ACCOUNTING TALENT INDEX 2025

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Foreword

Smithink is proud again to be associated with Advancetrack's ground-breaking research into the talent shortage afflicting the accounting profession globally. The second Accounting Talent Index is a key summary of critical factors affecting the recruitment, retention and development of professional accountants.

From our position within Smithink, and as chartered accountants and certified practicing accountants for more than 40 years, we are continuing to witness the disconcerting transformation of the profession driven by the increasing shortage of qualified accountants.

In our opinion the talent shortage in the accounting industry isn't likely to end in the foreseeable future. However, some accounting firms are starting to act to rethink their structure and models. The second Talent Index continues the themes of the first, and looks to identify any changes in attitude or strategies to deal with the ongoing shortage.

Looking ahead, the supply/demand mismatch in accounting talent is not only persistent but is expected to worsen unless multi-pronged solutions accelerate. Promoting the profession's evolving, technology-enabled, nature and improving career pathways is key to reversing trends. Policy support, particularly via skilled migration and education reform, will be crucial as well as firm-level initiatives from flexibility to upskilling and inclusive recruitment – all will play a vital role in building a more resilient accounting workforce.

Our primary interest at Smithink in supporting this research is not just in highlighting the issues that practices and their leaders face, but that insight is leveraged to drive change. It is in this context that Advancetrack's research assumes significance, casting light on the emerging patterns that make the shortage so challenging.

As the Talent Index progresses we will get to better understand the trends around leadership and management within the accounting profession, and analyse the solutions they are looking to utilise to overcome the ongoing talent shortage.

We urge you to explore Advancetrack's research with an open mind, embracing the power of knowledge. Let these insights help act as a compass, inform your decision-making processes, guide your strategic endeavours, and empower you and your people to thrive.

Best wishes!

Mark Holton OAM director, Smithink

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Welcome

Hello and welcome to the Accounting Talent Index 2025. This is what will be a regular followup to our groundbreaking report from last year.

It could be said that such a followup is similar to that of 'the difficult second album'. From a research perspective it can be awkward to compare and contrast from only two reports; where just a year has passed from the last publication, and taking into account variances in the respondent base.

But we have to make markers in the sand. And I believe that in a relatively short space of time, we are seeing distinct patterns emerging around what is already an increasingly serious shortage of accountants, and how accounting practices are looking to surmount this problem.

Crucially, the structure and operations of practices are being heavily influenced by continued technological evolution, compliance creep affecting them and their clients, and a client base that requires more and more from them. Our reports will attempt to place the direction of travel around talent in such context.

And so, what is the future of accountancy? Well, I am an accountant and I think we're desperately important – we can change the lives of clients for the better. Bear in mind that Advancetrack's outsourcing, offshoring and podsourcing® services, among other offerings, mirror the work that accountancy practices undertake. Therefore, we also face some of the same challenges and opportunities in working with you.

We believe that standing still is not an option for us, and by definition, not for the profession either. We hope that our research provides some insight and food for thought in setting your practice's journey forward.

Vipul Sheth founder and managing director, Advancetrack

OUR RESEARCH

Advancetrack undertook research between February and June 2025 with nearly 170 representatives, predominantly from the UK and Australia. The respondents represent a wide range of practices, by individual seniority, size of practice and regional location.

Small firms (between 1-10 partners) represent around one half of respondents, while more than a quarter represent mid-size firms (11-30 partners).

Further details on demographics and representation can be found on page 23. All graphs/charts credited to the 'Advancetrack Accounting Talent Index 2025' unless stated otherwise. Comparative data from 2024 to be credited to the 'Advancetrack Accounting Talent Index 2024'.

A year in review

The Accounting Talent Index 2024 set out some of the key drivers that have driven a shortage of accountants in recent times. This included:

- a war for talent among other professional and financial services organisations;
- an 'image problem' exacerbated by concern that AI will make accountants redundant;
- and an increased need among clients to help navigate through the pandemic and post-pandemic worlds.

The last 12 months have seen headlines made in the national and trade press that appear to have shifted in tone towards remedying these issues.

From: 'How we can solve the skills shortage in finance' – Accountancy Age; 'Accountants ramp up offshoring to bring down costs' – The Australian Financial Review; to 'Accounting profession-wide solutions to the talent shortage' – The CPA Journal, the talent shortage has led to a surfeit of commentary.

In the short- to medium-term, a lack of accountants cannot be turned around without wholesale changes to salaries, career progression, and a coherent plan as to where they fit in a business world with both tech and people central to its processes and operations.

However, private equity has looked to shortcut concerns about scale, investment and transformation by driving consolidation among the profession – in particular the US, UK and Ireland. An Accountancy Europe report cites nearly 400 transactions between 2023 and 2025 in Europe, primarily in the UK.

Of the several-dozen PE houses now invested, they will need to drive synergies, automation and better service delivery to gain the multiples they need to sell on in the future.

There has also been ongoing discussion as to training, recruitment, and retention models that practices operate. Certainly, there have been efforts to move away from 'graduate-only' recruitment, while hybrid modes of working have been popular post-pandemic. The latter has seen pushback among professional services firms, in particular in law and banking institutions. The major accountancy firms have also reined in working-from-home in the last year.

But grad pipelines aren't old hat yet. The National Student Clearinghouse Research Center noted a 12% rise in US undergraduate accounting students compared to a year earlier, taking the number to 266,507.

While good news, AICPA CEO Susan Coffey noted that this growth "underscores the need to continue to raise awareness of the benefits of accounting careers".

"Building future talent also hinges on continuing to make the path into accounting more accessible and the work, once there, rewarding."

Key findings for 2025

The broad impacts of the talent shortage in accountancy are serious. There is no doubt that firms have faced a series of negative impacts as a result. Both mitigation and recalibrating firms' operations are taking place.

40% of firms state that the impacts of the accounting talent shortage upon them has been 'very significant' or 'severe'. This compares to 45% in last year's Talent Index.

63% and 55% of business and tax divisions respectively have faced a 'very significant' or 'severe' set of impacts due to the talent shortage. This compares with 67% and 54% last year.

48% of respondents feel that the talent shortage is either 'moderately' or significantly' worse now than three years ago. This is a step up in sentiment on last year's results, when 74% said things had worsened.

44% of practitioners have seen salary/remuneration costs leap in an attempt to mititgate the talent shortage.

37% have had their ability to take on new clients impaired by the talent shortage.

30% of firms are seeing more people approaching/passing retirement age than entering the firm.

61% of firms are outsourcing work abroad to increase their resource, with 62% using offshoring.

"WE ARE ENHANCING OUR TRAINING PROGRAMMES TO UP-SKILL EXISTING STAFF AND ATTRACT NEW TALENT."

"IT'S VERY HARD TO FIND PEOPLE; THEY BELIEVE ACCOUNTANCY IS EITHER BORING OR AI WILL TAKE THEIR JOBS IN THE NEXT 5-10 YEARS."

Recruitment in a talent shortage

Our key 2025 findings show that our 2024 Talent Index statistics were no fluke or one-off.

