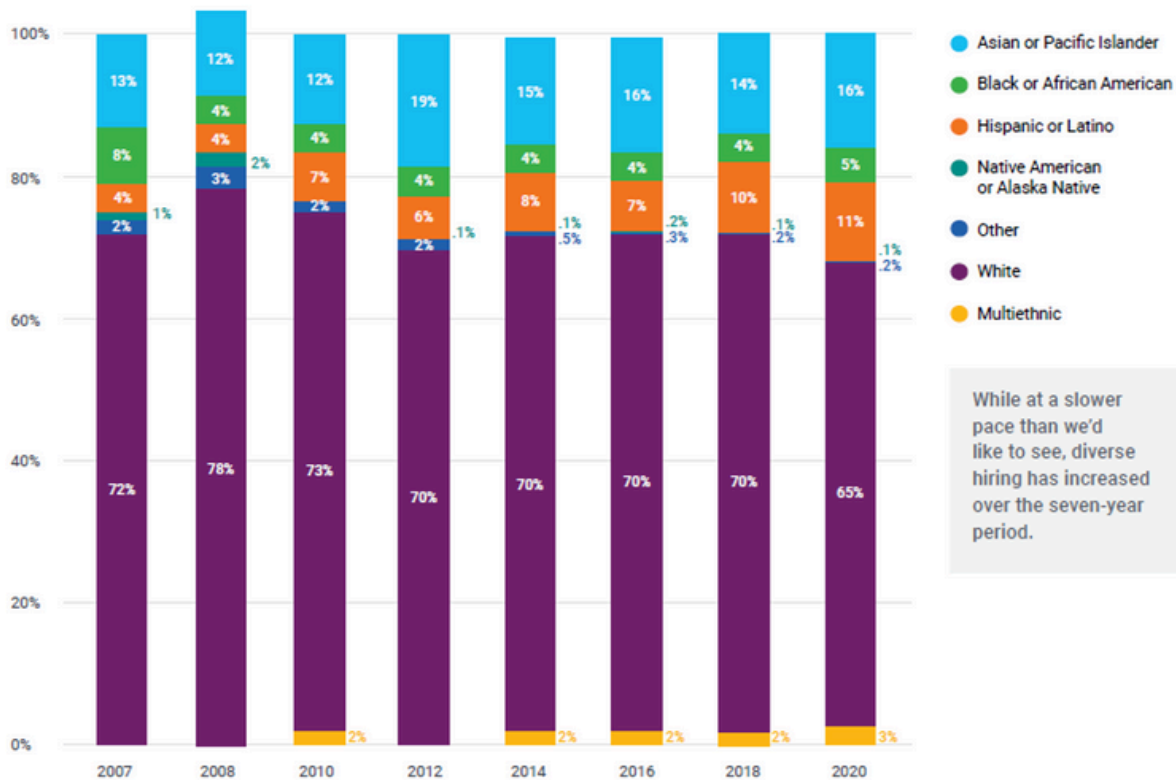


Figure 2 - Trends in new bachelor's and master's of accounting graduates hired into accounting/finance functions of US CPA firms by race/ethnicity from 2007 – 2020

While at a slower pace than we'd like to see, diverse hiring has increased over the seven-year period.

The note in gray on the right side of the above figure is from the AICPA, citing that they are seeing an increase in diversity of hiring. We concur with them that it is a slower pace than we'd like to see, but there is an increase.

Since the analysis of graduate diversity in the previous section looked at a 10-year period, we compared the 2010 data with the 2020 data so that the change analysis would be more comparable between sections of this report:

Race/Ethnicity	% of graduates		Change in %	% change
	2010	2020		
Asian or Pacific Islander	12	16	4	33%
Black or African American	4	5	1	25%
Hispanic or Latino	7	11	4	57%
Multiethnic	2	3	1	50%
Native American or Alaska Native	0	0.1	0.1	n/a
Other	2	0.2	-1.8	-90%
White	73	65	-8	-11%

Table 2 - Changes in accounting degree graduates hired into accounting/finance functions of US CPA firms from 2010 to 2020

This analysis shows considerable improvements across the board for all ethnic categories, particularly for Multiethnic (+50%) and Hispanic or Latino (+57%) graduates. This is consistent with the significant increases in degree completions by these ethnicities. Both Black or African Americans (25%) and Asian or Pacific Islanders (33%) showed material increases in obtaining positions in CPA firms.

The Native American or Alaska Native category appeared on the trend analysis in 2012 at 0.1% and ended 2020 at the same, so we are interpreting that as a no change. And because we are unsure what ethnicities are represented in the “Other” category, we are not commenting on that decrease.

Only the White ethnicity saw a decrease in hiring (-11%). But keep in mind that these are percentages, not volumes, so that may not equate to lost jobs by White people. Additionally, as previously mentioned, when working with percentages, gains in one category may result in losses in another. If you look at the net changes in percentages, it is quite possible that the change in White hiring (-8%) may just be overall percentage shifts due to the increases in Black and African American (+4%) and Asian and Pacific Islander hiring (+4%).

Diversity of CPA Firm Partners

In previous years’ Trends Reports, the AICPA presented data representing the percentage of CPA firm partners in accounting/finance functions by race/ethnicity. In 2023, they did not provide this data, so we went back to the 2011 Trends report, which provided 2010 percentages[ix] and the 2021 Trends report, which provided 2020 percentages [x]:

Race/Ethnicity	% of population		Change in %	% change
	2010	2020		
Asian or Pacific Islander	2	10	8	400%
Black or African American	0.1	2	1.9	1900%
Hispanic or Latino	2	5	3	150%
Multiethnic	1	1	0	0%
Native American or Alaska Native	0	0.2	0.2	n/a
Other	0	0.4	0.4	n/a
White	94	82	-12	-13%

Table 3 - Changes in partners in accounting/finance functions of US CPA firms by race/ethnicity from 2010 to 2020

Across the board, there are increases in non-White ethnicities reaching the partner level in CPA firms. Only the White ethnicity saw a decrease in percentage of people reaching the partner level (-13%), but this was consistent with the 11% decrease in White ethnicities being hired by firms, so it appears consistent with the overall demographic shift noted in the hiring section of this report.

Equity of the CPA Firm Pipeline

Taken alone, the changes that we see at the CPA firm partner level would appear quite positive. All non-White ethnicities are seeing significant increases in their representation at the partner level, and there are increases in non-White accounting graduates as well. However, the real question of DEI is whether we are seeing representative Diversity at all levels, whether there are Equitable opportunities for advancement within the firms, and whether those who do reach the partner level feel Included.

