

SUCCESSFUL PROMOTION OR SEGREGATION FROM PARTNERSHIP? THE “POST-SENIOR MANAGER” POSITION AND WOMEN’S CAREERS IN PUBLIC ACCOUNTING

ABSTRACT

Historically public accounting careers have been “up or out” with progression from staff-senior-manager-senior manager-partner. Recent AICPA data suggests senior managers are increasingly promoted to non-equity “director/principle” 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 published comprehensive descriptive data on the position and reflects on the gender implications of these findings. Of concern is the early indication that such positions may be forming a new source of vertical segregation or ‘pink-collar ghetto’ for women accountants.

Key words: Career progression, gender, upward mobility, partner

INTRODUCTION

It has long been noted that despite constituting at least half of all graduate employees for nearly two decades, women are significantly under-represented in the partnership ranks in public accounting firms (AICPA, 2006; Hopman and Lord, 2009; ICPAS, 2009). This under-representation is viewed as being the result of women leaving the firms at a greater rate than men and women failing to progress through the ranks at the same pace as men. A well established body of literature over the last decade has focused on understanding the reasons for disproportionately higher turnover of women in public accounting (e.g. Dalton et al., 1997; Hooks et al., 1997; Greenhaus et al., 2001; Pasewark and Viator, 2006).

Historically, public accounting career paths have been “up or out” with the standard career progression being staff-senior-manager-senior manager-partner. In the past occasionally individuals were promoted from senior manager to positions with post-senior manager titles such as “director” rather than to equity partner. Smaller firms also had a long-established trend of allowing staff to remain at senior manager levels indefinitely. Over the last 15 years, accounting firms have implemented many changes to reduce the greater turnover of women accountants and to ensure equity in promotion (see, for example, AICPA, 2006). In particular, observers have argued that “firms are also modifying the traditional “up or out” career model to provide employees with greater choice and flexibility in career progression and to reduce turnover” (Hooks et al, 1997, p 40).

Recent evidence suggests that one significant form of such modified career structure may be the creation of ‘post-senior manager’ positions within the firms. Such positions comprise a ‘step beyond’ senior manager, but do not provide equity in the firm, instead being of an employee-type nature. US data has shown a significant rise in the number of firms with post-senior manager positions over the last decade (AICPA, 2005, 2006; IPA, 2005). While a similar phenomenon has begun to be discussed within the law profession literature (NAWL, 2006), to date both the academic and practitioner accounting literature has been virtually silent on this emerging position (see, for example, Almer and Single, 2007). For example, academic and professional studies generally do not separately identified post-senior manager positions, but rather have collated them together with equity partnership positions in their data¹. There are also no published academic studies examining the nature of post-senior manager positions. The one professional paper and one unpublished academic study identified indicate that there may be conflicting views regarding the place of post-senior manager positions in public accounting careers in general, and in the careers of women in particular. As it seems that such positions are now an increasingly significant component of the career structures of contemporary public accounting firms, there is an urgent need for accounting researchers to understand more about the frequency and nature of these positions.

¹ 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).

Early evidence indicates that women appear to be represented disproportionately in post-senior manager promotions as compared to equity partner promotions (AICPA, 2005; ICPAS, 2009). Large scale surveys on the retention and promotion of women in law firms have found that women comprise a much greater proportion of non-equity post senior manager positions (27% in 2009) than equity partnerships (16%) (NAWL, 2009; 2006). It thus appears that the more pressing current issue for women in public accounting may not be disproportionate turnover, but rather the failure of women to proportionately move the last rung up the ladder into the partner ranks. As evidence from the legal literature indicates that non-equity partners are often perceived as “second-class citizens” on a “mommy track” (Curriden, 2001; Note, 1996), accounting research needs to give particular consideration to whether post-senior manager positions may be forming a stalling point for women.

The objective of the current study is to examine one potential phenomenon that may be diverting some women from the traditional equity partnership – post-senior manager positions. 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 prevalence 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. As early studies are suggesting that firms may be denying the potential of such positions to increase gender inequality in firm management, 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, we hope to gain a clearer picture 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.

There are a number of contributions that result from our research. First, a transparent and comprehensive description of post-senior manager positions from the perspective of public accountants themselves provides insights into how this emerging position is seen to contribute to the nature and distribution of work performed within a firm. Understanding what these positions entail will benefit researchers in development of new research areas and aid in ensuring any studies utilizing post-senior managers as subjects are appropriate for the experimental tasks performed (Abdolmohammadi, 1999). Second, results of this study extend the literature on upward mobility of women in public accounting by exploring women’s perceptions of the costs and benefits associated with post-senior manager positions and how such positions are incorporated into women’s career plans. Finally, the study will provide a foundation for a necessary critical debate regarding the role of post-senior manager positions in women accountants’ careers. Are such positions providing a more accommodating alternative career path for women in

public accounting or are they functioning as a new form of vertical segregation or ‘pink-collar ghetto’?

