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# The Relation between Perceived Treatment Discrimination and Job Satisfaction among African-American Accounting Professionals

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**SYNOPSIS:** This study examines the relation between perceived treatment discrimination and level of job satisfaction among African-American accounting professionals. Results of a survey of accounting graduates of a Historically and Predominantly Black University (HPBU) suggest a significant relation between these two factors. Unstructured interviews with African-American partners and managers in major accounting firms further support this finding. We conclude that although the profession actively recruits African-Americans, once inside the firm there continues to be diversity issues that need to be addressed. Not unexpectedly, survey results indicate that the majority of respondents who are most dissatisfied do not intend to remain in the profession.

Evidence from the study also suggests a positive relation between percentage of African-Americans in the firm and job satisfaction. In addition, written comments from respondents and interviews with African-American practitioners indicate that ethnicity remains an issue in the workplace. Accounting firms are attempting to address this issue through mentoring and diversity training.

**Key Words:** Job satisfaction, Discrimination, African-Americans, Retention.

**Data Availability:** The survey data are available from the authors upon request. The remaining data are from public sources identified in the text.

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## INTRODUCTION

This study examines the relation between treatment discrimination and level of job satisfaction among African-American accounting professionals. In his review of the job satisfaction literature, Spector (1997) concludes there is sufficient support of a causal relation between job dissatisfaction and turnover. A study conducted by the American Institute of Certified Public Accountants (AICPA 1995a) indicates a disproportionate amount of turnover among African-American accounting professionals. Turnover among minority accounting professionals is particularly problematic for both corporations and public accounting firms. It not only represents lost resources in the hiring and training of these employees, but it could also indicate a lack of compliance with federal legislation if the employee left due to discriminatory practices.

Discrimination in the workplace involves both *access* and *treatment* discrimination. Unlike "access discrimination" which prevents members of a minority group from entering a given profession, "treatment discrimination," according to Greenhaus et al. (1990, 64), "represents a situation in which the treatment of employees is based more on their subgroup membership than on their merit or achievements." Through the efforts of such organizations as the American Institute of Certified Public Accountants (AICPA), the National Association of Black Accountants (NABA), programs such as LEAD and INROADS,<sup>1</sup> and initiatives of professional accounting firms and the academic community, the number of minorities seeking to enter the accounting profession has increased substantially over the last three decades. However, once inside the door, anecdotal evidence (e.g., Texaco) suggests that the minority professional is frequently subject to *treatment* discrimination.

A survey research design was used to test for evidence of perceived treatment discrimination against African-American accounting professionals. A questionnaire was sent to graduates from a prominent Historically and Predominantly Black University (HPBU) who were undergraduate accounting majors. In addition, to increase the validity of the findings, unstructured interviews were conducted with African-American partners in the then Big 6 accounting firms. The results of the study provide evidence of a relation between job dissatisfaction and perceived treatment discrimination among African-American accounting professionals, while controlling for other variables identified in the literature associated with job satisfaction (e.g., promotion opportunities, salary). Our findings are independent of whether an accounting firm, a corporation, or the government employed the African-American. Not unsurprisingly, our results also indicate a significant association between level of job satisfaction and intent to remain in the accounting profession. However, the lack of a control group (e.g., whites, Hispanics) limits the contribution of this study.

<sup>1</sup> LEAD (Leadership, Education And Development) is a program sponsored by members of the accounting profession (e.g., KPMG Peat Marwick) and the corporate community (e.g., Campbell Soup, MCI, PepsiCo). The program selects minority high school students on the basis of academic accomplishment and potential. These students are invited to spend one month attending special programs at one of 11 top U.S. business schools (e.g., Columbia University, Dartmouth College, University of Pennsylvania) between their junior and senior years. In existence for approximately 25 years, the program has been extremely successful in attracting minority students to business. A second program, INROADS, targets college as well as high school minority students. The mission of INROADS is, according to its literature, "to develop and place talented minority youth in business and industry and prepare them for corporate and community leadership." Since its inception in 1970, the organization has arranged internships for over 6,000 high school and college students in over 932 client corporations. The organization has received numerous awards including the LIFT Award from the U.S. Department of Labor.

In spite of the limitations of the study, the findings do contribute to the literature at several levels. First, the profession's inability to retain certain minority groups, specifically African-Americans, given the resources expended in the form of scholarships, mentoring and professional development programs is an issue that needs to be addressed. Identifying the primary causes of job dissatisfaction among professional African-Americans in accounting will assist employers in improving the work environment for this minority group. Second, although the focus of this study is the accounting profession, the findings provide insight and possible parallels to African-Americans in other fields and to minorities in general.

The remainder of the paper is organized as follows. The second section provides background for the study. It includes theoretical considerations regarding job satisfaction and a historical perspective of the African-American in accounting. The third section presents the research design and development of the test instrument. The fourth section discusses the results of the study and includes a sample of programs and initiatives that are currently in place in some of the major accounting firms designed to address the diversity issue. The paper concludes with a summary of the findings and suggestions for further research.

## BACKGROUND

### **Theoretical Considerations**

Process theories are generally used to explain job satisfaction (see Campbell et al. 1970). These theories relate the job to the employee's needs, values, and expectations to determine the level of satisfaction. Job satisfaction has been found to be related to elements of the job itself (content or intrinsic factors), and/or to elements in the work environment (context or extrinsic factors). In this study, we focus on context factors since we expect to find the greatest disparity among firms in this area and, by extension, the greatest opportunity for distinguishing among various levels of job satisfaction. Studies (e.g., Gruneberg 1979) identify an association between job satisfaction and the following factors: (1) pay, (2) promotion, (3) supervision, and (4) organizational climate. These four factors, described in greater detail below, are considered to be among the most important in the relation between job satisfaction and the work environment. In this study, we examine the relation between job satisfaction and treatment discrimination, while controlling for context factors.

### **Context Factors**

Pay is recognized as being an essential component of job satisfaction (Gruneberg 1979). In general, pay represents more to the employee than just the acquisition of material goods. Wernimont and Fitzpatrick (1972) find that money has a great deal of symbolic value, often acting as an indicator of recognition and achievement. The second context factor identified, promotions, serves a similar function. As with pay, promotions can be seen as a measure of job success.

The third factor, the relationship of the employee with his or her supervisor, is important in determining job satisfaction in general. However, it is particularly significant if the supervisor is not a member of the same minority group as the employee. Supervisors frequently have considerable input in decisions concerning promotions, job assignments, and pay for an employee. Greenhaus et al. (1990) find that African-American managers receive lower ratings from their supervisors on job performance and promotion considerations. As a result, the minority managers

are more likely to experience lower levels of career satisfaction. Greenhaus et al. (1990) use this finding to illustrate treatment discrimination. This form of discrimination occurs when subgroup (i.e., minority) members receive fewer rewards, resources, or opportunities on the job than they legitimately deserve on the basis of job-related criteria.

Based on their study, Friedlander and Margulies (1969) conclude that the fourth factor, organizational climate, should be viewed as a social and interpersonal phenomenon. The organizational climate incorporates a number of elements including warmth, support, guidance, control, and morale. In addition, this factor also involves the interaction of the employee with his or her peers as well as with supervisors and subordinates.

### **Access Discrimination and the African-American Accounting Professional**

#### ***Integration of the Accounting Profession Prior to the Civil Rights Act of 1964***

Until the Civil Rights Act of 1964, little was done to encourage the African-American to enter the accounting profession. Indeed, Hammond and Streeter (1994) document the extent to which African-Americans were actively excluded from full participation in the field prior to the civil rights movement and the resulting legislation prohibiting employment discrimination. A series of interviews conducted by Hammond and Streeter (1994) with the earliest African-Americans to become CPAs indicate that it was particularly difficult for them to meet the practical experience requirement. No majority (i.e., white) firm would hire them and at the time there were virtually no African-American firms.<sup>2</sup> Hammond and Streeter (1994, 276) note that "the few [African-Americans] who earned their certificates before World War II overcame the barriers...through extraordinary means." For example, in order for one African-American to earn his CPA, he had to move from Kentucky to Indiana because that state did not require experience supervised by a CPA. Those few African-Americans who obtained their CPA certificates faced further difficulties in entering the profession. In addition, they were often denied membership in professional organizations. Hammond (1997) reports that two African-Americans who earned their CPA certificates in 1946 and 1951 were excluded from membership in their state CPA societies until 1970 and 1969, respectively.

