



# The socio-economic impact of bookkeeping professionals in Canada

Report prepared by PwC for Certified Professional Bookkeepers of Canada

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Strictly private and confidential



CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA



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# Executive summary



## Study background

Certified Professional Bookkeepers of Canada (“CPB Canada”), legally known as the Institute of Professional Bookkeepers of Canada (IPBC), is a national member-based professional association, certifying body, and the leading professional and career development organization for bookkeepers in Canada. They are the most significant and fastest-growing association of bookkeeping professionals in Canada, representing 2,200 individual members nationally.

CPB Canada was founded in 2007 to address the gap in professional support for bookkeepers by creating an association that would support and unite members across Canada to raise standards and augment the general perception toward the profession.

CPB Canada has partnered with PricewaterhouseCoopers LLP (“PwC”, “us” or “we”) to further their goals of raising the profile and understanding of bookkeeping professionals in Canada. This independent study will help CPB Canada communicate the role that bookkeeping professionals play in Canadian society as well as their broader economic footprint.



## Overview of approach

The analysis on the benefits and impacts of bookkeeping on the financial health and success of small businesses and other clients, and its significance in the broader economic context, is informed by:

- Secondary research,
- Interviews with industry stakeholders,
- A survey targeting a broad range of bookkeeping professionals, and
- An economic footprint analysis using data from Statistics Canada.



## Role and benefit of bookkeeping professionals

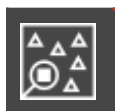
Bookkeeping is important for systematically recording financial transactions, forming a data foundation that includes tracking sales, purchases, and payments. This documentation provides up-to-date financial records that depicts a picture of financial health and can be used for budget planning and audit preparation.

Typical bookkeeper duties encompass maintaining financial records, managing journal entries, reconciling accounts, preparing trial balances, processing various payments, and completing government forms. Additionally, bookkeeping professionals may handle tax returns, administrative tasks, client financial activities, credit issues, payroll queries, bad debt reviews, and prepare financial reports. With increased automation in accounting software, bookkeeping professionals may also engage in special project consulting for clients.

A national survey, with 468 responses from Canadian bookkeeping professionals, revealed that bookkeeping professionals serve a range of industries, including real estate, non-profits, consulting, automotive, hospitality, healthcare, cosmetics, and information technology. Regarding pricing, 33.1% of survey respondents charge on an hourly basis (with rates between \$20-\$170), 43.4% prefer fixed monthly fees or value-based pricing and the remaining respondents employ a mix of both these approaches or utilize other pricing methods.

Financially, about 85% of the surveyed entities reported less than \$1 million in annual average revenue in the last five years, with only 2.4% exceeding \$100 million annually.

The research suggests that bookkeeping professionals play a role in increasing financial security, particularly for small firms and entrepreneurs, by facilitating the management of financial matters. Bookkeeping also plays a role in maintaining regulatory compliance, preventing errors like GST misreporting and inaccuracies in billing, thereby minimizing legal risks. The use of bookkeeping professionals can enhance operational efficiency by handling complex financial tasks, thus freeing up business owners to focus on core activities. Other impacts of bookkeeping may include aiding accurate cash-flow forecasting and strategic planning, contributing to employee retention through reliable payroll processing and financial transparency. Beyond basic record-keeping, bookkeeping professionals can provide value-added services such as financial education, workflow design, data processing, financial automation and advising on pricing and profitability, often negotiating cost-saving vendor discounts.



## Economic footprint analysis

The economic footprint associated with bookkeeping professionals in Canada was calculated using an Input-Output (IO) modelling approach.<sup>1</sup>

The results of the economic footprint analyses represent how spending associated with those employed in bookkeeping occupations ripple throughout Canada's economy. The economic footprint was calculated for value added (also called GDP), with a total impact of over \$15.3 billion, labour income of over \$10 billion, and total employment impact of over 200,000 individuals. The economic footprint was calculated at the direct, indirect and induced levels:

- **Direct impacts** - Direct impacts result from companies' spending on suppliers and employees. This includes direct employment and direct purchases of goods and services.
- **Indirect impacts** - Indirect impacts arise from the activities of the firms providing inputs to a company's suppliers (in other words, the suppliers of its suppliers).
- **Induced impacts** - Induced impacts are the result of consumer spending by employees of the businesses stimulated by direct and indirect expenditures.
- The total economic footprint equals the sum of the direct, indirect, and induced economic impacts. The above impacts were estimated separately for all provinces on a Canada-wide basis and summed to estimate the total Canada-wide impact.

### Economic footprint of bookkeeping professionals in Canada

**Table 1:** Economic footprint of bookkeeping professionals in Canada

Impact Channel	GDP at market prices (\$M)	Labour income (\$M)	Employment <sup>2</sup>
Direct	\$8,484.6	\$6,733.6	141,100
Indirect	\$2,924.8	\$1,716.5	30,832
Induced	\$3,940.5	\$1,605.6	30,826
<b>Total</b>	<b>\$15,349.9</b>	<b>\$10,055.8</b>	<b>202,659</b>

Source: PwC Analysis

<sup>1</sup> "The input-output (IO) models are generally used to simulate the economic impacts of an expenditure on a given basket of goods and services or the output of one or several industries." <https://www150.statcan.gc.ca/n1/en/catalogue/15F0009X>

<sup>2</sup> Excludes bookkeeping professionals who are self employed





## Wider socio-economic impacts

The interviews, which were corroborated by the survey findings, suggest that bookkeeping professionals' services are very **important for small businesses** (defined as less than 100 employees), which in Canada is about 98% of all employer businesses. Those services include: managing costs, accurately tracking income and expenses, offering real-time data access for informed decision-making and resource allocation, factors that are important for the survival and growth of a business. Additionally, the interviews suggest that bookkeeping professionals may be particularly beneficial for entrepreneurs who do not have extensive financial expertise. By managing financial records and providing financial literacy, bookkeeping professionals can enable business owners to focus more on their primary business activities while ensuring the financial aspects of their ventures are well-handled.

The interviews also suggest that bookkeeping can contribute to **financial security** by enhancing the process of financial reporting. It aims to simplify and clarify financial data, which helps in ensuring accuracy and transparency. This transparency is important for maintaining integrity and trust among stakeholders. This aspect is particularly relevant for non-profits, charities, and social enterprises, as these organizations often rely on public trust and require transparency in their financial disclosures. In financial markets, where ethical conduct and clear reporting are important, bookkeeping has a role to play. It aims to support clear and accurate corporate reporting, which can be beneficial for investors by aiding in efficient decision-making.

We also heard that, in public finance, **tax compliance** is an important aspect, reflecting principles of equity, efficiency, and incidence, and is a part of the social contract between citizens and the economy. The complexity of the Canadian tax regime, characterized by its intricate conditions, can present challenges for business owners. These challenges include the risks of non-compliance, potential financial penalties, legal issues, reputational damage, and operational disruptions. Effective bookkeeping can assist businesses in maintaining accurate financial records, which is beneficial in adhering to tax laws and industry regulations, thereby helping to mitigate these risks.

During **economic downturns or crises**, such as the COVID-19 pandemic in Canada, bookkeeping professionals have been involved in assisting businesses with financial challenges. This was particularly noticeable in sectors like tourism, the film industry, and restaurants. The interviews suggest that bookkeeping professionals provided guidance to these businesses in accessing government grant support programs. We also heard that their expertise in financial management and familiarity with government relief measures were factors that helped these businesses in securing funding and maintaining solvency.



# 1. Introduction



## 1.1 Study background

Certified Professional Bookkeepers of Canada (“CPB Canada”), legally known as the Institute of Professional Bookkeepers of Canada (IPBC), is a national member-based professional association, certifying body, and the leading professional and career development organization for bookkeepers in Canada. They are the most significant and fastest-growing association of bookkeeping professionals in Canada, representing 2,200 individual members nationally.