The remainder of this paper is organized as follows. First, we consider the history of post-senior manager positions in public accounting, and overview the similar trend occurring with law firms. Because of the exploratory nature of this research, we do not propose specific hypotheses but rather utilize these background literatures to develop a survey instrument which is described in the second section. Thirdly, we provide the results of the survey. In the final section implications of the results are discussed.

BACKGROUND AND LITERATURE REVIEW

Women and post-senior manager positions in public accounting

Public accounting has long been argued to be “one of the most difficult fields for women because it is so time intensive” (Schwartz, 1996 p 39) and is characterized by a long hours work culture and “male-dominated hierarchy” (Anderson-Gough et al., 2005) which “continues to demand a masculine-gendered “ideal worker”” (Dwyer and Roberts, 2004 p 161) as the model of success. Decades of data regarding women in public accounting have indicated that while firms have long employed a relatively equal number of male and female graduates, the majority of partners and other firm leadership positions continue to be held by men (see, for example, AICPA, 1994; 1997; 2006) and childless women (see, for example, Gammie et al., 2007; Hooks et al., 1997). There has also been widespread observation of the long history of outright discrimination against women in the accounting profession (see, for example, Kirkham and Loft, 1993; Lehman, 1992) and, more recently, of vertical segregation in the accounting profession, whereby women “are segregated into areas defined as more suitable ‘women’s work’, areas which inevitably have lower status, lower material rewards, less autonomy and fewer opportunities for advancement” (Roberts and Coutts, 1992 p 392) (see also Hooks, 1992). To date, discussions of segregation within the professional firms have concentrated on those utilizing so-called ‘mommy track’ programs such as flexible work schedules, with the general conclusion that while such positions help women to meet their ‘other’ non-work commitments, they are perceived as having a negative effect on their careers in terms of taking them off the partnership career track (see, for example, Almer et al., 2003; Cohen and Single, 2001; Johnson et al., 2008).

The accounting literature has long advocated the need for firms to take action to reduce the greater turnover rates of women, with the underlying assumption that retention will in turn facilitate a greater rate of progression into the top levels of the firms. The majority of commentaries and research studies focus on ‘flexible work arrangements’, in particular the availability of part-time positions at senior manager and partner level (see, for example, Almer and Kaplan, 2002; Almer et al., 2003; Cohen and Single, 2001; Coolidge and D’Angelo, 1994; Hooks, 1996). However a number of commentators have also advocated the need for ‘alternative’ or ‘non-partnership’ career paths within the firms “for those [senior employees] who may not be willing or able to do whatever is necessary to become a partner” (Alter, 1991 p 55) but who have considerable talents and

knowledge that are of value to the firm (Hooks and Cheramy, 1994). Articles in professional journals as early as 1991 suggest that the international accounting firms were “working to devise an alternative track” (Alter, 1991 p 55).

Recent studies indicate that the number of non-equity post-senior manager positions in US accounting firms is growing. While the professional firms do not provide actual numbers of women holding post-senior manager positions, their press releases and citations in professional journal articles regularly refer to the existence of such positions (see, for example, Deloitte, 2009; Deloitte, 2010). A US study of Group B (large non-Big 4) firms revealed that among a sample, 80% of leadership promotions were to post-senior manager positions and only 20% were to equity partner positions (AICPA, 2005). These findings parallel the well-established trend in US law firms of promoting an increasing proportion of senior associates to the level of ‘non-equity partner’ rather than full partnership (Henderson, 2006).

Despite the growing significance of post-senior manager positions, they have received almost no mention in either the professional or the academic accounting literature. In a rare professional article discussing post-senior manager positions, the recent growth in such positions in larger firms is attributed primarily to

“the need to provide alternatives to the traditional up-or-out career track...[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 p 1).

The author notes that the post-senior manager role “varies dramatically from firm to firm” (IPA, 2005 p 2). However, while it is sometimes used “as a stepping stone to equity partnership”, it is usually seen as a “career apex” (IPA, 2005 p 2). Post-senior manager positions are beneficial to the firm as they allow firms to retain staff with valuable “technical and client service skills” (p 2) and facilitate increased leverage ratios (and presumably profitability-to-equity partner) as post-senior managers are generally paid only “40% to 50% of the compensation that equity partners receive” (p 1).

The small body of literature regarding post-senior manager positions has thus already indicated some differences among practitioners regarding the nature and use of such positions. Of particular interest is the differences regarding the impact on individual’s careers and on gender equity within the firms.