#### ***The AICPA Resolution of 1969***

In 1969, the AICPA adopted a resolution to better integrate the profession. Over the past 31 years, the AICPA has committed considerable resources to the following activities: (1) attracting minority students to the accounting profession; (2) assisting minority students to become CPAs; and, (3) encouraging the advancement and retention of minority members within the profession (AICPA 1995b). The Institute established the Minority Recruitment and Equal Opportunity Committee to achieve the objectives stated in the resolution. To date, the AICPA has awarded more than six million dollars in minority scholarships. In addition, it has established an Accounting Scholars Leadership Workshop as well as a mentor program in order to increase the number of minority students entering the profession.

<sup>2</sup> For purposes of this study, a *majority (minority)* firm refers to companies in which over (less than) 50 percent of the professional employees are white.

### **Minority Accounting Majors**

Through the combination of scholarships and special programs offered by the AICPA and many other organizations (e.g., NABA, INROADS), there has been a substantial increase in the number of all minority students selecting accounting as their major field of study. In 1994, 23 percent of accounting graduates with either a bachelor or master's degree were minority students. This figure is only slightly below the 25 percent of minorities in the U.S. population as a whole and a substantial increase over the 18 percent minority accounting graduates in 1993.<sup>3</sup>

An AICPA study (Daidone 1991) found that 47 percent of African-American undergraduate students are very or fairly interested in an accounting career. By contrast, only 21 percent of Caucasian students expressed the same level of interest. This finding, coupled with the number of minority accounting graduates mentioned above, indicate that efforts by the AICPA and other groups to attract minority undergraduates to careers in accounting have been effective.<sup>4</sup>

### **Placement of African-American Accounting Majors**

Table 1 shows the placement of new accounting graduates with bachelor degrees received in 1994. The results are based on a survey of 863 colleges and universities conducted by the AICPA (1995a). Of those responding to the AICPA survey, 2.4 percent of the 2,369 graduates who entered public accounting are African-American. The percentage of new hires in business, government, and nonprofit who are African-American is substantially higher at 5.1, 6.7, and 7.4 percent, respectively. However, since African-Americans constitute approximately 12 percent of the population in the United States, they are clearly underrepresented as a percentage of new hires.<sup>5</sup>

Considerable effort was made to increase minority hires subsequent to the Civil Rights Act of 1964. However, Hammond (1997) provides evidence based on AICPA surveys from 1977 through 1989 that African-American hires among public accounting firms decreased throughout much of the 1980s. She attributes the decrease to several changes that occurred in this period. First, equal opportunity allowed other previously excluded groups, such as women, older workers, and foreign employees to compete successfully for positions. Second, events, such as the recession in the late 1970s and recent attempts to downsize firms, reduced the number of positions available. Finally, and most significantly, there was a change in the legal environment. In 1978, the United

<sup>3</sup> In its annual survey of college and university accounting programs, the Minority Initiatives Committee (AICPA 1995a, 1) reports the following finding: "A total of 13,929 minority students graduated with accounting degrees, representing 23% of all accounting graduates. Minority accounting graduates were 18% of all accounting graduates for the 1992-93 academic year." No reason is provided to explain this increase. Another "highlight" noted suggests that this percentage will probably increase. According to the survey results, minority students enrolled in accounting programs in the 1993-94 academic year accounted for 29 percent of enrollment in all accounting programs. The report notes that a confidence interval is not possible to compute since the whole population is surveyed so there is no sampling (AICPA 1995a, 22). The sharp increase in minority accounting graduates might reflect the efforts of such groups as LEAD and INROADS as well as the earlier recruiting efforts (i.e., accounting internships offered to students in their junior year) of accounting firms.

<sup>4</sup> One explanation for the disparity between the two groups is that African-Americans are more likely than whites to see accounting as a "step-up." Whites, on the other hand, might aspire to professions requiring advanced degrees, such as those in law and medicine. (We are indebted to a reviewer for this insight.)

<sup>5</sup> According to the *Statistical Abstract of the United States* (U.S. Department of Commerce 1998), African-Americans constituted approximately 12 percent of the U.S. population from 1994 through 1997.

**TABLE 1**  
**Placement of New Accounting Graduates With Bachelor's Degrees**  
**Received in 1994 by Ethnic/Racial Background**  
 (actual number with percentage of total for each ethnic group in parentheses)

Percentage of Total (9,207)	White (87%)	African- American (4%)	Asian- American (5%)	Hispanic (3%)	Others (1%)	Total (100%)
Public Accounting	2,176	56	86	35	16	2,369
Percentage of Total	(91.9)	(2.4)	(3.6)	(1.5)	(0.6)	(100%)
Business/Industry	2,418	137	69	54	14	2,692
Percentage of Total	(89.8)	(5.1)	(2.6)	(2.0)	(0.5)	(100%)
Government	242	19	9	9	3	282
Percentage of Total	(85.8)	(6.7)	(3.2)	(3.2)	(1.1)	(100%)
Nonprofit	161	14	4	7	2	188
Percentage of Total	(85.6)	(7.4)	(2.1)	(3.7)	(1.1)	(100%)
Other Areas	161	11	22	2	1	197
Percentage of Total	(81.7)	(5.6)	(11.2)	(1.0)	(0.5)	(100%)
Graduate School	564	19	47	42	17	689
Percentage of Total	(81.9)	(2.8)	(6.8)	(6.1)	(2.5)	(100%)
Unknown	2,339	115	194	84	58	2,790
Percentage of Total	(83.8)	(4.1)	(7.0)	(3.0)	(2.1)	(100%)

Based on the results of a survey conducted by the AICPA (1995a) of 863 colleges and universities offering accounting degrees at the Baccalaureate, Master's or Ph.D. level. The overall response rate for the survey was 53 percent.

States Supreme Court ruled in a reverse discrimination case that a white male had been unjustifiably denied admission to the University of California, Davis' Medical School. The action was due to the university's policy of reserving several places in each class for minority applicants. This court decision contributed to a general attitude in the U.S., which persists today, that too many concessions had been given to African-Americans and other minority groups.

In recent years, the percentage of African-Americans hired as professional accountants has decreased in relation to other gender and ethnic groups. In particular, the number of women and Asian-Americans entering the profession has increased substantially. Today, African-Americans continue to be underrepresented. For example, African-American hires as a percentage of all hires in the accounting profession in 1994 is approximately 4 percent.<sup>6</sup>

#### **Treatment Discrimination and the African-American Accounting Professional**

Although the Civil Rights Act of 1964 legally banned discriminatory practices from the workplace, racial incidents documented in the financial press suggest that

<sup>6</sup> The 4 percent figure is determined based on figures provided by the AICPA (1995a) from a survey of 863 colleges and universities (see Table 1). Of the 5,531 graduates hired for accounting positions by public accounting firms, businesses, government, and nonprofit organizations, 226 (or 4 percent) were African-Americans. The survey results indicate that 10 percent of all new hires were nonwhite.

prejudice and biases continue to exist. Recent events at Texaco and Circuit City provide examples of treatment discrimination. For example, Eichenwald (1996) found that although Texaco had made some improvements in hiring practices, (e. g., since 1989, minority representation increased 4 percent as a percentage of all employees), promotions were considerably slower among minorities. A review of Texaco's employment practices by the Department of Labor in early 1996 identified the following incidents of racial prejudice. The events are particularly relevant to this study since they involve accounting and finance minority professionals. In the controller's department, members of minorities had to wait far longer than whites for promotions to similar positions. For example, minorities seeking a promotion to assistant accounting supervisor had to wait 15 years as compared with 9.8 years for white employees. Additional findings of the Department of Labor's evaluation of the controller's department also revealed that minorities were more likely than whites to receive evaluations that would not be helpful to their career. Of 53 randomly selected highly rated evaluations examined, only one minority-group employee was represented. Evidence of racial bias at Texaco, according to Kaufman and Markels (1996, B1), "simply confirms what African-Americans have long suspected: Racism and prejudice are endemic in corporations."

