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# **Staying the Course on Diversity:**

Making a Commitment  
to Build a Stronger  
Accounting Profession

August 2009



*“We must change perceptions, so that minorities can plainly see a career path with an upward trajectory. I am confident that if minorities believe that they have real opportunity, they will commit to our profession in larger numbers, put in the hard work to sit for the CPA Exam, and reach the highest levels of success.”*

## About the Author



Frank K. Ross is a visiting professor of accounting at Howard University School of Business and he is also director of the Center for Accounting Education.

Mr. Ross retired from KPMG LLP in 2003 after more than 38 years of service. While at KPMG, he served as the Mid-Atlantic area managing partner for audit and risk advisory services and managing partner of the firm's Washington, D.C. offices. In addition, he was a member of KPMG's board of directors and chairman of the board of the KPMG Foundation.

In 1969, Mr. Ross was one of the nine co-founders of the National Association of Black Accountants. He served as the organization's first president.

Mr. Ross received a bachelor's degree in accounting and an MBA degree from Long Island University.

In 1998, he received the Distinguished Alumni Award from LIU and an honorary doctorate of humane letters in 2001. In 2004, the University of the District of Columbia also awarded Mr. Ross an honorary doctorate of humane letters.

Mr. Ross is a member of the board of the following corporations: Pepco Holdings Inc., and Cohen & Steers Mutual Funds Group. In addition, he serves on the board of the following not-for-profit organizations: Hoop Dreams Scholarship Fund Inc., The Greater Washington Urban League, and the Howard University Chartered Middle School for Mathematics and Science.

Four decades ago, stirred by a 1969 study that showed minorities were nearly absent from the accounting profession, the nation's major accounting firms launched a concerted effort to diversify their workforce. Focusing first on African Americans, and then extending the effort to other under-represented groups, including women, the profession has significantly increased the presence of minorities.

The effort has proceeded in fits and starts – sometimes slowed by external factors, including the economy, issues that have reshaped regulation of the profession, and the swings in government attitudes. But the support for diversity has generally remained.

Today, however, the accounting profession still trails other professions and large business organizations in minority representation. Today, minorities hold only 5 percent of partnership positions at the nation's large firms, and only one percent of partners is African American. These minority representation numbers have held steady for well over two decades. They stand in stark contrast to the profession's progress on gender diversity – 23 percent of accounting firm partners are now female. One reason for accounting's success with gender diversity has been its unwavering long-term commitment to bringing more women into the profession.

Although institutional barriers have fallen, attitudinal surveys and other research suggest that ethnic and racial minorities continue to face subtle and invisible barriers. Many young African-American professionals believe that they must perform better than white colleagues in order to receive opportunities and high-profile assignments. In many cases, they are discouraged by the lack of minority role models and dedicated mentors who act as their advocates.

This paper argues for an increased commitment to diversity that must be sustained and even strengthened during the years ahead, regardless of the impact that the current economic difficulties may have on the profession or on the number of minorities that will be choosing the accounting profession.

Today, when progress is most at risk, efforts to encourage minorities to enter and remain in the accounting profession are even more important. We must place

special emphasis on recruiting the brightest minority students into the profession and also on retaining the very best minority professionals in order to meet the challenges of an increasingly diverse global workplace.

To reach our collective goals, “retention” must become part of a company's corporate culture and it must be supported by a commitment that is sustained through many generations of corporate leadership. One reason that we have lagged in retention is because the fruits are not seen for 10 or 15 years. Amid the day-to-day pressure for results, even the best motivated leadership may sometimes lose enthusiasm for long-lead projects that will not yield visible returns for years to come. And, these pressures increase even further when economic reverses force a firm to trim its workforce or impose other economies. But these times are precisely when enlightened leaders must renew their commitment to long-term goals.

More specifically, firms should:

- Make diversity an integral part of the corporate culture – build it into the DNA of the organization.
- Develop special training for employees at all levels to help them become more sensitive to cultural differences and more aware of diverse styles of working.
- Identify the best and brightest from their minority workforce and single them out for focused support at all times, including downturns.
- Establish diversity in cultural background and experience as a key criteria in hiring and for work assignments.
- Build confidence among minority accountants that they will receive a fair chance to display their talents.
- Design and implement non-biased performance evaluations.
- Dedicate resources to developing effective mentoring programs that advise, guide and advocate for minority professionals.

- Select leaders, at all levels, who understand and are dedicated and committed to achieving long-term diversity goals, thereby enriching the quality of the accounting profession.

In sum, we must work to change perceptions so that minorities can plainly see a career path with an upward trajectory and feel confident that they will receive a fair chance to display their talents. And, we must stick to

these commitments when resources are tight as well as when the coffers are flush.

By embracing these changes for the long-term, by sustaining them through good times and bad, by truly committing to our ideals, we will one day achieve the diverse workforce that we all know will make accounting an even stronger profession and a more positive force for American business.

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For three decades now, I have had the privilege of advising minority students seeking careers in the accounting profession. First as a partner at KPMG, most recently as Visiting Professor and Director of the Howard University School of Business Center for Accounting Education (CAE), I have mentored, taught and helped guide hundreds of outstanding students to rewarding positions in public accounting, government and corporate America. Many are now successful CPAs, corporate executives, educators and public servants. Many are also successful entrepreneurs. Over the years, I have received countless phone calls or emails from former students and other young professionals seeking career advice, which I have been happy to provide.

I have a unique perspective on the challenges facing minorities in the accounting profession. As one of the founders and the first president of The National Association of Black Accountants and a person of color who made partner in a Big Eight accounting firm at a time when that achievement was even rarer than today, I understand the impact subtle (and not so subtle) biases can have on a person's career. I have lived through periods of progress and stagnation in the effort to bring diversity to our profession. And, after four decades in accounting, I understand what is necessary – from individuals and from organizations – for minorities to succeed in our profession.

