



**Workplace Inclusion:  
An Imperative for  
Change in the  
Accounting Profession**

# Executive Summary

This comprehensive report delves into the diversity, equity, inclusion and belonging (DEIB) challenges within the accounting industry, emphasizing the critical need for more inclusive cultures where employees can thrive and effectively serve clients. Despite efforts to prioritize DEIB, the accounting profession lags behind other industries in recruiting and retaining diverse talent. One contributor is a persistent perception gap between accounting leaders and employees regarding inclusivity in the workplace. While leaders may believe their organizations are inclusive, many employees feel otherwise, leading to potential attrition from the profession.

This call to action coincides with a significant challenge: a talent shortage exacerbated by changing demographics and shrinking workforce. Notably, research reveals that one in 10 accounting professionals has left the field due to insufficient inclusion and equity measures, highlighting the urgency for leaders to prioritize DEIB efforts.

## Key statistics highlighted in the report underscore the urgency of addressing DEIB issues:

**1. Diversity is Lagging:** Diversity disparities persist, particularly in leadership roles, with white employees and men dominating the accounting profession.

- Approximately **80% of senior leaders** are white and **60% are male**, while LGBTQ+ representation remains minimal.
- Despite **40% of accounting graduates** identifying as non-white, only **23% of professional staff** and **18% of partners** are non-white, reflecting significant diversity gaps within the accounting profession..

**2. Perception Gap:** A significant perception gap exists between leaders and employees regarding inclusivity.

- **68% of leaders** believe they foster empowering environments compared to only **36% of employees**.
- **97% of human resources (HR) leaders** believe their organization has improved DEIB, but most employees feel their DEIB needs are unmet, highlighting a disconnect in perception.

# Executive Summary (continued)

**3. Gender Inequities:** Despite progress, women in accounting still face barriers to advancement, including unfair treatment in recruitment, inequitable access to sponsors and mentors, and gender bias from leaders, leading to some leaving the profession.

- Over **60% of women in accounting** report experiencing inequitable compensation, lack of recognition, promotion inequity, feeling unsafe to contribute ideas, and being demeaned by coworkers or leaders.

**4. High Burnout Rates:** Burnout rates among accountants are alarmingly high, contributing to significant attrition from public accounting due to long hours and stress.

- Over **300,000 accountants** left the profession between 2021–2023, with long hours during busy periods and higher pay in other industries cited as primary reasons for departure.
- A 2022 survey revealed that **99% of accountants** suffer from burnout.

**5. Evolving Business Models:** Technological advancements and demographic shifts are reshaping the profession, necessitating a focus on attracting and retaining diverse talent.

While primarily focused on the United States (U.S.), the report also considers global trends. It highlights discrepancies between intentions and realities regarding DEIB through curated content from over 70 sources and interviews with accounting professionals across different organizational levels, offering strategic recommendations to bridge these gaps.

The report contains robust recommendations for extensive, intentional DEIB action, with an inclusive emphasis on leadership, allyship and mentorship. In *Taking Action* (page 31), Strategic Imperatives provide high-level approaches. They are followed by a *Best Practices Checklist* (page 37) containing specific actions organizations can adapt to their own needs.

# Table of Contents

5	<b>About the Massachusetts Society of CPAs</b>
6	<b>About This Report</b>
7	<b>Introduction</b>
10	<b>A Focus on Accounting</b>
10	Diversity is lagging
11	Inclusion trends
12	Women still experience inequities
13	Employees are burned out
13	Technology advancements and staffing are putting pressure on business models
15	<b>Financial Services and Related Fields</b>
15	Employees value inclusion but don't always feel they belong
17	A lack of inclusion often means a lack of support
19	<b>A Word About Broader Industry</b>
19	DEI is mission-critical
19	Despite progress, challenges persist
23	<b>Next Gen Spotlight</b>
23	Younger employees expect inclusive cultures
24	Early-stage recruitment and retention challenges
25	Increasing connections for the early-stage pipeline
26	Employee Resource Groups
26	Mentorship sets junior employees on a path to success
28	<b>The Inclusion Perception Gap</b>
28	Inclusive leaders create genuine human connections among employees
30	Employees want leaders to talk about hard issues
31	<b>Taking Action</b>
32	Establish your organization's strategic imperatives
37	Best practices checklist
46	<b>Appendix</b>
46	Glossary of DEIB terms
56	<b>Endnotes</b>
57	<b>References</b>

# About the Massachusetts Society of CPAs

The Massachusetts Society of Certified Public Accountants (MassCPAs) is the state's premiere professional organization with more than **11,500 members** in public accounting, industry and business, and government and education. Through its advocacy, continuing professional education, peer review, membership, communications and academic and career development departments, the Society provides services that allow its members to learn, connect and prosper in the accounting profession.