Several reasons have been proposed to explain discrimination in the workplace. Both Hammond (1997) and Graves (1997) attribute it to a more conservative political climate that has created a backlash against equal opportunity. In addition, Graves (1997) suggests that African-Americans might make Caucasians feel uncomfortable. He notes that "people like to work with those they are comfortable with. In a white-dominated business environment, that elementary bit of human nature can make it difficult for African-Americans who don't have the ability to put whites at ease" (Graves 1997, 34). Thomas (1990) identifies a classic cycle in attempting to integrate women and minorities in formally all-white male firms. He describes a cycle that begins with recruitment and confidence followed by disappointment, embarrassment, crisis, and more recruitment. He elaborates as follows:

And so the cycle repeats. Once again blacks, Hispanics, women and immigrants are dropped into a previously homogeneous, all-white, all-Anglo, all-male, all native-born environment, and the burden of cultural change is placed on the newcomers. There will be new expectations and a new round of frustration, dormancy, crisis and recruitment. (Thomas 1990, 112)

Due to the possibility of legal action, treatment discrimination is rarely overt. Nonetheless, discrimination can take several forms in an organizational setting. At one extreme, there is exclusion of the individual from business and social activities. At the other extreme, coworkers and superiors are excessively solicitous in their dealings with a minority member in an effort to appear unprejudiced. This second approach frequently leads to a lack of corrective guidance that negatively affects professional development. Although the second type of reaction is clearly preferable to the first, both approaches suggest the recipient is being considered primarily as a member of a particular ethnic group rather than as a professional. The focus on ethnic membership rather than professional achievement heightens a minority member's feeling of "not fitting in." Regardless of the form that treatment discrimination takes, it most likely makes it more difficult for the minority professional to find satisfaction within the work environment.

While African-Americans are not well represented in the percentage entering the accounting profession, they are even less well represented as a percentage of those *remaining* in the profession. Table 2 presents information regarding minority representation in public accounting, the percentage of minority CPAs, and the number of minority partners in CPA firms. Asian-Americans constitute the largest of the ethnic minority groups who are professionals (4.5 percent), CPAs (2.7 percent), and partners (2.1 percent). Hispanic-Americans are slightly above African-Americans in number of professionals employed (2.0 percent vs. 1.8 percent), CPAs (1.4 percent vs. 0.9 percent), and partners (1.2 percent vs. 1.1 percent).<sup>7, 8</sup>

At the time of the AICPA resolution in 1969, only 150 or 0.15 percent of the more than 100,000 CPAs were African-American (Mitchell 1969). In spite of almost three decades of effort to increase their representation, currently only 1 percent of CPAs are African-American. Furthermore, although African-Americans represented 1.8 percent of professionals in accounting firms in 1994, this minority group constituted 11 percent of all professionals in public accounting who were terminated or resigned in that year (AICPA 1995a). Apparently, the AICPA objective of increased representation and retention of minorities in the profession has not yet been realized for the African-American.<sup>9</sup>

<sup>7</sup> Asian-Americans represented 32 percent of minority accounting graduates in 1994 and accounted for 50 percent of those hired by all CPA firms and 52 percent of those hired by majority CPA firms. Hispanics constituted 20 percent of minority accounting graduates and represented 19 and 20 percent of new hires for all and majority CPA firms, respectively. Other minorities represented 12 percent of minority accounting graduates and 7 and 6 percent of new hires for all and majority CPA firms, respectively (AICPA 1995a).

<sup>8</sup> The number reported here (0.9 percent) for African-American CPAs is slightly less than the 1 percent reported elsewhere in this study. The AICPA (1995a) data are gathered through a survey of approximately 6,000 CPA firms and sole practitioners affiliated with the Institute. The response rate for 1994 (reported in 1995) was 49 percent. A weighted methodology was used to determine estimates from nonresponding firms. Whereas the 1 percent is the actual number of African-American CPAs, the 0.9 percent is an estimated figure based on survey results.

<sup>9</sup> As a basis for comparison, in 1994 African-Americans comprised 12 percent of the population yet only 1.8 percent of professionals in CPA firms. On the other hand, Hispanic-Americans comprised slightly less of the general population (10 percent) and 2 percent of professionals in CPA firms; and while Asian-Americans constituted only 3 percent of the population, they represented 4.5 percent of the professionals in CPA firms. (Population statistics are provided by the U.S. Commerce Department [1998]).

**TABLE 2**  
**Ethnic/Racial Background of Professionals Employed by CPA Firms,  
CPAs in CPA Firms, and Partners/Owners in CPA Firms**

	<b>Professionals in CPA Firms</b>	<b>CPAs in CPA Firms</b>	<b>Partners/Owners in CPA Firms</b>
White	233,110 (91.4%)	144,300 (94.7%)	82,250 (95.3%)
African-American	4,603 (1.8%)	1,391 (0.9%)	925 (1.1%)
Asian-American	11,369 (4.5%)	4,091 (2.7%)	1,834 (2.1%)
Hispanic	5,220 (2.0%)	2,095 (1.4%)	1,003 (1.2%)
Other Minorities	813 (0.3%)	443 (0.3%)	323 (0.3%)
Total	255,115 (100%)	152,320 (100%)	86,335 (100%)

Source: AICPA (1995a).



## RESEARCH DESIGN

This study uses a combination of a survey instrument and unstructured interviews to examine the relation between perceived treatment discrimination and levels of job satisfaction for African-American accounting professionals. The test instrument, a questionnaire, was developed based on prior studies (e.g., Reed and Kratchman 1987)<sup>10</sup> and through meetings with African-American practitioners and academics. The questionnaire consists of 53 questions of which approximately one-third request demographic information (e.g., gender, year of birth, marital status). The majority of the questions are designed to determine the relationship between perceived treatment discrimination and level of job satisfaction. Since four context factors (pay, promotion, supervision, organizational climate) have been shown to affect job satisfaction, we include questions related to these areas. Survey participants are queried as to the role discrimination plays *within* each of the four context factors. For example, they are asked whether discrimination is an issue in pay and promotion opportunities.

Pay-related questions address salary and fringe benefits. The respondent is asked, for example, if a low salary was responsible for a job change. Questions related to the second context factor, promotions, involve issues of promotion and advancement (e.g., the possibility of advancement with a present employer). A third set of questions relates to the respondent's supervisor. For example, respondents are asked whether supervisors involve them in the decision-making process. The final set of questions addresses the organizational climate. Included in this group of questions are those related to stress. Due to the substantial increase in African-American females entering the profession, questions related to sexual harassment are also included. As Graves (1997, 113) has pointed out, African-American women face both racism and sexism in the workplace.

The last eight questions in the survey are of a more personal nature and listed as optional. These questions relate to place of residence as a child (urban, suburban, rural); primary caretaker(s) (e.g., father, mother, both parents, grandparents); and financial information. Bauman (1998, 501) notes that "conditions in a person's family of origin have a large impact on his or her social position later in life." In his study examining the effect of family background on educational attainment, Bauman (1998) found several significant factors. These factors include the level of parental education, being raised by other than one's natural parents, and urban or rural residence. Approximately 80 percent of the respondents elected to answer the optional questions. At the end of the questionnaire, space is provided for the respondent to add comments on discrimination, sexual harassment, gender, and stress issues that were not included in the survey. About 50 percent of the respondents provided additional comments.<sup>11</sup>

The format of the questions is varied and includes yes or no responses, multiple choice, and fill-ins. This format reflects suggestions by Kidder and Judd (1986) on special techniques for obtaining information of sensitive content. These techniques

<sup>10</sup> Reed and Kratchman (1987) found a statistically significant correlation between turnover intentions and satisfaction with work, pay, promotions, supervision, and co-workers in the accounting profession.

<sup>11</sup> The last question of the questionnaire is open-ended. It asks respondents to "comment on discrimination, sexual harassment, gender issues, stress issues that you have experienced and that are not covered in the questionnaire." Approximately half of the respondents provided comments. Of these, about 70 percent of the comments concerned *treatment discrimination* with the majority focused on ethnic issues. Gender issues were also mentioned. One individual commented on the difficulty of being an "older hire"; another of being foreign. The remaining 30 percent of the comments were stress related.

include, for example, embedding a threatening behavioral question in a connected sequence of questions.

The questionnaire was pilot tested for comprehensiveness and correctness in an upper-level accounting course at an HPBU. The class consisted of 20 African-American accounting majors. After a review of the test instrument by approximately 15 minority accounting faculty members and administrators from several HPBUs, additional adjustments and changes were made. The revised questionnaire was sent to 630 African-American alumni from a prominent HPBU. The alumni affairs department of the university provided the list that represented all African-American undergraduate students who graduated as accounting majors between 1980 and 1995. Approximately 25 percent of undergraduate business students attending the subject university major in accounting. According to the chair of the accounting department, about 25 percent of each graduating class is hired by the major accounting firms. Currently, the majority of the students are full-time (92 percent) and female (62 percent).

A first mailing generated 157 responses. A second mailing resulted in an additional 80 responses for a total of 237 responses or a 37.6 percent response ratio. Since the focus of the study is the work environment, questionnaires indicating that the respondent was a sole practitioner were eliminated. This criterion reduced the final sample by 24 to 213 respondents.

