



Thomson Reuters Institute

2023 State of the Tax Professionals Report

Executive summary: A re-shuffling of priorities for 2023

In 2023, as businesses are trying to reclaim some semblance of normal operations after several years of pandemic-related uncertainty, accounting firms too are re-thinking their priorities in order to better meet customer demand and position themselves for future prosperity.

While overall goals for tax-firm owners and leaders remained consistent in the latest 2023 *State of the Tax Professionals Report*, efficiency re-asserted its primacy as a top strategic priority, client service moved up in importance, and the search for quality talent — last year's top priority — slipped to fourth place, behind growth.

Priorities are aggregated by number of mentions from surveys of more than 500 tax leaders around the world and grouped by theme. Going into 2023, the conversation in accounting is a bit different than it was in 2022:

Figure 1: **Main priorities, 2022 vs. 2023**

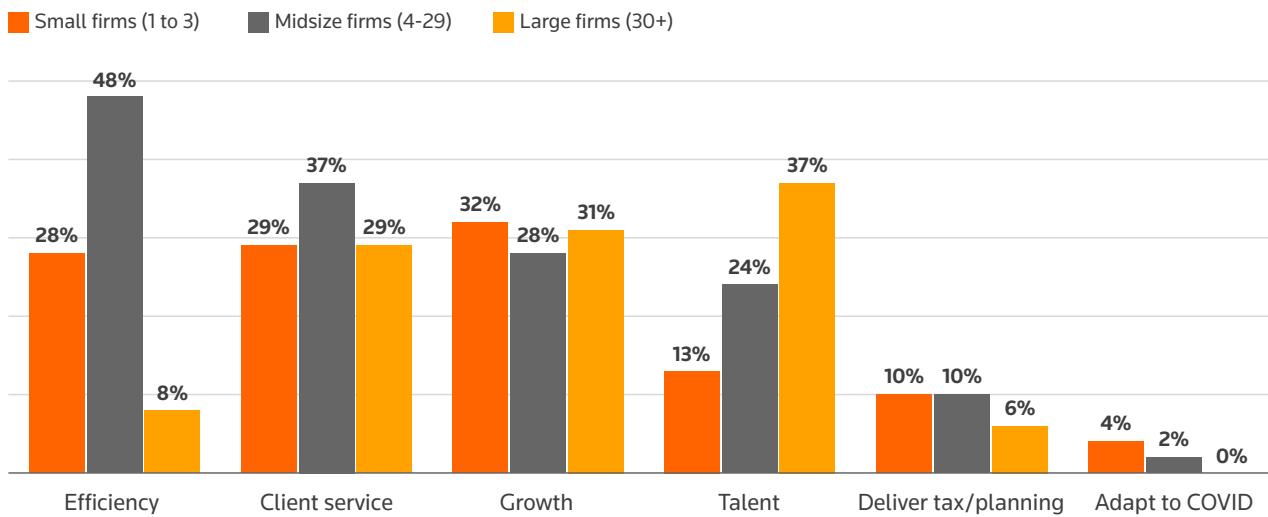
2022	2023
1 Talent	1 Efficiency
2 Growth	2 Client service
3 Efficiency	3 Growth
4 Client service	4 Talent

When evaluating these survey results, it should be noted that although the order of priorities may have changed, this doesn't necessarily mean firms care any less about any given priority, it's just that respondents' primary focus may have shifted. As a practical matter, all of these priorities are inter-related, and the statistical difference between the top three priorities, for example, is only a few percentage points. And although finding and developing talent did drop from the top spot to the fourth spot overall due to input from small and midsize accounting firms, the hunt for talent is still very much a top priority at large firms.

Indeed, firm size is an important factor in these findings as well. At firms with 30 or more people (Large firms), for example, recruiting, developing, and retaining high-caliber talent remains the highest priority, whereas firms with between 4 and 29 people (Midsize firms) are more focused on efficiency and client service. Talent isn't as much of an issue at Small firms (those with 1 to 3 people), where there is more of a focus on client service and growth.

And finally, in a hopeful sign that the disruptions of the pandemic may soon be in the rear-view mirror, “adapting to covid” ranked as the lowest strategic priority going into 2023 by a large margin.

Figure 2: **Strategic priorities by firm size**



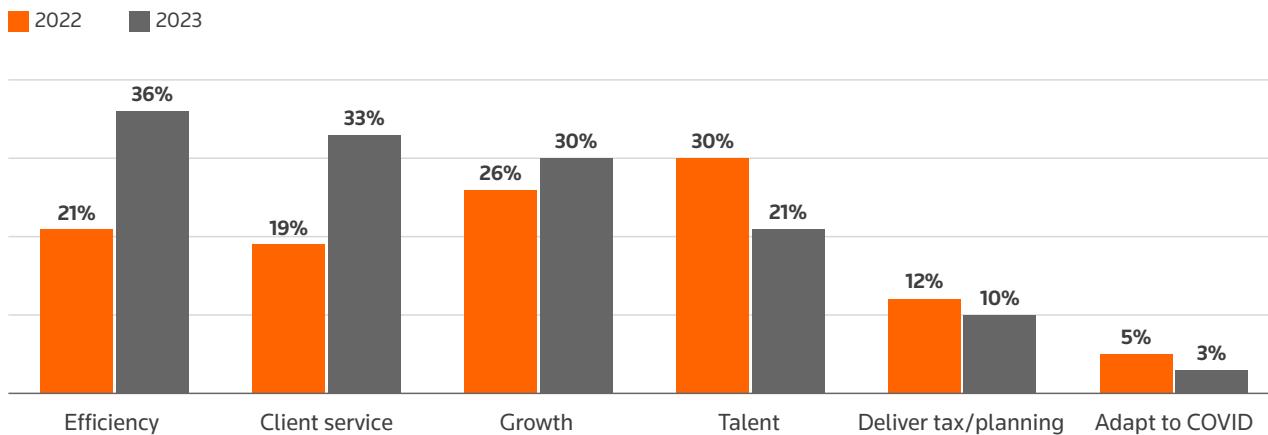
Source: Thomson Reuters 2023

Focus in 2023: Efficiency & client service

Nevertheless, the narrative has shifted somewhat in 2023. Back in 2022, as the pandemic was subsiding, firms were beset by a wave of retirements, an anemic talent pipeline, and the so-called *Great Resignation*, all of which were threatening to thin the ranks of experienced tax professionals. Therefore, concerns about attracting and keeping quality talent temporarily displaced efficiency as the top strategic priority for tax leaders in 2022.

But in 2023, efficiency claimed the top spot, with 36% of this year’s respondents mentioning drives for efficiency as a top strategic priority, compared to 21% of respondents who cited efficiency as a top strategic priority in the last survey. Indeed, this was mentioned more than delivery of client services, growth, or talent. This renewed focus on efficiency is particularly noticeable at midsize firms, but the 15 percentage point jump from last year also suggests that an industry-wide reset may be underway. That shift may indicate that tax leaders are returning to a more-familiar balance of business priorities heading into 2023, ahead of a possible recession and other economic uncertainties.

This reset is especially noticeable in results from the United States (U.S.), United Kingdom (U.K.), and Canada, where growth is a slightly higher priority than client service. The overall percentage for those citing client service as a top strategic priority rises when Latin America and Australia are added, which accounts for its rise in the overall list of priorities.

Figure 3: **Strategic priorities 2023 v. 2022**

Source: Thomson Reuters 2023

Aside from talent's drop from the top priority to the fourth spot (30% in 2022, to just 21% in 2023), the most dramatic difference between 2022 and 2023 is the dramatic 14 percentage point rise in the importance of client services.

The prioritization of client services is especially evident at midsize accounting firms, where both individual and business clients are asking their accountants to play a more active advisory role. Midsize firms see expanding their services into areas such as tax strategy, financial planning, and business guidance as a key growth strategy, both to differentiate themselves from small-firm tax preparers and to compete with larger accounting and auditing firms, most of which already provide such services.

A multitude of strategies

Indeed, growth remains a perennial priority in 2023. Although it dropped a notch on the overall priority list, the number of firms mentioning growth as a priority actually rose by four percentage points (from 26% to 30%) in 2023.

Overall, the results of our 2023 report suggest that in the face of a possible recession, accounting firms are looking for ways to streamline their operations — through both process re-evaluation and the adoption of new technologies — and doing what they can to position themselves for growth in 2023.

To be sure, tax leaders are still dealing with a serious labor shortage, but they are also pursuing alternative strategies to achieve their goals, including greater investment in tax technologies, better training on existing systems, outsourcing, and even freelance contractors. Client demand for a broader range of advisory services and more flexible pricing models is also driving decision-making going into 2023, as is competition for higher-quality clients and the need to hire, develop, and retain experienced tax professionals at all levels.

Methodology

The 2023 *State of Tax Professionals Report* was conducted in the fourth quarter of 2022, and involved 540 respondents from accounting firms of all sizes from select countries around the world. Almost half (48%) of respondents were located in the United States, but representatives from the United Kingdom, Canada, Australia, Argentina, and Brazil also participated. When comparing this year's results to those from the 2022 report, it should be noted that this year's survey gained a greater number of responses from Latin America and fewer from Australia than did last year's survey. By gender, respondents were 57% male, 40% female, and 3% chose not to identify.