CPB Canada was founded in 2007 to address the gap in professional support for bookkeepers by creating an association that would support and unite members across Canada to raise standards and augment the general perception toward the profession.

CPB Canada has partnered with PricewaterhouseCoopers LLP (“PwC”, “us” or “we”) to further their goals of raising the profile and understanding of bookkeeping professionals in Canada. This independent study will help CPB Canada communicate the role that bookkeeping professionals play in Canadian society as well as their broader economic footprint.



## 1.2 Study objectives

CPB Canada engaged PricewaterhouseCoopers LLP (“PwC”, “us” or “we”) to conduct an independent study that will inform CPB Canada in communicating the role that bookkeeping professionals play in Canadian society and their economic footprint.



## 1.3 Approach overview

This study followed a three phase approach that is summarized below.

1

Identifying benefits through interviews



To understand the potential ways in which bookkeeping professionals produce socio-economic benefits, we conducted 11 interviews with bookkeeping professionals, and businesses that employ and use bookkeeping professionals, across various business sizes.

Through these interviews, we identified several socio-economic benefits that are facilitated by bookkeeping professionals’ activities. For the purpose of this report, we narrowed down the list to four socio-economic benefits, which we corroborated through secondary sources and a survey distributed among bookkeeping professionals across Canada.

2

Data collection



### Primary data collection through a survey

A survey was developed and distributed to bookkeeping professionals across Canada.

## Secondary data collection

Data was collected from Statistics Canada on employee numbers and wages, based on National Occupational Classification (NOC) code: 12200 - Accounting technician and bookkeepers.

3

### Economic footprint analysis



To assess the economic footprint of bookkeeping professionals in Canada, we conducted the following steps:

- Identified the most appropriate National Occupational Classification for bookkeeping professionals and obtained data from Statistics Canada on the number of employees and wages under this classification.
- Once we established a reasonable estimate of the number of bookkeeping professionals and associated compensation, we utilized Statistics Canada multipliers to estimate the economic footprint of bookkeeping professionals in Canada.

This report uses 2023 dollars, unless otherwise stated.



## 1.4 Report structure

The remainder of this report is structured as follows:

### Section 2

Discusses the role that bookkeeping professionals play in the Canadian economy and society.



### Section 3

Presents the economic footprint associated with bookkeeping activity in Canada.



### Section 4

Presents the wider socio-economic impacts of bookkeeping professionals in the Canadian economy.



## 2. The role of bookkeeping professionals in the Canadian economy



### 2.1 Defining bookkeeping professionals

The study used the following Government of Canada definition of accounting technicians and bookkeepers, which thereafter, in this report, are referred to collectively as “bookkeeping professionals”:<sup>3</sup>

“Accounting technicians and bookkeepers maintain complete sets of books, keep records of accounts, verify the procedures used for recording financial transactions, and provide personal bookkeeping services. They are employed throughout the private and public sectors, or they may be self-employed.”



### 2.2 Role of bookkeeping professionals

In order to identify the role of bookkeeping within Canada as well as the associated socio-economic benefits facilitated by bookkeeping professionals, we relied on secondary research and conducted interviews with stakeholders in the industry, including CPB Canada members.

Bookkeeping focuses on the systematic recording of financial transactions, creating a foundation of data. This includes the detailed tracking of all financial activities within an organization, including sales, purchases, and payments. By consistently documenting these transactions, bookkeeping ensures that financial records are accurate, up-to-date, and comprehensive. This data is crucial for effective financial management, enabling businesses to analyze their financial health, plan budgets, and prepare for audits. Many of the interviewees also commented that they are involved in full cycle bookkeeping, meaning they are involved in business activities throughout the entire business life cycle (i.e. not just at year-end or quarter-end).

The typical duties of a bookkeeping professional include:<sup>4</sup>

- Establishing and maintaining financial records;
- Keeping journal entries, reconciling accounts and preparing the trial balance of books;
- Preparing payments for payrolls, supplier invoices, government remittances as well as other expenditures; and
- Completing and submitting tax remittance forms, workers’ compensation forms, pension contribution forms and other government documents.

Furthermore, we find from the interviews that the role of bookkeeping is evolving over time, with bookkeeping professionals performing additional tasks from the traditional duties that are listed above. This may include duties that would traditionally be performed by accountants and other disciplines, such as:

<sup>3</sup> <https://www.jobbank.gc.ca/marketreport/occupation/12562/ca>

<sup>4</sup> Ibid; Stakeholder interviews



- **Taxation:** bookkeeping professionals are involved in preparation of T1 (personal), T2 (corporate), T3 (trust), and T5 (investment income) tax returns for clients.
- **Administrative duties:** bookkeeping professionals can troubleshoot client issues, deal with client suppliers, liaise with the client's bank, process client invoices, resolve credit issues, handle questions around payroll, and review bad debt situations
- **Financial management:** in addition to financial statements, bookkeeping professionals can assist with preparation of statistical and financial reports, provide financial education and perform budgeting and financial forecasting for clients.
- **Consulting:** bookkeeping professionals often provide business advisory services on a range of functions, such as business strategy, taxation and payroll.
- **Software conversions:** as bookkeeping clients are increasingly moving to more digital solutions, bookkeeping professionals are assisting clients in transitioning from their current systems to new innovative systems, such as cloud-based software.

We also heard from interviews the impact that technological advancements have had on bookkeeping. New technologies, such as automation, AI and cloud computing have required bookkeeping professionals to adapt their services and provide new offerings, such as automated payroll entry to reduce human error. Another example is cloud-based bookkeeping software that allows data to be shared on a live and continuous basis, which can inform real-time decision making for clients.



## 2.3 Interview findings

Stakeholders engaged as part of this study were strongly aligned that bookkeeping offers a range of benefits for businesses. Key benefits outlined in industry-level interviews, corroborated by the survey, are summarised below:

- **Financial security:** Many stakeholders said that the feeling of financial well being is an important element in maintaining the operations of small and early stage businesses. Bookkeeping professionals can play a significant role in streamlining operations and offer businesses a “peace of mind” that their financial matters are being managed appropriately. This often extends to assisting clients in resolving outstanding debts owed to the government, ensuring these amounts are addressed and settled efficiently.
- **Compliance:** Businesses can maintain compliance with regulatory requirements with the support of bookkeeping services that can help make “audit-proof” books. Bookkeeping professionals play a role in making their clients accountable for providing all necessary receipts and ensuring that no documentation is missing. Proper bookkeeping helps in avoiding mistakes such as GST misreporting and inaccuracies in billing and revenue reporting, thus minimizing the risk of fines or legal challenges.
- **Operational efficiency:** Technical aspects of managing the day-to-day operations of a business can be challenging for small and early stage business owners. Effective bookkeeping saves substantial time for owners as it can streamline various time-consuming tasks such as invoicing, managing credit issues, handling payroll queries, and reconciling bank and credit card statements. By efficiently organizing and managing bills and expenses, bookkeeping can free up valuable time for business owners to focus on core business activities.
- **Cash-flow forecasting:** Bookkeeping can enhance cash flow forecasting by maintaining accurate financial records and identifying trends, which aids in effective budgeting, managing receivables and payables, and conducting financial analysis, thereby allowing businesses to plan strategically.
- **Business growth:** It is invaluable for business owners to have real-time data which aids in resource allocation. Bookkeeping can help provide useful insights to clients about business performance which helps them make key decisions that facilitate growth; for example: whether to buy more inventory; whether to buy or lease equipment; or whether there is a need to employ cost reduction strategies.
- **Employee retention:** Bookkeeping can contribute to employee retention by ensuring accurate and timely payroll processing, providing transparency in financial compensations, and assisting in the management of benefits and incentives. This reliability and clarity in financial dealings create a trustworthy work environment, contributing to employee satisfaction and loyalty.
- **Software and technology automation:** Bookkeeping professionals can provide assistance to business owners on the usage of accounting software tools (such as QuickBooks) and can assist them in incorporating new technologies into their offerings.