Early data suggests that women may be holding a greater proportion of post-senior manager positions than equity positions. For example, the AICPA (2005) study indicated that within the sample firms approximately 40% of senior managers were women, however they made up 48% of the post-senior manager promotions compared with only 17% of the equity partner promotions (AICPA, 2005; see also ICPAS, 2009). AICPA (2006) also concluded that while more “women were opting to stay in public accounting” it was clear that these women were often employed in “a career track that does not necessarily lead to an equity partnership position” (p 6) such as post-senior manager positions (see also AICPA, 1994; 1997). However, as noted earlier, the

accounting research literature has almost completely overlooked these emerging positions.

Post-senior managers (non-equity partners) in law firms

While there is a dearth of information about post-senior manager positions in public accounting, in recent years the legal profession has begun to more openly discuss a parallel situation occurring within law firms. In law firms, this phenomenon is called the two-tier partnership whereby firms have both equity and non-equity partners (Evans, 2007; NAWL, 2006). Because of the similarities in the professions and firm structures between law and accounting service firms, the law literature is relevant for establishing questions to be considered in the public accounting domain.

Like the accounting profession, law schools have graduated approximately 50% women for the last 20 years. Women account for half of the new hires and associates at the largest 200 law firms, but only a quarter of new partners (NAWL, 2006). However, while it is often difficult to clearly identify what type of partnership women are holding as law firms tend to use the same nomenclature for both equity and non-equity 'partners' (Evans, 2007), NAWL data indicates that women are being promoted into non-equity positions at a far greater rate than into full equity partnerships (NAWL, 2006; 2009).

A comprehensive overview of the development of two-tier law firms, along with the costs and benefits to firms and their professionals is provided by Evans (2007). In law firms the two-tier partnership structure grew rapidly during the 1990s. It was intended to address concerns that the 8-10 year track to equity partner was insufficient to acquire adequate business development and client management skills, as well as to provide an alternative to associates who were unwilling to put in the hours to be considered for equity partner. Thus, in some instances the non-equity partner is a temporary step to equity partner, whereas in other situations it is considered a permanent appointment (Curriden, 2001).

As it is still a relatively new area of research within the law literature, Evans (2007) highlights that the non-equity partnership does not have a universal definition. Generally however non-equity partners are not liable for the debts of the firm, do not vote, and receive a salary (perhaps with bonus structure) rather than a share of the firm's profits. In some firms however non-equity partners attend partner meetings and receive financial reports, but do not hold governance positions. In terms of client service, non-equity partners fulfill virtually the same role as an equity partner, though the nature and prestige of client assignments may vary.

Evans (2007) asserts firms gain several benefits from having non-equity partners. First, the years in the non-equity position provide a trial period to more fully assess an individual's potential for performance as an equity partner. Second, the availability of the non-equity position helps retain talented attorneys who are unwilling to work as many hours as is typically expected of an equity partner. This is argued to be a particular advantage for retaining senior women in the firms. Third, since externally non-equity

partners are often indistinguishable from equity partners (both hold the title of “partner”), the title helps better cultivate clients and create a client perception of being served by a more qualified attorney than an “associate”. Finally, because compensation is lower than for equity partners but similar work is performed, compensation is boosted for equity partners (see also Curriden, 2001).

There are also a number of potential costs. While the majority of these represent disadvantages to both genders, there is some concern that the two-tier system may be adding a creating a further form of ‘glass ceiling’ for women. From the firm’s perspective, because a non-equity partner is not financially vested in the firm, there is less incentive to take a long term interest in the well-being of the firm through quality of work and development of its associates (Evans, 2007). It is also apparent that non-equity partners are billing less hours than associates, thus potentially contributing less to the profits of the practice than the associates at the level below them (MacEwen, 2009). The recent downturn in work due to the global financial crisis has also revealed that as non-equity partners are salaried, their ‘fixed cost’ to the practice may in fact reduce partnership profits (Henderson, 2005, MacEwen, 2009; Ribstein, 2009).

While non-equity positions are argued to facilitate the retention of increased numbers of senior woman lawyers, there may be some downsides to this pattern. Evans (2007) argues that professionals making the tradeoff of becoming a non-equity partner in order to have better work/life balance give up voting rights, thereby eliminating the opportunity to change a firm’s direction or culture. She further argues that as the quality of assignments tends to be less prestigious and challenging for non-equity partners, this leads to a devaluing of their political capital within the firm. More widely indicated across the law literature was the clearly expressed view that the existence of a separate and lower status category of partner that is intended to appeal to individuals who work fewer hours legitimizes and reinforces a “mommy track” within the legal profession (Curriden, 2001; Evans, 2007), which in turn may create a further form of ‘glass ceiling’ for women in law firms (Evans, 2007). For example, the National Association of Women Lawyer’s national surveys consistently report that single-tier firms had a greater proportion of women partners than two-tiered firms (NAWL, 2006; 2009). Their studies also showed that within two-tier firms, women were being promoted to post-senior manager positions such as non-equity partnerships and of-counsel positions at a far greater rate than they were being offered equity partnerships. The NAWL thus queried whether these roles may be acting as a place to ‘hold’ women who “are denied partnership status for legitimate reasons” or whether women were being “disproportionately directed into [post senior manager] positions instead of promoted to partner level work and compensation” (NAWL, 2006 p 16).

