

# 2009 CPA Examination Summit

## Insights Into Increasing the Number of African-American CPAs: Part 3

*Howard University School of Business Center for Accounting Education and  
National Association of Black Accountants*



**HOWARD  
UNIVERSITY**  
CENTER FOR  
ACCOUNTING  
EDUCATION



*"Lifting As We Climb"*



# CPA Examination Summit – Insights Into Increasing the Number of African-American CPAs: Part 3

The Howard University School of Business (HUSB) Center for Accounting Education (CAE) and the National Association of Black Accountants (NABA) co-sponsored the third one-day CPA Examination Summit during NABA’s 2009 Annual National Convention in New Orleans. This year’s Summit continued to explore why there are so few African-American CPAs and focused on concrete steps that stakeholders can take to funnel more students into both the profession and the exam as the entry into the profession. The 2009 Summit offered the results of two related research studies, and the benefit of a panel of four young African-American accounting professionals.

The session was facilitated by Frank Ross, director, CAE, and Leslie Traub, president and CEO, Cook Ross, Inc.

Readers are encouraged to review *Insights Into Increasing the Number of African-American CPAs Parts 1 and 2*, issued from the 2007 and 2008 CPA Examination Summits.

## Statement of the Problem

The problem is clear: According to a 2007 study issued by the American Institute of Certified Public Accountants (AICPA), African-American CPAs represent only 3% of all CPAs. This percentage has remained constant for several years, while the percentage of CPAs in the other minority groups appears to have increased annually. The percentage of Asian/Pacific Islanders (12%) and Hispanics or Latinos (8%) has increased, while the percentage of African Americans (3%) has remained steady. The number of African Americans graduating with degrees in accounting and finance is increasing, but the number of African-American CPAs isn’t. Although 7% of the AICPA membership is minority, only 1% is African American.

## Findings

### *Barriers to Passing the CPA Exam*

CAE funded a research study entitled *Barriers to Passing the CPA Exam* (see Appendix B). Professor Jean Wells, HUSB, was the principal investigator. Her findings revealed the following important points:

1. The number of African Americans passing the CPA exam has remained steady over the years.
2. Fewer than half the respondents in the study did not feel their undergraduate courses prepared them for the CPA exam.
3. Employers gave support in terms of providing a review course, but no quantifiable time-off to study and prepare for the exam.
4. Employer incentives were in place, such as one-time bonus or increases in salary; however, incentives were not sufficient to motivate respondents for the exam, especially given the difficulty of finding time to study.
5. Half of the respondents did not know a CPA before they started college.

Professor Wells’s recommendations for employers, among others, are found in the collective recommendations at the end of this document.

### *Young Professionals Panel*

Four young professionals, also NABA members, were asked to share their perspectives on the CPA exam — when it became important to them and how they approached studying for the exam. The panel members were selected at random and each had recently passed the CPA exam in 2008. The panelists were:

<b>Panelist</b>	<b>Firm</b>
Naomi McGowan	CSX
Nick Taylor	PWC
LaToya Lacy	Kraft
Jeffrey Brown	Microsoft

Each of the panelists had a strong internal compass and direction around the personal benefit of the CPA to their professional life and each overcame personal and professional obstacles to studying for and passing the exam. One of the panelists began studying right after graduation and entered the profession having passed his four parts. The other three began studying considerably later and clearly demonstrated that the longer the wait after graduation, the greater the challenge. Those who waited to study said that they all studied through coaching course material and that this prepared them well. They also noted that taking the exam after at least one busy season made the audit section easier to pass.

The external market was one of the clear drivers for their decision to sit for the exam. In one circumstance, the professional saw that everyone at a particular level had their CPA and it was implicit in her environment that it was critical to her advancement. In conducting a job search, another professional found that many of the jobs that she was interested in required a CPA or MBA.

One professional pursued the exam without support from her organization (she was told to choose between studying and getting her job done and if she wanted to keep her job she'd better choose that!). She also pursued her CPA studies (and her undergraduate work) as a single mom. She stated that having worked so hard for her undergraduate degree and seeing the CPA as a requirement for more influential jobs, that failure wasn't an option.

The messaging from educational institutions was mixed, although the most recent graduate confirmed that the messaging was stronger throughout his career. In some cases, career counselors and the local NABA chapters, as well as the state societies, provided motivation for the exam.

The variance between state hour requirements (120/150 hours) to take the exams stimulated creative solutions, including taking the exam in a 120-hour state and transferring to meet a different state's requirements. It was felt that the option of taking the CPA exam after 120 hours was the best option to follow. The additional 30 hours of course work was very difficult to manage with the personal

requirements, such as child care or jobs.