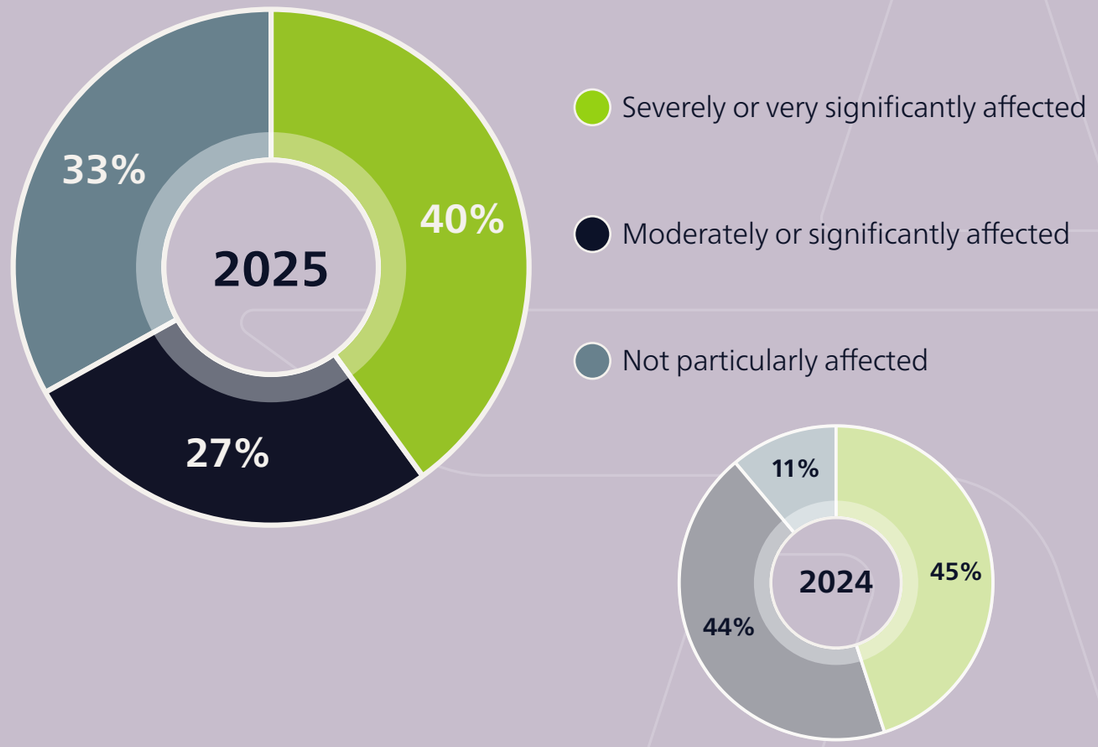
A significant proportion of accounting firms have been, and are being, affected by their inability to either recruit or retain people. We can see from our latest data that last year's numbers still ring true.

If we delve into the 2025 statistics a little deeper, it shows that 6% have been 'severely' impacted; 34% have been 'very significantly' impacted; while a further 17% have been 'significantly' impacted. Only 6% said there had been 'no impact'.

If we look at 2024's data, there were 45% that were either 'severely' or very significantly' impacted, which compares with 40% in 2025. Other data is slightly more benign than in the 2024 Talent Index.

So, is that a nascent sign of improvement? A note of caution must be warned over how far to extrapolate any absolute conclusions. This year's respondents are weighted slightly more towards larger practices. While only a relatively small difference in respondent mix, it may shift the dial on some of the statistics.

HOW HAS YOUR FIRM BEEN AFFECTED BY YOUR INABILITY TO RECRUIT OR RETAIN STAFF?



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All service lines have been affected by the talent shortage, though some more than others.

Business services, like in 2024, has been the most severely impacted. Some 63% of firms said this been ‘severely’ or ‘significantly’ impacted, slightly down on 2024’s figure of 67%.

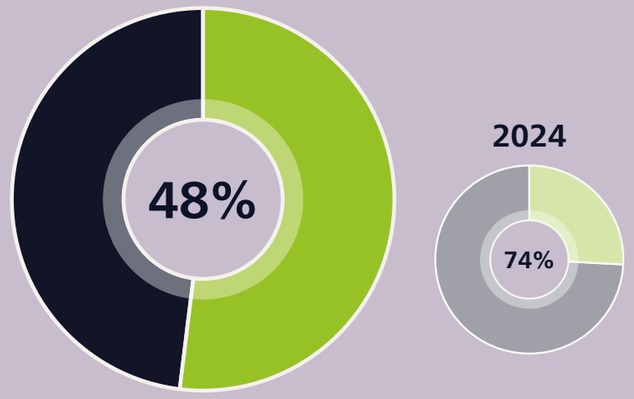
Similarly, both audit and tax service lines have had big adverse impacts, representing more than half the respondents for each service line.

One of the biggest shifts in sentiment in our Accounting Talent Index 2025 report is when asking about the current impact when compared with three years earlier. Here we see that 48% believe the current impact is ‘moderately’ or ‘significantly’ worse than three years ago.

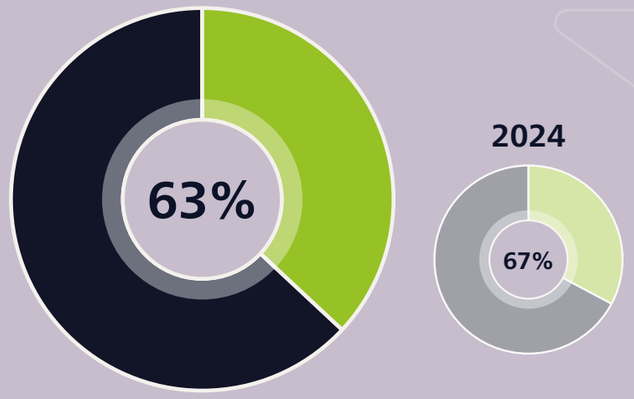
While this statistic isn’t in itself a positive one, it is suggestive that the impact has been, or is being, mitigated by firms, particularly when 74% said it was worse than three years ago in our 2024 survey.

Another consideration on this figure could be the slightly different weighting in respondents towards larger practices – perhaps they have gone through the pain earlier than smaller counterparts.

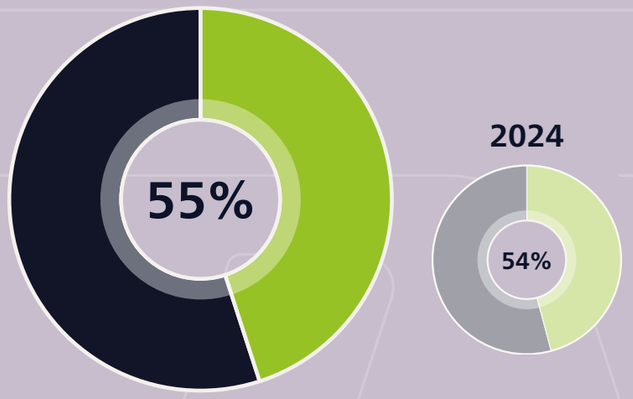
PERCENTAGE OF FIRMS REPORTING THE SHORTAGE IS SIGNIFICANTLY WORSE THAN THREE YEARS AGO



PERCENTAGE OF BUSINESS SERVICES LINES SEVERELY OR VERY SIGNIFICANTLY AFFECTED



PERCENTAGE OF TAX SERVICE LINES SEVERELY OR SIGNIFICANTLY AFFECTED



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Overall impact of the talent shortage

As previewed in the previous section: overall, there is improved sentiment around the negative impacts of the talent shortage upon the profession.

