



## **Pandemic Nation Report:** **A roadmap for accounting** **firms to expand inclusion of** **diverse accountants**

WHITE PAPER

## Executive summary

Eighteen months after the start of the pandemic, only one-quarter of accountants found career development and progression challenging compared to their experiences in the pre-pandemic time (before March 2020). However, diving deeper into the data and analyzing it through a race, ethnicity, and gender lens, the picture becomes significantly more nuanced.

For example:



Tax & accounting professionals of color found the pandemic and additional stressors around racial injustice and caregiving negatively impacting their careers. **More than half of accountants of color (54%) reported increased work hours** compared to 46% of their white peers; and **41% of accountants of color took on more responsibility without pay** compared to 30% of mostly white accountants. However, many accounting professionals of color did report positive aspects to their well-being. In fact, ethnic minorities reported more positive experiences with work-life balance, times spent on self-care activities, and engagement in their work.



Women experienced more negative outcomes with a few bright spots. **More than half (56%) of women compared to 45% men reported that the pandemic had at least a slightly negative impact on their wellness.** On a positive note, a higher percentage of female accountants reported receiving a pandemic bonus and promotion to a senior role as compared to men, 36% and 12%, respectively.



Tax & accounting employers did a good job at demonstrating concern for employees' well-being, learning, and career development.



However, longer term concerns around diverse, equity and inclusion (DEI) issues continue with the majority of our respondents of color and women citing the "inconsistency between what the organization says and what it does" as a top two concern. The first concern was recruiting.

To address these concerns, tax & accounting employers must take a more targeted approach to increase diversity representation at senior ranks and train managers to adopt a DEI growth mindset to more effectively lead their teams in a hybrid work environment.

## Background

Tax & accounting professionals — like their counterparts across all industries — were impacted by the global COVID-19 pandemic, yet for diverse professionals the effects were greater. Across all industries, it is no surprise that women in senior management, Black women, and working mothers (who perform the bulk of the childcare, remote learning, and domestic tasks) were the groups that experienced the biggest challenges. These trends appear to be consistent for accountants as well.

The tax & accounting industry, like many others, are faced with talent challenges which predated the pandemic. Amid these looming *concerns* about talent retention and recruitment are how DEI strategies will evolve. Add to this the negligible progress the industry has made over the past decade towards diversifying its executive ranks; how Gen Z is the most diverse generation in the U.S and will make up 25% of the workforce by 2025; and the already urgent retention crisis, it's clear to see why immediate action to advance accountants from underrepresented communities and the need to retain such talent is required *now*.

Indeed, the tax & accounting industry is already experiencing a high number of individuals leaving the profession. The DEI business case for better financial returns is clear.

Chuck Summers, Director of Practice Growth at MCM, illuminates this point. “We believe that embracing DEI is essential to ensuring we both retain and attract the highest quality of team,” Summers says. “Our firm’s core values are “People Matter, Excellence Rules, and Leaders Inspire,” and a team of qualified professionals with diverse perspectives best positions us to spur greater innovation which will best position us to continue providing value-added, high quality service to our clients.”

Clients care more about their suppliers’ diversity commitments, especially in the nonprofit and government sectors, according to Katherine Malarsky, director at the firm’s Tax Services Group at Katz, Sapper & Miller (KSM). Her colleague, Jamie Ellis, COO and Partner at KSM, expands on this point. “We see this every day as our clients and prospects ask us questions about our DEI efforts as part of their vendor onboarding and retention programs,” Ellis explains. “They want to know that we value diversity and inclusion in our workplace, and that we’re putting real effort behind attracting and retaining those from underrepresented groups.”

## Understanding the impact

Given the pre- and post-pandemic, Thomson Reuters and PrimeGlobal wanted to take an in-depth look from the perspectives of race, ethnicity, and gender on what is happening with tax & accounting talent. (We did not receive enough responses to explore other underrepresented identities.) We thank the National Association of Black Accountants and the Latino Tax Professional Association for their participation. The goal of this joint project was to better understand the impact of the seismic events of the pandemic and other societal disruptions and to preserve the advances made within the accounting profession thus far.