While non-equity partnership positions have received much more attention in the law literature than in the accounting literature, Evans (2007) notes that there has been little empirical research regarding such positions. As with accounting, there is a “tremendous need for research regarding the role and impact” of non-traditional post-senior manager positions on individuals and on firms (Evans, 2007 p 102). Because the firm structure and basic career path in public accounting is quite similar to the legal

profession, we expect that public accounting firms will experience many of the same costs and benefits if they offer a post-senior manager position.

METHODOLOGY

The survey instrument was delivered by the AWSCPA to its entire membership via email solicitation which included a link to the instrument in Survey Monkey. The cover email explained that the survey was directed only at those currently employed in public accounting, therefore all of the responses were from such individuals. The Dillman (2000) procedure was followed to maximize response rate.

The survey cover letter explained that the survey was focusing on post-senior manager positions in public accounting firms. Participants were asked a series of questions about the costs and benefits of these positions, as well as demographic questions and questions about their own personal and professional objectives. Participants first identified the size of their employer firm and indicated whether the firm offered a “post-senior manager” position. Those who answered yes, and who were partners or post-senior managers, were then asked a series of questions about the how the position was used in their firm including the actual title used by the firm, the relative division of responsibilities between partners and post-senior managers, the length of time to promotion, and their perceptions of the costs and benefits to their firms of offering the position. Lower ranking respondents were not asked these questions about their firm because of concerns about the reliability of their answers given their lack of first-hand experience with post-senior manager positions.

As relatively little is known about post-senior manager positions, the study was essentially exploratory in nature. It thus incorporated a number of opportunities for participants to provide open-ended responses to questions regarding the nature and impact of the positions to ensure that the survey was able to identify issues that may not have been anticipated by the researchers (see, for example, Neuman, 2003).

RESULTS

Sample Demographics

We surveyed the entire AWSCPA membership of approximately 1500 individuals. The survey was delivered via email directly by the AWSCPA and only public accounting professionals were asked to respond. It should be noted that because members may change employers during the course of the year, the AWSCPA was unable to provide an exact number of members employed in public accounting at the time the survey was distributed. However, the AWSCPA reports that consistently approximately 60% of their membership is employed in public accounting. We received 138 surveys from AWSCPA members in public accounting, which yields an estimated response rate of 15%. This response rate was similar to that gained in previous studies utilizing the AWSCPA membership set (see, for example, Burke and Collins, 2001). The respondents represented a very knowledgeable source of data, as the majority of surveys were

completed by very experienced firm professionals, with a mean number of years of experience of 16.4 (range of 2 to >40 years). Nearly half (47%) of respondents were in partnership or post-senior manager positions. The professional ranks of the participants and the relative size of the firms in which participants were employed are reported in Table 1.

Insert Table 1 Here

Number of post-senior manager positions

Of the individuals who responded, 49%² reported that their firm currently has a post senior manager position

Titles Given to Post-senior Managers

Discussions with knowledgeable accounting experts when developing the survey and literature pertaining to post-senior manager positions in law firms indicated that there may be many different titles for a “post-senior manager”. The survey results bear this out (see Table 3).

Insert Table 2 Here

While the most common title appears to be ‘director’ (54%) or some other form of director such as executive director (5%) or managing director (9%), a large number of respondents used the title ‘principal’ (38%). Interestingly, ‘partner’ was used by 25% of firms for a non-equity holding post-senior manager position. It was apparent from the open-ended answers that the use of the term ‘partner’ for post-senior manager positions did indeed blur the distinction between who held an equity role and who was salaried within the senior positions of the practice.

“Our firm has a Non-Equity Partner status – only the partners know they are not full partners” (qu 33 #15)

“Although they are not called something different, we do have non equity partners” (qu 33 # 5)

Nature of Post-senior Manager Positions

As little was known about the nature of post-senior manager positions, the study sought to examine three aspects of the role of post-senior manager positions and how this might differ from the role of equity partners. First, respondents holding a partner or post-senior manager role were asked to compare the relative proportion of time spent by partners, compared with post-senior managers, on a number of firm activities. Second,

² One Big 4 respondent reported that her firm did not have a post-senior manager position. As she was employed at a relatively junior level within her firm, it is possible she did not know whether her firm did have such a position. It is unlikely that her firm would not have had such a position as all the Big 4 firms clearly indicate on their webpages that they have such positions.

these respondents were asked about the relative skills that determine whether someone is promoted to partner or a post-senior manager role. Finally, senior respondents were asked whether they perceived the post-senior manager role as a career 'step' towards partnership or as a terminal position.

