2017

Do Women Have What It takes? A Study of Advancement and Leadership in Accountancy

Michelle Saturnino
Long Island University, michelle.saturino@my.liu.edu

Do Women Have What It Takes? A Study of Advancement and Leadership in Accounting

An Honors College Thesis

by

Michelle Saturnino

Spring, 2017

LIU Post
School of Professional Accountancy

Ilene Persoff

Professor Ilene Persoff

Rebecca R. Rosner

Dr. Rebecca Rosner

5/4/17

Date

Table of Contents

Abstract

This paper examines prior quantitative and qualitative research and statistical data relative to the issue of gender inequality that persists within accounting careers at upper-level management and partnership positions. The paper raises questions pertaining to the inequality that exists in upper-level management and partner-level accounting positions in the United States. This may be true because, the work place in the accounting profession is not responding to its environment in ways that accommodate changes at a fast-enough pace, given that there is a shift to Generation X accounting professionals upon the retirement of the Baby Boomers. As different generations progress toward partnership level, research shows that today's women do not reach partnership rank at the same rate. Although there has been progress with regard to the male-female ratio at partner level, there still is no gender representation of partners proportionate to representation as staff and managers. The findings of this paper suggest that inequality may not be solely due to accounting firms and industry behavior, but also that women do not currently display the necessary qualities of a successful partner or upper-level officer which require motivation and client relationship sustainability. They also may spend less time in their profession due to familial obligations.

Introduction

Traditionally, accounting was not a professional field populated with women. However, over the last 50 years, the number of women pursing accounting careers has grown significantly and women have become widespread throughout business organizations. Accounting careers comprise a wide variation of positions in profession or industry. These positions vary in rank with upper level management in the profession consisting of partners and shareholders, and in industry Chief Executive Officers (CEOs), and Chief Financial Officers (CFOs).

Recent statistical data documents that women and men are entering the accounting profession at near equal rates. According to the Women's Initiatives Executive Committee (WIEC) of the AICPA, since the late 1980's women have represented about 50 percent of new CPAs in the accounting profession. However, they account for 9 percent of all CFOs and 24 percent of partners in CPA firms (AICPA, 2016). The progression of women into partnership position increased a mere 5 percent since 2004, when 19 percent of all partners were women (AICPA, 2004). Drawing on this statistic, women make up about half of the new CPAs in the profession, however there is only one female partner for approximately every four partners in a CPA firm. These figures explain that the number of women advancing to partner level is disproportionate to the number of women who are entering or are currently employed in lower and middle-level positions.

According to these statistics, women are not advancing to partner (upper-level) positions in accounting firms at proportionate rates despite their prevalence throughout the profession. Women are present in managerial level positions such as career senior, managerial, and senior managerial positions, or they are promoted to "non-equity" partnership positions; a rising trend in the profession, termed post-senior manager positions (Almer, 2011). These positions use titles such as director, executive director, managing director, and principal and are above traditional managerial level positions but below partnership (Almer, 2011).

Research has noted several contributing factors that have been associated with women's advancement, or lack of advancement. These factors include the public accounting work environment, burnout, retention, and turnover. Over half of employees in accounting are women, however, depending on the size of the firm they only make up approximately 15 to 24 percent of partners. This paper ultimately aims to depict if the continued inequality present in the CPA profession is a problem stemming from public CPA firms, women, or with the patriarchal and discriminatory attitudes of men making partnership decisions.

Studies show that women have different innate characteristics and different value judgments than men. This paper will present the results of studies that document the existence of gender diversity in ethical judgments and quality of reporting which were documented by observing women and men in leadership positions. Such differences were estimated in accounting conservatism, restatements, and accruals quality based on gender to suggest the probable financial reporting outcomes of females in upper-level positions in accounting careers.

By analyzing and interpreting scholarly research, this paper will establish the reasoning behind the continuation of gender inequality that exists within accounting careers despite the prevalence of women. Analysis of trends in accounting over the last century will provide information pertaining to the history of discrimination, inequality, and barriers to advancement that women endured, while also demonstrating their accomplishments and advances in the field of accounting. This paper will suggest alternative reasoning for women populating the profession and not attaining partnership or executive employment status in their chosen careers.

This paper examines gender in the industry and profession in relation to demographic qualities to determine if the gender of a leader influences decision making judgments in the accounting field. Specifically, accruals, restatements, and conservatism are examples of accounting issues that require judgment of amounts reflected on financial statement decisions. The analysis of the work quality performed by gender will allow for the establishment of the personal traits and characteristics that are existent in gender as well as generations to achieve an upper-level position status. An analysis of empirical research will be conducted in this paper regarding women in management and partnership roles in accounting firms.

The "Baby Boomers" are a generation of people who are nearing retirement age. The accounting profession is observing a generational shift as a result of the aging population of accountants and there in now a shortage of qualified workers to replace them in partnership positions (Lindquist, 2008). Although there are enough accountants, and the total gender ratio is nearly evenly split, if women do not attain partner status at a 50 percent gender ratio, then there are not enough qualified people to replace the existing ones. Therefore, there is a shortage of qualified people in upper-level positions within the accounting profession and industry because women are not advancing into these positions.

Interpreting and comparing demographic research on the general work ethics, values and characteristics of this and other generations, this paper will determine the possible effect the retirement of the Baby Boomers will have on public accounting firms and women's advancement into leadership positions. Prior research suggests that "the retirement of the Baby Boomers will have significant effects on the economy, certain occupations and industries, creating a gap between available leadership positions and candidates to fill them" (Weidenfeller, 2012).

I hypothesize that a gap will exist because of this transition of power and will potentially provide women with a greater opportunity for advancement. This paper examines whether women will be able to take advantage of this opportunity and whether they display the skills and qualities of a successful partner. This paper will conclude as to whether women possess the necessary qualities and skills that are essential to achieve partner in a CPA firm.

History of Women in Accounting

The scope of this paper focuses on trends and history of women in accounting careers, whether in the accounting profession or in accounting jobs in industry. However, there are key points in history that specifically document the advancement of women in the accounting profession.

To understand how females have advanced in accounting careers over a period, it is imperative to retrace key historical events which relate to women's advancement. The main organizations responsible for tracking women's development in accounting are the American Women's Society of CPAs (AWSCPA), AICPA Women's Initiatives Executive Committee (WIEC), and the Accounting and Financial Women's Alliance (AFWA). Perceiving the lack of female presence in the accounting profession, the AWSCPA was established in 1933 by nine women who ultimately sought to help women CPAs gain recognition and succeed in a male-dominated industry. Most of the historical research of women in the accounting profession originated from sources of the AWSCPA because they have been effectively tracking women's advancement and development in the industry since the time of this organization's establishment.

In 1898, Christine Ross completed the requirements and successfully became the first female CPA (Guerra et al, 2008). The entrance of women into the accounting profession during these times progressed slowly as, twelve years later, in 1910, there were 13 women reported to be CPAs in the U.S. (Guerra et al, 2008). When this data is put into perspective, the slow progression of women during these times can be understood; if Christine Ross is included in the 13-total female CPAs, then that would mean an increase of one female CPA per year over a twelve-year period. By the late 1930s, it was reported that approximately 125-130 women had been awarded CPA licenses. With an estimated population of 125-130 million people in the U.S., every woman CPA was figuratively "one in a million." The achievement of CPA status became a positive motivator for women's equality in the workforce and educational institutions, but the disparity of women attaining CPA status continued throughout the early 1950s (Guerra et al, 2008).

1950s

The 1950s introduced the birth of the Baby Boomer generation. The individuals born during this time were referred to as the Baby Boomers because the population grew by approximately 20 million people. The cause of this "boom" was a result of the end of World War II, which led to an increase in jobs and a decrease in unemployment. During these times the average salary increased and the cost of living remained low; people were earning more, while the cost of living remained stagnant (Guerra et al, 2008).

Women faced oppression within society, which over time became a noticeable issue. Women began striving to advocate for acceptance, equality, and advancement in all aspects of their lives. An example of this can be seen in the efforts to recognize the acceptance of women in the workforce. Professional accounting associations granted women access to memberships, with the exception of Beta Alpha Psi, a currently well-known national accounting honor society association, which was a fraternity on college campuses at that time (Guerra et al, 2008). The exclusion of women from Beta Alpha Psi gives perspective to the oppression and lack of acceptance of females in college and education. It also proves the discrimination women faced while trying to obtain an education and how much harder they had to work for privileges in the workplace, both institutions which were dominated by male presence. In 1952, Beta Alpha Psi amended its national charter to include women. However, only 21 of 31 chapters of the organization admitted women (Guerra et al, 2008). This further asserts the discrimination directed towards women in the industry because as women were accepted, they were not being universally recognized.

During the mid-1950s new legislature was passed that affected both the accounting profession and the equality of women. New York and New Jersey enacted rules that made it necessary to obtain a bachelors degree to sit for the CPA exam. Federal laws changed as the U.S. General Accounting Office (GAO) eliminated its "blanket restrictions" that were against the employment of women accountants. This change was a direct result of the AWSCPA's efforts to reduce the gender discrimination that was apparent in centralized organizations (Guerra et al, 2008).