- **Value-Added Services:** Bookkeeping professionals can offer valuable services beyond mere record-keeping. They can educate clients about financial matters, design workflows, process data, and can also provide information related to pricing strategies and profitability. Bookkeeping professionals can also often negotiate discounts with vendors, leading to cost savings.

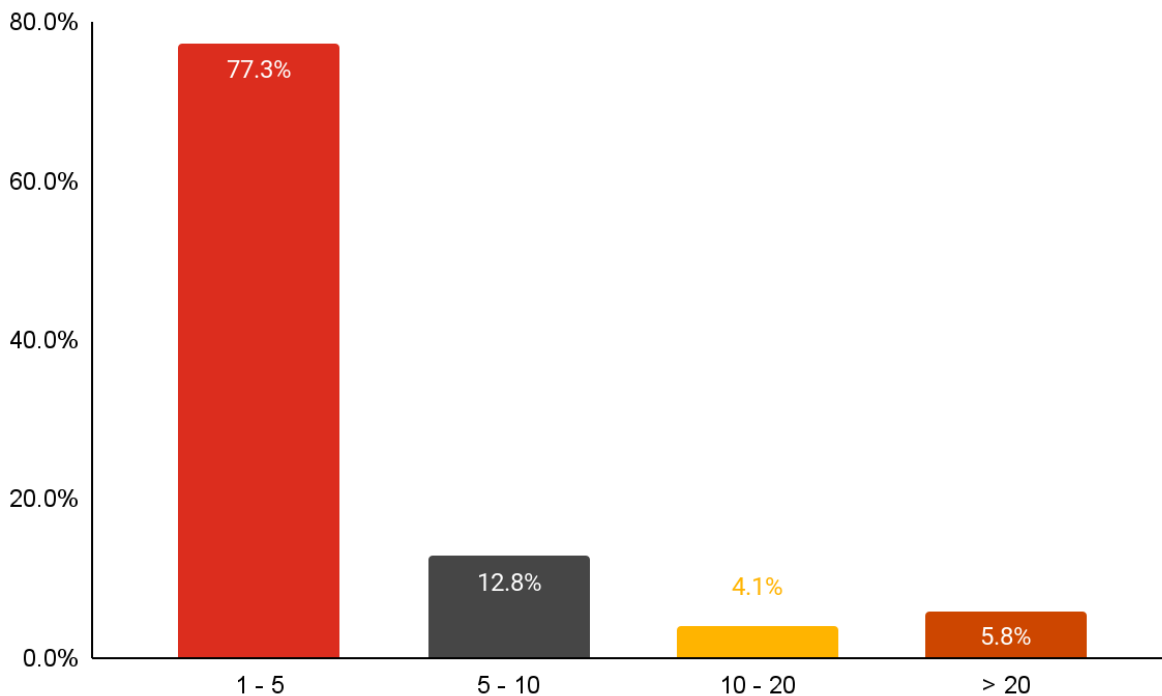


## 2.4 Survey findings

To gain a deeper understanding of the benefits and impacts of bookkeeping on the financial health and success of small businesses and other clients, and its significance in the broader economic context, we carried out a survey targeting a broad range of bookkeeping professionals. Survey results are based on 468 responses from bookkeeping professionals in jurisdictions all over Canada. Among these, 50.4% operate as sole-proprietors, 25.9% function as employers, 18.8% work as employees within different organizations and the remaining are engaged in various other forms of professional arrangements.

In terms of the size of the organization, the majority of total respondents reported working in an organization with up to 5 employees and only 5.8% of total respondents reported working in organizations with more than 20 employees.

**Figure 1:** Breakdown of survey respondents by size of organization



Source: PwC Survey, N= 468

As outlined in Section 2.2, there are a wide range of services that are offered by bookkeeping professionals. Table 2 below outlines some of the services highlighted by survey respondents.

**Table 2:** Services offered by bookkeeping professionals

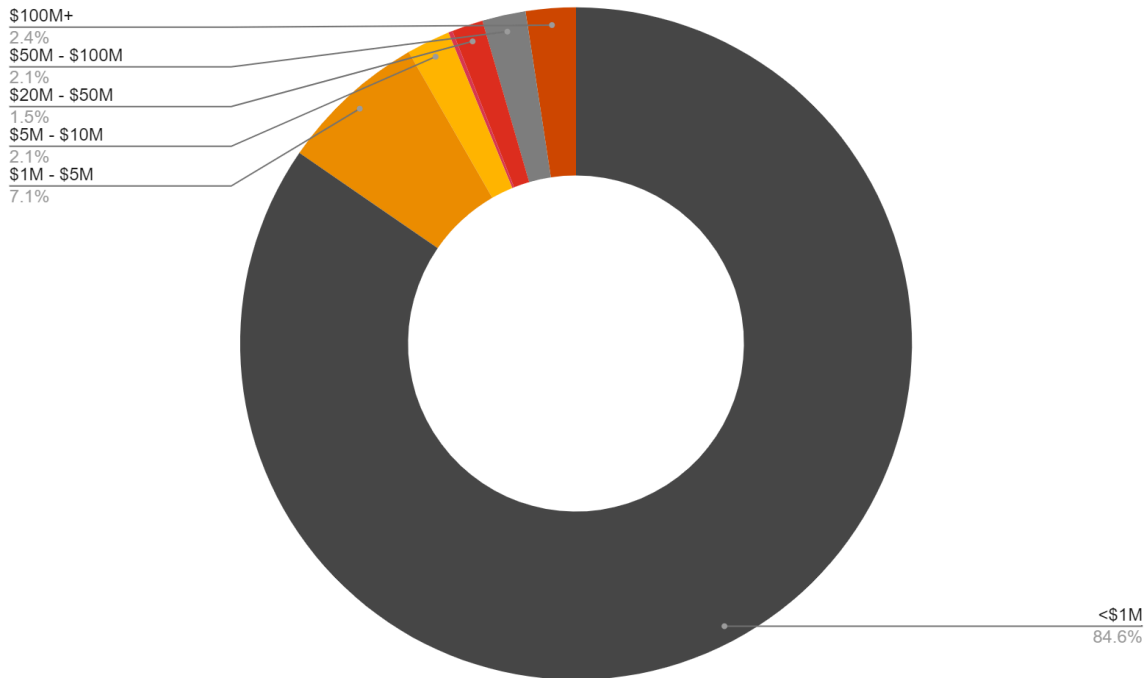
<b>Key services provided</b>	<b>Description</b>
<b>Recording financial transactions</b>	This is the fundamental task of bookkeeping. It involves recording all financial transactions, including sales, purchases, receipts, and payments, in the company's books or accounting software. This can be done daily, weekly, or monthly, or over another interval depending on the volume of transactions.
<b>Reconciliation of accounts</b>	Reconciling involves ensuring that the amounts recorded in the books match the corresponding bank statements or financial records. It helps in detecting and correcting any discrepancies, such as errors or unrecorded transactions.
<b>Inventory management</b>	For businesses with physical products, bookkeeping includes managing inventory records. This involves tracking stock levels, costs, and sales to ensure that there's enough inventory on hand, but not so much that it ties up too much capital.
<b>Accounts payable and receivable management</b>	Full-cycle bookkeeping includes tracking what the business owes to its suppliers (accounts payable) and what is owed to the business by its customers (accounts receivable). It ensures timely payment of invoices and efficient collection of receivables.
<b>Payroll processing</b>	For businesses with employees, bookkeeping includes processing payroll. This involves calculating salaries, deductions, and taxes, and ensuring that employees are paid accurately and on time. It also includes maintaining records for sick leave, vacation pay, and other employee benefits.
<b>Tax preparation and filing</b>	Bookkeeping professionals play a vital role in preparing and organizing financial records for tax purposes. They ensure that all financial information is accurate and up-to-date, making it easier for an accountant or tax preparer to file tax returns.
<b>Consulting services</b>	Additional services include technology and process consulting, profit first coaching, professional development and training especially as it relates to financial processes and accounting software.
<b>Financial management and budgeting</b>	Bookkeeping professionals can assist in budgeting and cash flow forecasting by providing historical financial data that is crucial for future planning. They can help business owners understand their financial situation, enabling them to make informed decisions about future expenses and investments.
<b>Technology support</b>	Bookkeeping professionals can support clients in adapting to new technologies (such as transitioning to cloud-based bookkeeping software), automating their processes and using technologies to manage their data securely.
<b>Other</b>	Other services include administrative tasks, workflow improvement, internal auditing and customizable value-add activities tailored to client needs.

