



Educate, Advocate and Advance

The AICPA Women's Initiatives Executive Committee (WIEC) Research Task Force Projects 2010-2012

Research listed below is available online at aicpa.org/pcps/wi/resource.

- 1 White paper, *Research on Women's Advancement in Accounting* (Louise Single, Ph.D. and Elizabeth Almer, Ph.D.)
- 2 Article, *Gender, Family, and Work-Life Issues in Public Accounting: What CPA Firms Can Do to Retain Talented Women*, published in *Career Insider*, June 2011
- 3 *WIEC 2010 Benchmarking Survey*
- 4 Article, *Are Director Positions a New Glass Ceiling?* (Louise Single, Ph.D., and Margaret Lightbody, Ph.D.) published in *Career Insider*, September 2011
- 5 Article, *The Advancement of Female Professionals* (Louise Single, Ph.D.) published in *Career Insider*, February 2012

Advocacy and the Advancement of Female Accounting Professionals Survey of 1,500+ female accounting professionals looks at how having an advocate impacts professional advancement and what types of advocacy relationships are most effective.

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Sponsored Research

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The first grant was awarded to co-authors Bill Francis, Ph.D., Iftekhhar Hasan, Ph.D., and Qiang Wu, Ph.D., to conduct research on Female CFOs, financial reporting quality and market perceptions. The study produced the three manuscripts below.

1 **Are Female CFOs Less Aggressive?: Evidence from Tax Aggressiveness**¹

Focusing on firms that experience changes of CFO from male to female, the paper compares the firms' degree of tax aggressiveness between pre- and post-transition periods. Using three measures of tax aggressiveness, we find that female CFOs are less aggressive in their tax reporting compared to their male counterparts. In addition, the impact of CFO gender on tax aggressiveness varies with the risk levels that CFOs face. We also find that at the aggregate level, female CFOs do not forgo broad tax avoidance activities as measured by both GAAP based and cash based effective tax rates. Overall, our study broadens the view of what drives tax aggressiveness to include the gender of top executives.

2 **Gender Differences in Financial Reporting Decision-Making: Evidence from Accounting Conservatism**¹

Focusing on firms that experience changes of CFO from male to female, the paper compares the firms' degree of reporting conservatism between pre- and post-transition periods. We find that female CFOs are more conservative in their financial reporting. We also find that the relation

¹ This study was conducted using a sample of 92 firms.

between CFO gender and conservatism depends on firm risks such as litigation and default risks, and CFO-specific risk such as job security risk. We further find that the risk-aversion of female CFOs leads them to choose less equity-based compensation, reduce firm risk, dividend payout, discretionary accruals and earnings volatility, and invest more in tangible assets than in intangible assets with growth options, all of which imply more conservative accounting for firms under the control of female CFOs. Finally, we find that the stock market reacts less negatively to bad earnings news of firms with female CFOs. Overall, the study provides strong support for the notion that female CFOs are more risk-averse than male CFOs, which leads female CFOs to adopt more conservative financial reporting policies.

3 The Impact of CFO Gender on Bank Loan Contracting (forthcoming in the *Journal of Accounting, Auditing and Finance*)²

Motivated by recent studies showing that female CFOs are more risk-averse than male CFOs when making various corporate decisions, we examine whether banks take into consideration the gender of CFOs when pricing bank loans. We find that in our sample, firms under the control of female CFOs on average enjoy about 11% lower bank loan prices than firms under the control of male CFOs. In addition, loans given to female-CFO-led companies have longer maturities and are less likely to be required to provide collateral than loans given to male-CFO-led companies. Our results are robust to a series of robustness tests, such as a firm and year fixed-effect regression, a Heckman two-stage self-selection model, a propensity score-matching method and a differences-in-differences approach. Overall, our results suggest that banks tend to recognize the role of female CFOs in providing more reliable accounting information ex ante and reducing default risk ex post, and grant firms with female CFOs lower loan prices and more favorable contract terms.

The second grant was awarded to co-authors Ambrose Jones III, Ph.D., CPA, Cynthia P. Guthrie, Ph.D., CPA, and Terry Ackerman, Ph.D., to perform a longitudinal study of gender differences in role stressors, burnout and job outcomes in public accounting professionals.

