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HUMAN RESOURCES

A pipeline for diversity

Initiative spearheads professionwide effort to attract underrepresented minorities to accounting.

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Despite decades of intensive efforts, the accounting profession has not reached its diversity goals. African-Americans and Hispanics made up 13.1% and 16.9%, respectively, of the U.S. population in 2012, according to U.S. Census data, but secured just 4% and 6% of the new hires in 2011–12 at CPA firms, AICPA data show.

Misperception about accounting as a career is one reason for the disparity. Studies suggest that young people, including underrepresented minorities, hold the profession in relatively low regard, do not understand what accountants do, and do not appreciate the career opportunities the profession offers. It turns out that this lack of esteem is widely shared by parents and educators, the two groups with the biggest influence on young people's academic and career choices.

Improving the quality of accounting curricula and expanding internship and scholarship opportunities are essential to creating a new and meaningful perception of the accounting profession.

To address these challenges, the Howard University School of Business Center for Accounting Education created the Pipeline Working Group, which is developing unified, nationwide initiatives under the Pipeline Project. The AICPA National Commission on Diversity & Inclusion is partnering with the Pipeline Working Group on many of these initiatives, which are intended to reach out to underrepresented minority students at high schools and community colleges—as well as to their teachers, guidance counselors, and parents—to educate them about the profession.

The accounting profession is expected to grow significantly in this decade. The U.S. Bureau of Labor Statistics has projected a 13% increase in the number of accounting jobs between 2012 and 2022, but the percentage of underrepresented minorities in leadership positions in the profession is small. AICPA data show that, combined, African-Americans and Hispanics hold just 4% of all partnerships in the profession, and those of Asian/Pacific descent hold 5%. In a nation where minorities are projected to constitute more than half the population in 2043, whites still hold about three-quarters of the professional positions and 90% of partnerships in the accounting profession. The plain truth is that underrepresented minorities as a whole are making only slow headway in the profession. Why is that? And what can be done to change it?

FILLING THE TALENT PIPELINE

In considering why the profession is falling short, one significant area for attention is the talent pipeline and the clear evidence that it is not full enough. AICPA data show that African-American enrollment in bachelor's degree accounting programs declined from about 11% in 2001–02 to 7.2% in 2011–12. The percentage of Hispanic accounting students enrolled increased slightly from 8% in 2001–02 to 8.4% in 2011–12. On the other hand, the percentage of Asian/Pacific accounting students rose significantly from 7% in 2001–2002 to 9.3% in 2011–2012.

Exhibit 1 shows that both African-Americans and Hispanics are underrepresented in bachelor's degree accounting programs and CPA firms' new hires compared with their percentage of the population and are in stark contrast to the overrepresentation of the Asian/Pacific population.

Exhibit 1 Accounting Enrollment and New Hires, 2011-12

Minority group	Enrollment in bachelor's degree accounting programs	New hires by CPA firms	U.S. population
African-American	7.2%	4%	13.1%
Asian/Pacific	9.3%	19%	5.1%
Hispanic	8.4%	6%	16.9%

Sources: AICPA report, 2013 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits, tinyurl.com/ovz5nbs; 2012 U.S. Census.

The diversity of the talent pipeline is becoming an accepted business reality, given changes in business ownership. The number of minority-owned businesses increased by 45.6% to 5.8 million between 2002 and 2007, more than twice the national rate of increase of all U.S. businesses, according to the U.S. Census Bureau. Why is this important? According to the AICPA, organizations that prepare themselves for the attraction, retention, and development of all talent pools have an immediate and ongoing competitive advantage. Because of the shifts in population, this competitive advantage will only increase as the profession moves into the next decade and beyond.

In a professional services firm, the talent of its people is the No. 1 asset. It defines the quality of its service offerings and its ability to grow. The profession cannot enjoy sustainable growth without a strategy to increase its attractiveness to larger talent pools. As a result, a professionwide strategy must be developed to enhance accounting education and convince top, underrepresented minority students to choose a career in accounting.