There were many biases within public accounting firms which generalized women's roles within society and workplace habits. According to the Guerra et al (2008), in the 1950s there were many disadvantages which women pursuing accounting careers and CPA licenses faced. Public accounting firms believed that women were unsuited for out-of-town travel, weren't career-minded, and had a high risk of turnover. Based on these gendered assumptions and generalizations, public accounting firms were reluctant to hire women. This made it difficult for women to fulfill the work experience obligation which is required to get licensed as a CPA. The workplace environment in accounting firms during this time was predominantly male and there were very few female role models and mentors (Guerra et al, 2008).

1960s

The 1960s brought social change for women within the U.S. through the Women's Movement. This movement brought attention to the discrimination geared towards women in American culture. In 1960, data from the census concluded that of all certified and non-certified public accountants, 16.5 percent were women, mostly non-certified. However, this was a significant increase from prior years (Guerra et al, 2008).

Two apparent issues that women in accounting careers continued to face during this time were lack of client acceptance and travel arrangements (Guerra et al, 2008). W. Joyce Watson described her personal experiences in 1962 with the restrictions that were enforced while working for Peat, Marwick, Mitchell & Co. (now known as KPMG). She stated that "Each client was given the choice whether to have 'a woman on the audit'" (Guerra et al, 2008). Her statement demonstrates that women were differentiated in the workplace and firms implemented policies to contribute to it.

For women, an important piece of legislation was Title VII of the Civil Rights Act of 1964. This Act guaranteed equal workplace opportunities and made it unlawful for organizations with more than 25 employees to discriminate based on "race, national-origin, religion, or sex". Importantly, this granted women as well as other oppressed groups in the workplace, such as African Americans, legal recognition and support (Guerra et al, 2008). Women were becoming more accepted as workers in the labor force as a result of this new legislature as well as the efforts of the Women's Movement. After the passing of the Civil Rights Act, companies attempted to monitor and discourage gender discrimination in the workplace, but they could not prevent others in the organization from treating women differently (Guerra et al, 2008).

By the late 1960s, women had proven themselves and had seen progress toward wider acceptance throughout the accounting profession. Large public firms were referred to as the “Big Eight” during this time. Mary J. McCann was voted into partner position, becoming the first female to achieve partner status in one of the “Big Eight” accounting firms, Touche, Ross & Co. (Guerra et al, 2008). Although women were being recognized and accepted, they still had to work harder than men in order prove themselves. As the 1960s ended, females were making their way into all areas of accounting careers and accounted for 25 percent of all accountants (Guerra et al, 2008).

1970s

The Women’s Movement was gaining momentum into the 1970s; known as the years of “Changing Times” (Guerra et al, 2008). An amendment to the U.S. Constitution which passed Congress in 1972 stated that “equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex” (Guerra et al, 2008). The passing of this amendment was monumental for women as it granted them equal rights under the law.

During the 1970s, there was a rapid growth of women in the profession. However, discrimination in upper management positions was still a prominent issue of inequality. In 1971, the AICPA began publication of the Trends Report survey to gain statistical data relating to trends in the supply of accounting graduates and the demand for public accounting recruits based on gender, region, and ethnicity (AICPA, 2015).

In 1977, there were 4,900 male partners in the "Big Eight" accounting firms, yet there were only 18 female partners (Guerra et al, 2008). To further document the disparity of female partners during the late 1970s, the "Big Eight" firm Ernst and Ernst had 800 women on staff and had 565 male partners (Guerra et al, 2008). The male partners accounted for 100 percent of Ernst's partnership, while this position for women went unconsidered.

1980s

By the 1980s there were approximately 400,000 women accountants in the United States, of which 250,000 were CPAs. Women were progressing rapidly and by the middle of the decade almost half of university graduates in accounting were women. By this time, roughly 30 to 40 percent of the CPA licenses awarded each year were to women and they were being employed by CPA firms in equal proportion to men. Despite an increase in women entering accounting, getting their CPA license, and being hired by firms, the number of women partners in "Big Eight" firms had only increased by 14 people between 1977 and 1981 while the same firms added 639 new male partners (Guerra et al, 2008). Although women were being hired at the same rates as men, resistance at partner levels of accounting firms was still apparent.

In 1986, the concept of the "glass ceiling" was introduced as a metaphor for the invisible barrier to the advancement of women (Weidenfeller, 2012). The AICPA, the national membership organization of CPAs, acknowledged upward mobility as a major issue that women in accounting were facing during this time. The AICPA formed the Upward Mobility of Women Special Committee which recommended strategies that would support the advancement of professional women into leadership positions in public accounting careers (Guerra et al, 2008).

1990s

The introduction of the internet and technological advances in the 1990s changed the way in which individuals communicated, invested, bought and sold products, and normally conducted their lives. By 1994, it was reported that 3 million people were online and by 1998 the figure was 100 million (Guerra et al, 2008). Women continued to become more accepted in the workforce, and women's issues were becoming more public and held an important place in society.

Issues that women in the labor force faced during the 1990s included alternate work arrangements and male/female management styles. To compensate for these issues, firms incorporated family, maternity, adoption, and paternity leave into their organizational culture. In recognition of work-life issues, Congress passed The Family and Medical Leave Act of 1993, which allows an employee to take unpaid leave if he/she endures a serious health condition in and is unable to perform duties, to care for a sick family member, or a has a new son or daughter (Guerra et al, 2008).

In 1997, the AICPA reported an increase in the number of women making partner to 16 percent. Women continued to obtain academic degrees at equal rates to men. Since women now had a place in education and the workforce, many firms were becoming increasingly aware of the high turnover rates of female employees. Deloitte & Touche, a "Big Five" accounting firm (now known as Deloitte), conducted research on former female employees who had left the firm. The results suggested that many of the female employees had gone to find an environment that was accommodating to family and work life balance, where they could also reach their goals and expectations. This survey led firms to implement programs which structured their organization to accommodate for work-related issues, such as flexible work arrangements, management styles, and family leave, which were now recognized as gender issues, not just women's issues (Guerra et al, 2008).

2000s

In 2000, the new millennium began and technological advances led Americans to become increasingly mobile, computer literate, and cell phone dependent (Guerra et al, 2008). As the Baby Boomers were approaching retirement age, concerns were raised about whether there would be enough workers to replace them. Advances in women's equality were existent in entry-level accounting positions as women were treated more equally and work-life balance transformed into a generational matter (Guerra et al, 2008).

Firms continued to recognize work-life balance as a vital factor in sustaining employee job satisfaction among women and younger workers. Because of the abundance of women entering accounting careers and younger generations valuing more flexibility; they began to develop and enact work arrangements that help employees balance their work and life situations; commonly known as flexible work arrangements. The changes in the work environment proved to be a challenge to employers and their management procedures. The addition of flexible work arrangements required organizations to manage the process and not merely redistribute work tasks (Guerra et al, 2008).

The history of women in accounting careers documents the different barriers and struggles that women faced throughout the profession. By the end of the new millennium, flexible work arrangements had become normalized. The Sarbanes-Oxley Act of 2002 (SOX) was passed and multiple accounting failures caused new and stricter legislative regulations that affected the accounting profession (Guerra et al, 2008). With these new regulations, accounting firms were bombarded with the need to staff internal controls, engagements, and more rigorous auditing procedures. In order to do this, offering women flexible work arrangements created opportunities for women to maintain satisfying employment while providing firms with required staffing hours. For females, the ability to be flexible is very important. Employers in the accounting profession were now more aware of the work/life issues that faced their professionals and some of the misunderstanding in this area came from the different perceptions each generation brought to the table (Guerra et al, 2008).

Technological advances continued throughout the late 2000s into the next century as cell phones, personal digital assistants, and home computers were drastically changing jobs and the workplace environment (Guerra et al, 2008). Females were now able to enter the profession and work toward a CPA license with few barriers in comparison to previous generations.

Although employment improvements continued, women were still paid less than men and were proportionally less represented in upper-management ranks of accounting firms and companies. The 21st century issues for women of work-life balance, gender equality, and the glass ceiling continued to exist, but there was much effort to alleviate them (Guerra et al, 2008). Women remained prevalent in accounting throughout the end of the century, and still are today.

Current Issues

According to Catalyst (2015), the category of bookkeeping, accounting, and auditing clerks in accounting jobs of industry and CPA firms consists of 1,130,000 total employees with the percentage of women being 89.1% (Catalyst, 2015). If women primarily make up the accounting, audit, and bookkeeping workforce, then there should be more women available to achieve partner status and other top positions throughout accounting firms. Although these statistics determine that this is a female-dominated industry, women are still not represented at the partner level. Prior explanations for this limited progression of women were mostly characterized as organizational obstacles, interpersonal difficulties, and personal challenges (Weidenfeller, 2012). However, differing perspectives suggest "masculine stereotypes can influence promotion and development opportunities" (Catalyst, 2015). Therefore, the patriarchal attitudes of male partners could unknowingly be biased towards women becoming partner or advancing in the profession.