In public accounting, there is now tremendous pressure to take the exam in the first two years of employment. The people who haven't passed are under a lot more scrutiny. When you've passed the exam early in the first two years, it shows commitment to the firm and one's career. With several major firms changing to requiring the license before becoming a senior, the firms now ask, "What is your plan and what are you going to do to get the exam completed?" This has helped.

Words of advice from this group of young professionals:

- ▲ Don't give up. The CPA exam is a MINIMUM qualification. In order for people to see your value it's important for them to see what makes you different from others. The longer you wait when you get out of school to begin studying hurts you.
- ▲ If you can dedicate time now to study, for the rest of your life you will be a CPA. It's a small sacrifice to ensure that you never have to take that exam again.
- ▲ Find what motivates you, whether it's internal, promotion, or self-fulfillment.
- ▲ Today a bachelor's degree is equivalent to a high school diploma. A CPA opens the doors to achieve whatever you want and to qualify you as a professional..

### *Promotion and Retention of African-American Accountants in the 21st Century US Public Accounting Profession*

CAE also funded a second research study, with Professor Louis Stewart, HUSB, as the principal investigator. The focus of this study was to determine why black participation in the management of the major firms remains low, and what actions can be taken to improve this level of participation (See Appendix C). His findings revealed the following important points:

1. There are a disproportionately low number of African American accountants in the management pipeline, although it's clear that there is a tough/rigorous path to management for all professionals regardless of race.





2. Many capable African-American professionals become discouraged due to lack of key minority resources, and as a result, search for other places to take their talent, and leave public accounting.
3. African Americans receiving business degrees reflect the amount of African Americans within the general population; however, African Americans comprise roughly 4% of new hires at major firms and 1% of partners and management.
4. Professionals who fail to pass the CPA exam within the first two to three years in the firm run a strong risk of being marginalized.
5. In order to progress, one must develop skills and experiences necessary which come from receiving meaningful assignments in the firm. The aspiring professional needs to rapidly attract the sponsorship of a well placed mentor to obtain these assignments. It is impossible for a rising professional to obtain these opportunities for advancement without a sponsor. However, these opportunities appear to be more difficult to access for African Americans, thereby compromising their opportunity to progress quickly.
6. Individuals need to learn to live an “unbalanced” life – and not to believe the hype about work-life balance in this profession. The work flow in the profession is characterized by periods of peak effort driven by client-driven service demands. One has to learn to manage one’s life within the demands of the job, which are as demanding for African Americans as for other groups.
7. Particular challenges for African-American accountants from the survey are:
  - a. Over 60% of respondents have NOT passed the CPA exam by their second year;
  - b. Many reported that they felt alienated as well as lacked access to the network of contacts that is key to playing the political game of moving up the professional ladder;
  - c. Many also report the failure to develop a meaningful mentoring and relationship;
  - d. Over 40% of respondents felt that they received unfair and inaccurate personnel evaluations;
  - e. Over 50% felt that they had not experienced the assignments needed to advance, and
  - f. About 70% of respondents were committed to leaving their employer within 5 years.

## Summary Recommendations from Research Studies and Summit Participant Dialogue by Stakeholder Groups

The collective recommendations below came from the two research studies, and the input from the 2009 Summit participants.

Aspiring Professionals should:

- ▲ Actively manage their careers.
- ▲ Prepare for and take the exam prior to employment when possible.
- ▲ Master their technical skills, pursue excellence and get involved in firm activities.
- ▲ Network actively and intentionally with people from different levels, functions and ethnicities.

*Public Accounting Employers should:*

- ▲ Sponsor pre-employment CPA prep-course and encourage hires to take such courses when possible before starting to work.
- ▲ Provide first-level supervisors with management skill training, including education dealing with a diverse workforce.
- ▲ Focus on manager’s evaluation process and ensure that those responsible for evaluation are aware of the possibility of unconscious bias influencing the evaluations of African-American associates.
- ▲ Ensure minority accountants receive equitable placement on highly visible clients;
- ▲ Consider the possibility of measuring minority staff retention as part of management and leadership evaluation and compensation.
- ▲ Recruit deeper than the top 10% from colleges and universities, and, if necessary, find intermediary programs that prepare them for the rigors of public accounting. Note that one academic institution sponsors less successful students to live on campus for three weeks and give them an opportunity to become more successful academically.