There isn't data available to measure Inclusion yet, so in this section we will look at Equity. Many people compare the current year graduate percentages to the current year CPA firm partner percentages. We don't believe that is a correct comparison because it takes many years to move from entry level to partner. Thus, to examine this, we compared the 2010 hiring data to the 2020 partner data. We felt that ten years should be enough time for those who started with the firms in 2010 to reach the partner level by 2020.

Race/Ethnicity	% of population		variance	% variance
	2010 hiring	2020 partners		
Asian or Pacific Islander	12	10	-2	-17%
Black or African American	4	2	-2	-50%
Hispanic or Latino	7	5	-2	-29%
Multiethnic	2	1	-1	-50%
Native American or Alaska Native	0	0.2	0.2	n/a
Other	2	0.4	-1.6	-80%
White	73	82	9	12%

Table 4 - Comparison of CPA firm hiring (2010) vs partners (2020) by race/ethnicity

This analysis presents a much more disheartening picture. Apart from the Native American or Alaska Native ethnicity, all other non-White ethnicities show that there is a significant drop-off from hiring to partner.

Some people may argue and say that because it's really only a 1-2% decrease from hiring to partner, it is not significant. However, when you consider that many of the non-White ethnicities already start with a low percentage of representation, even a 1-2% loss is significant. This can clearly be seen with the Black or African American, Multiethnic, and Other ethnicities where these 1-2% declines actually represent a 50-80% loss by volume of representation. When it comes to minority or underrepresented populations, it is even more important to ensure that they have the right opportunities (Equity) to make it all the way through the pipeline.



Based on this analysis, there appears to be a significant lack of Equity in the CPA Firm Pipeline. Work needs to be done to understand why there is such a significant drop-off in representation from hiring to partner. We can't keep improving our ability to draw students into the pipeline if they end up hitting glass ceilings or other roadblocks that cause them to leave CPA firms.

We would like to find other sources of data to analyze the additional segments of the accounting profession to see what the situation for the full Accounting Pipeline looks like. If you know of any, please let me know via email at donnys@hq.improvetheworld.net.



GRF CPAs & Advisors is pleased to support Diversity, Equity and Inclusion efforts within the Accounting profession and beyond

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Check out GRF's 2023 DEI Transparency Report!

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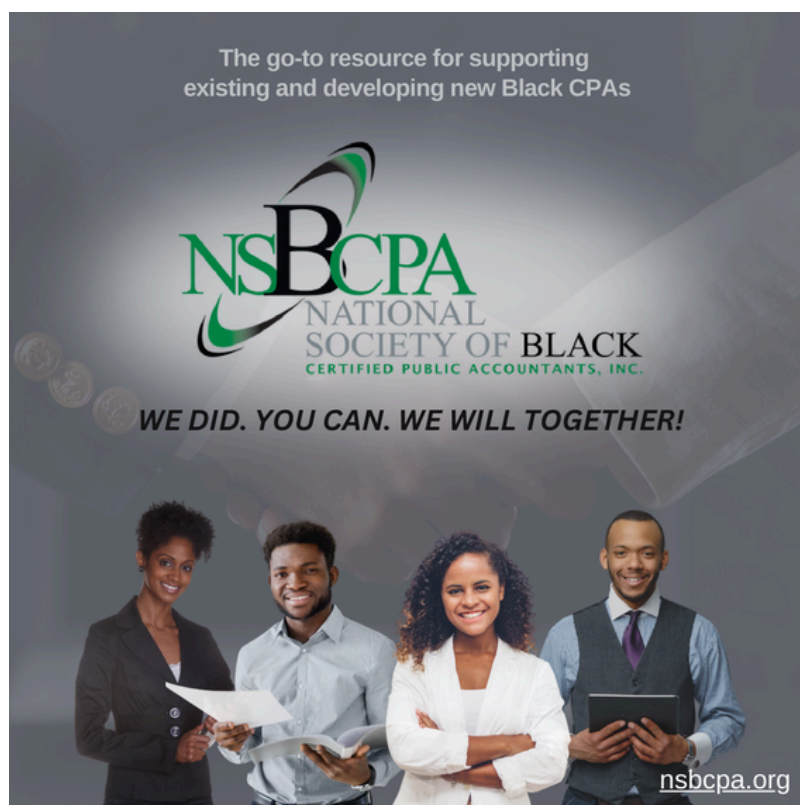
THE DEI JOURNEY

DEI has been a topic of conversation for so many years now, and it seemed like so many organizations felt like they were already “done” addressing the issue. Yet, as you can see from the previous section, this is still very much an issue. But how could there still be an issue if so many organizations have already implemented many of the best practices and put DEI programs in place? This led us to ask, “Have any organizations actually completed putting DEI programs in place?”

During the Covid-19 pandemic, Black, Latino, and Native American communities were hardest hit in the U.S[xi]. Asian American communities were also subject to violence since the virus was perceived as coming from China. They responded with the #StopAsianHate movement. In 2020. Racial tensions in the U.S. also escalated again, sparked by incidences like the killings of George Floyd and Breonna Taylor, bringing renewed attention to the #BlackLivesMatter movement. If we were “done” with DEI, how could these incidences lead to such monumental movements and revived racial tensions that surfaced as violence on city streets?

This made our team want to better understand where organizations thought they were in implementing DEI programs: the Organizational DEI Journey. Seeing a groundswell of people from many parts of the profession step up to want to do more in the DEI space—myself included—I also wanted to know where we as individuals were in our DEI knowledge and involvement: the Individual DEI Journey.

This research study was designed to examine these journeys, and, in particular, try to identify what resources were needed to help accelerate the DEI Journey for organizations and support individuals who wanted to contribute to the adoption of DEI practices for their organizations or clients.





Research Methodology

Our assessment of the DEI Journey was primarily conducted via a survey that was fielded from June 2022 to June 2023. We originally closed the survey in December 2022. But when we tried to do more detailed analyses, we found that while our sample had more than 200 respondents, it did not have enough responses to do segmentation analysis. So, we reopened the survey for another six months to gather additional data. We're very thankful that so many organizations and associations stepped up to help us distribute the survey (if you missed them, they're all listed at the start of this report). In the end, we ended up with 447 usable responses, of which 305 were from respondents working at accounting firms.

Given the high number of accounting firm responses, and since the AICPA's data presented in the previous section is only for CPA firms, we decided to focus the Organizational DEI Journey section on accounting firms. However, for the Individual DEI Journey, we used all individual responses since individuals can help advocate and improve DEI programs regardless of in which industry they work.

