ABOUT CATALYST

Founded in 1962, Catalyst is the leading nonprofit corporate membership research and advisory organization working globally with businesses and the professions to build inclusive environments and expand opportunities for women and business. With offices in New York, San Jose, Toronto, and Zug, and the support and confidence of more than 340 leading corporations, firms, business schools, and associations, Catalyst is connected to business and its changing needs and is the premier resource for information and data about women in the workplace. In addition, Catalyst honors exemplary business initiatives that promote women’s leadership with the annual Catalyst Award.
Retaining People of Color: What Accounting Firms Need to Know

Women of Color in Professional Services Series

Deepali Bagati
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Catalyst’s work on women of color has focused on identifying factors in corporate culture and work environments that contribute to, or impede, their retention, development, and advancement.

Our groundbreaking report series, *Women of Color in Corporate Management*, begun in 1997, was the largest and most comprehensive examination of African-American women, Asian women, and Latinas in professional and managerial positions in the United States. The study series documented differences in the experiences of white women and women of color and also highlighted top barriers to advancement for women of color in corporate settings.

Currently, Catalyst is conducting a large-scale study on women of color in professional services firms, expanding on knowledge of women of color by examining their experiences in accounting, financial services, and law. The study offers a comprehensive examination of career dynamics for women of color, as well as other demographic groups in these settings, including career pacing, informal networks, access to business-development opportunities, and work-life issues. The resulting report series will provide recommendations for making positive change for women of color and others, including men of color and white women, to lower attrition and improve opportunities for advancement.

This report is the first in a series of reports that will address issues affecting diverse talent in professional services firms. In this report, we address why people of color are at risk of leaving accounting firms. Additionally, we examine the factors that “push” people of color, especially women of color, out of their firms—the perceived disconnect between a firm’s commitment to diversity and the execution of the practices that support that commitment.
Competition for Diverse Talent

Competition for top talent has always been fierce in the accounting industry. With changing client relationships, regulatory changes such as Sarbanes-Oxley, and globalization, firms are faced with more work and longer hours. Firms need more talented people and need to retain them once they are trained.

With women and minorities joining the accounting industry at an increasing rate\(^1\), firms are faced with the job of creating more inclusive environments in a traditionally white, male-dominated, “up-or-out” culture. Although a certain amount of attrition is built into the business model for professional services firms, to stay competitive accounting firms can no longer afford high turnover among talented professionals. Firms cannot afford to train employees and then see many of their “best and brightest” leave to pursue other career options.

Over the past decade, accounting firms have increasingly recognized the need to adopt diversity and “family-friendly” policies to attract and retain the talented professionals they need for long-term profitability. However, research indicates that employee turnover and job satisfaction are critical issues for accounting firms.\(^2\) Looking through the lens of prior Catalyst research on women of color in the corporate sector,\(^3\) we see that the inclusion of outsider groups, such as women of color, poses an immense challenge, with a major impact on the retention, development, and advancement of those groups.

In our study, we examined job migration for an elusive group of women and men of color—those who have left an accounting firm in the past.\(^4\) Within the professional associations we surveyed, more than 70 percent of women and men of color reported an upward move from their “First job” to their “Current job.” We also found that women and men of color are not leaving accounting firms to join industry (i.e., corporations), but instead are moving out to move up—from one accounting firm to another, possibly a competitor.\(^5\)

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\(^1\) According to Beatrice Sanders’s *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits* (2005), in 2003-2004, 53 percent women and 23 percent minorities comprised new graduate hires by public accounting firms.


\(^4\) Included in the final sample were those individuals who have left an accounting firm in the past—women and men of color who had held two or more jobs since attaining highest educational degree, based on data collected for three jobs: 1) First job since attaining highest educational degree, 2) Job preceding current job, and 3) Current job. See Technical Appendix A for sample details.

\(^5\) This finding is also consistent with prior research on career progress that suggests when women of color leave, they have “moved out to move up.” Catalyst, *Women of Color in Corporate Management: Three Years Later* (2002); Karen Lyness and Donna Thompson, “Above the Glass Ceiling? A Comparison of Matched Samples in Female and Male Executives,” *Journal of Applied Psychology*, vol. 82, no. 3 (June 1997): p. 359-375; Urs E. Gattiker and Laurie Lanwood, “Predictors for Managers: Career Mobility, Success and Satisfaction,” *Human Relations*, vol. 41, no. 8 (August 1988): p. 569-581.
Why are people of color—especially women—leaving? Are they hitting the “concrete ceiling”? According to one Latina:

…so [white men] have got their little clique. You’re either embraced or not, and it will affect your advancement because they’re moving up together and you are not…

—Latina

Or, are accounting firms not managing and leveraging their diverse workforce as effectively as they could be? According to an African-American partner:

I was interested in making some change and making it a better place for a diverse group of employees…But it was frustrating for me that we were not able to embrace change, embrace diversity as quickly and as universally as I would have liked for it to happen.