Source: PwC Survey, N= 468

Major industries serviced by the respondents include real estate and construction, non-profit and social enterprises, consulting services, automotive and transportation, hospitality and restaurants, health care services, cosmetic services and information technology among others. In the context of bookkeeping service pricing, the survey shows that 33.1% of respondents utilize an hourly billing approach, with their rates spanning from \$20 to \$170 per hour. On the other hand, 43.4% of them opt for a pricing model based on fixed monthly fees or value-based charges. The remaining respondents noted employing a combination of both models or a different pricing mechanism.

The figure below represents the reported annual average revenues for the last 5 years, highlighting that about 85% of the surveyed organizations have an annual average revenue of less than \$1 million, and 2.4% reported having an annual average revenue exceeding \$100 million.

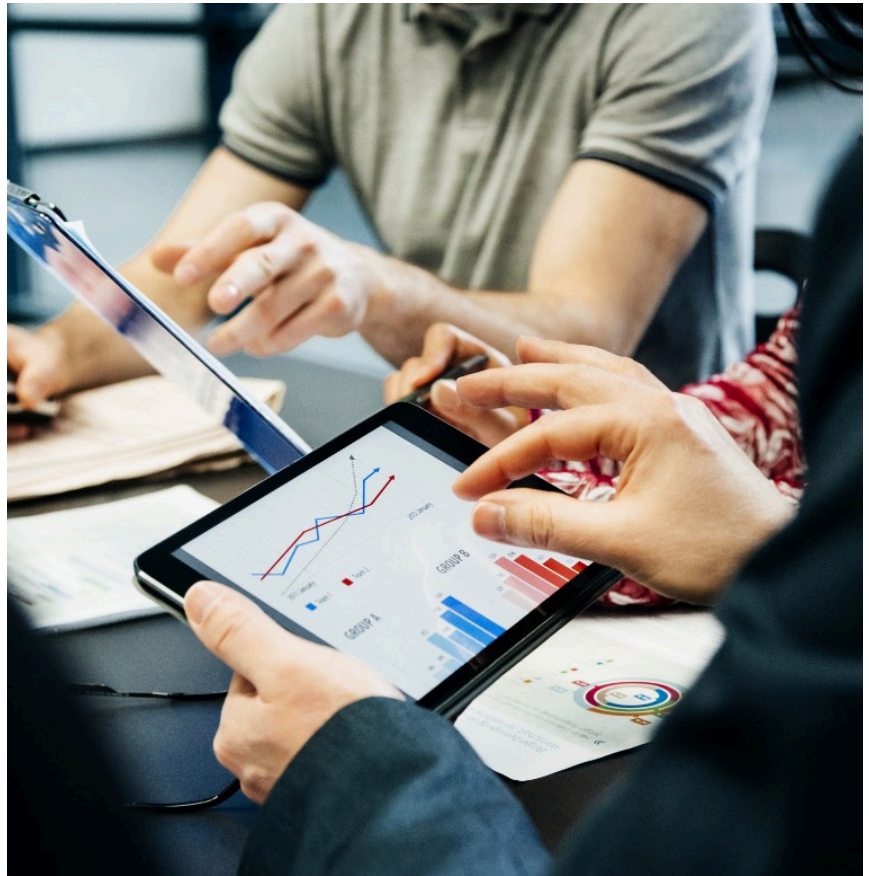
**Figure 2:** Average of the last 5 years' annual revenue



Source: PwC Survey, N= 468

The survey results corroborated the interview data in terms of the value-add provided to clients, summarized below:

- Streamlined operations and providing stress relief from financial matters (e.g. keeping books in order and coordinating with CRA and banking institutions for the business owner)
- Compliance / audit-readiness (i.e. books are up-to-date and compliant with regulations)
- Time savings (e.g. the time clients save to focus on other aspects of their business)
- Impact on business growth (e.g. growth in client revenues based on improved management of costs with books being in order)
- Access to real-time data (e.g. timely payroll information, employee data, data on operational expenditure),
- Financial security (e.g. relief of stress from bad debt situations and threats to survival of the business)
- Well-managed organization, financial sustainability and ability to serve community for decade





## The importance of bookkeeping: In their own words



“Not all small business owners are numbers minded. Having a bookkeeper in their back pocket means we can “translate” the gibberish of number into usable information. This means the small business owners have the tools and information they need to grow, expand and just run day to day operations.”

“It is easier to get it right the first time than correct mistakes.”

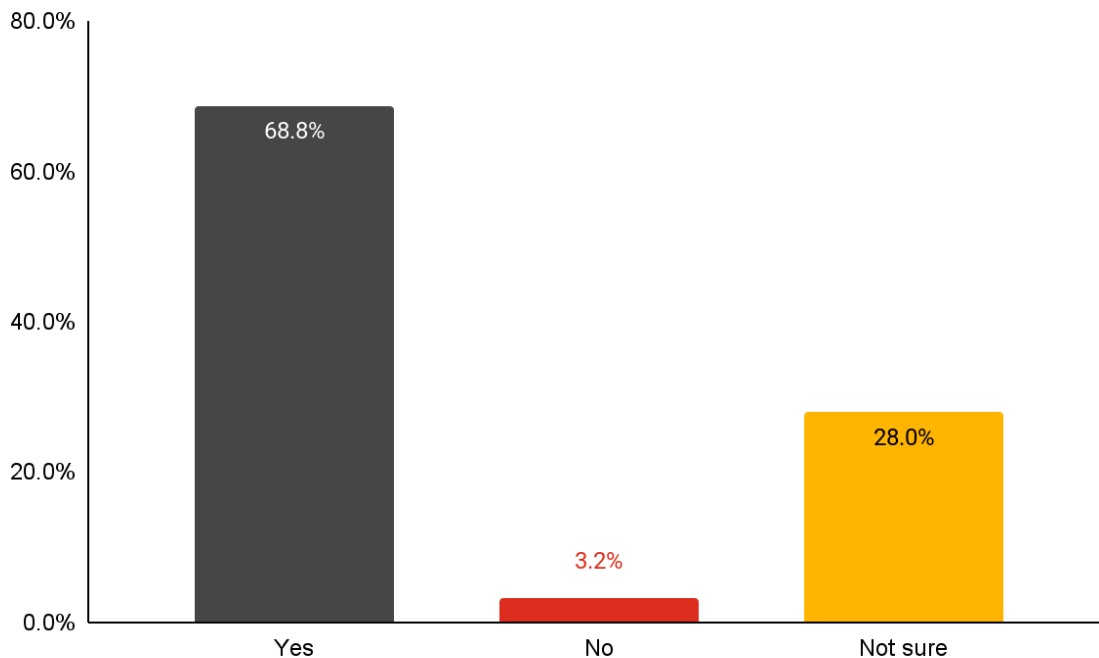
“Bookkeeping is extremely important. If you do not have your books in order, you might as well close your business down. If you are serious, you do things right.”

“Being CRA and industry compliant takes a huge weight off people’s shoulders and gives them time back to focus on other things.”



A key insight from the survey indicates that 68.8% of respondents believe their clients have experienced cost savings or revenue growth due to their services. It is important to note that this indicates a broad consensus among service providers about the efficacy and impact of their work on client businesses, emphasizing the role of these services in driving financial efficiency and growth.