- ▲ Encourage only CPAs to attend recruiting sessions on campus so that an expectation is set going forward for recruits that CPA is the desired designation.
- ▲ Encourage new hires to take and pass the CPA exam before coming on board.
- ▲ Allow adequate time off to study for the CPA exam during the non-busy season.

#### ***Educators/mentors should:***

- ▲ Prepare all education stakeholders to inspire students from high school, including high school students' parents.
- ▲ Provide a continuous focus on students to talk about the exam and ask them when they are going to take it.
- ▲ Build on the intrinsic faith that students can be successful in their efforts.
- ▲ Ensure that the value of the CPA is woven into all conversations from the first year.
- ▲ Teach students how to differentiate themselves and what that means, helping them to focus on the end game.
- ▲ Continue the search for CPAs to serve as faculty and model the value of the credential after graduation.
- ▲ Conduct additional research on whether obtaining a masters degree before the exam is helpful to passing.
- ▲ Take rigorous actions to make sure classroom curriculum is in line with the contemporary professional environment.
- ▲ Hold one-on-one yearly coaching sessions to encourage students.
- ▲ Advise on state specific requirements.
- ▲ Integrate CPA-type questions in relevant courses.
- ▲ Offer mandatory CPA review course in senior year.

#### ***State Societies/Professional Associations and CPA Review organizations***

- ▲ Gather demographic information about test takers and contribute to the research. (CPA review courses)
- ▲ Continue to explore how to build the profession to stand up against engineering,

legal, and medical professionals. (AICPA Committee on 150 Hours)

- ▲ Fund and instigate research projects to answer basic research question of promotion and retention of Black professionals.
- ▲ Continue outreach to parents and communities to build confidence and awareness that accounting is a viable profession, and encourage the parent to inspire the student to take the exam.
- ▲ Increase visibility at on-campus accounting career fairs.
- ▲ Provide scholarships for CPA review courses.

#### ***Established African American Accounting Practitioners should:***

- ▲ Maintain mentorship of young professionals.
- ▲ Teach accounting at the university level.
- ▲ Provide exposure to the industry through community events.

## **Summary**

There has been demonstrable progress in valuing the CPA exam in the accounting profession since the first Summit in 2007, although the accounting profession as a whole must continue working together to continue making important progress.

The large public accounting firms have taken a proactive step in requiring that associates have a CPA before being promoted to manager, or even being promoted to senior. Universities are more focused on promoting the CPA as a completion to the accounting curriculum, and associations and societies are more invested in providing guidance, support and education associated with taking and passing the exam. The information from this and past summit reports must be disseminated to the various NABA regions so that they can be energized to start addressing the specific needs of the students. NABA, through its CPA Bound program, is an important stakeholder, and needs to work collectively with all stakeholders to keep a continued vigilance on promoting the value to the individual of the designation, and collectively the value to the profession of more African-American CPAs.





## About the Center for Accounting Education

In existence for more than three decades, the Howard University School of Business (HUSB) Center for Accounting Education (CAE) has flourished over the past five years under the guidance of its director, Frank Ross, and coordinator, Pat Kellibrew. Together, they have been able to guide CAE to the forefront of respectability within the accounting profession. In the face of new pressures on the accounting profession and the low percentages of young African-American professionals passing the CPA Exam, CAE has redoubled its efforts to address these very important issues.

In addition to his role as director of CAE, Frank is also a visiting professor of accounting. Thanks to the financial contributions of its generous stakeholders and with input from its Advisory Board, CAE has launched new programs, seminars, surveys and workshops. Every initiative sponsored by CAE, ranging from surveys to the leadership program series, has been designed to increase the number of minority CPAs, to help ensure their success and thereby to increase the retention rate of minorities. Initiatives developed by CAE include the following:

### The Leadership Skills Development Series

- ▲ **We're About Success!**
  - 2005 – Inaugural Program, Chantilly, VA
  - 2006 – 2nd Annual Program, Chantilly, VA
  - 2007 – 3rd Annual Program, Dulles, VA
  - 2008 – 4th Annual Program, Chantilly, VA
  - 2009 – 5th Annual Program, Chantilly, VA
- ▲ **College Programs**
  - 2005 – Howard University
  - 2006 – LIU & Howard U.
  - 2007 – LIU & Howard U.
  - 2008 – Greater Phila., LIU & Howard U.
  - 2009 – Greater Phila., LIU & Howard U.
- ▲ **Program for African-American Managers**  
Washington, DC, May 2006
- ▲ **Aspiring Leaders Development Institute**  
NABA Convention, June 2007 & June 2008
- ▲ **Future Leaders Program**  
The NABA DOF Winter Meeting  
January 2008 & January 2009

