

The Cost of Losing Talent: Why Belonging Is Essential for Firm Resilience & Growth

2025 ACCOUNTING MOVE PROJECT REPORT

Sponsored by:



Accounting & Financial Women's Alliance
CONNECT • ADVANCE • LEAD



MOSSADAMS ×



bakertilly



CENTER FOR
ACCOUNTING
TRANSFORMATION

CPA | TRENDLINES 

The 2025 Accounting MOVE Project

As the climate around diversity, equity, and inclusion (DEI) continues to evolve, we were not surprised to see a decline in participation in this year's Accounting MOVE Project. Initiatives like MOVE, which explore the business impact of inclusion, often feel the ripple effects when conversations about DEI become more politicized and closely scrutinized. While we can't definitively say why some firms chose to step back this year, it's clear that increased attention and shifting priorities have made some organizations more cautious about how, and whether, they engage.

What is most concerning is the timing. According to [CPA Practice Advisor](#), the profession faces one of the most severe talent shortages in its history, yet many firms are pulling back from their own stated commitments to equity and belonging. Instead of doubling down on proven strategies to attract, retain, and engage the next generation, some are hoping that distance will shield them from controversy. But silence certainly doesn't fill a pipeline, nor does it build the cultures professionals demand. In a market where talent is the ultimate competitive advantage, disengaging from these conversations isn't just shortsighted; it is a strategic misstep with predictable costs.

Each year, the Accounting MOVE Project depends on the commitment and candor of the firms that choose to participate in our research. To them, I extend my sincere gratitude. Their willingness to engage is more important than ever, as the profession faces mounting pressures that can no longer be ignored:

- While more students chose to declare an accounting major in 2025, says [CFO Dive](#), accounting enrollment declined for the last 10 years, shrinking the pipeline significantly.
- Experienced professionals are leaving public accounting altogether, citing a lack of progress and persistent culture challenges that make other careers more appealing.
- An aging leadership tier, where as many as 75% of current firm leaders will retire within the next 15 years, has created a bottleneck for Gen X and Millennials.

In the midst of these pressures, belonging and inclusion are not “extras.” They are central to solving the profession's crisis of relevance and sustainability. Firms that alienate entire swaths of potential recruits risk more than empty seats; they risk irrelevance. Without cultures that truly support and retain their people, there's no future to build and no milestones to celebrate, just a slow fade.

And yet, this year, one of the most sobering moments for me came in a conversation with a firm that has proudly participated in MOVE for years. They told me they would sit out this time, not because they don't believe in the work, but because they were afraid of winding up on the Best CPA Firms for Women list. What was once a mark of excellence, something to celebrate internally and showcase externally, is now seen by some as a risk, a target that could place them in the crosshairs of those eager to dismantle progress and restore an order where power is preserved by default, not earned by merit. That shift reveals the climate we're all navigating and why clarity and courage matter.

I'll be honest: that conversation saddened me deeply. For a moment, I even questioned whether we should release a report this year at all. But that hesitation lasted only a moment. Because if fear is silencing voices and stopping progress, then the work we do here is not just important, it's essential.

I've been advised more than once to "tone down" my writing, to take a more conciliatory tone, to avoid alienating anyone. And let me be clear: my goal has never been to divide. It has always been to create a space where everyone can see themselves reflected in the future of this profession. But I also refuse to water down the truth. This is not the time to whisper. It's the time to speak plainly and powerfully about what's at stake.

This is why we must reclaim and clarify what DEI actually means. Those of us who have championed this work haven't always done enough to explain what DEI is – and what it is not. That gap allowed opponents to caricature and demonize it far more easily than should have been possible.

At its core, DEI in accounting has never been about lowering standards or giving opportunities to unqualified candidates. It is about expanding the talent pool, a point that is especially salient when the profession desperately needs more people to enter, stay, and thrive. It is about ensuring that anyone with the skills and drive to succeed has a fair shot.

That means creating systems that evaluate candidates for jobs and promotions on their true performance and potential, not on outdated assumptions or who they, or their family, know. It means building firms where people are given opportunities to grow and lead, and where the profession finally delivers on its promise of meritocracy.

And why now? Because on top of a logistical talent crisis, we are still reckoning with the weight of exclusion. It's been less than 50 years since women could open a business account or secure a loan without a male co-signer. Not long ago, people of color were openly barred from many firms, schools, and client opportunities. While the profession and society have made tremendous progress, those legacies don't simply disappear. They linger, shaping hiring, promotion, and leadership patterns to this day. The reality is simple: **stepping back from DEI now isn't neutrality, it's regression.** When firms retreat, they are choosing to preserve barriers that keep talented people out and prioritize the comfort of the status quo over the future of the profession. History shows us who ends up on the wrong side of these choices: those who cling to exclusion and call it "focusing on merit."

Ultimately, DEI is about making accounting more competitive, more resilient, and better equipped to serve clients in a world that is already more diverse and dynamic than ever. Far from being an abstract ideal, it is one of the most practical solutions we have to the profession's talent shortage.

This year also brought another difficult decision, one that we did not make lightly. In the past, we've proudly named and celebrated the firms leading the way on inclusion and equity. Their stories deserved to be told, and their impact was worth amplifying. But in today's climate, even recognition can carry unintended consequences. Out of respect for the firms doing this work, and a desire to protect them from becoming targets for those seeking to undermine progress, we have chosen not to name them individually in this year's report.

This decision is not a reflection of diminished pride in their accomplishments. Quite the opposite: the firms highlighted here are pushing boundaries, challenging norms, and proving what's possible when equity and belonging are built into the fabric of an accounting firm. We deeply regret that current circumstances make it wiser to celebrate their achievements anonymously, and we hope this is only a temporary measure, one that will no longer be necessary in 2026. Until then, their work stands as powerful proof that meaningful change is possible and already underway, even if their names remain behind the scenes.

And here is where I find hope. Even as some firms pull back, others are holding fast to their commitments. They recognize that the future of our workforce and our client base will be more diverse, regardless of the current political climate. These firms are not only strengthening their own resilience, but they're also positioning themselves for long-term growth and leadership. The MOVE Project has always spotlighted such firms: the ones making progress, investing in people even when it is difficult, and choosing to confront inequities head-on.

Thank you to the firms that chose to participate this year, and to all of you who continue to believe that inclusion, equity, and belonging are essential to the profession's future. We are proud to stand with you.

History will remember the choices we make in moments like this, not the headlines we reacted to, but the commitments we kept. Years from now, the firms that stepped forward, even when it was difficult, will be the ones shaping the profession's future and setting the standard for what leadership truly means. The ones that continue to build cultures of equity, inclusion, and belonging will attract the best talent, serve clients more deeply, and leave a legacy they can be proud of. The question for every firm is not whether this work is easy, but whether you are willing to do what's necessary to build a profession worthy of the next generation.



Table of Contents

INTRODUCTION

BELONGING IS HUMAN	6
THE EXIT ECHO: WHAT EVERY DEPARTURE REALL COSTS	7
THE BELONGING QUOTIENT: ADDRESSING THE TALENT CRISIS FROM THE INSIDE OUT	9
THREE TRENDS REWRITING RETENTION RULES IN ACCOUNTING	13

2025 ACCOUNTING MOVE PROJECT QUALITATIVE HIGHLIGHTS

MONEY	19
OPPORTUNITY	20
VITAL SUPPORTS	21
ENTREPRENEURSHIP	22
IS DEI STILL DOA?	24
THE DARK SIDE OF PROGRESS	27
A LEGAL PERSPECTIVE	34
ABOUT THE ACCOUNTING MOVE PROJECT	38
ABOUT THE ACCOUNTING MOVE PROJECT PARTNERS	39

Belonging Is Human

Before we talk about data, strategy, or workforce trends, let's start with something more fundamental: memory.

Think back, not to last quarter's metrics or your firm's org chart, but to a moment in your life when you felt like you didn't belong. Maybe it was standing alone on the edge of a playground while teams were picked, and your name was called last. Maybe it was sitting in a noisy cafeteria where no one made room at their table. Maybe it was watching a group of friends head off to a party you weren't invited to.

Or maybe it happened much later, at a conference where everyone else seemed to know each other, or in a boardroom where your idea was dismissed until someone else repeated it five minutes later.

We've all had moments, both fleeting and formative, when we were made to feel like we didn't belong. And in those moments, it didn't matter how smart, hardworking, or qualified we were. It didn't matter how much we "sucked it up." **The simple truth is that exclusion hurts. It shrinks our confidence. It limits our participation. It makes us question whether we should even show up.**

Now imagine living with that feeling every day, not because of something you did, but because of who you are. That's the reality for too many people in our profession. It's the reason talented individuals leave firms where they love the work but don't feel recognized or appreciated. It's why promising careers stall out before they should. And it's why, for all its technical excellence, the accounting profession still struggles to build teams that reflect the world we serve.

