

Research on Women's Advancement in Accounting¹

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The AICPA's studies of Workforce Trends and Human Capital Practices have motivated a wealth of research about the current status of gender, family and work-life issues in public accounting. This article summarizes the findings of those research studies and highlights potential research questions that have yet to be addressed.

In 1993 the AICPA's first *Survey on Women's Status and Work/Family Issues in Public Accounting* revealed that women hired into public accounting were not progressing up the ranks as expected, in part, due to disproportionate turnover. Subsequent research exploring this trend (Dalton, Hill and Ramsay, 1997) found that women who left were less likely to be reemployed in public accounting, and if they were, tended to work for smaller firms. Dalton et al. concluded that work/family conflict was the single most important driver of disproportionate turnover among female professionals in Big 6 firms.

Since that first survey, the vast majority of firms of all sizes have made been motivated by internal and external environmental forces to make the retention of women a priority and to adopt a variety of women's initiatives (Wooten, 2001). One of the most common of these initiatives is to allow more flexible schedules. Research has shown that flexible work arrangements result in lower burnout and intended turnover (Almer and Kaplan, 2002), yet at least in the short run, this appears to result in negative perceptions of peers and superiors related to their career commitment and prospects for success (Cohen and Single, 2001; Almer, Cohen and Single, 2004). Research has also found that attitudes of superiors was pivotal in the willingness of women to adopt flexible work arrangements (Almer, Cohen and Single, 2003), but has not explored how those attitudes of superiors may be influenced to be more consistent with official firm policies supporting flexible work arrangements. While some undoubtedly believed that attitudes would change as younger, "more enlightened" professionals moved into the partner ranks, it is not clear to what extent that change has occurred at the local office level. The finding that males are more severely penalized than females (Johnson, Lowe and Reckers, 2008; Almer and Single 2004) may contribute to an overall reluctance by both males and females to take advantage of flexible work arrangement opportunities, further encouraging the view that it is a "mommy track" initiative only.

In spite of the progress in women's initiatives, women are still not progressing up the higher ranks at the same rate at which they had been hired. While on its face this finding could indicate that things have not changed much in the last decade, further exploration of the 2006 AICPA report reveals a more complex situation has emerged. At most ranks turnover of women is no higher than that of men. The report concludes that this apparent inconsistency may be explained by the fact that women make up the majority of part time professionals and professionals who

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are not “on the partner track” either because they are a “career senior/manager/senior manager” or because they are being promoted into so-called “non-equity” partnership positions (often called directors or principals). And while now women are making up a larger minority of new (equity) partners at the largest firms, they still represent a fraction of total new partners at all but the very smallest firms. Yet at the same time the report does find that female partners hold leadership positions such as office managing partner or director of tax/audit/consulting at least in proportion to their overall numbers at the partner level.

Recent research examining the prevalence of the non-equity partner/director positions suggests that there is a disproportionate representation of women in these positions. A survey of accounting firm HR Directors and a separate survey of female public accounting professionals both indicate that there are perceptions of gender inequity at the non-equity partner level, and that these positions are very often destination positions, rather than steps on the way to the equity partnership (Almer, et al 2010). Whether women are choosing these positions proactively or being directed into them for other reasons, there is a possibility that firms are not maximizing their investment in these professionals if they do not develop the full set of skills necessary to promote women to the partnership, and a danger that a new “mommy track” is being created (c.f. Wooten, 2001).

Another consequence to the “Mommy track” that should be considered is compensation. Cao, Lynn and Horn (1998) observed a wage gap between male and female public accounting professionals. The gap occurs later rather than at entry level and is, in part, due to women’s lack of access to informal organizational networks and discrimination based upon a perception that women will sacrifice their career aspirations in favor of their family obligations. This stereotype leads to a sex-segregated labor market with women being expected to cut back in favor of family and providing an excuse for differential compensation. If there is a two-tier system in which women take the part-time and/or non-partner track jobs and men view them as undesirable because they are the “Mommy track” jobs, the unequal compensation problem will be exacerbated.