In 2020, MassCPAs underwent a strategic planning process to better understand the profession's **challenges and opportunities** and to provide a **strategic roadmap** for the Society to move the profession forward. A significant outcome was recognition of the need to build awareness and education related to **diversity, equity, inclusion and belonging (DEIB)**. As a result, Goal 4 of our strategic plan is to lead the advancement of DEIB within the profession. We have done so through our intentional outreach to underrepresented minority students through our Academic and Career Development program, including the Accounting Careers Exploratory (ACE) program, and the creation of a new mentorship program. We've also assisted firms and other organizations by bringing custom training into their workplaces through our learning and development program.

We're also focused internally. We recently established a **DEIB committee** and specified inclusion values that guide everything we do. We are rolling out training, changing hiring and onboarding processes, introducing a DEIB handbook for all employees and establishing more accountability for progress.

We recognize that, like others in our profession and in broader industry, our underrepresented employees are more likely to face microaggressions, leading to feelings of inequity and exclusion.<sup>1</sup> Microaggressions – although less egregious than overt discrimination – often impede a culture of belonging where all employees can thrive and feel safe to contribute meaningfully. Like others, we at MassCPAs are making progress but recognize we are on a **long-term inclusion journey**.

We're proud of the work we have done with individuals and organizations in our membership. This report will help us build on that success by bringing a broader sense of awareness to our community about persistent DEIB challenges and opportunities, and it will provide our team at MassCPAs valuable input that will be used to develop future programming.

**If we can be of any assistance to you and your team, please [contact us](#).**

# About This Report

This report explores the accounting industry’s diversity, equity, inclusion and belonging (DEIB) challenges along with opportunities to build more inclusive cultures where employees thrive and serve clients more effectively. It addresses inclusion trends in accounting, finance, related fields and the broader industry. While primarily focused on the United States (U.S.), some data and sources reflect global trends.

## The goal of this report is to:



**Help all readers understand industry challenges regarding DEIB.**



**Identify industry discrepancies between DEIB intentions and realities.**



**Inspire all members of our industry to take action that improves the status of DEIB in our field.**



**Ensure that readers from historically underrepresented groups — who often experience exclusion and tokenism — feel affirmed regarding their professional experiences.**

The report examines the impacts of remote and hybrid work, toxic culture and the views of younger employees. It also explores the gap in leaders’ perceptions of DEIB compared to employees. It concludes with robust recommendations — strategic and tactical — and a glossary of inclusion terms.

To write this report, we curated content from over 70 sources, including research reports, journals and news media. In addition, we interviewed accounting professionals at all levels within various types of organizations.

# About This Report (continued)

Please note that terminology related to DEIB is constantly evolving. Not everyone agrees on every term, and not everyone in an identity group prefers the same identifiers. As a result, we use a variety of terms and, wherever possible, adhere to original source terminology. Hence, readers will see these descriptors: people of color, Black, African American, white, Asian American, Hispanic, Latina, Latino, Latinx and BIPOC. BIPOC (Black, Indigenous and People of Color) centers the experiences of all people of color within a U.S. context. The term highlights the unique relationship to whiteness that Indigenous and Black people have. Readers will also note that the terms diversity, equity and inclusion (DEI), diversity and inclusion (D&I) and DEIB are used throughout the report. For our own purposes, MassCPAs uses the term DEIB. However, we have maintained the original language in quotations using the terms D&I or DEI.

## About the Author



**Trish Foster** is a DEIB strategist and change agent. She designs programs, facilitates educational forums and writes extensively on DEI topics. Her expertise spans **inclusive leadership, allyship across all identity differences, gender equity, psychological safety, intersectionality, sponsorship/mentorship and employee resource groups (ERGs)**. She is recognized for her supportive, positive and actionable approach to DEIB.

