

Missing the Top Rung on the Career Ladder:  
*An ASWA Special Report*

2011



American Society of Women Accountants

# Missing the Top Rung on the Career Ladder: *An ASWA Special Report*

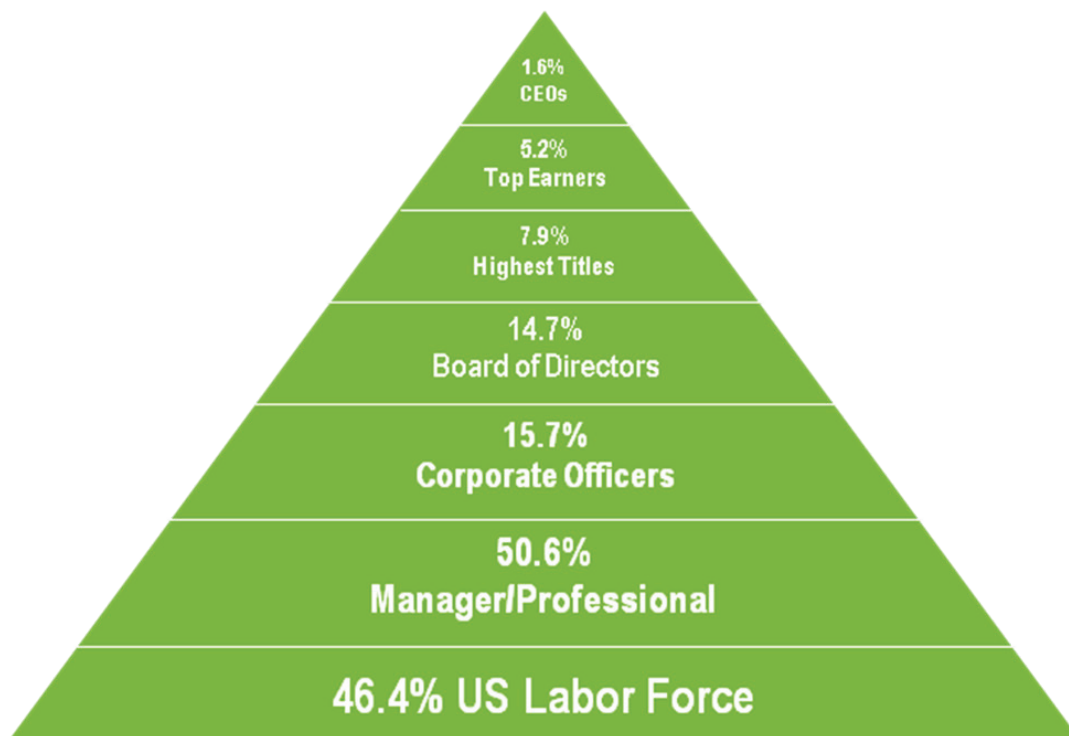
*The American Society of Women Accountants (ASWA) partnered with BDO Seidman, Moss Adams, and the American Woman's Society of Certified Public Accountants to create the Accounting MOVE Project, to study career opportunities – and barriers – for women in the finance and accounting fields. According to the Accounting MOVE Project report, women comprise 40% of senior managers in public accounting firms but only 17.4% of partners.*

*In short, the Accounting MOVE Project report emphasizes the growing need for organizations like ASWA to continue to provide an opportunity for networking and continuing education for accounting and finance professionals at the local, regional, and national level. This special report examines some of the issues surrounding training, workplace policy, and options available for women seeking a career path in accounting. ASWA is interested in the gaps identified via the MOVE report and other sources, and hopes to begin a dialogue with women in the accounting and finance professions on this, and other, key topics.*

“Non-profit involvement can be a key step for women to advance both in firms and in key business circles, according to several of the Top Firms for Women in Accounting, based on the 2010 Accounting MOVE Report,” states Joanne Cleaver, Wilson-Taylor Associates, Inc. and lead researcher on the Accounting MOVE project. “These firms encourage rising women to zero in on a cause or topic they are passionate about. Getting involved with a local non-profit that addresses that cause usually helps them gain basic networking skills.”

The MOVE data is not entirely new information – a 2004 study showed that women were 56% of all newly hired CPAs, 42% of all full-time CPAs, and 75% of all part-time CPAs. Those statistics are a remarkable demonstration of gains by women in a profession and industry that as recently as a generation ago, were primarily a male domain. However, those figures do not tell the full story. For instance, women are 17.4% of all partners in public accounting firms, although they are 43% of all new hires. ASWA investigates why women are not reaching the top rung of the career ladder when they enter a new career full of ideals and goals, and work hard to reach that elusive position as senior executive or partner.

