

# Women Accountants, Today and Tomorrow

**Shirley J. Dahl, CPA and Karen L. Hooks, CPA, Ph.D.**

The number of graduates entering the accounting profession has skyrocketed in recent years. This is the result of expanding opportunities in the accounting field and the reduced appeal of other fields such as liberal arts and education. Accompanying this increase is an increase in the percentage of entrants who are women. People in public accounting firms and corporate accounting departments alike must seriously consider the impact of this increase in the presence of women accountants in the profession.

Examples of specific concerns are that turnover will increase and that women may be unwilling or unable to handle the travel and overtime aspects of their positions. Although problems of turnover, travel and overtime apply to both male and female employees, management is considering if and in what ways these problems may become more acute with an increasing number of women in the work force. To examine some of the key issues a survey was conducted of women partners and principals in the largest accounting firms. The results and conclusions of that survey are reported herein.

**HEADNOTE:** *Women have gradually moved into the highest ranks in accounting firms. The authors describe the background and present status of the few women admitted as partners. As indicated in the companion article in this issue on the Hishon case\*—there will be increasing opportunities for women at the top level. Consideration is given to some important changes in the manner of conducting a practice which may follow women's greater involvement in the profession.*

## Public to Private

Public accounting has traditionally served as a training ground for positions in private industry because corporations often find it more expedient to hire seasoned, successful executives. As a result, the personnel-related experiences of public accounting firms are encountered by corporations as well, although there is often a time lag before the issues surface in the private sector. This gives the corporate world a chance to learn from the experiences of public accounting. This "feeder" syndrome and the pressures corporations are experiencing to include women in top management groups make the issues of successful women in public accounting relevant to the private sector.

## Women in the Business World

Historically, western civilization has provided clearly defined roles for men and women. The predominant male role has always been breadwinner and primary economic support for the family unit. Female roles were defined in

\* See also "Women Accountants in a Changing Profession" by the same authors—*Journal of Accountancy*, December 1984.

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terms of "non-revenue producing" functions, such as child care and household management. Until recently females had limited involvement in the business world, except in low-level positions and for supplemental income.

Female roles have been redefined at times because of other immediate demands. For example, during World War II women provided substantial labor in the national workforce. The shortage of labor created by male involvement in overseas combat produced a vast need for female contributions on the home front. Women were encouraged to fill the need. They responded enthusiastically and in significant numbers. They rose to the challenge so well that the stereotypical title "Rosie the Riveter" is still recognized today, more than thirty years after it originated. Subsequent to the war years most women returned to their traditional roles.

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Evaluation of the last ten years shows another trend. Women have again been entering the work world. This recent development has resulted, in part, from the need for additional family income. It has become increasingly difficult for a family to survive economically, much less advance, on a single income. In addition, modern labor saving conveniences have enabled women to accomplish household maintenance in less time. Thus, they have more "free" time. To fill this "free" time women are now involved outside the home—either in volunteer work or employment. Finally, family patterns have changed in recent years. Men and women are now marrying later or not marrying at all, having fewer, if any, children, and having them later in life. These factors have significantly influenced the composition of the work force.

Another influence on women entering the work force may be the attitudes adopted by them as children of the post-war baby-boom. This current generation of working women grew up in a culture that placed great emphasis on college education. Generally, these baby-boom children have been influenced by parents, and consequently, peers with the attitude that "everyone" goes to college. It seems likely that many women in this group had no real intent to seek lifetime careers after graduation. On entering the workforce, however, they became challenged and the personal fulfillment they derived from their jobs motivated them to seek true careers.

**Women in Accounting**

Many of today's working women were trained in traditionally female disciplines, such as education and nursing. The few who pursued careers in male-dominated fields, such as engineering and business, are now beginning to

exert influence as they enter top management ranks. This can be seen in the accounting profession which has accepted the movement of women from their earlier roles as bookkeepers to their current roles as active professional accountants.

***Women in Public Accounting***

In public accounting one of the biggest concerns about the movement of women into top management is whether they can fully function as partners. Will clients accept them? Can they bring in new business, given that a high percentage of new clients may traditionally have been found in "the men's culture" of golf courses, private clubs, and sports activities?

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Recruitment of entry-level accountants poses another consideration. Approximately 40 percent of accounting graduates are women and they are among the highest achievers. Equal employment opportunity laws are here to stay and firms recognize that hiring decisions must be based on applicant qualifications, regardless of gender. Identifying women with the potential to succeed is an immediate, critical issue in public accounting.

**One Group of Successful Women**

Before the characteristics associated with success can be identified, the concept itself must be defined. In accounting the easiest way to define success is to look for people who appear to have "made it". One readily identifiable group of successful women are those who hold top positions in the largest public accounting firms. Because it would be impossible to identify all successful women CPAs, the group isolated for this study was limited to partners and principals<sup>1</sup> in the U.S. offices of the nine largest international accounting firms.<sup>2</sup> Although principals are not, by definition, CPAs, they have been included in this study because the characteristics of success are not unique to CPAs. It seems likely that the characteristics of the partners and principals are not unique to public accounting. Their attributes may be representative of successful women in other areas of accounting and the business world.