Previously, Trish served as Executive Director for the Center for Women and Business (CWB) at Bentley University, leading mission-driven work to create more inclusive organizations.

# Introduction

It has been a challenging but productive few years for diversity, equity, inclusion and belonging (DEIB) advocates in the workplace and beyond. **In 2020 and 2021**, high-profile events – including the murders of people of color, most notably George Floyd, Breonna Taylor and Ahmaud Arbery – spurred a significant increase in individual and organizational activism. Almost immediately, businesses took steps to become more diverse and inclusive, and **in 2020 alone**, DEIB global corporate spending topped **\$7 billion**.<sup>ii</sup>

**A worldwide pandemic** – and with it, a dramatic shift to remote and hybrid work situations – impacted DEIB. For many people, virtual work created a greater sense of psychological safety and an enhanced ability to show up authentically. In a sense, it leveled the playing field for all workers.

Along with benefits, virtual and hybrid options have introduced challenges to inclusion. Too often, the more senior, higher paid employees have had access to remote work while rank and file employees have been denied flexible work options. Remote work has also made it harder for people to create authentic connections with coworkers, which can lead to **decreased team cohesion, a lack of shared purpose and an erosion of trust**. New employees who were onboarded remotely during the pandemic or who have never worked in the office are particularly vulnerable.<sup>iii</sup>

Beginning in **the second half of 2022**, indicators that DEIB progress was stalling emerged. Opposition to DEI has become an issue at the national, state and local levels. Acts of antisemitic and LGBTQ+ violence have increased, prominent efforts to curtail transgender rights have emerged, numerous states are considering legislation to curtail DEIB spending and overhaul higher education initiatives and in many workplaces, commitments to inclusion are slowing.<sup>iv</sup> Leadership consulting firm DDI notes that, **“many companies are taking steps backward, to the brink of a DEI backslide.”**<sup>vi</sup>



# Introduction (continued)

Post-pandemic challenges, geopolitical tensions, public policy decisions and social issues are contributing to this complex DEIB landscape, and employees want to see their leaders and the organizations they work for take a stand rather than retreat.

These trends are relevant for the accounting field, in part because the profession's DEIB progress has historically lagged the rest of the financial services field and broader industry. We have made advances, but they have been slow, and efforts have often focused more on **diversity** than **equity, inclusion and belonging**.

**The Massachusetts Society of CPAs (MassCPAs)** is committed to reversing countervailing inclusion trends and to taking steps to advance inclusion in our industry. We recognize that striving for a more diverse, inclusive and equitable workplace isn't just a moral obligation or leadership opportunity, it's a leadership imperative. Inclusive teams are **twice as likely** to meet or exceed financial targets, **three times as likely** to be high-performing, **six times** as likely to be innovative and agile and **8 times more likely** to achieve better business outcomes than monochromatic teams.<sup>vii</sup>

This report explores the DEIB challenges we face as an industry, while affirming that robust cultures of inclusion allow employees to thrive and serve clients more effectively.<sup>viii</sup> When nurtured and leveraged, **a diversity of identities, experiences and talents results in greater employee satisfaction**. In turn, workplaces become **more innovative, productive and successful**.<sup>ix</sup>

# A Focus on Accounting

## Diversity is lagging

The accounting profession in the U.S. continues to be overwhelmingly comprised of white employees. Leadership is dominated by white men, and the field has the lowest level of diversity among a wide sampling of industries.<sup>x</sup>

- For every **10 senior leaders**, approximately **eight** are white, **six** are male and only a few openly identify as LGBTQ+.<sup>xi</sup>
- About **40% of accounting graduates** identify as non-white, while only 23% of professional staff identify as non-white. Among partners, only 18% are non-white. Similar gaps exist for bachelors, masters and doctoral candidates.<sup>xii</sup>
- About **2% of CPAs** at U.S. accounting firms are Black.<sup>xiii</sup>
- About **5% of CPAs** are Hispanic and Latino.<sup>xiv</sup>
- Asians or Pacific Islanders comprise about **14%**.<sup>xv</sup>
- Accounting also skews older than other industries (including related professions), with a higher percentage of Gen X and Baby Boomers.<sup>xvi</sup>
- Despite broad gains in gender diversity (with women comprising about **46% of CPAs** at U.S. accounting firms), women remain underrepresented at the top levels of the accounting profession.<sup>xvii</sup>
- A study of more than **3,000 current and former U.S. accounting professionals** revealed that LGBTQ+ respondents were leaving the profession at higher rates than other historically excluded groups.<sup>xviii</sup>