**Figure 3:** Percentages of respondents on whether clients have saved on costs or seen growth in revenue as a result of their services

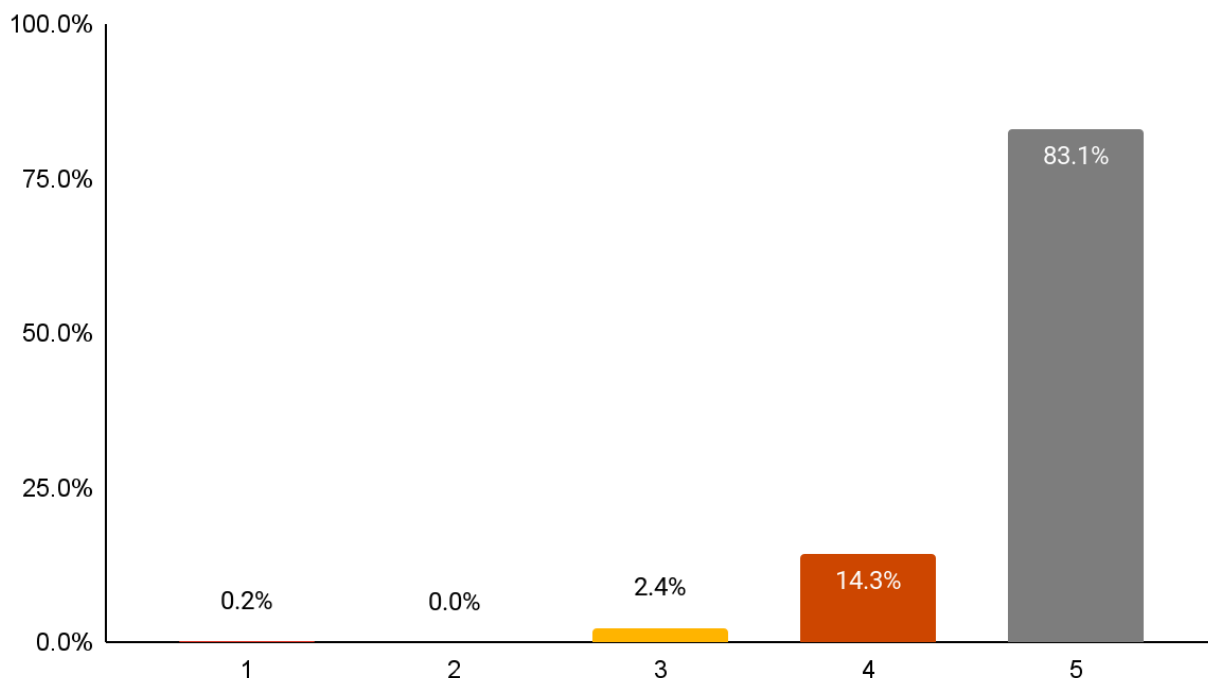


Source: PwC Survey, N= 468

On a scale of 1 to 5 on the importance of hiring a bookkeeping professional for a small business (1 being “Not important” and 5 being “Extremely important”), a majority of 83.1% of respondents believe that it is extremely important for a business to hire a bookkeeping professional. Key reasons highlighted align with the benefits outlined in the interviews. In addition to support for business owners to concentrate on their core competencies and access to data that is easy to understand and analyse, it was cited that bookkeeping services are instrumental in informed decision-making and fostering business growth. Furthermore, respondents emphasized the challenge of plotting a strategic direction without a clear understanding of the business's current positioning, financial status and well-being, an area where bookkeeping professionals prove valuable.

The lack of financial and accounting knowledge among business owners is also noted underlining the importance of bookkeeping from a compliance and audit perspective. Given the complexity inherent in compliance, it necessitates considerable knowledge to effectively navigate through these systems, and furthermore, to execute the filing process. It is important to note that respondents also feel that even if accounting is proficient, ineffective bookkeeping can undermine its value. This underscores the critical nature of professional bookkeeping in ensuring the financial health of an organization, which directly affects the opportunities available to it.

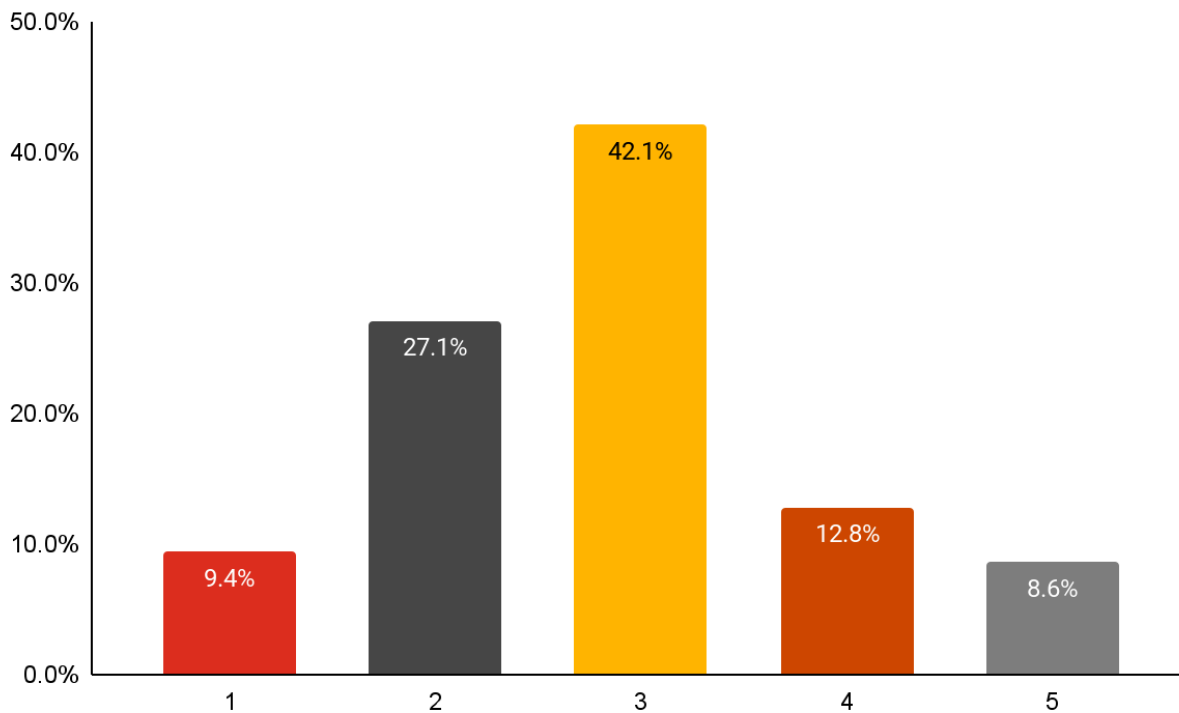
**Figure 4:** Responses to Scale of 1 to 5 on the importance of hiring a bookkeeping professional for a small business to maintain its financial well being? (1 being “Not important” and 5 being “Extremely important”)



Source: PwC Survey, N= 468

In contrast, although respondents acknowledge the importance of hiring a bookkeeping professional, many also believe that new small businesses might not employ them from the start. Only 8.6% respondents affirm that new small business owners are very likely to engage bookkeeping professionals. Reasons cited for this include constrained resources for outsourcing bookkeeping, concerns about affordability and a desire to minimize expenses, alongside a perception among these owners that they can handle bookkeeping services on their own. Some respondents pointed out that many new business owners delay consulting a bookkeeping professional. Attracted by cloud accounting software's promises, they attempt to manage finances themselves, which may result in months of inaccurate records and disorganization. Some respondents also feel that new small business owners do not recognize the value of effective bookkeeping until they encounter compliance or cash flow challenges.

