

## The Underrepresentation of Blacks in the Accounting Profession

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### Abstract

*This paper discusses the underrepresentation of blacks in the accounting profession in light of the increasing demand for Certified Public Accountants (CPA). The paper explores the various reasons why blacks are underrepresented in the accounting profession. Furthermore, the paper examines these reasons through the lens of race and ethnicity. The paper also synthesizes multiple sources regarding blacks' underrepresentation in accounting. Blacks are underrepresented in accounting because of internal and external factors linked to their ethnic identity. Many blacks feel that they do not belong to the accounting profession, and as a result, they rarely choose accounting as a career. Many CPA firms think that blacks are not capable of doing the job and delivering the superior results that clients expect.*

While the demand for new and diverse accounting talents is increasing in light of recent white-collar crimes committed by Bernie Madoff, Enron and WorldCom, blacks' representation in the accounting field still remains low. Research has shown that blacks are underrepresented in most American Certified Public Accountant (CPA) firms. There is much speculation as to why this is so. One reason might be that blacks have some personal qualities that cause them to enter the accounting profession at a low rate. Some people might even wonder if society is still oppressive towards blacks years after the Civil Rights Movement of the 1960's. The reasons why blacks are underrepresented in the accounting profession include the historical exclusion of blacks from the accounting profession and the unfavorable conditions that exist for blacks. Perhaps accounting has not been a part of blacks' racial formation, and some black students may have low self-efficacy, defined as "people's beliefs about their capabilities to produce effects," regarding accounting (Bandura, 1994, p. 1). Failure on the part of predominantly black colleges and universities to prepare black students for the accounting profession seems to be an additional reason for blacks' underrepresentation.

There is also a relationship between someone's ethnicity and the profession he or she chooses. One would think that someone can freely choose

his or her profession, but to a large extent, the choice depends on how most people in a profession feel about a particular ethnic group. Many blacks feel that they do not belong to the accounting profession, and as a result, they rarely choose accounting as a career. Many CPA firms think that blacks are not capable of doing the job and delivering the superior results that clients expect. Hence, blacks are underrepresented in the accounting profession because of internal and external reasons associated with their ethnicity.

### **Shared Blame: Do Coercion and Consent Work?**

Before exploring the cause of blacks' underrepresentation in the accounting profession, one must understand that the responsibility should be shared. If blacks in large numbers do not pursue the accounting profession, then it will be obvious why blacks are underrepresented in the accounting profession. However, society also plays a role in the underrepresentation of blacks in the accounting profession. The reason for this shared blame becomes more apparent through the lens of hegemony. According to Michael Omi and Howard Winant (1994) in *Racial Formation in the United States*, hegemony is the prevailing mode of rule in the United States and it is "always constituted by a combination of coercion and consent" (pp. 65, 67). The societal subjugation that blacks are subjected to is coercion, and when blacks accept this subjugation, it is consent. The hegemony concept applies to blacks accepting the societal subjugation that the mainstream imposes upon them. When blacks accept societal subjugation, then hegemony becomes effective. If blacks did not consent to inferiority, then hegemony would not be effective. Since blacks consented to the coerced inferiority, then both blacks and society must share the responsibility for the underrepresentation of blacks in the accounting profession. Joane Nagel's idea of the dialectics of ethnic ascription supports the concept of hegemony. Nagel (1994) states that "ethnic identity, then, is the result of a dialectical process involving internal and external opinions and processes, as well as the individual's self-identification and outsiders' ethnic designation" (p. 154). An individual can categorize him or herself to be of a particular ethnicity, but society might classify that individual differently. For example, some blacks consider themselves suitable for the accounting profession, but some people in the accounting profession think otherwise. This has caused some blacks to believe that they are not welcome in the accounting profession, thus making the hegemony concept effective. Some blacks consider their ability to be as good as whites' ability because they work just as hard as whites. Yet many blacks feel they have to work twice as hard as whites to be welcomed into the accounting field.

## Historical Context

History also plays a role in the underrepresentation of blacks in the accounting profession. Historically, blacks have been excluded from the profession. Nagel's (1994) shopping cart theory can be used to show how history contributed to blacks' underrepresentation in accounting. Nagel uses the shopping cart analogy to show how an ethnic group constructs and reconstructs its ethnic identity by taking items from the shelves of the present and the past. The shape of the shopping cart represents the ethnic boundary construction, and the content of the shopping cart is the different things that make up an ethnic identity. Nagel claims: "Ethnic culture, then, is composed of the things we put into the shopping cart [such as] art, music, dress...[and] beliefs" (p. 162). An ethnic group can decide what to put in its ethnic culture. In the same way that blacks put music from the past into their ethnic shopping cart, they also take in the feeling of inferiority from the past. The feelings associated with slavery and psychological degradation have caused blacks to take on a cultural identity that to some extent is an impediment to success.