According to the AICPA, women account for less than 9% of all CFOs and 24% of partners in CPA firms (AICPA, 2016); therefore, although they hold 89.1% of the accounting, audit, and bookkeeping workforce, they are not advancing as commonly as men (Catalyst, 2016). The percentage of women displayed in this study were based on all accounting jobs. This data could potentially be skewed due to the lack of men in lower-level positions such as bookkeeping, which is predominantly a female occupation. Women are found more commonly in these jobs because of their work-family life, or they are faced with "pro-male biases" that are apparent at higher levels of authority (Catalyst, 2016).

Income Inequality

In the U.S., all women are affected by income inequality based on gender. Women are obtaining higher education degrees although men with similar degrees are still earning more in all professional ranks. Although workforce participation and increased education has recently contributed to a slight reduction in the wage gap between men and women, inequality still does exist (Catalyst, 2016).

This inequality can be seen in household data collected by the Bureau of Labor Statistics (BLS) in relation to average weekly earnings of full-time wage and salary workers by detailed occupation (BLS, 2015). According to data from 2015, male accountants earned an average of

$1,345 per week, whereas women only earned an average of $988 per week (Bureau of Labor Statistics, 2015). Another study of income was conducted in 2015 by Catalyst. This research showed the median weekly earnings for women in full-time management, professional, and related occupations was $996 compared to $1,383 for men (Catalyst, 2016). This data suggests that women will need to work more than 70 additional days each year to catch up to men, and shows that men earn a significantly higher amount of money than women do in the field of accounting. Consistency between the specified data from both studies concludes that the largest wage gap in the United States is in the financial activities industry (Catalyst, 2016). This is an apparent issue because women account for more than half of all employees in the field, yet only earn about $0.73 for every $1 that men earn. Examining these statistics concludes that the wage gap is an existent inequality issue in the United States.

However, the cause of such a wide disparity in these average earnings numbers could be due to the smaller wages paid to the women who hold these lower/middle level accounting jobs, and the absence of males within these positions. According to data collected during the 1979 to 2009 period from the Current Population Survey, the effect of overwork was sufficiently large and pronounced in professional and managerial occupations. Overwork is a term used to describe those working more than 50 hours per week (Cha, 2014). Research documents the effect of the increasing prevalence of overwork on the gender pay gap. In accounting, long work hours are especially common, and the principle of overwork is embedded into the profession's organizational practices and occupational culture (Cha, 2014). The results of this study showed that a greater proportion of men engage in overwork, affecting men's wages in relativity to women's, and contributed to the widening of the gender wage gap by an estimated 10% (Cha, 2014).

An informative survey of 1,200 Millennials was conducted in 2005 by the AAUW Educational Foundation. The results of this study show that three quarters of the individuals surveyed were aware that the pay gap exists, and believed the top cause was employer unwillingness to promote young women because of the risk of them leaving after childbirth (Eisner, 2009). The results of the survey support that there is a pay gap and that younger generations such as Millennials in society are aware of the issue.

Work/Life Balance

In 2015, 33.4 million employees willingly left their jobs which may be a direct impact of certain push and pull factors that are apparent in the internal and external environments. Pull factors are "external influences that attract employees to a new job opportunity." They are hard to predict or control by the organization. Pull factors include compensation, freedom, challenging work, and location. Push factors are "internal, leading dissatisfied workers away from the organization." These factors can be controlled by the organization and consist of issues such as harassment, limited opportunities for a career, excessive workloads, lack of recognition, and work demands taking away from family life (Catalyst, 2016).

When it comes to women, mothers often find themselves being both "pushed" and "pulled." According to a Catalyst survey in 2011, children's needs and childcare costs were among the top reasons mothers left their jobs (44% and 35% respectively). Another push factor that influenced mothers to leave their positions in the workforce is the lack of flexible work arrangements (Catalyst, 2016). Research indicates that these arrangements are necessary to control turnover and retain employees, and to gain competitive advantage in the accounting workplace.

Turnover is an issue that many accounting firms are faced with. Pasewark's research documented the effect of work-family conflict on turnover in the accounting profession. The results of this study found that flexible work arrangements help to offset the possibility of work interfering with family issues. However, it also concluded that females are much more likely than males to change jobs or to stop working when their work interferes with their family life (Pasewark, 2006).

Defining Generations

In the 1950s, the noted scholar Karl Mannheim introduced the sociological theory of generations to the United States. A generation can be described as a group of individuals who share birth years in a restricted duration of roughly 22 consecutive years, thus sharing a common perspective because of life experiences, historical events, and social influences (Williams, 2011). Shared life events shape a generation and establish the normative emotions, attitudes, preferences, character, and personified practices in which certain traditions and cultures are formed (Williams, 2011).

This paper draws upon the demographic influences of generation, particularly the Baby Boomers, Generation X, and Millennials in further examination of women in accounting positions. First, the characteristics associated with these demographics are discussed by examining the generation cohorts of Baby Boomers, Generation X, and Millennials. This section offers a discussion of the common normative values that each of these generational cohorts idealizes regarding their careers; specifically, accounting careers.

Who Are the Baby Boomers?

During the Baby Boomer generation, there were approximately 600 female CPAs in the United States (Guerra et al, 2008). The Baby Boomer demographic is representative of individuals in the United States who were born after World War II, roughly between the years of 1946 and 1964, which generalizes them between the ages of 50 and 68 (Madison, 2014). In public accounting firms today, members of this demographic are likely to be partners and approaching retirement age (Lindquist, 2008).

There are many defining commonalities that encompass the Baby Boomer generation. Baby Boomers were the inventors of the 60-hour work week and are referred to as the generation of “workaholics” because they live to work (Williams, 2011). Research categorizes the Baby Boomers as passionate and loyal regarding their careers. As a group, they are “collegial and consensual” with main workplace values classified as growth, expansion, and teamwork (Lindquist, 2008). They are frequently documented as having a great sense of loyalty to their job and employer. Therefore, the Baby Boomers’ ideal work environment consists of group work, team effort, loyalty to the firm, and their position. The demographic shows low turnover rates due to their loyal nature and consistency of staying in the same work place (Williams, 2011).

Researchers determined the work place commonalities of the Baby Boomers to focus on the chain of command, preference to manage, and struggle with technology. Since Baby Boomers were growing up when modern technology was in development, they often struggle to adapt to the changes. However, they were found to be open to the change in technology when they perceived value in it (Williams, 2011).

The Baby Boomer generation also believes that the highest level of efficiency within the workplace is only accomplished by working in an office at regularly scheduled hours (Williams, 2011). Therefore, an individual can determine that the Baby Boomer generation would not have much of an appreciation or concern for work-life balances or flexible work arrangements, such as working from home and virtual communication.

Prior research documents that Baby Boomers work better and are more comfortable in a democratic, compassionate, and relaxed environment. They would most likely be concerned with the internal environment of the workplace. Regarding compensation, the Baby Boomers expressed a preference for a career that provides a retirement plan and benefits (Williams, 2011).

Who is Generation X?

The Generation X demographic is representative of individuals in the United States who were born roughly between the years of 1963 and 1981. Generation X employees are likely to be managers in public accounting firms today (Lindquist, 2008). Research states that the main working motives for Generation X are personal satisfaction, skill improvement, independence, and technology. The technological intelligence associated with Generation X exists because they grew up when technology was introduced and advancing. Generation X has also been generalized in research as flexible, value-adders, well-educated, and technological; although they are also labeled as cynical and pragmatic (Williams, 2011).

Research shows that Generation X prefers to work independently and is more devoted to their profession and working skills than they are to their employer or their company (Williams, 2011). Generation X's moral code was shaped by witnessing the experiences of their parents as well as their own experiences. They saw their parents experience one of the largest sequences of corporate layoffs and they also witnessed the failure of Enron and Tyco which exposed them to the reality of the "greed of corporate leadership" (Williams, 2011). This led the generation to assume that hard work is not the only gateway to survival. Research suggests that Generation X has a high turnover rate, resulting from the lack of job loyalty. It was reported that Generation X members are likely to change their profession six or seven times during their lifetime (Williams, 2011).

The Generation X work ethic is classified as adaptable, self-sufficient, creative, and unintimidated by authority. Generation X is also said to lack respect, have limited interactions, and require instant gratification, such as unseemly expectations of the time and effort it takes to successfully move up the chain of command (Williams, 2011). Research states Generation X values flexible work arrangements, believing if their work or tasks have been completed, that it does not matter where or when their work gets done; they "work to live" (Lindquist, 2008). This is an important note because flexible work arrangements are necessary to appeal to this demographic of individuals who by generational categorization are documented to have high turnover rates and many different careers within their working lifetime. Pertaining to financial benefits planning, Generation X was observed to prefer a transferrable 401K, with lump sum distribution (Williams, 2011). This proves that the individuals who comprise Generation X want their finances to be transferable between jobs due to the high amount of career changes that occur within their lifetime.