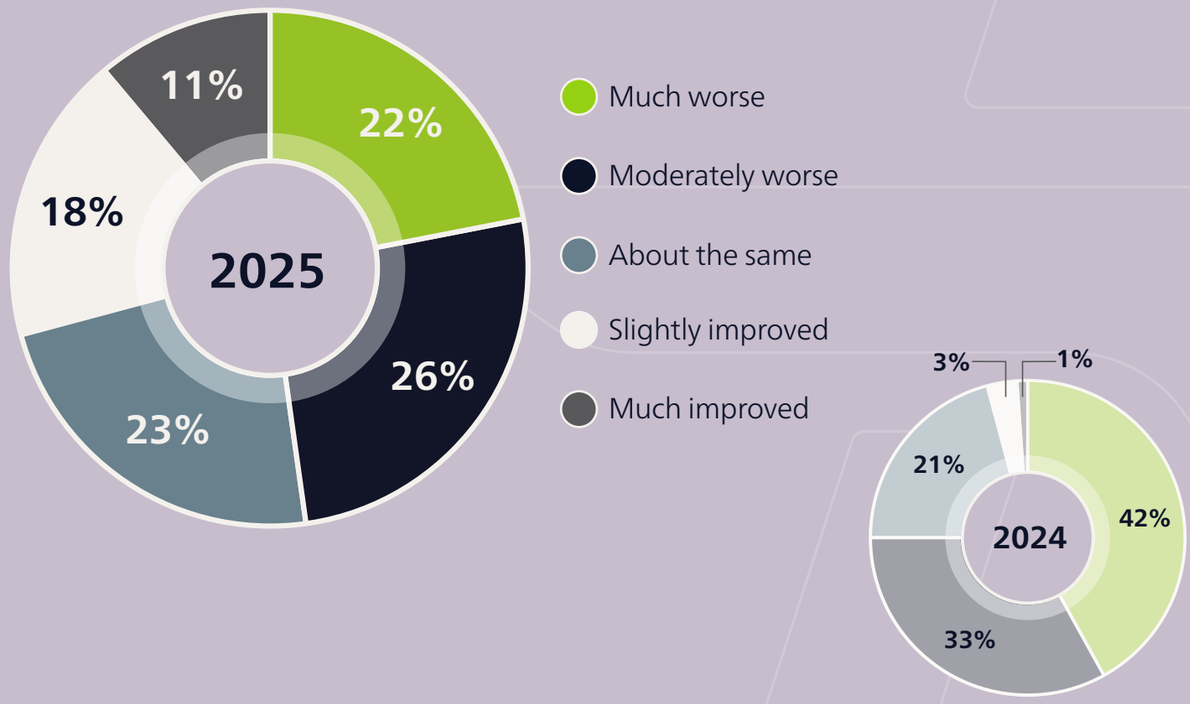
Only 4% of respondents cited any improvement on the talent shortage situation in last year's survey – this has jumped up to 29% for 2025.

Correspondingly, there are fewer citing that things have got worse compared to three years ago – however it must be noted that 48% is still a significant proportion of respondents.

What has changed? We did earlier note that this year's Talent Index contains a higher proportion of respondents from larger practices, which may have leveraged their finances towards mitigating the problem.

We are also a year further away from the pandemic, with 61% of the 2024 respondents noting Covid's negative impact on the recruitment market.

HOW WOULD YOU COMPARE THE CURRENT IMPACTS OF THE TALENT SHORTAGE ON YOUR FIRM WITH THREE YEARS AGO?



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Talent shortage: the specifics

A key aspect of our 2024 survey was highlighting the growing disparity in the medium-term between accountants' pay and that of their professional services' peers. In a world that has suffered high inflation and a shortage of talent, then higher salary and remuneration costs have been an inevitability in the accountancy profession, and have continued over a period of several years.

However, where practices are increasingly considering their resources, operations, processes and 'reason for being', then some moderation on pay as the big lever to recruit and retain people was inevitable. (more details on talent trends on pages 16 and 18).

However, talent management is clearly still a huge problem for firms. And the 2025 results show that the outturn from struggling to have the right people in place at the right time impacts upon client service, client management, service breadth and service quality.

It is interesting to note on these latter points that, while we can infer that particular recruitment and retention problems have eased (relatively) when compared to last year's survey, the outturns are as serious and widespread from this year to last; suggestive of the ongoing practical and real-life issues that firms face in delivering what their clients want.

WHAT SPECIFIC EFFECTS HAVE YOU SEEN IN YOUR FIRM AS A RESULT OF THE TALENT SHORTAGE?

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Recruitment/retention: the threats

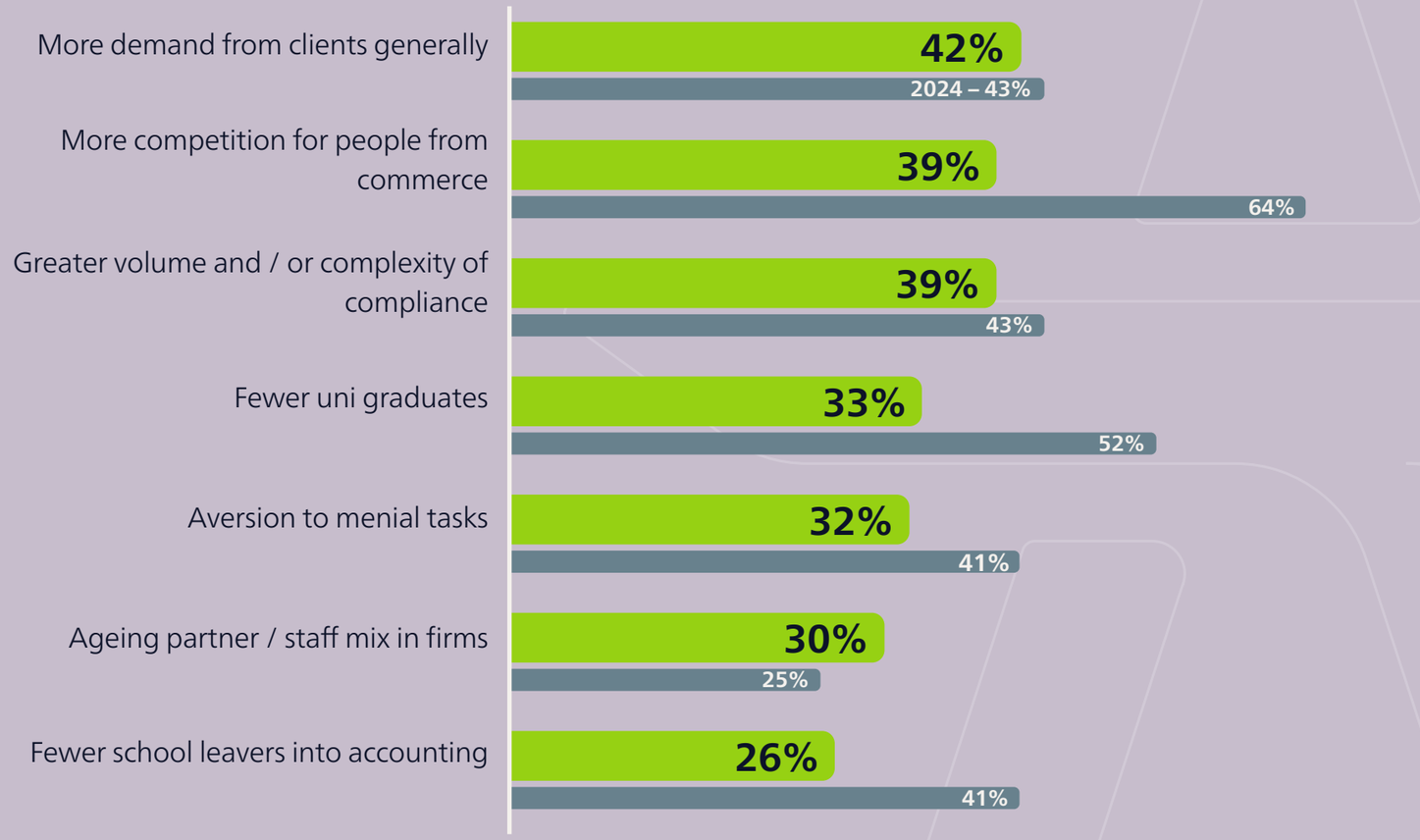
Our Accounting Talent Index 2025 backs up the findings from last year: that there are multiple threats adversely impacting upon firms' ability to recruit and retain accountants.

These are wide-ranging issues covering both recruitment and retention: from competition for new talent through to increasingly demanding clients.

However, as we've seen with some of the other responses, this question has elicited slightly more benign answers than last year. This could suggest that, 12 months on, practices are further down the line in managing their talent issues, or that the bigger cohort of larger practices who have entered this year's survey are a step ahead smaller practices.

It's also worth noting that 30% cite concern over an ageing talent base, with more people retiring or approaching retirement than entering the firm. Succession has long been an issue for firms – the stats suggest that a sizeable portion of practices will again have problems in finding new custodians from within their practice to take over. Generation X may well have to look to merge or be acquired to maintain some semblance of continuity.