*"If you want to see change you better have started 10 years ago, because this is a long road. Some of the people who are resistant are going to be retired before a lack of action impacts their firm."*  
— Partner, mid-sized accounting firm

*"The industry is overwhelmingly white, and I'm not. There is sometimes a feeling of being left out as a result. I feel like I have to adapt and blend in."*  
— Accounting graduate student

# A Focus on Accounting (continued)

## Inclusion trends

Attitudes and trends regarding inclusion can be more important than diversity numbers themselves. To retain talent and feed the leadership pipeline, underrepresented employees must believe that they work in a supportive culture. Inclusion — the feeling of belonging or having a voice in an organization — is a key component of an organization’s culture.

Ample research indicates that more inclusive cultures lead to more engaged, productive employees, and many accounting firms demonstrate positive intent in this regard.<sup>xxix</sup> EY’s website, for instance, effectively communicates the firm’s inclusion values with this statement: “We commit to advance social equity and inclusive growth and stand against injustice, bias, discrimination and racism.”<sup>xxx</sup>

Compared to other fields, however, the accounting profession is generally falling short. Global research shows that a lack of DEIB negatively impacts retention of “diverse talent” within the industry.<sup>xxxi</sup> In one study, only a third of respondents in accounting and wealth management had positive things to say about DEIB efforts.<sup>xxxi</sup>

Related data shows that fewer than **60% of workers** in the profession view it as equitable or inclusive, and that a stubborn gender gap in experience and attitudes about inclusion exists, with men viewing the profession as more equitable and inclusive than women.<sup>xxiii</sup><sup>xxiv</sup>

“I am always one of the only people of color, no matter where I work, so I always wonder if there is a career path for me. Even my mentors are almost always white. Recently, a senior person came and spoke, and he was Black. It was so wonderful to be able to talk to him and to see someone who looked like me. It made a huge difference. I know that this person of color is going to give me a straight answer about the culture, about my chance of succeeding.”

— A person of color at an advisory firm

“The biggest struggle is not seeing people who look like you. This has been the norm for me to the point where I think, ‘This is just the way it is.’ But when I do see another person of color, I think, ‘This is cool.’ Maybe I will be the first person of color who people will look up to.”

— A Black junior staff member at a public accounting firm

# A Focus on Accounting (continued)

## Women still experience inequities

In recent years, women have made significant inroads within the senior ranks of accounting firms. However, women in accounting continue to identify specific categories of bias that impede their career, keep them from reaching the top levels of their organizations and cause some to leave the profession altogether.<sup>xxv</sup> They include:

- Unfair treatment in the recruitment process
- Inequitable access to sponsors and mentors in the places they work
- Leaders who demonstrate gender bias that impedes promotion
- An underemphasis of retention efforts relative to recruitment efforts

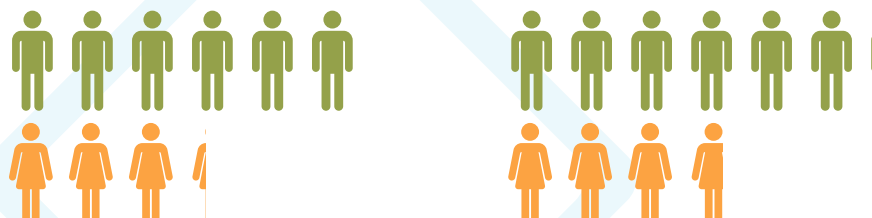
In an IMA (Association of Accountants and Financial Professionals in Business) survey, over **40% of North American women** cited lack of equitable treatment as a reason for leaving a company, and **30%** cited lack of inclusion.<sup>xxvi</sup>

International data provides broader insight. Globally, more than **60% of women in accounting** report experiencing:

- Inequitable compensation
- Lack of recognition for contributions
- Promotion inequity
- Feeling unsafe to contribute ideas that are different than others
- Being yelled at or demeaned by a co-worker or leader<sup>xxvii</sup>

**In contrast to women's views, a strong majority of men believe the profession is equitable and inclusive.**

I believe the profession is equitable.		I believe the profession is inclusive.	
Male	Female	Male	Female
60%	33%	61%	37%



# A Focus on Accounting (continued)

## Employees are burned out

People are talking about leaving the profession for several reasons; the number of hours required during busy periods and the lure of higher pay in other industries or professions are two primary factors contributing to the departure of **300,000 accountants** between 2019–2021.