Belonging isn't about coddling people. It's about creating the conditions where they can do their best work. It's about building workplaces where our people are free to contribute ideas, challenge assumptions, and see a future for themselves. It's about removing invisible barriers that keep capable people on the sidelines. And it's about acknowledging that no one, no matter how successful, is immune to the ache of being "othered."

If we're honest, belonging isn't a "soft" idea at all. It's a hard-edged business imperative, one that determines who stays, who leaves, and how far your firm can go. It doesn't start with politics or programs; it starts with empathy.

Every one of us knows what it feels like to be left out, and no one does their best work when they feel that way. Belonging is the difference between people showing up to do a job and showing up to change the future. That difference is everything.



The Exit Echo

What Every Departure Really Costs

When someone leaves a public accounting firm, the impact is never confined to an empty desk. Each exit reverberates through revenue, client trust, team culture, and even the firm's reputation. In today's environment, where talent is scarce and client expectations are unrelenting, the true cost of turnover is a lasting echo that strains the very foundation of firm stability, and those costs add up far beyond the obvious.

The price tag you can actually count

The financial costs of turnover are well-documented. [The Society for Human Resource Management \(SHRM\)](#) has documented that replacing an employee costs 50% to 200% of annual salary, with technical professionals falling mid-range and managers at the high end. These figures climb quickly in accounting, where expertise and relationships are the product itself.

Direct costs, including job ads, background checks, onboarding systems, and training, are only part of the bill. The biggest drain is time. [The 2024 CFO Talent Pulse Survey by Personiv](#) found that the average U.S. time-to-hire is 44 days, about six weeks, where client deadlines pile up and colleagues stretch thin to cover the gap. And even once the seat is filled, Personiv research shows firms invest 15-20% of a new hire's first-year salary to restore productivity. And that doesn't account for the opportunity cost of partners and managers shifting their focus from clients to recruiting. Every departure creates a pause that no invoice can capture.

The quality penalty (and why clients feel it)

Accounting is, at its core, a profession of trust. Research published in [The Accounting Review](#) found that higher audit-staff turnover is tied to lower audit quality, more costly engagements, and dissatisfied clients. Put simply: continuity matters. Clients notice when teams turn over. The continuity effect extends to tax and advisory, too, with fewer handoffs, fewer re-explanations, and faster issue resolution.

This isn't just perception. Professional services buyers consistently cite team stability and expertise as key drivers of confidence. And the business case is clear: [Harvard Business Review \(HBR\)](#) found that improving client retention by just 5% can lift profits by 25-95%. Every resignation risks more than one exit; it can prompt a client to reconsider their loyalty.

Why every loss hurts more now

Today's turnover happens against the backdrop of a profession already operating at, or beyond, capacity. [CFO Brew](#) reported that 87% of finance leaders see a shortage of accounting and finance talent. Replacing even one professional is slower and costlier than it was five years ago.



The pipeline itself is struggling. According to **CFO Dive**, nearly half of the states have passed legislation to revise CPA licensure requirements, offering experience-based alternatives to the 150-hour rule. These policy shifts reflect a widening recognition: there simply aren't enough people entering the profession to keep pace with demand. Every voluntary exit deepens that gap, making it more than a loss and a competitive setback.

The cultural tax you can't ignore

Turnover also weighs on those who stay. Research from the **Center for Accounting Transformation** reveals the scale: 68% of accounting firms report some level of burnout among their staff, yet only 27% say their firms have unreasonable workloads (26% were neutral on the topic). This disconnect suggests the problem runs deeper than hours worked; it's about how people feel while working them. When employees leave, workload spikes, stress rises, morale dips, and burnout accelerates departures among high performers, the very people firms most need to keep.

Regulators have noticed too: PCAOB Chair Erica Williams warned the **Financial Times** that weakened apprenticeship and unstable staffing are undermining audit quality expectations. When attrition disrupts development, it does more than erode team spirit; it weakens the next generation of leaders. Left unchecked, turnover becomes contagious and costly.

What high-retention firms do differently

The math is undeniable. With replacement costs running anywhere from half to twice an employee's salary, even modest gains in retention have an outsized impact. But the biggest gains go beyond the balance sheet. **SHRM** found that **firms with stronger retention see steadier teams, deeper client trust, and healthier cultures.**

Turnover in public accounting is not an HR line item; it is a profitability issue, a quality issue, and a reputation issue. From lost productivity and recruiting bills to diminished audit quality and client defection, each departure is far costlier than the salary it vacates.

The firms that treat recruiting and retention as a strategic discipline and belonging as a business imperative are the firms that will preserve their margins, strengthen client trust, and win the war for talent. In a profession defined by precision, the most urgent calculation may be this: the real cost of losing your people.

THE MOST SUCCESSFUL FIRMS

Conduct pay-equity and compression reviews regularly and tie adjustments to budget cycles.
- SHRM

Hold managers accountable for engagement and turnover, recognizing front-line leadership as the most powerful retention lever.
- SHRM

Build structured onboarding with 30/60/90-day milestones to reduce early "regret quits."
- SHRM

Treat audit-team continuity as a client promise and highlight stability as a differentiator.
- THE ACCOUNTING REVIEW

Put capacity safeguards in place during peak seasons, such as utilization caps and automation, to prevent burnout-driven exits.
- DELOITTE

Communicate staffing investments transparently to clients, positioning retention as a quality commitment, not just an HR metric.
- HBR

The Belonging Quotient

Addressing the Talent Crisis from the Inside Out

Bang the gong: the accounting profession is experiencing an unprecedented crisis. While firms scramble to address talent shortages with higher salaries and flexible work arrangements, they're missing the actual problem: a fundamental breakdown in workplace belonging that's driving talent away faster than any competitor could hope to recruit them.

Why? Many firms are approaching this backwards, trying to retrofit culture by launching quick-fix programs meant to plug immediate gaps. Some firms are simply playing for time, coasting on the momentum of past efforts and hoping market conditions improve. Others are doubling down, following through on promises to their people because they know the truth: without people, there is no revenue and no future.

The talent exodus has real numbers...and they're ugly

The data tell a stark story. In its CPA Pipeline Report, The American Institute of CPAs (AICPA) reported CPA exam candidates **dropped by 32%** between 2016 and 2024, while the Bureau of Labor Statistics (BLS) found that **300,000 accounting professionals** left the field between 2020-2023. That's the equivalent of wiping out the entire workforce of the 10 largest public accounting firms **twice**. With **75% of current CPAs approaching retirement within 15 years**, according to the AICPA, the profession faces a mathematical impossibility: replacing institutional knowledge faster than it walks out the door.

Conventional wisdom often points to compensation, work-life balance, or shifting generational attitudes as the reasons people leave. But research suggests a deeper, more powerful driver. **According to data from the Institute of**

Management Accountants (IMA), which focuses on business and industry finance teams, professionals who plan to leave are four times more likely to cite a lack of belonging as their primary motivator. While this research reflects trends outside of public accounting, our conversations with firm leaders, emerging talent, and industry observers suggest the profession is unlikely to buck the pattern and could even mirror it more strongly. In other words, if people don't feel like they belong, no amount of pay or perks will convince them to stay.

Replacing a single employee costs 50-200% of their annual salary.

The financial toll extends well beyond recruitment costs. According to **SHRM**, replacing a single employee costs 50-200% of their annual salary. Calculating for a mid-size firm with 20% turnover, that's nearly \$2 million annually in replacement costs alone, ignoring productivity losses, knowledge transfer failures, and the client relationships that inevitably suffer during transition periods. And that's before factoring in opportunity costs, client churn, and the cultural damage turnover leaves behind.

When **data from the University of Georgia and the AICPA** cite between 51-99% of accounting professionals experience burnout, the problem runs deeper than individual resilience or firm-specific issues.

The business case for belonging rests on concrete financial metrics, not aspirational thinking. According to **Gallup**, companies with highly engaged workforces (the closest proxy for belonging) achieve 23% higher profitability and 59% less turnover.

Neuroscience explains why belonging matters

The science behind belonging reveals why traditional retention strategies often fail. [UCLA](#) research demonstrates that social exclusion activates identical brain regions as physical pain, specifically the anterior insula. Workplace exclusion doesn't just feel bad; it literally hurts on a neurological level.

This biological reality explains why belonging needs go far beyond workplace “preferences.” Humans possess what researchers Mark Leary and Roy Baumeister call in their paper, [The Need to Belong: Desire for Interpersonal Attachments as a Fundamental Human Motivation](#), a “fundamental, pervasive drive” for lasting positive relationships. When these needs aren't met, cognitive function drops, stress spikes, and engagement plummets, regardless of pay or perks.

Self-determination Theory identifies belonging (relatedness) alongside autonomy and competence as one of the three core psychological needs driving motivation. When those needs align, employees become deeply engaged and committed. Research with a national healthcare provider found that implementing Self-Determination Theory principles resulted in a 50% reduction in turnover intention, according to [Immersyve Health](#). This is why demographic diversity without emotional connection rarely delivers the innovation or performance gains leaders expect.