Many national organizations have tried to shine a light on this issue. Women Networking in Electronic Transactions calls it “The Great Disappearing Act” as illustrated by the graphic below which shows where women are – and are not – in the American workforce.



## Training/Education

Women have outnumbered men on college campuses for years. Not only are women more likely than men to enroll, they are inclined to stay in school, too. According to a recent report from the U.S. Bureau of Labor Statistics, women born between 1980 and 1984 were more likely than their male counterparts to be enrolled in college at ages 18, 19, 20, and 21. Women's rates of enrollment ranged from 41% to 51%, while men's rates ranged from 29% to 39%. This difference in college-enrollment rates stems from three factors: more women than men graduated from high school; among high school graduates, women more often attended college; and once enrolled in college, women were less likely than men to leave college between school years.

For over a decade, women have received the majority of all associate's, bachelor's, and master's degrees conferred in the U.S. In addition, beginning in 2007, women earned the majority of Doctoral degrees as well. However, according to the National Center for Education Statistics, the days when a college degree guaranteed consistent employment are over. The current dynamic and uncertain economic environment, coupled with the fact that 32% more degrees have been conferred this decade than the last one, has significantly devalued education. Women need to strive to expand their skills beyond the traditional degrees.

At the same time, accounting and finance positions continue to see projected job growth. According to the Bureau of Labor Statistics, accounting and audit positions show both a high rate of growth currently as well as through 2018. Significant in this research is that accounting is one of the few areas that requires at least a bachelor's degree, meaning that training is still critical for those interested in pursuing a position in this growth field.

DeLynn Senna, CPA, Executive Director of North American Permanent Placement Services for Robert Half International, suggests that "although the employment outlook is stabilizing, new graduates face the toughest market yet in the accounting and finance fields. Optimism needs to be combined with flexibility, proactive work ethic, and creativity."



Mirela Qirjazi graduated from Cleveland State University in Cleveland, Ohio, in May of 2009 with a master's in accounting and plans to stay at a smaller firm for a few years to gain experience. Now that she has passed the CPA exam, she plans to consider moving to a larger firm with a long-term goal of becoming a senior executive. Mirela has very specific goals on how she plans to succeed in the business environment – "define my expectations, start networking with people in the same field, and be open to new opportunities."

## Entry-Level Opportunities

According to the U.S. Bureau of Labor Statistics, the employment outlook for entry-level positions in both accounting and finance (requiring at least a bachelor's degree) and bookkeeping (training requirements vary based on position) is very good. Most students seeking entry-level positions in these fields should encounter a fairly robust job market, despite current high unemployment rates.

Most accountants have a college degree in accounting. Those practicing public accounting have to take a special certification exam as well. Public accountants also must have a special license from the state in which they practice. Most employers want accountants who are computer literate, to include experience with spreadsheets, word processing, and presentation software. Previous experience in a summer or part-time internship is also a plus.

There were 1.3 million accountants and auditors in 2008. Most of them worked in cities, because that is where the large companies tend to be headquartered. Employment of accountants and auditors is expected to grow much faster than the average for all occupations through the year 2018. The term "accountant" includes those in public practice, industry, auditing, taxation, specialized consulting, government, and in roles that may overlap somewhat with finance, such as financial planning and forecasting.

Accountants have good job opportunities. This is because of new and changing laws that increase the need for accountants and more private companies that will need accountants. Accountants with special skills or advanced certifications, such as certified public accountants (CPAs) and certified management accountants (CMAs), should have the easiest time finding a job.

In addition, the number of bookkeeping, accounting, and auditing clerks is expected to grow about as fast as the average for all occupations through 2018. A growing economy means there are more financial records that must be handled by these workers.



Megan Yeung, a recent graduate of the Master of Professional Accounting program at the University of Washington in Seattle believes that "it is a growing field with many opportunities and challenges." Her advice to other students pursuing their master's degrees is to "be prepared to focus academically and spend a lot of time building your technical skills." Yeung continues, "it is important to explore other activities, academically and socially, so each of us is comfortable with the idea of networking and communicating technical information in a non-technical way."

# The “Ideal” Work Environment and Impact on Career Advancement

A study commissioned by the non-profit Center for a New American Dream finds that an alarming percentage of Americans feel pressure to work too much. Americans are also willing to put their money where their mouths are, as many adults in this country would trade a day's pay in exchange for a day off from work.