Time spent on activities

The respondents indicated that partners have the majority of the practice development and firm strategic planning responsibility, whereas the post-senior managers take on more of the engagement management and related billable hours, as well as the staff management responsibilities. The responses are summarized in Table 4.

Insert Table 3 Here

However, the comments made by respondents indicated that there is considerable diversity in the practice activities and responsibilities held by post-senior managers compared to partners. Some respondents indicated a level of equality between equity holders and post-senior managers.

“My company has had the ‘director’ position for many years now. We are all leaders of the firm and often there is no distinction – for example, at all the meetings.” (qu 6 #2)

Others indicated differences in the roles, but the open-ended responses showed that the activities of the roles could be quite contradictory in one practice compared with another. For example, while one respondent noted that at her firm

“Partners typically have NBD [new business development] responsibilities where Directors do not always have that expectation” (qu 9 #1)

another stated that

“Director positions offered in my firms are only for non-technical positions like business development, training and development, etc.” (qu 33 # 16)

Some respondents were unaware of how the roles might differ.

“I have no idea” (qu 9 # 2)

Criteria for promotion to post-senior manager v partnership

Participants who indicated that they were partners or post-senior managers were asked about the factors that determine a professional's career track in the direction of partner vs. post-senior manager. First, respondents were asked whether, in general, the decision to place an individual on a partner or a post-senior manager track was determined by the firm leadership or the individual professional. Among respondents,

74% indicated that firm leadership initiates the tracking, and 26% said it was the professional.

Respondents were then asked to identify the most common reasons that firm leadership and individual professionals might choose to pursue the track to post senior manager as opposed to equity partner. Participants were asked to select separately among personal reasons and professional reasons.

Insert Table 4 Here

The dominant professional reasons identified for directing an individual to a post-senior manager position rather than partnership were leadership skills and practice development skills. Leadership skills were perceived as a slightly greater influencing factor in decisions by the firm to track individuals into post-senior manager positions. Individuals were perceived as more likely to pursue such positions due to issues pertaining to practice development skills. While child care responsibilities appeared to be the most important of the specific personal factors identified, the majority of respondents did not identify any specific personal reasons. The survey thus was unable to capture the specific nature of personal factors that may be influencing the post-senior manager versus partnership decisions by either firms or individuals.

Respondents were also asked to identify the point at which decisions regarding career direction are initiated. The majority of respondents felt that the firm begins to evaluate an individual professional's potential career path in terms of a promotion to partnership or to a post-senior manager position when the individual is in a senior manager position (63%). A further 30% felt that such consideration took place at the manager level.

Location on the Typical Career Track Criteria

The nature of post-senior manager positions as terminal positions (a 'step off' the partnership track) or as a 'step up' towards partnership evidenced mixed results. For 18.5% of the respondents, the post-senior manager position was viewed as a step on the career track to partner, and another 18.5% viewed it as always a terminal position. The remaining respondents stated that "it varies". The more detailed qualitative comments provided by respondents indicated that the post-senior manager position was often treated as a 'trial' period for potential partners and thus its position as a 'step up' or a 'step off' the partnership track depended on the abilities of the individual professional.

"The initial partners wanted a step in between the Senior Manager Position and Partner to "groom" the person and make sure they could handle the responsibilities of being a partner. If they can't, they could stay at the Director level." (qu 15 # 4)

However, many of the qualitative responses reflected a sentiment that while the post-senior manager positions are officially promoted as a 'step' to partnership, in many

cases they are in fact a terminal position. For example, while the following respondent had earlier identified the post-senior manager position as a ‘step’ to partnership within her firm, she then implied that such positions may in fact act as a terminal position for the majority of those promoted to this level.

“The firm has taken on a policy that all partner potential candidates would first be ‘non-equity partners’ until at such time as the equity partners may decide they want to admit additional equity partners which they do not at this point...[T]he firm is trying to reduce the number of equity partners, so they are not replacing retiring equity partners with equity partners, they are trying to use the post senior manager position to replace these individuals.” (qu 13 #1, qu15 #1)

One respondent also indicated that the likelihood of being promoted to partner from a post-senior manager position may depend on the particular department in which the professional was located.

It was also apparent from the comments that some firms may have different career tracks for internal promotion than for the appointment of senior professionals into positions within the firm. A number of respondents indicated in their comments that post-senior manager titles were being used for “individuals who have been partners in other firms, but do not aspire to partnership in our firm” or “new hires rather than someone who has ‘come up through the ranks’”.