Across the board, those interviewed for this report acknowledged that overwork, stress and burnout are critical issues in the accounting field. Data backs this up: A 2022 survey showed that **99% of accountants** were suffering from burnout, which is often listed as the reason CPAs leave public accounting.<sup>xviii</sup>

One employee reported that while his firm tries to balance the grind, they often work 12-to-16-hour days, and that, according to an internal survey, **“75% of us** are at the burnout level or one step before it. To balance it, we do things like give people the entire week off around Independence Day, but it’s still not enough.”

Another professional said that her company rolled out a well-being strategy with significant attention to mental health. She noted, “It’s good that the taboo is being addressed, but we must be mindful of performative gestures versus doing what we say we are doing to support employees. When it comes to well-being and DEIB, companies need to remember that investing in your employees takes money. Leaders need to make the investment and be sure it’s intentional.”

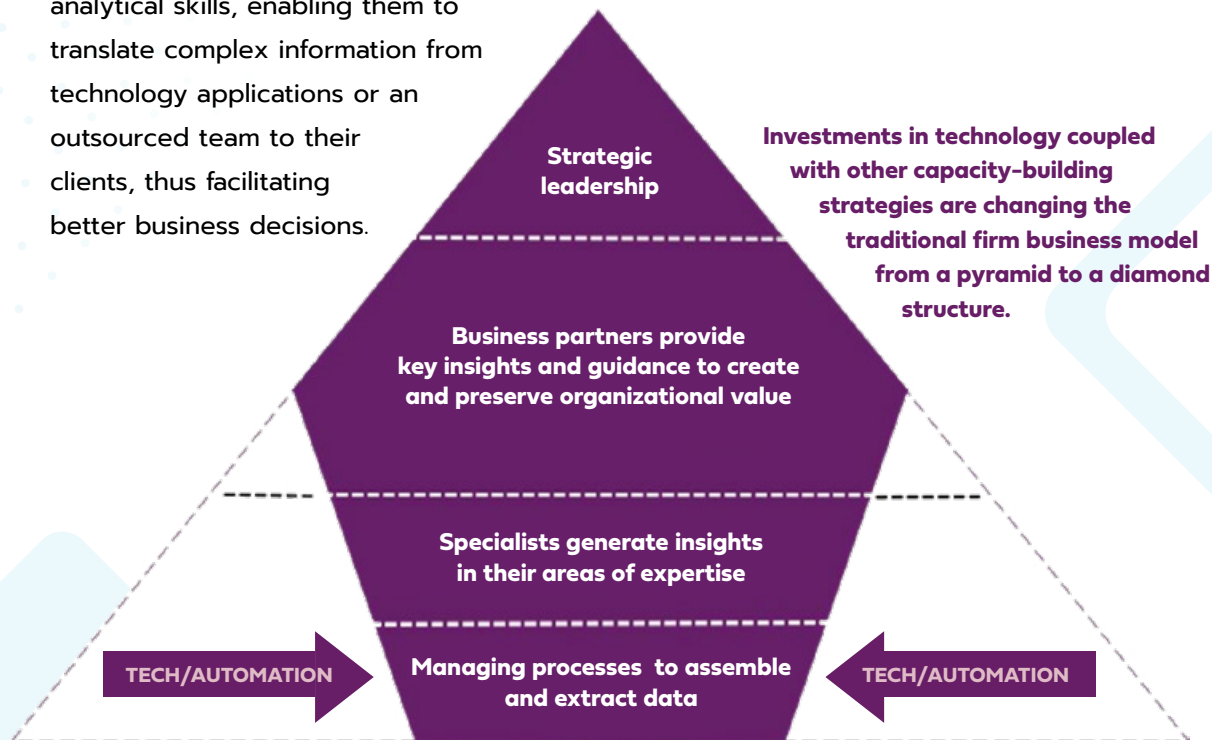
## Technology advancements and staffing are putting pressure on business models

The profession, like most others, is undergoing significant changes. The rise of emerging technologies, such as data analytics, machine learning, AI and others are allowing routine, tedious and time-consuming tasks to be automated. The demographic challenges impacting the pipeline are also requiring outsourcing of routine and entry-level tasks.