The survey consisted of five major sections:

- Individual DEI capabilities, where respondents were asked to identify their level of experience, current role, desired role, and confidence within the DEI context;
- Individual demographic questions like area of practice, age range, gender, and other aspects of diversity;
- Organizational DEI journey, where respondents were asked to identify where in the journey their organizations are and the perceived importance of DEI compared to other business imperatives;
- Organizational demographic questions like size, industry, and geographic location;
- Helpfulness of DEI resources, where a list of DEI resources was provided, and respondents were asked to identify which resources they thought would be more helpful in advancing DEI in their organizations;

Once an initial analysis of the data was completed by our academic team, a working group was formed to identify initial insights from the data and gather ideas for additional analyses.

Our academic analysis team consisted of:

- Claire Costin, Assistant Professor, University of Portland, and
- Stephani Mason, Associate Professor, DePaul University.





Our working group members include:

- Mary L. Bennett, CEO, ML Bennett Consulting, LLC
- Rob Brown, CEO, Accounting Influencers
- Rafael Casas, Senior Consultant, Workday
- Scott Cytron, President, Cytron and Company
- Jina Etienne, CEO, Etienne Consulting, LLC
- Scharrell Jackson, Consultant, Speaker, Coach, STJ Consulting Services, LLC
- Mike Maksymiw, Jr., Executive Director, Aprio Firm Alliance
- Bonnie Buol Ruszczuk, Marketing & DEI Consultant, bbr companies & Accounting MOVE Project
- Shannon Stone-Winding, President & CEO, Black Alliance of Colleges and Employers
- Kinman Tong, Partner, Moss Adams
- Jessica Velazquez, Managing Partner and CEO, Indiva Advisors, LLC

In forming the working group, we tried to ensure that we also had as many of the aspects of diversity represented as we could without the group getting unwieldy, with a focus on age, ethnicity, gender, area of practice, and sexual orientation.

Once the initial draft of this report was completed, it was distributed to the working group to help validate the presentation of the information as well as for additional insights and ideas. Their feedback was incorporated into the final version of this report, which you are reading now.

Our hope was that through this process, the report you are reading represents a good balanced view of DEI in our profession. And, as we accelerate the adoption of DEI practices in the profession, we want to ensure that as many people as possible benefit from our efforts.

The Accounting Firm DEI Journey

The first thing we wanted to look at was where in the DEI Journey organizations were. When looking at overall responses (446) versus just accounting firms' responses (305), there were no material variations in average responses. But as mentioned above, since the AICPA data from the previous section focuses on CPA firms and because there were enough accounting firm responses for us to segment based on organizational size, we will not be presenting overall analyses, just analyses for the accounting firm subset. Also note that our survey used the term “accounting firm” not “CPA firm,” so our data may include non-CPA accounting, tax, and bookkeeping firms.

The analyses in this section is primarily segmented based on organizational size or “firm size.” The smaller number of Solo (48), Micro (48), Small (24), and Medium (69)



accounting firm respondents makes it difficult to extrapolate the analyses to all firms of those sizes. However, the statistically significant number of Large (116) accounting firm respondents gives us some confidence in extrapolating the findings for Large accounting firms. We, however, decided to include the segmentation by firm size because, in some instances, there are significant differences in response patterns.

The DEI Journey stages were defined as follows:

1. **Unaware** = Doesn't know/recognize DEI as a component of our strategy
2. **Denial** = Has decided that DEI is not a necessary part of our strategy
3. **Awareness** = Knows that DEI is important, not sure what to do
4. **Planning** = Knows that DEI is important, developing our strategy/roadmap
5. **Designing** = Developing the detailed plans for our DEI program/initiatives
6. **Implementing (Impl)** = Implementing our initial program/initiatives
7. **Refining** = Measuring impact and refining our program/initiatives
8. **Integrated** = DEI is interwoven into the operating fabric of our organization

Other than Denial, the rest of the stages are progressive. Organizations will generally start at Unaware, then, if they accept DEI as an issue, will move to Awareness and continue through the rest of the stages serially. If they do not accept DEI as an issue, they will move to Denial and stop there. Sometimes, as organizations go through the early stages of Awareness and Planning, they may also move to Denial, but that should generally be rare. A change in leadership to people who are already Deniers may also cause a DEI program to be abandoned and move to the Denial stage.

This first analysis confirms one of our early hypotheses: Large firms think they are near the tail end of the journey. Thirty-four percent of Large firms are in the Refining (16%), and Integrated (18%) stages and another 26% are in the Implementing stage. In total, that is 60% of Large firms, double the overall average of all firms in the study in those phases.

Size of Firm	Journey Stage							
	Unaware	Denial	Awareness	Planning	Designing	Impl	Refining	Integrated
Solo (1)	43%	30%	20%	2%	0%	0%	2%	2%
Micro (2-10)	25%	33%	23%	2%	0%	6%	0%	10%
Small (11-20)	33%	13%	29%	4%	0%	8%	8%	4%
Medium (21-100)	16%	4%	40%	19%	9%	7%	1%	3%
Large (101+)	2%	1%	11%	16%	10%	26%	16%	18%
% of Total	18%	12%	22%	12%	6%	13%	7%	10%

Table 5 - Journey Stages by Accounting Firm Size (%)

Visually, you can see Large firms (the light blue bar) dominate the right side of the chart below. Most of the smaller firms (Solo, Micro, and Small) are grouped to the right side of the chart. With Medium firms in early journey stages (Awareness and Planning).

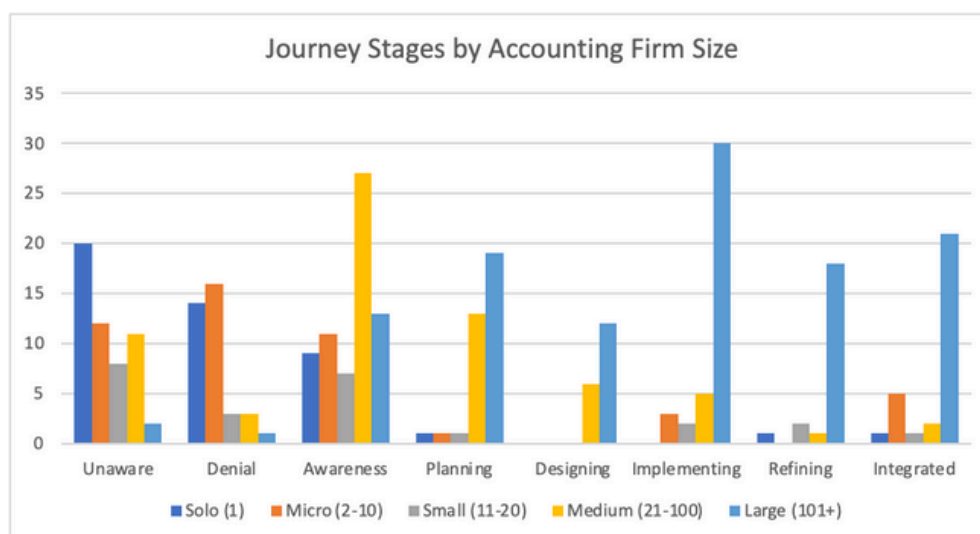


Figure 3 - Journey Stages by Accounting Firm Size (Counts)

