



# DIVERGING PATHWAYS IN PROFESSIONAL ACCOUNTING: COMPARATIVE ANALYSIS OF U.S. AND U.K. TALENT PIPELINES

SIRIYAMA KANTHI HERATH

School of Business, Clark Atlanta University, 223 James P. Brawley Dr., S.W., Atlanta, GA 30314, USA. E-mail: [sherath@cau.edu](mailto:sherath@cau.edu)

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**Abstract:** With the help of a comparative systematic review of the literature, this paper determines structural design as the primary cause of pipeline problems and suggests hybrid solutions that can enhance access and retention. The developed economies continue to struggle with accounting talent supply, equity, and professional sustainability. This research paper compares professional accounting careers in the United States and the United Kingdom to learn how credential sequencing, time-to-earning, and risk allocation impact student participation, persistence, and equity outcomes. The U.S. (United States) system of front-loading has the strength of being technically rigorous, yet it carries a high opportunity cost that is disproportionately borne by underrepresented students. The U.K. (United Kingdom) paradigm of concurrent education and professional training also alters the allocation of risk--sharing of financial and career-related risks between students and employers--to initiate and support participation and retention, enhance signaling, and enable early development of professional identity. These findings suggest that the problem of the pipeline in the United States is more an issue of institutional design than professional quality deterioration, and that a solution might be found in mixed methods providing intensive education with early exposure to the profession to improve access and retention.

**Keywords:** Accounting talent pipeline, Credential sequencing, Opportunity cost, Professional socialization, United States, United Kingdom

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## 1. INTRODUCTION

Accounting has a key role in financial reporting, corporate governance, and capital-market integrity. Although this is important, the profession has been experiencing increased challenges in terms of attracting and retaining students in a few developed economies, especially in the United States (American Institute of Certified Public Accountants [AICPA] & National Association of State Boards of Accountancy [NASBA], 2023). Although some demographic inequalities have lessened, the number of accounting students has remained stable, and student perceptions of career pathways suggest potential challenges for the long-term sustainability of the profession (Dalton, Buchheit, & McMillan, 2014).

The evolving student preferences or generational orientations are frequently attributed to the emerging trends. Nevertheless, such explanations might fail to note structural factors that influence educational and career decisions. This study addresses how structural design in credential sequencing affects accounting talent pipelines in developed economies. In this sense, cross-national comparison is useful for isolating institutional values that affect participation in professional pathways.

The United Kingdom provides a useful comparative case. Even though the accounting profession in the U.K. has had the same technological disruption in addition to rivalry with the associated business and technological industries, the profession has steadily joined the industry due to the existence of organized training pathways (Jackling and Calero, 2006). This suggests that student decision-making is highly sensitive to credential sequencing, time-to-employment, and financing systems, as opposed to labor-market demand as such.

On this basis, this paper will provide a comparison between the U.S. and the U.K. accounting pipelines to analyze the influence of institutional architecture on student behavior, admission to the profession, and equity. The key intervention here is re-framing pipeline issues as a *credential sequencing* (the order and timing of educational and professional credentials) and *risk allocation* challenges, instead of a loss of academic rigor or a loss of professional value. This paper will discuss the role of credential sequencing and risk allocation in student participation, persistence, and equity in accounting careers in the United Kingdom and the United States.

## **2. THEORETICAL FRAMEWORK**

To base comparative analysis, three theoretical perspectives are incorporated in this study as complements. These frameworks, combined, explain the determining role of pathway structure (not merely credential content) in participation and persistence.

### **2.1. Human Capital Investment and Time-to-Return**

The human capital theory assumes that people will invest in education when the returns in lifetime (direct and opportunity) are expected to be greater than the costs (Becker, 1993). Time-to-credential contributes to opportunity cost—the value of foregone earnings and experiences due to delayed entry into the labor market—which has received little focus in professional education. The extended routes will delay the revenues, increase the risk of capital exposure, and increase fluctuation due to uncertainty, particularly among students who have limited access to capital.

This knowledge is especially relevant to the sphere of accounting because the credentialing policy in different countries differs greatly. In the U.S. model, pre-licensure training occurs well before full entry into the labor market, whereas in the U.K. model, students often combine early workplace experience with professional training. These structural differences may influence how students perceive the timing and payoff of their career investments, as reflected in studies of student perceptions of accounting career pathways (Dalton, Buchheit, & McMillan, 2014). The growth of analytics, automation, and Industry 4.0 technologies has dramatically changed the competency profile that entry-level accountants should possess and has raised the perceived and actual human capital investment involved, both through increased education and constant professional development (Ng, 2023); Herath and Herath, 2024a).