The Millennial Effect

The Generation Y demographic is often referred to as "Millennials" and is represented by those born roughly between 1981 and 2000. PwC (2013) states that work life balance is crucial for this generation, because most of them are unwilling to commit to their work lives as a priority; even with the promise of substantial advancement and compensation down the line (partner) (Hermanson, 2016). Although they have a prospective outcome of becoming partner and making a generous salary as well as the benefits that go along with it they are not willing to sacrifice their life for work. Millennials are the next generation advancing into the workforce and are looking for an improved work environment. Due to the nature of this generation, the AICPA documented concerns for the accounting profession's ability to sustain the quality of its human capital as a prospective issue because of long hours, stress, and intense regulation in the public accounting profession (Hermanson, 2016). The workplace environment must be able to effectively alter its practices to accommodate creative staff arrangements, flexible time, variable staffing and working from home to effectively be able to retain Millennials. This is because Millennials prefer a stress free, flexible work environment. (Hermanson, 2016).

Research suggests that organizations should be aware of the differences between generational variances and should adjust their style of management according to these differences. This means that firms should create different solutions training, rewards, feedback, and coaching to recruit, engage, and retain their employees and should vary by generation to support these differences (Williams, 2011).

In understanding the specific qualities each generation is characterized by, due to their demographic, this paper further examines the characteristics of the Baby Boomers, Generation X, and Millennials, to offer suggestions for retaining, recruiting, and advancing these individuals. With regard to women members of Generation X and its successors, it will be interesting to note whether these differences make an impact on women's advancement into upper-level positions in accounting professions.

The Work Environment

Birnberg (2011) conducted research on the framework within which behavioral accounting research (BAR) literature can be viewed as a whole rather than in segments, such as by accounting sub-areas. He focused on behavioral accounting research (BAR) to examine four areas, in accounting: the individual, the group, the organization, and the external environment.

The units range from the study of individuals to the study of the environment that acts upon accounting or that accounting helps to shape (Birnberg, 2011). This research concluded that the external environment is dynamic and influences the accounting system as well as the organization. The findings of this study are conclusive with Fischer's (2005) research which states that the accounting profession recently has been experiencing changes in its work environment. These changes are a result of increases in, "scope regulations, services, costs, technological improvements, structural reorganization and specialization" (Fischer, 2005). Research also indicates that changes in the organization's accounting system can have a significant impact on the external environment (Birnberg, 2011).

Researchers at Florida Atlantic University used data collected from survey results of 1,055 partners and employees of an international professional service firm to test their hypothesis of factors that influence the workplace environment. Key issues examined in this study include the relationship between the work environment and the "physicality of motivation, productivity, supervision, control, and employee empowerment" (Hooks, 2002).

The data concluded that different types of typical work information such as scheduling times, working with technology, and the choice of having flexible working arrangements are contributing factors influencing the work environment (Hooks, 2002). The results of this research suggest that client, organizational, and personal factors have a direct influence on the work environment and that technology allows partners and employees more flexibility within the workplace (Hooks, 2002).

In a study of 18 semi-structured interviews with all male participants, consisting of 8 partners and 10 staff auditors, researchers examined the work environment of a large public accounting firm's audit division (Hermanson, 2016). This research concluded that there are both positive and negative aspects of working in auditing careers. The positive aspects cited in this research were the people, intellectual stimulation, challenge, and responsibility. The negative aspects cited in this research were increased Federal PCAOB regulations, stress, and hours (Hermanson, 2016).

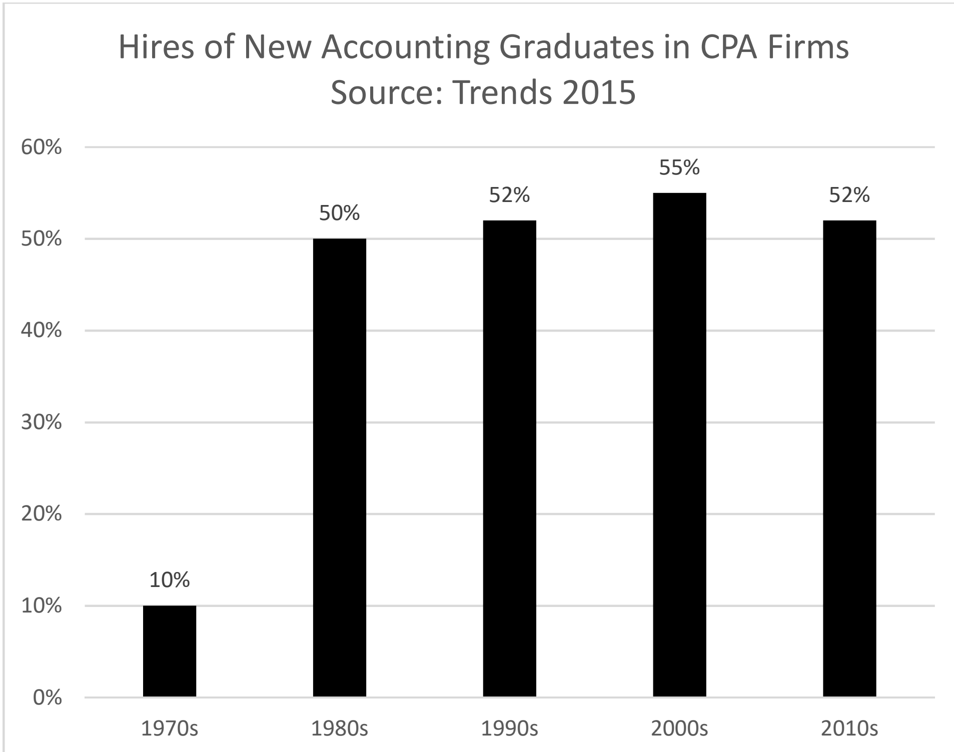
Research documents long hours, stress, and intense regulation in public accounting, and offers possible solutions to tweak the workplace environment to be able to effectively retain fresher generations (Hermanson, 2016). Two aspects that attribute to auditor's immense amount of work during the "busy" season are 10-K filing deadlines, and 12/31 fiscal year-ends. Research suggests a move away from these strictly enforced deadlines will potentially lighten the amount of work accounting professionals endure during the "busy" season (Hermanson, 2016).

Research suggests that dynamic nature of the public accounting work environment includes the effects of the busy season (burnout), compensation, and regulation on the long-term attractiveness, and are related to viability of the profession (Hermanson, 2016). In its highly-monitored state, the accounting profession is unrewarding and needs to be addressed because this could potentially result in turnover and recruitment issues which would ultimately cause audit quality to suffer (Hermanson, 2016). Based on this article we can conclude that the intensely regulated accounting careers are not attractive to Generation X or Millennials who "crave" flexible work schedules and "work to live", this profession is more attractive to the Baby Boomers as they prefer to work normal scheduled hours and "live to work"(Williams, 2011).

Supply and Demand

The increases in the percentage of women present in staff levels, entering accounting careers, obtaining/pursuing accounting degrees is confirmed when observing trends in recruitment throughout the industry. According to a survey conducted by Private Companies Practice Section (PCPS) of the AICPA, there are two major issues firms with more than 21 professionals endure related to the recruitment practices of public accounting firms: finding qualified staff, and retaining qualified staff (AICPA, 2015). These issues can be a threat to public accounting firms because successful recruitment involves both gaining a qualified staff and retaining that staff, and therefore makes the recruitment of skilled employees an important factor in both growth and sustainability.

The AICPA Trends Report for the academic year of 2013-2014 presents numerical data of the trends in the supply of, and demand for, public accounting recruits (AICPA, 2015). This report analyzes enrollment per accounting degree, i.e. Bachelors (B.A.), Masters (M.A.), MBA in Accounting, Masters in Tax, or doctoral (PhD). In 2014, female enrollment for B.A. and M.A. programs combined was 47 percent which was down 5 percent from 2006, when enrollment was 52 percent. Male enrollment in 2006 was 48 percent, which in 2013-2014 was up 5 percent, to 53 percent. These statistics show steady increases in male enrollment and decreases in female enrollment over the last nine years (AICPA, 2015).



The above chart displays the trends in the hires of new accounting graduates in CPA firms since the 1970s. According to the data, in the 1970s firms were hiring graduates at a rate of 10 percent, which increased 40 percent over the next ten years and has been steady around 50 percent since. By observing these statistics, it is conclusive the hiring new accounting graduates by CPA firms has been slightly above 50 percent since the 1970s.

Relative to the bachelors and masters degrees awarded to each gender within the 2013-2014 academic year, 46 percent of students enrolled in bachelor programs were female, and 54 percent were male, while individuals enrolled in masters programs were 47 percent male and 53 percent female. In doctoral programs, 48 percent were female and 52 percent were male (AICPA, 2015). From this data one can see that there are slightly more male students in bachelors and doctoral programs than female students, although more females than males are enrolled in the masters programs.

When looking at the figures for graduates by gender, the percentages of bachelors degrees awarded in the 2013-2014 academic year were divided 46 percent female, 54 percent male, masters degrees were 51 percent women and 49 percent male, and doctoral degrees were 36 percent female, and 64 percent male. The graduate demographics support the enrollment trends based on gender distribution, with more female graduates in masters programs and a higher percentage of male doctoral graduates (AICPA, 2015).