It is important to note that the environments of the partners and principals with the international firms were

<sup>1</sup> The term principal is used here to refer to those with ownership in a CPA firm who are not CPAs.

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different from the environments of the women currently entering the profession. Attitudes toward women in the business world today differ from those that prevailed ten years ago when the women who are now partners and principals entered the profession. While the information presented reflects requirements for success up to the present, those requirements are likely to change in the future.

### The Survey

No one had ever studied this group of women partners and principals so the first step was to identify this population. Contacts within each partnership were asked to provide the names and addresses of women partners and principals. The population list was compiled prior to 1983 promotions, and at that time sixty-nine women were identified. They represented approximately one percent of the total U.S. partners and principals of the nine firms. The population by firm is shown in Exhibit I. Of the 69 surveyed 64 percent responded.

#### EXHIBIT I

##### Women Partners & Principals in Surveyed Firms—1983

	<u>Total number of women partners and principals</u>	<u>Number of responses</u>
Arthur Andersen	6	3
Arthur Young	12	10
Coopers & Lybrand	10	7
Deloitte Haskins & Sells	6	3
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### *Will clients accept them? Can they bring in new business, . . .*

Since this was the first study of these women it was important that the summations be verifiable and the conclusions based on concrete data. Objective data are easier to gather and interpret, so the temptation to compile subjective information on personalities, attitudes and management styles was resisted. The survey concentrated on three primary areas: career path, educational background, and personal attributes.

### Career Paths

Most of the women partners are involved in the tax area, with the audit area running a relatively close second. Consulting, which includes principals, was the third most frequently reported area of responsibility. Only five percent of the respondents were chiefly involved in other areas such as education, research, and administration.

Career histories of the women partners and principals reflect surprising consistency. Half of them are still working with the same firms that hired them as staff accountants just out of college. To get a real picture of their stability, the remaining career tracks must be examined closely. Seven percent worked for a local CPA firm before joining their present firm, and some of these were short-term positions held before they completed their education or developed their career paths. Another 16 percent worked in industry before switching to their present firms. Of this last group, most are in the consulting area which generally requires experience in industry. None has worked in more than three places (industry and then public accounting firms) enroute to her current position.

#### EXHIBIT II

##### Areas of Responsibility

	<u>Number of responses</u>
Tax	21
Audit	16
Consulting	5
Other	2
	<u>44</u>

### Educational Background

Educational experience may reflect one's attitudes toward life and a career, so the survey addressed this area in detail. Questions included degrees, institutions, grades, mobility, social activities, living arrangements and employment.

### *Most . . . women partners are involved in the tax area, . . .*

As expected, all the respondents have earned bachelors degrees, and almost half attended graduate school (see Exhibit III). The split between those attending public institutions (43 percent) and private schools (45 percent) was relatively even. The group displayed stability even at this point in its development. Eighty percent attended only one institution while obtaining their undergraduate degree; 18 percent attended two.

The respondents' high grades were consistent with the group's achievement on the CPA exam. The average overall

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## EXHIBIT III

## Graduate School

	Number of responses
Attended graduate school	4
Obtained master degree	13
Obtained law degree	2
Obtained Ph.D.	1
	<u>20</u>

grade point was 3.48, and the average in the major field of study was 3.63. There were many instances of 4.0 GPAs in both designations. This outstanding academic performance did not, however, seem to limit other activities.

The women were active in many areas while pursuing their undergraduate studies. 75 percent of them were employed in some capacity while attending college. The jobs were varied, ranging from bookkeeper, research assistant, and programmer to dormitory assistant, waitress, and retail store clerk. Seventy-five percent of those who went on to graduate school were also employed, many of them full-time. In addition to academics and employment, most of the women were active in various social and service organizations. A number were members of sororities (25 percent) and Beta Alpha Psi, the accounting fraternity (18 percent).

#### Personal Attributes

In the personal realm, the survey topics of most interest include age and information about current families and families of origin.

The average age of the respondents is 39 years, and the median age is 37.5. Of more import is the age at which the women were elected to ownership status in their firms. The mean age was 33 years and the median age was 34.

#### *Out-of-town assignments usually can be adapted to if there is enough lead time . . .*

Most of the group (73 percent) are currently married. Of the 25 percent who have been divorced, about half (45 percent) have remarried. The figures in Exhibit IV show that the women in the group have fewer children than one might assume for the general population: 63 percent have no children; 14 percent have one child; nine percent have two children; and nine percent have three children. In addition, five percent were pregnant at the time of their response.

The stability exhibited in school and professional life seems to have originated in childhood environments: 48 percent had only one childhood hometown, and 25 percent

## EXHIBIT IV

## Marital Status and Children

	Percent of total responses
No children	63%
Pregnant at time of response	5
1 Child	14
2 Children	9
3 Children	9
	<u>100%</u>
Currently married	73%
Currently single	27%
Have been divorced	25%

had two. Thus the group as a whole did not experience chronic disruption and change during childhood, and appears to have maintained this pattern in adulthood.