And let's not forget about mental health

A [2022 survey by FloQast and the University of Georgia](#) using the

Maslach Burnout Inventory found that 99% of accountants experienced some level of burnout, with 24% reporting medium-high to high levels.

The challenge isn't convincing people that mental health matters, it's creating workplaces where vulnerability is safe and not career-limiting. According to the [American Psychological Association's 2024 Work in America Survey](#), 39% of workers worry that informing their employer about a mental health condition would have a negative impact on them in the workplace. These barriers to seeking help are particularly concerning in an industry already hemorrhaging talent to burnout.

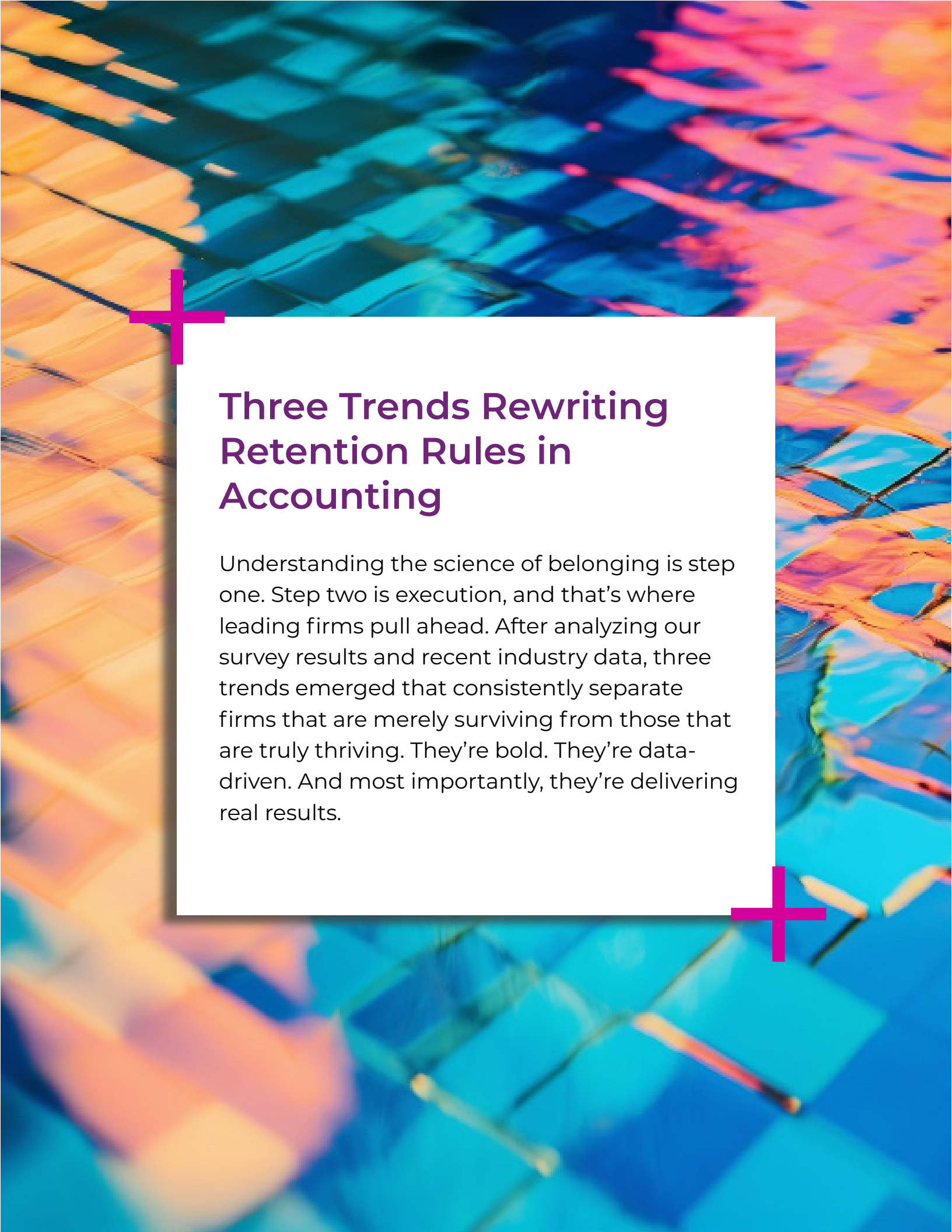
The path forward

Here is the unambiguous conclusion: belonging isn't a “soft” initiative; it's a business-critical investment. The firms that master belonging while others chase traditional retention strategies will dominate the next decade of professional services.

Firms that create environments where individuals feel valued for their authentic contributions and united by a shared purpose will win the talent war, elevate women and underrepresented leaders, deliver superior client service, and drive innovation.

Those that don't will learn the hard way: nothing — not pay, not perks, not prestige — can replace the fundamental human need to belong.

In the end, belonging isn't just how firms keep people, it's how they unlock performance, profitability, and long-term growth.



Three Trends Rewriting Retention Rules in Accounting

Understanding the science of belonging is step one. Step two is execution, and that's where leading firms pull ahead. After analyzing our survey results and recent industry data, three trends emerged that consistently separate firms that are merely surviving from those that are truly thriving. They're bold. They're data-driven. And most importantly, they're delivering real results.

Trend #1: Pay Equity Has Evolved from Policy to Practice (and It Shows)

- **The Old Way:** Annual reviews and reactive adjustments
- **The New Way:** Continuous monitoring and immediate accountability

According to **Foley & Lardner, LLP**, pay transparency legislation will sweep across 15 states and Washington, D.C. by the end of 2025. But the firms making the biggest strides aren't just complying, they're weaponizing transparency as a competitive advantage.

What the winners are doing

One firm in our cohort doesn't wait for year-end reviews. They conduct multi-layered compensation analyses during every merit and bonus cycle, examining not just percentages but final dollar amounts across gender, ethnicity, and age. If something looks off, they fix it immediately. HR even has veto power over any recommendation that fails the "justifiable" test.

Another participant takes it a step further with predictive analytics to spot inequities before they become problems. They've also expanded benefits, including 80 additional sick hours and fertility coverage, recognizing that equity extends beyond base salary to total compensation and life-stage support.

A third firm opted for radical simplicity. By increasing CPA exam bonuses to \$7,500 and covering exam fees, materials, and one retake before the credential is earned, they're sending a clear message: "We're serious about investing in your success."

The data speaks

- According to **Pew Research**, women earned 85% of what men earned in 2024, up from 81% in 2003. Progress, but at a glacial pace.
- **HR Brew** reported that Colorado narrowed its gender pay gap from 78 cents per dollar in 2021 to 85 cents in 2024 after implementing pay transparency laws.
- Nearly half – 42% – of organizations conducted internal pay equity analysis in the past year, and 18% brought in external experts, **Affirmity** found.

Why this matters (the MOVE connection)

This is **Money** in action, but evolved. It's not just about equal pay for equal work anymore. The Best Firms for Women recognize that flexibility and mentorship are critical, but must be paired with transparent, accountable compensation practices. When the path to higher earnings is clear and consistent, and not dependent on who negotiates hardest or has the right connections, women stay.

Money still talks. Firms that think culture alone will retain talent are missing the point. The firms that nail both? They're not just retaining talent, they're becoming talent magnets.

Trend #2: Succession Planning Gets a Makeover (Finally)

- **The Old Way:** Tap the person who looks like the last person
- **The New Way:** Build the bench with intention and document every step

Here's a dirty little secret: most firms don't have a succession plan. They have a succession *hope*. The Best Firms have moved from hope to strategy.

What the winners are doing

One firm created a five-year succession roadmap with a deliberate focus on widening the talent lens. They're not just advancing the loudest voices or the next in line, they're actively identifying the most capable leaders across their entire talent pool, including those who may not have raised their hands. That intentional, merit-focused approach has transformed their leadership pipeline, resulting in a 50/50 gender split among managing principals. This isn't tokenism; it's strategic succession planning done right.

Another firm launched its senior leadership cohort program after recognizing that its leadership team was too homogeneous in perspective. They now use predictive index assessments to ensure a variety of thinking styles. Even more importantly, they define clear, measurable competencies for every promotion level, so if someone isn't getting promoted, there's a roadmap showing exactly what gaps exist. No more vague "executive presence" criteria, mysterious rejections, or questions about what qualifies as "leadership material."

A third firm created entirely new career tracks for non-CPAs, including a supervisor and director role that allows people to advance without the license. This proved to be a game-changer for their family office services team.

The data speaks

- As Baby Boomer partners retire, firms that embed equity and inclusion into their succession strategies build a broader, more diverse leadership bench and avoid leadership gaps.
- According to the **Academy to Innovate HR**, companies with regular talent reviews and targeted development opportunities transition more smoothly and retain more leaders.
- Firms that proactively work with their employees to plan for life events, like parental leave, see improved retention and team stability.