Ethical Values

Researchers predict that different genders as well as diverse life aspirations will display various ethical values. To test their hypothesis, they examined the results of a questionnaire that was given to potential future accounting firm employees that were currently in accounting, business, and liberal arts undergraduate programs in the U.S. They found that women had unrelated ethical evaluations, intentions, and orientation than men did (Cohen, 1998). There is also an indication that individuals belonging to accounting undergraduate programs perceived actions from a different ethical perspective than the other subjects did (Cohen, 1998). The results indicate that the men and women in the sample had varying ethical judgments. The research also found that women did not intend to perform actions which they found to be questionable pertaining to ethical issues (Cohen, 1998). The finding of this study relates to gender and discipline effects by intention. The results of the study can possibly lead to more efficient ethics training; however more research is necessary to examine actual ethical decisions made by gender, as opposed to replicated ethical situations in a survey.

The demand section of the Trends Report (2015) documents the statistics relating to new accounting graduates presumed to be hired by CPA firms. These demand reports divide their data by gender, area of assignment, and ethnicity. In the 2013-2014 academic year, there were 81,782 bachelors and masters degrees awarded. By degree this was 27,359 masters, and 54,423 bachelors (AICPA, 2015).

The number of new graduates hired by CPA increased 5 percent from 2011 and the percentage of masters degrees obtained increased by 11 percent, while the total demand for accounting graduates with a B.A. increased by 5 percent (AICPA, 2015). This signifies that total supply and demand increased consistently. During the 2013-2014 academic year, the proportion of female accounting graduates hired was 49 percent female, and 51 percent male (AICPA, 2015). Therefore, there is a two percent difference in men and women when it comes to employment opportunities.

Research was conducted to examine the effect of gender on the recruitment of entry-level accountants (Harden, 2002). The researchers in this study examined whether there was gender bias in the hiring of entry-level accountants by accounting firms. The conclusion of this study provides that females and males were recruited equally and were offered similar starting salaries; therefore, there is no gender discrimination in pay (Harden, 2002). This research also finds in general that the larger firms rated the entry-level prospects higher than smaller firms did.

Turnover and Retention

Throughout history, turnover has affected accounting careers. According to the AICPA, "turnover for both men and women has been increasing and professionals, at all but the smallest firms, are often leaving for work/life balance issues" (AICPA, 2011). This means that many individuals within the profession are choosing their personal life over their job obligations. This article proposes that women are not obtaining higher positions proportionate to the same gender proportion at which they were hired. This is an issue for accounting firms, because the advancement of women in the profession is a positive constituent in ultimately forming a more successful organization.

Researchers studied turnover intentions in public accounting firms using distributive justice and promotion incentive as variables (Parker, 2011). The turnover intentions in public accounting firms were shown to be directly affected by the level of fairness relating to organizational rewards offered.

This research states that turnover is a "complex phenomenon" that may benefit or deter an organization, depending on the departing employees level of job performance (Parker, 2011). The employee's individual contribution to the job can either be low or high. When low performers leave, this is considered "functional", as the organization gains the opportunity to replace this employee with someone better. However, when high performers leave this is considered "dysfunctional," as the organization must now replace a quality employee (Parker, 2011). This study concludes that ultimately, firms should focus their retention efforts on retaining the higher performing employees.

Professional Commitment

Researchers collected data from 222 questionnaires sent to public accountants to test the validity of the Meyer et al. (1993) 3-component scale of professional commitment. Professional commitment refers to attachments that individuals form to their profession and is measured on a 3-component basis known as the professional commitment scale which addresses, normative, affective, or continuance factors (Smith, 2008). Affective personal commitment refers to the level which individuals want to stay in the profession, or how individuals identify with the professions goals and aspire to aid in the achievement of those goals; continuous professional commitment refers to the extent in which individuals feel they must stay in the profession either due to a buildup of investments or lack of alternatives; normative professional commitment is the extent to which individuals feel obligated to stay in the profession (Smith, 2008).

The relevance of personal commitment provides important implications for the retention of qualified accountants within public accounting firms because generally more committed professionals are less likely to leave their professions. This is attributable to the Baby Boomer generation because they have low rates of turnover and tend to stay loyal to their firm. Generation X, on the other hand, identifies with having lower levels of personal commitment documented in high rates of turnover due to the fact that its members are more devoted to their profession and skills than to their employer. Although Generation X show high rates of turnover, Millennials are unwilling to commit to making their work life a priority. A committed professional is valued by society, and is characterized as displaying a distinct knowledge of professional information, advanced education, having a degree of self-sufficiency pertaining to work practices, and an obligation to serve clients' best interests (Smith, 2008).

The results found a negative relationship between affective personal commitment and turnover intentions (Smith, 2008). In the accounting profession, organizational training, completion of professional accounting qualifications, organizational culture, professional membership requirements, and services, are factors which influence the development of an individual's professional commitment (Smith, 2008). The sustainability of the accounting profession is dependent upon active involvement in professional accounting associations. This study found that personal commitment affects voluntary work behaviors among public accountants. The findings assert that accountants with high affective and normative personal commitment factors were more likely to engage in these voluntary behaviors, and accountants with high continuous personal commitment were more likely to be unwilling to do anything not specifically required of them. However, this study is subject to limitations of the reliability and validity of the professional commitment scale.

Researchers from University of Central Florida, Southern Illinois University, and Florida Atlantic University used data collected from 162 experienced certified public accountants to conduct psychological theory testing to examine their hypothesis of the reduction in relevance of factors that make up the professional commitment scale. They determined through a series of six tests that the removals of five scale items containing secondary components, will enhance the validity of the professional commitment scale, and lead to more accurate results of professional commitment. The hypothesis test concluded the effectiveness in the removal of these items from the scale.

Burnout

It is reported that burnout symptoms occur in public accounting and are associated with the profession as the increased workload during the "busy" season is a major cause of stress. Centered around the first quarter of the calendar year, the "busy" season in public accounting is the period when most audits occur, tax returns are due, and professional services are in high demand (Sweeney, 2002). Accountants must be able handle a very high level of work to be done in a compressed period. Sweeney (2002) proposed the busy season's workload effect on the accountant's job burnout. Job burnout is "a dysfunctional psychological stress syndrome consisting of three dimensions' emotional exhaustion, depersonalization, and reduced personal accomplishment." The research found that on average accountants work 49 hours per week, however during the busy season this number increased to 63 hours per week, which resulted in the rise of burnout levels (Sweeney, 2002). This research suggests that the effect of the busy season in accounting was found to be directly related to job burnout within the profession.

Fogarty (2000) proposed that burnout in the accounting profession is closely associated with behavioral and attitude components which can potentially influence different job factors such as performance and turnover intention. The burnout theory is defined as a continuum of burnout tendencies, which describe a psychological condition in which individuals experience emotional exhaustion, such as lack of energy from excessive demands, lack of personal accomplishment such as inefficiency, low motivation, reduced self-esteem, and depersonalize others by displaying a cynical, callous, and uncaring attitude towards them (Fogarty, 2000). The findings of the research indicate that burnout in fact facilitates the influence of role conflict, ambiguity, and overload on satisfaction, performance, and turnover intentions (Fogarty, 2000). However, despite environmental conditions that suggest a large amount of stress, accountants appear able to continue in the accomplishment of their work. Other studies have concluded that public accountants may develop a relatively high workload threshold before it directly impacts job burnout (Sweeney, 2002).

Research determined that emotional exhaustion and depersonalization had shown significant increases by the end of the busy season while no reduced sense of personal accomplishment was observed (Sweeney, 2002). Accordingly, the role stressors of overload and conflict also did not change over the course of the busy season (Fogarty, 2000). The research also concludes that lost productivity and negative carry-over to non-work life is a consequence of the subject of job burnout within the accounting profession (Fogarty, 2000).

Raising the Glass Ceiling

Research examined whether advancement past post-senior management positions is a successful progression or if it attributes to isolation of individuals, such as women, from partnership status (Almer, 2011). These positions were referred to as a “pink-collar ghetto” for women accountants, because they raised the height of the glass ceiling (Almer, 2011). Positions termed as “post-senior” allow for the progression of women in the profession, and include those titled such as director, executive director, managing director, and principal. These positions are above managerial level but below partnership, and may possibly further segregate men and women at the partnership level. Research exhibited that same work tasks were performed by post-senior managers and partners, however post-senior managers receive approximately 40 to 50 percent lower compensation for their work than equity partners (Almer, 2011).

These post-senior positions are “driving gender inequality” between post-senior manager positions and partners. This sustains gender inequality between post-senior manager positions and partners while creating opportunities of accomplishment within the profession. Younger generations, such as Generation X and Millennials, do not aspire to be “senior managers” forever and expect to advance up the ranks at faster rates than reality. Restricting access to partner level positions, allows the work place and social structure of accounting firms to continue to be reconstructed along patriarchal values. As women in these roles are often seen as on the “mommy track” and not suitable for partner positions (Almer, 2011).

Motives/Desires for Advancement

The AICPA Work/Life and Women’s Initiatives survey from 2004 documents workforce trends and human capital practices determined that women have less desire to advance than men, across the accounting profession. The results of this survey found that roughly 25% to 36% of women want to become partner. This percentage varies depending on firm size, however, it is much less than men who aspire to become partner at rates of 50% to 66%, respectively (AICPA, 2004). Less aspiration to become partner was also seen in female senior managers, when opposed to male senior managers at rates of 41% and 61%, respectively. However, when comparing women in senior management roles to women participants in this study holding lesser work titles, the women in senior management roles were relatively more ambitious to achieve partner status.