Figure 4: **Firm size categories and response rates**

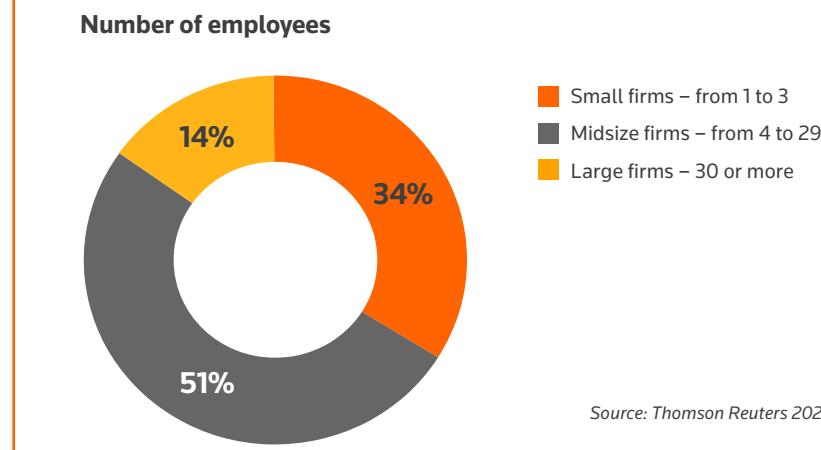


Figure 5: **Number of tax returns filed in past year**

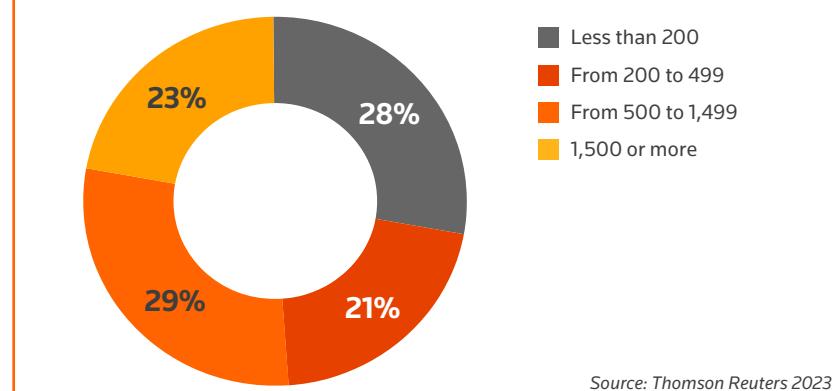
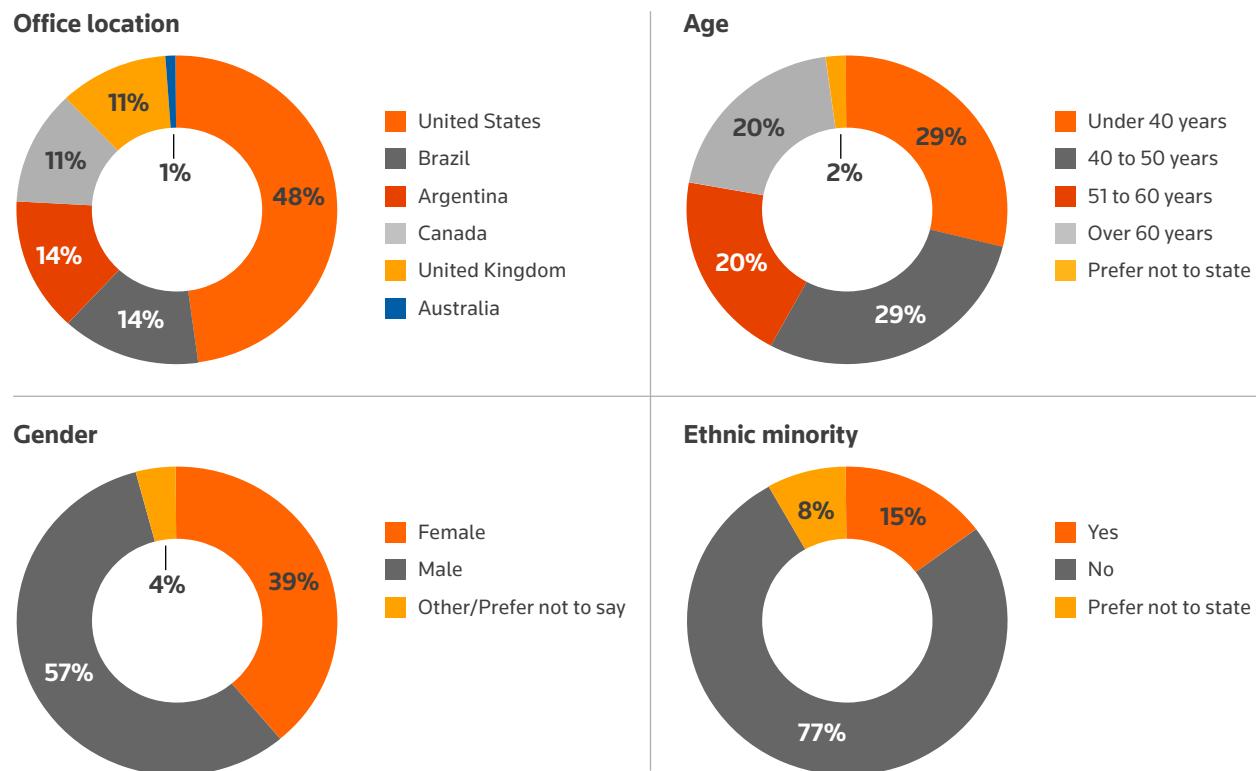


Figure 6: **Respondent demographics**



Source: Thomson Reuters 2023

The survey included firm owners, leaders (either partners, directors, or managers), and non-leaders. Overall, 62% of respondents were firm owners, 24% had another leadership role, and 14% did not have a leadership role. At small firms, however, 94% of the respondents were owners, and at large firms, only 16% were owners, while 48% had some other leadership role, and 36% had a non-leadership role. At midsize firms with 4 to 29 employees, 54% were owners, 30% had another leadership role, and 16% were non-leaders.

For some questions, respondents were given the option of providing written answers. Where appropriate, some written responses have been included in this report as well.

Priority 1: Efficiency

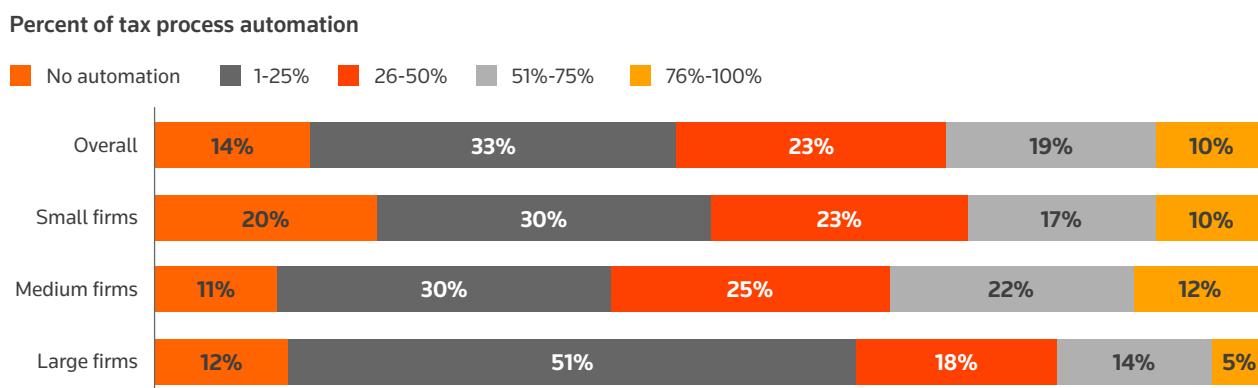
Driving operational efficiency re-emerged as the top overall priority for accounting firms in 2023 as firms work to contain costs and insulate themselves against economic uncertainty. However, the word *efficiency* doesn't say much, so it's worth exploring *how* firms intend to achieve these efficiencies, as well as the role technology plays in their plans.

The role of automation

Technology is of course one of the most effective and immediate ways to achieve greater efficiency in an accounting firm, particularly through automation of routine, manual tasks in the daily workflow, such as tasks found in completing accounts payable/receivable, payroll, tax compliance, and financial reporting.

In fact, most firms have automated at least some of their tax workflow processes. According to our latest survey, only 11% of midsize and large firms say they use no automation whatsoever, and only 20% of firms with fewer than three people rely entirely on manual processes.

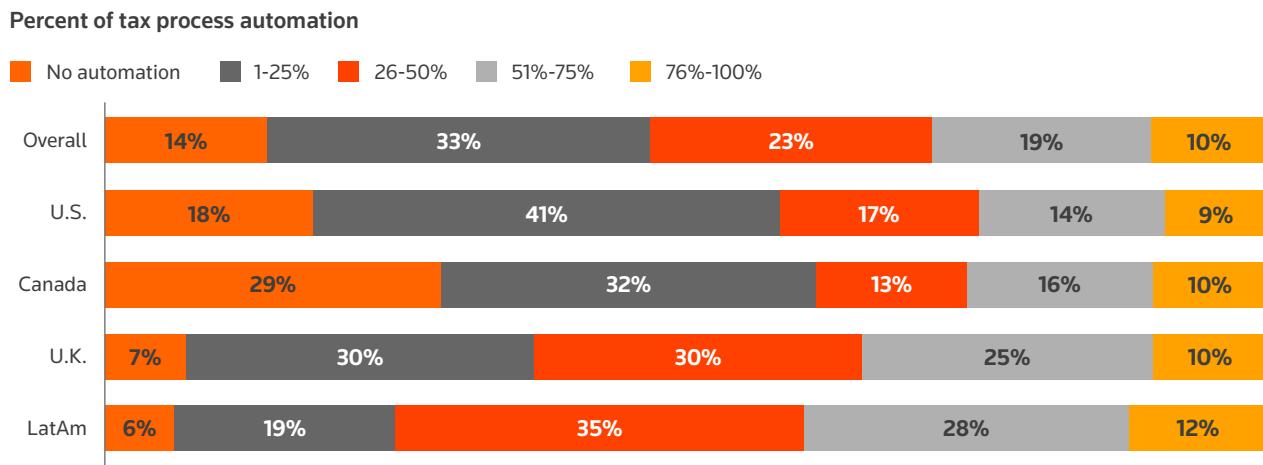
Figure 7: **Most firms automate at least some of their tax workflows**



Source: Thomson Reuters 2023

Overall, one-third (33%) of firms automate up to 25% of their tax workflows, about one-quarter automate between 26% and 50% of their tax workflows, and almost another one-third (29%) automate more than half or all of their workflows. The exception is large firms, of which half (51%) say they only automate 25% or less of their operations, resulting in a lower overall rate of automation. (**Note:** This may sound counterintuitive because larger firms tend to make larger investments in technology, but larger firms also tend to offer a broader range of specialized advisory services, which can be more difficult to automate, so the percentage of services they can automate is likely to be statistically lower.)

Figure 8: **UK and Latin America have more automation than US and Canada**



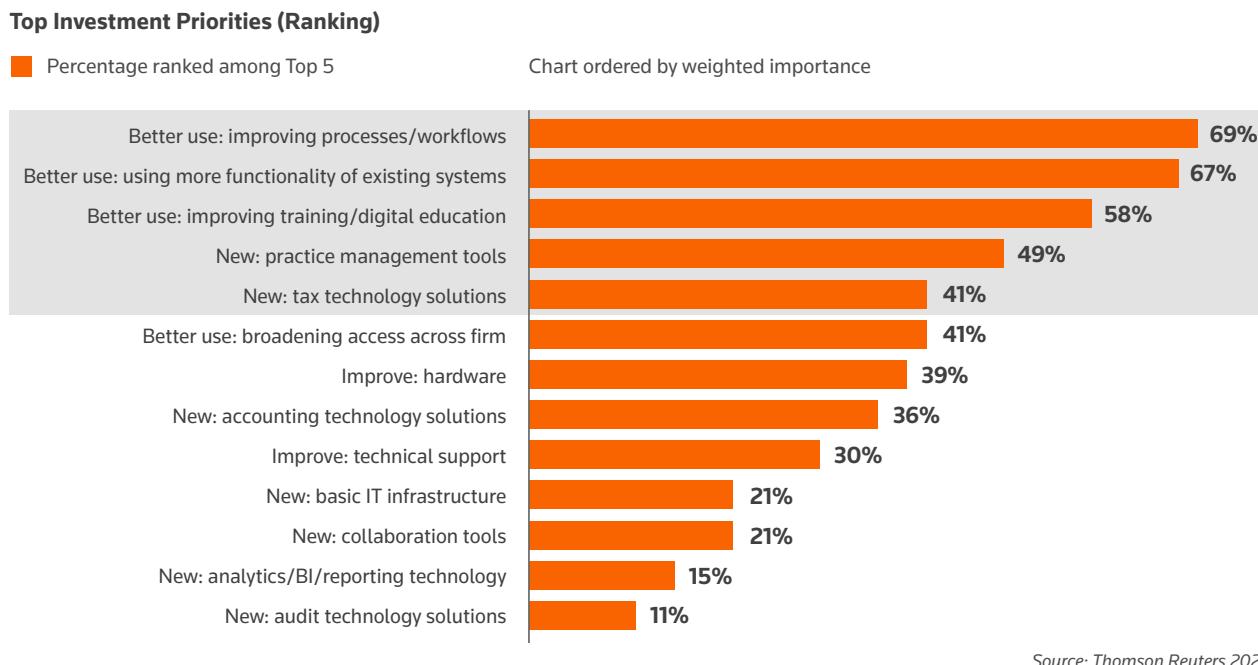
Source: Thomson Reuters 2023

Interestingly, when these same automation stats are broken down by country, those countries that report the most tax professionals using *no automation whatsoever* are Canada and the United States, at 29% and 18%, respectively. The U.K. and Latin America use far more automation, with more than one-third of firms in those regions (35% and 40%, respectively) reporting that between 50% and 100% of their workflow processes are automated.