### **2.2. Signaling of Credentials and Market Clarity**

Credential signaling theory emphasizes that credentials are valued not only for rigor but also for clarity and timeliness (Spence, 1973). In a situation where educational attainment is well associated with labor market returns, it decreases uncertainty and increases perceived payoff. On the other hand, in the case of temporally remote credentials relative to entry into the labor market, students can learn to discount their signaling value, especially in competitive labor

markets with close substitutes (Mintz et al., 2023). Under the digitization of professions, the ambiguity between education and credentialing and the job creates confusion among the potential entrants, undermining the signaling power of professional careers (Herath and Herath, 2024b).

### **2.3. Professional Socialization and Identity Formation**

*Professional socialization*—the process through which students internalize occupational norms, values, and identities—plays a critical role in early career commitment and persistence (Weidman et al., 2001). Professional norms, expectations, and communities provide students with the internalization of career trajectories, and commitment is reinforced, particularly when a student has no family or social connections to the profession (Jackling & Calero, 2006).

## **3. METHODOLOGY**

This research adopts a comparative systematic literature review to explore the effects of institutional pathway design on accounting talent pipelines in the United States and the United Kingdom. Structured searches of large academic databases such as Web of Science, Scopus, Google Scholar, and major accounting and management journals were used to identify the literature. The search terms were a combination of keywords related to accounting education, professional credentialing, talent pipelines, opportunity cost, professional socialization, and licensure, along with country names (e.g., United States, United Kingdom, CPA, professional accounting training).

Mostly reviewed were peer-reviewed journal articles, reports by professional associations, and policy-focused publications, all published between 2000 and 2024, reflecting substantial changes in the accounting profession regarding regulation, technology, and education. Research on advanced data analytics, robotic process automation, and AI indicates that exposure to these technologies during accounting education can enhance student preparation and retention in professional career pathways (Ng, 2023). Sources were required to specifically discuss credential sequencing, structure of education, timing of labor-market entry, or equity and access to professional accounting careers. Only studies that focused solely on technical curriculum content or firm-level performance without implications for pathway design were excluded.

Consistency across national contexts was evaluated through the synthesis of recurring institutional mechanisms, including the accumulation of opportunity costs, credential signaling clarity, and professional socialization processes, rather than through direct outcome comparison. Because the research question is institutional in nature and does not involve individual-level causal estimation, this synthesis approach allows recurring structural mechanisms to be identified while remaining responsive to national regulatory and labor-market differences.

#### **4. NATIONAL ACCOUNTING PIPELINE ARCHITECTURES**

With the theoretical background in place, the discussion shall be on the design of accounting pipelines in the United States and the United Kingdom.

##### **4.1. The United States: Front-Loaded Credentialing**

The accounting pipeline in the United States is defined by extensive pre-licensure requirements, with the most recognizable of them being the 150-hour credit hour education requirement. Before they can become a licensed Certified Public Accountant (CPA), students usually complete a four-year undergraduate degree and do further coursework.

It has been found that a considerable proportion of students believed that the extra year was not able to provide much in terms of labor-market differentiation, unless it provided skills that could be marketed instantly. Consequently, accounting does not fare well with other majors, which allows one to join the workforce sooner and experience similar pay progressions. In this context, the rationale for front-loaded education is as follows.

##### **4.1.1. Rationale for Front-Loaded Education**

Notably, the 150-hour requirement did not come unexpectedly. It was launched in reaction to the growing demands to expand professional knowledge due to regulatory complexity, globalization, and technological change (Mintz et al., 2023). Proponents suggest that the extra coursework would allow greater training in analytics, systems, and professional judgment, making accounting a post-bachelor's profession on par with prestige to law or medicine.

##### **4.2. The United Kingdom: Concurrent Education and Professional Training**

The rates of such students with employer sponsorship or professional connections are continuing to be higher, which implies that risk distribution,

rather than ability, is a factor. In the U.K., they overcome these inequalities using income-based training contracts to make sure that financial risk is shared and access to mentoring is institutionalized (Allen, 2004).