—African-American man

Purpose of this Report

This report is the first in a series of reports that will address issues affecting retention of diverse talent by professional services firms. Specifically, in this report we address the following questions:

• Are people of color at risk of leaving “again”?

Survey findings provide insights into intent to stay at their current job for women and men of color who have left an accounting firm in the past. In addition, with 76 percent of the women of color and 80.7 percent of the men of color sub-samples distributed across four levels—managers, senior associates, associates, and analysts—survey findings also draw attention to “risk points” in the pipeline, at which people of color are most likely to leave.

• What are the perceived gaps in the work environment that serve as potential “push” factors—pushing diverse talent out of firms?

Survey, focus group, and interview findings describe the work environment as perceived by women and men of color. Specifically, findings highlight aspects of job satisfaction, including ability to balance work and personal life, and issues related to inclusiveness of the work environment. Participants’ actual words reveal the feelings and experiences of women and men of color, feelings that are not commonly shared with peers, colleagues, and managers in their work settings.

1 When women of color talk about the challenges facing them in advancing their careers, they often refer to the “concrete ceiling.” The concrete ceiling is denser, much more difficult to shatter, and does not afford a view of the top.

2 Catalyst is currently undertaking a large-scale study in professional services firms, including large accounting firms, to examine career experiences of women and men of color and bring to light organizational barriers to their retention, development, and advancement. For the first time, the study sample also includes white women and white men to benchmark experiences of women and men of color. The resulting report series will provide recommendations for lowering attrition and creating an inclusive environment where diverse talent can thrive.

3 In this report, we present survey findings combined for African-Americans and Latinas/os. See Technical Appendix B for sample details.

4 Levels in an accounting firm in progression include: Analyst, Associate, Senior Associate, Manager, Senior Manager, Director, and Partner/Principal.
As a first step toward addressing retention and advancement of women and men of color, senior leaders, human resources and diversity professionals, and managers can use the findings presented in this report to educate and build awareness of the experiences of people of color and to understand better the personal and professional needs of this group. This report also provides recommendations and practical solutions for firms so that they can build more inclusive environments and retain the employees they train.

STUDY HIGHLIGHTS

At Risk of Leaving “Again”?

- Approximately 50 percent of women and men of color do not feel obligated to stay with their current firm. Furthermore, women of color are more likely than men of color to intend to leave for more money, to do similar tasks.
- 29.1 percent of women of color and 17.3 percent of men of color are at risk of leaving within the year.\(^\text{10}\)
- 54.8 percent of women-of-color associates and 60.7 percent of men-of-color managers do not feel obligated to stay at their current job. Furthermore, 58.1 percent of women-of-color associates and 39.3 percent of men-of-color managers are at risk of leaving for more money, to do similar tasks.
- For women and men of color, intent to leave within the year is the lowest at the senior associate level, followed by a spike at the manager level.

Aspects of Job Satisfaction

- Data suggest few differences between women’s and men’s job satisfaction. More than 75 percent of women and men of color are satisfied with the “prestige of the organization” where they work and the “type of work” they do. However, the percentage reporting satisfaction with “ability to balance work and personal life” is lower, at 64.1 percent of women of color and 70.4 percent of men of color, and satisfaction with “compensation” is considerably lower, at 52.1 percent of women of color and 54.3 percent of men of color.
- From the analyst to the associate levels, women and men of color report decreasing satisfaction with their “ability to balance work and personal life,” followed by a marginal increase in satisfaction to the senior associate level. This reverses as women and men of color move up the ladder to manager, reporting a considerable decrease in satisfaction.

Issues Related to Inclusiveness of Work Environment

- Women and men of color underscore organizational fit and access to informal networks as prerequisites for advancement.
- They also highlight perceived stereotyping, double standards regarding performance, and lack of professional development opportunities as barriers to advancement.
- “Imperfect execution” still impedes full realization of a firm’s commitment to support diversity and inclusion.

\(^\text{10}\) Chi-square test showed that women of color are more likely to leave than men of color (Chi-square=4.78, df=2, p<.10).
Research suggests that people leave jobs because of "push" and/or "pull" factors. Employers have little effect on pull factors (such as offers of high-paying jobs at other firms) but can help hold onto their workforce by focusing on push factors. Frequently cited push factors include limited development opportunities, lack of role models in senior leadership, unclear career paths, and lack of respect for personal life.\textsuperscript{11}

From an economic standpoint, when employees leave and replacements must be hired, recruiting costs, training time, and the lower productivity associated with new employees are expected results. Research suggests that the cost of a professional or a manager leaving an organization can be as high as twice the average associate’s salary or a minimum one year’s worth of salary and benefits.\textsuperscript{12} In addition, as clients demand the expertise that comes with experience, firms can no longer afford to train their employees and then watch them leave.