Processes & workflows

As for how tax & accounting firms plan on squeezing even *more* efficiency and productivity out of their current operations, many firms are prioritizing the improvement of current workflow systems and processes and getting more out of existing systems over investing in new technology solutions. Indeed, when asked to rank their investment priorities over the next two years, more than two-thirds (69%) of respondents said improving current workflows and processes was at or near the top of their list, followed closely by getting more functionality out of their existing systems.

Figure 9: **More efficient use of current tools, processes and training are top priorities**



Better tools & training

One way to optimize the functionality of existing tools and systems is through better training and education, which 58% of respondents ranked as a top-five priority this year. Adopting new practice-management tools was also cited as a potential efficiency strategy, especially at larger firms; and exploring new tax technologies and other technological solutions rounded out the top three investment priorities in order of importance.

In written responses, tax leaders confirmed that their interest in technology is rooted both in a need for greater efficiency and the desire to serve clients better. Some typical responses were that tax leaders wanted to “increase efficiencies to better serve our clients with less labor hours,” and to “leverage technology so that I can focus on advising.” Other responses cited the use of technology to streamline operations and improve productivity, especially at midsize firms where growth is a strong focus.

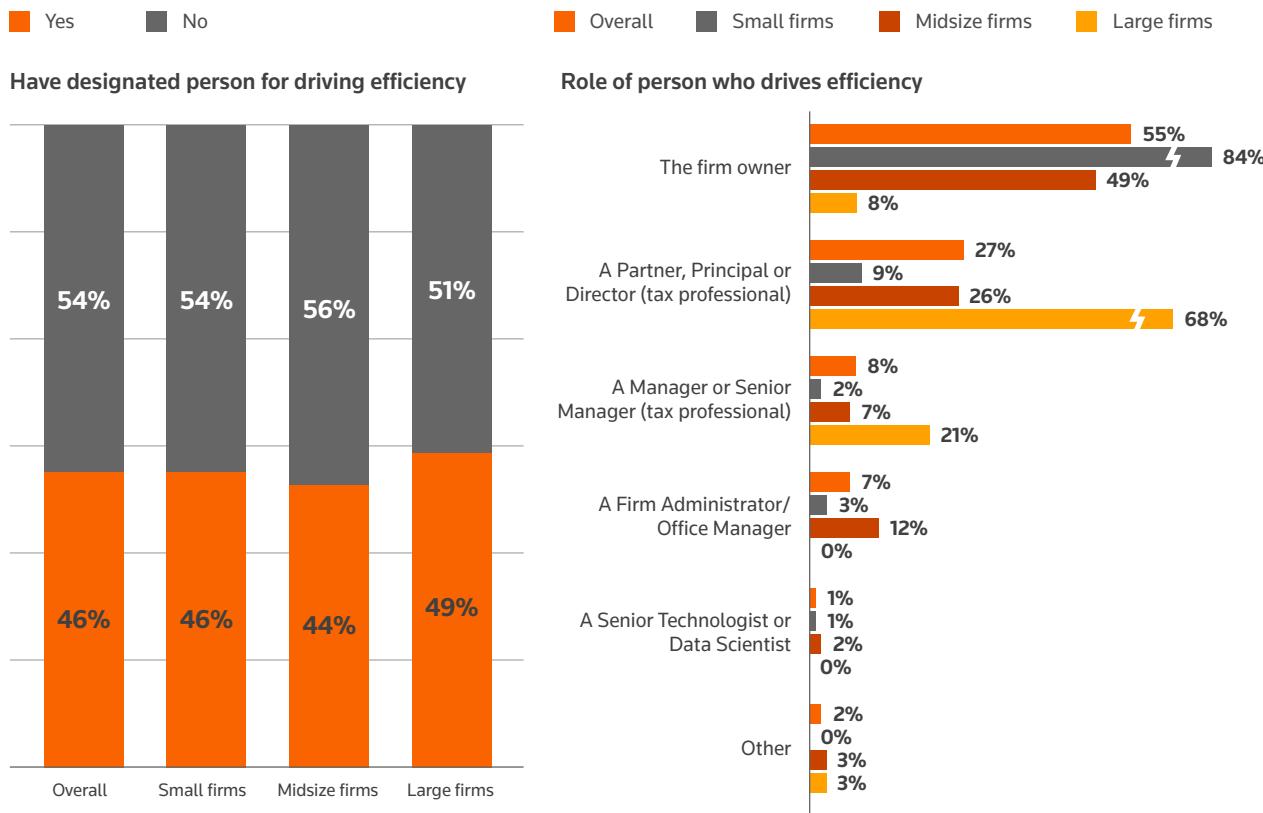
The need for leadership

The desire for greater efficiency is pretty much universal at accounting firms, regardless of firm size. But efficiency doesn’t just happen; it requires planning and effort. For efficiency initiatives to be effective, someone needs to be responsible for managing the work involved in identifying friction points and bottlenecks, and for devising targeted solutions that the firm can realistically implement.

In other words, one of the most important factors in making greater efficiency a practical reality is leadership. In our 2023 survey, however, more than half of firms at all levels said

they did not have a designated person whose role was to drive efficiency. Without such leadership, unfortunately, efficiency initiatives are not likely to go very far.

Figure 10: Firm owners are typically responsible for driving efficiency in smaller firms



Source: Thomson Reuters 2023

At firms that *do* have a designated leader in charge of driving efficiency, that person tends to be at or near the top of the firm's organizational hierarchy. Not surprisingly, the firm owner tends to handle these responsibilities at firms with fewer than three people, and at large firms, the designated person is typically a partner, principal, or director.

Managers and administrators are rarely chosen to lead efficiency initiatives, which is understandable. Drives for efficiency often involve forced changes in the way people work and the tools that they use, which requires buy-in from the top, especially if investments in technology and training are involved. However, the most successful efficiency initiatives involve all stakeholders, yet also must be sensitive to the impact such changes may have on the firm's culture and individual work experiences.

Key takeaway: Efficiency doesn't happen by itself. It requires careful study, concrete action, proper leadership, and effective change management. Otherwise, "efficiency" becomes just another empty buzzword.

Priority 2: Client services

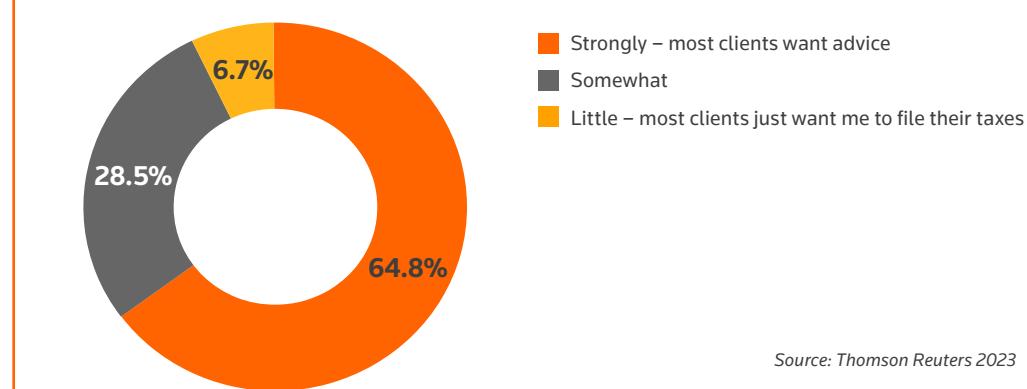
In our 2023 survey, enhancing client service moved up as a priority relative to 2022, when it was deemed a lower overall priority — although it's not as if client needs were ever being ignored. Still, what's becoming clearer to firms of all sizes is that more clients want some type of advisory help in addition to basic accounting and business services — and, since "meeting client needs" is the name of the game, firms are adapting.

Large accounting firms have for years been expanding the range of services they provide to include more tax strategy, financial planning, and business consulting services, and that trend shows no signs of slowing. In order to compete, however, midsize firms and even some small firms are finding other ways to improve their client service, such as providing individualized tax strategies, improving client relations, reliably meeting deadlines, and providing more personalized service overall.

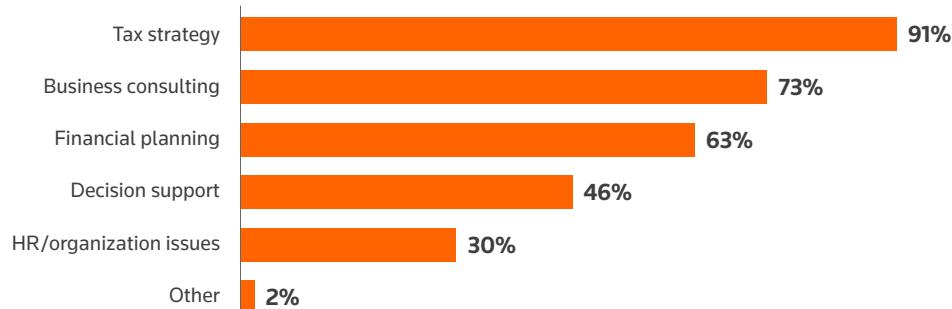
More business advice, please

Respondents to this year's survey left no doubt that their clients are looking for more business advice. In fact, more than 93% of those surveyed replied that their clients are now looking for some form of advisory services, and close to 65% said this desire was "strong."

Figure 11: **Clients want business advice**



As for what sort of business advice clients are seeking, 91% said tax strategy was the service clients requested most, followed by business consulting (73%), financial planning (63%), decision-making support (46%), and HR/organizational issues (30%).