### CPA Examination

- ▲ Continuous Hands-on CPA Exam focus
- ▲ Intensive 7-week CPA Exam Boot Camp (May-July 2009)
- ▲ CPA Examination Summit, NABA Convention  
June 2007; June 2008; June 2009

### Research Studies

- ▲ The Experiences of the African-American Accountant, published 9/05
- ▲ NABA Membership Survey, published 9/06
- ▲ Barriers African Americans Face in Passing the CPA Exam
- ▲ Promotion and Retention of African American Accountants in the 21st Century US Public Accounting Profession

### Stakeholders Meetings

Held annually to bring together leaders in the accounting profession to discuss how the profession can increase the retention rate of minorities.

### To contact CAE:

**Center for Accounting Education**  
Howard University School of Business  
2600 Sixth Street NW, Rooms 341-342  
Washington, DC 20059

**Frank Ross, Director**  
202.806.1637  
[f\\_ross@howard.edu](mailto:f_ross@howard.edu)

**Pat Kellibrew, Coordinator**  
202.806.1643  
[pkellibrew@howard.edu](mailto:pkellibrew@howard.edu)



**Center  
for  
Accounting  
Education**

## About NABA

The National Association of Black Accountants, Inc. (NABA), a nonprofit organization, represents the interests of more than 100,000 people of color in furthering their educational, professional, and career aspirations in the related business fields of accounting, consulting, finance, and information technology.

NABA's motto, *Lifting As We Climb*, is exemplified best in its mission, which addresses the professional needs of members while developing and inspiring future leaders who will shape tomorrow's accounting and finance professions.

Established in 1969 by nine African-American accountants in New York City, NABA has effectively addressed systematic problems and challenges faced by African-American accounting professionals for 40 years.

Since the founding of NABA's first chapter in 1970, membership has grown to more than 185 professional and student chapters across the country. NABA's membership includes individuals with diverse careers, such as: entry and mid-level accountants; auditors and financial professionals; senior level managers and executives; firm partners; entrepreneurs; as well as accounting, finance, and business students. Approximately 51% of NABA's members are employed in corporate America, of whom 40% have advanced degrees and 45% hold professional certifications.

NABA is dedicated to uniting accountants and other business professionals, as well as accounting and business students, who are committed to professional and academic excellence. NABA provides effective programs, activities and advocacy to achieve its goals, including:

- ▲ Promoting and developing the professional skills of its members.
- ▲ Encouraging and assisting African-American students in entering the accounting profession.

- ▲ Providing opportunities for members to fulfill their civic responsibilities.
- ▲ Promoting public confidence in its members and the services they provide.
- ▲ Encouraging cordial relations among members and cooperative relationships with other professionals.
- ▲ Representing the interests of current and prospective African-American accounting and business professionals.
- ▲ Ensuring long-term financial stability and providing adequate resources to implement chapter, regional, and national programs.

### To contact NABA:

National Association of Black Accountants, Inc.  
7474 Greenway Center Drive  
Suite 1120  
Greenbelt, Maryland 20770  
301.474.NABA (6222)  
[www.nabainc.org](http://www.nabainc.org)

Walter J. Smith, CPA, National President  
Gregory Johnson, CPA, Executive Director