Why this matters (the MOVE connection)

All employees want to see themselves in leadership positions, and when they do, they're more likely to stay. But **and this is critical** they need to see the pathway to get there, not just the destination. These firms aren't just saying "you could be a partner someday." They're saying, "here's how, here's when, and here's who will help you get there."

- **Traditional succession planning:** "We'll know the right person when we see them." (*Translation: We'll pick someone who reminds us of ourselves.*)
- **Modern succession planning:** "We've identified high-potential talent at every level, created individualized development plans, and we have data to prove it." (*Translation: We did the work.*)

Trend #3: Flexibility is No Longer a Perk (It's a Business Model)

- **The Old Way:** Work-from-home Fridays (*maybe*)
- **The New Way:** Flexibility built into the business model itself

Every firm claims to offer flexibility. But when you look closer, the difference between “you can work from home when your kid is sick” to “we’ve fundamentally restructured how work gets done” is night and day.

What the winners are doing

One MOVE firm implemented a mandatory firm-wide July 4th week closure so everyone can fully disconnect. No emails; no exceptions. They also launched a 30-day partner sabbatical program and just announced an 8-year-plus employee four-week sabbatical. This isn't “ask your manager if it's okay” flexibility. This is “we’re closing the office and you’re taking a break” flexibility.

One west coast firm offers 10-hour-per-week positions for working mothers who want to stay engaged and contribute to the firm without sacrificing family time. They had a tax manager work through April 15, have her second baby, and come back at 10 hours a week just to stay connected. They’re holding the door open, not pushing people through it.

Another firm gives employees 35-hour workweeks during non-busy seasons with “Flex Days.” If you choose to complete those hours in four days, you can take the fifth day off. They’re also hiring remote-first and recently promoted their first fully remote partner. But here’s the twist: the same firm brought back a tax manager on a customized schedule after she struggled with work-life balance, demonstrating that leadership will accommodate nearly any schedule to retain top talent.

Yet another firm went even further with a part-time program that works for pre-retirement professionals and working parents. Two part-time roles can now fill one full-time position, giving people flexibility to step back without stepping out.

The data speaks

- Flexible work options significantly reduce burnout and improve retention, especially among younger professionals who value work-life balance.
- The 2025 Best Accounting Firms for Women share a common playbook: flexibility isn't just about remote work, it's about understanding that employees have lives that require different accommodations at different seasons.
- Most – 87% – of hiring managers struggle to find skilled talent, making retention through flexibility even more critical than ever, according to **Robert Half**.

Why this matters (the MOVE connection)

This is **Vital Supports** taken to the logical extreme. These firms aren't asking “Can we afford to be flexible?” They're asking, “Can we afford NOT to be flexible?” Firm leadership is “putting their money where their mouth is” by offering flexibility at unprecedented levels, recognizing that retention is cheaper than recruitment.

But notice the pattern: flexibility isn't just about where you work. It's about when, how much, and for how long. It's about meeting people where they live their actual lives, not the idealized version where everyone can work 55-hour weeks during busy season, forever.

The bottom line

These three trends — proactive pay equity, intentional succession planning, and structural flexibility — are strategic imperatives, not “nice-to-haves.” Firms winning the talent war treat retention as a business discipline. The firms in our research aren’t waiting for industry-wide solutions either. They’re not hoping the pipeline problem fixes itself. They’re making bold bets on their people right now with money, with opportunities, and with structural changes to how work gets done.

What’s next?

The firms featured here are early adopters, willing to take risks and make some mistakes. But they’re also attracting and retaining talent, including women and other underrepresented groups, at levels that leave their competitors scrambling to keep up.

The question isn’t whether your firm should follow their lead; it’s whether you can afford not to. Because by the time these trends become table stakes, you will already be miles behind.



Let’s Transform Your Firm’s Story

You’re great at helping clients make sense of their numbers. But when it comes to marketing your firm — **websites, social media, public relations, conferences** — who’s helping you?

At the Center for Accounting Transformation, we help small and mid-sized firms modernize their marketing to match their expertise. Whether you need a **fresh website, professional PR support, social media strategy**, or help planning **your next event**, our team understands accounting and knows how to communicate trust, credibility, and innovation.

Let’s turn your marketing into a growth engine — so you can focus on what you do best.

Get started with a free marketing consultation at: <https://improvetheworld.net/contact>



2025 Accounting MOVE Project Qualitative Highlights

MONEY

Transparency and accountability are fundamental for pay equity.

32%

ANALYZE PAY EQUITY
BY ETHNICITY

19%

TRAIN MANAGERS ON FAIR
PAY PRACTICES, DOWN
FROM 37% IN 2024

69%

HAVE WOMEN'S ERGs,
BUT ONLY 47% ACTUALLY
ANALYZE PAY BY GENDER

The money conversation has fundamentally shifted from “what we pay” to “how we invest.” One firm’s bold move to increase CPA exam bonuses to \$7,500 represents more than financial support: it’s strategic talent acceleration. “We’ve seen study hours nearly double since the announcement,” explains an audit department shareholder at that firm. “Our interns are already planning to complete their CPAs before they start. That’s the momentum we wanted to create.” The firm’s HR director adds crucial context: “We’re not just covering exam fees; we reimburse retakes too. These exams aren’t cheap, and failure shouldn’t mean financial penalty. We’re making a real commitment to their success.”

Yet the most profound shift appears in how firms approach pay equity. One firm’s methodology transcends basic compliance, implementing what their senior leader calls “forensic compensation analysis.” She elaborates: “During every merit and bonus cycle, my team conducts deep-dive analytics. We examine not just the percentage increases but total compensation packages. When we spot outliers, like a high-performing woman paid below her peer group, we dig deeper. Is it tenure? Performance history? Or is it bias? We adjust proactively rather than waiting for complaints.”

The data reveals a troubling paradox that deserves its own examination: firms have built bridges but forgotten to connect them to the other side. While 94% have pay band structures, only 42% conduct regular pay equity reviews, with another 47% reviewing “as needed,” a reactive rather than proactive stance. Meanwhile, 74% don’t tie managers’ pay to their staff’s equitable compensation. They track demographics religiously (100% monitor gender), yet systematic action remains sporadic. This implementation canyon represents the space between good intentions and actual impact.

One firm’s progressive approach bridges this gap: Flexibility without penalty, same hourly rates regardless of schedule. A recruiting director shared: “We had a talented tax manager return from maternity leave, struggling to balance everything. Rather than lose her, we offered a 10-hour weekly schedule through busy season at her full hourly rate. She’s thriving, we retained expertise, and it’s become a model for others.” The firm’s philosophy centers on action: “Our partners don’t just talk about flexibility, they fund it, they model it, and they defend it when questioned.”

Survey responses illuminate an emerging trend: student loan assistance as a retention multiplier. One participating firm reported that offering \$6,000 in annual student loan repayment support has had more impact than equivalent salary increases. For younger staff carrying six-figure debt, it’s transformative.

OPPORTUNITY

The key to upward momentum is flexible, strategic support.

84%

HAVE FORMAL MENTORSHIP OR SPONSORSHIP PROGRAMS, BUT ONLY 68% HAVE COACHING FOR MENTORS

53%

OFFER CAREER COACHING FOR ALTERNATIVE PARTNERSHIP TRACKS

78%

FORMALLY IDENTIFY HIGH-POTENTIAL EMPLOYEES, YET ONLY 56% TRAIN MANAGERS TO IDENTIFY THEM

Mentorship is now standard practice, 84% of firms offer it, but it's not enough to close the promotion gap. Firms that also implement formal sponsorship see 45% higher promotion rates for women. **The message is clear: mentors offer advice; sponsors open doors.**

And the doors they're opening don't always lead straight up. The traditional "up or out" partnership model is crumbling as firms rethink career paths, redefine leadership roles, and create more ways for talented professionals to advance without walking away.

One firm's transformation exemplifies this shift. "We realized we were losing talented people simply because they couldn't or wouldn't get their CPA," explains an HR director of operations. "So, we created parallel paths: supervisor and director roles that don't require licensure. These aren't consolation prizes; they're legitimate leadership positions with meaningful compensation and influence." A regional managing partner at that firm adds strategic context: "We're rolling out these alternative tracks firm-wide this fall. It's about recognizing that technical expertise and leadership capability aren't always synonymous with CPA certification."

Another firm's approach to leadership development reveals the democratization of advancement criteria. "We were operating with hidden rules," admits a shareholder who led their senior leadership cohort initiative. "Promotions felt arbitrary, and feedback was vague. Things like 'develop executive presence' without defining what that meant. Now we have explicit competencies at every level. Everyone knows exactly what's required for advancement." The results prove it: their women partner percentage increased from 17% to 25% in just two years.

Here's what firms aren't discussing: while 78% identify high-potential employees, only 56% train managers to actually recognize them. It's like having a talent radar system but forgetting to train the operators. This competency paradox — knowing what you need but not building the capabilities to achieve it — undermines even the best-intentioned programs.

