

Accounting firms fare poorly at attracting, retaining diverse workers

By Patty Tascarella – Senior Reporter, Pittsburgh Business Times
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Richard Ward probably wouldn't have pursued a career in accounting if a CPA hadn't come to New Castle High School almost 20 years ago to talk about the profession.



Richard Ward, President and CEO of Capital Configuration at his office in Aspinwall.
JIM HARRIS/ PBT

“I can’t remember what their title or firm was, but I remember him listing the top five professions where jobs would always be in demand, and No. 1 was accounting,” Ward said.

With a talent for math and an after-school job delivering pizzas, Ward made a connection between the two.

“When you started the shift, they’d give you \$20 in change so you’d have the right amount to give people when you delivered their pizza,” he said. “I also knew what I owed the shop and what my tips were — which was ultimately accounts receivable, accounts payable. I realized I was doing that all the time and how easy that came to me.”

Ward became the first person in his family to graduate from college. He applied to three of the Big Four firms, was interviewed by each and accepted a job offer from KPMG in Washington, D.C. In 2010, he returned to western Pennsylvania, tried working in-house on the corporate side and realized that he wanted to focus on financial planning — and start his own business.

“What I learned about the benefits of being an accountant is you can control your own career ultimately; you’re always in demand,” Ward said. “Being an entrepreneur, I can control my own future. I’d always had that entrepreneurial mindset, but I won’t lie. I’ve experienced some kinds of systemic racism or unconscious bias, and that’s what forced me to make up my mind to start my own practice.”

In 2014, Ward launched Capital Configuration LLC, an Aspinwall firm emphasizing personal client service and long-term financial planning. He also began doing financial literacy education and went back to his old high school to talk to the kids. Just as accounting struck a chord for Ward, he seeks out ways for students to relate.

“Maybe they want to play for a professional sports team or work for a major company like Nike or in the music industry,” Ward said. “I’m telling them, ‘Don’t you think in Hollywood they don’t need someone to do their taxes?’ Accounting is the fundamental language of business. You understand accounting, you understand how business is supposed to run. Hey, you can still work in any industry you want to work in.”

A lack of diversity

The accounting profession is greatly in need of new accountants as it struggles to replenish its ranks given huge numbers of baby boomer retirements and a high turnover rate as accountants are recruited by corporations or strike out on their own.

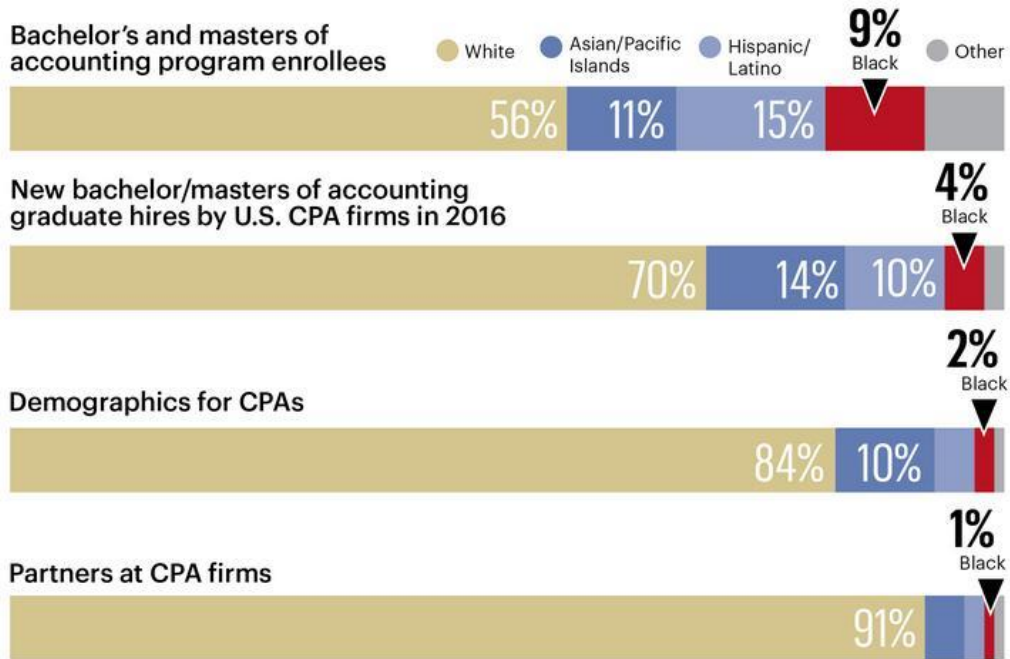
But something doesn’t add up. Accounting firms score very poorly at attracting and retaining diverse workers, most notably African Americans.