² The sample size was of 1,296 firms.



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Public Accounting: Why Aren't More Women at the Top?³

Research questions addressed:

- 1 What is the current trajectory of accounting professionals' perceptions of role stressors and related job outcomes?
- 2 Are there significant gender differences in how these perceptions have changed over time?
- 3 How do access to and participation in leadership opportunities influence job outcomes?
- 4 How do access to and participation in alternative work arrangements influence job outcomes?
- 5 Do women and men have different perceptions regarding role stressors, job outcomes, and the influence of leadership opportunities and alternative work arrangements?

Preliminary results for questions 1, 2 and 4 are as follows:

A comparison of participants' responses across the five-year period indicates that levels of role stress as well as job burnout have increased and levels of healthy lifestyle and vitality have decreased. Job outcomes also show unfavorable changes; job satisfaction has decreased and turnover intentions have increased. In general these changes across the five years are similar for both women and men. In 2006, women reported higher levels of role conflict, but also higher levels of healthy lifestyle than did men.

Five years later, there is no difference in reported levels of role conflict between women and men, but women report greater job burnout and higher turnover intentions than do men.



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³ The study was based on 1,242 responses from a large public firm with offices throughout the United States.

Firm initiatives such as leadership programs and alternative work arrangements appear to make a difference in how women and men perceive their jobs. Both women and men in leadership programs report significantly higher levels of job performance than non-participants.

More than twice as many women than men indicated participation in an alternative work arrangement (AWA) (19.5 percent versus 7.3 percent). Eighty-five and nine-tenths percent of female AWA participants have at least one dependent child living with them versus 26.9 percent of female non-participants. This compares to 38.9 percent of male AWA participants and 50.4 percent of male non-participants who indicated that they have at least one dependent child living with them. Overall, AWA participants report lower levels of role overload, lower levels of work interfering with family and higher satisfaction with workplace flexibility than non-participants. Female AWA participants report lower levels of job burnout, but higher levels of family interfering with work than female non-participants. In contrast, male participants report lower levels of psychological well-being than male non-participants.



Overall, AWA participants report lower levels of role overload, lower levels of work interfering with family and higher satisfaction with workplace flexibility than non-participants.

Regarding Women’s Advancement in Public Accounting and Business, adapted from Research on Women’s Advancement in Accounting

Compiled by: Louise E. Single, Ph.D., CPA

	Authors	Publication	Title	Key findings
'93	AICPA Survey on Workforce Trends	AICPA	Survey on women’s status and work/family issues in public accounting	Women are 19% of partners/ 12% larger firms/ 27% smallest firms/ 36% of professionals
	Collins	<i>Accounting Horizons</i>	Stress and departures from the public accounting profession: a study of gender differences	Work-home conflict has a greater impact on women’s public accounting career paths than men’s
'94	Maupin and Lehman	<i>Accounting Organizations, and Society</i>	Talking heads: Stereotypes, status, sex-roles and satisfaction of female and male auditors	Women who advanced in the Big 6 tend to have more “masculine” attributes in their attitudes and behaviors
'97	Dalton, Hill and Ramsey	<i>Auditing: A Journal of Practice and Theory</i>	Women as managers and partners: Context specific predictors of turnover in international public accounting firms	Women who off-ramp are less likely to return to be re-employed in public/those re-employed tend to go to smaller firms
	Hooks, Thomas and Stout	<i>Advances in Accounting</i>	Retention of women in public accounting	Turnover in public accounting predicted by availability of household help and family events’ impact on career plans
'98	Bernardi	<i>Advances in Accounting Behavioral Research</i>	The relationship among lifestyle preference, attrition and career orientation: A three-year longitudinal study	41% of female accountants expressed a preference for staying at home until youngest child enters school
	Cao, Lynn and Horn	<i>Advances in Public Interest Accounting</i>	The earnings gap between male and female accounting professionals: empirical evidence and explanations	Evidence of a wage gap between male and female public accounting professionals
	Almer and Kaplan	<i>Behavioral Research in Accounting</i>	The effects of flexible work arrangements on stressors, burnout and behavioral job outcomes	Flexible work arrangements (FWAs) result in lower burnout and intended turnover
'01	Wooten	<i>Sex Roles</i>	What makes women-friendly public accounting firms tick? The diffusion of human resource management knowledge through institutional and resource pressures	Female partners were slightly more likely than male partners to believe technical skills and political positioning affected the promotion process
	Cohen and Single	<i>Journal of Business Ethics</i>	An examination of the perceived impact of flexible work arrangements on professional opportunities in public accounting	FWAs professionals are viewed as less likely to be promoted
'02	Hooks and Thomas	<i>Advances in Accounting</i>	Retention of women in public accounting	Public accounting employees feel they are giving more than they are getting
'03	Almer, Cohen and Single	<i>Auditing: A Journal of Practice and Theory</i>	Behavioral determinants that affect perceived career success of flexible work arrangement participants: the non-Big Five experience	Attitudes of superiors are pivotal in the willingness of women to adopt FWAs
'04	Fels	<i>Harvard Business Review</i>	Do women lack ambition?	Women’s ambition fueled by “mastery” and “recognition”