WHICH OF THE FOLLOWING ARE AFFECTING YOUR EFFORTS TO RECRUIT AND RETAIN ACCOUNTANTS?



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Response and effectiveness of firms' approach

Perhaps with global inflation in mind, firms have continued to be under pressure to hike wages in an attempt to keep hold of their people.

Our 2025 research finds this was the case for 43%. However, this is a step down on the 2024 Talent Index, which perhaps indicates that a ceiling has been reached. Certainly, with a softening jobs market, accountants are perhaps more circumspect about the 'grass being greener' elsewhere.

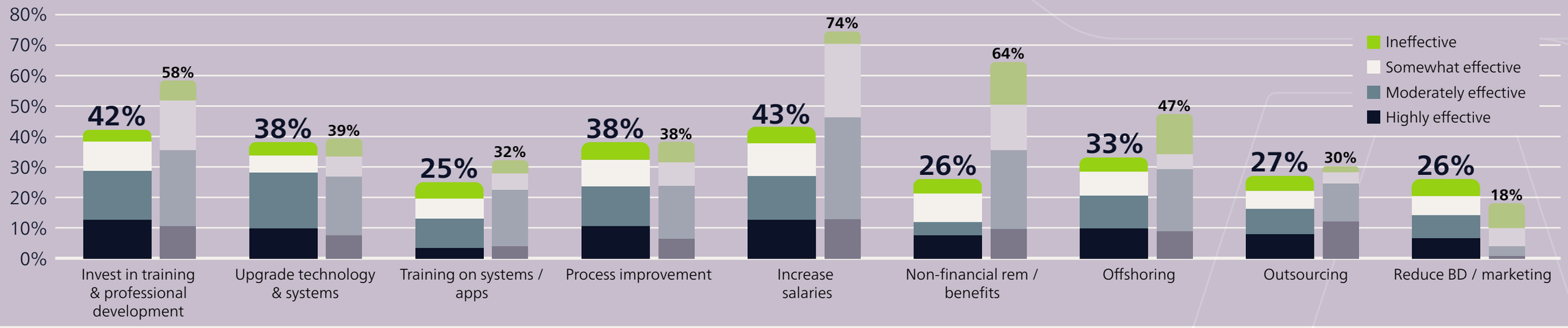
The effectiveness score for this strategy has also improved in 2025 compared with last year, again suggesting that money makes a difference, even if only in the short-term.

It is also interesting to note a waning appetite for offering non-financial incentives to staff – again, a possible effect of continually hiked wages in recent years leaving a smaller budget for other types of package.

It is also sobering to note that practices are continuing to rein in business development, and that is proving effective in managing workload. This is a defensive move that, in the longer-term, could damage the growth prospects, and therefore attractiveness, of a practice.

Overall, there is a broad range of levers being pulled by practices to manage the retention of staff, while improving operational effectiveness.

WHAT STRATEGIES HAS YOUR FIRM IMPLEMENTED OR TRIED TO IMPLEMENT IN RESPONSE TO THE TALENT SHORTAGE? (2024 FIGURES IN THE NARROWER COLUMNS)



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Large v small – same problems, different approaches

Are the talent problems, impacts and solutions the same across all firms? Broadly speaking, yes. However, there are some interesting nuances if we have a closer look at the data. Over the next two pages we compare and contrast the main findings by larger practice respondents versus smaller practices.

The split is 1-10 partner firms (smaller) versus 11 partners and above (larger).

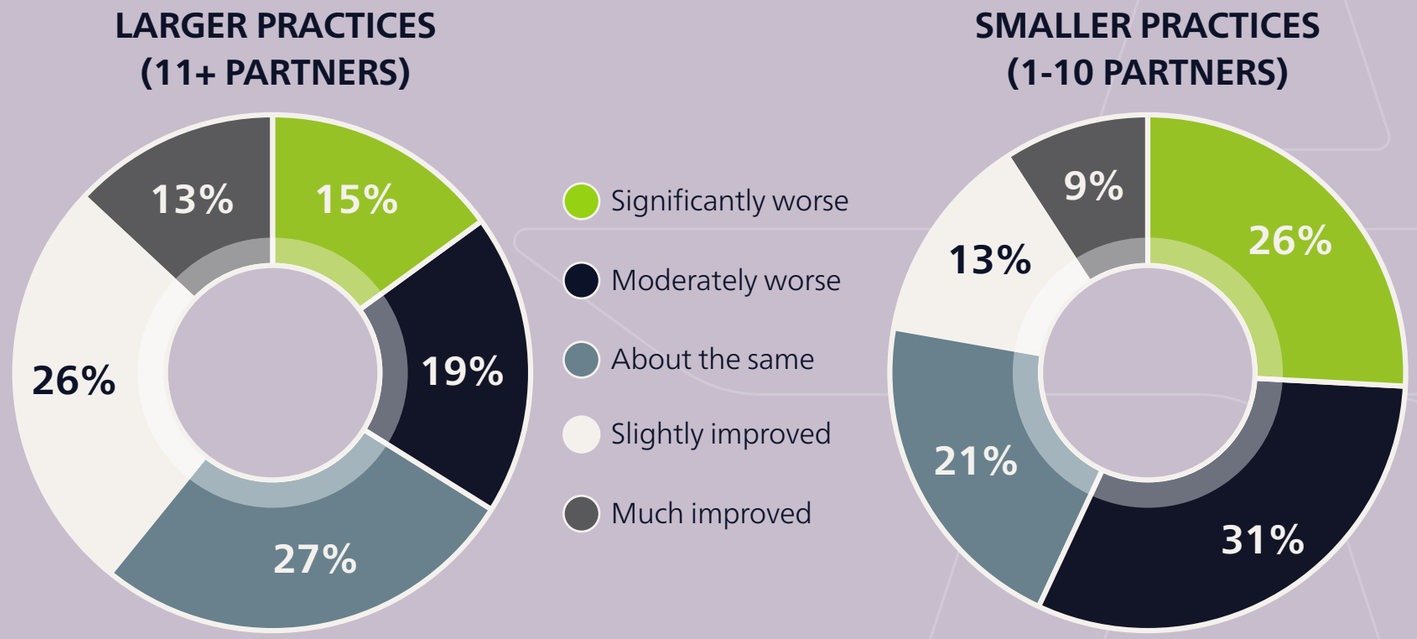
Earlier we questioned how far developed larger practices were in dealing with the talent shortage than their smaller counterparts.

The first data point to consider is that from page 10 – the comparison of the current impacts of the talent shortage on their firm compared with three years earlier.

A greater proportion of larger firms have either seen things improve, or at least not worsen, than smaller firms.
In turn, further datapoints seem to suggest that recruitment has been slightly less affected in larger firms than smaller (41% versus 58% respectively).

Despite the differences, efforts to fight against the talent shortage are broadly the same across both datasets: increased salaries; tech upgrades and T&D investment are the most popular tactics used.

HOW WOULD YOU COMPARE THE CURRENT IMPACTS OF THE TALENT SHORTAGE ON YOUR FIRM COMPARED WITH THREE YEARS AGO?



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So, does that tell us whether the larger firms are ahead of smaller firms in managing the talent shortage? Not in itself.