One firm's succession planning strategy represents perhaps the most systematic approach. "We're not only identifying successors, we're actively developing them," explains a senior leader. "We've created specific development plans for high-potential employees, which organically results in more representation throughout the firm."

Another firm's Future Leaders Academy offers metrics-driven proof: 89% of graduates achieve partnership within two years. A recent graduate and now partner reflects: "The program didn't just prepare me for partnership, it let me test whether I actually wanted it. That transparency about partner responsibilities, financials, and expectations was invaluable."

VITAL SUPPORTS

Mental health support has evolved from afterthought to strategic imperative.

17%

TRACK THE NUMBER OF
EMPLOYEES WHO ARE
WORKING PARENTS

63%

PERCENT OF MOVE FIRM'S
WHO CITE BURNOUT AS
THE TOP REASON FOR
LEAVING A FIRM

68%

OFFER EXTENDED
PARENTAL LEAVE EQUALLY
FOR BOTH MOTHERS AND
FATHERS

Sixty-three percent cite burnout as the top reason employees leave. One firm's comprehensive training rollout represents the new standard. "We're requiring mental health training for every people leader, with our HR team receiving intensive multi-day certification," explains an HR director. "This isn't awareness training; it's practical skills for recognizing distress, conducting difficult conversations, and knowing when to elevate concerns."

One firm reported that on-site counseling during busy season reduced stress-related turnover by 40%. Another offers mental health first aid training for all managers. This isn't about being nice; it's about protecting human capital investments.

Another firm's approach to work-life complexity stands out for its comprehensiveness. "We didn't just add benefits, we reimagined support," states a senior leader. "Eighty hours of separate sick time acknowledges caregiving complexity. We've had three leaders on parental leave simultaneously, and operations haven't missed a beat because we planned for it."

One firm's announcement of non-shareholder sabbaticals after eight years represents an industry shift. "If someone stays six years, they're gold. Eight years? They've earned real rest," argues an HR director. "Four weeks of complete disconnection isn't a cost, it's an investment in their next decade with us. The first applications came within hours of our announcement."

Another firm's mandatory, week-long shutdown for July 4th exemplifies evolved thinking. "The first year, I didn't know what to do with myself," admits a regional managing partner. "No emails, no client calls. We literally tell clients we're closed, and they'll hear from us in a week. Now, I protect that time fiercely."

ENTREPRENEURSHIP

Leading companies treat supplier diversity as a growth engine

95%

CONDUCT EXIT INTERVIEWS,
BUT ONLY 47% MAINTAIN
ALUMNI TRACKING SYSTEMS

60%

REPORT THEIR ERG'S
RESULT IN EXTERNAL
REFERRALS

11%

REQUIRE C-LEVEL REVIEW
OF W/MBE SPEND
ANNUALLY

0%

TRAIN PROCUREMENT
STAFF IN FINDING AND
WORKING WITH W/MBES

0%

PUBLICLY REPORT
SUPPLIER DIVERSITY

The data exposes a glaring missed opportunity: while firms talk about their inclusion practices, their procurement procedures tell a very different story. Zero percent train staff to identify women- or minority-owned business enterprises (W/MBEs). Zero percent publicly report supplier diversity. That's more than a moral failing; it's a strategic blind spot.

Leading companies treat supplier diversity as a growth engine, not a checkbox. Mature programs consistently deliver stronger results: a 2020 study by the [Hackett Group](#) found that firms with long-term supplier diversity programs experienced an average of 133% greater ROI than companies that continued to rely on traditional suppliers. Additionally, a [McKinsey survey](#) found that M/WBEs generate 8.5% year-over-year cost savings, far outpacing traditional procurement approaches. They also build resilience. Smaller and more diverse suppliers often bring agility, flexibility, and local expertise that protect supply chains from disruption.

By overlooking supplier diversity, firms risk leaving money on the table and weakening their competitive edge. Building internal capabilities to source diverse suppliers, setting measurable targets, and reporting progress aren't just best practices; they're business imperatives that directly tie to innovation, cost savings, and risk management.

The one firm that recently received its B-Corp certification may have discovered the ultimate differentiator in the talent war, addressing multiple MOVE pillars simultaneously through verified, systemic change.

One firm's philanthropic initiative exemplifies how employee-driven innovation transforms culture. "A young manager pitched this idea directly to our managing partner," recalls a regional managing partner. "She envisioned firm-wide volunteer hours generating matching grants for chosen charities. Three years later, it is core to our culture. When employees see their ideas implemented, they see their future here."

Another firm expanded an innovation competition to a comprehensive program that ensures ideas mature into execution. “The original competition generated great ideas that went nowhere,” explains an HR director. “Now our program creates visual accountability. Every employee can track their idea’s progress, understand prioritization logic, and participate in implementation.”

One firm’s neurodivergent ERG demonstrates responsive innovation at its finest. “When neurodivergent employees questioned how new performance standards affected them, we didn’t just accommodate, we collaborated,” explains a senior leader. “They reviewed all competency frameworks, suggested inclusive language, and delivered firm-wide training. They transformed potential friction into educational opportunity.”

Other firms report similar ERG impact:

- LGBTQ+ ERG’s inclusive client events increased referrals 25%
- 60% of firms report ERGs generate external referrals

Critical Actions for 2025

- | | |
|---|--|
| ✓ Establish regular pay equity reviews as the standard. Only 42% conduct regular reviews (biannually and annually), with 47% reviewing “as needed” (translation: after problems arise). | ✓ Create supplier diversity training and accountability. 0% is not just embarrassing, it’s economically foolish. |
| ✓ Track working parents and caregivers. You can’t support what you don’t measure. | ✓ Train every manager involved in compensation decisions on fair pay practices. The current 19% is indefensible. |



Is DEI Still DOA?



Pressure has crystallized into a defining question for the profession: In an environment where DEI has become politically radioactive, can firms maintain their commitments to inclusion without becoming targets themselves?

Oh, what a year can bring.

Since our last report, the ground beneath DEI has shifted dramatically. Executive orders, lawsuits, and corporate retrenchment have made leaders in every industry, including accounting, nervous about what to say, what to publish, and what to keep. Where once the challenge was building momentum, today the challenge is simply holding the line.

What's changed since last fall

The political and legal climate around DEI has shifted sharply since we published the 2024 MOVE Report. On January 21, 2025, President Trump issued two executive orders that struck at the core of federal and contractor-based DEI efforts. **Executive Order 14173**, titled “Ending Illegal Discrimination and Restoring Merit-Based Opportunity,” rescinded long-standing mandates, including **Executive Order 11246**, which had required federal contractors to take affirmative action in hiring. Its companion order, **Executive Order 14151**, went further, barring what it called “radical and wasteful DEI programs” inside federal agencies and among contractors. Together, these directives sent a clear signal: DEI, at least in government work, was no longer considered a compliance expectation but a liability.

For accounting firms, especially those with audit or consulting contracts tied to public institutions, this development created immediate unease. Firms began asking: Would long-standing diversity programs now put us at risk of **False Claims Act** violations? Would contract renewals require us to certify that DEI policies had been dismantled? A federal judge put portions of the orders on hold in March 2025, citing vagueness and potential constitutional conflicts. However, the reprieve is temporary and partial, and the uncertainty has made many firm leaders skittish.

The corporate world has responded just as dramatically. In the S&P 500, the number of companies tying executive compensation to DEI metrics plunged from more than half in 2024 to only 22% by mid-2025. Across industries, DEI terminology has been quietly scrubbed from annual reports, investor disclosures, and corporate websites, even as many companies continue programs internally. The strategy is clear: protect the optics while maybe keeping at least some of the work alive behind the scenes.

Accounting firms are watching these moves closely. In March, [CFO Brew](#) reported that leaders in the profession are weighing how far to go in removing DEI language, fearing that public statements could be used against them in contract disputes or client reviews. The ripple effect has been hesitation: fewer bold initiatives, fewer public commitments, and more “wait and see.”

80% of C-suite leaders believe scaling back DEI creates new risks, not only reputational but also in terms of talent attraction and retention.

Meanwhile, the risks of retreat are becoming clearer. [A joint study by Catalyst and the NYU Meltzer Center](#) found that more than 80% of C-suite leaders believe scaling back DEI creates new risks, not only reputational but also in terms of talent attraction and retention. This warning lands hard for accounting firms already struggling with one of the worst talent shortages in decades.

The talent trade-off

The pipeline is already strained. Enrollment in accounting programs is precarious, mid-career professionals

are leaving firms, and retirements loom. Against this backdrop, scaling down DEI efforts shrinks the pool even further.

Younger generations are watching closely. [Deloitte's 2025 Gen Z & Millennial Survey](#) found that 42% of Gen Z and 41% of Millennials expect their managers to create inclusive cultures, but only 22% of Gen Zs and 21% of millennials believe that is happening. Gen Z also shares salary information more openly than any previous generation, believing transparency is the path to fairness, according to [Bankrate](#). For firm leaders who think inequities won't come to light, think again. Even if you've flown under the radar for decades, that era is ending.