#### Conclusions From Survey

The survey respondents share some striking attributes. • They are all bright, as indicated by high grades and impressive CPA exam performance.

- Their lives are stable. They come from "typical" families. They have moved infrequently in their lives.
- They experienced "traditional" college environments.
- They have shown high degrees of stability in employment.
- They have the support of their families in career pursuits. This attribute was not verified through objective data, but it was reported by all as an important contributing factor in their success.

These findings shed some interesting light on the *first wave* of successful women in public accounting, but they cannot be used to make predictions about women partners and principals of the future. The women described here are pioneers. Most of them have had few, if any, women in positions superior to them in a job environment. The business environments they dealt with early in their careers varied from today's environments in many other ways, as well. Therefore, the characteristics they needed to be successful may not apply to recruits of today—or tomorrow. What will be significant in the future?

#### History in the Making

In June 1983, twenty women partners and principals from these largest nine CPA firms met in conjunction with the 50th anniversary of the founding of the American Woman's Society of Certified Public Accountants. They came to hear the results of this survey. More importantly, the meeting provided the opportunity for these "pioneer" women to meet each other and to exchange information. The meeting was not firm oriented in any way; the women discussed experiences, and reviewed the concerns that the profession has about women. It was an attempt to enable these women to help their own firms in developing the full

potential of new female talent. Just the fact that twenty of these women took time to attend such a meeting indicates the importance of these topics.

Since the 1983 meeting there have been two sets of promotions in the surveyed accounting firms. Each of these promotions included a number of women. This shows that the business environment is fertile for the upward movement of women accountants. As stated earlier, the number of women currently advancing includes an increasingly greater proportion of the total accounting professionals than ever before. This progression is likely to call for other changes in the accounting environment. The need for the changes is not limited to just these largest firms, nor is it limited to public accounting. In *all* businesses impacted by a change in the "gender-mix" of top management, differences will probably evolve.

Before discussing the types of changes, it is important to recognize the complex ways in which businesses are affected by this "gender-mix" alteration. For example, public accounting will have to respond if the needs of its women in management include more work schedule flexibility. But it must also respond if its men in management need more work schedule flexibility, as well. It seems likely that women who have a demanding career may require more participation in family responsibilities from their public-accountant husbands. Thus, the impact of the movement of women into management echelons is more far-reaching than it may first appear.

The need for work-schedule flexibility has been mentioned. What other changes may appear as this "history" evolves? Two general areas should be considered. One area includes changes relating to the women professionals. The other includes changes resulting from the needs of dual-career families. The changes which will impact the individual women professionals may originate both from the women involved and from the firms. One change will be an active attempt to develop an awareness of the art of management in women professionals. An effort on the individuals' parts to develop this awareness is necessary. But, firms may also contribute through formal training programs, and communication to senior management of the need to help the individuals' progress. Other needs which must be met include: developing women's skills to function comfortably with men in a business environment, and securing effective sources of practice development for women. The skills for creating a comfortable male/female business environment

will have to include enhancing the comfort of the women involved and setting the men (whether superiors, peers, or clients) at ease. Good practice development sources must be pursued by women *and* must be supported by the firms. This must include recognition that practice development activities for women may be different from those for men.

The problems arising from combining two demanding careers with family responsibilities appear to be quite universal in nature, and extend to issues as simple as getting home in time to cook meals and being available to mow lawns on weekends. These types of responsibilities can be easily handled. The ones that are more difficult, particularly when one or both spouses are in accounting positions, include heavy work schedules, out-of-town job assignments, child care and other child-related responsibilities, and transfers. The changes necessary to solve these problems need not be dramatic. Creation of flexible working hours will greatly reduce any hardships resulting from the total number of hours required. Out-of-town assignments usually can be adapted to if there is enough lead time to permit a couple to do adequate planning. The situation where a spouse is assigned an out-of-town responsibility for a long period of time may, however, be unworkable. As in the case of a transfer, extended duration out-of-town assignments may require either the firm or the individual to decide whether termination may be necessary.

Finally, child care and child-related responsibilities must be considered by firms. The solutions to child care needs are varied. Examples of the possible solutions include on-site day care facilities, reimbursement for child care costs incurred as a result of overtime or travel, flex-time work schedules to accommodate day care center hours and child care reimbursement as an option in a "cafeteria" fringe benefit program. The alternatives for responding to child care needs are numerous, and most importantly should respond to individual situations.

In summary, the accounting profession is definitely in a period of development and change. Women have been active in accounting for a sufficiently long time that they are now reaching top management ranks in noticeable numbers. Those women who have attained top positions are very special people, indeed. They have made great strides and paved the way for the women who are to follow. Many challenges still remain, though. Finding effective ways to meet those challenges must be the immediate goal of the profession. Ω