More than 300 tax and accounting professionals responded to the survey, and responses were collected in June 2021. In addition, 23% of respondents (68) identified as professionals of color, and 52% (156) identified as women. In the survey, respondents who classified themselves as having “diversity lead” responsibilities — those within tax & accounting firms tasked with leading DEI initiatives — were asked upon which specific groups they were focusing to increase representation. (*For more information on the survey population, please see the Appendix.*)

**23 PERCENT OF OUR  
SURVEY RESPONDENTS  
IDENTIFIED AS  
ACCOUNTANTS OF COLOR.**



<sup>1</sup>Hart, Megan, 2021, *How to retain staff amid surging turnover*, The Journal of Accountancy; see <https://www.journalofaccountancy.com/news/2021>.

<sup>2</sup>Dixon-Flye Sundiatu; Dolan, Kevin; Hunt, Vivian; and Prince, Sara, 2020, *Diversity Wins: How Inclusion Matters*, McKinsey & Co., see <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>.

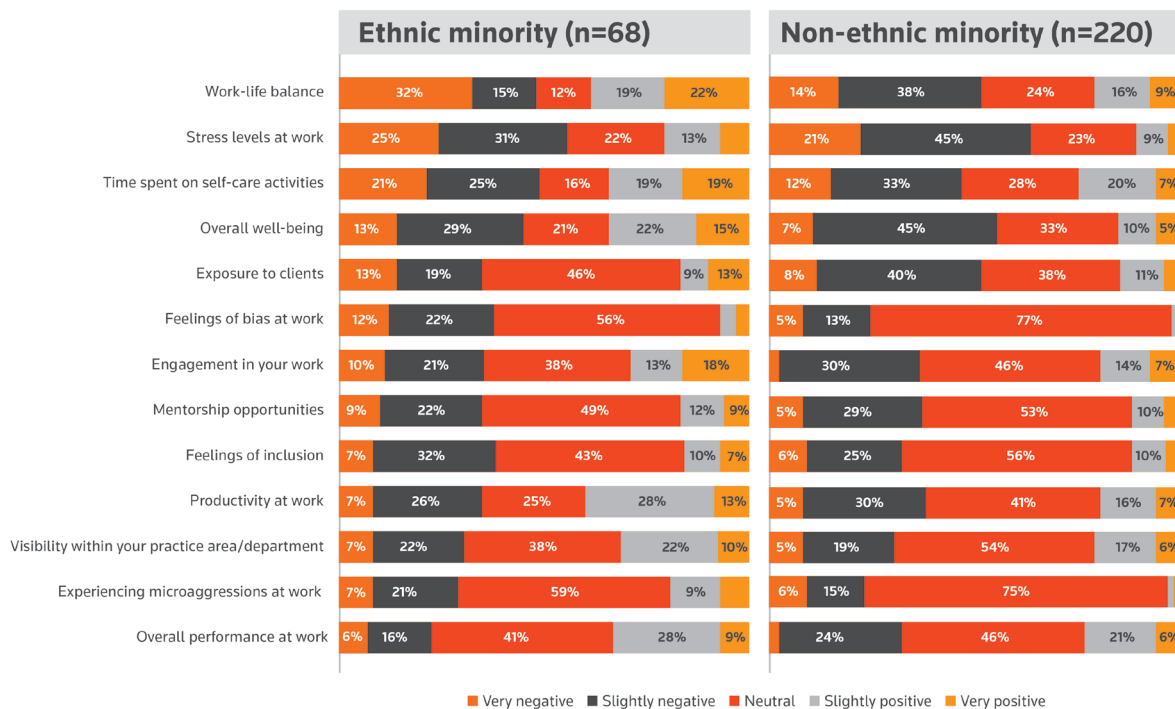
## Mixed outcomes for accountants from ethnic minority backgrounds

Of those accountants identifying as from a racial or ethnic background, referred to as ethnic minority accountants in our research, 40% reported that their career development and progression had been a challenge both before and during the pandemic. They cited increased work hours and responsibilities as the main reasons, with 54% of accountants of color reporting increased work hours compared to 46% of their white peers, and 41% of accountants of color said they took on more responsibility without additional pay compared to 30% of white accountants.