And the risk isn't just theoretical. Research published by [The Accounting Review](#) has shown that staff turnover directly drives negative client perceptions in professional services, particularly around audits. Catalyst and NYU's findings add weight: pulling back now could erode both employee trust and client loyalty at the same time.

Damned if you do, damned if you don't?

Firms today face a bind:

- Stay the course and risk legal scrutiny, client questions, or lost federal work.
- Pull back and risk losing credibility with employees, recruits, and clients who expect visible commitments.

For many, the temptation is to find the narrowest middle ground. That often means reframing rather than retreating. Firms are shifting language away from terms like “diversity” or “equity” and toward phrases that emphasize culture, opportunity, and fairness. Instead of publishing diversity dashboards that may draw unwanted attention, they talk about career development pipelines, equitable

promotion practices, or the business value of diverse teams. This doesn't eliminate risk, but it lowers the volume in an environment where visibility itself feels like liability.

Some are also investing in internal accountability without external fanfare, keeping pay equity audits, bias training, or employee resource groups in place but presenting them as compliance, risk management, or talent strategies rather than DEI. Others are embedding inclusion into broader talent initiatives like leadership development or flexible work policies, making it harder to label these efforts as "DEI programs" while still reaping the benefits.

The danger, of course, is that employees and recruits can see through cosmetic changes. Gen Z and Millennials expect alignment between stated values and lived reality. If firms only dilute the language while continuing to run programs, they may protect themselves in the short term but risk credibility over time. On the other hand, firms that can explain this reframing as part of a compliance strategy while demonstrating that the underlying commitment hasn't changed are more likely to maintain trust.

In other words, the "path of least resistance" doesn't have to mean abandoning inclusion. It can mean adjusting how commitments are framed, where they are communicated,

and who they are directed toward. But the balance is delicate. Silence signals retreat, and retreat risks the very talent firms need to survive.

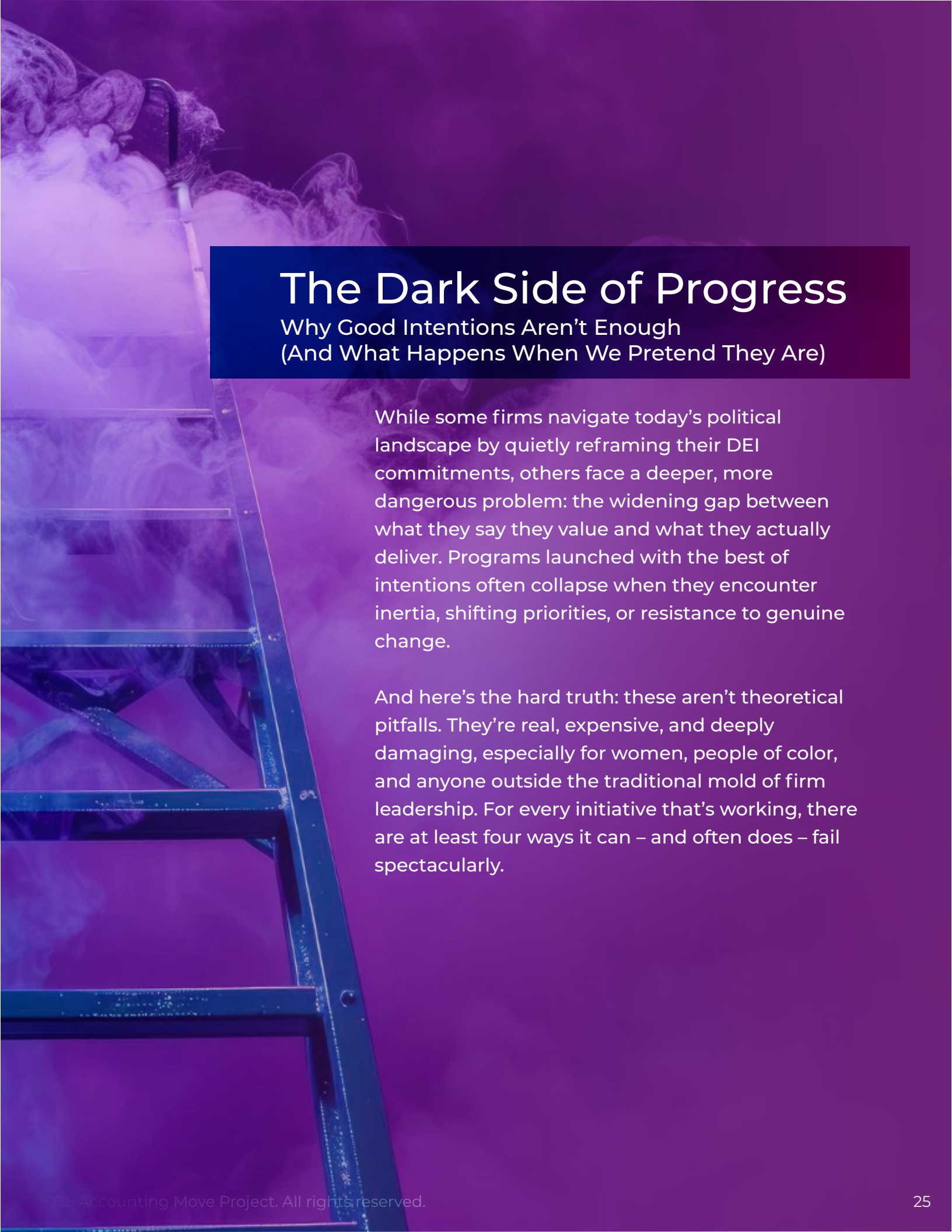
The stakes ahead

Is DEI dead on arrival in accounting? Not quite. But it is under heavier fire than at any point in recent memory. What firms do next will shape more than their reputation; it will shape their ability to compete for talent and trust in a skeptical marketplace.

Retreat may feel safer, but silence is not neutral. It signals inconsistency, and inconsistency costs. The middle path of reframing, embedding, and recalibrating may buy time in today's climate, but it cannot replace substance. Firms that quietly preserve their commitments while explaining them in compliance-minded terms will weather the storm better than those who abandon them altogether.

In the end, inclusion is not a side issue; it is a strategy. Firms that treat belonging as a liability will find themselves outpaced by competitors who make it a differentiator. Those who adapt with clarity, authenticity, and consistency won't just survive this moment. They'll prove that resilience in accounting is built on people, all people, and on the workplaces that choose to keep the door open.





The Dark Side of Progress

Why Good Intentions Aren't Enough
(And What Happens When We Pretend They Are)

While some firms navigate today's political landscape by quietly reframing their DEI commitments, others face a deeper, more dangerous problem: the widening gap between what they say they value and what they actually deliver. Programs launched with the best of intentions often collapse when they encounter inertia, shifting priorities, or resistance to genuine change.

And here's the hard truth: these aren't theoretical pitfalls. They're real, expensive, and deeply damaging, especially for women, people of color, and anyone outside the traditional mold of firm leadership. For every initiative that's working, there are at least four ways it can – and often does – fail spectacularly.

Trend #1: The Implementation Gap When “Commitment” Meets Reality

Announcing a new program is easy. Sustaining it year after year, through leadership changes, budget cuts, and competing priorities, is the real challenge.



HERE'S HOW MOMENTUM DIES

Leadership Turnover

When the managing partner or champion behind an initiative leaves, the program quietly disappears.

Perfectionism Paralysis

Accounting firms, driven by precision and risk-aversion, often freeze in fear of “doing DEI wrong.” That fear becomes an excuse for inaction.

Tokenism

Promoting one woman to partner and calling it progress isn't systemic change; it's checking a box while the pipeline below remains stagnant.

Budget Cuts

Leadership and mentorship programs are often the first casualties of economic downturns, and some never return.

The Metrics Mirage

Measuring representation without tracking advancement lets firms celebrate numbers that don't translate into power or influence. Forty percent of women at the associate level is meaningless if only 5% ever become partners.

WHY THIS MATTERS

Succession planning is hard. Succession planning for diverse leaders is exponentially harder because you're not just filling a role; you're changing the culture that defines who belongs in that role. That's where good intentions most often fail.

ACTION STEPS:

1. Bake DEI programs into firm strategy and budgets so they survive leadership changes and economic cycles.
2. Track advancement, not just representation, and report results internally and externally.
3. Build accountability into succession planning, with leadership diversity as a defined outcome, not an optional goal.



Threat #2: Flexibility Fatigue When “Choice” Becomes Career Suicide

Flexibility is supposed to empower people. Instead, it too often punishes them, especially women and caregivers.

HERE'S HOW IT BREAKS DOWN

The Always-on Trap

“Flexible” schedules frequently translate to unofficial expectations of 24/7 availability. Many women report checking emails and responding to client requests during “off hours” to prove commitment.