## Survey Highlights:

- More than half of Americans (52%) say they would be willing to trade a day off a week for a day's pay a week.
- Americans say they would accept a pay cut to: “have more free time to do whatever I wanted” (27%); “have more free time to spend with my family” (21%); and “to genuinely feel less pressure and stress in my life” (20%).
- More than 4 in 5 Americans (83%) wish they had more time to spend with family. This sentiment is shared among adults with and without children. More than 8 in 10 parents (88%) and non-parents (83%) want more time for family.

Ann Holley, a National Tax Partner at KPMG states, “I feel that my opportunities for advancement are based on my qualifications and my accomplishments, not on my gender. I currently work a reduced schedule and still feel that there are numerous opportunities for advancement. I can honestly say that the only limitations on my career that I feel are those that have been self-imposed.”

The Tuck Executive Education at Dartmouth program released a study titled “Changing the Career Ladder: Paving Flexible Pathways for Today's Talent” in 2007. Their research, conducted with both individuals and corporations, is interesting for the light it shines on the reluctance of corporations to integrate a great deal of flexibility, coupled with the strong emphasis employees put on that exact benefit. (See Charts on page 6)

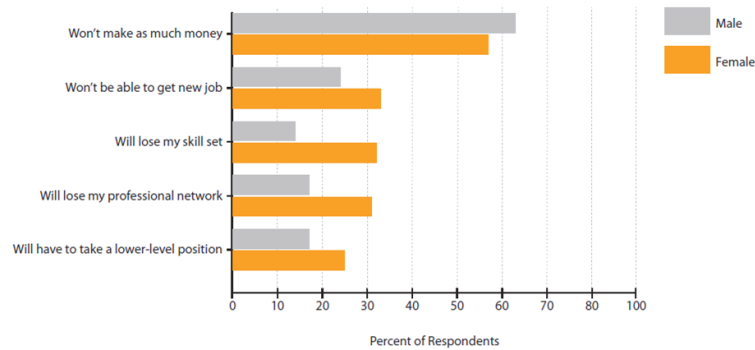
The Tuck study states, “Though flexibility has come a long way in workforce recruitment strategies, official corporate flexibility strategy still has a way to go if workplaces are going to benefit from the talent of an expanded talent pool.” Only 52% of hiring managers view flexibility as a strategy for managing workflow and talent management challenges. There is a gap between the official corporate flexibility strategy and current and cited future recruiting practices. In addition, while a majority of hiring managers said flexible hours (91%), telecommuting (79%), and project-based employment (53%) are valid workplace flexibility options, a smaller percentage of hiring managers actually offer these options.

The Tuck study goes on to note that the understanding of and buy-in to flexibility and expanded career path options need to occur at all levels – organizationally, managerially, and individually. Employees are most likely to go to their supervisor (24%) to discuss a need for workplace flexibility if they are seeking to change their current work arrangement. Organizations need to train frontline supervisors about expanding career path options and flexibility in order to attract and retain valuable talent.

*(continued on page 6)*

(continued from page 5)

Figure 3. Reasons for Not Leaving the Workforce, by Gender



N=312

## Specific Findings: Paving Flexible Pathways for Today's Talent

Figure 1. Percent of Companies Offering Flexible Work Arrangements, by Type



N=190

Findings from The Tuck Executive Education Study "Changing the Career Ladder: Paving Flexible Pathways for Today's Talent"



"It is so important in the corporate setting to find a mentor who can advise women on their career choices," suggests Vivian Moller, senior vice president/CFO, Hoffman York and 2010-2011 ASWA President. "Women need to rely on mentors inside or outside the company to provide feedback on how to reach that top rung of the career ladder."

## Taking an Off-Ramp: A Legitimate Option?

The long-term penalty for women taking a timeout from their career has worsened since the recession, finds a new study from the Center for Work Life Policy. 3,420 professionals were surveyed for the study in spring 2009 by Harris Interactive under the auspices of the Center.

Since the recession, the study found, timeouts or “off-ramping” from a career for childcare or other reasons have become more unaffordable to women whose income has become increasingly important to family budgets. Getting back into the workforce after a timeout has become even more difficult. 73% of women trying to return to the workforce after a voluntary timeout for childcare or other reasons have trouble finding a job. Those who do return lose 16% of their earning power and over a quarter report a decrease in their management responsibilities. 22% had to step down to a lower job title. And many women can not sustain the increased hours at most jobs today when saddled with an uneven share of family childcare and household responsibilities. Unless companies facilitate off-ramping and on-ramping more effectively, women’s earning power and promotion opportunities will never measure up to the linear, lock-step progression of male careers. And over the long term, companies will lose out on the valuable contributions of women, who represent 58% of the highly credentialed talent pool.