To address these challenges, fill the recruiting pipeline, and enhance the prospects for reaching diversity goals, the Pipeline Working Group and the AICPA are initiating a unified, nationwide program to generate interest in the profession with a specific focus on high school and community college students. Targeting high schools makes sense because this is where most students first consider possible career options and college majors. Success in a high school accounting course often plays a significant role in the decision to major in accounting once a student enters college, according to research by two University of Southern Maine professors ("Factors Influencing Students' Choice of the Accounting Major," by George R. Violette and Douglas G. Chene, *The CPA Journal*, Sept. 2012, page 14).

Community colleges also are fertile ground for introducing minority students to the accounting profession. Forty-three percent of 2012 high school graduates who enrolled in college went to a two-year college, up from 34% in 2000, according to Bureau of Labor Statistics reports. By definition, a pipeline consists of many parts serving very important roles. Therefore, the Pipeline Project and the AICPA will engage students through school-based programs and encourage them to explore and experience the profession by offering scholarships, internships, and career exploration opportunities with the goal that these students will eventually become certified after graduation.

The Pipeline Project's implementation plan is divided into three primary phases:

1. Program analysis and market research to help understand where the profession is today.
2. Program piloting.
3. Program rollout to realize long-term success.

MARKET RESEARCH

Market research is intended to better understand what factors influence underrepresented minorities' decision of whether to select accounting as a field of study. Additionally, it will expose the barriers facing the profession in attracting individuals into accounting. The evaluation of existing programs will highlight the practices that make these programs successful.

For example, more than 50 summer accounting programs target both high school and college students; some of these programs are highly successful. These individual programs provide invaluable insights, but they lack the scale to resolve the challenge of attracting and recruiting a large number of underrepresented minorities to the profession. The evaluation of these programs will uncover the practices that achieve optimal results and can be incorporated into best practices for running a program.

PROGRAM PILOTING

The findings of the research and program evaluations will fuel pilots of programs operated under the best practices

that have been developed. The purpose of the pilots will be to demonstrate results of these model programs and further build the business case and support from the profession as a whole.

IMPLEMENTATION

After the pilots are completed, the best practices from the pilots that were successful will move into full implementation. The expectation is that the number of supporters of the initiative will continue to grow. This is the most crucial step and where the program must see results.

With the help of the Pipeline Working Group, the AICPA has committed initial funding to demonstrate success of some of the proposed programs. The AICPA will lead the implementation of several proposed programs and identify experienced accounting professionals to serve as advocates and influence other leaders and organizations to support the program. In addition to the development of best practices for summer accounting programs, the implementation plan will include:

- Research of students (high school and college) and the influences that help students decide on a field of study. The implementation plan also will study what influences underrepresented minorities to get their CPA and the barriers that discourage them from getting their CPA.
- Communication and awareness programs. These include programs that allow students to interact with CPAs through classroom appearances or video conferences; placing accounting activities in community organizations such as Junior Achievement, Boys & Girls Clubs, and fraternities and sororities; partnering with and sponsoring teacher/counselor conferences to promote the accounting profession to teachers and career counselors; and enhancing supplemental content for teachers and counselors to use. These programs aim to increase the visibility of the accounting profession in the educational system by reaching the key influencers: parents and educators.
- Increased community college and master's-level student scholarships.
- The building of partnerships with community college associations to bridge the transition from obtaining an associate's degree in accounting to getting a bachelor's degree in accounting and then obtaining a CPA.
- Development of internship best practices for firms.
- Engaging all professional organizations such as Financial Executives International, the Financial Accounting Foundation, the National Association of State Boards of Accountancy, and the Center for Audit Quality.

The AICPA has a dedicated staff that will perform the research, piloting, and execution necessary to implement several programs that the Pipeline Working Group has proposed. But these programs' success will require the profession's support. The success or failure of the pipeline initiatives isn't entirely within the AICPA's control; the Institute needs the help of every organization with a stake in the success of the CPA profession. The collaboration and support of firms, state societies, and institutions will determine the success and longevity of the pipeline initiatives.