The Career Track Split

Even at progressive firms, the unspoken hierarchy remains: full-time, in-office employees are often viewed as leadership material. Part-time or remote professionals? “Mommy track.”

The Resentment Effect

Without structural planning, flexible arrangements shift work onto colleagues and breed resentment. This resentment almost always targets those who use flexibility the most.

WHY THIS MATTERS

Women disproportionately use flexible policies and disproportionately suffer for doing so. When taking advantage of a policy derails a career, it's not a benefit; it's a trap. True flexibility requires intentional design, leadership modeling, and firm-wide accountability, not just a policy on paper.

ACTION STEPS

- Pair flexibility policies with clear workload management plans so work isn't simply redistributed.
- Normalize usage from the top. Firm leaders should model healthy boundaries and flexible work themselves.
- Tie performance evaluations to results, not visibility, so career advancement isn't penalized by schedule.

Threat #3: Why Saying You Are “Hiring the Best” Is Lazy Thinking

“Shouldn’t we just hire the best person?” is the most common argument against diversity initiatives, and the most intellectually dishonest. **Meritocracy only works if everyone starts from the same place. They don’t.**

HERE’S HOW “MERIT” GETS MANIPULATED

Recruiting Pipelines

Hiring exclusively from elite schools filters out talented candidates who couldn’t afford \$70,000 a year tuition.

Cultural Fit

“Fit” often means “people who look and act like us.” Studies show even the name on a résumé can determine whether a candidate gets an interview, according to **NPR**.

Uninterrupted Career Paths

Expecting 60-hour weeks for 10 straight years eliminates candidates with caregiving responsibilities, and we all know that is disproportionately women.

The Soft Skills Scam

Vague terms like “polish” and “executive presence” are often proxies for whiteness, maleness, or class privilege.

WHY THIS MATTERS

There is a disturbing paradox at play here. **Research from Pulsley** shows that companies touting meritocracy often exhibit more bias because leaders assume they’re objective and stop examining their decisions. The result: the same people rise to the top, and systemic barriers remain intact.

We can’t keep pretending the system is fair when the outcomes clearly aren’t.

The numbers speak for themselves:

- According to **Axios**, only 1.6% of Fortune 500 CEOs are Black, and
- Women make up roughly 50% of entry-level roles, but a much smaller fraction of firm leadership.
- Accounting partner groups remain overwhelmingly white and male.

ACTION STEPS

- Broaden recruiting pipelines to include diverse schools, alternative credentials, and nontraditional backgrounds.
- Replace vague “cultural fit” screening with structured, competency-based interviews focused on collaboration and performance metrics.
- Audit promotion criteria to ensure they’re measurable, transparent, and free from subjective bias.
- Incorporate blind résumé reviews and diverse hiring panels to reduce bias and expand the range of candidates under consideration.

Threat #4: The “DEI-as-Program” Problem When Inclusion Isn’t Embedded

The final, and arguably most dangerous, failure is treating DEI as a standalone initiative rather than an integrated part of standard operating procedures.

FIRMS THAT “DO” DEI OFTEN

- Launch a program, hire a Chief Diversity Officer, and declare victory.
- Stop tracking progress when political pressure mounts.
- Cut funding when budgets tighten.
- Assume good intentions are enough without systemic change.

The results are predictable: stalled progress, wasted investment, and growing skepticism from employees who see little real change.

WHY THIS MATTERS

- Companies linking executive pay to inclusion outcomes outperform those that don’t, says [HBR](#).
- Businesses that scale back DEI when faced with even small pressure — like Target in 2025 — often suffer immediate consequences (9% drop in foot traffic, 8.7% drop in stock price, per [Raconteur](#)).
- According to [Glass Door](#), 67% of job seekers say diversity matters when choosing an employer. Gen Z will walk away from firms that don’t live their values.

The accounting industry can’t afford that. With 87% of hiring managers struggling to find skilled talent, turning away qualified people, or losing them because they feel excluded, is a self-inflicted wound.

ACTION STEPS

- Tie leadership compensation to measurable inclusion outcomes.
- Bake DEI investments into core business budgets not siloed line items that are easy to cut.
- Embed inclusion goals into business unit plans, client strategies, and leadership development.

The Bottom Line: Good intentions don't build cultures, systems do

Firms that win on retention, innovation, and growth share a common trait: they don't treat DEI as optional. They build it into every system, from hiring and promotion to compensation, leadership development, and client service.

They don't:

- Rely on "meritocracy" as an excuse. They recognize that bias exists and build systems to minimize its impact.
- Stop at statements. They make structural changes and hold leaders accountable.
- Wait for results before investing. They invest because it's how results are achieved.

And the firms retreating from DEI? They were never truly committed. The ones doubling down are building stronger pipelines, retaining more women and underrepresented talent, and delivering better results for clients, employees, and shareholders alike.

Because in the end, DEI isn't charity; it's strategy. And in a profession built on precision, the most important calculation is this: without inclusion, there is no future.



<https://link.improvetheworld.net/owntheunknown/SOHOPP>

SMALL OFFICE/HOME OFFICE PROTECTION PACKAGE

Empowering small accounting firms with enterprise level cyber protection and peace of mind at an affordable price.



Policy & Technology

Every firm is different. We start with the policy to help you comply with IRS guidelines, and we select the right technology to support your policy.



Affordable Price

We identify the subscription level that best meets your specific needs and budget.



Peace of Mind

You enjoy the confidence that comes from knowing your clients' data is protected, and your firm will not face disruption.

A Legal Perspective

These implementation failures often stem from misunderstanding what's actually legal versus what's politically controversial. While executive orders and corporate retreats dominate headlines, the fundamental legal framework for building inclusive workplaces remains clearer than many realize.

But don't take our word for it. We asked an employment attorney, **Aislinn E. Sroczyński, with Royer Cooper Cohen Braunfeld LLC**, to weigh in on this topic.



As government scrutiny intensifies and legal interpretations continually change, many companies find themselves grappling with the pressing question: Are DEI initiatives still allowed? The short answer is yes, so long as they are approached thoughtfully, lawfully, and with genuine inclusivity.

What is “DEI”?

Diversity, Equity, and Inclusion (DEI) is a broad term and an organizational framework that aims to promote fair treatment and participation for all people, particularly those historically underrepresented. A majority of companies likely already have some type of program or policy in place that would fall under the umbrella of DEI without even knowing it. Policies that require workplace harassment training, or allow for remote work, or that require unbiased hiring procedures, may all be considered DEI.

No single law created DEI, but a wide variety of laws affect DEI practices.

What laws are relevant to DEI?

No single law created DEI, but a wide variety of laws affect DEI practices. The most relevant federal laws are anti-discrimination laws, such as Title VII of the Civil Rights Act of 1964 (Title

VII), which prohibits employment discrimination based on protected characteristics such as race, sex, religion, and national origin; the Americans with Disabilities Act (ADA), which prohibits the discrimination on the basis of disability; the Age Discrimination in Employment Act (ADEA), which prohibits age discrimination in employment for workers forty (40) and older; and the Equal Pay Act, which prohibits discrimination on the basis of sex and requires equal pay among the sexes for substantially similar work. Many states also have their own state-specific anti-discrimination laws, such as the New Jersey Law Against Discrimination, which usually offer even more protection than federal law provides.

What changes have occurred under the new administration?

On January 21, 2025, President Trump issued an executive order titled “Ending Illegal Discrimination and Restoring Merit-Based Opportunity.” Its stated purpose is to end “illegal DEI,” and instructs federal agencies to take specific actions to end “illegal” DEI in federal contracting and directs agencies to encourage private employers to eradicate “illegal” DEI. Notably missing from this executive order is what defines “illegal DEI.” The executive order, while seemingly a cause for concern, does not change the law for employers relating to employment discrimination. Illegal DEI programs (i.e., policies or programs

that discriminate based on a protected class) have always been just that – illegal (think preferential treatment, explicit quotas based on a protected characteristic, or race-based hiring or promoting). It does, however, signal increased investigation and enforcement activities relating to DEI programs that utilize discriminatory preferences.

On March 19, 2025, the U.S. Equal Employment Opportunity Commission (EEOC) U.S. Department of Justice (DOJ) issued guidance to clarify the executive order's use of the phrase "illegal DEI." The agencies released two documents "focused on educating the public about unlawful discrimination related to diversity, equity, and inclusion (DEI) in the workplace." The documents, titled: **What You Should Know About DEI-Related Discrimination At Work** and **What To Do If You Experience Discrimination Related to DEI at Work**, provide some guidance to employers who are concerned about continuing to promote DEI policies while staying within the confines of the law. While the guidance itself is not a formal regulation or law, it provides insight into the views of the EEOC and DOJ as it relates to DEI programs.