Regarding ambition, women in local and small firms reported higher rates of uncertainty concerning ambitions than men, while in large firms only, women and men report similarly low levels of uncertainty about their aspirations, between 12% and 21%. This survey concluded that women express the lowest desire to progress within their firm (AICPA, 2004). There is greater uncertainty about their desired achievement levels than men.

Barriers to Mentoring

A mentor is identified as a high ranking organizational member who possess significant experience and knowledge as well as provides support to employees through "mentor/protégé" relationships. Mentoring relationships are used in large public accounting firms as part of management and control processes and research has shown that having a mentor leads to improved career progress for the protégé (Kaplan, 2001).

Research was conducted to study the effect of barriers to mentors and peer relationships in public accounting firms. A survey of 242 AICPA-affiliated CPAs showed that significant gender differences were evident on all measures of the assessment. A similar study, which consisted of 2,000 CPAs, equal parts male and female, produced unexpected results as the females who participated in this study perceived barriers to mentoring relationships to be significantly lower than their male counterparts (Kaplan, 2001). Although there are apparent barriers to both mentoring and peer relationships, the research ultimately found that the barriers to mentoring surpass those of peer relationships in a public accounting environment. Both studies cited the unwillingness of the mentor as a significant barrier; therefore, it is not the access to mentors, it is the mentors themselves.

Research was performed through a survey of 110 alumni of the Big 4 firms to test if gender-based differences were apparent in the observations of accounting firm alumni pertaining to their experiences with large accounting firms. The results of this survey conclude that women are less likely than men to believe that their former accounting firms advanced their abilities to think, or learn differently. These findings also indicate that women rated the training, evaluations, and counseling programs lower than did men (Iyer, 2005). The researchers suggest that the public accounting profession needs to act to bridge the gender gap before it can declare success in its efforts to retain and promote women in public accounting (Iyer, 2005).

Rank was found to significantly affect perceptions related to access to mentors, partners perceived these barriers to access to be substantially lower than managerial level and lower level employees.

Leadership Behavior

In accounting careers, it is proven that women are disproportionate to men in leadership positions. To explain the differences between men and women in leadership, morality, and forgiveness a study was performed on men and women in accounting firms. The survey consisted of 577 working adults. The results of this survey found that stronger ratings of leadership behavior were found to be closely connected with formal education and both gender and education were related to the intensity with which participants believed leadership characteristics contributed to and inhibited successful leadership in the organization (Green, 2012). Female leaders were found to be more transformational, while male leaders scored higher on self-esteem.

A study was performed on women who have advanced within their careers and shattered the "glass ceiling." The females in this study cited facing many levels of pressure, and inner strength was an essential and distinctive characteristic that was identified by all the female participants as a crucial means for their success (Weidenfeller, 2012). An individual participant in this study stated that she turned down higher level positions due to family obligations, because acceptance would cost too much dedication and time (Weidenfeller, 2012). This study also found that women who had advanced in their careers still cited balancing work and a personal life as common struggle.

Women in leadership positions still struggle to balance their work and personal lives, this could provide implications when Generation X begins to enter partnership positions. As Generation X and Millennials value the work/life balance, women may be more inclined to turn down a partnership role due to the time commitment involved. Women in these generations value their life over work so it offers a possible explanation as to why they don't aspire to be partner.

Cimirotic (2017) performed researched to identify the factors that may help prospective female management accounting executives advance into leadership or upper level positions. The results of this study documented that women classified their social skills and professional expertise as the key factors leading to their successful advancement and believed that personal ambition and luck played important roles to achieve a leadership position. (Cimirotic, 2017). The fact that these women noted "luck" as a key factor to advancement, highlights the way in which many women approach upward mobility within accounting careers; as luck is not a factor in advancement or success. The results of this study also found that support from life partners and superiors was crucial for these women in accomplishing their status. The most apparent difficulties that they found within leadership positions were working time, work-life balance, and motherhood. (Cimirotic, 2017).

The introduction of new regulations by the PCAOB requires auditors to evaluate client internal controls. A study consisting of information generated from 209 surveys was conducted to determine the ideal qualities in which partners in a CPA firm look for when hiring internal audit directors (middle-level). Partners were found to look for individuals who displayed the ability to manage and motivate a staff of financial professionals, strong computer skills regarding financial systems and databases, evidence of high level personal and professional ethics, and evidence of solid analytical skills (Fischer, 2005).

According to research by Almer (2011), 48 percent of partners in firms stated leadership skills were the main barriers for the reasoning behind women's lack of upward mobility in the profession, while only 3 percent of women believed that leadership skills were preventing them from advancement. Thirty percent of firms in this study of women also described women as lacking the development skills necessary to become partner, whereas the women surveyed believed 44 percent of women lacked such skills. The results of this study found that more women are increasingly opting to stay in public accounting (Almer et al, 2011).

Decision Making

This section compares the reporting quality of work put forth by females vs. males in upper-level management positions in accounting firms. This comparison examines scholarly literature relating to ethical judgments, accounting conservatism, accruals quality, and financial restatement. This will depict the quality of work and generalize characteristics that are associated with males and females in leadership positions. Diversity and ethical values are increasing in public accounting firms; literature considers that this is the result of the presence of women and non-accounting majors being hired by firms (Cohen, 1998). Prior research has shown that accounting conservatism has positive contributions to a firm (Ho, 2014).

Accounting Conservatism

Simon S. M. Ho (2014) performed research using tests to establish the relationship between CEO genders and accounting conservatism. Conservatism in accounting is a means by which to justify the material irregularity that exists between insiders and outsiders, reduce agency cost, and provide an effective resource for minimizing agency complications between debtholders and shareholders (Ho,2014). Conservatism is beneficial to an organization because it promotes neutrality, and improves contracting efficiency; thus, improving the organization. (Ho, 2014).

This study theorized that that there would be a positive association between female CEOs and accounting conservatism within three different models which measure conservatism: return-based model, cash-flow based model, and the accrual based model. The results of this test were to conclude if risk aversion and ethical sensitivity among female directors translates into more conservative financial reporting (Ho, 2014).

The research findings displayed consistent evidence that companies with female CEOs report with more conservatism than do male CEOs. There were significant reductions in risk following appointments of female CEOs. Also, firms with female CEOs have lower leverage, less volatile earnings, and a higher chance of survival than firms with male CEOs (Ho, 2014). These research findings suggest that the personal attributes of top management can affect how companies are managed, and therefore should be considered when assessing and analyzing accounting information quality or making decisions (Ho, 2014). A stronger ethical leadership among females was observed in the results of this study, which ultimately lead to a more ethical work climate which promotes honesty in financial reporting, discourages earnings management and potentially encourages more conservative accounting. Female executives were less overconfident in making acquisition and debt-issuance decisions than males, and have been observed to be less assertive in various financial situations, as well as less likely to engage in risky behavior (Ho, 2014).

Male CEOs predominately account for research pertaining to corporate leadership characteristics due to the lack of female CEOs. In the past, this topic has been under-examined by researchers. Although this study found women to have strong ethical leadership and reported financial results with more conservatism than men, further research on the topic is required to recognize new methods of accounting for gender differences as well as to improve the effectiveness of conservatism in financial reporting (Ho, 2014).

Risk of Restatement/Accruals Quality

In accounting a restatement can indicate failure in board governance because a material error was included in the financial statements, and the statements were released to shareholders (Abbott, 2012). According to the GAO, accounting restatements increased 145% from 1997 to 2002 (Lovata, 2011). Linda M. Lovata (2011) conducted research by testing the factors which are known to be associated with the ethical decision making of a company's top management team and the disclosure of accounting restatements in order to observe the reporting characteristics of the CEO (Lovata, 2011).

An accounting restatement occurs when irregularities are present within the financial statements and either management recognizes and reports the issue, or the SEC recognizes the issue and interferes. This research found that firms are less likely to report revenue recognition issues to the public, until the SEC does (Lovata, 2011). The corruption model predicted that CEO age is consistently related to disclosure, as companies with older CEOs tend to be timely in reporting restatements, and this proves a "link between age and ethical behavior". Thus, older CEOs were found to have more ethical reporting habits. The influx of Generation X into CEO positions could potentially have an adverse effect on financial reporting due to their lack of respect for authority (i.e. the SEC). Use of logistic regression in research determined that older CEOs tend to self-report accounting restatements (Lovata, 2011). This research suggests that when they find an irregularity it is reported more prominently than younger CEOs. "When members of a work group have different demographic backgrounds, members may have dissimilar experiences and belief structures" (Abbott, 2012).

Researchers examined female presence in board diversity and the likelihood of financial restatement by using a matched pair sample to conduct logistic regressions comparing the characteristics of restatement and female board presence. The results of this study found a substantial reduction in the likelihood of financial restatement with the existence of at least one female board member and that female board presence has a valuable impact on governance and groupthink group dynamics (Abbott, 2012).