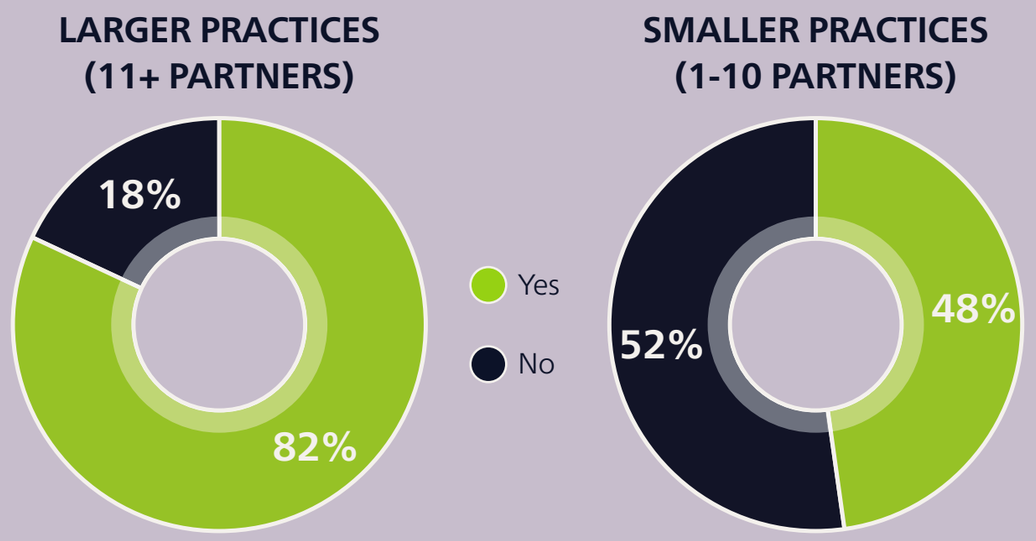
A key difference between the two sets of firms is in their use of outsourcing and offshoring.

As can be seen, larger firms are much more prolific users of outsourcing and offshoring than smaller firms.

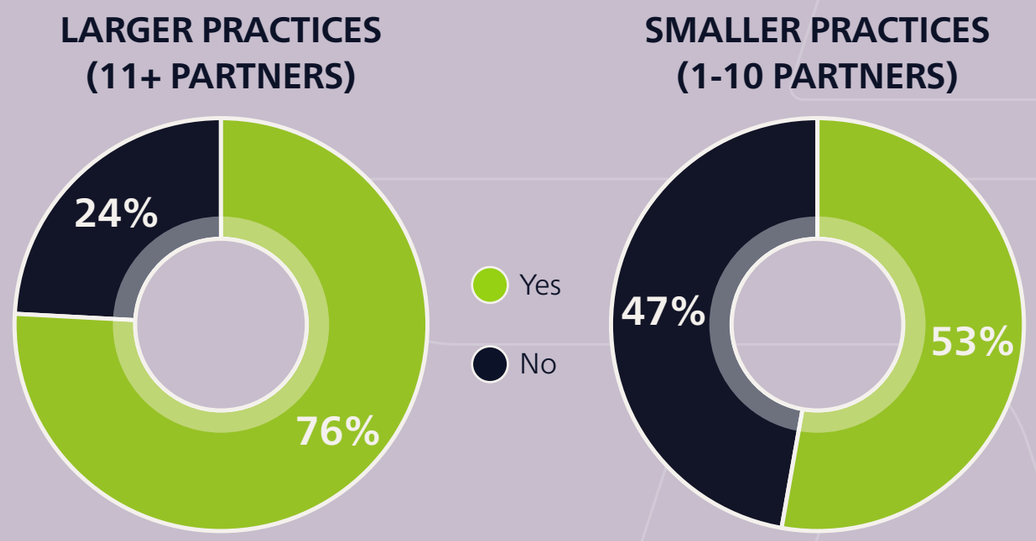
However, there is also disparity when it comes to describing the overall impact of the talent shortage on their firm: A larger percentage of smaller firms say the shortage has had a ‘slight’ or ‘no’ effect on their practice (39%) compared to larger practices (26%). This may suggest firms with few staff have kept hold of them, or been able to make a smaller number of replacements than larger firms in recent years.

Clearly, the talent shortage is driving changes in talent management and operating models.

IS YOUR FIRM CURRENTLY OUTSOURCING?



IS YOUR FIRM CURRENTLY OFFSHORING?



Backdrop – Australia and New Zealand

Can Australia and New Zealand pull themselves out of the accounting talent funk?

Competing tensions and proffered solutions have loomed large in the ANZ accountancy ecosystem during the last year.

Firstly, the Australian Bureau of Statistics has forecast that the country will need an extra 10,000 accountants a year by 2026.

And CA ANZ warned a few months ago that government proposals to reduce the number of new international students in higher and vocational education/training would negatively impact the economy.

“The international education sector plays an important role in developing global accounting talent, but caps like this risk damaging Australia’s global reputation,” said CA ANZ education, skills and migration policy leader Sarah Davidson.

CA ANZ has also noted that enrolment in accounting degrees has halved since 2018. Months after its concerns about the educational sector, it recently launched its CA Foundations programme, in a bid to make access to the profession more open.

As retention of accounting staff is as big an issue in ANZ as in the UK (and elsewhere), pay continues to tick upwards. However, the reported median 3% increase in remuneration across Australia and New Zealand is modest.

And would even more accountants be needed if more businesses were minded to use their services? CPA Australia’s APAC Small Business Survey 2024 finds that Australian and New Zealand businesses are the most likely in the region not to seek business advice – at 21.3% and 23.2% respectively. This is despite accountants being the most popular source of advice for those that do seek support.

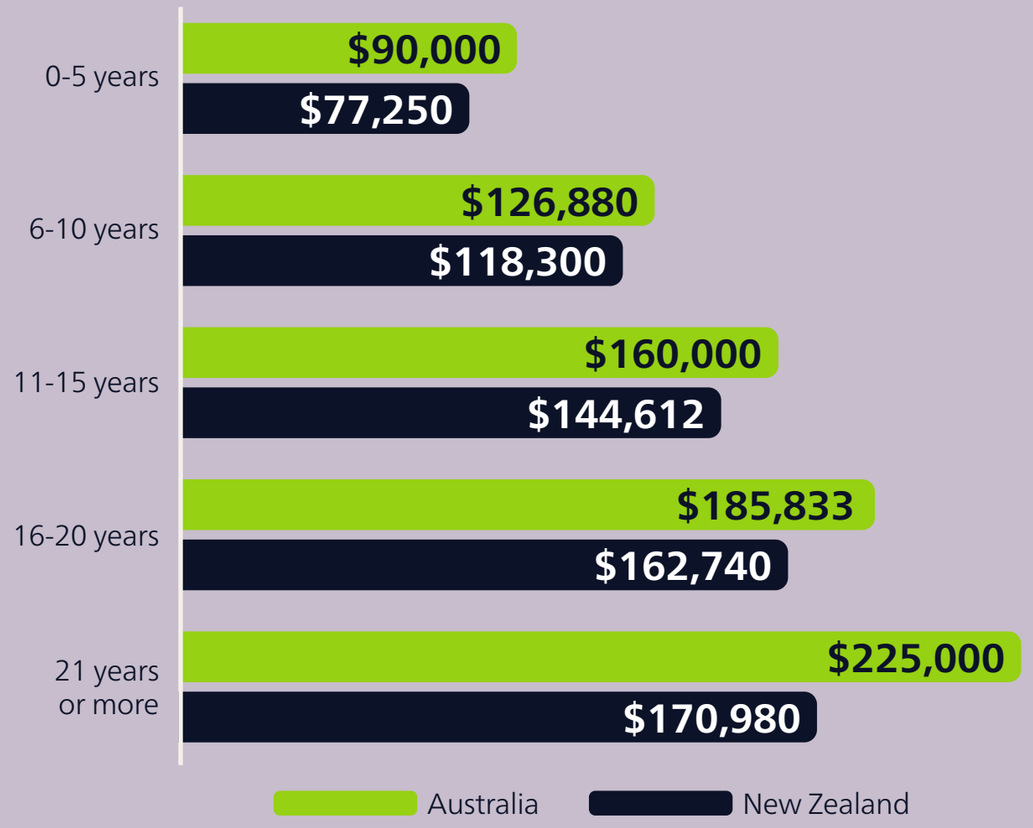
The impact of AI has also been a huge talking point. Conversely, and despite the apparent need for more accountants, The World Economic Forum’s Future of Jobs report stated that some 5% of accountancy jobs would be lost due to AI’s take-up.