Other insights on the Organizational journey stages:

- Forty percent of firms are in the Unaware (18%) or Awareness (22%) stages. This means that with additional information and advocacy resources, there is opportunity to move a good number of firms to start actively Planning to implement DEI programs.
- There is also a significant number of Micro (33%) and Small (13%) firms in the Denial stage. We suspect this may be because many people view DEI as a “big company problem” and that, as a smaller firm, they simply can’t achieve the representative metrics required to show that they are diverse. We believe that once firms embrace the broader view of the aspects of DEI, we may even be able to convert some of the firms in Denial back onto the DEI journey path.
- Only 17% of organizations are in Planning (12%) and Designing (5%). The bulk of these are Medium and Large organizations. Given that these organizations can probably leverage the resources and lessons learned from the organizations that are already in the Refining and Integrated stages, we don’t think that focus on the Planning and Designing areas should be a priority at this time.

Recommendations for the Accounting Firm DEI Journey

Based on the above, our recommendations to accelerate the DEI journey of Accounting Firms are to:

- Gather lessons learned and resources from Large firms that have been through the journey and share them with Medium and Large firms that are earlier in their journeys.
- Gather advocacy resources and adapt them for smaller firms to help educate them on the relevance of DEI issues and how they can enact programs that address the boarder range of aspects of diversity. (See the Helpfulness section of this report for examples of advocacy resources.)

The Importance of DEI to Accounting Firms

With everything else that went on during the pandemic, the purported “staffing crisis” in accounting, and the high increase in inflation that we saw during the pandemic, we also thought that maybe DEI just wasn’t as important as other major business issues or opportunities. To measure this, we asked respondents:

How does your organization view the importance of its DEI journey compared to the following?

They were asked to score these issues based on the following scale:

RESPONDENT OPTION	ASSIGNED VALUE FOR ANALYSIS
Significantly less important	-2
Less important	-1
About the same	0
More important	+1
Significantly more important	+2

Taking the average of the assigned values, we were able to see that all of the issues and opportunities we described were viewed as more important than DEI for all sizes of firms. A positive score meant an item was more important than DEI. A negative score meant an item was less important than DEI.



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Importance of Addressing Financial and Non-financial Issues and Risks

In general, most sizes of firms saw these other issues and risks as slightly more important (score of less than 1) than DEI. Small firms were the only ones to see Economic Impact, Financial/Working Capital Challenges, and Other Risks as an almost “More important” (close to a score of 1).

Firm Size	Count of Responses	Non-Economic Issues	Economic Impacts	Financial/Working Capital Challenges	Other Risks
Solo (1)	48	0.44	0.35	0.29	0.39
Micro (2-10)	48	0.23	0.35	0.35	0.29
Small (11-20)	24	0.69	0.92	0.92	0.87
Medium (21-100)	69	0.51	0.50	0.69	0.40
Large (100+)	116	0.39	0.43	0.43	0.32
Overall	305	0.42	0.46	0.50	0.38

Table 6 - Importance of addressing financial and non-financial risks

Explanation of items represented in the columns:

- **Non-economic Issues** = Dealing with non-economic issues (safety, remote work, etc.)
- **Economic Impacts** = Addressing (external) economic impacts on our organization
- **Financial/Working Capital Challenges** = Addressing our organization’s financial/working capital challenges
- **Other Risks** = Mitigating other risks not described above

Importance of Recruiting and Retention

Again, in general, most sizes of firms saw these issues as only slightly more important (score of less than 1) than DEI. However, recruiting and retention was overall viewed as slightly more important than the financial and non-financial issues and risks from the previous section (average score greater than 0.6, versus all previous average scores were 0.5 and lower). Additionally, Small and Medium firms viewed recruiting almost more important (score of almost 1), and Small firms viewed Retaining their existing staff as definitely more important (score of 1.33), but not significantly more important (which would have been a score of 2).

Firm Size	Count of Responses	Recruiting qualified staff	Retaining our existing staff
Solo (1)	48	0.41	0.31
Micro (2-10)	48	0.41	0.48
Small (11-20)	24	0.93	1.33
Medium (21-100)	69	0.81	0.73
Large (100+)	116	0.62	0.64
Overall	305	0.64	0.66

Table 7 - Importance of Recruiting and Retention



In discussing these items with the working group, the group pointed out that it was interesting that respondents didn't appear to see the connection between DEI programs and their ability to recruit and retain staff. This may have been due to the fact that most DEI programs are viewed as dealing with racial issues. We wonder if their scoring would be the same if we better framed DEI programs that address issues faced by other aspects of diversity like remote work, flex time, parental leave (not just maternity leave, but also paternity leave), and more flexible paid time off (PTO) policies that allow for elder care, religious observances, and mental wellness days.

Importance of Opportunities

Another hypothesis we had was perhaps there were other opportunities that were more attractive to firms. The pandemic had accelerated a lot of technology adoption, so maybe firms were continuing down the path of innovation and digital transformation. Similar to the previous importance analyses, we found that these opportunities were also more important than DEI, but not significantly. Only Small firms reported opportunities as being More Important (scores close to and above 1).

Firm Size	Count of Responses	Business Strategy/Structure	Use of Technology	Digital transformation	Driving Innovation
Solo (1)	48	0.41	0.42	0.29	0.22
Micro (2-10)	48	0.28	0.32	0.26	0.23
Small (11-20)	24	0.92	1.17	1.08	0.88
Medium (21-100)	69	0.46	0.63	0.58	0.54
Large (100+)	116	0.45	0.49	0.53	0.42
Overall	305	0.47	0.54	0.53	0.44

Table 8 - Importance of Opportunities

Explanation of items represented in the columns:

- **Business Strategy/Structure** = Updating our business strategy/structure
- **Use of Technology** = Modernizing our use of technology (but not full digital transformation)
- **Digital Transformation** = Digital transformation (transformative changes to technology, business model, operations, etc.)
- **Driving Innovation** = Driving innovation in our products and services



Recommendation for the Importance of DEI

Overall, we found that all the other issues, risks, and opportunities were only slightly more important than DEI. While Small firms seemed to see the importance of the other items as slightly more important than firms of other sizes, keep in mind the small size of the response sample.