Authors	Publication	Title	Key findings
Catalyst	Catalyst	Men and women in U.S. corporate leadership: Same workplace, different realities?	<p>Women in management tailor their style so that it is comfortable to men</p> <p>Women in corporate aspire to CEO position in equal numbers to men</p>
'04 Almer, Cohen and Single	<i>Journal of Business Ethics</i>	Is it the kids or the schedule?: The incremental effect of families and flexible scheduling on perceived career success	FWAs professionals are viewed as less committed to careers and less likely to succeed
Almer and Single	<i>The CPA Journal</i>	Flexible work arrangements: The daddy track	Men are even more heavily penalized than women for FWAs—stereotype that it is “mommy track”
Almer, Higgs and Hooks	<i>Behavioral Research in Accounting</i>	A theoretical framework of the relationship between public accounting firms and their professionals	Non-monetary compensation such as training, opportunities to work for clients are important to professionals’ choice to be in public accounting
'05 Hewlett and Luce	<i>Harvard Business Review</i>	Off-Ramps and On-Ramps: Keeping talented women on the road to success	Women’s career goals are “impact” oriented rather than “power” oriented; women need to have ambition nurtured through mentoring and other targeted programs
'06 AICPA Survey on Workforce Trends	AICPA	AICPA Work/Life and Women’s Initiatives 2004 Research. A decade of changes in the accounting profession: Workforce trends and human capital practices	<p>Lower proportion of female public accountants do not aspire to partnership/41% of female senior managers vs. 65% of male senior managers</p> <p>Increase in turnover due to work-life balance and “working condition” issues</p> <p>1/3 of professionals leave due to dissatisfaction with monetary compensation</p> <p>Women make up the majority of part-time, FWAs or non-partner track professionals</p>
Catalyst	Catalyst		Women view mentors differently from men
Pasawark and Viator	<i>Behavioral Research in Accounting</i>	Sources of work-family conflict in the accounting profession	<p>Turnover of females in public accounting most heavily impacted by “family interfering with work” rather than “work interfering with family”</p> <p>Having a mentor who has experienced same kind of work/family juggling act is important</p>

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'08	Johnson, Lowe and Reckers	<i>Accounting, Organizations, and Society</i>	Alternative work arrangements (AWAs) and perceived career success: Evidence from international public accounting firms	Big 4 senior professionals do not view alternative work arrangements (AWAs) as "fitting into the culture" and males on AWAs are viewed more negatively
'09	Lightbody	<i>Accounting History</i>	Turnover decisions of women accountants: using oral histories to understand the relative influence of domestic obligations	Female public accountants' careers are affected by needs of older children
'10	Catalyst	Catalyst	Maximizing mentoring and securing sponsorship	The importance for women to secure a "sponsor" who will use their influence to advocate for their advancement
'11	Almer, Lightbody, Single and Vigilante	<i>Current Issues in Auditing</i>	New leadership tracks in accounting firms: An alternative to the partnership	Non-equity partner/Director positions are destination positions
'12	Almer, Lightbody and Single	Accounting Forum	Stalled progression of women into the partnership? An examination of the "Post-Senior Manager" position in public accounting	Non-equity partner/Director positions perpetuate gender inequity/women are often over-represented and don't move higher