Costs and Benefits

As the law literature had identified a number of potential benefits and costs associated with the two-tier partnership structure, the accounting partner and post-senior manager participants in this survey were asked for their opinions with regard to the benefits of post senior manager positions for their firms, as well as the negative consequences that their firms may have experienced. These questions were motivated by a desire to understand whether the expectations of firm leadership are being met with the post senior manager position, and whether there are any unintended consequences associated with this change in the traditional public accounting career path. The responses are summarized in the following table.

Insert Table 5 Here

The primary benefits perceived by respondents were improved client service and increased specific technical expertise within the firm. The retention of experienced personnel was identified as ‘somewhat’ of a benefit, rather than a benefit experienced ‘quite a lot’ by the firm. This was explained by a number of comments that while promotion to post-senior manager positions may facilitate the retention of senior professionals, if these individuals are not then promoted to partnership, the retention effect will be quite short-term.

“[T]his ‘holding spot’ [post-senior manager position] is not a place they will be able to keep people long-term. There are significant differences in pay and benefits than of equity partners but with similar expectations” (qu 15 #1)

Respondents did NOT perceive that the post-senior manager positions enabled firms to reduce personnel costs nor to increase partner’s compensation.

There appeared to be a general perception that the existence of post-senior manager positions would not result in succession planning problems. However there was much greater diversity of opinion regarding the impact on gender equity in firms and on the diversion of potential partners to post-senior manager positions. Respondents’ comments on the gender impact of post-senior manager positions was also mixed, with some seeing the availability of such positions as a positive move as *“the younger generation does not want to be ‘senior managers’ forever”* (qu 33 # 10), where others felt that *“‘Director titles’, in my opinion, are a way to keep the status quo”* (qu 33 # 7) and thus as merely reinforcing existing gender discrimination.

Desirability of post-senior manager positions

While the majority of firms now appear to have post-senior manager positions, there is still the question of whether such positions are in fact desirable to women professional accountants. Many qualitative comments indicated support for post-senior manager positions.

“The firm I work for is too small for such a position, but I’d be interested in it. Since it does not, what will likely happen is that I will leave public accounting for a CFO or similar position.” (qu 33 #13)

“Firms, including ours, should consider offering a post-senior manager position.” (qu 33 #11)

However, in contrast to the open-ended answers, when asked the level to which they aspired, a significant majority of all the women respondents across all levels of employment indicated that they wished to become partners (68.8%), compared with only 10.7% who aspired to a post-senior manager position.

DISCUSSION

The findings of the survey contribute significantly to our limited understanding of the frequency and nature of post-senior manager positions in public accounting firms and the potential gender impact of the introduction of such positions into firms’ career structures. However the findings also raise many issues that will require additional research to ‘flesh out’ our understanding of these positions.

The responses support previous indications that the post-senior manager position is a growing phenomenon. They also indicate that the majority of our women accountant

respondents perceive that these positions are resulting in the diversion of 'partner potential' candidates away from partnerships and are driving gender inequity between post-senior manager and partner groups. While many women indicated support for the existence of post-senior manager positions, very few aspired to such a position, instead holding to the goal of partnership. There is thus a strong indication that post-senior manager positions may indeed be facilitating a new form of gender segregation or exclusion strategy (Roberts and Coutts, 1992) at the most senior level of accounting firms. While the advantages of such positions as an alternative to the 'up or out' model have long been touted (eg Hooks et al., 1997), there is a need for urgent research to understand and problematise such implications, rather than simply promote them as beneficial for women.

However identifying such positions in practice may be complicated by the variability in the titles used for such positions. While the majority of firms used some form of 'director' or 'principal' for post-senior manager positions, a significant minority used the term 'partner'. As has been noted in the law literature (Evans, 2007), this may reflect a deliberate strategy by some firms to obscure the fact that they have non-equity 'partners'. This lack of transparency makes it difficult for those outside the firm, and possibly also for staff within the firm, to gain an accurate understanding of the impact of post-senior manager positions on firm promotion practices. If post-senior manager roles are disproportionately occupied by women, not clearly distinguishing between equity and non-equity roles in the senior leadership ranks of firms may prevent "a fair assessment and judgment of the level of a firm's inclusiveness and equality" (Evans, 2007 p 99) by students, fellow employees and other interested parties, effectively creating a form of hidden gender segregation (Roberts and Coutts, 1992).

