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A Pilot Study on Gender Disparities in the Accounting Profession: Overcoming the Disproportionate Workplace

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Fouche, Laury, "A Pilot Study on Gender Disparities in the Accounting Profession: Overcoming the Disproportionate Workplace" (2013). *Honors Theses*. 60.

<https://dx.doi.org/10.32597/honors/60/>

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Honors Thesis

A Pilot Study on Gender Disparities in the Accounting Profession:
Overcoming the Disproportionate Workplace

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April 1, 2013

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I. Abstract

The public accounting industry was described for many years as the most difficult of all the fields for a woman to break into. Today, female accountants have made significant inroads in a traditionally male-dominated profession. While institutional barriers including informal networks and resistance to organizational changes have thwarted advancement, personal factors such as confidence and family considerations have also influenced the advancement of women's careers. This research project shows that women in public accounting are nearing parity with their male counterparts due to governmental efforts, accounting firm initiatives, and individuals' determination to attain upper management positions.

II. Introduction

As an accounting major with an interest in workforce trends, I elected to research the disparities that exist within the accounting profession in relation to the upward mobility of the careers of women versus men. By examining the representation of women at each level of the accounting industry, I hope to answer the question, “Are women advancing at the same rate as men?”

The idea for this research arose from my internships with PricewaterhouseCoopers, one of the four major public accounting firms. Those internships took place June through August, 2011 and those same months in 2012. During my internships, I expected to encounter both women and men at various positions throughout the organization, which was confirmed in my interactions. What I did not expect to see was an abundance of females that were human resource professionals or a significant number of women who were pregnant, returning from maternity leave, or working flexible work schedules. This caused me to question the effects that such decisions had on the career paths of women within the organization and throughout public accounting.

Once the topic for my research was decided, I analyzed the previous research that had been done on this topic. I was faced with a plethora of information on gender diversity, the “glass ceiling,” gender-biased compensation, male versus female styles of leadership, and numerous guides outlining how to navigate the complexities of the business world successfully. Amongst that research, I found limited research that specifically assessed the “glass ceiling” within the accounting profession, thus affirming the importance of pursuing my current research. (The historical context for my research is provided in Appendix B.)

Popularized by Hymowitz & Schellhardt in a 1986 Wall Street Journal Report on the Corporate Woman, the term “glass ceiling” was described as “an invisible – but impenetrable

– barrier between women and the executive suite, preventing them from reaching the highest levels of the business world regardless of their accomplishments and merits (6).” Research that specifically assesses the “glass ceiling” within accounting includes: Lydia Bryant’s *What Role Does the “Glass Ceiling” Play for Women in Accounting?* (2004), Louise Single and Elizabeth Almer’s *Research on Women’s Advancement in Accounting* (2011), and Elizabeth Almer, Margaret Lightbody, and Louise Single’s *Successful promotion or segregation from partnership? An examination of the ‘post-senior manager’ position in public accounting and the implications for women’s careers* (2012). Each of these papers includes components on what the authors perceive to be barriers limiting women from advancing such as: skills, ambition, and work/family conflicts.

Single and Almer discuss the findings of studies assessing workforce trends and human capital practices conducted by the American Society of Certified Public Accountants (AICPA). Prior studies in the late-1990s revealed that turnover was high for women in public accounting firms as a result of work/family conflicts. As initiatives to allow for flexible work schedules have arisen, women’s employment turnover has decreased. While recognizing the fact that “women are still not progressing up to higher ranks at the same rate at which they are hired,” Single and Almer note the importance of understanding “to what extent career tracks may be a function of personal choice and gender-related life circumstance” (1, 3).

Through the use of previous research such as Harriet Bradley’s *Men’s Work, Women’s Work: A Sociological History of the Sexual Division of Labor in Employment* (1989) Lydia Bryant concludes in her research that accounting requires a broad knowledge of information systems and women are less technologically savvy (4). She further suggests that the “firm, logical, decisive and unemotional” characteristics that often describe men are better suited for executives (5). In addressing the question of whether women are prepared for top

management, Bryant concludes that 1) “women have not had practice managing men,” 2) “females are not equipped to handle the stress of a very top position” and 3) remaining unmarried is beneficial to career advancement.

Almer, Lightbody, and Single’s research was conducted as an exploratory study that examines the recent increase in the promotion of post-senior managers such as directors/principals rather than partners. They suggest that the creation of an alternate “non-partnership” path poses concern that this position may be another form of a “glass ceiling” for women who are significantly under-represented in the partnership ranks of public accounting. My research serves as an expansion of the work completed by these researchers and is unique in that while it aims at identifying barriers, it chiefly focuses on the perceptions held towards women accountants by both men and women in accounting.