A 2019 report by the American Institute of Certified Public Accountants revealed that 9% of students enrolled in bachelor’s and master’s of accounting programs nationally were Black. Of new graduates hired by U.S. public accounting firms, just 4% were Black. At those firms, only 2% of CPAs were Black, and they accounted for 1% of partners.

BY THE NUMBERS

A HOMOGENEOUS INDUSTRY

Accountants and partners at accounting firms nationwide are overwhelming white with very little diversity.



SOURCE: AICPA

Image: Pittsburgh Business Times

At the same time, while just over half of college students enrolled in bachelor's accounting programs were white, 91% of partners at accounting firms were white. A Pennsylvania breakout, let alone a Pittsburgh one, wasn't available.

"It's fair to say that this has been a known issue in our industry for a long time, and we haven't done enough to truly affect sustained change, which would include attracting more candidates to the profession year after year," said Kelly Horn, chief human resource officer at Schneider Downs & Co Inc., the largest independent Pittsburgh-based accounting firm. "The demographics of our world and our region continue to change, and our industry needs to change with it. So does our firm."

Allan Koltin, CEO of Chicago-based Koltin Consulting Group, which works with large firms across the country, including several in Pittsburgh, said many of the nation's largest accounting firms consider diversity a priority.

"The problem is probably supply and demand," he said. "The number of African Americans going into accounting isn't a high number to begin with. You're looking at a minority of a minority. And the Big Four, with their multimillion-dollar recruiting strategies, usually recruit most of the candidates coming in."

That's the nation's four largest firms — Deloitte, PricewaterhouseCoopers, Ernst & Young and KPMG.

"They start early, with very aggressive programs, often when students declare an intent to major in accounting, as early as sophomore year," Koltin said. "And they're very good at it."

With well-developed strategies, deep pockets and massive reach, the Big Four court candidates at a much wider range of colleges and universities, including those that graduate larger numbers of African American accountants. It's unknown how many African American partners there are at the Big Four in Pittsburgh, or for that matter, the largest firms here.

BY THE NUMBERS

SNAPSHOTS IN TIME

The percentage of bachelor's and master's of accounting enrollees by race/ethnicity.

2006-07



2017-18



● White ● Asian/Pacific Islands ● Hispanic/Latino ● Black ● Other

SOURCE: AICPA

Image: Pittsburgh Business Times

Smaller firms with less financial resources and fewer recruiters tip toward schools in their own backyards, which largely turn out white accountants, Koltin said.

The Covid-19 pandemic may actually help smaller firms' recruiting efforts.

"As everyone is moving to a remote workforce, it no longer matters where they're based, and you can recruit virtually anywhere since technology is the great enabler and we can look at recruiting into the colleges that produce more African American accountants and begin to change those numbers," Koltin said. "They need to move the mindset, and the feeling is what happened in five to eight weeks of remote workforce would have taken five to eight years if not for Covid."

Michael Colgan, CEO and executive director of the Pennsylvania Institute of Certified Public Accountants, said firms across the commonwealth are "making strides" in recruiting African Americans, and his 20,000-member organization is helping to level the field.

"While the larger accounting firms have long incorporated diversity and inclusion into their hiring strategy, PICPA has curated tools to support regional and local firms achieve success in this area," Colgan said.

Two years ago, PICPA worked with two firms participating in a pilot program to expand their recruiting practices, and both have since increased their talent pool to include more minorities. It also created the Pennsylvania CPA Foundation, which awards scholarships to minority students.