Over the last twelve months, I have seen telltale signs that our commitment to diversity is slipping as a priority. The calls I get from young professionals seeking career advice have changed in tone and tenor. Previously, the best and brightest graduates would contact me seeking advice on how to advance in their current jobs and within the accounting profession. But now, too many outstanding young professionals, some with as little as one year of experience, are asking me for help with a job search – and questioning whether they should leave the accounting profession all together.

I get the feeling that the clock is turning back to an earlier time when diversity wasn't valued and people were judged on criteria rather than their ability. It is distressing that so many talented, committed minority professionals are either giving up on an accounting career – or feel the accounting profession has given up

on them. This situation is particularly troubling now, in light of the overall advances our society has made in this area, and considering the importance of developing a highly qualified and diverse workforce to meet the challenges of global business.

When accounting firms thin the ranks of their minority employees, even unintentionally, there is a longer term impact on the profession as a whole. Over time, these individuals will find other jobs, but the profession will be further behind in its effort to build a workforce that is diversified all the way up to partnership and other senior level positions.

### **Progress on Diversity Has Come Slowly, Gains Remain Fragile**

While we have made progress in minority recruitment, mentoring and retention programs, this success often feels fragile. We've seen periods of advancement in workplace diversity followed by long periods of stagnation. If we've learned anything over the past forty years, it's that change does not come easily, and that we must work hard to avoid slipping backward. It is vitally important, therefore, that we continue to press ahead aggressively with minority recruitment and retention in order to strengthen the accounting profession through diversity. Our profession has made mistakes in the past by reducing its efforts just when progress was being made. We cannot and must not allow that to happen again.

Now, when progress is increasingly at risk, is precisely the time to recommit to diversity. We must build on the gains of the past four decades and focus our profession on long-term programs that bring the competitive advantages of diversity to our workplaces.

Four decades ago, stirred by a 1969 study that showed minorities were nearly absent from the accounting profession<sup>1</sup>, the nation's major accounting firms launched a concerted effort to diversify their work force. Focusing first on African Americans, and then extending the effort to other under-represented groups including women and Native Americans, the profession has increased the presence of minorities. However, the effort has proceeded in fits and starts – sometimes slowed by external factors including the economy, events that have reshaped regulation of the profession,

<sup>1</sup>Bert Mitchell, "The Black Minority in the CPA Profession," *Journal of Accountancy* 128, no. 4 (1969).

and swings in government attitudes.<sup>2</sup> Still, diversity has remained a constant, if elusive goal, for the accounting profession.

Like many other professions, accounting first began to take diversity issues seriously during the 1960s, in the wake of the civil rights movement and the establishment of Great Society programs. The 1970s, a decade of significant progress, gave way to the conservative backlash of the 1980s. During the 1990s, gender became a focal point, while programs aimed at racial and ethnic diversity languished. With the start of a new century, the profession has once again started to focus on complete diversity in order to align its human capital with the increasingly global workplace.

However, the accounting profession continues to trail other professions and large business organizations in minority representation. Today, minorities hold only five percent of partnership positions at the nation's large firms, and only one percent of partners is African American.<sup>3</sup> This stands in stark contrast to gender diversity – 23 percent of accounting firm partners are female.

### A Brief History of the Accounting Profession's Diversity Efforts

Diversity first became a public issue in the accounting profession in October 1969 when Bert N. Mitchell, the founder, chairman, and recently retired chief executive officer of Mitchell & Titus, the largest minority-controlled accounting firm in the United States, published a groundbreaking study entitled “The Black Minority in the CPA Profession.”

Funded by a grant from the Ford Foundation and published in the *Journal of Accountancy*, the study found that the under-representation of African Americans among CPAs was much worse than in other professions, including law and medicine. In conducting his research, Mitchell found that fewer than 150 of 100,000 CPAs in the United States were African American.<sup>4</sup> Mitchell also found that at that point, not a single African American had been made partner at a

major CPA firm, though there were 3,139 partners at the 52 firms surveyed.

In the introduction to Mitchell's article, the *Journal of Accountancy's* editors acknowledged for the first time that the profession had discriminated against African Americans and concluded that the discrimination was the result of “oversight and indifference” rather than “deliberate hostility.”<sup>5</sup> Mitchell's study seemed to open the door to dialogue about a topic that had only been whispered about before as accounting journals and internal newsletters of the so-called ‘Big Eight’ firms followed with their own reporting of the issue. The new awareness spurred the profession to begin hiring more African Americans.

In 1969, not long after Mitchell published his study, I joined with eight colleagues<sup>6</sup> in New York to form the National Association of Black Accountants (NABA). Our intention was to create an organization that provided networking and mentoring support for African-American accounting professionals as well as professional advice for African-American-owned businesses. To help establish NABA as a constructive voice in the accounting profession, it quickly convened a panel discussion with representatives from the American Institute of Certified Public Accountants (AICPA), the New York State Society (NYSS), the Big Eight accounting firms and African-American CPAs. The event contributed greatly to the acceptance of the NABA within the accounting profession and helped fuel growth in membership, which reached 1,100 within four years.

The commitment of industry leaders, strong incentives from the federal government and rigorous enforcement of anti-discrimination laws produced dramatic progress. The number of African Americans working at the large public accounting firms doubled from 197 to 478 between 1968 and 1971, and then more than doubled again by 1973.<sup>7</sup>

But the gains did not extend to every level of the organization and minorities remained vastly underrepre-

<sup>2</sup> For an outstanding and complete history of African Americans in the accounting profession, see Theresa A. Hammond, *A White Collar Profession: African American Certified Public Accountants Since 1921*, University of North Carolina Press, 2002.