III. Methods

At the core of my research is a self-designed survey (See Appendix) that was administered through Survey Monkey. The survey consists of an exploratory study with a convenience sample. The questions for the survey were constructed using the following formats: true or false, multiple choice, ranking, and questions which could be answered using the Likert-type scale.

The survey instrument was displayed on my LinkedIn profile and other open forums within LinkedIn such as: Big4Accounting Consulting, Women in Business, and Accounting & Finance Professionals. With the exception of the Women in Business forum, all forums had an even distribution of both female and male members, which I hoped would serve to provide an even distribution of responses to my survey. In addition, I recruited participants through recommendations and email solicitation, contacting professionals with whom I had

interacted during my internship. The intended sample for my survey included the entire U.S. network of PricewaterhouseCoopers, Deloitte & Touché, Ernst & Young, and KPMG employees. Unfortunately, I was unable to obtain the participation of these firms due to the sensitivity of the information that I was requesting and time conflicts.

Using LinkedIn as my primary means of solicitation made the survey available to professionals from a variety of backgrounds. LinkedIn is one of the world's largest professional networks on the Internet with members in a variety of countries, working in various industries. In order to ensure that respondents met the criteria for my sample, I described in my solicitation the requirements for participation that included having currently or previously worked within public accounting. Furthermore, to ensure that these requirements were met, respondents were required to answer two questions at the beginning of the survey to assess their eligibility to participate. The first question was, "Are you currently employed by one of the four major public accounting firms?" If they responded that they were not currently employed they were directed to the second question, "Have you ever been employed by one of the four major public accounting firms?" Those who responded positively to either of these questions were allowed to proceed. Others were redirected to the end of the survey.

The survey was pilot-tested with the CPAs at the General Conference Auditing Service (GCAS) of Seventh-day Adventists who were present at the School of Business Career Fair. In addition, it was reviewed by several professors and revised to address their comments. The final version of the survey consisted of a total of 40 questions, with 25 questions of those 40 questions being addressed to all respondents regardless of their gender or position in the firms. The remaining 15 questions were divided into four categories with

questions addressed to: (i) male respondents ranging from associates to directors, (ii) female respondents ranging from associates to directors, (iii) male partners and (iv) female partners.

Participants were asked a series of questions about their perceptions of women within accounting and the barriers, if any, that prohibit women from advancing at the same rate as men. The survey also asked participants to comment on whether they believe the public accounting industry is improving with regards to gender parity. A number of opportunities for participants to provide open-ended responses were given, although few chose to respond. These open-ended questions were provided to help identify issues that may not have been anticipated.

IV. Results

A total of 15 individuals responded to my survey. Of the 15, one respondent was eliminated because of failure to meet the eligibility requirements. The remaining 14 respondents were composed of one male and 14 females ranging from associates to partners. Ethnicities composed of eight Caucasians, two African-Americans, two Asians, one Pacific Islander, and one respondent was self-identified as Arabic. Marital statuses revealed four married individuals, nine unmarried, and one divorced individual. For the purposes of analysis, the male response was not included.

Once gathered, the information was analyzed through SPSS and Excel. SPSS is a computer program commonly used for statistical analysis. This allowed me to cross-tabulate the data to assess the responses of participants based on their position to determine if their age, gender, ethnicity, or proximity to upper management influenced their responses. Based on the sample size calculating the significance of responses was not appropriate. A test of significance would have been justifiable with at least 50 responses, as this would allow for

further variability and comparison. With the limited responses, analysis was completed through the use of content analysis, frequencies, and percentages.

It was found that respondents primarily did not see a disproportionate ratio of women to men within public accounting.

Do you perceive that there is a disproportionate ratio of women to men within public accounting?			
Position	Yes	No	Total
Associate/Senior Associate	2 33.3%	4 66.7%	6 100.0%
Manager/Senior Manager/Director	2 40.0%	3 60.0%	5 100.0%
Partner	0 0.0%	2 100.0%	2 100.0%
Total	4 30.8%	9 69.2%	13 100.0%

Of the total responses, four respondents determined that there was a disproportionate ratio of women to men within public accounting. Most of the four found that this disparity did not exist in the early positions of associates and senior associates. However, as positions neared upper management respondents identified that there appeared to be fewer women than men.

How apparent is the gender imbalance at each of the following position levels?				
Answer Options	Very apparent	Somewhat apparent	Not very apparent	Not at all apparent
Associate	0	0	1	3
Senior Associate	0	0	1	3
Manager	1	0	2	1
Senior Manager	1	2	1	0
Director	1	3	0	0
Principal	2	2	0	0
Partner	4	0	0	0
Specialist	1	2	1	0
Senior Partner	4	0	0	0
Managing Partner	4	0	0	0
Executive Leadership	4	0	0	0

Most respondents agreed that the length of time it takes women to reach top management exceeded the time that it took men to reach top management.