The Pipeline Working Group acknowledges that one of the main concerns is to define attainable success measurements within a defined timeline. Implemented appropriately, school-based programs will increase the number of underrepresented minority high school students interested in majoring in accounting, and the number of community college students who transfer to four-year institutions to complete their undergraduate studies.

The need to expand recruitment efforts, boost public appreciation of the profession's value, improve accounting curricula, and reach out to high school and college students and those who provide them with guidance are challenges the profession faces. The Pipeline Project can strengthen the profession and enhance client service by creating more diverse teams and wide-ranging perspectives that reflect the world the accounting profession serves.

Early Inspiration Is Critical, Firm Diversity Experts Say

by Ken Tysiac

Over and over again, CPAs across the country have expressed the same frustration about diversity hiring to Richard Caturano, CPA, CGMA.

They tell Caturano that they would like to make their firms and company finance departments more diverse, but they are discouraged by the small number of minority professionals who have chosen to work in accounting.

"The input we've received from all around the country pretty consistently is, we have to get at these students early in the decision-making process," said Caturano, the former AICPA chairman who is national leader of culture, diversity, and inclusion for McGladrey LLP and has spoken in front of thousands of CPAs on diversity in the past two years.

The need to get minorities interested in accounting at an early age is one reason Caturano supports the direction of the Pipeline Project, which is designed to increase the flow of underrepresented minority talent into the profession. He said it's important to educate minority students at a young age on the benefits of a CPA career.

One goal of the Pipeline Project is to reach underrepresented minority students before they choose their course of college study by reaching out to them through high schools and community-based organizations such as Junior Achievement and Boys & Girls Clubs. Diana Solash, a director in EY's Americas Inclusiveness Office, said timing is important.

"I think it's all around inflection points and when people make key decisions," she said. "So whether that's at the high school level before they choose a college, or whether they're at a four-year college and they are a sophomore or freshman and before they decide on their major, or they are at a community college and deciding what's next after they finish the basics, I think it's all around inflection points."

The Pipeline Project asks that firms and organizations:

- Fund and participate in one of the summer accounting programs or other major initiatives designed to reach out to students.
- Ensure that firm CPAs mentor and speak regularly to high school students.
- Ensure that firms offer exciting and meaningful internship opportunities to an array of students from different backgrounds.
- Fully engage with their young professionals and support them as they pursue their CPAs.

Community colleges are another resource the Pipeline Project aims to tap for developing underrepresented minority talent. Caturano said that to take advantage of these opportunities, the profession needs to help students make the transition to a four-year institution and ultimately the five-year degree they need to become CPAs. These students are likely to need an understanding of the opportunities associated with becoming a CPA, support from professors and college advisers, and financial support, Caturano said.

Caturano has personal experience with the effectiveness of developing CPA candidates early in life, which is a goal of the Pipeline Project. While growing up in a working-class neighborhood near Boston, Caturano was inspired to study accounting by a neighbor who was a CPA. The neighbor, Tony LoConte, exposed him to the profession and helped guide him toward it. Caturano said it's the responsibility of all firms—large and small—to do that type of outreach to underrepresented minorities to grow their ranks. Solash agreed and said CPA firms need to set aside their competitive stripes on this issue.

"We've got to work together on this," she said. "It's an attraction to the profession issue, and that's the first bar that we have to clear. Then when people pick the profession, we can compete like we always do ... I think we do a really nice job when it's a professionwide talent issue."

State Societies Have Key Role in Assisting Minority Recruitment

by Ken Tysiac

Imagine the impact on high school students when Detroit Red Wings Vice President for Finance Paul MacDonald, CPA, shows them his Stanley Cup championship rings and talks about how his accounting background helped him get into the sports and entertainment industry as a professional hockey club executive.

"It gets the attention of these young people, that they can do whatever they want to do," said Peggy Dzierzawski, president and CEO of the Michigan Association of CPAs, which recently was rebranded as MICPA. "They just have to ask for help sometimes to understand the profession. The key is, we have to be there to help them."