The data on the nature of post-senior manager positions indicated considerable variability in the place of post-senior manager positions within the firm career structure and the activities performed by post-senior managers compared with full partners. Post-senior manager roles were shown to be fulfilling three quite different purposes: first, a 'trial period' or step between senior manager and partner (ie as new component of the partnership track); second, a terminal position to attract/retain specific skill sets within the firm (ie as a retention strategy); or third, to replace equity partners (ie a restructuring strategy). However it was clear even from our very preliminary data that while the 'step' role was the official *raison d'être* generally given for the establishment of such positions, in fact many accountants will not be subsequently promoted to partner. The likelihood that most post-senior manager positions were not intended to lead to partnership was reinforced by the data regarding the workload of post-senior managers compared to partners. If a post-senior manager was being groomed for partnership, they would be expected to have a greater level of new business development workload than a post-senior manager in a terminal 'technical specialist' role. However, as the majority of respondents indicated that post-senior managers' workload concentrated more on technical outputs such as billable hours, engagement management, firm administration, staff development and technical research, it may be concluded that the majority of respondents had experienced 'terminal' post-senior manager positions rather than those that were part of a 'partnership track'.

A primary reason given in the literature for the establishment of post-senior manager positions was their capacity to retain senior accountants who did not want to become partners. This presentation of the post-senior manager role as an important career 'choice' for senior accountants was not supported by the findings of this study. Rather this study indicated that the majority of individual respondents aspired to partnership rather than a post-senior manager position. This finding is consistent with previous studies (eg AICPA, 2005). The study respondents also perceived that the significant majority of decisions regarding career tracks were made by the firm, rather than the individual. It thus may be the case that many of those holding post-senior manager positions did not in fact 'choose' this career track, but rather have been 'pushed off' the partnership track. Such employees would be unlikely to be highly satisfied with such an outcome, and thus may be unlikely to stay with the firm in the long term. This scenario was reflected in respondents' comments that indicated that post-senior manager positions were unlikely to be an acceptable long term 'holding spot' for many accountants and thus may not function as an effective retention practice. If post-senior manager positions appear to often be short term 'terminal' positions, rather than the long term career opportunity envisaged by advocates such as Hooks (1996), there is a need for research to gain a better understanding of the factors that influence how women perceive post-senior manager positions within their career goals, the factors that they perceive as influencing their taking such a position, and the long term aspirations of women who are currently holding such positions.

A second significant reason given in the literature for the establishment of post-senior manager positions was their capacity to retain senior accountants who, while valuable to the firm, did not have the necessary skills for an equity partner role. The study supported this view, indicating that the primary reason identified for 'tracking' a senior accountant into a post-senior manager role rather than partnership was 'practice development skills'. Instead post-senior managers undertook a greater technical client service and administrative support role within the firm while partners focused on the business development activities. While some women may be choosing to focus on client and practice management in order to reduce the 'after hours' demands of client entertainment and travel, the desire of women for partnership compared with the evidence that they are being 'diverted' into non-equity roles due to a lack of 'partnership skills' raises a number of questions regarding the skills held by women accountants and the skills development opportunities offered to women in the firms. Why do women have (or are perceived as having) lower levels of 'rainmaking' skills than men? Is this yet another example of women being "vertically segregated into the lower ranks on the grounds of their lack of organizational qualifications in relation to men" (Roberts and Coutts, 1992 p385)? While such questions have been examined in the past, there is clearly a need for ongoing research to examine today's women's perceptions of their own skill levels, their understanding of what skills are necessary for partnership, and their use of opportunities for skill development (eg mentoring and training).

The contemporary rise in the importance of business development, rather than client service or technical knowledge, for determining suitability for partnership (see, for

example, NAWL, 2009) also raises questions about the structural changes occurring in accounting firms and the impact this may be having on women. The rise of post-senior manager positions in law firms has been clearly linked to strategies to grow the size and profitability of law firms (see, for example, Henderson, 2006; MacEwen, 2009). However at the same time such positions are often described as ‘second class’ or ‘mommy track’ jobs (Curriden, 2001). Post-senior manager positions have likewise been advocated by accounting firms to enhance the retention of senior accountants during the staffing shortage that has characterized professional accounting for some years, although the accounting literature does not evidence a specific discussion of the impact of such positions on firm profitability or the perception of such positions by others within the firm. Since the evidence from this survey indicates that post-senior managers do much of the client service and technical support work traditionally undertaken by partners but for “40% to 50% of the compensation that equity partners receive” (IPA, 2005 p 1), are post-senior managers functioning as a ‘hack-worker’ “reserve army of labour” (Lehman, 1992) that enables partners to grow their practice without having to do the less prestigious ‘dirty’ work nor to share the resultant profits? Recent evidence from the law literature highlighting the negative impact of non-equity partners’ fixed salaries on firm profitability in the recent global downturn and suggesting that such positions should be reduced provides support for this theory. However, again, further research is needed to understand the economic impact of post-senior manager positions on accounting firms and the status that such positions are perceived to have.

Respondents also indicated that strategic planning activities were almost entirely the responsibility of partners, rather than post-senior managers. If women are being directed into post-senior manager roles rather than partnership, it is likely that they will continue to have very little influence over the strategic direction of their firms. Given the long acknowledged masculine culture of accounting firms, being promoted to non-partner positions will not provide women with the influence they need to effect change (see, for example, Evans, 2007). Thus “[b]y restricting access to decision making positions, the work place and social structure [of accounting firms] continue to be reconstituted along patriarchical values” (Lehman, 1992 p 278).