Do you believe that the length of time that it takes women to reach top management is longer compared to men?		
Answer Options	Response Percent	Response Count
Yes	61.5%	8
No	38.5%	5

Those who answered this question positively commented that it generally took women three to five years longer than men to reach upper management. In order to assess the influence of gender in comparison with other factors in contributing to gender imbalances in public accounting, respondents were asked to choose the top three factors that significantly hindered a person's potential for advancement amongst options ranging from ethnicity, social class, gender, motivation, education, etc. Lack of motivation, family considerations, and personal habits were selected the most as factors hindering a person's potential for advancement, causing the length of time it takes women to reach top management to increase.

Please check the three most significant factors that hinder a person's potential for advancement.		
Answer Options	Response Percent	Response Count
Race or ethnicity	23.1%	3
Social Class	7.7%	1
Gender	15.4%	2
Lack of motivation	84.6%	11
Certification gap (other than the CPA)	7.7%	1
Educational gap	7.7%	1
Specialization gap	30.8%	4
Family considerations (i.e. child-care accommodations)	46.2%	6
Personal habits (i.e. too emotional, too bossy, etc.)	69.2%	9
Appearance (i.e. unprofessional, unkempt)	23.1%	3

Using the cross tabulation tool in SPSS, I cross-examined the position of the respondents versus their desire to attain top management positions. The majority of respondents noted that they did not aspire to become a partner.

To what extent do you aspire to become a partner within your firm?			
	A great deal/moderate amount	A little	Not at all
Associate/Senior Associate	1 16.7%	2 33.3%	3 50.0%
Manager/Senior Manager/Director	2 40.0%	1 20.0%	2 40.0%

In an open-ended comment, one of the respondents noted, “I don't believe they [women] think they can do it. I think they believe that their case is so special that there is no way that they can get farther than manager. I think young women are afraid to speak up and let people know what kind of environment/flexibility would be needed for her to be able to continue on in her career. If people are not made aware, then provisions, if any, cannot be made. People these days are willing to do what it takes to keep the high performers and help them succeed.”

To ensure that women have the type of work environment that is needed to allow them to succeed, accounting firms have implemented a variety of initiatives to attract and retain women. PwC’s Full Circle program allows people to stay connected with a PwC coach and various training opportunities while separated from the firm for an extended period of time. This helps to minimize the difficulties of transitioning back into the firm when they choose to return. Ernst & Young’s Career Watch program focuses on the development of high performing women managers by giving them access to opportunities that will prepare them for positions as partners/principals. Deloitte’s Women’s Initiative (WIN): Living the Lattice focuses on the retention and advancement of women through a variety of efforts including nationally led workshops on the distinctive communication and decision-making styles of women. KPMG’s Women’s Advisory Board (WAB) and Network of Women (KNOW) help to increase networking opportunities for women and help women to develop

mentoring relationships. These initiatives all provide the support that enables women to remain within public accounting longer and address the concerns identified as reasons why women leave top management positions.

Respondents suggested that family considerations, desire for greater satisfaction, and retirement consisted of the most reasons why women leave public accounting. However, other factors such as key opportunities, mentorships, and greater recognition also ranked highly.

74. In your opinion, when women leave top management positions what motivates them to do so? [Check all that apply]		
Answer Options	Response Percent	Response Count
Lack of role models	15.4%	2
Exclusion from informal networks	7.7%	1
Not having a sponsor in upper management to create opportunities for them	30.8%	4
Retirement	53.8%	7
Inability to overcome pressures of top management	0.0%	0
Family considerations	69.2%	9
Personal achievements	30.8%	4
Additional opportunities (i.e. more recognition)	30.8%	4
Odds of getting ahead appear too daunting	7.7%	1
Desire to pursue greater satisfaction across all parts of their lives	61.5%	8

V. Conclusion

Overall, the responses demonstrated that respondents believed that women were equally effective as leaders and that the representation of women and men was approaching parity. It can be gathered that women generally take longer than men to matriculate to upper management for a variety of reasons, but they are attaining upper management positions. If firms are to continue to improve the progression of their women they must tailor their initiatives to address the concerns that rank highly with women including: family

considerations, access to key opportunities, mentorships, and greater recognition.

Addressing the desirability of upper management will be especially important.

Emphasizing the progression of women is often questioned as not all individuals see its importance. The argument for the emphasis of diversity by gender mirrors that of all diversity and inclusiveness initiatives. When employees tend to fit a certain mold, they tend to think the same. With the growing nature of this global economy and the complexities that accountants are facing it is of utmost importance that employees provide differing viewpoints to maintain a competitive edge. Furthermore, as the clients that public accounting firms serve become more global, the expectation that accounting firms are equally diverse increases, thus making the case for advancing women in the workplace.