A test of nonresponse bias was performed to determine if the responses were representative of the total population. This test, for which late responders proxy for nonrespondents (Oppenheim 1966, 34-4), compares the results of the two mailings. Hotellings  $T^2$  is used to test the equality of the multivariate means of the two groups. The results indicate no significant difference between early and late respondents.

## RESULTS

We divide the sample into three groups based on the respondent's answer to level of job satisfaction.<sup>12</sup> Of the 213 respondents, 63 (29.6 percent) are highly satisfied (group 1), 121 (56.8 percent) moderately satisfied (group 2), and 29 (13.6 percent) are not satisfied (group 3). One-way analysis of variance and Scheffe tests are used to determine significant differences between the responses of the three groups.<sup>13</sup> In addition, a logistic regression examines if factors based on the variables determined to be important do discriminate between the most and least satisfied groups.

### Descriptive Statistics

#### Background

As the descriptive statistics indicate (see Table 3), the respondents are part of a very homogeneous group. This is explained in part by their graduation from the same HPBU, which applies a similar set of criteria to all candidates seeking admission. The homogeneity factor controls for other variables that might affect job satisfaction. For example, if the respondents attended a variety of colleges and universities, job

<sup>12</sup> The measure of overall job satisfaction is a one-item scale with three categories. Subjects were asked to indicate whether their level of job satisfaction was "high," "average," or "low." For purposes of this study, *average satisfaction* is used interchangeably with *moderately satisfied*.

<sup>13</sup> Although tests indicate that the sample is basically normally distributed across all variables, nonparametric tests were also performed with results similar to those reported here for the one-way analysis of variance.

**TABLE 3**  
**Descriptive Statistics**

	Level of Job Satisfaction			
	Full Sample	Most Satisfied	Moderately Satisfied	Least Satisfied
Sample Size	213	63 (29.6%)	121 (56.8%)	29 (13.6%)
Gender				
Male	81 (38%)	32 (50.8%)	42 (34.7%)	7 (24.1%)
Female	132 (62%)	31 (49.2%)	79 (65.3%)	22 (75.9%)
Average Year of Birth	1967	1968	1967	1967
Professional Classification				
Public Accounting	44 (20.7%)	15 (23.8%)	23 (19.0%)	6 (20.7%)
Corporate Accounting	136 (63.8%)	38 (60.3%)	84 (69.4%)	14 (48.3%)
Governmental Accounting	25 (11.7%)	7 (11.1%)	14 (11.6%)	4 (13.8%)
Not Specified	8 (3.8%)	3 (4.8%)	—	5 (17.2%)
Marital Status				
Single	149 (70.0%)	46 (72.3%)	81 (66.7%)	22 (75.8%)
Married	64 (30.0%)	17 (27.7%)	40 (33.3%)	7 (24.2%)
CPAs	58 (27.2%)	15 (23.9%)	35 (28.5%)	8 (27.6%)

satisfaction might also be related to differences in academic preparation and intellectual ability.

The typical respondent to the questionnaire is a single African-American born in 1967. Most of the respondents work in corporate accounting positions (63.8 percent) with approximately 20 percent in CPA firms and the smallest percentage (11.7 percent) in government. There were no respondents in public accounting at the partner level. The majority were either staff or senior accountants. Three of the respondents were at the manager level. There is no significant relation between level of job satisfaction and professional classification. In other words, a respondent in a governmental accounting position is just as likely to be dissatisfied as one working in public accounting. Approximately 25 percent of the respondents in each group are CPAs.

The percentages of female (62 percent) and male respondents (38 percent) reflect the current proportion of undergraduates attending the university. The high level of female respondents is also representative of a general trend among accounting majors. The AICPA (1995a) reports that the percentage of females and males enrolled in bachelor's programs in 1994 were 60 and 40 percent, respectively. Tests of the sample indicate a significant association (F-statistic of 3.2403) between gender and job satisfaction for respondents. As the percentage of males decreases in the three groupings, job satisfaction declines (see Table 3). For the most satisfied group of respondents, the percentage of males is 50.8 percent. This percentage falls to 24.1 percent for the least satisfied group. One reason for the higher level of dissatisfaction

among female African-Americans is the possibility of bias, as suggested by Graves (1997), due to both race and gender.

The responses of the three groups to the background questions are generally similar for all levels of job satisfaction (see Table 4). The typical respondent comes from a two-parent home where both parents have completed two years of college after graduating from high school. This level of education was the mean as well as the median attained by the parents of the average respondent.

Although the majority of the least satisfied respondents were raised in urban areas (as compared with the suburbs for the other two groups), this difference is not significant. The only background question that proved to be significant is one related to financial problems. One of the optional questions asked whether the respondent had ever experienced financial problems. Approximately 75 percent or 159 of the respondents elected to answer this question. Of those answering, affirmative answers were given by 49 percent of the most satisfied group. For the other two groups, approximately 68 percent reported having financial problems. This result might reflect differences in salary levels among the three groups. The most satisfied group did not identify low salaries as a major stress-related issue. Only 7.8 percent of this group felt their salaries were low. The percentage increased significantly for the moderately satisfied (18.2 percent) and least satisfied (40.0 percent) groups.

**TABLE 4**  
**Background**  
**One-Way Analysis of Variance (ANOVA) to Determine Differences**  
**among Three Levels of Job Satisfaction**  
**(high, average, and low)**

Variables	Level of Job Satisfaction			F-statistic
	High n = 63	Average n = 121	Low n = 29	
Highest Average				
Educational Level:				
Mother	Associate Deg.	Associate Deg.	Associate Deg.	0.2420
Father	Associate Deg.	Associate Deg.	Associate Deg.	0.9705
Childhood Parent or Guardian <sup>a</sup>	Both parents	Both parents	Both parents	0.5142
Area of Childhood Residence <sup>a</sup> (urban, suburban, rural)	Suburban	Suburban	Urban	1.3809
For the following: yes = 1; no = 2				
Parents Encouraged: <sup>a</sup>				
College	1.039	1.035	1.045	0.0258
Career	1.176	1.106	1.113	0.6832
Financial Problems <sup>a</sup>	1.510	1.314	1.318	2.8511*

\* Significant at .10.

<sup>a</sup> Optional questions.

### Educational Experience

As with background, respondents at all three levels of job satisfaction apparently shared a similar educational experience (see Table 5). There are no significant differences between the groups as to average age at graduation, percentage of those who had internships, method of financing their education, number who subsequently earned M.B.A.s, and whether they would select the same university again assuming they were just beginning an undergraduate program. The only response on which the three groups differ significantly is in one of the possible responses to the question of why they selected accounting as their undergraduate major. For those with the highest degree of job satisfaction, 62.9 percent responded that the selection was due to interest in the subject. The percentage of the moderately and least satisfied groups who were attracted to accounting through interest was 52.5 and 44.8 percent, respectively. This result might be considered in recommending career choices to undergraduate students.

**TABLE 5**  
**Educational Experience**  
**One-Way Analysis of Variance (ANOVA) to Determine**  
**Differences among Levels of Job Satisfaction**  
**(high, average, and low)**

Variables	Level of Job Satisfaction			F-statistic
	High n = 63	Average n = 121	Low n = 29	
Year of College Graduation (Undergraduate)	1991	1991	1990	0.5226
Percentage with M.B.A. Degree	9.5%	15.0%	18.0%	0.4107
Reason(s) for Selecting Accounting as an Undergraduate Major				
Interest	61.9%	53.0%	45.0%	4.3979***
Salary	20.6	20.0	14.0	0.6575
Prestige	6.5	6.0	10.0	0.1689
Employment Opportunities	62.9	49.0	52.0	1.2489
Parents in the Profession	3.2	7.0	7.0	0.5005
Financing of Undergraduate Degree				
University Scholarship	48.0%	38.0%	46.0%	0.2366
Other Scholarship	16.0	36.0	26.0	1.9605
Parents	48.0	53.0	57.0	0.3690
Savings	29.0	26.0	18.0	0.7451
Student Loans	36.0	39.0	42.0	0.4726
Grants	28.0	17.0	16.0	0.5358
Internship	57.0%	63.0%	44.0%	0.5979
Selection of the Same University if Entering an Undergraduate Program Now	85.0%	87.0%	79.0%	0.2094
Average Number of Months Required to Obtain First Accounting Job [mean(median)]	5 (3)	1(1)	1(1)	3.6014**
Number of job changes [mean (median)]	1.9 (2)	2.1 (2)	1.9 (2)	0.1983

\*\* , \*\*\*Significant at .05 and .01, respectively.