Professional services firms tend to have large sizes that will state examination milestones, salary advancement, and predetermined mentoring plans. This openness contributes to the clarity of signaling and minimizes uncertainty at the entry point, which is a good differentiating factor between the U.K. route and the more fragmented form of sequencing that is typical of the U.S. system.

### 4.3. Structural Comparison of Entry Pathways

To explain the above institutional differences, Table 1 provides a side-by-side comparison of the pathways to entry leading to dominance of accounting practices in the United States and the United Kingdom. Table identifies differences in credentials sequencing, commissioning to the labor-market, exposure to financial risks, professional socialization, and signaling transparency to students.

Table 1 compares the accounting entry routes in the U.S. and the U.K. side-by-side, with a focus on distinguishing between the timing of full-time employment, the order in which one acquires the credential, financial risk exposure, socialization into the profession, and how well the signals communicate to students.

**Table 1: Structural Comparison of Accounting Entry Pathways in the United States and the United Kingdom**

<i>Dimension</i>	<i>United States</i>	<i>United Kingdom</i>
Full-time employment	Delayed until post-education	Early, during professional training
Credential sequence	Education → Exam → Experience	Employment + Exam (concurrent)
Financial risk exposure	High, front-loaded	Lower, income-supported
Professional socialization	Late-stage	Early-stage
Signaling clarity to students	Diffused and delayed	Structured and transparent

*Source:* Created by Author

The U.S. system, as depicted in Table 1, concentrates educational and financial costs prior to workforce entry and then incurs the costs at the workforce

entrance, but the U.K. system spreads the expenses over time through payment of work. In the U.S., professional socialization happens later, whereas in the U.K., students get introduced to the culture of firms and career paths. The U.K. also provides clearer signaling where there are well-defined and ordered avenues of career advancement and milestones, as opposed to the diffused and delayed visibility in the U.S.

The following opportunity costs, persistence, and equity outcome analysis are based on this organizational comparison, which demonstrates how sequencing, risk allocation, and signaling interplay influence participation and retention in accounting career ladders.

## **5. OPPORTUNITY COST AND MAJOR SUBSTITUTION**

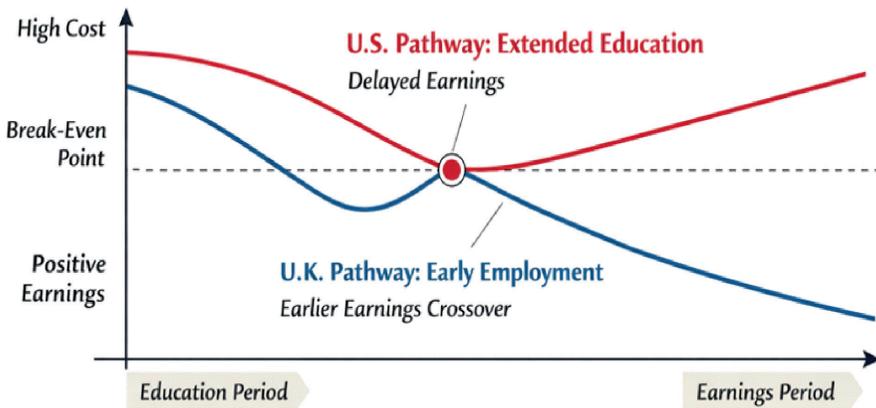
Continuing with this structural comparison, the following analysis looks at the role of opportunity cost in the choice of student major and persistence. Students in the United States may shift away from accounting toward other majors perceived to offer clearer or faster career pathways, such as information systems or data analytics, reflecting differences in student perceptions of professional opportunities (Dalton, Buchheit, & McMillan, 2014).

From a human capital perspective, this substitution is more sensitive to time-adjusted returns than to absolute earnings. Stagnant accounting earnings may be underestimated by students when the earnings are subject to a time delay to realize and an uncertain payoff (Becker, 1993). Delays in professional credentialing may increase opportunity costs, especially as students need to acquire skills in analytics and automation concurrently with education (Ng, 2023). In the United Kingdom, the mitigating factor to these issues is to allow the students to perceive accounting as an income source, but not a delayed investment. Accounting is therefore competing better with other business and technology routes.