At the Center for Accounting Transformation, we generally don't believe in convincing people to change, instead we seek to accelerate transformation for people who are open to change. Following this philosophy, we aren't recommending that there be a lot of messaging to help convince people that DEI is important. However, the importance of recruiting and retention and the better framing of DEI programs that help improve recruiting and retention is an initiative that we have already started to undertake.

Since the completion of the of this survey data collection, the significant decrease in the

Accounting Pipeline has received a lot of trade and business news and fostered nationwide discussions. It also triggered the convening of both a CPA Pipeline consortium led by the AICPA and a profession-wide consortium co-hosted by the [American Accounting Association \(AAA\)](#) and the [National Association of Black Accountants \(NABA\)](#).

These escalations further emphasize the importance of recruiting and retention. Because of this, we put a higher priority on the [Center's Personal Resilience program](#), designed to help prevent burnout and increase retention, and are increasing our research efforts in the retention area. We also are prioritizing the reframing of DEI programs to show their broader benefits across the aspects of diversity.



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The Individual DEI Journey

Organizational DEI initiatives are led (or denied) by individuals, and at the Center for Accounting Transformation, we are not here to convince people to change but rather empower those who seek an alternative to the status quo. Thus, our research sought to understand where individuals were in their DEI journeys.

We defined the individual journey differently than the organizational journey. The individual journey consisted of three areas of analysis:

- **Level of Experience:** The level of knowledge and experience the person had working in DEI;
- **Confidence:** How confident a person was in their understanding of DEI and in having conversations with others about DEI issues or initiatives; and
- **Role in DEI initiatives:** For this, we asked what role the person was currently playing and what role they desired to play in DEI initiatives.

Competency of Individuals

Sometimes initiatives don't see movement because there aren't enough people with competency in the area to help drive the initiatives forward, so we wanted to assess people's competency in the DEI area. We asked people to self-assess their competency via two aspects: level of experience and confidence in understanding DEI issues and having conversations related to DEI.

Level of Experience

We asked people to rate their current level of experience in DEI using the following levels:

- **Uninitiated** = I am interested in learning about DEI
- **Novice** = I am learning and dabbling in DEI
- **Practitioner** = I implement DEI initiatives
- **Advisor** = I advise others internally or externally on DEI
- **Subject Matter Expert (SME)** = I create intellectual property around DEI

Four hundred twenty-six (426) respondents completed this section, including 288 from accounting firms.

Type of Org	Level of Experience				
	Uninitiated	Novice	Practitioner	Advisor	SME
All organizations	29%	40%	21%	8%	1%
Accounting Firms	33%	37%	22%	8%	0%

Table 9 - Level of Experience



About 30% of individuals identified as Uninitiated, indicating the potential need for more awareness and advocacy in DEI. About 40% identified as a Novice. To help move these Novices to Practitioners, more formal education would be needed on DEI initiatives. Just over 20% identified as a Practitioner, and these are probably the people at Large organizations working in DEI initiatives.

Only 8% identified as an Advisory and only 1% as a SME. The low percentage of Advisors and SMEs show how the DEI area, as a whole, is still in its infancy—since there are not a lot of people creating intellectual property around DEI. This may point to part of the challenge in adoption of DEI practices—if we don’t have many SMEs and intellectual property is not being created or shared to standardize practices, then it is hard for an area like this to advance or mature.

Confidence

To assess confidence, we asked respondents to rate their level of confidence in the DEI area using the following scale: 1 = not confident, 2 = low confidence, 3 = moderately confident, 4 = confident, and 5 = highly confident.

First, we asked them to rate their DEI knowledge via three items:

- **Types of Diversity:** Understanding of the different types of diversity (e.g. ethnic, sexual orientation, gender, income, thought, etc.);
- **Top Challenges:** Understanding of the top challenges for each type of diversity and where they intersect/overlap; and
- **Framework & Best Practices:** Understanding the general framework of DEI initiatives and DEI program best practices.

The following table shows the average confidence by organization size with the averages color coded. Red indicates a lack of confidence. Yellow is moderately confident. Green is highly confident.

Org Size	Count of Responses	Types of Diversity	Top Challenges	Framework & Best Practices
Solo (1)	59	3.25	2.83	2.73
Micro (2-10)	59	3.37	2.81	2.67
Small (11-20)	32	3.88	3.03	2.75
Medium (21-100)	92	3.57	3.01	2.77
Large (100+)	204	3.87	3.23	3.28
Overall	446	3.66	3.06	2.98

Table 10 - Individual Confidence by Org Size



Based on this, we can see that individuals are almost confident (with an average score of 3.66) in understanding the types of diversity. However, they are only moderately confident (average score of 3.06) in understanding the top challenges faced by each type of diversity. Individuals from all organization sizes except Large also have less than moderate confidence in their understanding of DEI frameworks and best practices. Meanwhile, individuals from Large organizations expressed moderate confidence.

The overall lack of full confidence (all scores less than 4) also explains potential challenges with DEI adoption since people don't feel fully confident that they understand the area. The lack of confidence in frameworks and best practices also correlates with the level of experience, which finds the lack of SMEs and intellectual property, resulting in individuals feeling less confident.

Second, we wanted to see whether people were confident in having meaningful conversations around DEI issues and initiatives. Respondents were asked if they were confident that they could have a meaningful discussion around DEI issues and initiatives with (1) their peers, (2) their manager/boss, or (3) their subordinates.

The following table shows the average confidence by organization size with the averages color coded. Red indicates a lack of confidence. Yellow is moderately confident. Green is highly confident.

Org Size	Count of Responses	Discussion with peers	Discussion with manager/boss	Discussion with subordinates
Solo (1)	59	2.81	2.73	2.80
Micro (2-10)	59	2.86	2.95	2.96
Small (11-20)	32	3.23	3.31	3.25
Medium (21-100)	92	3.07	3.15	3.14
Large (100+)	204	3.54	3.52	3.54
Overall	446	3.24	3.26	3.27

Table 11 - Confidence in having meaningful discussions on DEI issues/initiatives

There is an overall lack of full confidence (all scores less than 4), with only individuals from Large organizations getting the closest to fully confident with average scores between 3.52 to 3.54.