<sup>3</sup> Dennis R. Reigle, *2008 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*, American Institute of Certified Public Accountants (2008).

<sup>4</sup> Hammond, *Ibid.*

<sup>5</sup> Hammond, *Ibid.*

<sup>6</sup> The founders of the National Association of Black Accountants were: Earl Biggett, Donald Bristow, Kenneth Drummond, Betram Gibson, Richard McNamee, George Wallace, Ronald Benjamin, Michael Winston and Frank Ross.

<sup>7</sup> Hammond, *Ibid.*



sented in the firms' leadership. By 1976, five of the Big Eight still reported that they had no African-American partners. Ernst & Ernst and Coopers & Lybrand reported they each employed one African-American partner. And, Arthur Andersen told a U.S. Senate committee that it intended to promote two African-American partners later in the year. The firms explained that making partner took time, and that they anticipated more African-American partners once those hired had acquired the requisite ten to fifteen years experience.<sup>8</sup>

Perhaps more worrisome, by the end of the 1970s it appeared that the momentum for diversity had begun to reverse. Ruling in a landmark case brought by Allan Bakke, a white student applying for admission to the University of California at Davis Medical School, the U.S. Supreme Court ruled that certain aspects of affirmative action could be construed as discrimination against white males. Many respected commentators worried publicly that the Bakke case, which introduced the term "reverse discrimination," would impede or reverse the progress that had been made toward integration in all aspects of American life.

The concerns were well founded. With the election of Ronald Reagan in 1980, the federal government seemed less focused on advancing diversity and the commitment of the private sector seemed to lag as well. President Reagan spoke of a "level playing field" and a "color-blind society," sending the message that the efforts made in the late 1960s and 1970s to embrace diversity were no longer necessary. Within the accounting profession, commitment to diversity softened. Although the profession still professed to support diversity, it was no longer a priority. Once daily commitment wavers, both momentum and real gains are lost.

The pullback from an aggressive diversity effort was clearly premature. Despite the gains of the 1970s, African Americans still accounted for less than one-half of one percent of the total number of CPAs in the country. And, the number of African-American partners at big firms – fewer than 20 of some 7,000 – was less than one-third of one percent.<sup>9</sup> Worse still, the trends went the wrong way during the 1980s. Every

measure of African American progress in public accounting firms declined during the decade, including the percentage of African Americans hired, retained, and promoted. Progress was stopped cold.

Ironically, as progress for African Americans stalled, other minorities began to achieve more. The percentages of white women, Latinos, and Asian Americans in firms were growing. The entry of these other underrepresented groups meant the reversals among African Americans were masked by the firms' new practice of combining these groups under the catchall of "minorities" when reporting on diversity efforts.

Fortunately, the 1990s saw a new way of thinking beginning to take hold, as the large accounting firms began to sense that diversity was not only the "right thing to do," but also good business. As business owners were becoming more diverse, they began to expect similar diversity in the professional firms that provided them with services, including accounting firms.

This link between good social policy and good business policy gave new life to diversity efforts within the profession as most of the large public accounting firms appointed national directors of diversity in the mid-1990s. More and more, the accounting profession recognized the importance of innovative, long-term, comprehensive programs to promote diversity – programs that require commitment in both good times and tough times.

Although historic institutional barriers have fallen, attitudinal surveys and other research suggest that minorities continue to face subtle and invisible barriers. Many young minority professionals believe they must perform better than white colleagues in order to receive opportunities and high-profile assignments. In many cases, they are discouraged by the lack of minority role models and dedicated mentors. As I mentioned at the outset, too many of our best minority accounting professionals are considering leaving the profession altogether because they believe their opportunities are limited.

In sum, our profession still has a distance to travel to achieve true workplace diversity.

<sup>8</sup> Hammond, *Ibid.*

<sup>9</sup> Hammond, *Ibid.*



Forty years ago, Bert Mitchell's groundbreaking study revealed an alarming lack of minority representation in the accounting profession. Sadly, despite a long commitment to diversity and periods of progress, the numbers are only marginally better today. According to the most recent AICPA survey, only two percent of accounting firm professional staff and one percent of partners are African American.<sup>10</sup> By contrast, gender diversity has increased significantly over the same time frame. Females now make up 45 percent of professional staff and 23 percent of partners in what was once a male-dominated profession.<sup>11</sup>

In 2008, the U.S. Treasury Department's Advisory Committee on the Auditing Profession observed: "... this under-representation of minorities in the [accounting] profession is unacceptable from both a societal and business perspective."<sup>12</sup> Recognizing the hard work necessary to change the demographics of accounting firms, the Advisory Committee challenged the profession to embark on a "multi-faceted, multi-year effort" that reached deep into local communities for partners and extended its recruiting into several non-traditional channels.

The Advisory Committee strongly recommended the profession reach outside its comfort zone to recruit minority individuals from other disciplines and careers, from proprietary schools, and from community colleges. It noted that proprietary schools, which specialize in teaching vocational and occupational skills, and community colleges include large pools of minority students who cannot afford to attend four-year universities. The Advisory Committee also urged stepped up recruitment efforts at Historically Black Colleges and Universities.

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Finally, the Advisory Committee noted that stepped up recruitment must be matched by a new emphasis on retention through better mentoring that helps instill confidence early in an individual's career. It said that accounting firms should "intensify their efforts to create and maintain retention programs, including mentoring programs, for their employees as a means to provide these individuals with guidance, career coaching, and networking."<sup>13</sup>

A year later, however, there is little evidence of any comprehensive effort within the profession to implement the Advisory Committee's recommendations. It is true that change does not happen overnight and that new initiatives require a certain amount of lead time. But with each day of delay, the profession is slipping further behind the rest of the business world at a time that people of color are playing an expanding role at every level of work and leadership around the world.