Additional stressors for accountants of color included additional caregiving responsibilities, racial injustice, and the impact of the Black Lives Matter movement, all of which were said to add to the negative impact on career development and progression. Of those accountants identifying as being from an ethnic minority, 47% and 28%, respectively, said that Black Lives Matter and racial injustice adversely impacted their career development and progression. In contrast, less than 10% of white accountants had a negative impact in these areas.

However, there were some bright spots for accountants of color. For example, a higher percentage of Black and Latinx tax & accounting professionals indicated that they received a pandemic bonus, promotion to a senior role, or starting a role in a new organization, as compared to their white peers, at 37%, 24%, and 19% respectively.

Related to well-being, 58% of accountants of color (compared to 52% of white accountants) reported that the pandemic positively impacted their well-being. This is further supported by ethnic minorities who reported more positive experiences with work-life balance, times spent on self-care activities, and engagement in their work (See Figure 1). Smaller percentages of accountants of color relative to their white peers reported negative impacts from stress and work-life balance challenges.



Question: Overall, how has the COVID-19 pandemic negatively or positively impacted you personally for each of the following.

Figure 1

Additionally, the majority of accountants had positive impressions of how their employers demonstrated concern for their employees' well-being, learning, and career development, irrespective of their racial or ethnic identity.

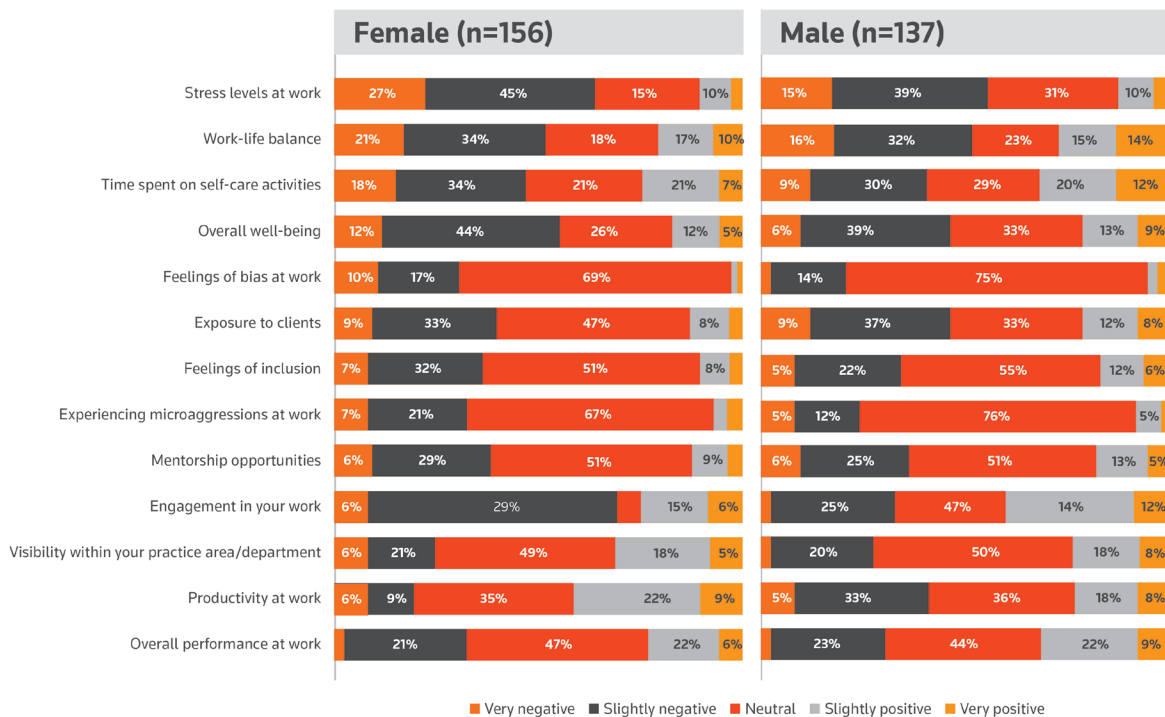
It was a different story when it came to career progression, however. Just 41% of accountants of color reported a positive view of their employers' concern for their career progress. One of the key reasons why accountants from racial and ethnic backgrounds reported negative impacts from increased work hours and responsibilities and additional events beyond the pandemic, but offered positive feedback around well-being, stress, and self-care is because of remote work.