Findings presented in this chapter draw attention to the number of women and men of color at risk of leaving their current job, in general and within the year. We examine “general intent to leave” using the following indicators:

- Obligation to stay\textsuperscript{13}
- Intent to leave for more money, to do similar tasks

We also present findings for “general intent to leave” and “intent to leave within the year” across the pipeline. Unless otherwise stated, we present data for “strongly agree/somewhat agree” response categories.

### General Intent to Leave, Intent to Leave Within the Year

- Approximately 50 percent of women and men of color do not feel obligated to stay in their current job. Furthermore, women of color are more likely than men of color to leave for more money, to do similar tasks.
- 29.1 percent of women of color and 17.3 percent of men of color are at risk of leaving within the year.


\textsuperscript{12} Saratoga Institute, The 1999 Emerging Workforce Study; Catalyst, Beyond a Reasonable Doubt: Building a Business Case for Flexibility (2005).

\textsuperscript{13} “Obligation to stay” is a measure of organizational commitment used in the Organizational Commitment Questionnaire created by John P. Meyer and Natalie J. Allen, Commitment in the Workplace (Thousand Oaks, CA: SAGE Publications, 1997).
General Intent to Leave: Based on responses from 117 women of color and 81 men of color, approximately 50 percent of women and men of color do not feel obligated to stay with their current firm. In addition, 48.7 percent of women of color and 37.0 percent of men of color intend to leave for more money, to do similar tasks. Perhaps women of color have lower job expectations compared with men of color, and therefore are more at risk of leaving for more money, to do similar tasks. It is also possible that women of color have plateaued in their current position, whereas men of color might have better career prospects within the firm.

Intent to Leave Within the Year: Figure 1 shows that 29.1 percent of women of color and 17.3 percent of men of color intend to leave their current job within the year.\footnote{Chi-square test showed that women of color are more likely to leave than men of color (Chi-square = 4.78, df = 2, p < .10).} Once again, women of color are at a higher risk of leaving.\footnote{We found a very weak inverse correlation, r = (-0.049) between “Tenure at Current Job” and “Intent to Leave Within the Year.”}

Figure 1: General Intent to Leave, Intent to Leave Within the Year

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<th>Men of Color (N=81)</th>
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<td>Not Feeling Obligated to Stay</td>
<td>49.6%</td>
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<tr>
<td>Intent to Leave for More Money to Do Similar Tasks</td>
<td>48.7%</td>
<td>37.0%</td>
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<tr>
<td>Intent to Leave Within the Year</td>
<td>29.1%</td>
<td>17.3%</td>
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General Intent to Leave Current Job—Across the Pipeline
- 54.8 percent of women-of-color associates and 60.7 percent of men-of-color managers do not feel obligated to stay at their current job. Furthermore, 58.1 percent of women-of-color associates and 39.3 percent of men-of-color managers are at risk of leaving for more money, to do similar tasks.
For women and men of color, intent to leave within the year is the lowest at the senior associate level, followed by a spike at the manager level. Comparing intent to leave within the year, across levels, we found that 44 percent of women-of-color and 28.6 percent of men-of-color analysts intend to leave within the year. The percentage goes down at the associate level to 25.8 percent of women of color and 16.7 percent of men of color, and further down to 20 percent of women of color and 9.5 percent of men of color at the senior associate level. However, at the manager level, 25.8 percent women of color and 17.9 percent men of color intend to leave within the year.

The increase in intent to leave at the manager level can be explained as a career point at which women and men of color possibly hit the concrete ceiling and are pushed out of the organization. It is also possible that all employees may find themselves more marketable at that level, having reached a high level of experience and skill.
Consistent with prior Catalyst research on women of color in corporate management, interview and focus group data highlight how women and men of color continue to be frustrated with limited access to development and advancement opportunities—leading to eventual disengagement with the firm.

The first time I got staffed on a bad project, I said to myself that I have to do a bang-up job and deliver and then go back to my manager and let them know that I don’t want to work on such projects as this is not an area of interest…and before I knew it I was staffed on another project that no one wanted to be on. That really pissed me off as I felt that no one heard me and no one cared about my development and learning.

—Asian woman

I guess the challenge is to what degree do I want to beg [for client engagements and projects]. To what degree do I want to knock on that person’s door. Why wouldn’t my presenting an interest be sufficient…and then they’re going look at you crazy and say, “Well, who are you?” And they will ask around about you.