Both sets of confidence analyses point to the need to provide resources and training to individuals to increase their confidence in working in the DEI space. We analyze which resources are perceived as most helpful in the Helpfulness of Resources section of this report.





Role in DEI Initiatives

The roles in DEI initiatives generally describes a person’s journey in DEI involvement. We defined the roles in the DEI initiatives as follows:

- **Bystander** = I am not involved directly in DEI.
- **Advocate** = I support DEI awareness and outreach, but I’m not involved directly in implementation .
- **Initiator** = I am trying to get a DEI program started.
- **Auditor** = I audit the design and effectiveness of DEI programs.
- **Sponsor** = I am the executive sponsoring the DEI program.
- **Champion** = I manage the DEI program/initiatives and engage with the sponsor.
- **Implementer** = I do the work to implement the DEI program/initiatives.
- **Denier** = I do not believe DEI is necessary[1].

Unlike the organizational DEI journey, individuals do not necessarily move serially through these roles. Many start as Bystanders, which is similar to the organizational journey stage of Unaware. However, if individuals do get informed about DEI, they can either choose not to act and remain a Bystander, or if they do not see the value of DEI initiatives, then they move to the Denier role.

Once an individual chooses to act (i.e., move out of the Bystander role), they may move to any of the other roles depending on the maturity of the DEI programs at their organization. In the list above, the roles are generally listed in increasing level of activity related to participation in DEI initiatives, except for the Denier role, which doesn’t actively participate in DEI programs and may, in fact, work against DEI initiatives.

Responses to our survey showed that there were people across all the roles:

Type of Org	Count	Current Journey Role						
		Bystander	Advocate	Initiator	Auditor	Sponsor	Champion	Implementor
All organizations	436	43%	25%	8%	1%	4%	7%	11%
Accounting Firms	295	44%	23%	10%	1%	5%	7%	11%

Table 12 - Current Individual Journey Role by Org Type

From this, we could see that over two-thirds of survey responses from all organizations were in an active DEI journey role (i.e., not a Bystander). But what we really wanted to understand was how we could help those who want to accelerate the adoption of DEI initiatives. To analyze this, we created a matrix with the individual’s current role in the rows (down the left side) and their desired role in the columns (across the top).

Current Role	Desired Role							Total
	Bystander	Advocate	Initiator	Auditor	Sponsor	Champion	Implementer	
Bystander	132	39	7	4	2	2	2	188
Advocate	4	65	1	2	2	10	27	111
Initiator	1	9	14	0	4	2	6	36
Auditor	0	0	1	2	0	0	0	3
Sponsor	0	0	0	0	16	1	0	17
Champion	1	2	1	1	5	21	0	31
Implementer	1	2	1	0	4	18	24	50
Total	139	117	25	9	33	54	59	436

Table 13 - Desired change in DEI role

About 28% of individuals are currently in active roles (Initiator through Implementer) and want to stay in active roles. Thirty-seven percent (37%) indicated that they want a change in their role. So, we looked at whether the individual wanted to move to a more passive or more active role. Colors in the Role Activity Level column of the table below map to the similarly colored cells in the table above.

Role Activity Level	No of People	Percent
Reduce to passive role	20	5%
Reduce to less active role	31	7%
No change	274	63%
Increase to active role	61	14%
Increase to highly active role	50	11%
Total	436	100%

Table 14 - Desired change in Role Activity Level

We were pleased to see that 25% of individuals wanted to move to a more active role, while only 12% wanted to move to a less active or primarily passive role (Bystander or Advocate).

Helpfulness of Resources

The final question that we wanted to answer was: what would help accelerate the DEI journey of organizations? To help understand this, the survey identified several resources that could be used in the DEI journey, and we asked individuals to rate the helpfulness of these resources. The rating scale used was: 1 = not helpful, 2 = mildly helpful, 3 = moderately helpful, 4 = helpful, and 5 = highly helpful.

Awareness and Advocacy Resources

The first set of resources we looked at were those that helped with awareness and advocacy:

- **Stories of Individuals** = DEI stories (articles, videos) from an impacted individual’s view so that others can identify with the story at a personal level and understand the importance of DEI;
- **Stories of Failures** = Stories (articles, videos) of DEI “failures” and what should have been done instead so that we can “fail forward” and learn from others’ mistakes;
- **Case Studies** = DEI case studies that present both people’s sides of an event/issue so that we can see the thoughts behind and impacts of both sides of the conversation; and
- **Business Case** = Statistics and research showing the positive impact of and business case for DEI initiatives.

The following table shows the average helpfulness score for each of the resources.

	Count of Responses	Stories of Individuals	Stories of Failures	Case Studies	Business Case
All organizations	446	3.10	3.12	3.17	3.14
Accounting firms	305	3.05	3.06	3.12	3.07
Individuals seeking a more active role	111	3.46	3.56	3.57	3.51

Table 15 – Average Helpfulness score of Awareness and Advocacy resources



The overall feeling from all roles (in all organizations or in accounting Firms) was that these resources were moderately helpful (score of 3). However, individuals seeking a more active role saw these resources as more helpful with an average score of around 3.5.

Initiation and Planning Resources

The second set of resources we looked at were those that helped with initiation and planning of DEI initiatives:

- **Starter Kit** = A starting point resource for organizations, including basic language/terminology and guidance to raise awareness of the issues, risks, and opportunities;
- **Assessment** = A simple assessment to determine where your organization is in its DEI journey;
- **Roadmap** = A DEI roadmap that defines the DEI journey and indicators/outcomes at each part of the journey; and
- **Benchmarks** = A benchmark showing how our organization is performing in DEI compared to similar organizations.

The Assessment, Roadmap, and Benchmarks resources may also be used to support the auditing of DEI initiatives too.

The following table shows the average helpfulness score for each of the resources.

	Count of Responses	Starter Kit	Assessment	Roadmap	Benchmarks
All organizations	446	3.09	2.95	3.09	3.01
Accounting firms	305	3.01	2.85	3.00	2.93
Individuals seeking a more active role	111	3.50	3.32	3.39	3.38

Table 16 - Average Helpfulness score of Initiation and Planning resources

The overall feeling from all roles (in all organizations or in accounting firms) was that these resources were moderately helpful (approximate score of 3). However, individuals seeking a more active role saw these resources as slightly more helpful with an average score between 3.2 and 3.5.