### Key Findings of the Study Include:

- In the past five years, the number of women who took an off-ramp fell from 37% to 31%. The average length of an off-ramp rose slightly from 2.2 years to 2.7 years.
- The decline in off-ramping is likely due to the down economy: 15% of women currently in the workforce would like to off-ramp but can not afford to.
- 58% of women have switched to a part-time, reduced time or flex-time schedule in order to balance work and family.
- Family “pull” factors remain the top reason for career downshifting. The number of women leaving for childcare issues increased from 45% in 2004 to 74% in 2009.
- Frustration and thwarted ambition is a common “push” factor: 26% of women who off-ramped felt their careers were not satisfying; 16% felt their careers had stalled.
- Women lack support from senior colleagues: 89% do not have a sponsor to move them forward in their careers; 68% lack mentors and 61% lack role models.
- A full 69% of women say they would not have off-ramped if their companies had offered flexible work options such as reduced-hour schedules, job sharing, part-time career tracks, or short unpaid sabbaticals.
- 54% of off-ramping women left without even discussing flex options with their supervisor.
- Although 89% of off-ramped women want to resume their careers, only 40% successfully return to full-time work.
- Only 9% of on-ramping women want to go back to the company where they used to work. In 2004, the figure was 5%.
- Women in 2009 were 28% more likely to have a nonworking spouse than they were five years ago.
- Nearly 40% of working women out-earn their spouses.
- The “second shift” is alive and well: 60% of full-time working women routinely perform more than half of the domestic chores and 56% take charge of childcare.
- Driven by a tight economy, women are working longer hours: 49 hours per week, up from 40 hours per week in 2004.

The Tuck study echoes these findings by the Center for Work Life Policy, and reports that people who consider taking career breaks and who want more flexibility are not an aberration. Instead they reflect a broader overall shift in the traditional model of workday arrangements and a linear career path – particularly among Gen Xers as compared to Baby Boomers. 63% of respondents said they would consider leaving the workplace for a period of time – a majority of both men (58%) and women (68%). Younger workers (26 – 41 years old) are the most likely to say they would consider taking a career break (70%). The primary reasons for desiring to leave the workforce for a period of time were parenthood (63%), a vocation/life outside of work (43%), stress/burnout (37%), and entrepreneurship (35%).

*(continued on page 8)*

(continued from page 7)

Employees look to a host of options to break the traditional workday arrangement and career path model. When asked how they would improve their current work situation, the most cited requests included:

- 28% of respondents want more day-to-day informal flexibility, and younger employees (26 – 41 years old) are most likely to want this flexibility (32%).
- 20% would like the flexibility to telecommute, and younger employees (26 – 41 years old) are most likely to want this flexibility (25%).
- 17% suggest that project-based consulting work would improve their current work situation.
- For 14%, a reduced schedule would improve their current work situation.

Fortunately, the profession is already making progress towards adopting consistent flexwork and telecommuting practices. The 2010 Accounting MOVE Project found that:

- 43% of firms coached managers in methods of supporting flex working and telecommuting employees.
- 64% train managers to evaluate productivity in lieu of “face time”.

Few firms measure the effect of their work/life programs towards achieving mission-critical goals. As do most employers, firms tend to communicate the easy messages: the programs’ existence and the number of participating employees. Yet, accounting firms have a golden opportunity to match the expectations of women in the profession with on and off-ramping programs, says Cleaver of the MOVE Project. Women who move from full-time status to seasonal or part-time status, often weaving that in with telecommuting and other flexwork options, can ease up on the accelerator without letting their careers coast to a stop.



“Creative mixing and matching of work-life programs by progressive accounting firms is proven to retain high-potential women through the family-intensive years,” commented Joanne Cleaver of the MOVE Project. “Many women find it a fair trade-off to take the ‘scenic route’ to partner -- as long as they can see that even that route is clearly mapped out.”

## Senior Level Opportunities

Women are 17.4% of all partners in public accounting firms, although they are 43% of all new hires. In 2008, women were 7.3% of all CFOs.

Women partners who are successful at bringing in new business report that women tend to sell the capabilities of their entire teams. When a team of women collaborates to bring in a new client, they share credit for the win as well as sharing responsibility for the relationship. If these wins are not recognized and rewarded by firm leadership, rainmaking women realize that they can do just as well on their own. They leave, forming their own firms, and often taking clients with them.

