

Accounting

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Climb to Reach Diversity Goals

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- No marked improvement in advancing women, minorities to partner
- Non-Hispanic white males hold lion's share of partnerships

By [*Steve Burkholder*](#)

Accounting firms still have their work cut out for them in meeting their diversity goals for partnership positions.

The firms are not seeing significantly more women and more members of underrepresented minority groups in those top-tier positions, according to Bloomberg BNA interviews with accountants, academics and diversity-leadership groups.

The accounting profession “is doing better than it ever has to advance women,” but females “still comprise only 23 percent of partners and principals,” the Accounting and Financial Women’s Alliance said last fall.

Louise Single, a professor of accounting at St. Edward’s University in Austin, Texas, told Bloomberg BNA that she sees “no real improvement” in the numbers of female CPA firm partners despite many years of efforts.

The trend is “even less encouraging” for African-Americans and Latinos when it comes to their gaining partnerships at accounting firms, Single said.

She co-wrote studies on women in accounting with Elizabeth Dreike Almer, a Portland State University professor, under the auspices of the American Institute of CPAs, the biggest group of public accountants in the U.S.

The president of the Financial Accounting Foundation pointed out that African-Americans and Hispanics-- who together make up about 30 percent of the U.S. population--numbered four percent of all CPA partners, according to a 2013 AICPA report. The foundation is the parent group of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. FAF President Teri Polley called the low numbers a critical matter.

Firms Want Diverse Employees.

The Big Four and other accounting firms have often spotlighted their commitment to more inclusion seeking a mix of gender, ethnic and racial diversity, and, increasingly, of sexual orientation.

More diversity makes good business sense, especially in view of changes in U.S. demographics and in the customer base that accountants and auditors serve, advocates in diversity say.

Two Women Lead in Big Four.

Firms, however, have made important strides, according to many accounts. The U.S. operations of two of the accounting giants, Deloitte LLP and KPMG LLP, are headed by women--Cathy Engelbert at Deloitte and Lynne Doughtie at KPMG.

In citing their recruitment efforts, accounting firms stress the relatively large proportions of women and minority group members in their batches of new hires--particularly those made right out of college--and in the classes of new partners.

Reluctant to Provide Partner Figures.

However, substantial advances in having more women as partners have proven elusive.

Many, but not all accounting firms, demur or decline politely when asked for figures on how many women and African-Americans, Hispanics or Latinos and other underrepresented minority group members hold coveted partner slots today.

Leaving in 'Droves.'

Recruitment of new CPAs has contributed to increased diversity at the biggest firms, especially for female hires. More than 50 percent of new graduates from college and university accounting programs are women.

At Ernst & Young LLP, 38 percent of campus hires are members of minority groups, Armando Diaz, an EY spokesman who works to make diversity and inclusion issues a higher priority, told Bloomberg BNA earlier this month.

However, about seven to 10 years into the careers of female and minority-group CPAs, many of them leave their Big Four or other large employers for better opportunities, according to interviews.

Women are leaving large firms "in droves" according to that timetable, said Joanne Cleaver, representing the Accounting MOVE project. This may coincide with child-bearing years, and women's decisions on building a family as they also try to build a career,

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Joanne Cleaver, Accounting MOVE

"The larger the firm, the bigger the retention problem," Cleaver said. "The key stat is that the proportion of women drops by 50 percent from senior manager to partner."

The Accounting MOVE project--sponsored by the Accounting & Financial Women's Alliance, the American Woman's Society of CPAs and accounting firms CohnReznick LLP, of New York, and Moss Adams LLP, of Seattle--collects survey data from CPA firms in advancing gender diversity in accounting.

James Johnson, a professor at the University of North Carolina's business school, said "around eight years" at a firm appears to be a critical marker in the careers of CPAs who are from underrepresented minority groups. At about that time, they either stay, and seek to overcome challenges to upward mobility, or leave.

'Gradual Increase' in Female Partners.

“There is a gradual increase, year by year,” in the number of female partners at accounting firms, said Ericka Harney, executive director of the Accounting & Financial Women’s Alliance (AFWA). However, the number of female partners at CPA firms “pales by comparison to the male population” of partners, she said.

The smaller the firm, the higher the proportion of female partners, according to statistics collected by the Accounting MOVE project and the AICPA.

At the Big Four, the proportion of female partners is lower than the national average percentage reported by the AFWA, according to publicly available statistic--and items of anecdotal evidence, some of which are several years old.

At the top quartet of U.S. firms--Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers--the percentages of women in partnership jobs have been reported to be at most 20 percent for each firm, according to the slim amount of open-source data.

At PwC, for example, women made up 20 percent of partners, the Chicago Tribune reported in July 2016, based on an interview with the person who had just completed a stint as the firm’s diversity director. In addition, 30 percent of the new partner class was female, the newspaper reported.

In mid-2016, PwC also reported that 12 to 14 percent of partners are members of racial or ethnic minority groups.

Of the 223 people making up PwC’s 2016 class of freshly-minted partners, 44 percent are “women and minority,” according to a firm spokeswoman. When asked for a further splitting out of that percentage, a firm spokeswoman told Bloomberg BNA that PwC doesn’t break down its statistics by minority group or percentage of female partners.

Lack of Progress on Racial/Ethnic Front.

The lack of significant forward movement is more pronounced when it comes to increasing racial and ethnic diversity among partners at CPA firms, according to interviews and available statistics.

The AICPA also reported in 2013 that applications by members of minority groups to accounting programs at colleges and universities were on the decline--even as the numbers of accounting jobs are predicted to balloon by the year 2020.

Those who follow diversity issues in accounting haven’t seen any clear signals that that situation has changed significantly over the last three years.

Among all accountants and auditors employed by U.S. accounting firms, companies and government entities in 2016, including tax preparers, 61.3 percent were women; 8.5 percent were African-American; 10.9 percent were Asian; and 9.0 percent were Hispanic or Latino, according to data collected by the U.S. Bureau of Labor Statistics.

Causes to Exit.

While recruiting women and underrepresented minorities, accounting firms strive to offer more flexible, family-friendly work schedules and various benefits that could help retain and advance CPAs who are female or members of minority groups.

However, advocates of gender diversity in particular say that when women actually use those benefits, they

effectively are penalized with less desirable assignments or stigmatized in ways that have been associated with the so-called “mommy track.”

“A lot of firms and companies have great benefits for their women and all of their employees,” Danielle Supkis Cheek, administrator of the American Woman’s Society of Certified Public Accountants, told Bloomberg BNA Feb. 15.

However, she added, “never forget to make sure these are benefits that actually can be used by your employees” and that they meet their needs.

Jeanette Franzel, a member of the Public Company Accounting Oversight Board, focused in a 2014 speech on changes that she suggested should be considered to address the question of why there are so few women in leadership positions in accounting.

“If women and other talented professionals are leaving public accounting because of conditions such as excessive hours, uncontrollable schedules, unwieldy travel schedules, and lack of viable career paths that are compatible with other life activities, then the solutions to these problems need to be structural and organizational,” said Franzel.

By Steve Burkholder

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