Indeed, working from the comfort of their own home reduced the regular experiences of microaggressions for many of these respondents. Further, seismic events, such as the killing of George Floyd and the movement for racial justice and Black Lives Matter in the summer of 2020, increased stress levels for many professionals of color, potentially impacting work performance in ways that white professionals didn't have to deal with. Working remotely, on the other hand, offered some respite and allowed these professionals to deal with any discomfort or stress in the comfort of their own environment.

### Mostly negative outcomes for women accountants

More than half (54%) of women reported increased work hours compared to 43% of men; and 35% of women had increased work responsibilities without additional compensation, compared to 29% of men. On the flip side, the pandemic brought about some silver linings for women. For example, a higher percentage of female accountants (as compared to men) reported receiving a pandemic bonus and promotion to a senior role, 36% and 12%, respectively.

The impact on women's well-being reverted, however, and was less positive, with 56% of women reporting that the pandemic had at least a slightly negative impact on their wellness. And 72% of women (compared to 54% of men) reported this negative impact was mostly due to increased stress levels (*See Figure 2*).



Question: Overall, how has the COVID-19 pandemic negatively or positively impacted you personally for each of the following.

Figure 2

The data also shows that men — more so than women — felt their employers demonstrated a concern for their overall well-being (73% of men saying this, compared to 67% of women), learning and development (66% to 54%), and career progression (56% to 45%). One woman accountant interpreted the sentiment this way in the survey: “We [as employers] know the pandemic is a stressful time, but what resulted was that men were more supported.”

Other factors that occurred simultaneously during the pandemic also underscored the negative varying outcomes between men and women. A greater percentage of women (as compared to men) reported that negative impacts from caregiving responsibilities (28% to 22%), racial injustice (22% to 12%), and the Black Lives Matter movement (19% to 12%) had adverse impacts on their career development and progress, although the overall percentages represented a minority of accountants.

### DEI investments that employers should be making

The top DEI initiatives that tax & accounting employers were making *before* the pandemic were encouraging leaders to embrace diversity goals, conducting manager reviews, holding unconscious bias training, and allowing equal or gender-neutral parental leave. However, these actions don’t necessarily do anything to address the need for increased representation of underrepresented accountants from racial, ethnic, and gender perspectives at senior levels.



#### TAKE A SURGICAL APPROACH TO DEI INVESTMENTS

To produce better outcomes from DEI initiatives, employers should diagnose one or two areas upon which to improve and then target and customize the solution. For example, increasing representation in the partnership will likely require a solution to help underrepresented accountants build strong connections with senior internal influencers, such as a formal sponsorship initiative. On the other hand, formal work assignment monitoring by practice area is more likely to be used at junior levels to make certain that underrepresented accountants are receiving a breadth of assignments that allow them to maintain performance expectations and to ensure equal access to work on engagement for the firm’s most important clients.

To do this effectively, the firm Carr Riggs & Ingram (CRI) assigns a career adviser to every employee, according to Sandi Guy, Partner of Human Capital at the firm.