—Latina

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Research suggests that women and racial and ethnic minorities are more likely to feel excluded and that those feelings lead to job dissatisfaction and a lower sense of well-being. Further, employees with higher levels of dissatisfaction report greater intent to leave organizations.17

Studies also show that work-life balance programs go a long way to help accounting firms of all sizes attract and retain high-quality professionals and are a key factor in employee satisfaction. Given the recent challenges facing firms, such as an increasing regulatory environment and competitive pressures, however, it is not surprising that success is uncommon.18

We examined job satisfaction using the following indicators:

- Prestige of the organization
- Type of work
- Ability to balance work and personal life
- Compensation

Unless otherwise stated, we present data for “strongly agree/somewhat agree” response categories.

Interview and focus group data further clarify the meaning of work-life quality.

Data suggest few differences between women’s and men’s job satisfaction. More than 75 percent of women and men of color are satisfied with the “prestige of the organization” where they work and the “type of work” they do. However, the percentage reporting satisfaction with “ability to balance work and personal life” is lower, at 64.1 percent of women of color and 70.4 percent of men of color, and satisfaction with “compensation” is considerably lower, at 52.1 percent of women of color and 54.3 percent of men of color.

**Prestige of the Organization:** 85.5 percent of women of color and 79 percent of men of color report satisfaction with the prestige of their organization.

**Type of Work:** 82.9 percent women of color and 86.4 percent men of color report satisfaction with the type of work they do.

**Ability to Balance Work and Personal Life:** 64.1 percent women of color and 70.4 percent men of color are satisfied with their ability to balance work and personal life.

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**Compensation:** As is typical, satisfaction with compensation tends to be lower—52.1 percent of women of color and 54.3 percent of men of color are satisfied.\(^{19}\)

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<tr>
<td>Prestige of the Organization</td>
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<td>Type of Work</td>
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**Satisfaction with Ability to Balance Work and Personal Life—Across the Pipeline**

From the analyst to the associate levels, women and men of color report decreasing satisfaction with their “ability to balance work and personal life,” followed by a marginal increase in satisfaction at the senior associate level. This reverses as women and men of color move up the ladder to manager, reporting a considerable decrease in satisfaction.

Women and men of color report decreasing satisfaction with their ability to balance work and personal life as they move from the analyst to the associate level, followed by a marginal increase at the senior associate level. At the manager level, both women and men of color report a considerable decrease in satisfaction. See Figure 6 for details.

Perhaps changes in marital/family status, combined with an increase in workload and the need to juggle multiple responsibilities as one moves up the ladder, brings work-life challenges at the manager level.

Interview and focus group findings highlight perceived lack of organizational support for work-life effectiveness as well as cultural differences in work-life needs. A Latina and an Asian woman describe their situations:

*I always feel like I have to choose between my personal and psychological health—who I want to be and who I am—and my career. Being a woman, eventually, I will want to have a family and kids. It is a balance—how much of my personal self am I sacrificing for my career? I’m only 20-something but I’ve been thinking about this for years, but my male counterparts don’t think about it at all.*

—Latina

*…as a new working mom, I wanted to find a team that would fit my needs. Even though the teams portray that, you can still see them give you that look of, “Oh she’s leaving early again and we’re staying here ’til 10 p.m.” When I go home, I try to spend time with my son and then work. They don’t see that part. Even though the firm is trying to give us better work-life balance, it will take a long time to change the culture.*

—Asian woman

A Latina underscores the importance of extended family and describes a lack of understanding concerning cultural differences:

*…for us, family is important…my nieces and nephews…my grandmother is also very important to me. It’s very hard for me to leave work and do things for my nieces and nephews. [The firm doesn’t] understand and ask, “Is it really important if it’s your brother or your niece…” I almost left the firm because I was really struggling to be the type of wife that I wanted to be, to be there for my husband and be around my family. They don’t understand as they are not as close to their family as we are.*

—Latina
Research suggests that for outsider groups such as women of color, the work environment, and whether it is welcoming or unwelcoming, is critical in influencing organizational commitment and intent to stay.\textsuperscript{20} Research also suggests that diversity initiatives can make a positive difference to organizational commitment and intent to stay with an organization when they are viewed as effective by the audience targeted by the initiatives.\textsuperscript{21}

Understanding the work environment as perceived by employees of color is the first step in making change that will encourage diverse talent to stay. By making the right changes, firms can continue to offer clients the services of experienced and knowledgeable professionals.

In this chapter, focus group and interview findings describe the work environment in the large accounting firms as perceived and experienced by women and men of color. These findings raise questions about whether the effects of diversity policies are filtering down to racial and ethnic minorities, including women of color, and whether they are helping to create an inclusive environment.