By exposing students at high school leadership conferences to professionals such as MacDonald, MICPA has performed a service that Pipeline Project leaders say is vital for the profession as it attempts to encourage underrepresented minorities to become CPAs. The Pipeline Project asks state societies to work with local high schools to ensure that dynamic CPAs mentor and speak regularly to high school students; work with local community organizations and provide them with tools such as Bank On It (visit startheregoplaces.com) that encourage students to learn about accounting; and increase financial support and presence in community college accounting programs.

State CPA societies have been devoting significant resources for years to initiatives to encourage underrepresented minorities to pursue careers in the accounting profession. Ralph Thomas, CGMA, the CEO and executive director of

the New Jersey Society of CPAs, said that state societies are well-positioned to help with the Pipeline Project because they have extensive ties to their individual local communities. The New Jersey society is one of many that have worked with affinity groups such as the National Association of Black Accountants (NABA) on initiatives such as the Accounting Career Awareness Program, which has encouraged young people to go to college and consider studying accounting.

The Pipeline Project aims to develop best practices for such programs to allow state societies, affinity organizations, and others to get the most out of their investment in underrepresented minority career awareness.

"I think it's looking more strategically at, how do we reach this group?" Thomas said. "What do we do from a marketing perspective? What do we need to do from a training and programmatic piece to get more students to consider accounting and finance, and ultimately the CPA profession?"

Thomas said that in addition to engaging high school-age students, the accounting profession needs to follow another Pipeline Project objective and encourage community college students to become CPAs. He has been speaking and appearing at community college career nights to reach those students. He said charter schools that have been established in urban areas may provide another opportunity to reach students early and said state societies will continue to see benefits from working with affinity groups such as NABA, the organization for Latino business professionals ALPFA, the Pan-Asian business advocacy group Ascend, and the Native American Finance Officers Association.

Dzierzawski said it's important to empower state society leaders to reach out to their communities and be ambassadors on these issues. She said volunteers want to make a difference on this issue, but sometimes they just need to be given the appropriate materials and direction. That's something the Pipeline Project aims to give them.

"We all have something in common," Dzierzawski said. "We want to help this needle move, no doubt about it."

EXECUTIVE SUMMARY

The accounting profession has struggled to develop ethnic diversity within its ranks and in leadership positions. In an effort to recruit more underrepresented minorities, the Howard University School of Business Center for Accounting Education has created a Pipeline Working Group. With the support of the AICPA National Commission on Diversity & Inclusion, the nationwide pipeline initiative aims to target high schools and community colleges to grow the ranks of underrepresented minority CPAs.

The Pipeline Project is designed to research and analyze best practices, create pilot programs, and roll out implementation of programs that are successful in the pilot phase. The initiative aims to develop proven strategies for awareness programs, summer development programs, mentoring opportunities, and internship opportunities.

Individuals, state societies, and firms and organizations can play a role in developing the pipeline with funding and program support. Increasing diversity can help the profession better reflect the businesses it serves and provide wider perspectives with the potential for improving performance.

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To comment on this article or to suggest an idea for another article, contact Ken Tysiac, senior editor, at ktysiac@aicpa.org or 919-402-2112.

AICPA RESOURCES

JofA articles

- "In Pursuit of Inclusion," June 2012, page 82
- "NABA: Forty Years of Growth," Dec. 2009, page 56
- "Diversity Dialogue: Taking a Systemic Approach," May 2008, page 78

Scholarships and fellowships

- [Scholarship for Minority Accounting Students](#)
- [Fellowship for Minority Doctoral Students](#)

Website

[Diversity & Inclusion initiatives page](#)

Workshop

[Accounting Scholars Leadership Workshop](#)

OTHER RESOURCE

Publication

Insights Paper, *Attracting Underrepresented Minorities to the Accounting Profession: Insights Into Diversifying the Talent Pipeline*, howardcae.org/pipeline_2014.pdf