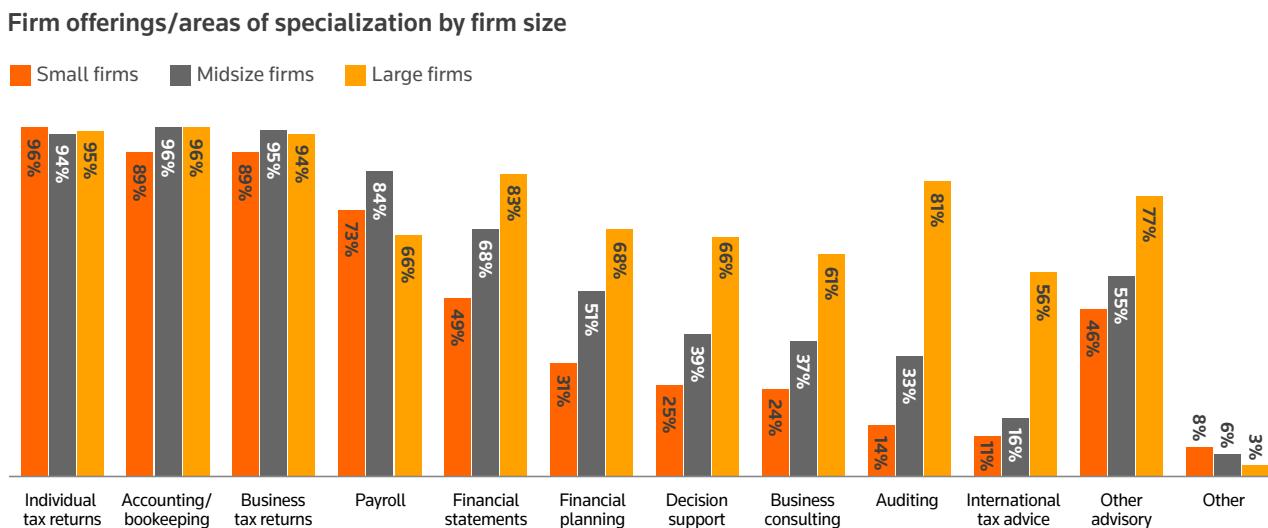
Figure 12: **What advice do clients want?**

Source: Thomson Reuters 2023

In written responses, tax leaders said they were planning to “roll out advisory services to all clients and new clients looking for those services,” in 2023 and develop “research tools and resources” to deliver “advisory-based services and tax/financial planning services for individuals.” Others said they plan to “increase strategic planning work,” and “help clients navigate the ever-changing economic world.”

Advanced services

When it comes to providing more advanced advisory services, however, large firms still dominate the market by a large margin. While most firms provide such basic services as accounting, bookkeeping, and tax preparation for individuals and businesses, only half of midsize firms provide financial planning, and even fewer (37%) said they provide decision-making support or business consulting services.

Figure 13: **Larger firms offer more advisory services**

Source: Thomson Reuters 2023

Larger accounting firms tend to provide all of these services and more. In this year's survey, 68% of firms with more than 30 people said they offer financial planning, 66% offer decision-making support, and 61% offer business consulting.

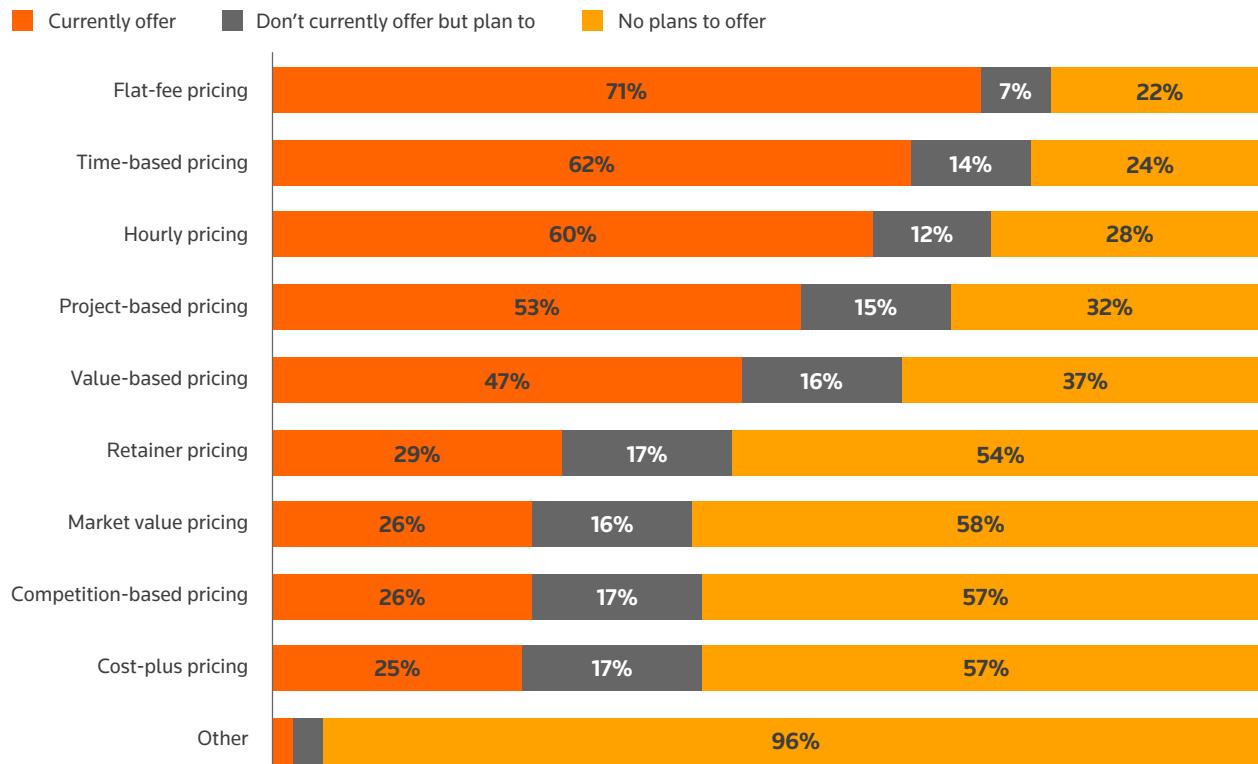
Auditing is another area where larger firms dominate, with 81% offering audit services, compared to 33% for midsize firms and only 14% for small firms. And if international tax advice is what you want, fewer than 16% of small and midsize firms offer those services, whereas more than half (56%) of larger firms do.

Pricing options

Pricing models are another area where firms are competing to differentiate themselves and meet clients' growing preference for pricing options that are based on the nature and duration of the service provided. In our 2023 survey, many firms also indicated that they were planning to expand the range of pricing options available to clients in the coming year.

Figure 14: Some firms are introducing alternative pricing models

Pricing models offered



Source: Thomson Reuters 2023

More than half of all firms offer the most popular forms of pricing, and a small percentage of those that don't (between 7% and 15%) said they plan to offer them in 2023. The most common forms of pricing currently are:

- flat-fee pricing
- time-based pricing
- hourly pricing
- project-based pricing

More than one-quarter of firms (between 25% and 29%) also offer more specialized forms of pricing, such as:

- retainer pricing
- market-value pricing
- competition-based pricing
- cost-plus pricing

What's interesting is that between 16% and 17% of firms that *don't* currently offer these specialized alternative pricing options said they plan to offer them in 2023. Across the board, in fact, there is a clear trend toward introducing a wider variety of pricing options to meet client demand.

Key takeaway: Clients of all types are looking for more advisory assistance and business support, as well as pricing options beyond the billable hour.

Priority 3: Growth

One way or another, *growth* will always be a top priority for tax firm leaders, and although it technically dropped a spot on our overall priority list, the difference between 2022 and 2023 is statistically insignificant. Strategies for *how* to grow do not appear to have changed much in the past few years either.

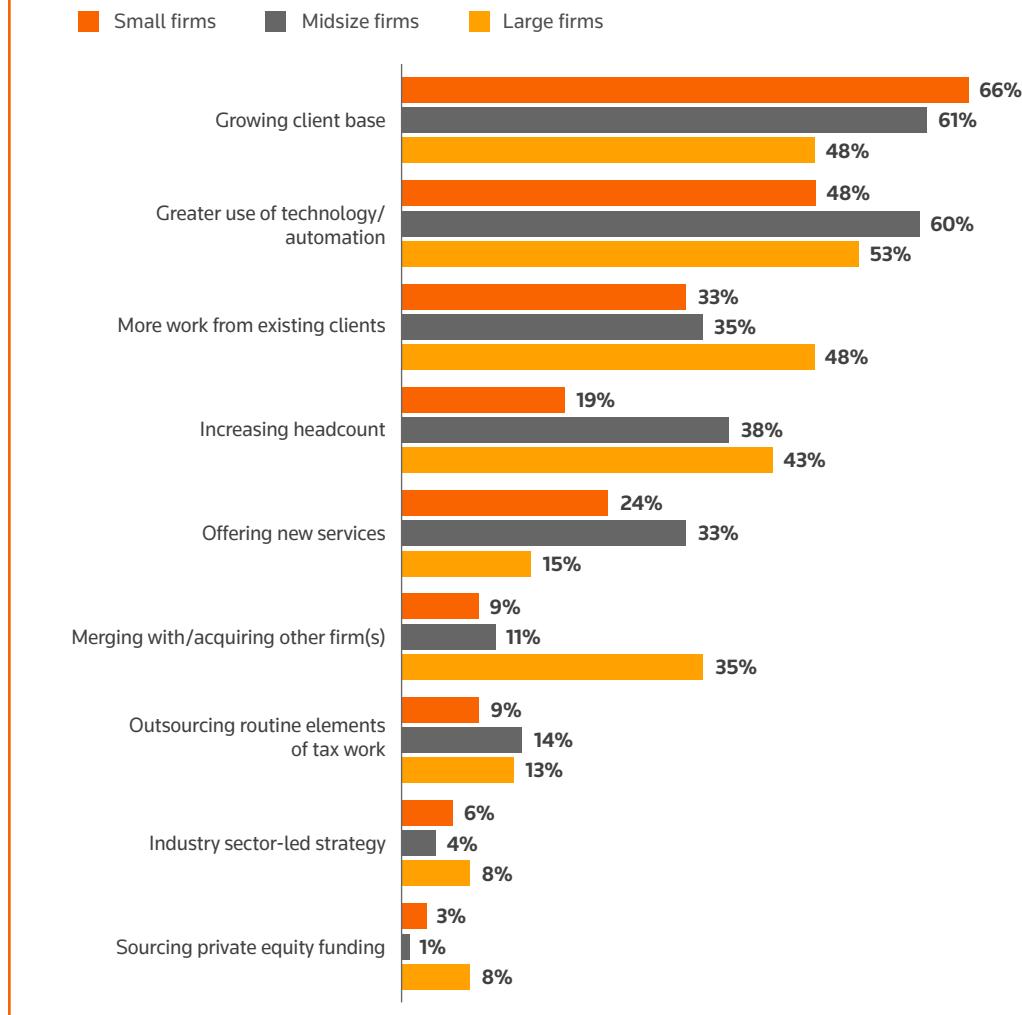
Such strategies as expanding the firm's client base, leveraging technology and automation, and getting more work from existing clients — these remain the most popular paths to growth. Other strategies — such as offering new services and acquiring another firm — are still in the mix, but in this category more so than others, favored growth strategies differ depending on the size of the firm.