Women and men of color underscore organizational fit and access to informal networks as prerequisites for advancement.

People of color emphasize the importance of the relationship between perceived fit with the organization and its impact on advancement opportunities:

\textit{Of course it is important to fit in. At the end of the day, management picks and chooses who they want to work with and it all comes down to whether you are likable. That will determine your capability to be on a project in some twisted way.}

—African-American woman

\textit{It is important to fit in if you want to move up. I was very private about my personal life and kept things to myself. I had a work side and a personal side, and I never crossed the two...I think it matters [for advancement] who you are and where you are coming from and I guess your race would make a difference in that case.}

—Asian woman

\textit{You can't get in and just be yourself. You have to take a step back...I'm naturally an outspoken person and I like to be involved in conversations, and that's not acceptable to people...so you either get your feelings hurt or you take a step back and not speak.}

—Latina

\textsuperscript{20} Catalyst, \textit{Women of Color in Corporate Management: Three Years Later} (2002).

\textsuperscript{21} Catalyst, \textit{Women of Color in Corporate Management: Opportunities and Barriers} (1999).
We also found that in a relationship-based environment such as that of professional services firms, inclusion in informal networks influences access to communication, key client engagements, and development opportunities. Women and men of color are very much aware of how important certain connections can be:

_The great or the good opportunities always seemed to go to people who went to the same school as the people who were leading the effort, people that they felt more comfortable with to be involved in those type of initiatives._

—African-American man

_What frustrated me the most was the sheer lack of communication, I mean that there is no central communication and unless you are plugged into a network, you are out there on your own…a strong network is hard to replicate._

—Asian woman

An Asian woman talked about the importance of relationships in allocation of client engagements:

_When you think of allocation of projects, the one word that comes to mind is ‘secretive,’ very secretive…it came down to one thing that you had to know the right people…if you don’t know the right/influential people then you are going to get bad projects and that starts the cycle of not getting staffed on a high profile project…you keep getting bad projects where no one is going to invest in your development._

—Asian woman

Women of color in the study also draw attention to the prevalence of an “insider/outside” dynamic as well as the “picking and choosing” of staff for client engagements:

_What’s different is that a lot of my peers [white men and women] could build trust by building relationships and going to lunch and I can’t…It was only after people knew that I did a good job, all of a sudden they asked me to work on a job and asked me to go out to lunch. Whereas my peers, they just get asked out and get on the job because they [partners and senior managers] think that person is like them._

—Latina

_At the end of the day, the senior managers did not want to work with new people if there were other people available that they had worked with before and understood their ways better or knew them better. They did not want to coach a new person and develop and train new people and hence, would resort to picking and choosing._

—African-American woman
Perceived stereotyping, double standards regarding performance, and lack of development opportunities act as barriers to advancement.

Findings also highlight the impact of stereotyping on organizational fit and advancement and the complexity of diversity:

…the biggest problem is that people in the firm think a lot of Asians are good workers, good staff, “star” staff. But as far as getting to be manager and above, they are no longer on the charts any more.

—Asian woman

I had somebody tell me that I was being way too nice, too humble. I’m like, what? Because I mean, in our culture, we always help—if somebody needs a hand, it’s a natural tendency. That’s just what we do. And he seriously turned around and said, “Why are you being so helpful?” I’m like, “Okay, I’m going in my corner.”

—Latina

These quotations underscore the prevalence of perceived double standards regarding performance, meaning higher bars and more bars:

…I would say the scrutiny on people of color and the men of color in particular comes much sooner. I mean, you have to be a top-notch performer at every level, whereas I see white males who could go along, be mediocre as staff, make it to senior, be mediocre or a little better as a senior, make it to manager.

—African-American man

…for some of the guys, it’s like if they’re just good in one area, that might be enough. But I really feel, for the Asian woman, you have to be good at everything. Like look at her, she’s everything…it is a higher bar, and more bars.

—Asian woman

Our demonstration of skills is not necessarily sufficient to achieve recognition…the bar is higher at all times. It can become frustrating…If I were to ask for things or say something like my Caucasian counterpart, well then they’re going to look at me and say, “Who is she?”

—Latina

“Imperfect execution” still impedes full realization of a firm’s commitment to support diversity and inclusion.
Findings suggest that although organizations make a strong commitment to diversity and inclusion, often there are perceived disconnects between ostensible commitment and actual implementation of policies, programs, and initiatives. The following quotations by Asian women in the study capture the disconnects in implementation:

*We get a flood of emails, voicemails, and newsletters regarding diversity programs…we know about them…but when it really just comes down to practical—you know, the practical, actual doing it—it just does not work that way.*

—Asian woman

*It is important to show junior people, early on in their careers, what they can accomplish and the opportunities available to them if they continue to stay. I could not see what my career would look like had I stayed on…I was told these things as I was leaving, but such conversations need to happen before one makes the decision to leave…talking about the big picture and where they fit in.*

—Asian woman

Emerging trends in data also draw attention to a perceived exclusionary environment in large accounting firms, a lack of receptivity to outsider groups.