## Issues Affecting Minority Recruitment and Retention

Given the profession's commitment to diversity and the removal of traditional barriers, the slow pace of success suggests that other factors may be at work. Indeed, research by The Howard University School of Business Center for Accounting Education (CAE) suggests that subtle, perhaps subconscious, biases and cultural differences may be creating invisible barriers to progress. In one key finding, large percentages of minorities believe that they have to work twice as hard as white colleagues to earn equal recognition.<sup>14</sup> Minorities often feel that they have to prove they can do the job right, while their white colleagues have to prove they cannot do it.

<sup>10</sup> Dennis R. Reigle, *2008 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*, American Institute of Certified Public Accountants (2008).

<sup>11</sup> Reigle, *Ibid.*

<sup>12</sup> The Department of the Treasury, *Final Report of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury*, October 6, 2008.

<sup>13</sup> The Department of the Treasury, Advisory Committee on the Auditing Profession, *Ibid.*

<sup>14</sup> The Center for Accounting Education (CAE), Howard University School of Business, *NABA Membership Survey: Analysis of Work Experiences of NABA Members*, September 15, 2006.

Attitudinal research further illuminates the challenges to minority recruitment and retention. While we can debate the precision of survey instruments and analysis, we can agree on the importance of truly listening to feedback from minorities in the profession. In that regard, the CAE survey of minority attitudes highlights a number of very important issues that we must carefully consider as we continue to work to recruit and retain more minorities into the accounting profession.

On the positive side, the CAE survey results showed that as employees experienced upward mobility in their jobs, they felt acceptance by colleagues and were given high profile challenging job assignments. They also experienced a steady increase in job satisfaction as they advanced in their careers. With upward mobility, the number of African Americans who felt challenges navigating corporate politics and assimilating into corporate culture decreased.<sup>15</sup>

However, the CAE survey also revealed areas of high concern. As African-American employees advanced in their careers, the percentage who felt that subordinates and clients had a problem dealing with them because of their race increased to 76 percent and 80 percent respectively. Also, with promotion, the percentage of employees who believe they have not always received unbiased job evaluations from white supervisors steadily increased to 67 percent. These percentages are alarmingly high and reflect the challenges inherent in bringing diversity to the highest levels of the accounting profession.<sup>16</sup>

The survey also suggests a failure of mentoring, a critical shortcoming because of the proven value of personal guidance to success in any workplace. Only 50 percent of the CAE survey respondents indicated that they are receiving beneficial mentoring from their current employer. Only a small percentage of senior management reported that they were being mentored within their current organization. Three-quarters of respondents believed that the most fruitful mentoring

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relationships are outside their current work environment.<sup>17</sup>

Experience has taught us that fruitful mentor relationships need to be fostered and nurtured at the staff level and continue throughout the employee’s entire career. We have no excuse for continued failure in this area. From decades of experience, survey research and old-fashioned

trial and error, we now know what works – and what does not work. The 2008 report by the U.S. Treasury Advisory Committee provides a very clear framework for increasing diversity based on established best practices.

We know, beyond a doubt, that it is vitally important that we renew our dedication to diversity and focus equally on minority recruitment and retention. Our profession has made mistakes in the past by reducing its efforts just when progress was being made. We cannot and must not allow that to happen now. What the profession needs now is the kind of good old-fashioned commitment necessary to live our ideals — a commitment that involves both resources and reputations.

### **Diversity Starts With Effective Recruitment**

Over the past decade the accounting profession has maintained earlier gains in its efforts to recruit and graduate minorities from academic programs that prepare them for a career in accounting. According to the most recent AICPA survey of trends in the accounting profession, minorities (Asian, African American, Hispanic, and Native Americans) comprise 32 percent of graduates in bachelor’s and master’s degree accounting programs.<sup>18</sup> On the demand side of the equation, CPA firms reported that 28 percent of their new hires were minorities.<sup>19</sup>

The data indicates that the supply of minority graduates from academic accounting programs remains strong. However, it also indicates that much work remains to ensure that a representative and proportional sample of the minority population is actually entering the accounting profession.

<sup>15</sup> CAE, *Ibid.*

<sup>16</sup> CAE, *Ibid.*

<sup>17</sup> CAE, *Ibid.*

<sup>18</sup> Dennis R. Reigle, *2008 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*, American Institute of Certified Public Accountants (2008).

<sup>19</sup> Reigle, *Ibid.*

Over the past decade, the profession has supported a number of successful programs to improve minority recruitment and retention. These include:

- **National Association of Black Accountants Accounting Career Awareness Program**

The Accounting Career Awareness Program (ACAP) was created to heighten the awareness of accounting and business career opportunities among minority youths in the public and private school systems. ACAP began in 1980 when NABA recognized the need for a program that would direct African-Americans and other minorities towards the accounting profession. Recognizing that preparation for a professional career begins in junior and senior high school, NABA designed a pilot program that would be informative and also go beyond words.

Accordingly, the one-week residency concept was developed. Through these efforts, participating students receive educational enrichment and practical help they need to prepare for university-level programs. At the Howard University School of Business, one of many campuses nationwide to host ACAP programs, their ACAP Program was able to reach 30 students from underrepresented minority groups in the inaugural 2000 summer camp. The 2009 summer camp has 25 rising seniors and 5 rising juniors participating in the program. Over its nine years of existence, Howard University's School of Business ACAP Program has had an impact on approximately 300 high school students.

- **National Association of Black Accountants CPA Bound Program**

NABA, along with The Howard University School of Business Center for Accounting Education, developed the CPA Bound Initiative with four program components: early outreach to raise awareness of the need for African American CPAs; information sharing to help minorities find the resources to become a CPA; test preparation to help participants pass the CPA exam; and research to better understand the barriers that exist for African Americans. The program is successfully nurturing the next generation of African-American accountants and regularly recognizes new African-American CPAs for their achievement.