Historically, blacks have been excluded from the accounting profession, and blacks have been considered to be inferior to whites. According to Theresa Hammond (2002) in the book *A White-Collar Profession: African American Certified Public Accountants since 1921*:

In the absence of the outside pressure, the CPA profession has demonstrated little interest in increasing opportunities for African Americans. Prior to the Civil Rights Act of 1964, African Americans were virtually excluded from the profession: white CPA firms openly refused to hire African Americans and those few who became CPAs did so through extraordinary perseverance and with the support of a small network of African American CPAs. (p. 136)

Hammond is explaining that prior to 1964, CPA firms made little attempt to include blacks, and hence, blacks were excluded from working in white CPA firms. The few blacks that managed to become CPAs did so under unreasonable circumstances and with the support of a small network of black CPAs. Because blacks were refused employment in white CPA firms, blacks take the feeling of exclusion from the past into their ethnic shopping cart today. The segregation of blacks and whites in the accounting profession resulted in blacks taking little initiative to pursue accounting as a career.

Historically, blacks had to endure unreasonable circumstances and wait a long period of time to sit the uniform CPA exam. Hammond (2002)

cites several examples of the unreasonable circumstances and the length of time blacks had to wait to pursue the CPA profession. Hammond gives an account of Theodora Fonteneau Rutherford who graduated from Howard University summa cum laude in 1923 and had to wait thirty-six years before she could sit for the uniform CPA exam (p. 1). Although Rutherford went to Columbia University and obtained a Masters Degree in Accounting in 1924, the experience requirement barred her from sitting for the CPA exam until 1960, when she was 56 years old (pp. 13-15). As a result of the historical alienation of blacks in the accounting profession, blacks rarely chose accounting as a profession. Black schools were also forbidden to offer a course in accounting, but black schools could offer courses in areas such as mechanics, bricklaying, gardening, barbering and dressmaking. Hammond says, “[Southern states] explicitly promised that [black schools’] curriculum would not include accounting and bookkeeping because training [in those fields] might enable African Americans to compete for jobs reserved for whites” (p. 11). The fact that black schools were only allowed to offer practical courses is an example of how society determines a group’s racial formation and what that group can put in its ethnic shopping cart. Omi and Winant (1994) define racial formation as the “sociohistorical process by which racial categories are created, inhabited, transformed and destroyed” (p. 55). Perhaps the historical exclusion of blacks from professional careers has caused blacks to include entertainment and sports as the dominant career fields as a part of their racial formation. Even blacks who are employed by white CPA firms might believe that the conditions at such firms are not the most favorable for success.

### **The Effects of Unfavorable Conditions and Predetermined Ethnic Identity**

A favorable condition does not exist for blacks to enter and be successful in the accounting profession. For blacks or any ethnic group to be successful in any discipline, accounting or otherwise, favorable conditions must exist. According to Nagel (1994), “The extent to which ethnicity can be freely constructed... is quite narrow when compulsory ethnic categories are imposed by others,” and “externally enforced ethnic boundaries can be powerful... [in] content and meaning of a particular ethnicit[y]” (p. 156). An ethnic group’s attempt to construct and reconstruct their ethnic identity is extremely difficult when society has already imposed an ethnic identity on them. Ethnic identity in this case is social construction. Historically, according to Hammond (2002), the accounting profession often created an unfavorable working condition for blacks (p. 14). Hammond gives an

account of the unfavorable condition that exist for blacks when she states:

[A] report from Philip Randolph's *The Messenger* indicates what conditions [are] like for African American New Yorkers even at the lower rungs of the accounting [profession].... 'Edward B. Ward [in the 1920's], who was recently appointed head book-keeper at the Chelsea Exchange Bank... was forced to resign because white clerks would not cooperate with him' (pp.14-15)

An experience like that of Edward B. Bard was commonplace among blacks in the accounting profession but memory of it still has effects today. Blacks take this feeling of oppression from the past into their lives today.