The similarity among the three groups of respondents in answering questions on background and educational experience reflects the type of student accepted at this prestigious HPBU who selects accounting as an undergraduate major. The majority of these students apparently come from a middle-class suburban background. They have been raised in a two-parent home by educated parents who supported their son or daughter's career choice both financially and emotionally. There is little in either the background or the educational experience of these undergraduate African-American accounting majors to predict future level of job satisfaction.

### ***Initial Job Search and Job Changes***

The average respondent did not experience difficulty in obtaining a position in the accounting profession after graduation. This is not surprising given his or her degree is from one of the more prestigious HPBUs. On average, members of all three groups found a position within a month after graduation.<sup>14</sup> In spite of the level of job satisfaction, the average respondent changed accounting jobs approximately twice. No significant differences are noted for number of job changes within the profession among the three groups.

### **Context Factors and Job Satisfaction**

The questionnaire examines four context factors involving overall job satisfaction: pay, promotion, supervision, and organizational climate. To determine the presence of treatment discrimination, questions related to this variable are included in relation to the context factors. Table 6 indicates the differences among the responses of the three levels of job satisfaction using one-way analysis of variance (ANOVA). The following subsections report the results of the tests and include selected comments by respondents related to each factor.

#### ***Pay and Benefits***

The results presented in Table 6 suggest that there is no distinction among the three levels of job satisfaction regarding fringe benefits such as health insurance, tuition reimbursement, and retirement benefits. This result is not unexpected since most companies have standard requirements as to eligibility for such benefits unrelated to performance evaluations and other subjective factors. However, there is a highly significant relation between salary and level of job satisfaction. In addition, the perception of discrimination in salary practices increases with the level of dissatisfaction with the job. Several respondents make reference to discriminatory practices concerning salaries and raises in the remarks section of the questionnaire. For example, one respondent, who complained of a low salary and claimed to be working just as hard, if not harder, than white coworkers, wrote, "I talked with my supervisor as to how I could get a raise. Although I was later told I exceeded her expectations, I did not receive the raise."

#### ***Promotion***

Not surprisingly, respondents with the lowest level of job satisfaction are the most negative about advancement opportunities. Over 90 percent of the highly

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<sup>14</sup> This result was achieved after the removal of two responses considered outliers among the most-satisfied group. Two respondents in this group required 12 months and 9 months, respectively, to obtain their position after graduation.

**TABLE 6**  
**The Relation between Four Context Factors (Pay, Promotions, Supervisor, and Organizational Climate) and Level of Job Satisfaction (high, average, or low) Using One-Way Analysis of Variance**

Variables	Level of Job Satisfaction			F-statistic
	High n = 63	Average n = 121	Low n = 29	
<b>Pay and Other Benefits</b>				
Fringe Benefits [mean rank]				
Health Care	86.05	92.99	101.44	1.6363
Retirement Benefits	91.06	90.04	101.11	0.9507
Tuition Benefits	88.27	92.89	96.94	0.5551
Low Salary	81.72	71.48	56.23	13.3165***
For the following: yes = 1; no = 2				
Discrimination in Salary Practices	1.880	1.796	1.700	2.7221*
<b>Promotion Opportunities</b>				
Advancement Opportunities	1.098	1.198	1.762	24.3590***
Discrimination in Promotion Practices	1.898	1.885	1.667	3.8919**
<b>Supervisor</b>				
For the following: yes = 1; no = 2				
Problems with Supervisor	1.813	1.634	1.526	4.7030**
Supervisor Involves Respondent in Decision-Making	1.078	1.305	1.619	13.0919***
<b>Organizational Climate</b>				
Percentage of African-Americans in Firm	34	21	17	3.7720**
Percentage of Hispanics in Firm	6	3	13	3.6858**
Percentage of Asian-Americans in Firm	4	6	7	1.2965
Percentage of Caucasians in Firm	71	70	75	0.1883
For the following: yes = 1; no = 2				
Problems with Subordinates	1.906	1.775	2.000	1.8926
Discrimination in the Workplace	1.824	1.563	1.273	11.8682***
Sexual Harassment in the Workplace	1.941	1.929	1.750	3.7374**
Stress in the Workplace	1.314	1.148	1.091	3.8145
<b>Intent to Remain in the Profession</b>	1.511	1.536	1.810	3.0292**

\*, \*\*, \*\*\* Significant at .10, .05, and .01, respectively.

satisfied and 80 percent of the moderately satisfied groups responded positively to the question regarding advancement opportunities. This contrasted sharply with only 23.8 percent in the least satisfied group who felt that there were advancement opportunities in their current position. The difference in response among the three groups is highly significant with an F-statistic of 24.359. Those in the least satisfied group identify discrimination as a primary factor influencing promotion practices. One respondent, who felt "disrespected" and was passed over for the premier jobs, found

working for a Big 6 accounting firm to be “the most degrading and humiliating experience of my life.”

Several respondents report incidents of cultural stereotyping and bias. “While I have not experienced direct discrimination,” writes one respondent, “I have often found that my white counterparts and superiors are too often surprised at the high degree of knowledge that I and other blacks possess.” Another respondent reports that a Caucasian senior in a then Big 6 accounting firm stated that “the minorities at this firm should take a remedial accounting course upon arrival.”

Consistent with several studies (e.g., Greenhaus et al. 1990), respondents note that such bias often determines the type of assignment given the minority accounting professional. Promotions and advancement within a firm are generally affected by the tasks assigned to the employee. Comments by respondents indicate that preconceptions about the ability of African-Americans and other minority groups influence their assignments. For example, in a public accounting firm, minority staff members may be assigned to less challenging audits. The following commentary by one respondent is illustrative of several received in the survey.

I spent four and one-half years in public accounting and received excellent performance reviews. I experienced job discrimination in that I was always placed on non-profit clients (in spite of my stated interest in publicly held clients). I felt that my experiences could have been more enriching had I received more diversity in the types of audit clients I had. I was assigned to an audit of a historically black university (mandatory) after three white staff persons refused to work on this.

Assignment to less challenging audits has both immediate and far-reaching effects. The more challenging audit allows the new associate to develop his or her skills, form professional networks within the firm, and develop personal relationships with clients. These consequences generally result in increased visibility, promotions, and ultimately, consideration for partner. By assigning less challenging audits to the new associate, he or she is not generally able to develop the necessary skills and visibility needed to succeed in the firm.<sup>15</sup>

The assignment of minorities to less desirable tasks is not confined to public accounting firms. Remarks from the following respondent indicate that such practices also exist in the corporate world.

While many students anticipate overt discrimination at a personal level, that direct form of discrimination is hardly ever encountered in the corporate world since most companies, for sound business reasons and in an attempt to appear “politically correct,” will immediately reprimand it. However, students ought to be aware of much more subtle forms of discrimination, which translate into the limited number of black professionals given access to and promoted within the corporate ranks. As a result, there is a constant feeling of marginalization and a perception of a “glass ceiling,” along with little sense of belonging...all of which ultimately push black professionals to leave before they achieve their full potential.

<sup>15</sup> We are indebted to Dr. Sharon Smith, Dean of the College of Business Administration of Fordham University, for this observation.



### **Supervision**

There is a significant difference in the responses of the three groups concerning problems with supervisors (see Table 6). Those respondents with low and average levels of job satisfaction are more likely to have difficulties with their supervisors than those with a high level of job satisfaction. In addition, almost all those in the high-satisfaction group responded positively when asked if the supervisor involved him or her in the decision-making process. By contrast, those with the lowest level of job satisfaction felt they did not participate in this process. The difference among the three groups is significant at the .01 level.

### **Organizational Climate**

Recall that organizational climate involves a number of dimensions such as support, concern for social relationships, and warmth. Schneider and Snyder (1975) describe it as the global impression that employees have of what an organization comprises. The climate of the organization frequently influences whether the individual feels comfortable or uncomfortable in the work environment. The results reported in Table 6 suggest that the group at the lowest level of job satisfaction find their work situation stressful. There is also a significant (F-statistic of 11.8682) difference in the level of perceived discrimination among the three groups. For the least satisfied group, perceived discrimination in the workplace is highest. In addition, incidents of sexual harassment are also significantly greater for this group. This latter finding is most likely attributable to the proportionally greater number of females in Group 3.<sup>16</sup>

Written comments by respondents indicate perceived cultural differences between ethnic groups that translate into feelings of stress, discomfort, and distancing. One respondent writes of "the stress of being the one and only Afro-American woman on a team and not fitting in." She admits to feeling a pressure to assimilate. Furthermore, she feels that although she understands their (i.e., whites) culture, they do not understand hers. This perception is understandable. There is considerably less focus (e.g., TV, film, media) in the U.S. on African-American culture than white. Another respondent notes "whites at my job seem to enjoy a higher level of comfort while blacks seem more driven."