### **5.1. Opportunity Cost and Major Substitution**

To demonstrate the role of pathway design on apparent risk over time, Figure 1 conceptually shows cumulative opportunity cost curves in the U.S. and U.K. systems. The number is an aggregate of patterns that are regularly outlined in literature, even though it is not grounded on new empirical estimation.

The U.S. pattern shows that students often delay full entry into the workforce while completing preparatory coursework, reflecting how perceptions of early career pathways influence their educational and professional decisions (Dalton, Buchheit, & McMillan, 2014). Conversely, the U.K. curve intersects with positive earnings sooner because of concurrent employment, which minimizes perceived financial risk in critical decision-making. This comparison can be used to describe the varying levels of enrollment sensitivity and persistence between the two systems.



**Figure 1: Cumulative Opportunity Cost in U.S. vs. U.K. Accounting Pipelines**

Source: Created by Author

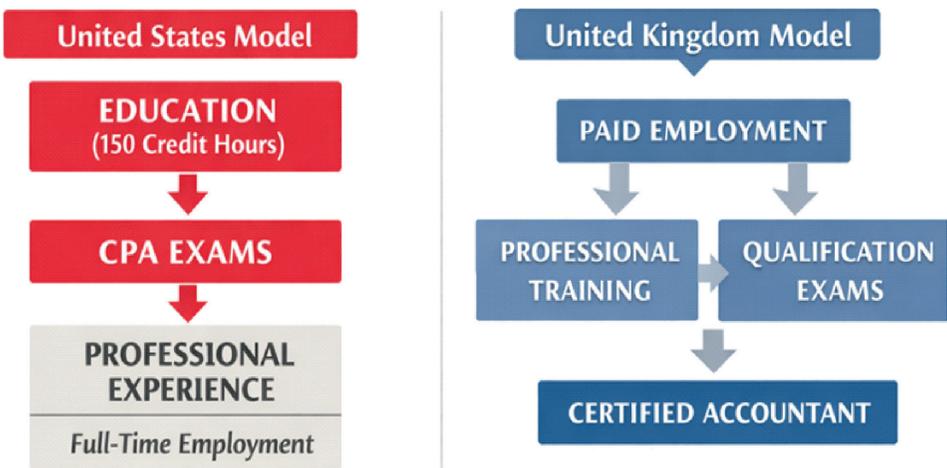
## 6. PROFESSIONAL SEQUENCING AND IDENTITY FORMATION

Having defined opportunity cost, this section examines how the sequencing of education, employment, and credentialing respect to their effects on professional identity formation and persistence. In the U.S., students limited early exposure to accounting roles may delay professional socialization and increase the risk of attrition, as suggested by students' perceptions of career paths in public accounting (Dalton, Buchheit, & McMillan, 2014).

Comparatively, the U.K. route attempts to integrate professional socialization into the process of credentialing itself. Exposure to firm settings at the initial stages of training instills professional norms and makes their professional paths more vivid, thereby motivating them to push through despite criticism (Weidman et al., 2001).

### 6.1. Comparative Sequencing Models

The comparison of the level of sequencing of education, employment, and professional examination of the U.S. and the U.K. accounting pathways is presented in Figure 2. The figure highlights how late professional integration in the U.S. pipeline stalls identity formation, whereas in the U.K. system, socialization is absorbed into the credentialing process of the self. This sequence variation helps explain variation in persistence, particularly in the students who have no experience in the profession (Weidman et al., 2001).



**Figure 2: Sequencing of Education, Employment, and Credentialing in U.S. and U.K. Pipelines**

*Source:* Created by Author

## 7. EQUITY AND ACCESS IMPLICATIONS

Students with access to employer sponsorship or professional networks exhibit higher retention rates, which indicates that risk distribution, but not ability, is a determining factor. In the U.K., income-based training contracts are used to overcome these inequalities by ensuring that financial risk is shared and that access to mentoring is institutionalized (Allen, 2004).

The research conducted by previous scholars reveals that the accounting education and firm hiring process had structural limitations, which caused a further underrepresentation of minority groups under the assumption of academic ability being equal (Herath, Herath, and Phillips, 2024).

## 7.1. Equity Outcomes by Pathway Design

Table 2 has compiled the equity implications of architecture design of accounting pathways in the U.S. and the U.K. and identified that there are differences in the cost sensitivity, loss of first-generation students, dependence on external funds, access to mentoring, and risk exposure.