Women know that a book of business is an essential platform for attaining partnership. Ironically, as many women start drawing in their first clients, they realize that doing so positions them to go independent, too. Female senior managers often wonder how long it will take for their client base to achieve sufficient mass to boost them to partnership. In the absence of a transparent promotion process, they start to calculate the advantages and disadvantages of starting their own firms. After all, they have already established a revenue stream and have proven their prowess at gaining clients.

This is the pivot point where loyalty weakens. If firm leaders do not communicate the timetable and additional steps for attaining partnership, women are on their own. If they are on their own, why not reap the full financial rewards of securing and maintaining quality clients? For example, one mid-career accountant now runs her own small firm. She rose through the ranks at a local firm, then, blocked from partnership, made a lateral move to a regional firm. There, she built a book of clients by meeting women business owners and women executives through regional and metropolitan women's groups. When the regional firm was acquired by a national consortium, and she was again blocked from partnership, she left.

Some larger firms have made significant investments in creating a strong career ladder that assists some women in reaching the top rungs. Ann Holley, a National Tax Partner with KPMG notes, "KPMG has provided me with numerous opportunities for career advancement and development over the years. For example, very early in my career with the firm, a partner included me in developing a presentation to a CFO and worked closely with me on my part of the presentation to make sure that I was not only prepared but also confident."

Christi L. Olsen, CPA, President of Infinity CPA Group, LLC, notes that in order to succeed within senior positions, it is vital to stay current in the field. She takes 50 to 60 hours of continuing professional education courses each year, in addition to the "reading and research of new tax laws and accounting and auditing pronouncements and literature." Olsen adds that "learning from our newer staff" is essential, since their education and training, as well as their use of technology and research, uses the most current technology and best practices. Vivian Moller, senior vice president/CFO, Hoffman York and 2010-2011 ASWA President agrees, "It is vital to stay updated on technical and communications skills even if you have earned enough CPE credits for the year. This gives you a boost in business to be knowledgeable on the latest trends in accounting and finance."

Olsen believes that gaining experience within a firm is essential, as is obtaining key credentials, such as the CPA, CMA, or CFP, among others. She goes on to encourage women to "earn the respect of your peers and your supervisors by doing good work. Be flexible with your employer and they will be flexible with you....and finally, treat others as you would like to be treated."

## The Care and Feeding of Your Own Business

According to the Center for Women's Business Research, between 1997 and 2006, the majority of women-owned businesses increased 42%. In addition, these women-owned businesses are generating trillions in annual revenues and employ 19.1 million people. Though these statistics represent women-owned businesses in all industries, women are becoming entrepreneurs in the accounting and finance fields as well. Monika Miles is one of the many success stories of women entrepreneurship in accounting. Hard work and determination have brought success to Miles' business. Here is her story:

*It's my baby. It was born just nine years ago. My business partner and I got together, decided we shared a common vision and decided to "marry" our names together to start a business. At a kitchen table, we both wrote a check out of our personal accounts and put them in an envelope to send to the attorney for his retainer to establish our corporation. There was a bit of pomp and circumstance when we put the stamp on that envelope. Our baby was born. Then we had to name it and register it (with the federal and state governments). We had to dress it for the first time (in a logo). And we had to get used to staying up late with it while we fed it (in the form of writing brochures, designing the first website, developing the budget and business plan). When it started walking, we had to make sure it didn't hurt itself (or someone else), so we insured it (D&O, liability insurance, etc.). We had to make sure it had the right friends (or "power partners," networking groups, etc.). And we had to make sure it was secure (the computer network), in case the boogey man was hiding under the bed – or on the Internet. After a few years, we needed to take the training wheels off and give it the tools to ride on two wheels. It needed some tweaking to the logo, a new website, some new stationery. We needed to find a bigger home for it, so we rented some office space. It needs to stay educated, so we buy it CPE, conferences, association dues – even a tradeshow booth, so it can show off just how pretty and successful it is now. And the parents are so proud. And like a child, it needs constant nurturing. It needs to know we are there for it and that we want it to continue to grow and mature into a thoughtful, ethical entity, far into the future. We anticipate there may be some rough spots in the teen years, but we don't know what they'll be yet. But we also know that if we take care of it, it'll help take care of us as we get older. Yes, it's my baby, and it has my name on the door.*

– Monika Miles, Labhart Miles Consulting Group, Inc., and 2010-2011 ASWA National President Elect

As Miles describes above, to be successful on the road to entrepreneurship, one must mind the details. It can be very challenging, but well worth it. On October 1, 2010, Secretary of State Hillary Clinton commented to an audience of women entrepreneurs in Gifu, Japan, "All of you are innovators, leaders, and problem-solvers – women who are helping to reshape the world with your entrepreneurial talents and your energy." Miles and many other women entrepreneurs in the accounting and finance industries epitomize the Secretary of State's words. Women entrepreneurs innovate, lead, and solve problems each and every day.