Individuals often are uncomfortable with those from different cultural and ethnic groups. A respondent comments, "being a very light-skinned African-American, I know for a fact that the reason I have not been discriminated against in the past is that most white people seem to feel comfortable around me. Maybe this is because I'm light or maybe this is because I don't focus on black-white issues very often."

Apparently, even among peers there is a hesitancy to discuss ethnic differences. An Asian-African-American professional, who is attempting to form a chapter of NABA in her area, noted the following in her dealings with coworkers.

People that I work with do not look at me as black. They take my Asian side more than my African-American side. People become uncomfortable if I tend to bring in my ethnicity. I joined NABA so I can learn more about my African-American side. Every time I talk about it with coworkers, they look at me differently. Generally, the reaction of [white] people is why do you have to have this organization.

<sup>16</sup> A Chi-square test examining the relation for female respondents between job satisfaction and perceived sexual harassment proved highly significant. However, since only 17 (12.8 percent) of the female respondents reported being the subject of sexual harassment, it is difficult to draw any general conclusions. The relation between level of job satisfaction and perceived sexual harassment is an area for further inquiry.

This lack of comfort on the part of the majority group frequently manifests itself by overcompensation in certain areas when dealing with minorities. A respondent who worked for a large CPA firm and who was the only African-American in the office felt that "the people there were very nice, almost too nice. It was as though I could do no wrong, even when I did things wrong. I was always invited to parties but was overlooked in projects such as college recruiting and computer training. I felt like window dressing." This individual eventually left the firm to join a small group of African-American practitioners.

Since feelings of racial discrimination should be less prevalent the greater the representation of the minority group in the company, we examine if the racial composition of the firm is associated with level of job satisfaction. Recall that respondents work in private and government sectors as well as in public accounting firms. For those least satisfied, there is a significant difference in the percentage of African-Americans in the firm. The level of job satisfaction is positively associated with an increase in the number of African-American employees. The most satisfied group works in a firm where, on average, 34 percent of the professionals are African-American. This percentage decreases to 21 percent for the moderately satisfied and 17 percent for the least satisfied.<sup>17</sup> There is no significant difference in job satisfaction related to the percentage of Asian-Americans and Caucasians in the firm. Nonetheless, the percentage of both groups is greater in firms where the respondent is most dissatisfied. The results suggest that African-Americans experience greater job satisfaction in firms where their numbers are largest.

Not surprisingly, there is a significant difference among the three groups in their desire to remain in the accounting profession. Only 14 percent of the least satisfied group plans to remain in accounting. However, even for the highly and moderately satisfied groups, only half intend to stay in the profession. The results of the survey suggest a relation between perceived treatment discrimination and level of job satisfaction among the respondents.

**Additional Testing and Analysis**

***Job Satisfaction and Percentage of African-Americans in the Firm***

Kanter (1977, 208) distinguishes four groupings of employees within the corporation with respect to "salient external master statuses such as sex, race or ethnicity." *Skewed* groups have a "large preponderance of one type over another" (a ratio of 85:15); *tilted* groups "move toward less extreme distributions and less exaggerated effects" (a ratio of 65:35); *balanced* groups are fairly equally represented by type (ratios of 60:40 or 50:50); and *uniform* groups have only one type of employee (a ratio of 100:1). Kanter

<sup>17</sup> Respondents include those in public accounting, corporations, and government agencies. While public accounting firms tended to be either predominantly white or African-American, corporations and government agencies were more racially mixed as the following numbers suggest.

Percentage in Firm	1-4%	5-10%	11-89%	90-95%	96-100%	Total
Public Accounting	25	9	2	3	5	44
Corporate	35	49	39	8	5	136
Government	3	4	18	0	0	25
Total	63	62	59	11	10	205



proposes that in skewed groups, the few are treated as *tokens*, that is, as symbols instead of individuals. In tilted groups, Kanter (1977, 209) notes that "majority and minority turn into potential subgroups that may or may not generate actual type-based identifications."

Based on Kanter's (1977) classifications, we divide the sample into four groups determined by reported percentage of African-Americans in the firm. Group 1 (Skewed) includes respondents where 1–15 percent of professionals in the firm are African-American; Group 2 (Tilted) has 16–39 percent; Group 3 (Balanced) has 40–60 percent; and Group 4 (Majority) has 61–100 percent. A cross-tabulation (see Table 7) indicates the level of job satisfaction (high, average, or low) by group membership.

Of the least satisfied respondents, 22 (76 percent) are in the skewed group where the number of African-American professionals in the firm is smallest. This percentage falls to 60 and 46 percent for the moderately and highly satisfied groups, respectively. Twenty-one percent of the least satisfied respondents are in the tilted group where African-Americans constitute between 16 and 39 percent of professional employees. The percentages decline for the moderately satisfied (17 percent) and most satisfied (17 percent) groups. There are no members of the least satisfied group in a balanced environment. Eleven and ten percent of the moderately and highly satisfied groups, respectively, appear in this category. In the majority group, there is one member (3 percent) from the least satisfied group, 15 (12 percent) from the moderately satisfied,

**TABLE 7**  
Percentage of African-American Accounting Professionals  
in the Workplace by Job Satisfaction

<b>Group</b>	<b>High Satisfaction</b>	<b>Medium Satisfaction</b>	<b>Low Satisfaction</b>	<b>Total</b>
Skewed (1)				
n	29	72	22	123
(% of group total)	(23)	(58)	(19)	(100)
Tilted (2)				
n	11	21	6	38
(% of group total)	(29)	(55)	(16)	(100)
Balanced (3)				
n	6	13	0	19
(% of group total)	(32)	(68)	(0)	(100)
Majority (4)				
n	17	15	1	33
(% of group total)	(52)	(45)	(3)	(100)
Total	63	121	29	213
(% of group total)	(30)	(56)	(14)	(100)
<b>Test</b>	<b>Value</b>	<b>Significance</b>		
Pearson Chi-Square	30.646	.002		
Likelihood Ratio	26.599	.009		

and 17 (27 percent) from the highly satisfied. Over half of the 33 respondents from majority firms are in the most satisfied group. Chi-square tests indicate a significant relation between percentage of African-American professionals in the firm and level of job satisfaction for the sample. These results provide some support for Kanter's (1977, 241) conclusion that although many object to the advocacy of quotas, "it seems clear that numbers, especially relative numbers, can strongly affect a person's fate in an organization."

### ***Predictive Value of Perceived Treatment Discrimination on Job Satisfaction***

We examine the likelihood that perceived treatment discrimination distinguishes between the highest and lowest levels of job satisfaction in the sample controlling for context variables and desire to remain in the profession. Initial testing (see Tables 3–6) identified 16 variables that have a univariate relation with job satisfaction. We use principal component analysis as a variable-reducing scheme. Four principal components with eigenvalues greater than 1 are identified following a promax rotation with Kaiser normalization.<sup>18</sup> The four components account for approximately 64.4 percent of the variance of the extraction sums of the squared loading (see Table 8, Panel A).

The first rotated factor (CONTEXT) is dominated by the context variables, with the exception of promotion opportunities. In our analysis, we use the general rule of including variables with loadings greater than  $|\ .30 |$  (Stevens 1986). The variables with strong loadings include the following: financial problems (.968); low salary (.926); problems with subordinates (.954); problems with supervisors (.915); and job stress (.867). The percentage of African-American professionals in the firm has a considerably lower loading (.355).

The loadings that are significant on the second rotated factor are also strong loadings (the smallest is .682): perceived salary discrimination (.849); perceived promotion discrimination (.850); and general perceptions of discrimination in the workplace (.682). This factor, DISCRIM, is the variable of interest in our logistic model. We expect DISCRIM to be significant in distinguishing between high and low levels of job satisfaction.

Factor 3 (ADVANCE) is dominated by promotion and advancement opportunities (.735). Variables with significant loadings are gender (.528), Hispanics (–.634), and sexual harassment (–.507). These loadings suggest that promotion and advancement opportunities are positively related to gender (with males receiving priority) and negatively affected by sexual harassment and the presence of other minority groups. A possible interpretation for the Hispanic variable is that if the respondent views himself or herself as a "token" employee, then competition for advancement is increased by the presence of other minority groups.

The fourth and final rotated factor (REMAIN) includes the desire of the respondent to remain in an accounting-related profession until retirement (loading = .674). Other significant loadings are the selection of accounting as a major through interest (.790) and involvement in the decision-making process (.424). Our interpretation of these loadings is that the respondent is more likely to remain in the accounting profession when initial interest in the profession was high and if he or she has input on the job.