According to the *Pandemic Nation* research, few tax & accounting firms are investing in the items that specifically target improving representation in senior roles. Indeed, the diversity leads surveyed reported that only 23% and 18% of their employers were investing in formal sponsorship and work assignment monitoring, respectively. CRI employs a sponsorship program to execute one-on-one coaching, and Guy says that the not-so-secret ingredient was the connection. “Ultimately, sponsorship is having the greatest impact in producing the best results for increasing representation of underrepresented accountants because that mentor or sponsor has reached out to say, ‘Okay, let’s talk about your specific situation.’”

Unfortunately for those firms that don’t make this effort, it does not go unnoticed. One of the top two concerns among all accountants in our survey was the “inconsistency between what the organization says and what it does.” Respondents ranked recruiting and high-potential accountants opting out of advancement because of additional challenges experienced during pandemic as additional top concerns — and this is an issue for all accountants, whether or not they identify as a member of an underrepresented community.

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## TRAIN MANAGERS IN EFFECTIVE LEADERSHIP FOR HYBRID WORK

Obviously, the move to remote working impacted almost all industries, and tax & accounting was no different. Training managers and supervisors for remote leadership has become crucial, and, according to McKinsey & Co., “reimagining processes... by rethinking how to help employees thrive in their roles” can enable “‘small moments of engagement’ among employees, moments in which coaching, mentorship, idea sharing, and coworking take place.”

To do this effectively, micro-skills, such as being self-aware, listening with empathy, acting with curiosity, and demonstrating ongoing awareness of group dynamics (social awareness) are required.

Leaders and managers have a huge role to play in improving underrepresented accountants’ sense of belonging. Small actions, such as checking in on each team member and inviting those working remotely to offer their perspective first before turning to those in person around the conference table, go a long way to creating an environment where everyone feels welcomed and engaged. These skills are indicative of those of great leaders and managers — regardless of whether each of their team members identifies as a member of an underrepresented community. For example, CRI’s Guy is examining how to do effective one-on-one check-ins over video and hopes to embed it in the firm’s leadership development programs.



## ASSUME A “HYBRID FIRST” WORKFORCE FOR DEI

Putting employees who work remotely full time or part time at the center of your DEI strategy enables organizations to approach programming and initiatives with remote delivery at the core instead of as an afterthought. For example, KSM established an employee resource group for remote workers and works diligently “to make sure that the programming and education that we hold around DEI applies to our significant remote workforce,” says Malarsky.

### Avoiding the pitfalls

As previously mentioned, there is a multiplier effect in the failure of employers to act to close the gap that employees perceive between what the organization says and what it does. Therefore, avoid these pitfalls.

Don’t appoint a full-time director of DEI and think he or she is the sole individual responsible to improve diversity and inclusion at the firm. Without executive level support, resources, and a willingness of management to get behind sometimes hard-to-swallow recommendations, the appointment is a waste of the firm’s time and financial resources. To improve diversity, there is a need for surgical investments to ensure equal access to opportunity, to improve retention, and for intentional, sustained commitment to change the culture into one where senior underrepresented, up-and-coming leaders will stay for the long term. Without this effort, underrepresented individuals who are advancing upward won’t stay if they don’t feel valued or if their perspective is ignored.

Also, don’t make public statements about the firm’s commitment to DEI without an inward examination of the current state of diversity at senior levels and a list of proactive actions to improve it. Many companies made public statements supporting Black people and communities in the aftermath of the killing of George Floyd during the summer of 2020, and many organizations donated money to help communities of color. However, these statements and actions will only ring hollow among their employees of color without an inward examination of the demographic make-up of employees at each level and action to improve diverse representation at senior levels.

Actions and investments in DEI are simple but not easy. Formal initiatives to increase representation and investments in building a culture of inclusion in the tax & accounting industry will take continuous focus and effort by both organizations and individuals. Yet, this is the recipe for succeeding together.