**Figure 5:** Responses to Scale of 1 to 5, how likely are new small business owners to hire bookkeeping professionals? (1 being “Not likely”, 5 being “Very likely”)



Source: PwC Survey, N= 468

## Technology integration in bookkeeping: In their own words

“

“With the landscape of bookkeeping changing at such an incredible pace with regard to technology alone, Bookkeepers will be the ‘boots on the ground’ to show up in a company and help them properly transition their accounting systems to a level that can only be a healthy, efficient, effective and positive.”

“In the current digital age, bookkeepers are also at the forefront of leveraging technology to streamline processes, enhance efficiency, and provide real-time financial data. This trend is expected to continue, with bookkeepers embracing automation, cloud-based accounting systems, and data analytics to deliver even greater value to businesses.”

”



## 3. Economic footprint assessment



### 3.1 Overview of approach

To drive the analysis on the economic contributions of bookkeeping professionals, we collected data from Statistics Canada based on the National Occupational Classification (NOC) code: **12200 - Accounting technicians and bookkeepers**.<sup>5</sup>

Using this code, we:

- Collected and analyzed data on employee numbers and wages from Statistics Canada,<sup>6</sup>
- Used the above data to calibrate 2022 direct labour income of bookkeeping professionals,
- Utilized Statistics Canada input-output (I-O) multipliers from 2019 to estimate the economic footprint of bookkeeping professionals in Canada<sup>7,8</sup>

We note that Statistics Canada I-O multipliers are only available by NAICS code. Therefore, we used the multipliers for **5412 - Accounting, Tax Preparation, Bookkeeping, and Payroll Services**.

The economic footprint was estimated at the direct, indirect and induced levels:

- **Direct impacts** - Direct impacts result from companies' spending on suppliers and employees. This includes direct employment and direct purchases of goods and services.
- **Indirect impacts** - Indirect impacts arise from the activities of the firms providing inputs to a company's suppliers (in other words, the suppliers of its suppliers).
- **Induced impacts** - Induced impacts are the result of consumer spending by employees of the businesses stimulated by direct and indirect expenditures.
- The total economic footprint equals the sum of the direct, indirect, and induced economic impacts. The above impacts were estimated separately for all provinces on a Canada-wide basis and summed to estimate the total Canada-wide impact.

<sup>5</sup> <https://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=1322554&CVD=1322870&CPV=12200&CST=01052021&CLV=5&MLV=5>

<sup>6</sup> Based on Statistics Canada data on:

- Total employee (all wages): This refers to the kind of work persons 15 years of age and over were doing during the reference week, as determined by the kind of work reported and the description of the most important duties of the job. If the individual did not have a job during the reference week, the data relates to the previous job, if that job was held in the past year.
- Average weekly wage rate (in current dollars), Both sexes, 15 years and over, All education levels (Annualized through the average weekly wage rate calculated in conjunction with their usual hours).

<sup>7</sup> The 2019 multipliers were used, as they better represent the 2022 economy than the 2020 multipliers, for a pre-COVID-19 snapshot

<sup>8</sup> "The input-output (IO) models are generally used to simulate the economic impacts of an expenditure on a given basket of goods and services or the output of one or several industries." <https://www150.statcan.gc.ca/n1/en/catalogue/15F0009X>

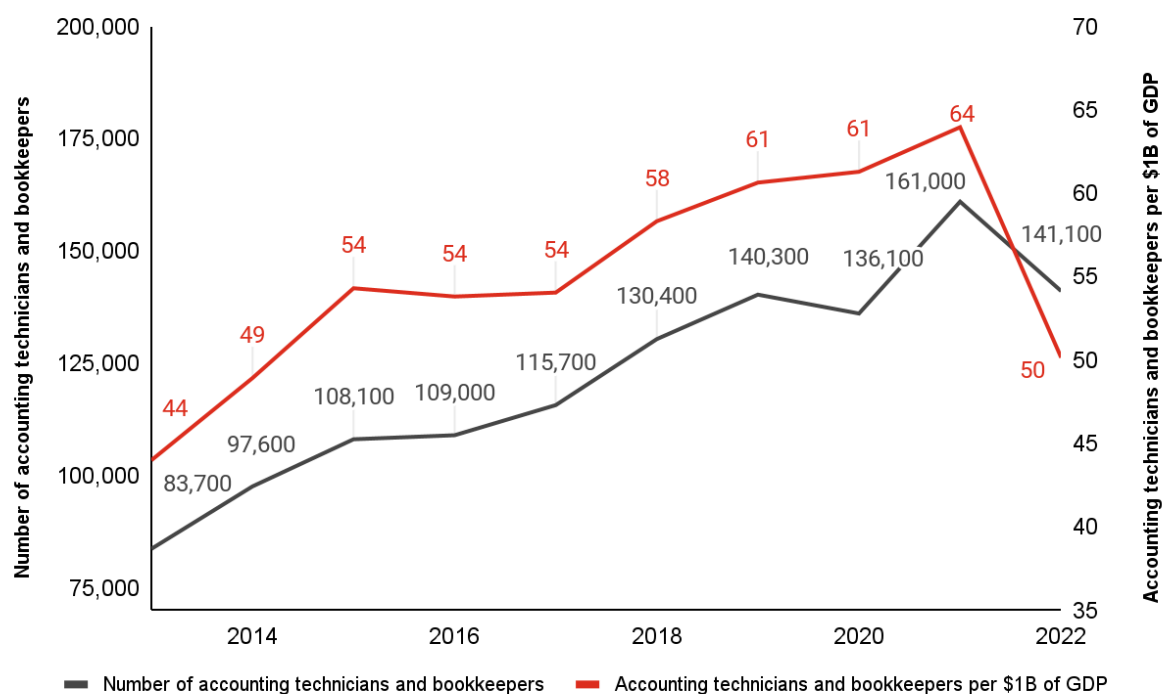




## 3.2 Number of bookkeeping professionals in Canada

We collected Statistics Canada data on the number of employees in the Accounting technicians and bookkeepers occupation in Canada for the past 10 years.<sup>9</sup> The trend shows that the number of bookkeeping professionals in Canada have been steadily increasing since 2013. The only exception is in 2020, when the number of bookkeeping professionals fell from the 2019 figure, which is likely attributed to the COVID-19 pandemic. This was followed by a sharp rise in 2021, which can be attributed to an increased reliance on bookkeeping services, as small businesses navigate the uncertainty of the economy, as well as the effects of the post-pandemic economic recovery. Small businesses' reliance on bookkeeping is supported by the interview findings (see Section 4). The number of bookkeeping professionals in Canada returned to the trend level in 2022.

**Figure 6:** Number of bookkeeping professionals in Canada, 2013 - 2022<sup>10</sup>



Source: Statistics Canada

In relation to Figure 6, we note the following:

1. The number of bookkeeping professionals excludes those who are self-employed, thus understating the true number of bookkeeping professionals in Canada. Benchmarking this number to the number of bookkeeping professionals in the United States, which includes self-employed, and assuming a similar ratio of bookkeeping professionals to GDP, we calculate that the underestimation may be in the order of magnitude of 10%.
2. We note that the intensity of using bookkeeping professionals in Canada has increased from 44 per \$1 billion of GDP to 64 per \$1 billion of GDP in 2021 before declining to 50 in 2022. This may suggest that, contrary to popular notion, the structural changes in the economy and the increasing digitization of the economy are not reducing the need for bookkeeping professionals.

<sup>9</sup> Statistics Canada, Total Employees for Accounting technicians and bookkeepers, Both sexes, Aged 15 years and over, All education levels

<sup>10</sup> Based on data from Statistics Canada on Total Employees for Accounting technicians and bookkeepers, Both sexes, Aged 15 years and over, All education levels, and GDP expenditure-based at market prices (current prices), annual

Based on Statistics Canada data on the number of employed bookkeeping professionals per province, we found that in 2022, of Canada's 141,100 bookkeeping professionals, 88% were concentrated in four provinces: Ontario, Quebec, BC and Alberta, with Ontario holding the largest share.