Post-senior manager positions have also been long advocated to help women with caring responsibilities to ‘balance’ their various commitments. While childcare was only ‘personal reason’ identified by respondents for tracking into a post-senior manager role rather than partnership, there is a need to explore in much more detail the ‘other’ personal reasons influencing decisions. There is an emerging literature arguing that it is not the existence of children, *per se*, that influences women’s work decisions, but rather a complex combination of related issues such as the availability of care alternatives and flexibility in both domestic and work commitments (see, for example, Lightbody, 2009). Future research is needed to understand the ‘other’ personal factors influencing women’s career decisions.

CONCLUDING COMMENTS

This exploratory study lays the groundwork for future research on post-senior manager positions by providing insights into the specific responsibilities of the position, and the possible costs and benefits to firms and professionals. In particular it raises concerns that such positions may have a significant effect on women's careers. While giving accountants a new career 'step' above senior manager, do post-senior manager positions also facilitate a new opportunity for vertical gender segregation or create a 'pink-collar ghetto' into which women are 'pushed' by claims that women lack the personal skills or the desire to become equity partners? As the professional firms, particularly the Big Four, are underpinning their claims of progression in the rates of women's participation in leadership positions on the basis of the rising number of women in post-senior manager, rather than partnership, roles, there is an urgent need for further research to ensure the detailed impact of such positions on gender equality is understood, not just asserted.

Table 1
Sample Demographics

Employer Size (n = 135)	
Big 4	10%
National	13%
Regional	23%
Multi-office local	10%
Single-office local	44%
Rank (n = 135)	
Partner	33%
Post-senior manager	14%
Senior manager	15%
Manager	18%
Senior	11%
Staff	9%

Table 2

Title Used for Post-senior manager by employer firm (n = 65)*	
Director	54%
Managing director	9%
Executive director	5%
“Partner” no equity	25%
Principal	38%
Career Senior Manager	3%
Other	7%

* Number of respondents is lower than total sample as this question was only answered by individuals working for a firm offering a post-senior manager position.

Table 3
Relative Workload of Partner vs. Post-senior Manager^{a, b}

	<u>Partner > PSM</u>	<u>Partner = PSM</u>	<u>Partner < PSM</u>
Billable hours	23%	15%	61%
Engagement management	23%	46%	31%
Technical research	7%	58%	35%
New business development	69%	31%	0%
Firm strategic planning	96%	4%	0%
Firm administration	19%	35%	46%
Staff development	19%	35%	46%
Philanthropic activities	50%	46%	4%

^aSurvey Question: Which of the following is generally true regarding the relative percentage of time a partner versus a post-senior manager devotes to each activity?

^bn = 26 (sample includes only partners and post-senior managers whose firms have the post-senior manager position)

Table 4
Career Track Criteria^{a, b}

	Choice Initiated by Firm Leadership	Choice Initiated by the Professional
<u>Professional Reasons</u>		
Technical skills	9%	17%
Practice Development Skills	30%	44%
Leadership Skills	48%	3%
Surplus of experienced professionals in a specialty area	13%	6%
<u>Personal Reasons</u>		
Health Issues	0%	0%
Child care responsibilities	7%	25%
Elder care responsibilities	0%	0%
Partner mandatory retirement age	7%	0%
Other personal reasons	86%	75%

^aSurvey Question: For each of the choices below, select the most common reason that firm leadership and individual professionals in your firm choose to pursue the post-senior manager position rather than partner.

^bn = 27 (sample includes only partners and post-senior managers whose firms have the post-senior manager position)

Table 5
Perceived Benefits and Negative Consequences of Post-Senior Manager Positions^{a, b}

Benefits of Post-Senior Managers	Not at all	Somewhat	Quite a lot
Improved retention of experienced professionals	4%	64%	32%
Reduced personnel costs	56%	37%	7%
Improved client service	22%	37%	41%
Improved day-to-day firm management	26%	48%	26%
Increased specific technical expertise	21%	21%	57%
Increased partner's compensation	50%	31%	19%

Negatives of Post-Senior Managers	Not at all	Somewhat	Quite a lot
Diversion of "partner potential" candidates to post senior manager positions	42%	38%	19%
Gender inequity among post senior managers and partner groups	46%	31%	23%
Lack of professionals available to buy-out retiring partners' equity interest	61%	23%	15%

^aSurvey Question: To what extent do you believe your FIRM has experienced the following BENEFITS (NEGATIVE CONSEQUENCES) of post-senior manager positions?
^bn = 27 (sample includes only partners and post-senior managers whose firms have the post-senior manager position)

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