*“Lifting As We Climb”*





## Appendix A

### 2009 CPA Examination Summit List of Invitees

**Betsy Adrian**

Minnesota Society of CPAs

**Abdool Akhran**

Greater Washington CPA's

**Marvin Allmond**

Allmond & Company, LLC

**Kathryn Anderson**

Florida Institute of CPAs

**Art Auerbach**

Virginia State CPAs

**Vernon Muhammad**

RSM McGladrey

**Adell Battle**

AICPA

**Ralph Bazilio**

TCBA

**Kari Bedell**

Greater Washington CPAs

**Wayne Berson**

BDO Seidman

**Dan Black**

Greater Washington CPAs

**Allen Boston**

Ernst & Young, Retired

**Kenneth Bouyer**

Ernst & Young

**Monica Brame**

NABA

**Chris Brassell**

PWC

**Don Christian**

PWC

**Bill Coleman**

Coleman & Williams

**Laura Coome**

South Dakota Society of CPAs

**Quiester Craig**

NC A&T

**Sam Duah**

Bowie State University

**Angela Dunlap**

Grant Thornton

**Ranelle Dunnam**

Robert Half International

**Peggy Dzierzawski**

Michigan Association of CPAs

**Kimberly Ellison-Taylor**

Maryland Association of CPAs

**Shirley Friar**

Clark Atlanta University

**Genevia Gee Fulbright**

Fulbright & Fulbright

**Tony Fuller**

Grant Thornton

**Glenda Glover**

Jackson State University

**Kim Griffin-Hunter**

Deloitte

**Barron Harvey**

Howard University

**Dan Hobson**

DTC Corp

**John Honor**

KPMG

**Tom Hood**

Maryland Association of CPAs

**Brenda Hubbard**

Florida Institute of CPAs

**Norm Jenkins**

Capstone Development, LLC

**Gregory Johnson**

NABA

**Clyde Jones**

ADP

**Richard Jones**

Washington Society of CPAs

**Pat Kellibrew**

Howard University

**Mark Kiel**

NC A&T

**Odysseus Lanier**

MJLM

**Jerry Love**

Texas Society of CPAs

**Joe Maiorano**

KPMG

**Dale Martin**

Wake Forest University

**Martina McAndrews**

Beers & Cutler

**Dorri McWhorter**

Crowe Horwath

**Bernie Milano**

KPMG

**Craig Mills**

AICPA

**Dennis Muse**

Reznick Group

**Patty O'Malley**

Greater Washington CPAs

**Brenda Owusu**

Owusu Company

**Jeannie Patton**  
AICPA

**Paulette Pearson**  
Towson University

**Stephanie Peters**  
Virginia State CPAs

**Gioia Pisano**  
Ernst and Young

**Richard Pitre**  
Tennessee State University

**Nancy Radke**  
Robert Half International

**Jill Rafferty**  
Michigan Association of CPAs

**Kimberly Reed**  
Reed Consulting Group

**Denny Reigle**  
AICPA

**Ruthie Reynolds**  
Howard University

**Bill Riley**  
Maryland Association of CPAs

**Ida Robinson-Backmon**  
NC A&T

**Frank Ross**  
Howard University

**Greta Russell**  
Ohio State University

**Sharon Simmons**  
University of Virgin Islands

**Gwendolyn Skillern**  
NABA

**Gilbert Smith**  
Gateway Communications

**Kecia Smith**  
PCAOB

**Walter Smith**  
NABA

**Ostine Swann**  
AICPA

**Arleen Thomas**  
AICPA

**Ralph Thomas**  
NJ Society of CPAs

**Paul Thrasher**  
Greater Washington CPAs

**Leslie Traub**  
Cook Ross, Inc.

**Albert Trexler**  
PA Institute of CPAs

**Monique Valentine**  
Virginia State CPAs

**Ray Vicks**  
PWC

**Ronald Walker**  
Walker & Company

**Macon Ware**  
Deloitte

**Tom Williams**  
Williams, Adley and Co.

**Joan Williamson**  
Delaware State University

**Billie Williamson**  
Ernst & Young

**George Willie**  
Bert Smith & Co.



Frank Ross leads discussion at 2009 CPA Examination Summit



Ralph Albert Thomas, president and CEO, New Jersey Society of CPAs





## APPENDIX B

### Barriers African-Americans Face in Passing the CPA Exam

Jean T. Wells, Esq., CPA; Louis J. Stewart, PhD, CPA; Frank Ross, MBA, CPA

#### Research Questions

- ▲ What are the barriers that African-Americans face in passing the CPA exam?
- ▲ What actions should the AICPA, NABA, state CPA societies, public accounting firms and academia take to increase the number of African-American CPAs?

#### CPA Exam Pass Rates – 2008

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative
AUD	44.66%	53.09%	51.04%	47.00%	49.10%
BEC	46.94%	47.60%	49.60%	45.76%	47.49%
FAR	45.95%	49.59%	53.93%	46.40%	49.21%
REG	45.66%	48.57%	51.15%	48.59%	48.74

Source: AICPA Web site, available at <http://www.cpa-exam.org/download/PassRates08.pdf>

#### African-American CPAs

- ▲ The number of African-American CPAs represents only 3% of all CPAs. This percentage has remained steady.
- ▲ The number of African Americans graduating with degrees in accounting and finance is increasing, but the number of African-American CPAs isn't.