Growth strategies

For example, small and midsize firms that are actively pursuing a growth strategy tend to prioritize growing their client base, whereas firms with more than 30 people are more likely to prioritize getting more high-value work from existing clients. Large firms are also in a better position to fuel growth by adding staff or acquiring another firm.

Where technology is concerned, midsize firms are more likely to prioritize greater use of technology and automation as a growth strategy, although large and small firms aren't far behind. In our 2023 survey, 60% of midsize firms with a growth strategy said incorporating more technology and automation was critical to their growth aspirations, while small and large firms alike said the same at 48% and 53%, respectively.

Figure 15: Factors influencing growth strategies



Source: Thomson Reuters 2023

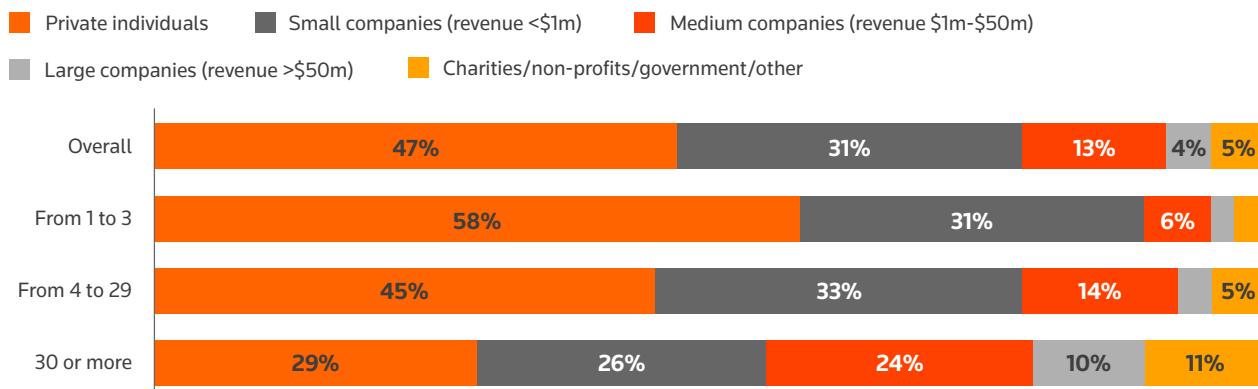
Expanding the client base

To similar but varying degrees, tax & accounting firms of all sizes appear focused on growing their client base and/or targeting high-quality clients to boost the number and size of billable hours. Currently, however, the overall client mix among all firms leans heavily toward private individuals and small to midsize companies with less than \$50 million in revenue.

When asked to describe their overall client base, for instance, firms reported that on average, 78% of their clients are either individuals or small businesses with less than \$1 million in revenue. When broken down by firm size, however, it's apparent that small firms rely almost entirely on individuals and small businesses; whereas not surprisingly, larger companies tend to gravitate toward larger firms.

Figure 16: **Individuals and small companies make up the majority of firms' client base**

Average client base split



Source: Thomson Reuters 2023

In small firms, for example, 89% of clients are either individuals (58%) or small businesses (31%), and only 8% of their work comes from companies with more than \$1 million in revenue (not including the category of Charities/non-profits/Government/Other). Meanwhile, at midsize firms, individuals and small businesses still make up the majority of clients (78%), but 14% of their clients are medium-size companies with between \$1 million and \$50 million in revenue, and 3% are companies with more than \$50 million in revenue.

The big fish: high-value corporate clients

The dynamics shift a bit more dramatically at large firms. At these larger firms, a little more than half (55%) of clients are still individuals and small businesses, but almost one-quarter (24%) are medium-size companies (\$1 million to \$50 million in revenue), and 10% are large companies with more than \$50 million in revenue.

Looked at another way, this means that large accounting firms are three-times more likely to have a *big fish client* (those with annual revenue of \$50 million or more) within their customer base compared to firms with fewer than 30 people. In fact, three-quarters of firm leaders that responded to this year's survey said they do not have any large corporate clients at all. On the other end of the spectrum, a select few firms (3% in this survey) say companies in the \$50-million-plus club make up the *majority* of their business, which is rarified air indeed.

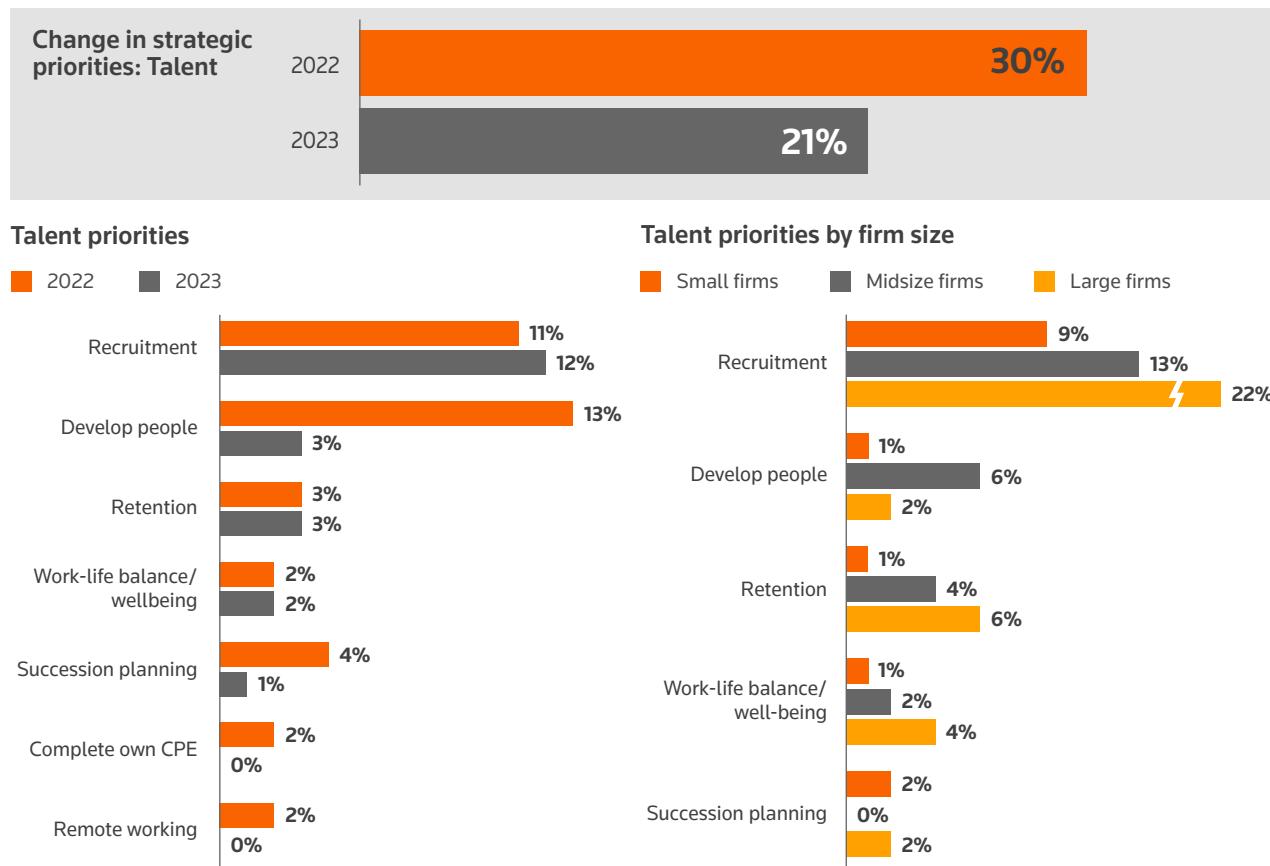
Key takeaway: Growth strategies differ according to firm size, with the general rule that the larger the firm, the more likely it can attract high-value corporate clients and have more options to fuel further growth.

Priority 4: Talent

As the pandemic began to wane in some parts of the world and many businesses sought to get back to some semblance of normal, tax leaders were so concerned about recruiting and developing qualified talent to meet this demand that they cited it as their top strategic priority in 2022. What a difference a year makes.

In 2023, efficiency and client service re-asserted themselves as the industry's top overall priorities, and concerns about talent fell 9 percentage points, to show that just 21% of respondents in this year's survey felt talent was a top concern, bumping that category back down to the fourth overall priority, where it was, interestingly, before the pandemic struck.

Figure 17: **Talent priorities**



Source: Thomson Reuters 2023

This doesn't mean, of course, that talent no longer matters. What the re-prioritization of talent really reflects is a re-alignment of priorities at midsize and small firms as they focus more on retaining and developing existing talent. Indeed, the search for qualified talent remains a top priority at large firms, particularly when it comes to filling senior and mid-level tax professional roles.

Accounting's labor shortage

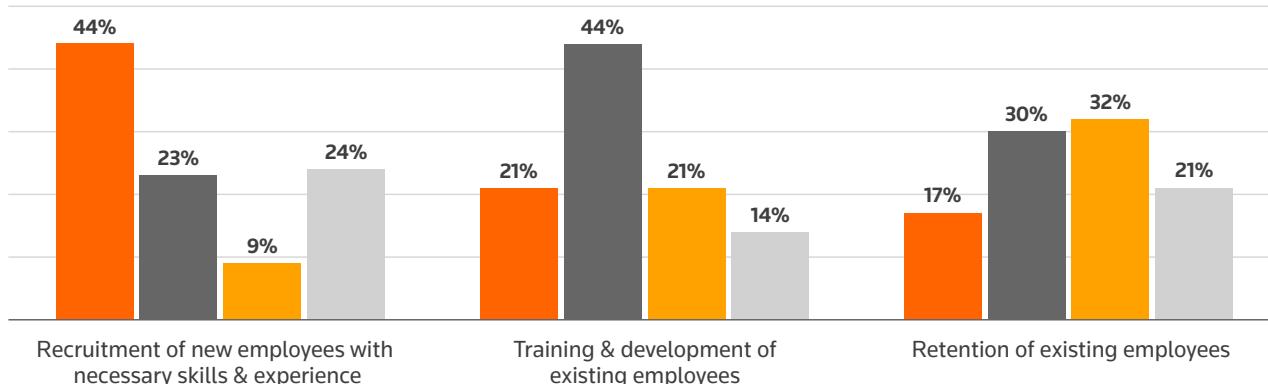
Though talk of the *Great Resignation* has subsided (if it ever really lived up to its hype at all), the labor shortage in accounting continues to be a real thorn in the side of the industry. According to the *Wall Street Journal*,¹ more than 300,000 accountants and auditors have left their jobs in the past two years, many of them lured by higher-paying jobs in the finance and technology sectors. Many college students — even accounting majors — are foregoing traditional career paths through tax & accounting firms and instead opting for higher starting salaries in banking, tech, and consulting, a trend that continues to deplete the talent pipeline for the industry.