**Table 2: Equity Implications of Accounting Pathway Design**

<i>Factor</i>	<i>United States</i>	<i>United Kingdom</i>
Cost sensitivity	High	Moderate
First-generation student attrition	Higher	Lower
Reliance on external financing	Substantial	Limited
Access to mentoring and networks	Uneven	Employer-mediated
Risk distribution	Student-borne	Shared with employers

*Source:* Created by Author

As shown in Table 2, these structural features contribute to differentiated equity outcomes, with higher attrition among first-generation students in the U.S. and more evenly distributed financial and mentoring support in the U.K. Equity results reflect structural tendencies described in the literature and do not imply a homogeneous experience across all institutions or firms (see Table 2).

## 8. INSTITUTIONAL AND POLICY IMPLICATIONS

The comparative results show that challenges in the U.S. accounting pipeline arise more from institutional design than from waning professional relevance or lack of academic rigor. Notably, there is no evidence to imply that the reduction of professional standards would lead to better outcomes. Rather, the sequencing of credentials and the exposure of the cost are more decisive. Education, employment, and accountability frameworks that fit are increasingly being seen as important to professional sustainability in all industries, including accounting and public governance (Herath, 2025).

### 8.1. Credential Sequencing as a Policy Lever

To begin with, credential sequencing is more important than credential volume. In cases where further educational needs are introduced without effective differentiation or integration with the labor market, they are more of a screening system than a skill-relevant investment (Mintz et al., 2023). The regulation

and policymakers should, however, pay attention to the timing of education as compared to employment, and not just the amount of education needed.

## 8.2. Early Employment as Risk Redistribution

Second, early employment will work as a financial and social intervention. Occupational identity and signaling value are reinforced, and opportunity cost is minimized when paid professional experience is transferred. Early professional exposure and structured support can improve persistence in accounting programs, especially for students from underrepresented or first-generation backgrounds (Dalton, Buchheit, & McMillan, 2014).

## 8.3. Market Fragmentation and Reform Feasibility

Third, institutional viability should be considered. The accounting market in the U.S. is highly fragmented in contrast with the U.K., and the authority to license licensure in the state boards has been decentralized. Such circumstances restrain the applicability of a single national model of apprenticeship. Consequently, the reform will have a greater chance of success utilizing hybrid methods that can offer more implementation pathways but do not compromise the integrity of licensure.

## 8.4. Policy Options Informed by International Comparison

Table 3 outlines policy reform levers informed by the comparative analysis of U.S. and U.K. accounting pipelines, highlighting mechanisms designed to reduce opportunity costs, clarify credential signaling, and formalize professional socialization, along with their expected effects.

**Table 3: Policy Reform Levers Informed by Comparative Analysis**

<i>Reform Lever</i>	<i>Mechanism</i>	<i>Expected Effect</i>
Credit-bearing paid apprenticeships	Concurrent work–study	Reduced opportunity cost
Employer-partnered fifth-year pathways	Sponsored post-baccalaureate education	Improved Return on Investment (ROI) perception
Integrated exam–employment models	Early signaling clarity	Higher licensure intent
Structured mentoring requirements	Formalized socialization	Improved persistence

Source: Created by Author

As shown in Table 3, these policy levers integrate early professional experience with rigorous credentialing, redistribute financial and social risks, and reinforce signaling and professional identity formation. Implementing such hybrid approaches can improve access, persistence, and equity in accounting careers without compromising professional standards (see Table 3).

## 9. BOUNDARY CONDITIONS

The model that was created in the U.K. cannot be replicated in the context of the diffuse labor market and decentralized regulation of the profession, which cannot be implemented in full in the United States. On this basis, it is not wholesale transplantation that is supported through this analysis, but rather the adaptation of the fundamental principles--namely, early signaling, risk sharing, and integrated socialization.

## 10. CONCLUSION

The shift in student preference toward accounting does not lead to a lack of accounting talent as an incidental change, but rather as an outcome of institutional design. Although the U.S. 150-hour requirement has produced the desired effect of increasing technical competence and professionalism, it has come at an unwanted price, as the requirement is skewed toward higher upfront costs. The practice in the U.K. demonstrates that professional excellence can coexist with inclusive and effective pathways in an environment where credentialing is closely linked to initial professional engagement.

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