2007 CPA Examination Summit – Insights into Increasing the Number of African-American CPAs

#### Research Methodology

- ▲ On-line survey
  - ▲ 154 respondents
- ▲ Focus group
- ▲ Personal interviews
  - ▲ Undergraduate students
  - ▲ Recent graduates

#### Research Questions

- ▲ Do you plan to take the CPA exam?
- ▲ Do you think you can pass the CPA exam?
- ▲ How important is passing the CPA exam to your career success?
- ▲ How many hours did/will you need to spend in preparation for each part of the CPA exam that you have passed?
- ▲ To what extent does your employer encourage you to take and pass the CPA exam?
- ▲ What types of incentives does your employer offer for passing the CPA exam?
- ▲ To what extent do these incentives motivate you to pass the CPA exam?
- ▲ Did your undergraduate studies adequately prepare you to pass the CPA exam?

### Reasons for Not Taking the CPA Exam

- ▲ I plan on getting other certification.
- ▲ I am a finance major and work in structured finance.
- ▲ Not interested in being certified.
- ▲ Not sure I want to stay in accounting.
- ▲ Passed the GA Bar; I will, but not a priority.
- ▲ Don't have the college credits in accounting.

### Reasons for Wanting to Pass the Exam

- ▲ For professional advancement 93%
- ▲ For career success 87%
- ▲ For personal satisfaction 81%
- ▲ For financial gain 74%
- ▲ For credibility with my employer 73%
- ▲ For credibility with my clients 64%
- ▲ For credibility with my peers 52%
- ▲ To start my own CPA firm 14%

### Reasons Why Cannot Pass the Exam

- ▲ Haven't had all of the courses required to take the exam.
- ▲ I have very little accounting background and would not qualify to get registered for the CPA.
- ▲ I sat for audit two times. I received a 73 the first time and 74 the last time (May '08). I'm getting discouraged. I think the CPA exam is a money maker and that the AICPA is trying to control the number of candidates that pass.
- ▲ I have taken the CPA (3 of the 4 parts) at least three times each and have not passed. My scores have fluctuated among the parts taken. Sometimes I get in the 70s and then the next time I take it I get in the 60s. My motivation has decreased and I feel as though I will never pass the CPA despite how many times I try.
- ▲ As a single parent, I can't seem to find the time to properly study/prepare for the exam.
- ▲ I don't have an accounting background. My background is more finance and computers.

### Preparation-Adequacy of Undergraduate Education Preparation-Review

Response	Number	Percent
Yes	60	40
No	71	47
Don't Know	20	13
Totals	151	100

- ▲ Most respondents took or are taking a CPA review course
- ▲ Hours spent preparing for each part of the CPA exam passed
  - ▲ 15 hours for AUDIT to 280 hours for REG
- ▲ Hours needed to spend preparing for each part of the CPA exam not passed
  - ▲ 10-15 hours per week for each section to 2100 hours for FAR

### Employer Encouragement

Most employers encourage employees to take and pass the exam.

### Employer Support

- ▲ Only two thirds of respondents thought that employers supported them in studying for the exam.
- ▲ Type of Support
  - CPA exam review course 94%
  - Time off 41%

### Employer Support

- ▲ Lack of time off
  - ▲ One of the top three reasons recent graduates are not taking the CPA exam

Source: "Are We Failing the Exam?" 2006 Pennsylvania Journal by J. Andrew Weidman

### Other Types of Employer Support

- ▲ Moral support
- ▲ Low utilization
- ▲ Downtime in the office
- ▲ Buddy system & loan books thru the KPMG AAN
- ▲ Study hall rooms are provided on the job
- ▲ They have study groups as well
- ▲ Study sessions on Fridays — reducing billable hours
- ▲ Little support
- ▲ Encouragement
- ▲ \$5000 if you pass all parts in your first year

### Employer Incentive

- ▲ One-time bonus
- ▲ Increase in salary
- ▲ However, less than one-half of the respondents were motivated by these incentives





## CPAs Personally Knew Before College

About one-half of the respondents did not know a CPA before they started college.

### Summary of Barriers

- ▲ Insufficient time off to study.
- ▲ Inadequacy of undergraduate education.
- ▲ Not knowing CPAs before entering college.

### Recommendations for Employers

- ▲ Pre-employment
  - ▲ Sponsor pre-employment CPA review course.
- ▲ Post-employment
  - ▲ Allow adequate time-off to study.