The accounting profession, which is dominated by whites, constructs ethnic boundaries such as the experience requirement. One is required to have certain years of experience before taking the CPA examination. It is almost impossible for blacks to meet such a requirement when racial prejudice still exists towards blacks. One might say that blacks can go to black CPA firms to meet such a requirement, but doing that will spur segregation. This has caused blacks to step away from the profession. Furthermore, blacks who are already in the accounting profession believe that there are unfavorable conditions for their success, which is why, according to Fannie Malone and Robert Colson (2001), "Most black accountants have negative view of acceptance by the profession" (p. 2). Perhaps this negative view of acceptance has caused blacks to stay away from the accounting profession.

### **The Effects of Low Self-Efficacy**

Perhaps accounting has not historically been a part of blacks' racial formation, which is why black students are taking little initiative to put accounting in their ethnic shopping cart as a career choice. Some black students aspiring to enter the accounting profession may be worried about whether they have the personal characteristics to be successful. Due to the historical exclusion of blacks in the accounting profession and the unequal distribution of resources among schools, blacks may have low self-efficacy regarding accounting. Research has shown that self-efficacy influences the career choice one chooses. According to Kevin James (2008), "Low self-efficacy for the perceived skills necessary for accounting may cause African-American students to avoid accounting as a career" (p. 60). James is saying that black students doubt they have the necessary skills to choose accounting, and as a result black students avoid accounting. The perceived skills necessary for accounting are quantitative, and include familiarity with, and sureness of, basic mathematical

and analytical concepts to perform operations required for problem solving, decision-making, economic productivity, and real-world applications.

Social Cognitive theorists assert that someone's decision to pursue a certain career is shaped by his or her level of self-efficacy. According to Ronald Feldt and Cheryl Woelfel (2009), "Social cognitive theory [suggests that] decisions to pursue a career may be influenced by self-efficacy expectations and anticipated career outcomes" (p. 1). Since many black students have low self-efficacy regarding quantitative subjects, they often do not include accounting as part of their racial formation. A recent survey of 50 black students at York College of the City University of New York, conducted by Odaine Huggins, shows that 80% of the respondents think that accounting is "hard" and they would not pursue it as a career. This goes back to the issue of low self-efficacy. It can be reasonable assumed that the 80% of students who think that accounting is hard have low self-efficacy.

Clement C. Chen, Keith T. Jones, and David D. McIntyre (2004) see the topic in a different light. Chen et al. (2004) say, "[The] grades of minorities [such as blacks] in the early accounting courses do not appear to be lower than [nonminorities], ruling out the possibility that [low grades] deters minorities from continuing accounting" (p. 2). Chen et al. further claim that "minorities do not suffer from a comparative lack of motivation; in fact, [minorities] indicated [that] they were more motivated in the first two accounting course[s]" (p. 2). It is not possible for black students to have low self-efficacy regarding accounting since they perform as well as nonminorities in the first two accounting courses. Chen et al. are implying that reasons other than low self-efficacy are responsible for black students not taking up accounting as a career choice. Although Chen et. al. made a good point, black students at York college have low self-efficacy according to the survey conducted by Odaine Huggins, and although what is true for York College students is not true for other black colleges and universities, it is possible that black students at other colleges and universities have low self-efficacy regarding quantitative subjects, since black students are underrepresented in most, if not all quantitative careers.

Accounting is one of the most popular majors among college students. According to a survey conducted by the National Association of Colleges and Employers (NACE), accounting tops the list of hottest majors chosen by college students. However, black students are not seeing accounting as a worthwhile option, maybe because of the quantitative nature of the profession. Perhaps the low self-efficacy among black students regarding accounting, and the unequal resources that are available to mi-

norities and whites, has caused black students not to consider accounting a worthwhile option. Even though black students seem to have grades in the first two accounting courses equal to nonminorities, many black students feel that accounting is both “overly boring” and difficult. Black students seem to hold the stereotypes and misconceptions about what accountants do by affirming that accounting is hard, accounting is for someone who does not have a personality and the field is just about number crunching and taxes. Black students tend to opt for more glamorous majors such as entertainment, fashion, medicine and law. However, the National Association of Black Accountants (NABA) is working to make black students more aware of the economic prospects of pursuing accounting as a career.