These technological and demographic trends are causing the traditional pyramid business model to evolve into a diamond or pentagon shape – narrowing the entry level and widening the middle. This approach runs counter to the “up or out” philosophy that has dominated business models for decades. Therefore, career pathways must expand beyond the path to partner model.<sup>xxix</sup>

# A Focus on Accounting (continued)

Under this model, talent retention is critical. Organizations must retain and attract more experienced professionals to serve as client business partners and specialists. These individuals possess profound technical knowledge alongside strong communication, critical thinking and analytical skills, enabling them to translate complex information from technology applications or an outsourced team to their clients, thus facilitating better business decisions.



Source: Association of International Certified Professional Accountants (AICPA)

**"I would like career paths to look different, where the game isn't for everybody to strive for partnership. Instead, the game becomes everybody learning a ton of great skills that make them good at a lot of different things. They can take them anywhere, so they can go into different industries and be potential clients. And this approach might make accounting more attractive to new entrants." — Partner, mid-size firm**

# Financial Services and Related Fields

## Employees value inclusion but don't always feel they belong

An impressive **95% of financial services staff** believe they have something to learn from people who are different from them. And staff who think their company is genuinely committed to DEIB are far more likely to recommend their organization to women, non-white employees, employees with differing religious views and people who identify as LGBTQ+.<sup>xxx</sup>

Additionally, firms where staff feel an authentic commitment to DEIB are more likely to be healthy and thriving.<sup>xxxi</sup> These organizations are most likely to:

- Provide diversity training at all levels
- Implement recruiting policies to ensure equitable numbers of applicants from different identity groups
- Create employee resource groups (ERGs)
- Offer career and leadership development
- Deliver mentoring programs for employees from underrepresented groups

While these findings make the case for more diverse and inclusive workplaces, representation among historically underrepresented groups continues to lag, and among all financial services industries (accounting, banking, wealth management, insurance and related fields), accounting scores the lowest on diversity metrics.

- White, non-Hispanic men and women remain over-represented across financial services. While there are diverse communities within these sectors, they are often sparse, particularly at the leadership level.<sup>xxxii</sup>
- BIPOC (Black, Indigenous and People of Color) and Hispanic staff make up **15% of the accounting industry, 17% of wealth management, 19% of banking and 22% of insurance.**<sup>xxxiii</sup>
- Banking reports the highest level of diversity across multiple underrepresented demographics such as gender, race and sexual orientation.<sup>xxxiv</sup>

# Financial Services and Related Fields (continued)

White men continue to dominate leadership ranks, while women and people of color still fall behind at each step in the career ladder. Women of color – impacted by intersecting issues and identities – fall behind at greater rates.

- Although women are making gains at the senior levels, **64% of financial services C-suite executives** remain white men.<sup>xxxv</sup>
- While women comprise over half of entry-level professionals, they fall behind at the first step to management and never recover. They are less likely to be promoted throughout their career – for every **100 men promoted to manager roles**, in the financial services field, only **86 women** achieve the same milestone.<sup>xxxvi</sup>