VI. Discussion

The strengths of my research include its scope and relevance to current workforce dynamics. The connections that I was able to call upon due to my interactions during my internships were also beneficial, as these participants comprised the majority of my respondents. Lastly, the expertise of experienced professionals in Quantitative Analysis, Accounting, and English helped to clarify and strengthen my research process and strengthen my thesis.

The limitations of my research that skew my results include the use of a convenience sample; this significantly reduced the number of responses that I received. Due to the limited number of respondents, my results cannot be generalized to speak for the totality of public accounting. While the survey was made available to a wide range of participants, the ultimate decision of the individuals who elected to participate may be due to their strong positions on

this topic, thus compromising the results. This is most evident in the high percentage of female respondents in comparison with male respondents.

Additionally, participants were not asked to disclose the firms that they were employed by; this was decided in an effort to increase my response rate. While this decision preserved the privacy of respondents and avoided openly targeting any public accounting firms, asking participants to disclose their respective firms would have served as an additional subject for analysis. Additional questions that arise as a result of my research include:

- How do the firms differ from each other in their inclusion of women in upper management positions?
- What causes women to view upper management positions as undesirable?

For future study, I would recommend that researchers try to obtain the participation of firms directly as this will serve to expand the scope of the research and generate access to a much larger sample of respondents.

I. Appendix

A. Survey

1. Are you currently employed by one of the four major public accounting firms?
2. Have you ever been employed by one of the four major public accounting firms?
3. What is your gender?
4. Which of the following best describes your current position?
5. To what extent do you aspire to become a partner within your firm?
6. How would you classify your ethnic background?
7. What is your marital status?
8. Do you have children or plan to have children while employed by your current firm?
9. Do you perceive that there is a disproportionate ratio of women to men within public accounting?
10. How apparent is the gender imbalance at each of the following position levels?
11. How important is it to address the gender imbalance within public accounting?
12. What factors do you believe hinder a person's potential for advancement?
13. Do you believe that gender influences a person's potential for advancement?
14. Please check the three most significant factors that hinder a person's potential for advancement.
15. Overall, when assessing the effectiveness of women leaders in public accounting compared with men, which of the following do you believe is true?
16. Which of the following factors has the greatest influence on the effectiveness of women as leaders?
17. Which, if any, of the following do you believe hinder women from reaching top management within public accounting?
18. Which of the following characteristics best describe male leaders within your organization?
19. Which of the following characteristics best describe female leaders within your organization?
20. Do you believe that the length of time that it takes women to reach top management is longer compared to men?
21. How much longer?
22. Overall, how would you describe the length of time women remain within top management positions in comparison to men?
23. In your opinion, when women leave top management positions what motivates them to do so?
24. Has the ratio of men to women within public accounting improved within the last five years?
25. Please share any additional information that you believe will be pertinent to the research of the "glass ceiling" within public accounting.

Questions addressed to Men:

26. How comfortable would you feel having a female supervisor?
27. Do you believe that family-friendly policies and flexible work arrangements are biased in favor of women?
28. Do you believe the following statement is true or false: "Men are sociologically conditioned to be supervisors."

Questions addressed to Women:

29. Does your firm have family-friendly policies beyond what is required by the Family and Medical Leave Act?
30. To what extent did the family-friendly policies influence your selection of this firm?
31. Do you believe that family-friendly policies and flexible work arrangements are biased in favor of women?
32. Which of the following best describes your colleagues and/or supervisors attitudes towards the adjustments that women request for child-rearing?

Questions addressed to all partners:

33. How many years did it take you to make partner at your firm?
34. How many years have you been a partner at your firm?
35. What is your highest level of education attained?
36. Was your career advancement continuous or did you take time off for personal development, child-rearing, etc.?
37. What do you believe were the greatest hindrances in your partner selection process?
38. What do you believe were your greatest assets in your partner selection process?

Questions addressed to Female Partners:

39. What advice would you give to other women who are considering applying for the partner selection process?
40. What do you believe is the cause of the large number of female new hires in comparison with the relatively small number of female new partner admittances?

B. Historical Context

Beyond simply representing the disparities that exist in the public accounting industry, the issues relevant to my research are a part of the historical context of women's part in of U.S. history. Women have historically been underrepresented in US labor history. It was not until in the 19th century that women began to enter the workforce in larger numbers. Landmark legislation that began to create better opportunities for working women included: Fair Labor Standards Act of 1938, The Equal Pay Act of 1963, and The Civil Rights Act of 1964. The FLSA of 1938 introduced a maximum hour workweek, established a minimum wage, and guaranteed overtime pay. Providing further amendment to this legislation was The Equal Pay Act of 1963, which prohibited discrimination on account of gender in the payment of wages. The Civil Rights Act of 1964 also provided further opportunities by outlawing the discrimination of women and established the Equal Employment Opportunity Commission. Despite these legislations there remained ambiguities in compliance with such laws. Such laws have been reorganized and revised multiple times to reflect the needs of current employment

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