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Design and Implementation Resources

The third set of resources we looked at were those that helped with designing and implementing DEI initiatives:

- **Vetted Resources** = A catalog of vetted DEI resources (articles, whitepapers, videos, toolkits, etc.);
- **Vetted Training** = A catalog of vetted DEI training programs, courses, and events; and
- **Vetted Consultants** = A catalog of vetted DEI consultants and advisors.

The following table shows the average helpfulness score for each of the resources.

	Count of Responses	Vetted Resources	Vetted Training	Vetted Consultants
All organizations	446	2.99	2.97	2.73
Accounting firms	305	2.92	2.90	2.64
Individuals seeking a more active role	111	3.31	3.33	3.07

Table 17 - Average Helpfulness score of Design and Implementation resources

The overall feeling from all roles (in all organizations or in accounting firms) was that these resources were less than moderately helpful (score less than 3). However, individuals seeking a more active role saw these resources as moderately helpful with an average score between 3.07 and 3.3.

Community and Cohort Resources



The final set of resources that we looked at were those that provided a community of practitioners or facilitated cohorts:

- **Community** = A community for DEI champions and implementers for peer-to-peer support; and
- **Facilitated Cohorts** = Facilitated cohorts of DEI implementers from similar organizations (at the same point in their DEI journey) to support each other through the DEI journey.

The following table shows the average helpfulness score for each of the resources.

	Count of Responses	Community	Facilitated Cohorts
All organizations	446	2.88	2.87
Accounting firms	305	2.81	2.81
Individuals seeking a more active role	111	3.25	3.23

Table 18 - Average Helpfulness score of Community and Cohort resources



The overall feeling from all roles (in all organizations or in accounting firms) was that these resources were less than moderately helpful (score less than 3). However, individuals seeking a more active role saw these resources as moderately helpful with an average score around 3.2.

Recommendation for DEI Resources

It was interesting that none of the resources were rated as Helpful (a score of 4) or Highly Helpful (a score of 5). And while these scores were present in the underlying data, they were not there in enough volume to significantly raise the overall scores.

When considering where to focus efforts to develop resources, we recommend prioritizing resources that would help individuals seeking a more active role. That's because all roles in organizations and accounting firms as a whole generally rated the helpfulness of resources in all categories as just Moderately Helpful, but those seeking an active role scored four resources higher. The top four resources that this group identified as more than Moderately Helpful (scores of 3.5 or higher) were:



1. Case Studies (3.57)
2. Stories of Failure (3.56)
3. Business Case (3.52)
4. Starter Kit (3.50)

The first three items were also rated Moderately Helpful by individuals from Large organizations, with scores ranging from 3.51 to 3.70. The Starter Kit resource only rated around 3.3 with Large organizations but was rated 3.54 by Medium accounting firms.

Large accounting firms also rated these items with scores higher than 3.5:

5. Benchmarks (3.59)
6. Roadmap (3.58)
7. Vetted Training (3.54)
8. Vetted Resources (3.51)

People working with Large accounting firms may want to focus on these resources.



If you are aware of any of the availability of any of the resources above, the Center for Accounting Transformation is collecting these resources or links to these resources to create a directory of resources for those working in DEI.

To suggest a resource to be included in our directory please go to our
Submit a DEI Resource page at:

<https://help.improvetheworld.net/Submit-a-DEI-Resource>



THE PATH FORWARD

Perhaps the most impactful result of our research was that there is a need to change the focus from DEI itself into creating the outcome of Belonging via design of better business culture within organizations. While not present in the data itself, many of the discussions and the increasing politicization of DEI pointed toward the goal of creating Belonging and the fact that our profession provided great opportunities for everyone in all the aspects of diversity.

To determine the path forward for the profession we engaged our working group and solicited input from attendees on our webinars. We received a lot of ideas and have distilled them into the following:

- Define the Shift to Belonging
- Make Better Business Culture a Strategic Initiative
- Enhance Branding of the Profession
- Enhance Recruiting
- Enhance Retention
- Enable Transformation

We'll explain each of these in the following sections.

Define the Shift to Belonging

Belonging is much more of a feeling than something easily captured via some data points. If we want people to focus on Belonging instead of DEI, then we need to define it and determine how best to measure it.

This doesn't mean that we're throwing all of the DEI content and research out. These still provide valuable insights and help us to analyze where there are problems and what may be the root cause of these problems. However, our focus will be less on the problems and more on the solution and how they help create Belonging for all. Make Better Business Culture a Strategic Initiative.

For an initiative like this to succeed, it needs to start from the top of the organization—in other words, it must be a strategic initiative. Our research on Accounting Firm Success showed that having a distinct culture was the #2 element that resulted in success.

Business culture initiatives are not just HR initiatives. They are multifaceted, similar to other business strategies, and require executive support to implement. These initiatives need people from a mix of disciplines and backgrounds involved to ensure that they are well thought through and able to be implemented and adopted throughout an organization.

Enhance Branding of the Profession

The perceived lack of diversity in the profession and focus on the corporate world is one of the ongoing challenges in attracting students to accounting and accounting firms. We need to paint the broader picture of what the profession does and who is in the profession. We need to also celebrate the diversity of the profession and how it helps everyone be more successful and ethical: individuals, families, small businesses, governments, nonprofits and large corporations.

Enhance Recruiting

Accounting firms also tend to focus on the same schools that their partners went to and are not engaging with schools that have more diverse student bodies. People assigned to recruiting may also not have received training in how to work with candidates that don't look like them or who come from a different background (e.g. income level). The competencies associated with this specific to recruiting haven't been identified yet and need to be defined and adapted to our profession.

Accounting firms also need start to think about how people transition from recruiting to eventually leaving a firm and becoming "alumni." The first impression that a firm makes starts with recruiting, and carries into a person's time at the firm all the way through until they leave.



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Enhance Retention

The research showed that accounting firms are improving in their ability to attract more diverse candidates to the profession, but they aren't retaining them. We believe that this may be because new hires may end up feeling like they don't Belong in that particular firm or in public accounting. Employee Resource Groups (ERGs) and other affinity groups are not enough—and some people feel like they actually work against Belonging because they separate people out demographically.

We like the research being done by the [Accounting M.O.V.E. project](#) and will be looking to partner with them or adapt their research and framework to help with retention.

Enable Transformation

As always, our mission at the Center is to #EnableTransformation. We will continue to focus on research around what is working and what is not and help adapt practices from other professions and industries to accounting.

We also want to enable all of you to be [Agents of Transformation](#) and accelerate your ability to be more active in DEI initiatives to create Belonging. So, we will continue to bring you information and educational programs to enhance your skills and knowledge in this area.

Would you like to be more active in DEI initiatives?