Abbott (2012) defines groupthink as "a condition in which optimal decisions are foregone as a means of preserving group cohesion." Three symptoms associated with groupthink are (1) failure to initiate or continue contact with an opposing group or idea; (2) lack of cooperation with mediators; (3) and failure to extend the period needed to form a decision (Abbott, 2012). Research argues that heterogeneity created by gender diversity creates an improvement in group decision making and that gender diversity increases board independence and decreases groupthink. These factors create an atmosphere in which there is greater communication of wide-ranging viewpoints which stimulates the communication of alternate solutions to task, and higher quality decisions (Abbott, 2012). Demographically, the Baby Boomers prefer to work in groups, while Generation X prefers to work independently. Groupthink is potentially decreased upon the presence of a female in an upper-level position when coming from Generation X.

Both studies utilized logistic regression, a tool for predicting a categorical outcome (commonly used in predictive data mining) to test the qualities of female board presence and restatement. It is suggested that “gender diversity may impact the boards’ behavior.” There are implications to this study because of direct evidence whether the presence of a female director changes the decision-making environment (Abbott, 2012).

Accruals Quality

In lieu of the Enron failure, legislators and regulators have increasingly shown interest in the role of the CFO in confirming financial reporting quality, an interest that likely transpired from the fact that the CFO has a considerable amount of control over a firm’s reporting quality. According to sections 302, 404, and 906 of the Sarbanes Oxley Act of 2002 (SOX), the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) must personally endorse several aspects of the financial statements when filing with the Securities and Exchange Commission (SEC) (Barua, 2010).

A study which consisted of 1,559 U.S. firms with CFO profile data from the 2006 version of the Corporate Library Database from 2005 finds that after controlling for factors associated with accruals quality, firms that have female CFOs report lower levels of total and current accruals and lower accrual valuation errors. Females tend to be less aggressive and more cautious in financial reporting decisions, and firms with female CFOs are likely to have lower absolute abnormal accruals. This research suggests that females are more careful and likely to be compliant towards accounting regulations (Barua, 2010).

Task Complexity in Audit Judgments

Research in socialized gender differences relating to information processing observed variations between male and female information processing and decision making based on the different approaches males and females use to obtain and process information in problem solving and decision making. In prior research, Chung and Monroe (1998) found that male accounting students adopted strategy in addressing going concern evaluation tasks, and that male students were classified as discriminatory information processors whereas female accounting students classified more as comprehensive information processors (Chung and Monroe, 1998).

The authors, researchers at York University and Edith Cowan University, use data collected from 159 participants consisting of 101 males and 58 females to test their hypothesis of the effect that gender has on accurate reporting of complex tasks versus less complex tasks in the matter of audit judgments. This study utilized data from an audit in which the original auditors failed to identify the material misstatement to observe participants' problem solving and decision making. The participants in this study were all employed by accounting firms in audit, accounting, business services, or taxation. They predicted that there would be significant interaction between gender and task complexity on the accuracy of audit judgment (Chung and Monroe, 2001).

This research finds that males were more accurate than females regarding less complex tasks. However, in the more complex tasks, females were more accurate than males. These differences were caused by a reduction in the accuracy of the male's decisions in the more complex task. When financial statement balances were involved with information about client business activity, females applied more effort by analyzing decision factors in more depth than male auditors did. However, when task complexity increased through unanticipated fluctuations in case materials, female auditors exerted less effort than the male auditors in completing the more complex task (Chung and Monroe, 2001).

The results of this experiment supported the initial hypothesis. Under less complex conditions males were found to be more accurate in their reporting than females. In contrast, females were found to be more accurate when facing more complex conditions and tasks. A suggestion for improvement on task complexity includes more training for both genders. This test was not intended to measure efficiency, and thus is limited to the scope of accuracy.

Gender and Ethics

Researchers examined different motives for choosing a career in accounting by analyzing 580 survey responses that were completed by members of the American Institute of Certified Public Accountants (Nishiyama, 2014). Their research involves the attempt to justify the disproportionate ratio of women to men in the accounting profession. This study found that the principles of locational freedom, social status, and income stability were the three main motivators for women to enter the accounting profession (Nishiyama, 2014). This study ultimately concluded that women who choose accounting as a career value these principles more than men do.

Researchers predict that different genders as well as different life aspirations will display different ethical values. Diversity and ethical values are increasing in public accounting firms; this study considers that this is the result of the presence of women and non-accounting majors being hired by these firms (Cohen, 1998). To test their hypothesis, they examined the results of a questionnaire that was given to potential future accounting firm employees that were currently in accounting, business, and liberal arts undergraduate programs in the U.S. They found that women had unrelated ethical evaluations, intentions, and orientation than men did.

There is also an indication that individuals belonging to accounting undergraduate programs perceived actions from a different ethical perspective, than did the other subjects (Cohen, 1998). The results indicate that the men and women in the sample had different ethical judgments. The research also found that women did not intend to perform actions which they found to be questionable pertaining to ethical issues. The finding of this study relates to gender and discipline effects by intention. The results can lead to more efficient ethics training but more research is necessary to examine actual ethical decisions made, as opposed to replicated ethical situations.

Leadership

Statistical research and individual studies consistently find that, although women in leadership positions are relatively similar to men in behavior and effectiveness, women leaders tend to be more participative and less autocratic (Weidenfeller, 2012). A study conducted on men and women in the accounting profession surveyed 577 working adults to explain the differences between men and women with regard to leadership, morality, and forgiveness characteristics. The results of this survey found that both gender and education were related to the intensity with which participants believed particular leadership characteristics contributed to and inhibited successful leadership in the organization. (Green, 2012) Stronger ratings of leadership behavior were found to be closely linked to a formal education.

Risk aversions and ethical sensitivity are leadership qualities that are closely associated with accounting conservatism (Ho, 2014). Conservatism is beneficial to an organization because it promotes neutrality, and improves contracting efficiency; thus, positively improving the organization.

Conclusion

Since the 1900s, women have been underrepresented in accounting careers. The demographics of Baby Boomers and Generation X exhibit the generational differences that exist between the retiring Baby Boomers and the advancing of Generation X. They also prove that the workplace environment in accounting firms is dynamic and must be adjusted to accommodate the needs of all generations of quality employees which it pursues to attract and retain. To account for the shifts in values in which these demographics encompass, men and women are characterized and categorized to be a product of the generation they were born into and grew up as. The retirement of the Baby Boomer generation leads Generation X into positions of power, such as partner. Generation X is currently at the middle level within their accounting careers, but as Baby Boomers are retiring and their work is being passed to Generation X, firms must adapt in order to retain them as employees and reduce turnover.

Since Generation X grew up in a time when women were more accepted within accounting careers and thus are more accepting of equality issues, one would hypothesize that women could use this generation shift to their advantage to become partner in an accounting firm. This paper addressed the question as to whether women display the qualities that are deemed necessary to become a successful partner in an accounting firm.

Although recent research has documented that women are more conservative, less risk-adverse, and make more ethical decisions than men, they still lack the motives and personality qualities of aspiration, client retention and creating and maintaining successful client relationships which are necessary qualities of a successful partner. Although factors such as burnout, work/life balance, and turnover exist, it is most likely that women are not advancing to partner at proportionate rates to men because they are unwilling to use, or unskilled in having, ability to maximize beneficial client relationships, gain new clients, and display ambition to attribute to succession plans which sustain and grow the firm. The shift in the demographic from the Baby Boomers to Generation X has the potential to create a gap in qualified employees in upper-level management positions. However, this gap could provide increasing opportunities for women in accounting careers to achieve partner in an accounting firms. Because the generational cohort of the Baby Boomer population is so large, research predicts that upper level management positions in the accounting profession will have a shortage in qualified employees to replace the retiring Baby Boomers if women do not join the ranks of partnership opportunities. Women still need to prove themselves: men get the work, and the women do the work. Although this factor could lead women to advancement, there are still other apparent forms of discrimination against women in upper-level positions as documented by the creation of post-senior management roles which increase segregation in these positions, ultimately reinforcing the patriarchal hierarchy of male dominance.

Bibliography

Abbott, L.J., Parker, S. & Presley, T.J. (*2012*) Female Board Presence and the Likelihood of Financial Restatement. Accounting Horizons: December 2012, Vol. 26, No. 4, pp. 607-629.