**Table 3:** Number of bookkeeping professionals by province in Canada

<b>Geography<sup>11</sup></b>	<b>2022 Employees</b>	<b>Proportion of Canada</b>
Ontario	50,500	35.8%
Quebec	29,900	21.2%
British Columbia	23,100	16.4%
Alberta	20,800	14.7%
Manitoba	5,200	3.7%
Saskatchewan	4,000	2.8%
Nova Scotia	2,900	2.1%
New Brunswick	2,500	1.8%
Newfoundland and Labrador	1,300	0.9%
Prince Edward Island	800	0.6%
<b>Canada</b>	<b>141,100</b>	

Source: Statistics Canada



### 3.3 Economic footprint of bookkeeping

This section includes an overview of the results of applying the economic footprint analysis to estimate the economic footprint of bookkeeping professionals.

The I-O model used for the purpose of this report estimates the relationship between a particular economic activity for a given good or service and the resulting impacts throughout the economy (i.e. including demand for other goods and services, and tax revenues). For the purpose of this report, economic impacts were calculated for the following measures of economic activity:

- **GDP (also known as value added)** - the value added to the economy, or the output valued at basic prices less intermediate consumption valued at purchasers' prices. GDP includes only final goods to avoid double counting of products sold during a certain accounting period.
- **Labour Income** - the amount earned by the employment expected to be generated (including social benefits such as employer contributions towards pensions and employment insurance).
- **Employment** - the number of jobs created or supported. Includes full-time and part-time employment.

The annual economic footprint of bookkeeping professionals in Canada is presented below. See Appendix B for a provincial breakdown of the results.

<sup>11</sup> Canadian territories were excluded due to limited granularity in Statistics Canada data

**Table 4:** Economic footprint of bookkeeping professionals in Canada

<b>Impact Channel</b>	<b>GDP at market prices (\$M)</b>	<b>Labour income (\$M)</b>	<b>Employment</b>
Direct	\$8,484.6	\$6,733.6	141,100
Indirect	\$2,924.8	\$1,716.5	30,832
Induced	\$3,940.5	\$1,605.6	30,826
<b>Total</b>	<b>\$15,349.9</b>	<b>\$10,055.8</b>	<b>202,659</b>

Source: PwC Analysis

Table 4 suggests that the \$8.48 billion GDP generates an additional \$6.87 billion GDP impact in the economy, and \$6.73 billion direct labour income (i.e. the annual wages for bookkeeping professionals) leads to an additional \$3.32 billion of labour income elsewhere in the Canadian economy. Similarly, the modelling shows that the 141,000 bookkeeping jobs in Canada, support over 60,000 jobs elsewhere in the economy. An example of some of the jobs that bookkeeping professionals may be supporting in Canada is software developers and IT specialists. With the increasing digitization of bookkeeping (e.g. QuickBooks and Xero), there is a growing demand for software solutions tailored to this field, supporting jobs in software development and IT support. Bookkeeping also facilitates jobs in industries that work closely with bookkeeping, such as accountancy, audit and financial advisory.



## 4. Wider socio-economic impacts



### 4.1 Summary

As indicated previously, research suggests that bookkeeping is not just a tool for financial record-keeping; but also for financial management and business sustainability. Though primarily involved in the financial aspects of a business or organization, it plays an important role in socio-economic development. The impact channels reviewed in this section are based on secondary research and input from industry stakeholders.

In the context of the Canadian economy, the interviews, which were corroborated by the survey, suggest that bookkeeping can contribute to economic stability, especially by supporting small businesses. This support is important, given that small businesses form a substantial segment of the Canadian economy, contributing to employment and economic activity. We also heard that bookkeeping plays a role in building a foundation of transparency, compliance and trust in the broader financial system, a key element of a well-functioning economy.

For the purpose of this study, we focused on four socio-economic impacts facilitated by bookkeeping professionals, as described in the remainder of this section.



### 4.2 Supporting small businesses

Small businesses in Canada contribute significantly to the economy. In 2022, businesses with 1 to 99 employees accounted for approximately 98.0% of all employer businesses in Canada, employing approximately 10.7 million individuals. This figure represents nearly two-thirds (63.0%) of the total employee workforce in Canada. By comparison, businesses with 100 to 500 employees employed around 3.6 million people (21.0% of employees), and businesses with more than 500 employees accounted for the employment of 2.7 million individuals (16.0% of employees).<sup>12</sup> During the period between 2020 and 2021, small businesses accounted for 69% of the net employment change in the private sector in Canada, which increased by approximately 494,300 jobs.<sup>13</sup> This data underscores the critical role of smaller businesses in job creation and their significant impact on shaping the Canadian economy.<sup>14</sup>

At the present time small businesses face numerous challenges, including rising inflation, increasing interest rates and debt costs, employee recruiting and retention as well as supply chain constraints.<sup>15</sup> Without proper bookkeeping, small businesses may face significant challenges in managing their costs effectively. The lack of financial oversight can lead to inaccurate tracking of income and expenses, making it difficult to manage debt payments and to identify areas where cost reductions are necessary or where spending is exceeding budgetary limits. Some industry stakeholders were of the view that in some instances, these issues can escalate, increasing the risk of insolvency.<sup>16</sup> Essentially, bookkeeping provides the real-time data needed for informed decision-making that can lead to better resource allocation that is important for both survival and business growth strategies.<sup>17</sup>

Small businesses are also at the forefront of developing innovative and sustainable solutions in the Canadian economy and the federal government is committed to investing in innovation that supports these businesses in their development

<sup>12</sup> <https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2023003-eng.htm>

<sup>13</sup> <https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2022>

<sup>14</sup> <https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2023003-eng.htm>

<sup>15</sup> <https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2023003-eng.htm>

<sup>16</sup> Stakeholder interviews

<sup>17</sup> <https://www.forbes.com/advisor/business/small-business-bookkeeping/>



of new processes, tools and technology.<sup>18</sup> Bookkeeping professionals are well-positioned to assist small businesses in navigating the landscape of government-sponsored innovation funding. In addition to supporting businesses in identifying relevant funding opportunities, they can also provide essential support in the application process, which may often involve complex financial documentation and compliance with specific guidelines.



### 4.3 Promoting financial transparency

The interviews suggest that bookkeeping can simplify the process of financial reporting, making it easier to understand and interpret financial data. Consequently, it not only aims to ensure accuracy in financial records but also contributes to the simplification and transparency of financial reporting. By maintaining accurate and transparent financial records, bookkeeping professionals can help organizations maintain integrity and trust among stakeholders and in the wider system. This transparency is important for nonprofits, charities, and social enterprises that rely on public trust and donations, and can be held accountable in terms of their disclosure of information.

This is particularly relevant for financial markets to function effectively where all stakeholders must adhere to high standards of ethical conduct and ensure transparent and straightforward reporting. Clear and accurate corporate reporting, along with other reliable information, is helpful for investors. Earnings reports, for instance, should aim to clarify rather than obscure details. Lengthy and complex documents often fail to provide the kind of transparency that supports efficient decision-making.<sup>19</sup>



### 4.4 Aiding compliance and governance

In the realm of public finance, tax compliance encompasses fundamental principles of equity, efficiency, and incidence.<sup>20</sup> Taxes are not just a means of financing these public goods and services; they represent a fundamental aspect of the social contract between citizens and the economy.<sup>21</sup> Compliance is crucial for maintaining this social contract and ensuring that businesses contribute to maintain the integrity of the financial system. A well-structured tax system is integral to fostering a competitive business landscape, promoting inclusive growth, and upholding the principles of a fair society.<sup>22</sup>

The Canadian tax regime is known to be complex, characterized by intricate conditions and criteria.<sup>23</sup> The complexity of tax regulations can present significant challenges and administrative burdens for business owners, who may struggle to navigate and comply with intricate and frequently changing tax laws. This can increase the risk of non-compliance that can lead to financial penalties, legal repercussions, impact on business reputation or a disruption in operations.<sup>24</sup> Through diligent bookkeeping, businesses are more likely to maintain financial records that demonstrate adherence to industry-specific regulations and tax laws, thereby mitigating potential risk outcomes.