### Recommendations for Educators

- ▲ Reinforce importance of CPA exam from freshman year.
- ▲ Hold one-on-one yearly coaching sessions to encourage students.
- ▲ Advise on state-specific requirements.
- ▲ Integrate CPA type questions in relevant courses.
- ▲ Offer mandatory CPA review course in senior year.
- ▲ Offer CPA Exam Boot Camp immediately after graduation.
  - ▲ Howard University implemented in May 2009
  - ▲ Expand to other institutions

### Recommendations for AICPA, NABA and State Societies

- ▲ Reinforce importance of CPA exam in high school
  - ▲ Sponsor ACAP-type programs
  - ▲ Attend career days
- ▲ CPA Bound Ambassador Program
- ▲ Provide data on the number of African-Americans passing the CPA exam
- ▲ Provide scholarships for CPA review course
- ▲ Advertising campaign
  - ▲ Highlight important CPAs
  - ▲ Importance of CPAs

## What thoughts do you have that you'd like to share about preparing for and passing the CPA exam?

- ▲ I am terrified that it's going to be really hard. I heard that the CPA is worse than the Bar exam! I also don't have the best study skills so I am worried about that.
- ▲ Take it earlier; get it out of the way.
- ▲ It is important that the candidate has guidance in preparing for the exam
- ▲ You need to be disciplined, committed, focused and allocate adequate time to each section of the CPA exam.
- ▲ Requires commitment and undeniable focus.
- ▲ BE CONSISTENT, PERSISTENT AND THINK POSITIVELY. YOUR APPROACH TO STUDYING AND CONFIDENCE PLAYS A BIG ROLE IN DETERMINING YOUR CHANCES OF BEING SUCCESSFUL.
- ▲ Do it sooner than later, possibly before you start working.
- ▲ It's better to try to take and pass one section at a time.
- ▲ Take it before you start working and take extreme advantage of down time when you get some!
- ▲ Passing should be encouraged before the last year of school.
- ▲ Do it immediately when you leave school. You lose test-taking skills if you wait too long; preparation should start in high school.
- ▲ Study and Review, Review, Review!!!
- ▲ My undergraduate did prepare somewhat for the CPA exam, but not in all aspects.
- ▲ Prepare and pass directly after achieving credit hour requirement; earlier the better.
- ▲ I compared my profession to any other profession (i.e., doctor, lawyer), and so nothing will stop me from getting this certification.
- ▲ I believe that preparing for the CPA not only gives us the opportunity to be ready for the exam, but also allows us as young professionals to discipline ourselves and rearrange our priorities and decide on what's really important for us. Passing the exam

makes us part of an elite group and gives us the opportunity to advance in our careers and brings us one step closer to achieving our goals. Also it gives us the financial means to be able to motivate and inspire other minority accountants to sit for the exam once they see how well we are doing. So passing the CPA should be number one at the top of the list of our priorities.

- ▲ I believe the hardest part of studying for the exam is once you review all the material, trying to set up a game plan for your final review. Also, how to prevent from being overwhelmed with the significant amount of information to be covered and managing the time or getting back on track when your plan failed due to having to work late or whatever the case might be.
- ▲ It is necessary to put forth the effort. It's formatted a lot easier now than before. I don't see it as difficult; it is just going to take a high level of dedication.
- ▲ Spend the time now to effectively prepare for the exams.
- ▲ It is important to know where your strengths and weaknesses are. These strengths and weaknesses should be related to test-taking skills, as well as test content. This helps in designing a study regimen. I did not belabor

areas in which I was strong. I concentrated on topics that I was less familiar with. I also studied test-taking skills so that I could determine my approach to taking the exam. It cut down on the amount of preparation time that I needed because I took Regulation and BEC with only a two to three week gap between the two. If there is limited time for studying, begin to go through as many questions and simulations as possible. Use the quizzes to determine what areas you need to pay more attention to.

- ▲ Make a study schedule and stick to it
- ▲ It is really hard, but doable. The biggest obstacle is finding time to study and communicating its importance to our friends, family, and significant others. Also, more candidates need to spend time answering questions and teaching themselves, instead of watching lessons and attending live classes. I say this because this is the way that most students got by in college. As college students we were able to be successful by teaching ourselves because we didn't learn anything from the teachers in class. We should apply this to the CPA exam. There is no reason to deviate from what was working already.
- ▲ It requires a lot of time, but is well worth it once you pass all four sections.





## APPENDIX C

### Promotion and Retention of African American Accountants in the 21st Century US Public Accounting Profession

Louis J. Stewart, PhD, CPA; Jean T. Wells, Esq.; Frank Ross, MBA, CPA

#### Two Basic Research Questions

- ▲ Why is the level of African-American participation in management of the major firms so low?
- ▲ What actions should the major firms' leadership, black accounting practitioners, and accounting educators take to improve the level of African-American participation in management of the major firms?