Monika Miles left "Big 4" public accounting as a Senior Manager in 2002. She can relate to the comments of the MOVE report relating to business generation. "If these wins are not recognized and rewarded by firm leadership, rainmaking women realize that they can do just as well on their own." As the CEO of an independent firm, she must make the rain to keep the business running. Rewards come in the form of loyal clients, enjoyable projects, and freedom and flexibility to work on philanthropic efforts in addition to managing the business.

## ASWA Recommendations

ASWA supports the recommendations made by the Center for Work-Life Policy and the 2010 Accounting MOVE Project related to their groundbreaking research regarding on-ramps and off-ramps for professional women.

- Provide “scenic routes” – Temporary flextime or part-time opportunities that keep off-ramped women on their career track.
- Create flextime work options over the arc of a career.
- Re-imagine work-life balance.
- Help women claim and sustain ambition.
- Tap into altruism – Data shows that work opportunities to give back to the community are a primary motivator for professional women.
- Combat the stigma associated with flexible work arrangements.
- Recast women’s initiatives to both capture new business immediately and build the pipeline of female talent.
- Adopt common metrics to measure the status of women and the results of programs – and report those metrics publicly and regularly.
- Start retention efforts and career path planning at the point of hire.
- Concentrate coaching and training on key career transitions, especially the senior manager level.
- Communicate openly and often about career paths, successes, detours, and challenges.

## In Closing

ASWA is both heartened by the gains made, as well as troubled by the significant gaps at the top of the profession for women. It has been proven that firms which invest in women, and have women in leadership positions, do better on any number of key business metrics – client retention, decision-making, overall profitability – but getting the right women in the right positions clearly remains a challenge. ASWA is committed to seeing increased parity in senior positions for professional women in accounting and finance, and looks forward to creating new partnerships and alliances in order to enact this change.

## About the American Society of Women Accountants

- Founded in 1938, the American Society of Women Accountants provides women in accounting and finance the leadership, education and networking opportunities needed to achieve their career goals.
- The American Society of Women Accountants is still the only organization that solely represents the interest of women in the entire accounting and finance community.
- The American Society of Women Accountants' mission is to enable women in all accounting and related fields to achieve their full personal, professional and economic potential and to contribute to the future development of their profession.

## References and Resources

- American Institute of CPAs. (2004). *AICPA Work/Life and Women's Initiatives 2004 Research: A Decade of Changes in the Profession: Workforce Trends and Human Capital Practices*.
- Bureau of Labor Statistics and the Census Bureau. (2005). *Current Population Survey, Annual Averages*.
- Catalyst. (2002 and 2005). *Census of Women Corporate Officers and Top Earners of the Fortune 500*.
- Center for a New American Dream. (2003). *Americans Eager to Take Back Their Time*.
- Center for Women's Business Owners. (2006).
- Center for Work-Life Policy. (2010). *Time-Outs Take an Increasing Toll on Women's Careers Finds New Study from the Center for Work-Life Policy*.
- Tuck Executive Education at Dartmouth. (2007). *Changing the Career Ladder: Paving Flexible Pathways for Today's Talent*.
- U.S. Bureau of Labor Statistics. (2008). *Accountant Employment Factsheet*.
- U.S. Bureau of Labor Statistics. (2009). *Occupational Employment Projections to 2018*.
- U.S. Department of Education, National Center for Education Statistics. (2010).
- U.S. Department of State. (2010). *Hillary Clinton, Remarks at Breakfast With Women Entrepreneurs Attending the Presidential Summit on Entrepreneurship*.
- Wilson-Taylor Associates, Inc. (2010). *2010 Accounting MOVE Project Executive Report*.



American Society of Women Accountants

**[www.ASWA.org](http://www.ASWA.org)**  
**1760 Old Meadow Road, Suite 500**  
**McLean, VA 22102**  
**Tel: 703.506.3265 | Fax: 703.506.3266**  
**[aswa@aswa.org](mailto:aswa@aswa.org)**