Writing in the *Accounting Times*, CPA Australia CEO Chris Freeland said: “For accountants, new technology has been a friend much more than an enemy.”

Our 2024 Talent Index highlighted pay disparity in accountancy compared with other professional services careers as being a potential big driver in accountancy’s struggles to bring in fresh blood.

With AI impinging on career opportunities and helping drive home accountancy’s image problem (see charts), the ANZ professional bodies have much work to do with their governments, recruiters and hirers to turn around the ship.

MEDIAN TOTAL REMUNERATION BY YEARS OF EXPERIENCE (FULL-TIME EMPLOYEES)



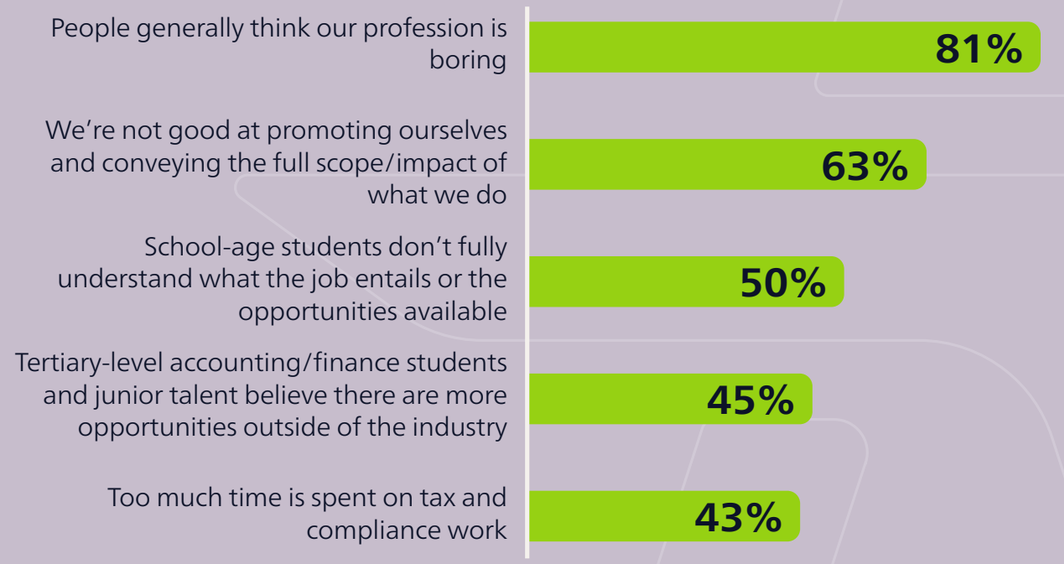
Source: CA ANZ Members Remuneration Survey Report 2024

45%

of accountants and bookkeepers in ANZ believe the industry has an image problem

Source: Xero Shifting Perceptions report

THE TOP REASONS ACCOUNTANTS AND BOOKKEEPERS BELIEVE THERE IS A PROBLEM



Source: Xero Shifting Perceptions report

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Backdrop – UK

There is great change around the UK accountancy market for staff, with private equity-backed firms reaching a level of maturity, AI's implementation, and Making Tax Digital a year away. In many quarters, these ongoing developments have contributed to a cautious approach to their people, particularly in terms of retention.

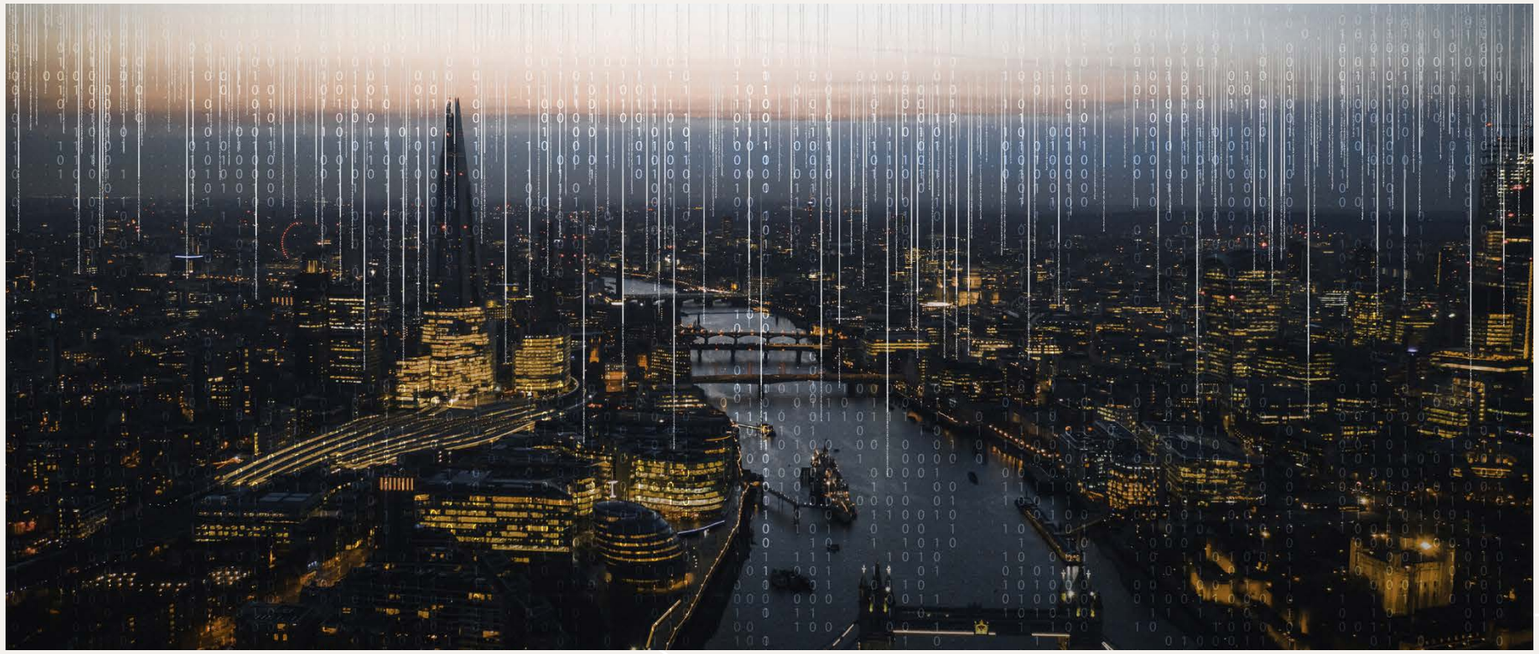
The Austin Rose Salary Survey 2025 paints this picture. It finds that hirers are relatively downbeat when it comes to the prospects of their company this year, while nearly a quarter expect volume of intake to be less than 2024.

Similarly, a quarter saw a decrease in staff retention, while 19% saw an increase.

Mirroring our results from the 2025 Talent Index, the Austin Rose research highlighted five top staffing challenges for UK practices:

- A shortage of good quality candidates
- Increased staffing costs
- Counter offers
- Staff retention
- Competition from other firms

And, with resourcing issues, maintaining or improving productivity is a key issue in the UK. Austin Rose found it



to be the number one issue for firms, with 75% ranking it as a priority.

"This is understandable, as firms are under pressure to maintain productivity despite potentially smaller or more agile workforces," the report states.

While recent years have seen pay hikes to keep up with inflation, this is creating great tension within the practice community, as it aligns with increasing service demands from clients.

Austin Rose points to the majority of firms handing out more modest pay rises this year, between 1% and 4%. The totaljobs Salary Trends Report 2025 notes that the median accounting salary was £38k in 2024, up 12.5% on a year earlier.

The totaljobs report also highlights that even this hike hasn't seen accountants catch up with other industries. Tech role median pay is £46.2K while banking & finance is £43.5k.