*Diversity begins to fall off as you go higher…when you go higher up, it’s usually a group of white males. It’s sometimes a “them-against-us” mentality. It’s important to communicate to the other group that these are our issues that we need to deal with…not that we are against you.*

—Asian man

*…when I joined the firm there was no diversity around me, in my group, even though the firm is actually pretty diverse. I am a city girl, and everyone else was very white and suburban, and they talked about going on vacations to nice places, going skiing. I couldn’t relate to them at all. I’d go into my little closet and focus on work.*

—Latina

*…you have to prove yourself again and again in order to move on to anything. It is a tough place, and it really depends on the individual woman of color how much she is willing to take. If you feel you are sacrificing the type of person you are, then it is not going to work…I am sure there are women of color who have to do that and they exit very quickly…also without even looking at your work or giving you a chance to prove yourself, people you work with have an opinion about you…based on how you look, how you talk, where you went to school, who you are friends with at the firm, etc.*

—African-American woman
The following quotation draws attention to the lack of accountability for managers and how that perpetuates “imperfect execution”:

*I just don’t believe the firm has put proper incentives in place. The incentives that are in place now are for people to manage a certain way or to look at certain measurements for success but do not include diversity…I look at the corporations like a Xerox or a GE, how they’ve made a commitment to inclusiveness and backed it up with saying to managers, this is something that is a part of what you will be evaluated on and will impact your compensation.*

—African-American man
It is a matter of concern for accounting firms that between 37 and 50 percent of people of color surveyed in this study harbor a general intent to leave—they do not feel obligated to stay in their current job and intend to leave for more money, to do similar tasks. Furthermore, 29.1 percent of women of color and 17.3 percent of men of color intend to leave within the year.

As mentioned previously, people leave jobs because of push factors and/or pull factors. Employers have little effect on pull factors, but can help retain their workforce by focusing on the push factors.\(^\text{22}\) Prior research highlights the connections between employees’ perceptions of inclusion in both networks and decision-making processes and their sense of organizational commitment. Research also suggests the concomitant—a perception of exclusion is linked to job dissatisfaction and intent to leave.\(^\text{23}\)

Findings in this report provide an increased understanding of the perceptions and experiences of people of color who have left accounting firms in the past—regarding their work environment, job satisfaction, and intent to leave “again.”

This report draws attention to the push factors that tip the balance—putting people of color at risk of leaving. Findings also highlight how and why women-of-color associates and men-of-color managers are at a high risk of leaving. Interestingly, women of color who continue past the associate level are again at risk of leaving as managers.

Key takeaways that will be further examined in subsequent reports include:

- **An exclusionary work environment** makes it challenging for women and men of color to advance in firms, due to lack of organizational fit and lack of access to informal networks. Other barriers to advancement include stereotyping, perceived double standards regarding performance, and lack of professional development opportunities.

- **Imperfect execution: perceived gaps between diversity policy and practice** are very much noticed by women and men of color. It is clear that diversity policies are not filtering down to racial and ethnic minority groups as effectively as they should.


Call to Action

To build awareness and more understanding regarding the experiences and perceptions of women and men of color, senior leaders, human resources and diversity professionals, and managers can follow these action steps:

- **Assess the work environment.**
  - Find out about your organization’s diversity strategy.
  - Use internal surveys, focus groups, and interviews to document, by subgroup, the experiences and perceptions of women and men of color.

- **Self-assess. Examine your own opinions, assumptions, and behavior.**
  - How inclusive are you about socializing with staff members from different backgrounds?
  - What priority do you give to institutional supports for staff members who are from backgrounds different from yours?
  - Do your expectations for the performance of your staff who are of color vary from those for your other staff?
  - Do you ever make assumptions based on stereotypes?

- **Develop closer relationships with women and men of color. Learn their perspectives.**
  - Make an effort to ask women and men of color about their perspectives, backgrounds, and interests.
  - Identify subgroups of women of color and men of color in your organization and go out of your way to learn about their unique experiences and challenges.
  - Increase understanding of differences and similarities between groups and within groups, through education and informal dialogues, one-on-one and in groups.
  - Encourage differences in behavioral and work styles.

- **Communicate and demonstrate your firm’s commitment to diversity.**
  - Use training programs, one-on-one mentoring with senior leaders, inclusion in high-visibility programs, and networking opportunities.
  - Integrate diversity initiatives into routine organizational practices such as recruitment, orientation, training, career-development tools, and succession planning.