- **The PhD Project**

The KPMG Foundation established the PhD Project in 1994 to increase the diversity of corporate America by increasing the diversity of business school faculty. The program attracts African Americans, Hispanic Americans and Native Americans to business Ph.D. programs, and provides them with a network of peer support on their journey to becoming professors. As faculty, they serve as role models who attract and mentor minority students while improving the preparation of all students for our diverse workplace and society. The PhD Project has celebrated many milestones since its inception, including tripling the number of minority business professors in the United States.

- **The Howard University School of Business CAE Leadership Skills Development Program**

CAE's Leadership Skills Development Program We're About Success! is a four-day workshop to help African American accounting professionals with one year or less experience develop the soft skills necessary to advance their career and to help them improve their technical skills around certification review strategies. The program is now five years old and averages over 100 participants annually. This is a collaborative effort between CAE and the major accounting firms.

In addition to these established programs, the AICPA recently launched its "CPAs of Color" campaign, marking the 40th anniversary of the establishment of the Minority Initiatives Committee (MIC). For the past forty years, the AICPA's MIC has encouraged minority advancement and retention in the accounting profession. To commemorate the landmark establishment of the AICPA committee, the AICPA is releasing an eBook entitled "CPAs of Color: Celebrating 40 Years," to illustrate the accomplishments of minority CPAs.

Finally, the Big Four professional services firms — Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers — have together embarked on a new program to increase diversity in the accounting profession. Accounting for Change Now ([www.accountingforchangenow.com](http://www.accountingforchangenow.com)) acknowledges that the profession has struggled for many years to attract and retain black professionals. The group's promotional materials note:

“Although the Big Four and other firms have worked hard to recruit more black professionals, we believe that the reality is that careers in accounting and professional services lack visibility in many black communities — resulting in relatively low numbers who study and pursue a career in the accounting industry. And the percentages continue to dwindle among those professionals who ultimately attain their CPA and rise through the ranks of the Big Four and other firms to the partnership level. This needs to change.”

With the launch of *Accounting for Change Now*, the leaders of the accounting profession acknowledged that no single firm can increase diversity on its own. Recognizing that the collective time, energy and resources of all Big Four firms — and the profession overall — is needed, they have made a commitment to come together and tackle this issue.

While these programs are all laudable, by themselves they are not enough to achieve true diversity in the accounting profession. To be successful, the profession, as a whole, must make significant, consistent investments in outreach, education, and retention. We must recognize that there are historic and cultural barriers that can only be overcome with long-term, broad-based education programs across the range of ethnic and racial communities.

In terms of recruitment, we need to build on the foundation established by the ACAP program and aggressively work within minority communities to raise awareness of the accounting profession as an attractive career option that is highly regarded by members of the community. That task will require significant effort. If an African American earns a law degree or a medical degree, he or she knows the community will see them as someone who has reached the top rung of American society. Becoming a CPA does not have the same cachet in the African-American community. Importantly, outreach to the African American commu-

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nity, especially to young men, must reach beyond the schools. I believe the profession must engage on a continuous, ongoing basis with local grassroots organizations such as 100 Black Men and other fraternal organizations that focus their energy on young men. We need to design outreach and education programs that target African-American churches as well.

Let me emphasize, we must work with local organizations. Working with national groups has its place, but the most effective grassroots

outreach will involve the individuals at the local level who have personal connections and credibility with the young men and women they see every day. By doing this work locally, effective outreach will eventually reach hundreds of separate local programs and groups. This of course will require a commitment to spending substantial dollars over several years.

### **Accounting Must Focus on Minority Retention and Advancement**

Once we have recruited young African Americans into the profession, the focus shifts to retention. In my view, keeping African Americans and others in the profession largely involves building confidence and nurturing young workers’ belief that they can succeed and advance. Non-minorities do not understand how fragile self-confidence is for many young minorities — even those who have graduated from top colleges and universities.

As a group, African Americans are not yet fully convinced that the accounting profession wants them. The 2007 CPA Examination Summit concluded that among African Americans “there is a perception of restricted access to partnership opportunities and leadership positions.”<sup>20</sup> This challenge may present something of a “Catch 22.” Because they do not see many African Americans at the manager or partner level, too many younger African Americans do not aspire to become a manager or partner. Instead, they opt out of the auditing profession to follow other career paths. Indeed,

<sup>20</sup> Howard University School of Business Center for Accounting Education, *2007 CPA Examination Summit: Insights Into Increasing the Number of African American CPAs*, June 2007.

recent data from AICPA shows that African Americans may be unique among minorities in turning their back on the public accounting profession.

Among new accounting graduates, AICPA reports that 30 percent of whites, 33 percent of Asian Americans and 37 percent of Hispanics took jobs in the public accounting sector in 2007. But only 19 percent of African Americans with new bachelor degrees chose public accounting.<sup>21</sup> It will take a lot of work marketing our profession to change those numbers. But again, by increasing the number of African Americans at the manager and partner levels, as well as partners in leadership positions, this trend can be reversed.

The same calculation appears to discourage African American accountants, as a group, from sitting for the CPA exam. Earning the CPA certification takes a lot of extra time and energy after college. If a young African American thinks he or she cannot move up the professional ladder or make partner because of their race, they are much less likely to see the value in working toward their CPA certification.

The numbers speak loudly. A recent survey of African-American accountants conducted by CAE showed that 65 percent have been with their current employer for three years or less. Only 18 percent have worked with the same firm for more than five years. Making partner typically takes 11-to-15 years.<sup>22</sup> With most African Americans leaving their firms after only a few years, it is going to be very hard to significantly raise the number that achieve partner status. It is not enough to just seek new sources of minorities to bring into the profession; we also must keep them there.