## Appendix:

### By Ethnic Minority

Of those accountants identifying as from a racial or ethnic background, referred to as ethnic minority accountants in our research, 40% reported that their career development and progression had been a challenge both before and during the pandemic.

|   | Total   | Non-Ethnic Minority | Ethnic Minority |
|---|---------|---------------------|-----------------|
|   | (n=300) | (n=220)             | (n=68)          |
| <b>Years in Current Role</b>            |         |                     |                 |
| <1                                      | 8%      | 3%                  | 27%             |
| 1-5                                     | 34%     | 32%                 | 44%             |
| 6-10                                    | 16%     | 17%                 | 8%              |
| 11-15                                   | 12%     | 14%                 | 7%              |
| 16-20                                   | 7%      | 7%                  | 3%              |
| >20                                     | 24%     | 27%                 | 11%             |
| <b>Number Personnel in Organization</b> |         |                     |                 |
| <6                                      | 13%     | 15%                 | 7%              |
| 6 - 25                                  | 15%     | 17%                 | 13%             |
| 26 - 50                                 | 14%     | 17%                 | 5%              |
| 51 - 100                                | 10%     | 12%                 | 5%              |
| 101 - 500                               | 27%     | 27%                 | 22%             |
| >500                                    | 21%     | 12%                 | 48%             |
| <b>Ethnic Minority</b>                  |         |                     |                 |
| Yes                                     | 23%     | 0%                  | 100%            |
| No                                      | 73%     | 100%                | 0%              |

|  | Total   | Non-Ethnic Minority | Ethnic Minority |
|--|---------|---------------------|-----------------|
|  | (n=300) | (n=220)             | (n=68)          |
| <b>Job Title/Function</b>              |         |                     |                 |
| Accountant                             | 7%      | 5%                  | 12%             |
| Associate                              | 9%      | 5%                  | 21%             |
| Director                               | 7%      | 8%                  | 6%              |
| Manager                                | 15%     | 12%                 | 21%             |
| Principal                              | 4%      | 5%                  | 1%              |
| Partner / Shareholder                  | 40%     | 49%                 | 15%             |
| Senior Manager                         | 7%      | 6%                  | 9%              |
| Other                                  | 11%     | 10%                 | 15%             |
| <b>Diversity Lead Responsibilities</b> |         |                     |                 |
| Yes                                    | 38%     | 36%                 | 46%             |
| No                                     | 62%     | 64%                 | 54%             |
| <b>Organization Type</b>               |         |                     |                 |
| Tax/Accounting Firm                    | 89%     | 97%                 | 63%             |
| Other                                  | 11%     | 3%                  | 37%             |
| <b>Gender</b>                          |         |                     |                 |
| Female                                 | 52%     | 49%                 | 63%             |
| Male                                   | 46%     | 50%                 | 34%             |

|   | Total | Non-Ethnic Minority | Ethnic Minority |
|---|-------|---------------------|-----------------|
|   |       |                     |                 |
| <b>Children &lt;18</b>                            |       |                     |                 |
| Yes   | 37%   | 38%                 | 34%             |
| No  | 63%   | 62%                 | 66%             |
| <b>Disabled / Differently Abled</b>               |       |                     |                 |
| Yes   | 3%    | 3%                  | 1%              |
| No  | 97%   | 97%                 | 99%             |
| <b>Caring for Others (adult / disabled child)</b> |       |                     |                 |
| Yes   | 20%   | 80%                 | 78%             |
| No  | 80%   | 20%                 | 22%             |
| <b>Sexual Orientation</b>                         |       |                     |                 |
| Heterosexual                                      | 89%   | 92%                 | 91%             |
| Gay / Lesbian                                     | 1%    | 1%                  | 1%              |
| Bisexual  | 1%    | 1%                  | 1%              |
| <b>Age Range</b>                                  |       |                     |                 |
| 25 - 34   | 13%   | 11%                 | 22%             |
| 35 - 44   | 23%   | 20%                 | 33%             |
| 45 - 54   | 25%   | 28%                 | 22%             |
| 55 - 64   | 24%   | 29%                 | 7%              |
| 65+   | 11%   | 12%                 | 10%             |