This year's survey results confirm that recruiting, training, and retaining qualified talent will continue to be a key challenge for many firms in 2023. When asked about their ability to recruit new employees with the skills and experience necessary to thrive at their firm, 67% of tax firm leaders said the task would continue to be either "highly challenging" or "somewhat challenging." Almost two-thirds (65%) of respondents said the same about training and development of existing employees; and 47% said they anticipate that retaining existing employees will present some difficulties in 2023.

Figure 18: **Recruiting the right talent will be a key challenge in 2023**

Anticipated challenges for 2023

■ Highly challenging ■ Somewhat challenging ■ Little or no challenge ■ N/A – not a focus for my firm in 2023



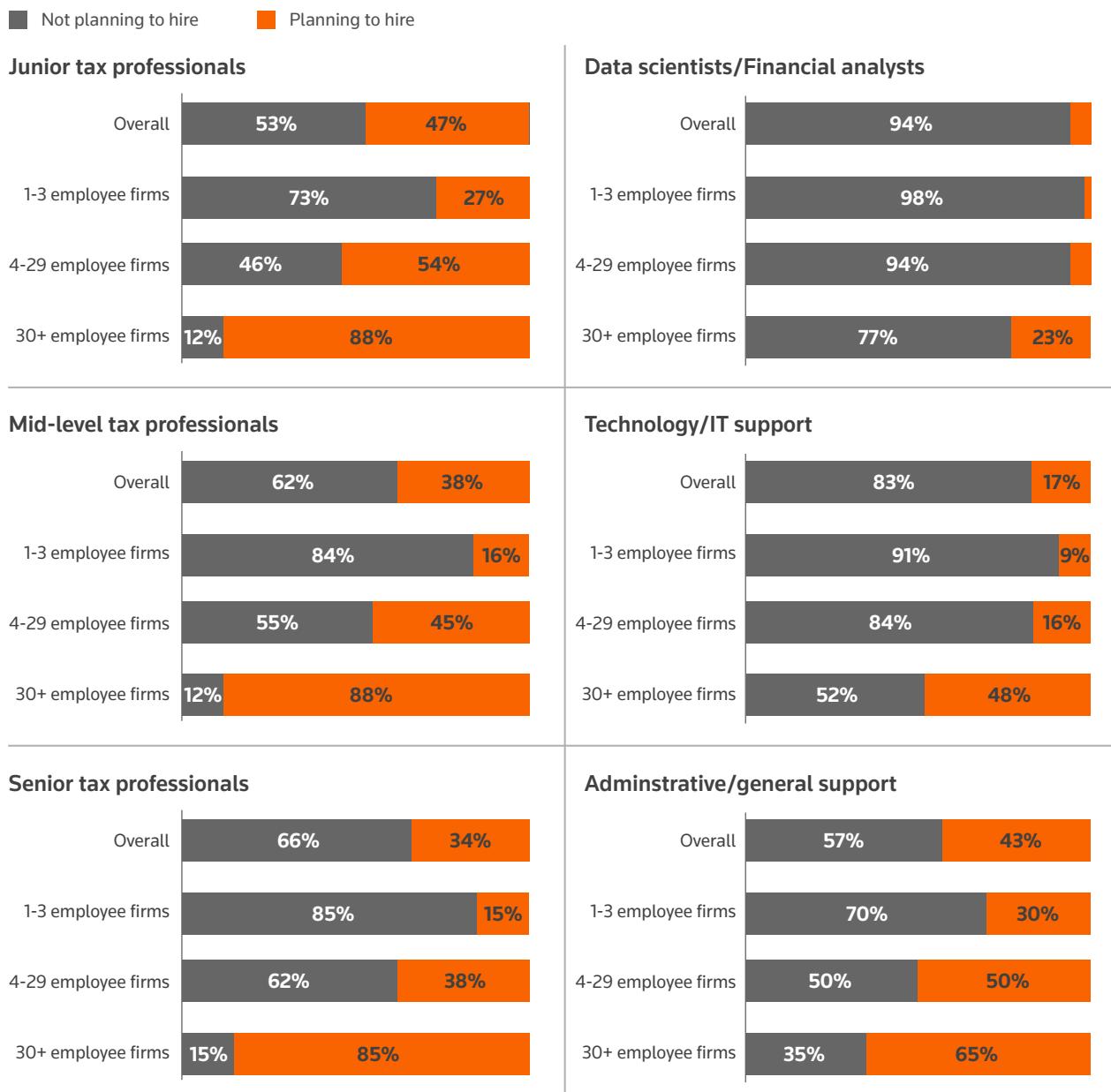
Source: Thomson Reuters 2023

1 *Wall Street Journal*; <https://www.wsj.com/articles/why-so-many-accountants-are-quitting-11672236016>

Who's hiring?

Job hunters should be aware that larger tax & accounting firms are going to be in hiring mode for a wide range of positions in 2023. Almost 90% of large firms surveyed said they would be hiring junior, mid-level, and senior tax professionals this year. Data scientists and financial analysts won't be so lucky, as only 24% of large firms said they will be hiring for these positions, and almost no midsize or small firms said they have plans to hire for those roles. Roughly half of midsize firms also say they will be hiring for junior and mid-level positions, and somewhat fewer (38%) said they will be hiring senior tax professionals.

Figure 19: **Larger firms plan to hire a range of tax professionals**

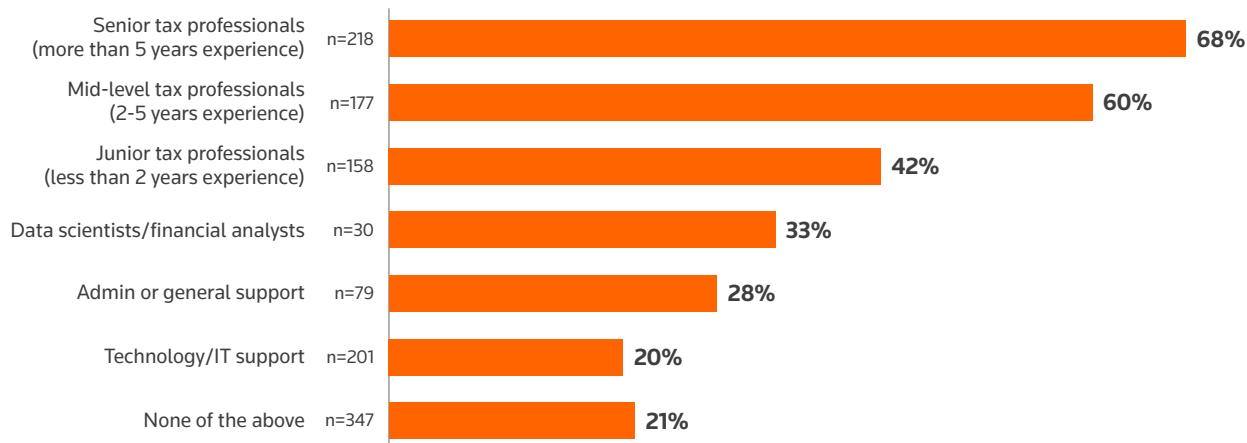


Source: Thomson Reuters 2023

When asked which roles will be the most challenging to fill, about two-thirds of firm leaders said they anticipate difficulties in hiring for senior- and mid-level positions.

Figure 20: Filling roles for senior and mid-level tax professionals will be a challenge

Difficulty filling roles (Percentage of those who anticipate hiring that expect difficulty filling role)

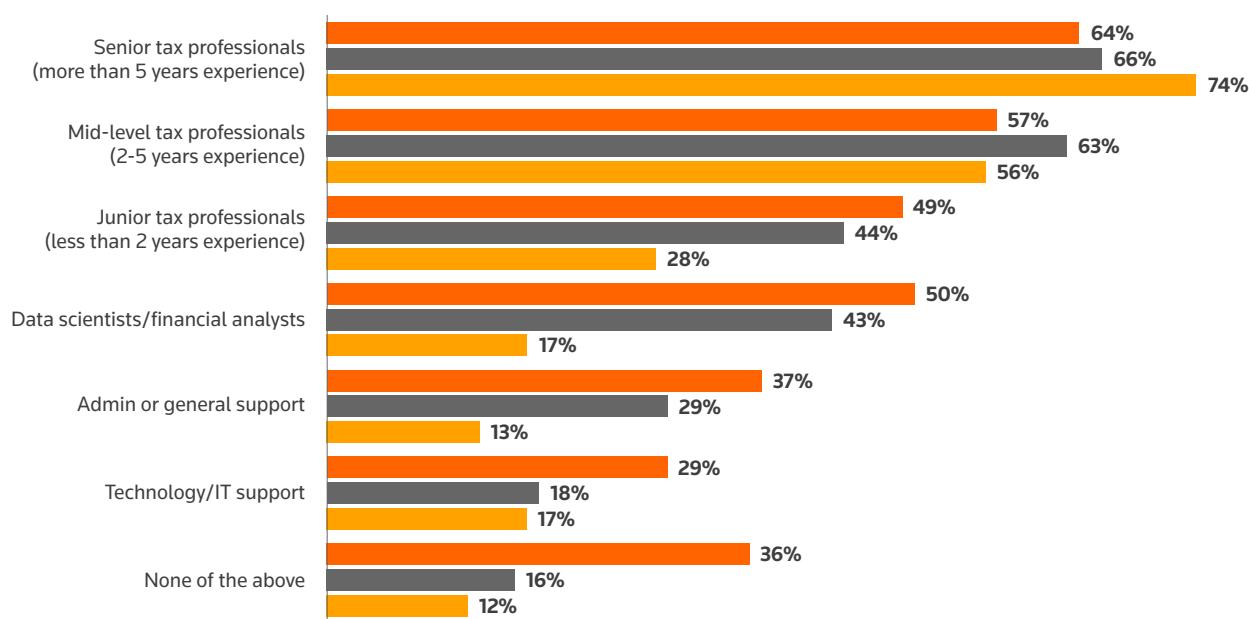


Source: Thomson Reuters 2023

The search for experienced tax professionals is especially acute at large firms, where 74% said they anticipate challenges in hiring for higher-level positions. Small and midsize firms share similar concerns but are more likely to struggle to find promising *junior* talent, mostly because the recruitment network for larger firms is more extensive and well-established, leaving small and midsize firms with a depleted pipeline of younger talent.