AFWA Accounting MOVE Report (2015) http://www.afwa.org/wpcontent/uploads/2015/06/Accounting-MOVE-Report-2015.pdf

AICPA (n.d.) The AICPA Women's Initiative Executive Committee (WIEC) Research Task Force Projects 2010-2012 https://www.aicpa.org/Career/WomenintheProfession/DownloadableDocuments/WIECprojects.pdf

AICPA (2015) Trends Report https://www.aicpa.org/InterestAreas/AccountingEducation/NewsAndPublications/DownloadableDocuments/2015-TrendsReport.pdf

AICPA (2015) PCPS CPA Firm Top Issues Survey Firms with 21 or more Professionals from https://www.aicpa.org/InterestAreas/PrivateCompaniesPracticeSection/StrategyPlanning/FirmStrategyandPlanning/pages/pcps%20cpa%20firm%20top%20issues%20survey%20firms%20with%2021%20or%20more%20professionals.aspx

AICPA (2016) 10958-378 WIEC Brochure Final from http://www.aicpa.org/career/womenintheprofession/downloadabledocuments/10958-378_wiec%20brochure_final.pdf

AICPA (n.d.) Chronology of Key Research Findings Regarding Women's Advancement in Public Accounting and Business, *Research on Women's Advancement in Accounting* https://www.aicpa.org/Career/WomenintheProfession/DownloadableDocuments/researchfindings.pdf

AICPA (2017) Women's Initiatives Executive Committee – *American Institute of Certified Public Accountants* from http://www.aicpa.org/Career/WomenintheProfession/Pages/about_committee.aspx

AICPA (2011) *Gender, Family, and Work-Life Issues in Public Accounting* from https://www.aicpastore.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2011/Career/IssuesPublicAccounting.jsp

AICPA (2016) Work/Life and Women's Initiatives 2004 Research from http://www.aicpa.org/career/worklifebalance/downloadabledocuments/researchpaper_v5.pdf

Almer, E.D., Lightbody, M.G., & Single, L.E. (2011) Successful Promotion or segregation from partnership? An examination of the "post-senior manager" position in public accounting and the implications for women's careers from http://apira2010.econ.usyd.edu.au/conference_proceedings/APIRA-2010-277-Lightbody-Post-senior-manager-positions-and-womens-careers-in-public-accounting.pdf

Bar, M., Kim, S., & Leukhina, O. (2015) Gender wage gap accounting: The role of selection bias, *Demography,* 52(5), pg. 1729-1750.

Barua, A., Davidson, L.F., Rama, D.V., & Thiruvadi, S. (2010) CFO gender and accruals quality, *Accounting Horizons,* Vol. 24 (1), pg. 25-39

Birnberg, J.G. (2011) A proposed framework for behavioral accounting research. *Behavioral Research in Accounting,* 23(1), p. 1-43

Bureau of labor Statistics (2015) Median weekly earnings of full-time wage and salary workers by detailed occupation and sex, from http://www.bls.gov/cps/cpsaat39.htm

Catalyst (2016) Turnover and Retention from http://www.catalyst.org/knowledge/turnover-and-retention

Catalyst (2016) *Quick Take: Women in Accounting*. New York from http://www.catalyst.org/knowledge/women-accounting

Catalyst (2015) Women in Canadian, US, and Global Financial Services from http://www.catalyst.org/knowledge/women-canadian-us-and-global-financial-services

Catalyst (2015) Women in Male-Dominated Industries and Occupations from http://www.catalyst.org/knowledge/women-male-dominated-industries-and-occupations

Chung, J. & Monroe, G. (1998) Gender Differences in Information Processing: an empirical test of the hypothesis- confirming strategy in an audit context, *Behavioral Research in Accounting*, vol. 13, pg. 111-125

Chung, J & Monroe, G (2001) A research note on the effects of gender and task complexity on an audit judgment, *Behavioral Research in Accounting*; 2001; 13, ABI/INFORM Global, pg. 111

Cimirotic, R., Duller, V., Feldbauer-Durstmüller, B., Gärtner, B., & Hiebl, M. R. (2017). Enabling factors that contribute to women reaching leadership positions in business organizations. *Management Research Review, 40*(2), pg. 165-194

Cohen, J.R., Pant, L.W., & Sharp, D.J. (1998) The effect of gender and academic discipline diversity on the ethical evaluations, ethical intentions and ethical orientation of potential public accounting recruits. *Accounting Horizons,* 12(3), pg. 250-270

Combopiano, J. (2016) Women's Earnings and Income, *Catalyst,* from http://www.catalyst.org/knowledge/womens-earnings-and-income

Dwyer, P.D., Welker, R.B. & Alan, H. (2000) A research note concerning the Dimensionality of the Professional Commitment Scale, *Behavioral Research in Accounting;* 2000; 12, ABI/INFORM Global pg 279.

Eisner, S.P. & O'Grady, M.E. (2009) C-Change? Generation Y and the Glass Ceiling: *Quarterly Journal S.A.M. Advanced Management Journal*; Winter, 74, 1; ABI/INFORM Global pg. 13

Fischer, M. & Montondon, L. (2005) Qualifications, Diversity and Workplace Practices: An Investigation of Higher Education Internal Audit Departments, *Journal of Public Budgeting, Accounting & Financial Management,* 17(4), pg. 488-521

Fogarty, T.J., Singh, J., Rhoads, G.K., & Moore, R.K. (2000) Antecedents and Consequences of Burnout in Accounting: Beyond the role stress model, *Behavioral Research in Accounting,* 12, pg. 31-67

Green, M. T., Duncan, P., Salter, C., & Chavez, E. (2012). The educated worker: An empirical investigation of expectations of leadership. *Journal of Leadership, Accountability and Ethics,* 9(6), pg. 94-112

Guerra, B. & Huset, M. (2008) AWSCPA History 75 years, AWSCPA from http://awscpa.org/wp-content/uploads/2015/07/AWSCPA-75th-Anniversary-Journal.pdf

Harden, J. R., Reding, K. F., & Stocks, M. H. (2002). The effect of gender on the recruitment of entry-level accountants. *Journal of Managerial Issues*, 14(2), pg. 251-266

Hendryx, N (2008) Women of Color in Accounting – Women of Color in Professional Services, *Catalyst,* from http://www.catalyst.org/knowledge/women-coloraccounting%E2%80%94women-color-professional-services-series

Hermanson, D. R., R. Houston, C. Stefaniak, and A. Wilkins. 2016. The Work Environment in Large Audit Firms: Current Perceptions and Possible Improvements. Current Issues in Auditing 10 (2): A38-A61

Ho, S.M., Li, A.Y., Tam, K. & Zhang, F (2014) CEO Gender, Ethical Leadership, and Accounting Conservatism, *Journal of Business Ethics*

Hooks, K.L. & Higgs, J.L. (2002) Workplace environment in a professional services firm, *Behavioral Research in Accounting,* 14, ABI/INFORM Global, pg. 105

Iyer, V.M., D.V. Rama & Raghunandan, K. (2005) Gender Differences in Perceptions of Accounting Firm Alumni. *Managerial Auditing Journal*. Vol 20(5)

Kaplan, S.E., Keinath, A.K., & Judith, C. (2001) An examination of perceived barriers to mentoring in public accounting, *Behavioral Research in Accounting,* pg. 13

Khan, Z. U., Chawla, S. K., & Devine, E. A. (1996). Impact of Gender, Race, and Dress on Choice of CPA's. *Journal of Applied Business Research*, *13*(1), pg. 53–68

Lindquist, T. M. (2008). Recruiting the millennium generation: The new CPA. *The CPA Journal,78*(8), pg. 56-59

Lovata, Linda M., Schoenecker, Timothy S., Costigan, Michael L., Corporate (2011) Characteristics and the Disclosure of Earnings Restatements, *Journal of Legal, Ethical and Regulatory Issues*

Madison, R.L. & Bockanic, W.N. (2014) Retirement: Don't slow down, speed up! *Strategic Finance,* 95(12), pg. 56-59

Moss Adams LLP (2014) Forum W: Increasing Opportunities For Women In Public Accounting http://www.catalyst.org/knowledge/moss-adams-llp-forum-w-increasing-opportunities-women-public-accounting

Nishiyama, Y., Camillo, A.A., & Jinkens, R.C. (2014). Gender and Motives for Accountancy. *Journal of Applied Accounting Research*, 15(2), pg. 175-196.

Parker, L.D. (2008) Strategic management and accounting processes: Acknowledging Gender. *Accounting, Auditing & Accountability Journal*, 21(4), pg. 611-631

Parker, R.J., Nouri, H. & Hayes, A.F. (2011) Distributive Justice, Promotion Instrumentality, and Turnover Intentions in Public Accounting Firms, *American Accounting Association*, *Vol. 23, No. 2*; pg. 169–186

Pasewark, W.R. & Viator, R.E. (2006) Sources of Work-Family Conflict in the Accounting Profession, *Behavioral Research in Accounting,* 18, ABI/INFORM Global, pg. 147

Single, L.E., and Almer, E.D. (2011) "Research on Women's Advancement in Accounting." American Institute of CPAs, from https://www.aicpa.org/career/womenintheprofession/downloadabledocuments/research%20on%20women%20advancement.pdf

Smith, D. & Hall, M. (2008) An Empirical Examination of a Three Component Model of Professional Commitment among Public Accountants, *Behavioral Research in Accounting,* pg. 75

Sweeney, J.T. & Summers, S.L. (2002) The effect of the busy season workload on public accountants' job burnout, *Behavioral Research in Accounting,* 14, ABI/INFORM Global, pg. 223

Ware, C.V. (2013) Generation X and generation Y in the workplace: A study comparing work values of Generation X and generation Y, (Order No. 3554856). ABI/INFORM Global.

Weidenfeller, N.K. (2012) Breaking through the glass wall: The experience of being a woman enterprise leader. *Human Resource Development International*, 15(3), pg. 365.

Williams, K.C. & Page, R.A. (2011) Marketing to the Generations, *Journal of Behavioral Studies in Business*