It has been almost twenty years since Maupin and Lehman (1994) collected their landmark data (collected in 1984-1989) which found that women at progressively higher ranks in then Big 6 public accounting tended to possess more masculine attributes in terms of their socially constructed attitudes and behaviors. Realizing the dramatic cultural and organizational shifts in public accounting since then, is this finding still true? Will women (or men) who do not possess strongly “masculine” identities remain in public accounting and succeed at the highest ranks? We increasingly see that women are becoming partners and leaders within their firms. What skills and attributes are common among the few women partners who hold leadership positions within the Big 4? For example, a 2004 Catalyst study of male and female executives reports that women “...have developed a style that is comfortable for men as a mechanism for success,” and that they are more likely than men to advance by seeking out high-visibility assignments and focusing on relationship building. Have these women followed a traditional career path or have they utilized some of the alternative options being made available by firms? Employing both survey and case based methodologies to studying female partners, in particular, newer partners, would shed light on this issue.

It is also important to understand to what extent career tracks may be a function of personal choice and gender-related life circumstances. Over half of new hires into public accounting are women. Very broadly, stress related to work-home conflict has a greater impact on women's public accounting career paths than men's (Collins, 1993). At the most practical level, turnover intentions of public accounting professionals have been found to be predicted not by gender directly, but rather indirectly through gender related non-work variables such as hours of household help employed and impact of family events on career plans (Hooks, Thomas and Stout, 1997). Lifestyle preference in terms of family versus career orientations has also been found to be significantly associated with turnover of female accountants (Bernardi and Hooks, 2001). The AICPA report found that almost half of male partners had a spouse who did not work outside the home as compared to only 12% of female partners. Taken together, these factors beg the question, is it possible for women *or* men to move up the ranks in public accounting while having children and a full-time working spouse? Can this be done without the kind of extended family supports unavailable to most professionals in today's increasingly mobile society? The point at which women are most likely to scale back or leave the workforce is likely to coincide with the point at which the women are most experienced and finally providing a return on the firms early years of investment in training and development, in particular because the demands of raising children do not lessen as children move through their primary and secondary school years. In fact, as children advance through school the difficulty of providing acceptable alternative care and the demands on parents' time actually increases (Lightbody, 2009).

A perhaps implicit assumption underlying research tracking the progress of women in public accounting is that women and men have the same standards for professional satisfaction and success. The 2006 AICPA report and other recent research suggest that this may not necessarily be the case. The AICPA data reveal that even at the senior manager level, a high proportion of women do not aspire to the partnership. This finding suggests that the person-organization fit in the current public accounting culture should be reexamined with respect to women's aspirations and values. This finding is particularly intriguing in light of the Catalyst (2004) finding that in the corporate world, females aspire to the CEO position in equal numbers to males. What is so different in the public accounting domain? In a study examining reasons for women leaving the workforce, Hewlett and Luce (2005) found that achievement of "a power position" was the least important career goal for the majority of women in every sector. Ranked higher were ability to associate with people they respect, freedom to "be themselves" at work, opportunity to be flexible with their schedules, opportunity to collaborate and work as part of a team, and ability to give back to their communities. While team work and working with highly trained and respected professional associates are hallmarks of the public accounting environment, is this enough to compensate for the pressures of the client-service driven and increasingly litigious public accounting environment? Are there other organizational culture values lacking in the public accounting environment that explain why women still do not express the ambition to achieve partner status? And despite the fact that public accounting has been heralding their "family friendly" flexible work programs, does this focus on family friendly send a message to women that they must somehow scale back their professional expectations to maintain their career?

In order to address these questions it will be important to identify the point at which ambition stalls in the public accounting setting, and to identify the causes. Firms can then implement organizational changes to counteract the factors that cause ambition to stall. For example, women's ambition has been found to be fueled by two components; mastery and recognition (Fels 2004). When the recognition is lacking, there is a downward spiral in which ambition stalls, resulting in lowered perceptions of commitment, less desirable assignments, and further lowered ambition (Hewlett and Luce 2005). The suggestions made by Hewlett and Luce for nurturing ambition include mentoring and networking programs targeted specifically at women.