Logistic regression is used to examine the relation between job satisfaction (JOBSAT) and perceived discrimination (DISCRIM), controlling for CONTEXT,

<sup>18</sup> Typically in this type of analysis, factors with eigenvalues greater than 1 are included in the model (Stevens 1986).

ADVANCE, and REMAIN. The last three factors include context variables and other effects (e.g., initial interest in accounting) unrelated to perceptions of discrimination. The dependent variable, job satisfaction, is treated as a dichotomous variable. Instead of using all three levels (high, average, and low) of job satisfaction, only the two extreme groups are used. The elimination of the respondents with an average level of job satisfaction results in 63 and 29 observations for the highest and lowest levels, respectively. The four principal components are included as independent variables. The following model is used to predict the likelihood of a respondent belonging to either the high- or low-job-satisfaction group:

$$JOBSAT = b_0 + b_1 \text{ DISCRIM} + b_2 \text{ CONTEXT} + b_3 \text{ REMAIN} + b_4 \text{ ADVANCE}$$

where JOBSAT is a dichotomous variable with 0 = most satisfied, and 1 = least satisfied; and DISCRIM, CONTEXT, REMAIN, and ADVANCE are determined by principal components analysis as described above.

The model is highly significant with a Chi-square of 52.547 (see Table 8, Panel B). The overall predictability of the model is 88.17 percent with 95.31 percent of the highly

**TABLE 8**  
**Principal Components and Logistic Regression**

**Panel A: Principal Components Analysis: Total Variance Explained**

Component	Name	Extraction Sums of Squared Loadings		
		Total <sup>a</sup>	% of Variance	Cumulative %
1	CONTEXT	4.640	30.932	30.932
2	DISCRIM	2.245	14.969	45.901
3	REMAIN	1.683	11.221	57.122
4	ADVANCE	1.094	7.291	64.414

**Panel B: Likelihood of Job Satisfaction for an African-American Accounting Professional**

Logistic Regression: Dependent Variable Job Satisfaction  
Independent Variables: DISCRIM, CONTEXT, REMAIN, ADVANCE

$$\text{Model: } JOBSAT = b_0 + b_1 \text{DISCRIM} + b_2 \text{CONTEXT} + b_3 \text{ADVANCE} + b_4 \text{REMAIN}$$

Coefficient	b <sub>0</sub>	b <sub>1</sub>	b <sub>2</sub>	b <sub>3</sub>	b <sub>4</sub>
Parameter	-1.2824***	.9668*	0.7531#	1.6327***	1.0563**

Model:

Chi-Square 52.547\*\*\*\*  
Number of Observations 92

\*, \*\*, \*\*\*, \*\*\*\*Significant at .05, .01, .001, and .0001, respectively.

#Significant at .0619.

\*Only components with eigenvalues greater than 1.000 are reported.

JOBSAT is a dichotomous variable with 0 = most satisfied and 1 = least satisfied.



satisfied group and 72.41 percent of the low-satisfied group correctly classified. Three of the four independent variables are significant, with CONTEXT marginally so. Evidently, for this group of African-American accounting professionals perceived treatment discrimination is associated with level of job satisfaction when controlling for other determinants. Given the homogeneity (i.e., similar upbringing, same university) of the survey respondents, these results should not be generalized beyond the current sample.

Both the one-way ANOVAs and the logistic regression suggest a relation between level of job satisfaction and perceived discrimination. However, it should be emphasized that these tests examine perceived discrimination, and perception may not be reality. For example, the respondent may find it easier psychologically to attribute his or her lack of advancement to discrimination rather than to an inferior performance. Therefore, to increase the validity of our findings, we conducted a series of interviews with "successful" African-Americans in public accounting to determine if these individuals perceived discrimination as well. The following section provides a summary of these interviews.

### **Interviews with Successful African-American Accounting Professionals**

We define "successful" as those African-Americans who achieve manager or partner status within a major accounting firm. Our selection criteria and availability of these professionals resulted in eight unstructured interviews with seven African-American partners and one African-American manager representing four of the then Big 6 accounting firms. Two of the eight interviewees are female. The average interviewee has been in public accounting for 18 years. All hold a CPA certificate.

All the African-American partners interviewed maintain that treatment discrimination exists in public accounting. However, discrimination, as one professional observed, is not "blatant" but "subliminal, under the conversation line." The most common reason given as to why discrimination occurs is cultural. According to the majority of those interviewed, cultural differences between Caucasians and African-Americans result in erroneous preconceptions and feelings of discomfort on both sides.

Many of those interviewed feel managers initially considered them less capable than majority hires. This preconception negatively affected their promotion and advancement opportunities in the early stages of their careers. One African-American partner commented "being black is absolutely a disadvantage in public accounting." In several cases, preconceptions concerning ability extended beyond the firm to clients. One partner noted that nonacceptance by client corporate managers was another form of subtle bias. He added, "The managers of client corporations were hesitant about my abilities simply because I was an African-American."

Without exception, all of those interviewed expressed discomfort when first working in public accounting. The then Big 6 firms were characterized as being predominantly white-male organizations. One partner noted that "blacks are not comfortable dealing with people in CPA firms." Another elaborated as follows: "African-Americans are thrown into a situation and a culture where they can't relate. Generally, they feel they don't belong. The more they acknowledge their own ethnicity, the more uncomfortable people become." One interviewee, referring to the difficulty of African-Americans adapting to the predominantly white-male corporate culture of the then Big 6 accounting firms, remarked, "I can't imagine being an African-American coming to work for an accounting firm from an all black university."

In addition to erroneous preconceptions and an uncomfortable work environment, one interviewee added a third issue facing African-Americans in public accounting—lack of familiarity with the business environment. Majority hires typically are already acquainted with basic business concepts and what is necessary to succeed in the business world. They usually have family members, friends, and acquaintances who serve as role models and who are available for advice and guidance. The interviewee noted that no one in his family was involved in business, much less accounting. One disadvantage for him was that he did not realize upon entering the firm that it is necessary to “hit the ground running.” Involved in recruiting for his firm, he counsels minority hires on the importance of being well prepared and aggressive. In addition, he advises them to ask questions. Many minority hires hesitate to ask questions for fear that a perceived lack of knowledge will confirm ethnic stereotypes. However, he cautions that whereas a majority hire can “mess up” four or five times before being considered for termination, a minority is often given only one chance. The interviewee credited his success at the firm to the support and encouragement of his supervisors.

Most of the African-American partners interviewed are very satisfied with their current position. When asked their level of job satisfaction on a scale of one to ten with ten representing the most satisfied, their responses ranged from five to ten. The mean response was eight.

Given their success in public accounting, we asked the interviewees for suggestions to help increase the retention of new African-American hires. On a personal level, one partner counseled that the way to success is to imitate successful people in the firm. On a more general level, all those interviewed stressed the need for mentoring. Mentoring is considered crucial for minorities, as “there is definitely a cultural difference that makes the minority hire feel uncomfortable.” Another interviewee remarked that “without senior representation, without having someone to turn to, it is difficult.”

The majority of the interviewees work with new and potential African-American hires as mentors. One managing partner commented that African-Americans need both mentors and time to adjust in order to be successful at a now Big 5 firm.

CPA firms are not recognizing the adjustments that African-Americans must make to adapt to public accounting and the Big [5]. Whites have their own network before entering public accounting. Whites network through internships. In addition, they have numerous friends already working in public accounting. In contrast, blacks are isolated when starting employment with CPA firms. African-Americans require from six months to a year to adjust and adapt to the environment of public accounting.

One partner in charge of recruiting noted that, based on his experience, two primary reasons that African-Americans become discouraged and leave the profession are the lack of role models in management and the treatment they receive at the firm.

### **Efforts to Address Treatment Discrimination in the Big 5**

To determine to what extent the profession is addressing the treatment discrimination issue, we interviewed representatives from the Human Resource area of four of the Big 5 accounting firms. All of the individuals interviewed spoke of the need and the difficulty involved in creating a more diverse workforce. Following is a summary of what some of these firms are doing to meet this challenge.

