



Successful promotion or segregation from partnership? An examination of the “post-senior manager” position in public accounting and the implications for women’s careers

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ABSTRACT

Historically public accounting careers have been “up or out” with progression from staff through senior, manager, senior manager, and ultimately, partner. Recent AICPA data suggests senior managers are increasingly promoted to non-equity “director/principal” positions rather than to partner (AICPA, 2006). Further, this career path appears to be disproportionately occurring for women. This survey of the membership of the American Women’s Society of Certified Public Accountants (AWSCPA) provides the first descriptive data on the nature and impact of the post-senior manager position from the perspective of senior women accountants and reflects on the gender implications of these findings. Of concern is the early indication that firms may be using such positions to create a ‘reserve force of [partnership-level] labour’. If women are disproportionately appointed to such positions, they may be forming a new source of vertical segregation for women accountants.

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1. Introduction

It has long been noted that despite constituting at least half of all entry-level employees for nearly two decades, women continue to be significantly under-represented in the partnership ranks of public accounting firms across the globe (AICPA, 2006; Gammie, Herbohn, & Whiting, 2010; Hopman & Lord, 2009; ICPAS, 2009). This under-representation is viewed as being the result of both women leaving the firms at a greater rate than men and women failing to progress through the ranks at the same pace as men. While observers have argued that “firms are also modifying the traditional “up or out” career structure to provide employees with greater choice and flexibility in career progression and to reduce turnover” (Hooks, Thomas, & Stout, 1997, p. 40; see also Greenhouse, 2011), it is not clear that these modified career paths have resulted in gender parity all the way up the ranks to partnership promotions.

Recent evidence suggests that one significant form of a modified career structure impacting gender parity in partnership promotions may be ‘post-senior manager’ positions within the firms (Almer, Lightbody, Single, & Vigilante, 2011). These positions with titles such as “Director” comprise a ‘step beyond’ senior manager, but do not provide equity in the firm, and are instead of an employee-type nature. US data shows a significant rise in the number of firms with post-senior manager positions over the last decade (AICPA, 2005, 2006; IPA, 2005). Of particular concern is early evidence that women are disproportionately represented in post-senior manager promotions as compared to equity partner promotions (AICPA, 2005; Dambrin & Lambert, 2008; ICPAS, 2009).

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Despite the increasing significance of post-senior manager positions, both the academic accounting literature (e.g. Gammie, Matson, & Duncan, 2007) and publications such as *New Accountant*, which are aimed at promoting public accounting careers to students (e.g. Satava, 2009), have been virtually silent on this emerging position. The only specific study on post-senior manager positions (Almer et al., 2011) considers the nature of the positions solely from the firm perspective and ignores the career implications that “professionals themselves” (Grey, 1998, p. 569) may perceive or experience. More generally, accounting researchers have given little attention to potential gender impacts of contemporary partnership promotion processes¹ and only one paper briefly mentions the role of post-senior manager position as a potential “glass ceiling” for women in this process (Dambrin & Lambert, 2008). Thus to understand the failure of women to proportionately move up the last rung of the ladder into the equity partner ranks, accounting research needs to give particular consideration to whether firms may have created a new means of segregating women from the ‘holy grail’ of partnership.

However, understanding the nature and frequency of post-senior manager positions may not be an easy task. While many public accounting firms give mention to the existence of post-senior managers in public relations or recruiting materials (e.g. CroweHorwath, 2007; Deloitte, 2009) and the AICPA notes the increase in firms offering post-senior manager positions (AICPA, 2006), neither provide any insights into the nature of the positions. Firms and professional groups also fail to provide specific insights into the actual frequency of such positions, as they generally do not separately identify post-senior manager positions, but rather collate them together with equity partnership positions in their data. For example, ICPAS (2009) reports ‘partner/principal’ as a single category in its study. Similarly, Deloitte’s recent announcement that they had “reached a milestone in the organization’s history by exceeding the 1,000 mark for U.S. women partners, principals and directors” did not identify the number of such women who were in non-equity positions (Deloitte, 2009). There is thus a lack of transparency surrounding the frequency and nature of post-senior manager positions.

The objective of the current study is to examine this new phenomenon that may be diverting some women from the traditional equity partnership – post-senior manager positions. This paper is essentially exploratory, as there are numerous issues not yet understood about post-senior manager positions and the role they may play in the careers of women in public accounting firms, including the nature of the positions, how the activities engaged in by post-senior managers differ from or are similar to those performed by partners, costs and benefits of the positions to firms and to professionals, and the nature of any gender effect. In particular, there is a need to examine such questions from the viewpoint of women accountants themselves.

The current study addresses the aforementioned issues with an all-female sample of public accounting professionals, the membership of the American Women’s Society of Certified Public Accountants (AWSCPA). With this all-female sample, a clearer picture is provided of the nature of post-senior manager positions from the perspective of women public accountants in general, and, in particular, the perspective of women currently employed in such positions.

The results of this study will extend the literature on upward mobility of women in public accounting by providing a foundation for a necessary critical debate regarding the role of post-senior manager positions in women accountants’ careers. At the heart of this debate is whether such positions provide a more accommodating alternative career path for women in public accounting or whether they function as a new form of vertical segregation or ‘pink-collar ghetto’.

The remainder of this paper is organized as follows. First, the history of post-senior manager positions in public accounting and an overview of the similar trend occurring within law firms is considered. Because of the exploratory nature of this research, specific hypotheses are not proposed. Rather the accounting and law literatures are utilized to develop a survey instrument which is described in the second section. Second, the results of the survey are outlined. In the final section implications of the results are discussed and a number of questions for future research are identified.

2. Background and literature review

2.1. Prevalence of post-senior manager positions in public accounting

As noted by the AICPA, the prevalence of post-senior manager positions is a growing trend (AICPA, 2006). All the Big four firms offer post-senior manager positions, and a survey of HR managers in the top 100 US accounting firms found that the majority of responding firms had a post-senior manager position (Almer et al., 2011). Not only are more firms offering post-senior manager positions, but also there is evidence that promotions of senior managers to post-senior managers may be more prevalent than promotions to the partnership among a significant group of firms. A sample of Group B (large non-Big four) firms revealed that 80% of leadership promotions were to post-senior manager positions and only 20% were to equity partner positions (AICPA, 2005).

While the limited literature addressing post-senior manager positions notes that firms often promote such positions as a step on the partnership track (Almer et al., 2011),² their rise has primarily been attributed to the need to provide a terminal destination “for experienced senior managers who practice in the traditional accounting and tax areas but don’t have the skills or desire for equity ownership” (IPA, 2005) (see also Dambrin & Lambert, 2008). Retaining such professionals

¹ Rare exceptions are Gammie et al. (2007), Gammie et al. (2010) and Kumra and Vinnicombe (2008).

² In a rare reference to post-senior managers in the academic literature, Kornberger et al. (2010) imply such positions are a step to partnership, but provide no evidence to support this inference.

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