### **A Deeper Reason: Is it Lack of Faith in the Mainstream?**

There seems to be a deeper reason for blacks’ underrepresentation in the accounting profession. Benjamin Barber (1992) in the article, “Jihad vs. McWorld,” examines two categories of people in society; one is Jihad and the other he calls McWorld. Jihad are those who are minorities and have lack of faith in the mainstream and whose culture is different from that of the mainstream. McWorld, on the other hand, represents the mainstream and the popular culture. Blacks suffered much at the hands of the mainstream, some of them form a niche and isolate themselves from the mainstream and also have different cultural practices than those of the mainstream. The accounting profession has been and still is more of a mainstream profession. Hence, blacks who do not want to be a part of the mainstream may shun the accounting profession and since blacks are a minority, their underrepresentation is obvious. In addition, the lack of resources available to black students may continue to keep them out of the mainstream. Some schools in predominately black neighborhoods are not as strong as those in white communities. Hence, a lot of black students may lack the quantitative skills and may not opt to pursue accounting as a career. In this way, the misconceptions and stereotypes that black students hold of accounting could be attributed to lack of resources available to them.

### **The Role of Racial Projects in Increasing Blacks in Accounting**

Though many black students shun the accounting profession, there are still black accounting organizations in America such as the National Association of Black Accountants (NABA). Omi and Winant (1994) would consider the NABA a racial project, which they describe as “simultaneously an interpretation, representation, or explanation of racial dynam-

ics, and an effort to reorganize and redistribute resources along particular racial lines” (p. 56). A racial project is any organization that offers any type of explanation or clarification of a racial group, and intends to allow such racial groups to have the same advantages as other racial groups. NABA is attempting to attract and prepare African American students for entry into the accounting profession. Brenda Birkett and Janice Prather (1996) state that “[NABA] recruitment activities encourage pre-college students and entering freshmen to aspire to be accounting majors,” and “[NABA] chapter activities encourage retention of accounting students by using highly motivated accounting students to foster their peers’ interest in accounting” (p. 8). Nagel (1994) would consider NABA as a strategy to gain advantage because she claims, “Presentation of a particular ethnic identity... can be seen as part of a strategy to gain personal or collective political or economic advantage” (p. 159). This statement by Nagel captures the essence of NABA because the organization is intended to allow blacks to have the same economic advantage as other ethnic groups in the accounting profession.

### **Recommendations**

In order to get more black students into the accounting profession, several measures can be taken. The Big 4 accounting firms (Ernst & Young, PricewaterhouseCoopers, KPMG, and Deloitte) should create advanced education partnerships with recent graduates to help them integrate faster into more senior-level positions. They should also expand mentoring programs to effectively connect senior professionals with new talents coming into the profession. Too often, black colleges and universities fail to prepare their students for the CPA profession. Black students are often left on their own. Black colleges and universities with accounting programs need to put more emphasis on the accounting profession and more adequately prepare students for the CPA profession by instituting a chapter of NABA among their clubs and societies. These colleges and universities can also encourage students to become student affiliates of the American Institute of Certified Public Accountants (AICPA) or their State CPA Society, which offer several opportunities and scholarships for students. Lastly, the Volunteer Income Tax (VITA) program by Internal Revenue Services (IRS) should be mandatory for all accounting majors since there is a shortage of tax accountants; by participating in this programs, students are more likely to be excited about tax work because they can practice while giving back to the community.

In retrospect, blacks have been underrepresented in the accounting profession since the CPA licensure came about. Blacks are underrepresented in the accounting profession because of reasons linked to their ethnicity.

Black students may have low self-efficacy regarding the quantitative skills required by the accounting profession. The disproportionate resources that are available to minorities and whites can cause the low self-efficacy in black students. Yet further research is needed to identify how low self-efficacy directly affects a black student's career choice. The issue of low self-efficacy among black students is somewhat ambiguous. Although research has shown that black students do well in the first two accounting classes, it is necessary to ask the question: would most black students withstand the rigors of intermediate or advanced accounting classes? This underrepresentation is a result of the historical black-white antagonism where the expertise of blacks is believed to be inferior to whites. The underrepresentation may be because of the fact that more black students are skewed towards a career in the entertainment industry, fashion, medicine or law rather than accounting. Such fields appear to be more glamorous than accounting to them, or those fields may be more accepting of diversity than accounting. Although blacks already in the accounting profession have the internal characteristics to excel in accounting, the accounting profession does not provide the most favorable conditions for them to be successful. However, over the next several years, the number of blacks in the accounting profession will most likely increase because of the National Association of Black Accountants and the American Institute of Certified Public Accountants.

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