"Inclusion is equally if not more important than the offer letter," Colgan said. "It's great to get an invite to the party. But no one wants to sit alone. Diversity and inclusion require intentionality. You cannot wing it."

In late July, Koltin was working with an African American accounting partner being courted by a few East Coast firms. The candidate went to the firms' websites and reported back to Koltin that of 100 to 200 partners, he either didn't see a single African American or, at the most, one or two.

"I'm not sure I'm going to be a fit, and I'm not sure I want to be a guinea pig," the accountant said.

Efforts underway and next steps

Horn emphasized the need to create and foster an environment of inclusion and sponsorship.

"Being intentional around mentoring assignments, client opportunities, networking experiences and training are vital," she said. "In addition, we need to continue to work on opening the dialogue and creating a safe environment for people to discuss and better understand some of the unique challenges our Black professionals face. We can learn from new perspectives, but we need to sustain a comfortable forum for those discussions. It's OK to talk about these issues. As a firm, we have and will continue to further educate our people around areas such as unconscious bias to ensure we are driving a high level of self-awareness."

Schneider Downs has said it has a professional obligation to raise awareness not just at colleges, but also at high school levels, about career opportunities.

"One of the most effective ways for us to help is to continue to partner with teachers and faculty by serving as guest speakers in their classes or to serve as instructors or even just as mentors or professional contacts," Horn said. "We also partner with various student accounting and minority organizations to highlight the opportunities that exist not only in audit and tax, but also the variety of other services we offer such as cybersecurity, wealth management and consulting to name a few."

Ward believes outreach into schools about career opportunities at accounting firms should start with sophomores.

"I realized when I was talking to seniors, that was too late; they knew what they wanted to study," he said. "You need to get to kids at an earlier stage."

Nico Glorieux, Baker Tilly's Pittsburgh office managing partner, said the Chicago-based firm has a national diversity, inclusion and belonging committee.

"The cornerstone of our diversity initiative is our SOAR (Supporting Opportunity, Advancement and Recognition for all) program," Glorieux said. "It fosters education, awareness and opportunities for diverse populations in accounting, management and related disciplines."

Baker Tilly, which declined to say if it has African American partners in Pittsburgh, has also joined CEO Action for Diversity & Inclusion, where business leaders share successful diversity and inclusion initiatives.

"It gives us unprecedented access to refreshing ideas, lessons learned and a vast network of world-class companies with a common goal," Glorieux said. "We recognize that diversity and inclusion are

multifaceted issues, and we need to address these issues honestly and head-on. Creating a diverse environment involves embracing our differences and similarities and learning from each other.”

PICPA founded its Diversity & Inclusion committee in 2009 with the goals of recruiting and retaining more minorities into the accounting profession and to provide tools to firms and organizations.

“We’ve hosted roundtable discussions and webinars on race in the workplace, mentorship and unconscious bias,” Colgan said. “Our volunteer members have trained hundreds of middle and high school students on financial literacy skills.”

PICPA has also gathered firm leaders to discuss recruitment and retention strategies, co-sponsored events and distributed scholarships for minority students pursuing accounting.

Horn noted there’s a need for even more integrated efforts with the American Institute of Certified Public Accountants, PICPA, accredited schools and even regional competitors.

“We need initiatives we can work on together,” she said. “At Schneider Downs, we are making changes to what we do internally, but we’re also committed to being part of this global, national and regional effort to make our industry more attractive for all candidates.”

With the business community across the country putting new emphasis, commitments and funding toward creating opportunities for African Americans, Ward is both excited and cautious.

“My big fear is the next step,” he said. “I know I’m a successful minority professional at a young age, and I use that to my advantage any time I can. I’ve been invited to be in leadership positions because they need a diverse board and can’t find another candidate. I fit the profile. I’ll take that and run with it and use that to grow myself professionally. There’s a sense of understanding and recognizing what’s happening and saying they’ll make efforts to address those issues. What I want to know is, will those opportunities be real? I hope they are, that voices are being heard.”