### By Gender

|   | Total   | Female  | Male    |
|---|---------|---------|---------|
|   | (n=300) | (n=156) | (n=137) |
| <b>Years in Current Role</b>            |         |         |         |
| <1                                      | 8%      | 11%     | 5%      |
| 1-5                                     | 34%     | 40%     | 29%     |
| 6-10                                    | 16%     | 20%     | 12%     |
| 11-15                                   | 12%     | 10%     | 13%     |
| 16-20                                   | 7%      | 6%      | 9%      |
| >20                                     | 24%     | 13%     | 32%     |
| <b>Number Personnel in Organization</b> |         |         |         |
| <6                                      | 13%     | 9%      | 18%     |
| 6 - 25                                  | 15%     | 16%     | 15%     |
| 26 - 50                                 | 14%     | 12%     | 18%     |
| 51 - 100                                | 10%     | 8%      | 12%     |
| 101 - 500                               | 27%     | 28%     | 25%     |
| >500                                    | 21%     | 27%     | 12%     |
| <b>Ethnic Minority</b>                  |         |         |         |
| Yes                                     | 23%     | 28%     | 27%     |
| No                                      | 73%     | 69%     | 80%     |

|  | Total   | Female  | Male    |
|--|---------|---------|---------|
|  | (n=300) | (n=156) | (n=137) |
| <b>Job Title/Function</b>              |         |         |         |
| Accountant                             | 7%      | 8%      | 4%      |
| Associate                              | 9%      | 13%     | 4%      |
| Director                               | 7%      | 7%      | 7%      |
| Manager                                | 15%     | 21%     | 9%      |
| Principal                              | 4%      | 3%      | 4%      |
| Partner / Shareholder                  | 40%     | 24%     | 59%     |
| Senior Manager                         | 7%      | 8%      | 7%      |
| Other                                  | 11%     | 16%     | 6%      |
| <b>Diversity Lead Responsibilities</b> |         |         |         |
| Yes                                    | 38%     | 34%     | 42%     |
| No                                     | 62%     | 66%     | 58%     |
| <b>Organization Type</b>               |         |         |         |
| Tax/Accounting Firm                    | 89%     | 85%     | 93%     |
| Other                                  | 11%     | 15%     | 7%      |
| <b>Gender</b>                          |         |         |         |
| Female                                 | 52%     | 100%    | 0%      |
| Male                                   | 46%     | 0%      | 100%    |

|   | Total | Female | Male |
|---|-------|--------|------|
|   |       |        |      |
| <b>Children &lt;18</b>                            |       |        |      |
| Yes   | 37%   | 34%    | 40%  |
| No  | 63%   | 66%    | 60%  |
| <b>Disabled / Differently Abled</b>               |       |        |      |
| Yes   | 3%    | 2%     | 4%   |
| No  | 97%   | 98%    | 96%  |
| <b>Caring for Others (adult / disabled child)</b> |       |        |      |
| Yes   | 20%   | 27%    | 13%  |
| No  | 80%   | 73%    | 87%  |
| <b>Sexual Orientation</b>                         |       |        |      |
| Heterosexual                                      | 89%   | 90%    | 91%  |
| Gay / Lesbian                                     | 1%    | 1%     | 1%   |
| Bisexual  | 1%    | 1%     | 1%   |
| <b>Age Range</b>                                  |       |        |      |
| 25 - 34   | 13%   | 16%    | 10%  |
| 35 - 44   | 23%   | 28%    | 19%  |
| 45 - 54   | 25%   | 27%    | 23%  |
| 55 - 64   | 24%   | 20%    | 29%  |
| 65+   | 11%   | 7%     | 16%  |



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