Come and join our Better Business Culture Accelerator online community:

https://help.improvetheworld.net/AccelerateBetterBizCulture_DEIReport

In the community you'll be connected with others who are interested in taking a more active and impactful role in advancing DEI initiatives to create Belonging in our profession.

The community also includes access to directories of resources and advisors, our DEI-related content and courses, and, most importantly, DEI experts and peers who can support you on your DEI journey.



INSPIRATION EPILOGUE

This research project really opened my eyes to the challenges with adopting DEI in our profession. With the increasing politicization of DEI in the U.S., I also found myself starting to feel apathetic to both sides of the debate, too.

In my more casual research around DEI, I found:

- People from minorities speaking out against DEI initiatives;
- People criticizing well-known DEI experts and their approach to the topic;
- People on both sides pushing positions that limit free speech—our First Amendment rights;

I also found examples of organizations that didn't meet "diversity KPIs" or that had particular demographic overtones that I would still consider great places to work. Here are some examples:


- A small accounting firm in Illinois whose owner has a far-right leaning political view and is very open with their clients about their views. While the firm didn't advertise its views outright, the firm owner's views were fairly public on social media. Because of this, the firm was able to attract staff and clients with similar views—a place where people who have a view not carried by the majority could feel they belong.
- A 20-person all-virtual coast-to-coast accounting firm where a majority of the staff was Asian and where Asian-cultural values were incorporated into the firm's culture. All of the staff I talked with raved about the culture and how it was prevalent throughout all the teams. This firm was also going through high growth and had very low turnover. Being relatively small, this firm had no formal DEI programs, but all the staff had a very high feeling of Belonging and collaboration.
- A mid-sized accounting firm in the Southern U.S. where a majority of their staff was Jewish and where Jewish values (not religious practices) were incorporated into the firm's culture. This firm was experiencing apparent high employee satisfaction because of the culture within the firm, and their success was reflected in the high level of organic growth that the firm was experiencing, too.

These examples, while anecdotal, confirmed for me that our decision to focus on creating Belonging rather than DEI itself is the right path forward. The next research question is: How do successful organizations create and maintain Belonging?

"I love that belonging is being brought to the forefront as the ideal outcome. The three examples of belonging in the report are great examples of an inclusive profession. I really like the inclusion of a far-right thinking firm that can create a sense of belonging for its people. It's so similar to the other two minority-focused examples, except that far-right thinking is usually not mentioned positively in DEI / Belonging contexts. It showcases that regardless of what is making people feel like they belong, belonging creates that sense of culture and community within the workplace that makes it a great place for folks who fit that workplace culture."

~ Mike Maksymiw, Jr.,
Executive Director,
Aprio Firm Alliance

If you still have questions related to the DEI Journey of the accounting profession, I invite you to contact me at donny@hq.improvetheworld.net or to join our Better Business Culture Accelerator community to get both peer and expert support on your DEI journey. Because, yes, the road to creating Better Business Culture is an ever-evolving journey, not just a destination. I thank you for investing the time to be proactive and start your journey by reading this study.


Donny C. Shimamoto, CPA, CITP, CGMA
November 15, 2024

ABOUT THE RESEARCHERS



DONNY C. SHIMAMOTO, CPA-CGMA, CITP

Donny is the founder and managing director of [IntrapriseTechKnowlogies LLC](#), an advisory-focused CPA firm dedicated to improving the world by helping SMEs accelerate their business transformations by applying ESG and ERM frameworks right-sized for smaller organizations. Donny enables SMEs to strategically leverage technology, proactively manage their business and technical risks, and enable balanced organizational growth and development. He is a recognized thought leader and educator in accounting technology, risk management, and performance management. His dedication to helping accountants and organizations strategically leverage technology while proactively managing their

business and technical risk is paramount. Additionally, he serves as a business transformation advisor and outsourced IT partner for local and regional firms, finance departments, and internal audit departments without IT executive leadership and IT audit expertise. He helps with risk assessments, IT-related advisory services, development of innovation strategies, streamlining internal firm/department operations, and increasing staff proficiency with IT tools that support internal operations and accounting/audit services delivery. In 2021, Donny founded the [Center for Accounting Transformation](#), dedicated to accelerating the transformation of the accounting profession. The Center is research- and education-focused and takes on often-neglected areas for SMEs, such as Diversity Equity & Inclusion (DEI), Personal Resilience (e.g., preventing burnout), and enabling mindful business performance via ESG reporting and better business culture.



CLAIRE COSTIN, PHD, CPA

Claire Costin is an assistant professor with the Pamplin School of Business at the University of Portland. She holds a Ph.D. from the University of Texas at San Antonio, an MBA from St. Edward's University, and a Bachelor's of Music in piano performance from the University of Texas at Austin. Her research focuses on the impact of social capital on earnings management and how cultural factors influence managerial decision-making, with ongoing projects exploring implicit bias in accounting professionals.

Before pursuing her Ph.D, Claire worked as an auditor in Austin and remains a licensed CPA in Texas. She is also a member of the Association of Certified Fraud Examiners (ACFE). Claire's teaching interests include financial accounting, auditing, and forensic accounting, and she enjoys engaging students with research on how human behavior impacts the profession.

In addition to her academic work, Claire volunteers on the University of Portland's Committee on Academic Regulations and serves as Treasurer for the Alpha Phi Foundation. She is also a chapter advisor for the University of Oregon's Alpha Phi chapter and has worked on the fraternity's Alumnae Task Force on Diversity, Equity, Inclusion, and Access.



STEPHANI MASON, PHD, CPA

Stephani Mason is an assistant professor in the School of Accounting & MIS at the [Driehaus College of Business, DePaul University](#). She has over a decade of experience in investment management at JP Morgan, US Trust, and JP Morgan Private Bank. Her academic research focuses on the impact of accounting standards, financial regulation, corporate governance, and valuation on financial reporting, capital market behavior, and executive compensation.

She has conducted research on fair value accounting and valuation process, including a project awarded a grant by the International Audit and Assurance Standards Board. Her work has been published in leading academic journals and presented at top conferences. In addition to her research, she contributes to practitioner and educational publications such as *Issues in Accounting Education* and *Accounting Perspectives*.

An active member of the American Accounting Association and the PhD Project Faculty Alumni Association, Stephani has served on various committees, including those for the Canadian Academic Accounting Association and Financial Management Association. She is an ad hoc reviewer for several journals and serves on the editorial board of *Journal of Accounting Education*. Additionally, she is involved with the AICPA Complex Financial Instruments Task Force and the National Accreditation Commission.



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