The 2006 AICPA report indicates that women view mentors as potential "models" and "observers" to a greater extent than do men. A 2010 report by Catalyst points out the importance of gaining not just a "mentor" but a "sponsor", a senior member of leadership who will use their influence to advocate for the female professional. The report cites research that indicates that women are not as aggressive in pursuing sponsors as are men and provides resources aimed at helping women understand how to create these opportunities for themselves. A 2004 Catalyst study indicates that the number one need cited by minority professional women is for a mentor with a similar ethnic/cultural background who understands the culture based obstacles these women face and can help them navigate around them successfully. Similarly, having a mentor who has experienced the same juggling act between work and family responsibilities means having the opportunity to gain insights from someone who can advise the employee on the whole range of "family interfering with work" issues that can increase turnover intentions (Pasewark and Viator, 2006). Importantly, firms should recognize the need to find role models who "look like their employees". Longitudinal research is also needed to assess whether the intended benefits of mentoring programs, especially those crafted to ensure role models are not simply work-a-holic "total sacrifice" professionals, can be effective in improving the retention of valued women.

The 2006 AICPA report suggests that the profession is retaining women by accommodating their desires for alternative schedules and career paths, a likely result of which is that turnover of women is no higher than turnover of men. However, the report notes that turnover for men and women is increasing and professionals at all but the smallest firms are often leaving for "work/life balance issues" and "working conditions" issues. What accounts for this increase? It may be in part due to the changes in the economic realities faced by public accounting firms, but it may also reflect changes in expectations on the part of both female and male new hires about their ideal work environment. Clearly there have always been large numbers of both male and female entry level staff who enter public accounting not intending to seek the partnership, rather for the experience. Public accounting professionals have historically obtained a variety of non-monetary forms of compensation such as professional and technical development, potential to become a partner with the corresponding high compensation, and the possibility to work for former clients after leaving public accounting (Almer, Higgs and Hooks, 2004). If so few professionals now aspire to the partnership and the potential to work for former clients has been restricted by the Sarbanes-Oxley Act, have firms considered how they will replace the value of these previously available forms of compensation? An obvious potential solution is to consider the relationship between monetary compensation and retention. The AICPA study reports firms say about 1/3 of professionals cite monetary compensation as a factor in exit interviews. Other

research (Hooks and Thomas, 2002) suggests that professionals believe they are giving more than they are getting. At what salary level would professionals stay despite the pressure, long hours and less than optimal environment? This is an empirically testable question that has yet to be explored by researchers. The outcome of this research would have high practical value to firms.

The 2006 AICPA survey also indicates a gap in perceived fairness in the promotion process between partners and those not yet at partner rank. Fewer than half of non-partners think the promotion process is fair. Despite a well-developed body of literature on fairness in management (see Cohen-Charash and Spector, 2001; and Colquitt, Conlon, Wesson, Porter and Ng, 2001 for a review of this literature), this issue has not been researched within accounting firms. This is important to retention since fairness is linked to job satisfaction and turnover. One component of the *equity principle* from the *theory of fairness* (see Konow 2003) postulates that individuals' perceptions of fairness are based on proportionate inputs. The nature of the public accounting work environment (and audit in particular) makes it difficult for co-workers to directly observe inputs. Perhaps this problem underlies the perceived need to put in "face time". Flexible work arrangements, telecommuting and other policies aimed at helping employees who need more time to meet non-workplace demands, further limit the visibility of employee inputs. Research is needed to help identify whether this is indeed a problem for firms and, if so, what can firms do to mitigate the problem. The AICPA report also suggests that there may be an additional dimension of fairness related to gender, as for example, female partners were slightly more likely than male partners to believe technical skills and political positioning affected the promotion process (see also Wooten 2001). Taking time out to juggle work and family must inevitably require some sacrifices in time spent in the office interacting with peers and superiors and time devoted to technical training (Cohen and Single 2001). Does this result in a heightened perception among women that the deck is stacked against them?