To reach our collective goals, “retention” must become part of a company’s corporate culture and it must be supported by a commitment that is sustained through many generations of corporate leadership. One reason that we have lagged in retention is because the fruits are not seen for 10 or 15 years. Amid the day-to-day pressure for results, even the best motivated leadership

*“If a young African-American thinks he or she cannot move up the professional ladder or make partner because of their race, they are much less likely to see the value in working toward their CPA certification.”*

may sometimes lose enthusiasm for long lead projects that will not yield visible returns for years to come.

And, these pressures increase even further when economic reverses force a firm to trim its workforce or impose other economies. But these times are precisely when the commitment to diversity must be stronger than ever and when enlightened leaders must reiterate their long term vision.

We must find ways to recognize and reward the leaders who make retention a truly high priority and drive their firms to stick with it year-in and year-out. Successful retention efforts are largely about building young workers’ belief that they can succeed and advance.

African Americans will continue to be under-represented among accounting firm partners until a sufficient number enter the profession and stay in the profession long enough to rise to partner rank. We need a larger pool of pioneers with the desire, the self-assurance, and the perseverance to earn partnership.

We would be wise to learn from the profession’s success in increasing gender diversity at the most senior levels. Today, approximately 23 percent of major accounting firm partners are female. This represents a significant improvement achieved over a twenty-year period. The accounting profession has been successful achieving gender diversity because of the implementation of effective programs and a long-term commitment. Now we must employ many of the same tactics, and importantly, the same sustained level of commitment to achieving ethnic and racial diversity.

We must change perceptions so minorities can plainly see a career path with an upward trajectory. To do this will require not only commitment, but also new thinking and a new focus on keeping diversity an industry priority.

<sup>21</sup> Rieggle, *Ibid.*

<sup>22</sup> Howard University School of Business Center for Accounting Education, *NABA Membership Survey: Analysis of Work Experiences of NABA Members*, September 2006.



More specifically, firms should:

- **Make diversity an integral part of the corporate culture – even part of the DNA of the organization.**

It must be driven from the highest levels of the organization with the total buy-in at every level of management. It must be an integral part of every decision – recruiting, team assembly for assignments, educational opportunities, promotion and compensation. Some will say that it must be part of the business of the organization – in short, it must contribute to the bottom line. Accepting that “what gets measured gets done,” many companies have initiated the use of diversity scorecards to establish focused metrics and establish clearly how diversity adds to the bottom line.

- **Develop special training for employees to help them become more sensitive to cultural differences and more mindful to other ways of working.**

Too many people allow subtle – even unconscious – biases to affect the way they evaluate and value the contribution of co-workers. We all stand to benefit from increasing sensitivity to the full range of talent and contributions necessary to successfully meet a client’s challenges.

- **Identify the best and brightest from their minority workforce and single them out for focused support at all times, including downturns.**

Rising stars need the opportunity to shine with work assignments to important and challenging client projects. This is not affirmative action, rather it is what smart businesses do all the time to nurture their best and brightest.

- **Establish diversity in cultural background and experience as a key criterion in hiring and for work assignments.**

We must redefine diversity to focus on the ability to add perspective and insight into a client’s business and the generation of revenue and new business. Each firm should seek to build teams that reflect the ever-increasing diversity in the American and global workplace.

- **Build confidence among minority accountants that they will receive a fair chance to display their talents.**

This includes building the formal and informal networks that help minorities build important relationships both within and outside their organization. Successful minority partners and managers must recognize that they have a personal responsibility to reach out to other minorities. They must be available to answer their questions, provide guidance and help them build their confidence. This is a unique responsibility for African-American partners and managers, but if supported by their organizations it will go a long way toward building the confidence of young minorities.

- **Design and implement non-biased performance evaluations.**

Bias is pervasive, regardless of race, gender, age, sexual orientation or national origin. It is part of the human experience – but it has no place in a job performance review. Most performance reviews are, under the best circumstances, moderately objective, and in the worst circumstances, pointedly subjective. The performance review has the greatest opportunity of perpetuating bias, with the greatest impact on individual careers and perceptions of group success. We must work diligently to eliminate bias to the maximum extent possible.

- **Dedicate resources to developing effective mentoring programs that advise, guide and advocate for minority professionals.**

Mentoring is more than a few words of advice. It’s really about advocacy. Firms should challenge their partners and senior managers to identify promising young employees, especially minority employees, and become true advocates who actively look out for their charges’ career interest and become role models that transcend race. Most successful individuals state how important a mentor, acting as an advocate, was in their success.

- **Select leaders, at all levels, who understand and are dedicated and committed to achieving long-term diversity goals, thereby enriching the quality of the accounting profession.**

Leaders who understand the importance of achieving these long-term goals and who will hold partners and managers in their charge accountable for



progress in this important area will ultimately produce the progress and impact on the profession that is required to successfully compete in our global environment.

If we are to encourage minorities to remain in the accounting profession long enough to gain the skills and earn the opportunity to rise to the partner level, then we must ensure the profession is doing four things very well: selecting the right leaders; building confidence and opportunity with challenging assignments; providing non-biased performance evaluations; and engaging mentors as advocates.