Our interviews suggest that bookkeeping plays an important role in managing employee-related finances, such as wages and benefits. This may increase adherence to labour laws, helping to avoid wage disputes and potential legal challenges from employees. Ultimately, the clear financial trail not only underscores legal compliance but also fosters trust among stakeholders.<sup>25</sup>

An effectively managed bookkeeping system helps to establish a clear audit trail. This ensures that each financial transaction within the system can be accurately traced back to its original documentation. Financial records and

<sup>18</sup> <https://www.newswire.ca/news-releases/government-of-canada-invests-in-small-businesses-through-the-innovative-solutions-canada-program-879387994.html>

<sup>19</sup> <https://www.bankofcanada.ca/2002/06/trust-transparency-financial-markets/>

<sup>20</sup> "Tax Compliance." *Journal of Economic Literature* 36, no. 2 (1998): 818–60. <https://www.jstor.org/stable/2565123>.

<sup>21</sup> <https://subnational.doingbusiness.org/en/data/exploretopics/paying-taxes/why-matters>

<sup>22</sup> <https://www.cpacanada.ca/en/public-interest/public-policy-government-relations/policy-advocacy/cpa-canada-tax-review-initiative>

<sup>23</sup> <https://www.cpacanada.ca/en/news/pivot-magazine/2020-12-16-tax-system>

<sup>24</sup> <https://www.tmf-group.com/en/news-insights/articles/2022/november/understanding-tax-compliance-and-impact-on-businesses/>

<sup>25</sup> <https://www.invensis.net/blog/what-is-bookkeeping-and-its-importance>



reconciliation maintained through bookkeeping can help in detecting and preventing errors and fraudulent activities, protecting the business from threats and legal complications that may arise from fraud or misappropriation of funds.<sup>26</sup>



## 4.5 Supporting businesses during economic downturn

Through the interview process, we heard that in times of economic downturn or crisis, bookkeeping professionals can help businesses navigate financial challenges. Industry stakeholders felt that this was particularly evident during the COVID-19 pandemic in Canada, where bookkeeping professionals were instrumental in guiding businesses, especially in heavily impacted sectors like tourism, the movie industry, and restaurants, to access grant support programs by the Government of Canada. Their expertise in financial management and understanding of government relief measures and criteria, enabled these businesses to access crucial funding.

In times of economic downturn, bookkeeping professionals may be able to contribute to sustaining operations, preserving jobs, and stabilizing local economies. Their strategic financial guidance can be essential for businesses to determine how to remain profitable or simply survive during a crisis, particularly in sectors that are largely impacted. They play a key role in identifying potential areas for cost reduction, helping business owners to navigate tough financial decisions, enabling businesses to implement necessary measures for financial sustainability and operational continuity.



<sup>26</sup> <https://www.youraccounting.net/the-importance-of-timely-bookkeeping-in-preventing-fraud-and-mitigating-risk/>



# Appendix A: Assumptions and limitations

The conclusions expressed and information presented in this report rely on the following major assumptions:

- Completeness, reliability and accuracy of data provided by CPB Canada and survey respondents
- Reliability and accuracy of external sources used in this report.
- The Statistics Canada Multiplier Tables for Canada constitute a reasonable representation of the underlying relationships in the economy during the relevant periods modelled in the report.

We note that significant deviations from the above-listed major assumptions may result in a significant change to our analysis.

**Data limitations:** PwC has relied on the information provided by CPB Canada, Statistics Canada, the interviewees, participants of the survey, and secondary sources. PwC has relied on the completeness, accuracy and fair presentation of all information and data obtained from the various data sources, which were not audited or otherwise verified. The findings in this report are conditional upon such completeness, accuracy and fair presentation, which have not been verified independently by PwC. Accordingly, we provide no opinion, attestation or other form of assurance with respect to the results of this assessment.

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**This report and related analysis must be considered as a whole:** Selecting only portions of the analysis or the factors considered by us, without considering all factors and analysis together, could create a misleading view of our findings. The preparation of our analysis is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

# Appendix B: Economic impact by province

The provincial breakdown of the economic footprint is presented below.

**Table 6:** GDP impact of bookkeeping professionals in Canada by province

<b>Impact Channel</b>	<b>Direct GDP impact (\$M)</b>	<b>Indirect GDP impact (\$M)</b>	<b>Induced GDP impact (\$M)</b>	<b>Total GDP impact (\$M)</b>
Ontario	\$2,949.9	\$1,053.2	\$1,424.7	\$5,427.8
Quebec	\$1,814.3	\$559.6	\$756.4	\$3,130.3
British Columbia	\$1,421.3	\$470.4	\$664.6	\$2,556.3
Alberta	\$1,295.9	\$514.1	\$643.1	\$2,453.0
Saskatchewan	\$317.6	\$111.3	\$120.1	\$549.0
Manitoba	\$296.9	\$101.2	\$136.7	\$534.8
Nova Scotia	\$155.2	\$48.3	\$81.1	\$284.6
New Brunswick	\$126.6	\$39.0	\$62.0	\$227.5
Newfoundland and Labrador	\$74.1	\$16.9	\$34.8	\$125.7
Prince Edward Island	\$32.9	\$10.8	\$17.2	\$60.9
<b>Canada</b>	<b>\$8,484.6</b>	<b>\$2,924.8</b>	<b>\$3,940.5</b>	<b>\$15,349.9</b>

Source: PwC Analysis

**Table 7:** Labour income of bookkeeping professionals in Canada by province

<b>Impact Channel</b>	<b>Direct Labour income impact (\$M)</b>	<b>Indirect Labour income impact (\$M)</b>	<b>Induced Labour income impact (\$M)</b>	<b>Total Labour income (\$M)</b>
Ontario	\$2,408.0	\$638.0	\$594.3	\$3,640.4
Quebec	\$1,461.7	\$332.2	\$319.4	\$2,113.3
Alberta	\$1,049.6	\$287.3	\$263.9	\$1,600.8
British Columbia	\$1,065.5	\$276.1	\$255.6	\$1,597.2
Manitoba	\$232.0	\$56.0	\$52.1	\$340.0
Saskatchewan	\$189.6	\$61.2	\$45.4	\$296.3
Nova Scotia	\$132.4	\$27.3	\$31.0	\$190.8
New Brunswick	\$109.3	\$22.4	\$24.0	\$155.8
Newfoundland and Labrador	\$57.3	\$9.8	\$13.2	\$80.3
Prince Edward Island	\$28.3	\$6.1	\$6.5	\$41.0
<b>Canada</b>	<b>\$6,733.6</b>	<b>\$1,716.5</b>	<b>\$1,605.6</b>	<b>\$10,055.8</b>

Source: PwC Analysis

**Table 8:** Employees of bookkeeping professionals in Canada by province

<b>Impact Channel</b>	<b>Direct employment</b>	<b>Indirect employment</b>	<b>Induced employment</b>	<b>Total employment</b>
Ontario	50,500	11,384	11,074	72,958
Quebec	29,900	6,327	6,442	42,669
British Columbia	23,100	5,194	5,021	33,315
Alberta	20,800	4,609	4,800	30,209
Manitoba	5,200	1,030	1,041	7,270
Saskatchewan	4,000	1,085	911	5,996
Nova Scotia	2,900	513	644	4,056
New Brunswick	2,500	405	501	3,406
Newfoundland and Labrador	1,300	165	253	1,718
Prince Edward Island	800	120	140	1,060
<b>Canada</b>	<b>141,100</b>	<b>30,832</b>	<b>30,826</b>	<b>202,659</b>

Source: PwC Analysis





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