

# Accountant Shortage is Affecting Company Financial Statements

LONG BEACH, CA, UNITED STATES,  
December 11, 2023 /

EINPresswire.com/ -- In the past few years, the number of accountants and auditors in the U.S. has plummeted by almost one-fifth since 2019, according to Forbes Magazine. As of 2021, the U.S. Bureau of Labor Statistics (BLS) reported that nearly 136,400 new openings in the profession are created each year. Most of these openings are due to those retiring or transferring to different occupations.



Accountant Shortage

Driven by a 4% decrease in those earning degrees in accounting, AI advancements, and a hefty retirement rate, the Great [Accountant Shortage](#) poses significant challenges for business financial reporting. Unable to hire skilled accountants, many companies are struggling with internal controls related to financial reporting, resulting in mistakes that can affect their performance and reputation.

Understanding the impact of the accountant shortage and how [outsourced accounting services](#) can help maintain compliant, accurate financial reporting is necessary to determine the right solution for many businesses.

### What is the Great Accountant Shortage?

The Great Accountant Shortage refers to the severe reduction in skilled accountants in the U.S. in the last several years. From 2019 to December 2022, there has been a 17% decrease in the number of employed financial auditors and accountants in the country.

The ongoing shortage is attributed to two main factors: an aging workforce and the industry's historical difficulty in attracting new talent.

- Lack of new accountants. Business and accounting experts noticed a decline of 20% to 40% in the number of accounting majors in recent years. Along with the BLS-reported decline of 4%

nationally, the trend indicates fewer people are pursuing accounting careers.

- Aging workforce. According to the AICPA, almost 75% of the CPA population reached retirement age in 2020. Hundreds of thousands of certified public accountants have reached the end of their careers and are leaving the workforce.

## How the Shortage of Accountants is Affecting Company Financial Statements

The Great Accountant Shortage has had considerable effects on companies of all types, sizes, sectors, and industries since 2019. Without access to qualified accountants, a company faces increased risks of material weaknesses.

A material weakness in a company's internal control over financial reporting creates deficiencies that can prevent a company from detecting or correcting fraud or errors in its financial statements.

Accounting staff shortages are among the most common causes of material weaknesses in financial reporting.

## What an Accountant Shortage Can Mean To A Business

Material weaknesses due to a staffing shortage or lack of experienced personnel can affect a company in many ways. Some of the risks of the accountant shortage include:

- Inaccurate financial statements. Inaccuracies resulting from material weaknesses increase the risk of errors in financial statements, undermining their reliability and transparency. These uncertainties can erode investor confidence in a company's financial health, potentially restricting its ability to attract investments and support growth.

- Legal and regulatory issues. Material weaknesses make a company more susceptible to financial reporting fraud and violating accounting standards or regulatory requirements. This exposure opens the door to legal liabilities, fines, and sanctions from regulatory authorities, putting financial stability and reputation at stake.

- Damaged reputation. Disclosure of material weaknesses can damage a company's reputation, impacting crucial relationships with customers, suppliers, and partners.

- Loss of competitive advantage. Addressing material weaknesses may divert valuable time and resources from core business activities, hampering competitiveness and limiting growth opportunities.

- Management burden. Material weaknesses burden the management team, diverting their attention from critical strategic planning and day-to-day operations, which can hinder company

growth and performance.

- Operational inefficiencies. Material weaknesses can lead to inefficient financial reporting processes, causing delays and errors in preparing crucial financial information and impacting decision-making and operational effectiveness.
- Increased audit scrutiny. Material weaknesses attract greater audit scrutiny, resulting in additional costs and time spent on external audits. This can strain financial resources and shift focus from other essential business activities.
- Limited access to capital. Material weaknesses may deter potential investors and lenders who seek accurate financial reporting, limiting your access to capital and impeding a company's ability to fund expansion plans or new projects.

### How Outsourced Accounting Services Can Help

Whether a company faces accountant staffing shortages or has recently implemented mitigation plans, finding and training qualified staff is an ongoing challenge.

Minimizing the effects of the accountant shortage should be among the top priorities. Outsourced accounting services can help reduce the risk of late reporting and eliminate inaccuracies in financial reports.

Seek a service provider with a range of [business audit, tax, and outsourced accounting services](#) to ensure the business can always access qualified and highly skilled accountants. Such a team can help strengthen financial planning, produce accurate financial reports timely, and help a business become more profitable.

Connect With Windes

Windes

+1 844-494-6337

[info@windes.com](mailto:info@windes.com)

Visit us on social media:

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/674428960>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