### Selecting the Right Leaders

A minority partner with one of the big four accounting firms who has spent over 30 years in the profession states that a leader's interest and efforts in the area of diversity are impacted by their prospective which, according to him, can fall in one of the following categories (of course there are many more categories than those discussed below):

- **Directly Affected** – If you are a member of a minority group, you usually believe in and respond to diversity initiatives with a unique passion. You have first-hand knowledge and experience with the unique challenges the minority group faces. Your motivation to lead or participate in a diversity initiative is driven by a passion that makes it more of a personal goal. You have unwavering desire to see the initiatives be successful and, consequently, your actions in support of the initiative is driven by something close to your heart, as opposed to your desire to simply support a company initiative.
- **Believer** – Not a member of a minority group and consequently not directly affected, but driven by the moral perspective of wanting to do what's right – If you believe because of your moral compass that there are inequities that need to be corrected and that it is part of your responsibility to address it, then you will act with a passion that is perhaps not as personalized as someone directly affected, but probably more focused, consistent and sustained than someone who is doing it because they are directed to do it. The passion and efforts of a Believer are usually identified early by minorities as being sincere. Believers are also the best mentors for minorities.

Likewise the people who report to a Believer often take their cues from the signals that the Believer puts out. If they know that the Believer is serious and that the Believer will judge/evaluate them based on the results achieved, regardless whether the individuals who report to the Believer have the same commitment as the leader, their efforts and their results will be greater.

- **Enlightened** – Not directly affected or raised as a Believer – Someone who has heard the message and now understands or wants to understand. These folks may not completely get it, but will participate and try to get it. They will be supportive of the initiatives and will more likely be part of the long-term solution.
- **The Order Taker** – A person who is not a Believer and not truly Enlightened. Their involvement and support of diversity initiatives happens because it has to, more so than because they believe it's the right thing to do. For them, it is often a program that their leader or an important client is interested in, so they also better show interest or else they may be judged or evaluated unfavorably. They participate because they have to, not because they want to. They do enough to be able to give the appearance of being in full support. However, often their support is ineffective because it is:
  - o **Window-dressing** – They say or do something publicly, but their day-to-day actions are not consistent. Either they don't follow through or unconsciously do things that contradict.
  - o **A Fraud** – They don't truly agree that there is an issue, and so they say the right things when the script requires them to, but then take actions that are not supportive behind closed doors.

Order Takers approach initiatives like it is the “flavor of the month.” They say or do things that give the appearance of being onboard when they believe they have to be viewed as being that way, but then are quick to move on when the pressure is off.

Members of a minority group, and probably Believers, can usually over time identify the Order Takers. Unfortunately, many people who report to the Order Taker become Order Takers themselves.

One of the reasons we have not seen the consistent effort and achieved the results that we should have is because we have too many Order Takers as leaders. We need more leaders who are Believers.

Too bad there is no easy solution for how to convert Order Takers into Believers! (Can someone develop a pill?)

No matter what the strategic initiative is, Order Takers can provide the biggest impediments to change. Change can and may happen, but it would probably happen sooner were it not for Order Takers.

The real challenge is what to do with the Order Takers. A good leader would recognize that, no matter the strategic objective, there are Order Takers out there. The leader would devise a strategy and create rewards and penalties that would foster the Order Takers to strive for, or not block, the achievement of the desired results.

For diversity initiatives to be successful, we need a Believer or Believers in top leadership positions and enough Believers and Enlightened at other leadership layers to drive the results and to minimize any possible distractions that may be caused by the participation of Order Takers. Appropriate scorecards should be used to measure success in achieving established focused metrics which adds to the bottom line of the organization and allows the Believer or Enlightened leader to be appropriately recognized for their success in the area of moving diversity forward.

### **Building Confidence Through Challenging Assignments**

There is a tendency to think that once an African American or other minority joins an accounting firm the work is over. But that's not true. We lose African Americans to other professions because they believe they have better opportunities elsewhere. In short, they do not see a path to success. Often this is because they are not given the kind of challenging, high-profile job assignments that lead to recognition within a firm. This often begins a downward cycle where a minority accountant isn't seen as "contributing" to the overall success of the firm, leading to a poor job evaluation,

*"We need to show African-Americans that if they stay the course, they will have the opportunity to take on more and more challenging assignments and be recognized for their contributions to their firms."*

leading to less and less significant job assignments. It is an extremely negative self-reinforcing cycle that, once started, is difficult to break. Yet, if we are to successfully retain our minorities, we must break that cycle.

The profession needs to show young African Americans and other minorities that they are welcomed and that they have a genuine opportunity to move to the highest echelon of the firm. To do that, we

have to begin by helping build young professionals' self-confidence as they transition into a more competitive environment. When I talk to young people who have left the profession, their reasons tend to center on job experience, poor and low-profile job assignments and a lack of confidence about their career path rather than the need to make more money.

We need to show African-Americans that if they stay the course, they will have the opportunity to take on more and more challenging assignments and be recognized for their contributions to their firms. The *We're About Success!* Leadership Skills Development Program developed by CAE in a collaborative effort with the major accounting firms is one example of a program that has been proven to successfully build confidence. Finally, we need to demonstrate to minorities and African American that if they are able to take on increasingly responsible and high-profile assignments – and perform their duties well – they will be rewarded financially. We can build a positive self-reinforcing cycle that can help strengthen diversity within the profession.

### **Non-Biased Performance Evaluations**

The main determinant of performance in the profession is the performance review, which under the best circumstances is moderately objective, and in the worst circumstance is pointedly subjective. Of all organizational systems and structures in public accounting, the performance review has the greatest opportunity of perpetuating bias, with the greatest impact on individual careers, and perceptions of group success.