- **Hold managers accountable for retention and advancement of women and men of color.**
  - Create clearly articulated plans for long-term development of women and men of color.
  - Hold managers accountable for providing critical development opportunities and high-visibility assignments necessary for advancement.
  - Review managers’ performance evaluations of subordinates by race/ethnicity and gender of subordinates.
Continuing Catalyst Research
At Catalyst, we are committed to helping shatter the concrete ceiling and provoking firms into thinking strategically about women and men of color, who are an important and growing segment of the workforce. As mentioned previously, Catalyst is currently conducting interviews, focus groups, and a survey with current employees of large accounting firms—to further examine the push factors and to deconstruct the “old boys’” network.

Subsequent reports will build on findings presented in this report by benchmarking experiences of women and men of color against white women and men and by teasing out the combined effects of race/ethnicity and gender. Specifically, Catalyst will:

- Describe the personal and family characteristics of the entire workforce in firms, highlighting age, foreign-born status, languages spoken, extended family responsibilities, single/dual income household, and spouse/partner’s occupation and income.
- Investigate how “social capital”—the socioeconomic status of a person’s spouse, family composition, and other extra-professional characteristics—affects organizational fit and access to informal networks. These characteristics can have a major impact on development and advancement.
- Explore work-life quality and effectiveness to capture cultural differences in work-life needs and relevance of policies in addressing difference.
- Benchmark and compare job satisfaction and intent to leave, and examine points of exit.
- Examine perceived gaps in organizational commitment to diversity and actual implementation.

Along with the aim of providing insights into the challenges facing women and men of color, our goal is to provide recommendations and practical solutions for firms so that they can build more inclusive environments and retain the employees they train. Recommendations will be specifically targeted toward individual women of color, individual men of color, managers, human resources and diversity professionals, and senior leaders and executives.
### Sample Profile

<table>
<thead>
<tr>
<th></th>
<th>Women of Color</th>
<th>Men of Color</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sample for Leavers</strong></td>
<td>124</td>
<td>84</td>
</tr>
<tr>
<td><strong>Average Occupational Tenure</strong></td>
<td>9.14 Years (N=97)</td>
<td>9.89 Years (N=62)</td>
</tr>
<tr>
<td><strong>Average Organizational Tenure</strong></td>
<td>4.81 Years (N=83)</td>
<td>5.15 Years (N=67)</td>
</tr>
<tr>
<td><strong>Educational Background:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Bachelor’s Degree</td>
<td>64.2% (N=123)</td>
<td>65.5% (N=84)</td>
</tr>
<tr>
<td>- Graduate Degree</td>
<td>34.9% (N=123)</td>
<td>33.4% (N=84)</td>
</tr>
<tr>
<td><strong>Marital Status:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Married/Living with partner</td>
<td>37.7% (N=122)</td>
<td>64.3% (N=84)</td>
</tr>
<tr>
<td>- Single/ Never Married</td>
<td>45.9% (N=122)</td>
<td>28.6% (N=84)</td>
</tr>
<tr>
<td><strong>Do Not Have Children &lt;18 Years at Home</strong></td>
<td>68.9% (N=122)</td>
<td>56.6% (N=83)</td>
</tr>
<tr>
<td><strong>Have a Working Spouse</strong></td>
<td>61.6% (N=73)</td>
<td>55.6% (N=72)</td>
</tr>
</tbody>
</table>

We also examined the sample distribution across “Firm Size” and “Levels.”

### Figure 7: Sample Distribution by Firm Size

![Sample Distribution by Firm Size](image)

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24 Only those respondents were included in the final sample who had left an accounting firm in the past—women and men of color who had held two or more jobs since attaining highest educational degree, based on data collected for three jobs: 1) First job since attaining highest educational degree, 2) Job preceding current job, and 3) Current job.

25 We defined “Firm Size” to include small (less than 1,000 employees), medium (1,000-7,999 employees); and large firms (more than 8,000 employees). We are unable to report on “Job preceding current job” due to missing data.

26 Levels in an accounting firm in progression: analyst, associate, senior associate, manager, senior manager, director, and partner/principal.
We also found the survey sample to be a pipeline sample with a majority—76 percent of women-of-color and 80.7 percent of men-of-color sub-samples—distributed across four levels: managers, senior associates, associates, and analysts.