Member numbers across the main UK accountancy bodies held firm during 2022/23, according to the latest Key Facts and Trends report from the FRC (2024).

It found that member numbers were up 1.9% in the UK and Republic of Ireland (ROI) during that period.

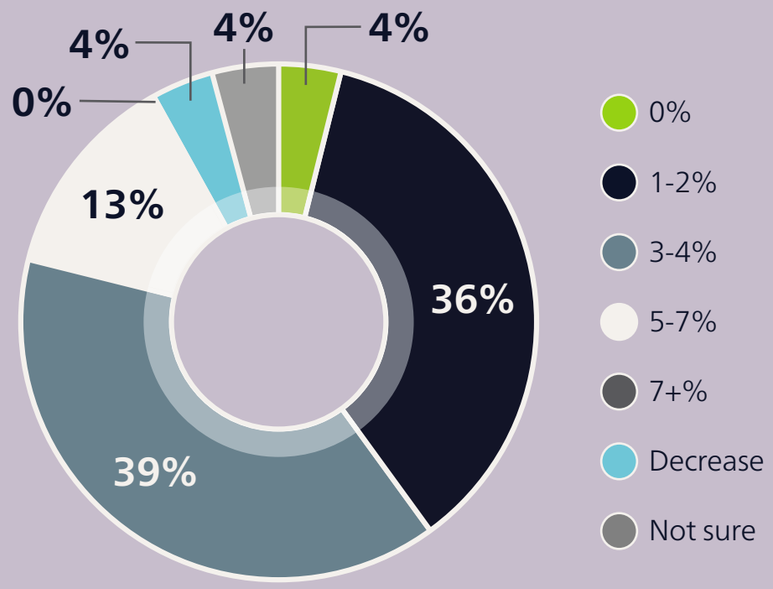
However, students numbers fell by 0.2% – a worrying trend. Student numbers for the UK and ROI have fallen 5.5% between 2019 and 2023. These bodies saw the global student numbers static in 2022/23, having fallen 2% in 2021/22.

Where there is trepidation and concern as to the future role of accounting professionals within practices, Xero's UK Accounting and Bookkeeping Industry Report takes a generally more optimistic tone.

It finds that 79% of practices surveyed increased revenues, with 74% increasing their profits. Some 51% of users of cloud accounting tech experienced client growth, compared to 38% of desktop users.

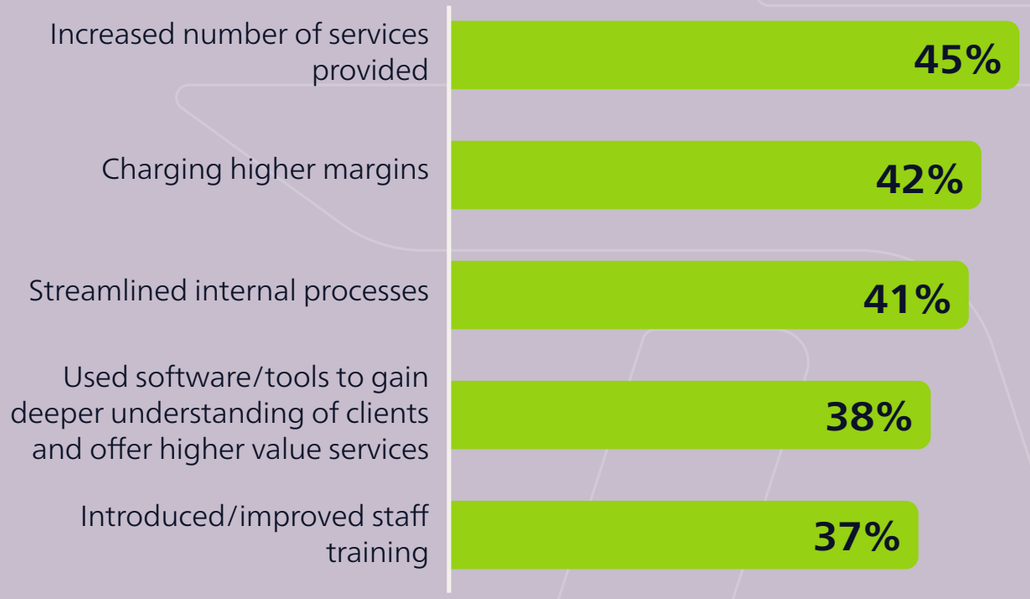
But use of tech to drive operational efficiency, in a world where Making Tax Digital for IT is to come into force from April 2026, requires improvement. Only 59% of bookkeeping work is undertaken in the cloud, while only 40% of clients are set up with connected bank feeds; only 31% use data capture tools.

IN THE NEXT PAY REVIEW (OR MOST RECENT), FIRMS EXPECT SALARIES TO INCREASE BY…



Source: Austin Rose Salary Survey 2025

THE TOP FIVE REASONS GIVEN FOR GROWTH IN PROFITS



Source: Xero UK Accounting and Bookkeeping Industry Report 2025

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AI and resourcing for growth

In a world in which elected, senior, representatives have told us that ‘accountants will become outmoded with the implementation of AI’, the Talent Index makes for interesting reading. Ultimately, do we need more accountants, or fewer? And, either way, are our organisations ready to transform in a world in which AI is prevalent?

Firstly, let’s note that 74% of respondents said that their firm was being constrained from either taking on more clients or billing more hours to existing clients because they can’t find enough (or the right) people to take on the work.

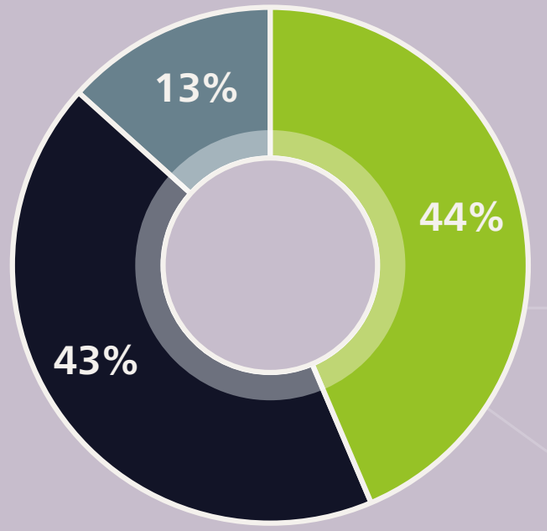
More than half said that, in this resource void, their firm had found it effective to either upgrade and replace their existing tech and/or invested in process improvement and automation. Most firms in our research are now offshoring and/or outsourcing.

So, is AI the ultimate answer in a resource-constrained profession? Not necessarily so. Only 13% believe fewer accountants will be needed.

Yet, if AI has the potential to create more, or evolved, accountancy work, what are firms’ ambitions?

Some 15% have little or no aspiration to grow their firm in the next three-to-five years. Others are looking for at least 5% growth. And, despite previously flagging up the talent shortage, 25% want to grow more than 20% year-on-year.

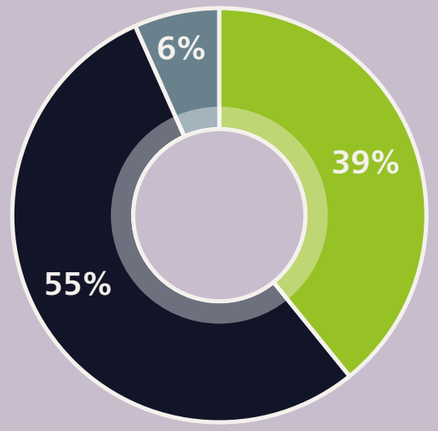
HOW WILL AI IMPACT YOUR ACCOUNTANCY STAFFING REQUIREMENTS IN THE NEXT FIVE YEARS?