As mentioned earlier, firms have been expending considerable effort to retain more women, in part through offering alternative career paths or schedules. How has this focus affected the culture in public accounting? Is it improving the work environment for all, or is it merely fostering a different gender division that policies such as flexible work arrangements were intended to mitigate? For example, Johnson, Lowe and Reckers (2008) found that among managers and partners of Big 4 firms, there is a perception that alternative work arrangements are not consistent with the culture, and that their perceptions of professionals taking advantage of them are different for men and women. They found that men were viewed more negatively than women, which conversely implies that the need for such accommodations is considered a "women's" issue. The 2006 AICPA research report shows that women are disproportionately represented among the ranks of part-time and non-partner track professionals in public accounting. While these options may be good for women individually, we must question whether this system is fostering a two-class system. Is the "Mommy track" becoming an accepted part of the organizational culture, and is it sending a signal to new entrants that the full-time partner track is not an option when combined with a family? And for men, are these alternative schedules and career tracks being perceived to be for "women with children" and therefore are not considered a viable option to leaving the firm? Firms will need to give serious consideration to the issue of organizational structure and employee perceptions of status if they want to retain talented professionals seeking better work-life balance.

Why do part-time and/or non-equity top level professionals remain in these positions that are somehow different from a full-time “up or out” job? What aspect of the job has changed that makes it appealing? We do see that this is happening, particularly with women. For example, is it possible to retain a high profile but smaller client base? Does the work become more mundane and predictable which reduces the pressure? There is also anecdotal evidence that women are increasingly opting for non-equity (i.e., principal or director) rather than equity partnership positions. Is it the reduction of financial risk and associated stress that makes non-equity partner or “career senior/manager/senior manager” status more attractive? What sorts of roles do these people play in the firm, and where can they be used most effectively to maximize personal and firm success? How do firms manage access to training and mentoring for these people? And finally, why do these individuals stay in these alternative positions, typically at lower compensation, rather than seek employment outside of public accounting? Could it be that in today’s environment public accounting really has succeeded in restructuring positions that are more workable for individuals interested in better balance between work and home demands? Research may yield insights into how firms can restructure the work environment, expectations and demands to keep more talented professionals for the long-term as opposed to merely postponing their departure from public accounting.

One example of a change to the workplace culture would be the option of “part-time” equity partnership. An inability to appropriately structure compensation contracts has been cited as a reason to keep reduced hours professionals in non-equity senior level positions (Almer, Single and Lightbody 2010). Yet there are reports that some firms have been able to make this leap. How many firms have actually created part-time equity partner positions? Have they been successful and how are they viewed by the part-timers and their colleagues? Survey and interview research is needed to answer these questions and to provide insights to other firms who might wish to move in this direction.

Clearly the research studies that have been conducted and/or sponsored by the Women’s Initiatives Executive Committee have motivated a wealth of research and raise additional important questions. The committee will continue to develop benchmarking data on the advancement of women in the profession, to encourage research in this area and to provide forums for debate and discussion. Recently the committee announced an academic research grant opportunity and launched a LinkedIn discussion group for AICPA members with an interest in issues related to women in the profession. The 2010 benchmarking survey results will be published in the near future. All of these activities will be a rich resource for practitioners and researchers who are interested in increasing the visibility and advancement of women in the profession.

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Studies that were supported by the AICPA WIEC Research Facilitation Grant Program:

Almer, E.D. and Kaplan, S.E. 2002. The Effects of Flexible Work Arrangements on Stressors, Burnout and Behavioral Job Outcomes,” *Behavioral Research in Accounting* 14, 1-34.

Almer, E.D., Cohen, J.R. and Single, L.E. 2003. Behavioral Determinants that Affect Perceived Career Success of Flexible Work Arrangement Participants: the Non-Big Five Experience, *Auditing: A Journal of Practice and Theory* 22 (1), 1-23.

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Johnson, E.N., D.J. Lowe, and P.M. Reckers. 2008. Alternative work arrangements and perceived career success: Evidence from international public accounting firms. *Accounting, Organizations and Society* 33(1): 48-72.

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