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Greater Diversity Needed at Accounting Firms

Michael Cohn



Beth Carvin

Recent studies by the American Society of Women Accountants and Howard University's Center for Accounting Education found that even when accounting firms hire women and minorities, many of them drop out due to a lack of support that hinders further advancement.

Even with diversity initiatives in place in many companies, a staggering percentage of women and minorities still feel that their needs are not being met.

Nobscot Corporation CEO Beth N. Carvin believes that accounting firms can be doing much more to improve their diversity efforts and increase retention rates among female and minority employees. Her company develops software for doing employee surveys and exit interviews that some firms are using to help with their staff retention efforts.

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"People are realizing it is something they need to work on, that it won't just sort itself out," she said of diversity efforts. "There was a period about 10 years ago where accounting firms were doing a fairly good job of recruiting women and minorities, so everybody thought we're good, we're making sure educationally there are both genders and all sorts of races and bringing them into the firms and casting a wider net and doing all the things that you're supposed to do, and less attention on the retention aspect of it. So bringing people but having them walk out the door, so we never really got to where we needed to be. With the economy and all of that, when people do cuts, they tend to cut out some of those things related to diversity. It seems unfortunately those are often the first things to go when actually it can cause greater problems for the firms."

While her company works with employers who may find themselves the targets of discrimination lawsuits and wrongful termination suits, she said the companies usually try to identify such issues before they get to that stage. "We work with

companies on their exit interview strategy,” said Carvin. “With exit interviews, you can actually see where there might be some potential issues, where maybe somebody is not going to sue right now, but down the road maybe there is someone who is a little bit more litigious.”

With one financial services company that Nobscot worked with, a female employee in the trust department completed an online exit interview where she rated everything very highly except for sexual harassment, but without leaving a comment to explain the rating. “It was kind of scary, so we looked back to see,” said Carvin. “It was a case where the manager was just a little bit too touchy feely. He’d pat you on the shoulder. He was kind of old school. He really didn’t mean anything by it at all, but they were able to say, ‘Knock it off, you can’t do that anymore.’ That woman was not going to sue, but you never know. There could have been someone else who might have.”

Carvin noted that with accounting firms, there may be good policies in place to help women, like work/life balance and flexibility. “All these programs came up in the late 1980s or early 1990s, but what happened is there’s an unspoken culture,” she said. “Let’s say an accounting firm put in a policy that allows people to leave early X number of days and work from home. That all sounds great. If someone needs to pick up the kid, whatever they need to do, but then the corporate culture might be such that if you take advantage of that wonderful policy, you are ostracized or you are looked at as not being a team player, or that you are viewed as not being ambitious without ever knowing that those people who are taking advantage of it, usually women, are working twice as hard from home. The policies might be really good, but how they’re playing out in the workplace might be very difficult. It’s really about diagnosing your issues by looking at your exit interviews or new hire surveys.” The information may reveal that firms have a great workplace flexibility policy, but female employees are afraid to take advantage of it because they worry they will be looked upon poorly by their colleagues and managers.

Minority employees appear to benefit from mentoring programs at companies and firms to improve diversity. Carvin cited a study by sociology professor Frank Dobbin of Harvard University and his colleagues in which they studied the effects of different diversity initiatives. “CPA firms and other companies will put together diversity initiatives,” said Carvin. “They might hire a diversity manager, do diversity training and have a task force. There might be several different things that they do as part of their initiative, but nobody ever knew and studied if they actually had an effect or not. It was always sort of intuitive that if we do this, it’s going to work. So Dobbin and his team looked at the composition in the partners and the senior-level positions of minorities and women and did all this correlation back to the diversity programs to see which had an effect. Some of the programs actually had negative effects on certain populations, and others had a little bit of a positive effect. He broke it down by white women, black men, black women, Asian women, Asian men, Hispanic women and Hispanic men. The one that had the highest beneficial effects

on the most populations was mentoring programs.”

The research also looked at whether the mentoring programs were more effective with women mentoring other women or men, or with women being mentored by men. “Women mentoring women can really help as a support when you’re feeling frustrated and you just need to talk to someone who has been there before, who has dealt with some of the roadblocks, but there is also very strong academic research on getting ahead,” said Carvin. “Unfortunately it seems that in getting ahead, for both women and minorities, having a white male mentor created the best increase in getting into senior-level positions. Let’s say in a CPA firm the majority of partners are men. People like to hire people that are like themselves and promote people like themselves. It’s very ingrained on a subconscious level. Having a white male mentor is someone who can vouch for a particular employee, as if saying, ‘They’re OK, this person is good, they can come into the circle.’ For both women and minorities to have that, studies have shown that having a white male mentor gives something like a \$25,000 compensation bounce.”