- We will need more accountants to manage the processes and review/analyse the results
- We will need around the same number of accountants to manage the processes
- We will need fewer accountants to manage the processes and review/analyse the results

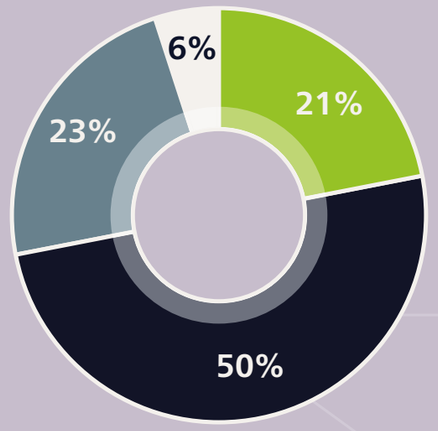
The vast majority see these ambitions as being challenged by talent recruitment and retention, a large proportion see it as a significant issue. Last year’s survey highlighted the level of stress and workload that senior staff, including partners, were undertaking to support workloads. More than seven in ten respondents in this year’s survey see these workloads as being a major risk in pushing people out of their firm.

HOW CONCERNED ARE YOU THAT TALENT RECRUITMENT AND/OR RETENTION COULD AFFECT YOUR FIRM'S ABILITY TO GROW AS FAST OR AS FAR AS YOU WOULD LIKE?



- We expect it to be a significant challenge
- It will be a challenge, but not a huge one
- We don't expect it to be a problem for us

TO WHAT EXTENT IS YOUR FIRM EXPOSED TO THE RISKS OF KEY PARTNERS, MANAGERS OR STAFF LEAVING BECAUSE OF INCREASING WORKLOADS BEING PLACED ON THEM?



- This is a major risk for our firm (or service line)
- This is somewhat of a risk for our firm (or service line)
- This isn't a risk but it could be in the future
- We don't see this as a problem for us

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Insight into action

‘There is a global accounting talent shortage’ is a headline-grabber. It is, of course, more complex than that.

Our research shows that the talent shortage is still severe, and ongoing. Our previous survey highlighted the image problem that the profession faces, particularly with the development of AI and concerns about the role of the accountant, alongside the greater financial clout of law and financial services in enticing graduates to join their professions.

Firms are struggling to service existing clients and are pushing back against bringing in new clients due to resource constraints. This limits firms’ profitability and creates a vicious circle, limiting these practices from investing to make their firm ultimately more attractive from a recruitment perspective.

The recruits that do come into the profession are generally averse to low-level, data-entry tasks that have traditionally provided the bedrock of ‘early learning’. The irony is that, while it can be construed that AI is an accountancy job destroyer, many of our respondents feel that AI will support the development of services and therefore create jobs.

Because of the multi-headed nature of the talent shortage and the resourcing issues that practices are looking to surmount then, by definition, there is no one solution.

Many firms have thrown money at the problem to hold onto the people they have, while training and tech skills are being developed. In turn, new technology is being implemented that will automate and support the development of services lines – in a world of needy clients and growing compliance.

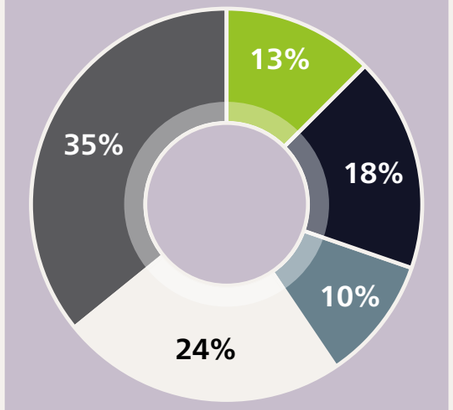
The majority of firms are outsourcing and/or offshoring, with a significant number using such methods to directly deal with talent shortage issues in the last 12 months.

Most of these various methods have had a positive effect on the practices surveyed.

Ultimately, there is no burying heads in the sand on the talent shortage. Firms’ leaders must be proactive and forward-looking if they are to create a modern, value-added and profitable practice – with people at its heart.

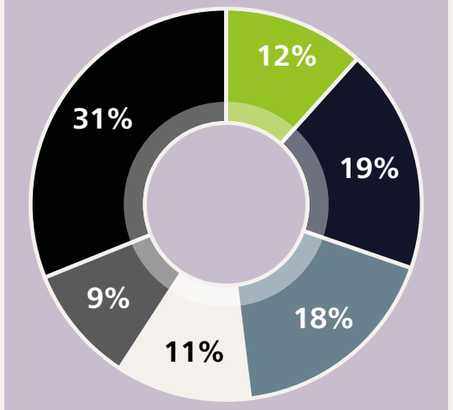
Demographics and representation

FIRM SIZE – PARTNERS



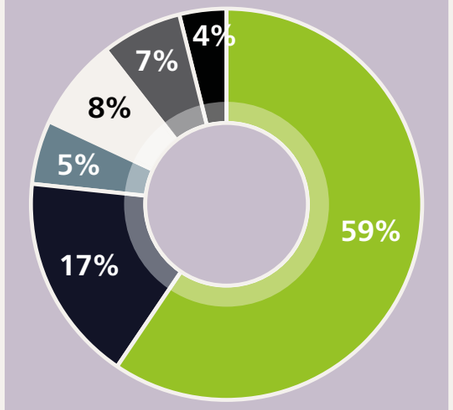
- More than 30
- 20-30
- 10-20
- 5-10
- Less than 5

FIRM SIZE – STAFF



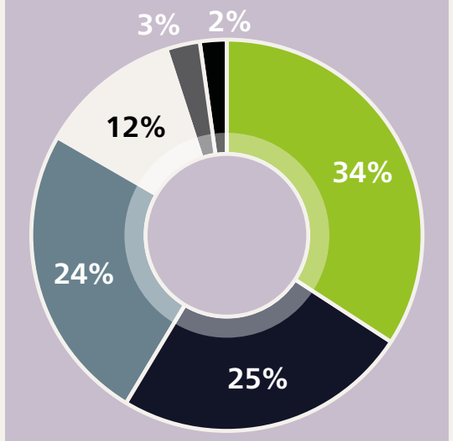
- More than 500
- 250-500
- 100-250
- 50-100
- 25-50
- Less than 25

SERVICE LINE



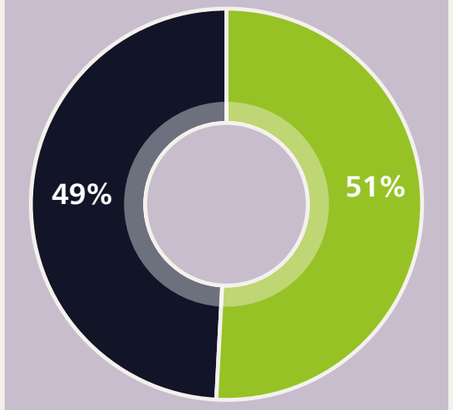
- Accounting/Bus. Services
- Taxation
- Advisory
- Audit – External
- Audit – Internal
- Bookkeeping

ROLE



- CEO/Managing Partner
- Partner
- Senior Manager
- Exec/Assoc. Director
- CFO/Operations
- Service Line Leader

REGION



- United Kingdom
- Australia

The data in this report is based on a unique survey conducted by Advancetrack and Censuswide between February and June 2025. Respondents included 169 individuals, the majority from the UK and Australia. All data provided was collected, calculated and included in this report. The analysis is based on our best understanding and assumptions (including from expert opinion). Other reasons/rationale may also exist.

Results:
The survey questions and calculation are not a perfect science and could impact results. However, a pre-test was conducted to ensure the best opportunity to gain insights.

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Outsourcing • Offshoring • Podsourcing®

UK HQ
The Venture Centre, University of Warwick Science Park, Sir William Lyons Road, Coventry, CV4 7EZ

Tel: +44 (0) 24 7601 6308

Australia
Level 10, 20 Martin Place, Sydney
New South Wales, NSW 2000

Tel: +61 27 202 1478