### **Developing Role Models**

Most minority initiatives and programs are specifically geared to African-Americans, Hispanic-Americans, and Native-Americans. A partner in a Big 5 firm that has made increased minority representation a primary objective explained the more narrow definition of minority. For various reasons, these three ethnic groups are most in need of assistance in order to gain access to and succeed in public accounting firms. The following justification was provided. When gender discrimination became an issue, the task of increasing female representation within the firm was less daunting. There were already a substantial number of women in higher education. To increase the number of women entering the profession, it was simply a matter of persuading them to select accounting as their major course of study. In addition, current generations of women could frequently look to their own families (e.g., mothers, fathers, older sisters and brothers) for examples of individuals who were successfully pursuing a career in business.<sup>19</sup>

In most cases, the situation with the three targeted minority groups is different. Incentives, encouragement, and financial aid must frequently be provided in order for many members of these groups to continue their studies beyond secondary education. Often those who continue are the first generation in their family to attend college. In addition, there is a lack of role models to indicate that success for minorities in business is possible.

Acknowledging the need for minority role models and realizing that a "quick-fix" remedy is inappropriate, KPMG Peat Marwick LLP (KPMG) founded the Ph.D. Project (the Project). Although the Project has attracted numerous corporate and professional sponsors (e.g., Mobil Corporation, Citibank, AICPA) since its inception in 1994, KPMG remains the largest contributor and sponsor. The stated mission of the Project is "to increase the diversity of business school faculty by attracting African-Americans, Hispanic-Americans and Native-Americans to business doctoral programs and providing support during their doctoral programs." By creating a more diverse business school faculty, the Project hopes to increase the number of role models for these ethnic groups, develop mentors who will help guide minority students in business careers, and (according to the Project's brochure) "better prepare all students for the new, diverse, corporate landscape of the 21st century."

Currently there are 342 college and university business school faculty who are African-American, Hispanic-American, and Native-American. As of September 1998, there were 337 students from these three ethnic groups enrolled in doctoral programs. Of this group, 117 students (35 percent) were among those who attended a Ph.D. Project Conference. Whereas the dropout rate for students from these minority groups entering doctoral programs in business is between 25 to 30 percent, for those affiliated with the Project, the dropout rate is only 5 percent. Due to the Project and efforts from the academic community, it is possible to substantially increase the number of minority professors in business schools within the next four to five years.

### **Mentoring**

All of the firms interviewed recognize the importance of mentoring for new African-American hires. The approach most often used is to pair new African-American hires with partners and seniors of the same ethnic background. These mentoring programs

<sup>19</sup> As one of the referees noted, "sexism doesn't exclude entire families, but racism does."



have generally received mixed reviews from those involved due to several problems. The first problem is the lack of enough African-Americans to serve as mentors, resulting in pairings where the new hire and the mentor are in different cities or even states. Distance frequently prevents the formation of a close relationship between the two. A second problem is that the senior or partner is not always available for mentoring due to other work demands.

One of the Big 5 firms has decided to revise its mentoring program. Rather than ethnicity being the basis of selection, mentors will be chosen on a number of other criteria with commitment to the program being one of the primary elements. This process should improve upon the former system in several ways. First, the mentor will be more committed to the program. Second, the new hire will be paired with a mentor in the same office. Thus, availability and accessibility will be increased. Third, by pairing the minority new hire with a senior or partner in the same office, the possibility of placement on important assignments is increased. Recall that many of the survey respondents cited as a disadvantage the assignment to less visible audits. A pairing in which the mentor has influence over the assignments of the new hire addresses this issue. One interviewee observed that since existing African-American partners were often the first of their ethnic group to be hired by the firm, they only had nonminority mentors. He concluded by stating that as long as the mentor believes in and cares about the career of the new hire, the ethnicity of the mentor is not important.

### ***Diversity Training***

Although all four firms visited recognize the need for diversity training,<sup>20</sup> there are a limited number of programs in place designed to increase cultural awareness. The majority of existing programs consist of two- or three-day training sessions for current and new employees. In an effort to provide a long-term solution to the problem, one Big 5 firm has hired an outside consultant. According to several representatives of the major accounting firms, there is client pressure to provide a more diverse audit team. Companies are demanding that teams include women and ethnic minorities that reflect their own employee base as well as that of the customers they serve.

### ***Acculturation***

While a goal of diversity training is to make the existing majority culture sensitive to minority issues, "acculturation" involves helping the minority hire adjust to a new and different culture. The Manhattan office of one Big 5 firm is attempting to address the acculturation issue through monthly meetings of its minority professionals. It is hoped that through discussion of problems in a group setting, newer employees will receive the guidance and support necessary to adjust. As one interviewee noted, it is difficult to perform well if one is uncomfortable in his or her work situation.

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<sup>20</sup> Diversity training generally consists of programs designed to increase an employee's awareness of and sensitivity to gender and ethnic differences of individuals within the work environment. Attendance at these programs is often compulsory for managers and partners, as well as for other employees, of the accounting firm. However, programs vary considerably from firm to firm. Training can be provided by outside professionals or by experienced individuals within the firm. Some accounting firms have created positions, such as Director of Diversity, to coordinate efforts in addressing ethnic and gender issues (Hayes and Hollman 1996).

### CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Although the absence of a control group (e.g., white, Hispanic) limits the contribution of the study, our findings do provide evidence of perceived discrimination by African-American accounting professionals. Survey results indicate a statistically significant relation between perceived treatment discrimination and job *dissatisfaction* among African-American accounting graduates of a prominent HPBU.<sup>21</sup> Second, comments by participants in the study suggest that a less direct and subtler form of discrimination exists in the workplace. In spite of the Civil Rights Act of 1964, African-American accounting professionals continue to feel their treatment is often based on ethnic preconceptions rather than merit and achievement. Third, the findings indicate a positive relation between job satisfaction and the percentage of African-American professionals in the firm. Finally, written comments by respondents to the survey and those made in interviews by African-American partners in the major accounting firms suggest that ethnicity continues to be an issue in the work environment. Participants in the study cite ethnicity as a cause of erroneous preconceptions about ability and as a source of discomfort between majority and minority employees. These results emphasize the need for increased ethnic sensitivity and diversity training in the workplace.

We conclude from our findings that success in integrating the profession is the responsibility of both the minority and majority groups. Those in the majority need to treat minority members as professional colleagues and not as tokens. Kanter (1977) notes that treatment as tokens emphasizes the difference between the two groups and leads to inhibition and isolation of the minority member. On the other hand, members of a minority group need to recognize that majority group members often feel *uncomfortable* in their presence. Graves (1997) advises the African-American that whites must be put at ease.

Interviews with representatives from the Human Resource area of four of the Big 5 public accounting firms indicate that the firms are aware of treatment discrimination and the need to address ethnic diversity within the company. The most successful initiatives and programs designed to deal with the issue, such as KPMG's Ph.D. Project, take a long-term perspective. However, there is little in place to address immediate issues, such as ethnic preconceptions and cultural differences. Long-term efforts will eventually serve to correct the situation by increasing the number of African-Americans in accounting and by providing more role models and mentors. Discussions with representatives of the Big 5 accounting firms and a review of current diversity initiatives and programs in place (see *CPA Personnel Report* 1998, 5) tend to support the viewpoint expressed by a representative of one of the firms:

People get into an office, find out they are one of two or three minority employees, and they don't see opportunities. They have no role models, no mentors. Until we achieve critical mass, we will have problems with retention.

Achieving critical mass is a long-term solution. Based on our interviews and research, the profession has few viable programs in place to address treatment discrimination in the short term.

<sup>21</sup> While the study does provide evidence of a positive relationship between perceived discrimination and job dissatisfaction, it is not possible to infer the direction of causality.

Our results suggest a number of related areas for future research. First, similar types of studies can examine the issue of treatment discrimination among other ethnic groups in accounting, such as Hispanic-Americans and Asian-Americans, as well as those of mixed heritage. Second, the relation of gender and job satisfaction is also an important area for future research. Third, comparative studies that examine the integration of specific groups (including gender as well as ethnic groups) in the workplace might identify successful approaches that could be applied to African-Americans. Fourth, our sample represents a fairly homogeneous group. Consequently, there is little difference among the respondents as to background and educational experience. An extension of this study could examine a more heterogeneous sample to determine if education and background are also related to job satisfaction among ethnic groups. Fifth, one of the partners interviewed commented on the particular difficulty of working for a Big 5 firm for African-American graduates of a HPBU. Further research in this area could compare job satisfaction and retention for African-American graduates from HPBUs with those from more ethnically diverse colleges and universities. Sixth, the number of respondents (44 or 18.5 percent) in the sample working in public accounting firms and those that are sole practitioners (24 or 10 percent) suggest that African-Americans (and/or HPBU graduates) may be more likely than other groups to open their own accounting firms. A potential area for research is to compare the ethnicity of sole practitioners. Finally, in-depth studies of how specific corporations and other professions have handled an increasingly diverse workforce might provide the accounting profession with some much needed short-term solutions.

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