The guidance is based on Title VII, and according to the EEOC and DOJ, "[u]nder Title VII, DEI initiatives, policies, programs, or practices may be unlawful if they involve an employer or other covered entity taking an employment action motivated – in whole or in part – by an employee's or applicant's race, sex, or another protected characteristic." The guidance further explains that Title VII prohibits employers from "limiting, segregating, or classifying employees or applicants based on race, sex, or other protected characteristics in a way that affects their status or deprives them of employment opportunities." Such a prohibition, the guidance states, applies to "employee activities that

are employer-sponsored (including by making available company time, facilities, or premises, and other forms of official or unofficial encouragement or participation), such as employee clubs or groups. In the context of DEI programs, unlawful segregation can include limiting membership in workplace groups, such as Employee Resource Groups (ERG), Business Resource Groups (BRGs), or other employee affinity groups, to certain protected groups."

What types of DEI programs are still permissible, and what can companies do to ensure programs are impactful and compliant?

Although the executive orders have caused confusion for employers, the fact of the matter is that the law has not changed. DEI programs that were legally compliant before the executive orders should still be legally compliant in the wake of the executive orders. This is because laws like Title VII, the ADA, the ADEA, and the Equal Pay Act already prohibit discrimination or preferential treatment based on a protected characteristic. What has changed is the scrutiny of such policies and the current administration's mindset towards DEI.

Companies need not stray from their core values, especially if those core values are rooted in DEI. Businesses should still be authentic in their positions. There is ample evidence to suggest that companies that maintain strong DEI programs provide companies with key competitive advantages, while companies that have rolled back their programs in the wake of Trump have faced public backlash.

Although the executive orders have caused confusion for employers, the fact of the matter is that the law has not changed.

Examples of legally compliant DEI initiatives may include the following:

- **Inclusive Recruitment and Hiring Practices:** The goal of inclusive hiring is to prevent discrimination based on a protected characteristic such as race, gender, or age. Companies can accomplish inclusive hiring by using practices such as blind hiring, inclusive job descriptions, utilizing diverse recruitment partners, creating diverse interview panels, and/or implementing standardized interview questions.
- **Employee Resource Groups (ERGs):** While ERGs can focus on underrepresented groups, they must remain open to all employees and avoid exclusive benefits tied to protected characteristics. ERGs that maintain open participation to all groups, avoid preferential treatment, and prioritize professional development remain legally sound.
- **DEI and Equal Employment Opportunity Training:** Companies should provide training to all employees to prevent unlawful, discriminatory harassment, including training on avoiding stereotypes, unconscious bias, divisive language, unwelcome remarks, or negative attributions based on protected characteristics to lower the risk of hostile work environment claims.
- **Supplier Diversity Programs:** Companies may partner with minority-owned businesses and support local initiatives, which can promote economic inclusion and strengthen community ties.
- **Remote Work Policies:** Remote work policies offer flexibility for employees.

Examples of unlawful DEI initiatives may include the following:

- **Hiring Quotas/Set-Asides:** Setting specific numbers or percentages for minority group hires in an organization that predetermine the racial, gender, etc. makeup of the workplace before assessing available candidates.
- **Restricting Access to ERGs:** Reserving membership for workers who share a common trait such as race, gender, or sexual orientation. Companies must allow open membership to ERGs, regardless of common traits.
- **Preferential Treatment Based on a Protected Characteristic:** Hiring, promoting, or contracting with an individual based on their protected characteristic, even if relying on that protected characteristic was to break what would otherwise be a tie of equally qualified candidates.



What's Your Firm's WOW?

At ConvergenceCoaching®, we help identify your firm's WOW factors to create a sense of purpose, belonging, and empowerment for your people and a culture that magnetizes clients. Our [strategic planning and retreat facilitation](#) unifies your leaders around your vision, purpose and differentiators. Our [leadership programs and coaching](#) elevates future leaders to develop business, lead teams and clients, and progress initiatives to achieve your vision.

To learn more about maximizing your WOW, contact Tamera Loerzel at tamera@convergencecoaching.com.

Key takeaways and considerations for companies

Certain practices under the guise of DEI have always been, and will continue to be, “illegal” under federal and state antidiscrimination laws. But the current administration has made clear where it stands on DEI initiatives and likely will devote more resources to scrutinizing companies’ programs.

Companies, however, are advised to avoid a knee-jerk termination of all programs or initiatives that may fall under the umbrella of DEI. Many of these initiatives include nondiscrimination and fair-employment policies, procedures, and training programs necessary to stay in compliance with state and federal antidiscrimination laws, equal-employment-opportunity requirements, and avoid potential hostile work environment or discrimination lawsuits.

Rather, companies are encouraged to fine-tune their policies and ensure their DEI messaging does not draw attention from the EEOC and DOJ. Companies must navigate this legal environment with caution and prioritize genuine inclusivity for all employees.

Legal guidance is more crucial now than ever, given the frequent (and often unclear) executive orders and administrative guidance. Companies are strongly encouraged to perform an audit of their current DEI policies and programs with an attorney. This may involve scrutinizing all internal handbooks, job postings, trainings, ERGs, recruitment policies, internships, and mentorship programs.



About the Accounting MOVE Project

The Accounting MOVE Project is based on the MOVE methodology, developed by Wilson-Taylor Associates, Inc., which investigates the factors proven to be essential to women's career success:

M
O
V
E

Money: fair pay practices

Opportunity: advancement and leadership development

Vital supports: work-life programs that remove barriers

Entrepreneurship: operating experience for managing or business ownership

Methodology

Since 2010, the Accounting MOVE Project has measured and supported the advancement of women at accounting and consulting firms. MOVE is the only annual benchmarking project that both counts and advocates for women in the profession.

The MOVE Project advisory board includes leaders from association partner the Accounting and Financial Women's Alliance and founding sponsor Moss Adams X Baker Tilly.

MOVE is made possible by support from its sponsors and by administrative fees paid by participating firms who choose to receive a firm-specific, confidential scorecard..

The Accounting MOVE Project is the basis for two recognitions of excellence for women in the accounting and advisory profession:

- **Best CPA Firms for Women:** To earn a spot on the list, an employer must have both a proportionate number of women at most or all levels of management and proven success with the MOVE factors. An employer cannot win by having a rich array of programs but few women in leadership. We believe that if a firm's MOVE factors are effective, it will have a healthy and growing proportion of women in its leadership pipeline.
- **Best CPA Firms for Equity Leadership:** This list recognizes firms with at least 31% women partners and principals, as roughly a third is the widely recognized 'tipping point' or members of any identity group to have individual impact. The Equity Leadership list recognizes firms that have achieved that milestone through any combination of culture, programs, initiatives, and growth.

About the Accounting MOVE Project Partners



Baker Tilly is a leading advisory, tax and assurance firm, providing clients with a genuine coast-to-coast and global advantage in major regions of the U.S. and in many of the world's leading financial centers – New York, London, San Francisco, Seattle, Los Angeles, Chicago and Boston. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP (Baker Tilly) provide professional services through an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations and professional standards. Baker Tilly US, LLP is a licensed independent CPA firm that provides attest services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and business advisory services to their clients. Baker Tilly Advisory Group, LP and its subsidiary entities are not licensed CPA firms. For more information, visit bakertilly.com



The Accounting & Financial Women's Alliance promotes the professional growth of women in accounting and finance. Members of the association benefit from opportunities to connect with colleagues, advance their careers, and become industry leaders. For over 85 years, the organization has proudly upheld its mission to enable women in all accounting and related fields to achieve their full potential and to contribute to their profession. Visit afwa.org for more information.



The Center for Accounting Transformation

enables transformation by guiding professionals through the adoption and change required in order to step into the future of the accounting profession. It was established to provide accounting professionals with a framework for utilizing innovations that are ready for adoption, the training and resources necessary to apply the innovations, and an opportunity to engage the talent and community needed to further the pursuit of innovative accounting practices that drive responsible and mindful business performance. We are not here to convince people to change, but rather empower those who seek an alternative to the status quo. We #EnableTransformation to #improvethe world.



CPA Trendlines is a leading provider of professional resources for practicing professionals. The streaming network offers news, trends, research, benchmarks, analysis, guidance, and commentary from the best experts in the accounting profession. Visit cpatrendlines.com, where hundreds of thousands of professionals access more than 10,000 articles, dozens of handbooks and manuals, and a million data points in checklists, step-by-step procedures, examples, case studies, and real-world, practice-proven, street-smart experience. Elite decision-makers worldwide look to CPA Trendlines for trusted advice, bold insights, and confidential access to exclusive intelligence and decision support.



bbr companies was founded on the knowledge that not all firms need the same level of marketing resources, leading to its part-time CMO offering. Whether firms need to create a strategic marketing plan, help managing projects current team members can't handle, mentoring or coaching for young marketing team members, or help with DEI training or program development, bbr's goal is to deliver comprehensive, effective insight and services so firm leaders can reach — and exceed — their growth goals. Learn more at bbrcompanies.com.