Figure 21: Hiring difficulty by firm size

■ Small firms ■ Midsize firms ■ Large firms

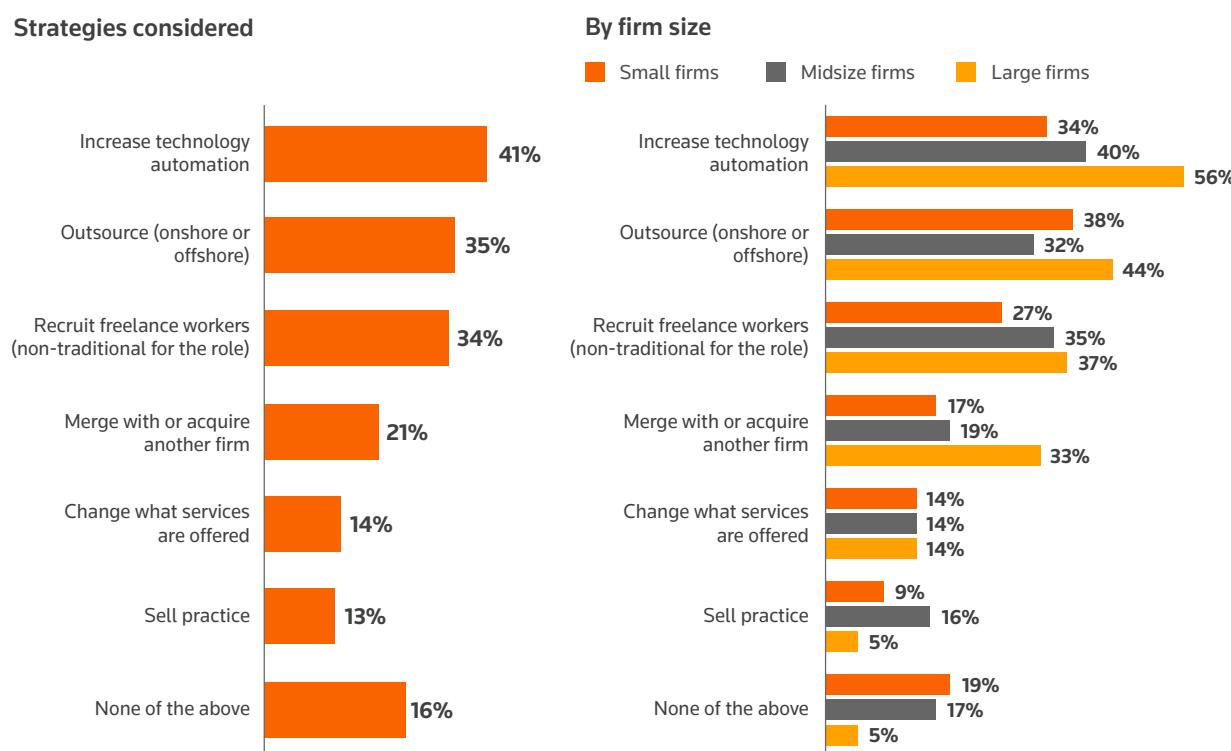


Source: Thomson Reuters 2023

Turning to tech

If firms cannot hire the talent they need, they may pursue alternative strategies to address their talent challenges. Increasing automation is the option most often mentioned, with 41% of firm leaders saying they might invest more in automation technology. More than half (56%) of large firms say they may lean on technology to fill certain gaps; while slightly fewer midsize and small firms (40% and 34%, respectively) say they would consider adding more technology to their firm's professional toolkit if they can't find the right people.

Figure 22: **Challenges will be addressed through more automation, outsourcing and freelance employees**



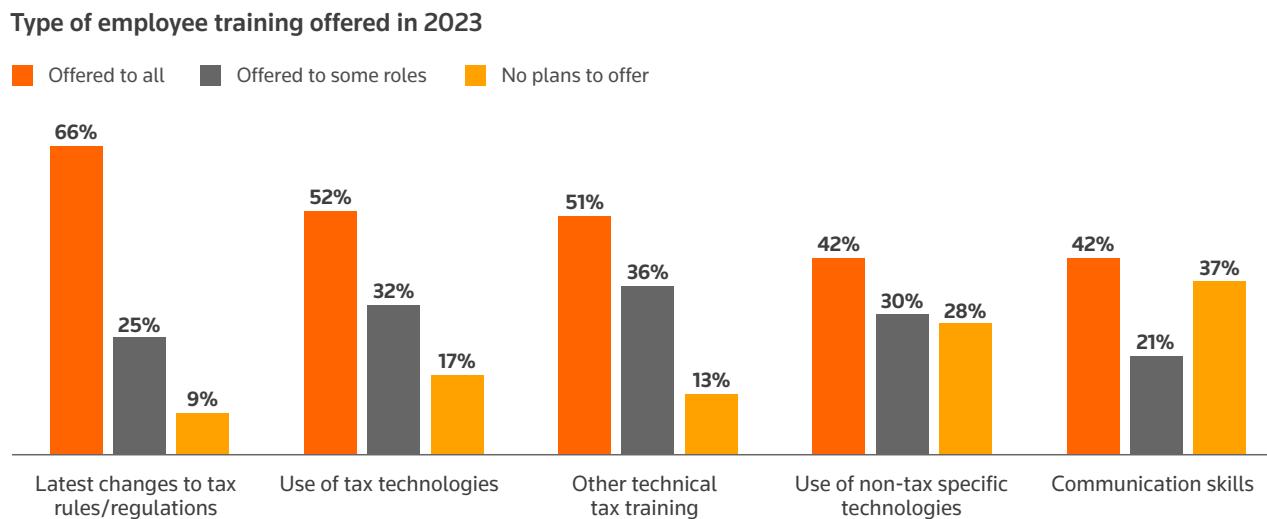
Source: Thomson Reuters 2023

To this end, outsourcing is the second most often mentioned strategy, followed by recruitment of freelance contract workers. Indeed, the willingness of firms to pursue these alternative strategies is yet another indication that the overall hiring pool is conspicuously shallow.

Training for 2023

In the face of a continuing labor shortage within the accounting industry, developing and retaining talent has become extremely important. Not surprisingly, a majority of firms are offering training programs of one sort or another.

Figure 23: **Changes to tax rules will be a major area of focus for employee training in 2023**



Source: Thomson Reuters 2023

Teaching about the latest changes to tax rules and regulations will be a major focus area for training in 2023, according to our survey. In fact, two-thirds (66%) of firm leaders said they will offer such training to everyone in their firm. Use of tax technology is the next most popular topic, with a little more than half (52%) offering training of this type to all employees. Other popular training topics are technical tax training and the use of non-tax-specific technologies.

Interestingly, 42% of firms also have plans to offer training in communication skills — another indication that advisory services and face time with clients are becoming an even more important part of a tax professional's job description.

Addressing talent-related issues

Because accounting firms of all sizes are having difficulties finding and keeping quality talent, the question many are asking is: What can be done about it? Tax leaders and employees both have their opinions, but they have somewhat different perspectives about what is working and what isn't.

Figure 24: Owners want to improve by growing client base & investing in technology

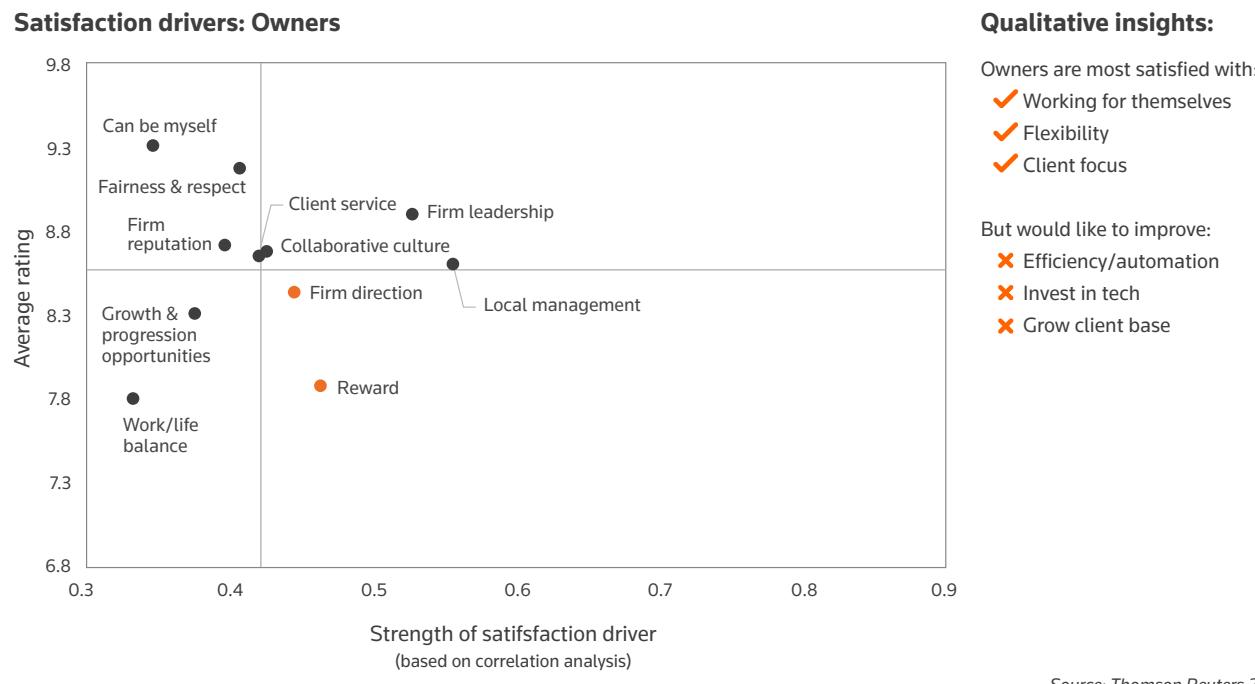


Figure 25: Other leaders also want to improve communication and increase compensation