#### Summary of Research Activities

- ▲ Review of prior published research
- ▲ Surveys of NABA members
- ▲ Structured interviews with partners, senior managers, and managers from the major firms
- ▲ Focus group discussions with staff accountants from the major firms

#### Research Challenges

- ▲ The reluctance of the major firms' management to discuss the issues of diversity and professional advancement.
- ▲ Limited access to busy professionals

#### Research Findings

Why is the level of African-American management participation so low?

- ▲ A disproportionately low number of African-American accountants in the management pipeline.
- ▲ A rigorous path to management for all professionals regardless of race.
- ▲ Many capable black professionals lack key resources for success, become discouraged, and seek other alternatives outside of public accounting.

#### African American accountants and the major firms' management pipeline

- ▲ U.S. Census (2008) data estimates African-American men and women constitute 12.2%

of US population.

- ▲ According to US DOE (2008), African-American men and women received 11.4% of U.S. undergraduate business degrees and 12.2% of MBA degrees.
- ▲ According to AICPA
  - ▲ African American men and women constitute 4% of the major firms' US new hires.
  - ▲ African American men and women constitute 1% of the major firms' partners and management.

#### The Road to Management and Professional Success

- ▲ Acquire foundation skills
  - ▲ Technical & analytical
  - ▲ Interpersonal
- ▲ Pass CPA exam early in career
- ▲ Be technically strong and branded for it
- ▲ Attract and cultivate sponsor or mentor
- ▲ Perform exceptionally on career-building assignments
- ▲ Develop own timetable for advancement
- ▲ Learn to live an "unbalanced" life
- ▲ Develop leadership and marketing skills

#### The Road to Management Career Paths and Trajectories

- ▲ Time from staff accountant to manager
  - ▲ Average – 8.75 years
  - ▲ Range – 5 to 14 years
- ▲ Time from staff accountant to partner
  - ▲ Average – 14.75 years
  - ▲ Range – 7 to 19 years
- ▲ Employment mobility – started professional career with a different employer
  - ▲ Over 40% of partners, managers and senior managers started their career with another employer.

### Challenges for Black Staff Accountants

- ▲ Over 60% have not passed CPA by second year.
- ▲ Nearly 50% do not feel fully accepted by colleagues, and lack access to firm's networks.
- ▲ Only 40% report involvement in fruitful mentoring relationship.
- ▲ More than 40% report personnel evaluations are inaccurate & unfair.
- ▲ Over 50% feel they don't receive assignments they need to advance.
- ▲ Nearly 70% report intention to leave current employer within five years.

### Recommendations for Employers

- ▲ Sponsor pre-employment CPA prep courses.
- ▲ Improve diversity and management training of first line supervisors and managers.
- ▲ Develop procedures to ensure minority accountants' participation in key job assignments, and fairness in performance evaluations.
- ▲ Include minority professional staff retention objectives in partners' MBO evaluation and compensation packages.

### Recommendations for Aspiring Professionals

- ▲ Prepare to take and pass the CPA exam prior to employment.
- ▲ Actively manage your careers.
- ▲ Seek out promotional opportunities both within and outside of your current employer.
- ▲ Continue to improve your technical knowledge, leadership skills, and community involvement.
- ▲ Aggressively build relationships with key individuals of all backgrounds, including your peers.

### Recommendations for Established Black Accounting Practitioners

- ▲ Maintain high profile both inside and outside the firm with junior black professionals.
- ▲ Actively mentor and sponsor junior black professionals.

### Recommendations for Educators

- ▲ Encourage the regular participation of academic faculty in internships with CPA firms.
- ▲ Facilitate the regular classroom participation of practicing CPAs.

### Recommendations for AICPA and PCAOB

- ▲ October 2008 Report of the US DOT Advisory Committee on the Auditing Profession
  - ▲ The Committee recommends that public company auditing firms intensify their efforts
    - ▲ To create and maintain retention programs, including mentoring programs, for their employees as a means to provide these individuals with guidance, career coaching, and networking.
    - ▲ To compile and disseminate best practices related to minority recruitment and retention.
- ▲ The PCAOB should include the minority professional staff **retention** as a quality metric in its inspection programs of public company auditing firms.
- ▲ The AICPA should commission and publish studies that identify best practices for the recruitment and retention of minority professionals.



**CENTER FOR ACCOUNTING EDUCATION**

Howard University School of Business  
2600 Sixth Street NW, Rooms 341-342  
Washington, DC 20059

---

Frank Ross, Director, 202.806.1637  
Pat Kellibrew, Coordinator, 202.806.1643