Performance reviews in the industry can look something like this:

*Sasha was a rising second year, African American associate, and the only African American in her practice. She came to the firm with two years of internship in public accounting. She is a member of NABA and was in the top 10 percent of her class. She has passed two segments of the CPA exam.*

*Sasha worked on two engagements in her first year. Her senior, Jonathan, felt challenged by Sasha on her first engagement because she didn't spend social time with the team after hours. Jonathan thought she was "stand-offish." He wasn't comfortable with her seeming isolation, and lack of social interaction with the team. Technically she did fine, although she didn't ask a lot of clarifying questions for her assignments. At the end of the engagement, Jonathan told his manager: "She did ok, got the procedures right and worked hard, but wasn't easy to get along with, certainly not compared to the others.*

*Jonathan's manager, Christopher, took that under advisement, and when his colleague Nancy asked for a recommendation for an associate, Jonathan noted that Sasha was currently underutilized after the first engagement, that she was available, but "a little difficult to work with." Nancy assigned Sasha to the job, and told her senior that she'd heard that Sasha was good technically and needed some support "fitting in to the team." This is the lens through which Nancy's senior made job assignments for Sasha's second engagement, and became the brand by which she is known.*

*Sasha's performance manager, Carolyn, collected feedback from the managers on all the engagements on which Sasha had worked, and includes a few passing comments from the practice partners as she prepared the review. The firm has a variety of standards on teamwork and professionalism, both of which are considered along with technical execution. Sasha came out of her first review with a low 3, rather than a 3 or even a 4. Hers was among the lowest review scores in the practice.*

(Developed by Leslie Traub,  
President & CEO – Cook Ross, Inc)

Not surprisingly, when the firm identified candidates for reduction in force, Sasha rose to the top. This

clearly could have been prevented by greater awareness, sensitivity and cultural competency on behalf of her senior. This is an individual case, but unfortunately not a unique one. When looked at in the aggregate, there are a seemingly disproportionate number of African Americans at all levels tagged as poor performers, and being let go because of the economic downturn.

Bias is pervasive, regardless of race, gender, age, sexual orientation, or national origin. It is a survival mechanism of the most basic level. It is part of the human experience. For many of us it is largely unconscious. We don't even recognize our own biases. Ironically this can be especially true among people who have participated in targeted diversity and inclusion training because we come to believe that "only bad people have bias." According to this classic way of thinking, good people get it, aren't biased, and are supportive, and bad people are biased, say stupid things, and are working "against the cause." Bias is particularly difficult to recognize among individuals who feel that they are "good," supportive of equity and inclusion, and believe in the value that diversity brings to a profession. Many people in our profession feel that they've already "gotten it."

We must strive to create and conduct non-biased performance evaluations if we are to ensure minority retention and advancement in the accounting profession.

### **The Mentor As Advocate**

For many minority workers, confidence is fragile. They may be the first in their family to earn a college degree. Some graduates of Historically Black Colleges and Universities may be intimidated by competing against graduates of highly regarded mainstream universities for the first time. Additionally, some African-American graduates of mainstream universities who have been accepted as equals by their college classmates, may be discouraged by the sense that they are being seen, at least initially, as an African American now that they have entered a professional workplace.

The single greatest source of confidence is a good mentor. Many accounting firms now have official mentoring programs so that younger workers have a specific place to turn for guidance and counsel. These are worthy programs and, no doubt, they help develop

bonds across generational and racial lines. But having an assigned mentor is simply not the same as having a real advocate in your corner.

An effective mentoring program will work to ensure the minority associate receives challenging assignments and is connected with visible role models and supportive and nurturing networks inside and outside the organization. A mentor will be an advocate, working to ensure, the associate is treated fairly within the organization and receives non-biased, useful, actionable feedback to improve performance. Effective mentors will also work within an organization to increase awareness of biases of all types – and help address issues of bias when they arise.

It is important to note that the young minority person must do his or her part, too, and respond to opportunity by doing the best work possible. A mentor can help open doors. Once the door is open, the associate must deliver the goods.

### Committing to Our Ideals

Our profession must commit to a long-term sustained effort – not only to attract minorities to accounting, but also to retain them and make sure they have the opportunity to advance to the profession’s highest ranks.

The profession must change perceptions, so that minorities can plainly see a career path with an upward trajectory. If minorities believe they have real opportunity, they will commit to our profession in larger numbers and put in the hard work required to sit for the CPA exam and to succeed.

Our profession should take steps to build confidence among minority accountants that they will receive an opportunity to display their talents.

And, we must stick to these commitments when resources are tight as well as when the coffers are flush.

By embracing these changes for the long term, by sustaining them through good times and bad, by truly committing to our ideals, and continually seeking new and innovative ways to deal with diversity issues, we will one day achieve the diverse workforce that will make accounting an even stronger profession and an even more positive force in American business.

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*“Unless you have been blessed with a truly strong mentor, it may be hard to understand how beneficial it is. I was fortunate enough to have three . . . . They became advocates on my behalf, invisible hands who made sure that I received a chance to develop and display my abilities.”*

Frank K. Ross

Web CPA Commentary: Addressing the  
Minority Challenge, January 26, 2009

## About CAE

In existence for more than three decades, the Howard University School of Business Center for Accounting Education (CAE) has flourished over the past five years under the guidance of its director, Frank Ross and coordinator, Pat Kellibrew. Together, they have been able to guide CAE to the forefront of respectability within the accounting profession. In the face of new pressures on the accounting profession and the low percentages of young African-American professionals passing the CPA Exam, CAE has redoubled its efforts to address these very important issues.

In addition to his role as director of CAE, Frank is also a visiting professor of Accounting. Thanks to the financial contributions of its generous stakeholders and with input from its Advisory Board, CAE has launched new programs, seminars, surveys and workshops. Every initiative sponsored by CAE, ranging from surveys to the leadership program series, has been designed to increase the number of minority CPAs, to help ensure their success and thereby to increase the retention rate of minorities.

## CAE Mission Statement

- Provide initiatives that address the advancement of Blacks in the accounting profession through leadership skills training programs and Thought Leadership papers.
- Provide scholarships to needy accounting students and support accounting faculty development

CAE's initiatives will supplement what the firms/corporations and profession are doing  
Not a replacement/substitute for existing programs

## CAE Stakeholders

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*\*In kind stakeholders*

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