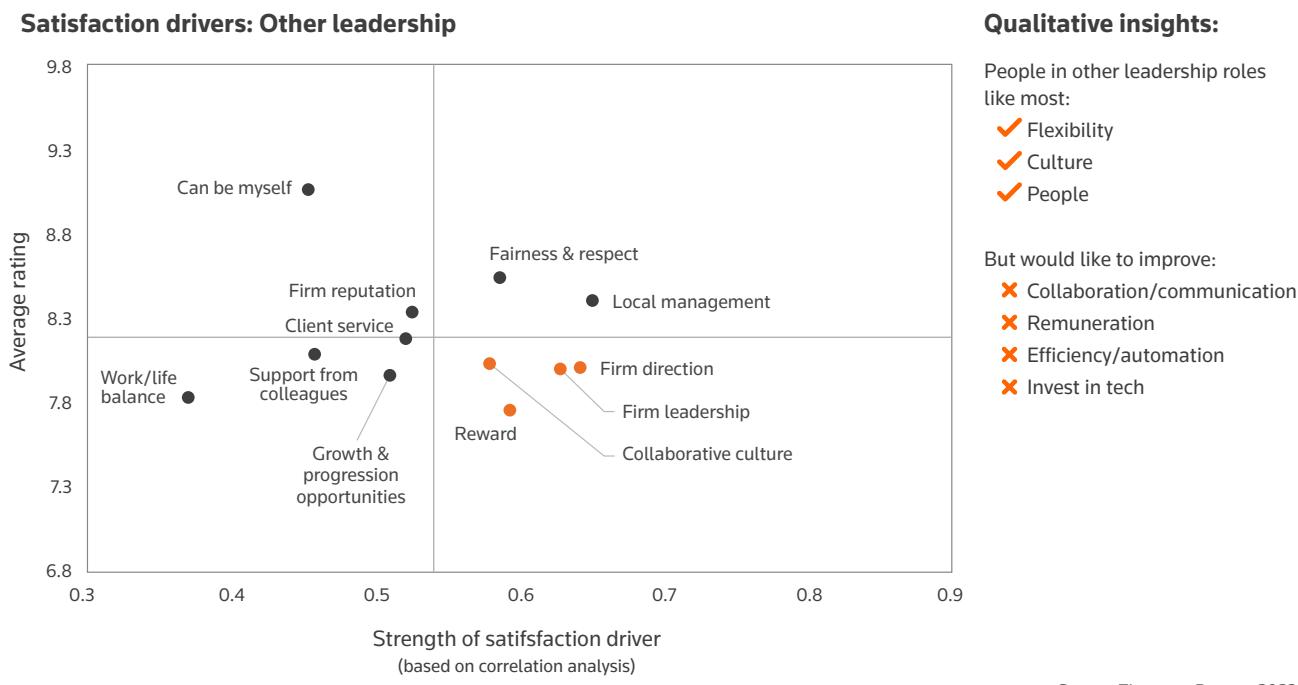
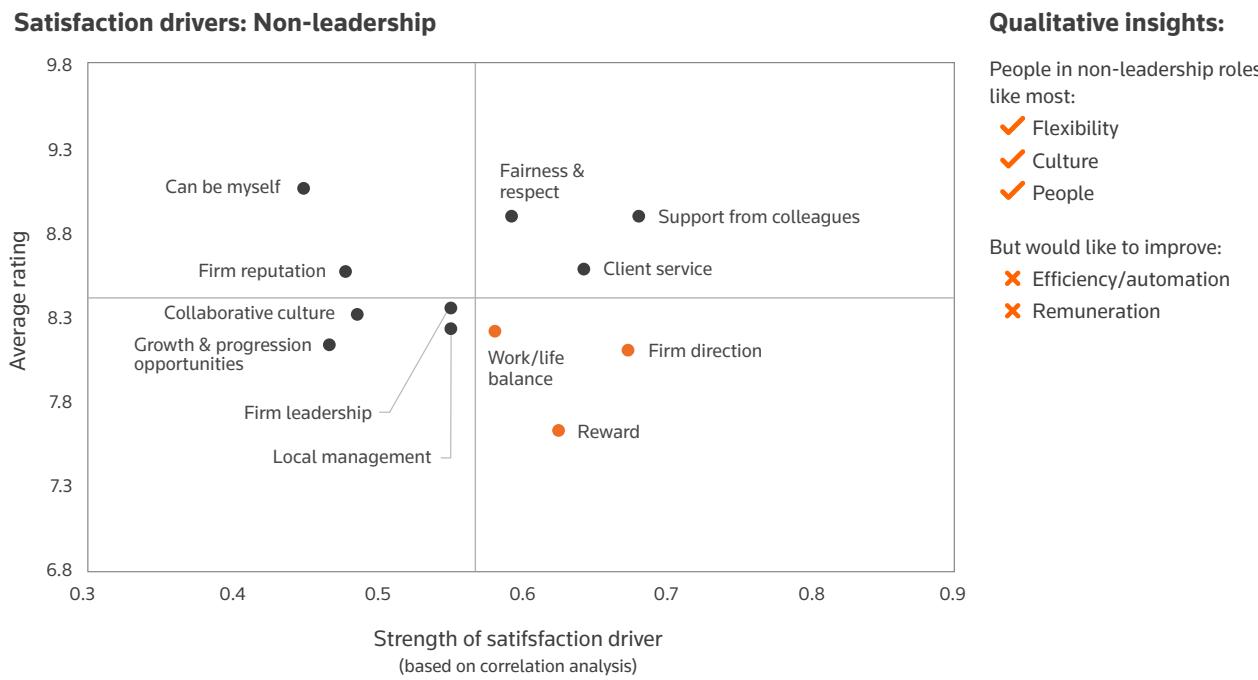


Figure 26: Non-leaders want to see improvement in compensation and work-life balance



For example, firm owners clearly like working for themselves and the flexibility that comes with it, as well as interacting with clients, but they would like to grow their client base and improve their firm's efficiency by investing in technology.

Other leaders are satisfied with the degree of flexibility that their firms provide, and value both firm culture and their people. But, aware of the competition for talent, they also indicated that compensation was an area of improvement worth exploring, as well as their firm's investment in automation and other technologies. Leaders at larger firms also felt that their level of collaboration could improve, likely because of perceptions that increasingly popular remote work does not foster the same cultural bond as in-office participation.

Those not in leadership positions have slightly different priorities, however. Most like the flexibility their jobs allow, as well as the degree of fairness and respect they receive. They also value the people with whom they work, and the support they receive from colleagues. And while they agree that compensation/remuneration could be improved, work-life balance is a factor that also strongly drives their overall satisfaction — much more so than for owners and leaders.

This disparity is worth noting because, according to the *Wall Street Journal*,² grueling work hours, especially during tax season, are one of the top reasons that many college graduates give for shying away from the accounting profession. Newly minted college grads simply don't want to put in the hours of arduous, repetitive work that previous generations of accountants had to — and, because today's graduates can find higher-paying jobs elsewhere, they don't have to.

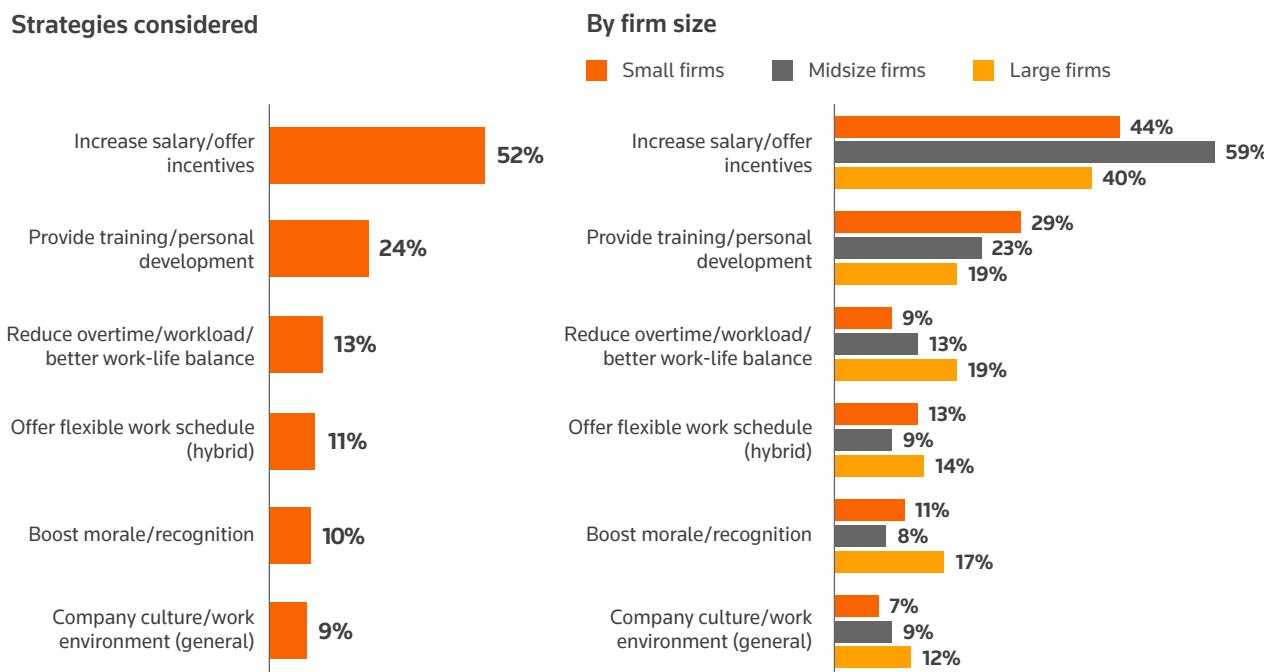
That said, we also asked survey respondents to list their top tips for a successful recruitment strategy. Not surprisingly, a good-fit work culture, competitive compensation, and job flexibility were among the top reasons listed.

Figure 27: Respondents' top 10 tips for successful recruitment strategy

1. Assess whether candidates are a good fit for your firm on both a professional and personal level
2. Ensure salary offered is genuinely competitive
3. Offer flexible working arrangements (e.g. hours, hybrid, variety of tasks)
4. Highlight firm's work environment & culture
5. Have patience to find top quality candidates (don't rush to fill seats)
6. Offer attractive benefits & incentives
7. Transparent interview process – set clear expectations
8. Offer learning & training opportunities
9. Make use of recruiting agencies
10. Advertise across multiple and diverse recruiting channels (e.g., in-person, online, social media)

And, when tax leaders were asked what retention strategies they intend to use in order to keep their quality talent, their top two responses were increasing salaries and incentives, and providing more opportunities for personal and professional development.

Figure 28: **Salary reviews and development opportunities are top strategies to maximize retention**



Source: Thomson Reuters 2023

Key takeaway: Finding, developing, and retaining quality talent will continue to be a challenge in 2023, especially for large tax & accounting firms. However, better technology, targeted training, and respect from leadership can go a long way toward addressing skills gaps and increasing employee satisfaction.

Conclusion

While concerns about talent were dominant in last year's survey, those have now given way to an increasing desire for greater efficiency, along with a renewed commitment to the expansion and delivery of client services.

Heading into 2023, tax & accounting firm leaders reported that their top overall priority now is driving operational efficiency, which may reflect a need to contain costs ahead of a potential recession, as well as a desire to squeeze as much productivity as possible out of existing processes, systems, and personnel.

Yet, despite the importance of efficiency as a stated strategic goal, more than half of all firms report that they do not have a designated person responsible for driving efficiency. This is unfortunate, because firms without leadership and a detailed plan are likely to see their desire for greater efficiency remain little more than a wish.

Similarly, the expansion of client services gained some momentum in 2023, primarily in response to ongoing client demand for more advisory services, particularly in the areas of tax strategy, financial planning, and general business guidance. Small and midsize accounting firms are also interested in improving the client experience by providing more responsive, personalized service. Indeed, if there is a trend to watch for in the coming year, it's the extent to which firms are willing to change *how* they do business in response to client demands for more advisory services, more flexible pricing models, and additional business guidance above and beyond basic tax preparation.

Growth is another strong general goal for firms in 2023, but strategies for growth differ somewhat depending on a firm's size. The growth strategy for small and midsize firms is typically focused on trying to expand their client base, while large firms are more likely to focus on acquiring new clients, getting higher-value work from existing clients, expanding client services, and leveraging technological efficiencies.

At the same time, the use of more automation and improved tax software is also changing how work is apportioned and prioritized at many firms, opening up opportunities for tax professionals who want to build a broader portfolio of skills.

As the industry moves through 2023, adaptation, evolution, and flexibility are likely to become the watchwords — for both accounting firms and individual tax professionals.

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