**Figure 8: Sample Distribution by Current Job Level/Title**

<table>
<thead>
<tr>
<th>Job Level/Title</th>
<th>Women of Color (N=154)</th>
<th>Men of Color (N=109)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers (N=59)</td>
<td>24.0</td>
<td>19.3</td>
</tr>
<tr>
<td>Senior Associates (N=51)</td>
<td>20.1</td>
<td>25.7</td>
</tr>
<tr>
<td>Associates (N=49)</td>
<td>19.5</td>
<td>19.3</td>
</tr>
<tr>
<td>Analysts (N=46)</td>
<td>16.2</td>
<td>16.5</td>
</tr>
<tr>
<td>Other (Senior Managers, Directors, Partners) (N=58)</td>
<td>20.1</td>
<td>19.3</td>
</tr>
</tbody>
</table>
This report is a collection of findings from the following data sources:

**Survey Data—Minority Professional Associations**
Because accounting firms recruit heavily from professional associations for Asians, Latinas/os, and African-Americans, to get a better understanding of the needs and challenges facing people of color, we conducted a survey with members of the following professional associations:
- Association for Latino Professionals in Finance and Accounting (ALPFA)
- National Association of Black Accountants (NABA)
- National Association of Asian American Professionals, Chicago (NAAAP-Chicago)

The survey targeted 300 women of color and 300 men of color, with equal representation from Asian, Latina/o, and African-American women and men.

In terms of response rate, we exceeded our target for African-American and Latina/o representation. Unfortunately, there was low participation from Asian women and men. In this report, we present findings combined for African-Americans and Latinas/os, to represent women-of-color and men-of-color groups. In our subsequent reports we will expand on each racial/ethnic subgroup, including Asians, and examine their unique experiences and challenges in accounting firms.

Survey data highlight career movement for women and men of color and provide insights into their current “job satisfaction” and “intent to leave” current job.

**Qualitative Data—Large Accounting Firms**
We also conducted exit interviews with former employees of a sub-sample of large accounting firms. The final sample included two men of color (both African-American) and three women of color (one Asian, one African-American, one Latina). In terms of level, the sample ranged from analyst to director/partner.

To ensure perceptions and experiences of Asians are presented in this report, we conducted three Asian focus groups—two female and one male—with current Asian employees of large accounting firms. The final sample included 14 individuals, ten women and four men, ranging from the associate to the manager levels. Out of the ten women participants, four were “single/never married” and six were “married/living with partner.” In comparison, the male participants had an equal split—two were “single/never married” and two were “married/living with partner.”

Interviews and focus groups depict the work environment in large accounting firms. Specifically, findings highlight the perceptions of women and men of color regarding their work environment, organizational commitment to diversity, and the barriers to advancement in large accounting firms.
This report is the result of the teamwork and dedication of many Catalyst staff. Catalyst President Ilene H. Lang provided leadership in the development of the research project and report. Special thanks to Catalyst Vice President of Research, Nancy M. Carter, Ph.D., who oversaw the research and whose considerable input and guidance were instrumental in writing this report.

Deepali Bagati, Ph.D., authored the report under the guidance of Katherine Giscombe, Ph.D., who conceptualized and directed the project. We are grateful to Catalyst issue experts and team members who reviewed and contributed to the overall report, including Jan Combopiano and Nazia Kazi.

We are also grateful to our vendor Genesee, for quality service during the survey phase.

This report was produced and edited under the leadership of Deborah M. Soon, Vice President of Marketing and Public Affairs. Liz Roman Gallese, Vice President and Publisher, Carol Wheeler, and Joy Ohm edited the report. Kristine Ferrell designed the report and illustrated the cover. Staci Kman and Cheryl Yanek fact-checked the report.
Connections that Count: The Informal Networks of Women of Color in the United States (2005)

As part of the Barriers series, we focus in this report on a key barrier cited by women: lack of access to networks of influential colleagues. This issue is particularly pronounced for women of color who face double exclusion in the workplace, based on their race/ethnicity and gender. This lack of access was one of the four major barriers to advancement of women of color identified in earlier research. In this report we identify how women of color deal with these barriers and suggest how managers and senior executives can help tear down the barriers.

COMING SOON FROM CATALYST

Women of Color in Professional Services Series

This series expands knowledge of women of color by examining their experiences in accounting, financial services, and law. These settings are distinguished by a client-service focus and firmly entrenched “old boys’” networks that make inclusion of outsider groups such as women of color extremely difficult. This research series will offer a comprehensive examination of career dynamics for women of color, men of color, white women and white men, including career pacing, informal networks, access to business development opportunities, and work-life issues.

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fax/ 212-514-8470

SAN JOSE
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San Jose, CA 95134
tel/ 408-435-1300
fax/ 408-577-0425

TORONTO
8 King Street East, Suite 505
Toronto, Ontario M5C 1B5
tel/ 416-815-7600
fax/ 416-815-7601

ZUG
C/o KPMG Fides
Landis+Gyr-Strasse 1
6300 Zug, Switzerland
tel/ +41-(0)44-208-3152
fax/ +41-(0)44-208-3500

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