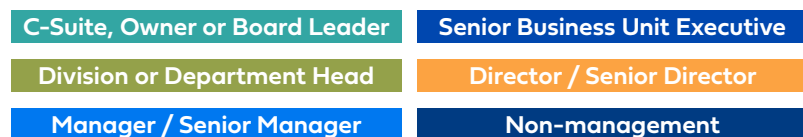
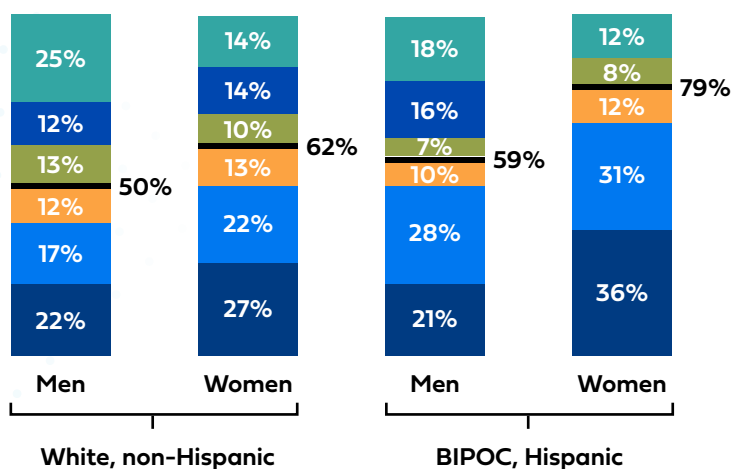


- Representation of Black, Latina and Asian women falls by a staggering **80%** between entry-level and the C-suite.<sup>xxxvii</sup>
- BIPOC and Hispanic women are far less likely to be in leadership positions than other demographic groups.<sup>xxxviii</sup>

Women aren't the only employees going the extra mile to help with DEI. Leaders from all underrepresented communities are more likely to act as allies for those who need it. According to one partner, "The easiest thing to measure is hours working on client projects. It's harder to measure the impact of DEI work, but it's essential to progress. We need to get better at rewarding people working on retention and inclusion." — Partner, large firm



# Financial Services and Related Fields (continued)



Source: Arizent Diversity, Equity and Inclusion Research, 2022

## A lack of inclusion often means a lack of support

Throughout financial services, historically included groups – such as white, straight and male employees – feel a greater sense of belonging than historically under-represented groups. And a lack of inclusion – often viewed as a lack of support – is felt most acutely by those who identify as BIPOC women or Hispanic women.<sup>x1</sup> That sense of inclusion or exclusion directly relates to whether people feel supported.

**“The women in leadership at my old firm mentored up to 40 women per person. I remember thinking how that was an extra task that men didn’t have, and nothing came off the women’s plates even though they were giving so much time to support younger people. I found that curious.”**  
 — Junior staff member, large firm

# Financial Services and Related Fields (continued)

- Over **60% of white men, white women and even non-white men** feel supported and helped by coworkers in positions of power, compared to only **47% of non-white women**.
- While **73% of white women** believe their curiosity is encouraged at work, only **56% of non-white women** agree.
- BIPOC and Hispanic women are least likely to believe they have a reliable, supportive manager, least likely to believe pay is fair, least likely to feel comfortable forming trusting relationships with coworkers, most likely to fear for their job security and most likely to believe they are micromanaged.<sup>xii</sup>
- Women in financial services report higher rates of burnout than men and do not always feel that they can request the support they need.<sup>xiii</sup> Once again, the problem is felt more acutely by women of color.
- Women overwhelmingly desire managerial support and flexibility, yet they report feeling less able to request remote work when they need it.
- Evidence also indicates that women assume additional responsibilities to support their employees and invest in DEI.<sup>xiii</sup> This often pulls them away from high-visibility assignments that lead to recognition and promotion.

Across both the accounting and finance professions, underrepresented groups have been leaving employers due to a lack of DEI progress, a trend that professional leaders describe as a willingness to leave the profession that is cause for concern and attention.<sup>xiv</sup>

# A Word About Broader Industry

While accounting and financial services generally lag other industries, few fields or firms in any field are attaining the desired level of DEIB progress. McKinsey describes the current state of DEIB as, “an inflection point.”<sup>xlv</sup> Many businesses have demonstrated positive intent, enhanced communication and taken some action, but progress is uneven and headwinds persist.

## DEIB is mission-critical

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The Gartner Group reports that, as of 2022, DEIB became a “mission-critical” corporate priority, with the broader social context creating “a tremendous sense of urgency.”<sup>xlvi</sup> Between 2018 and 2022, references to DEIB on S&P earnings calls increased a staggering **658%**, and nearly **nine in 10 Fortune 100 companies** listed equity as one of their corporate values.

Forward-thinking organizations have committed to specific actions

- They have clear DEIB objectives and dedicated resources, including staff
- They work to embed DEIB practices in all facets of the organization
- Employees at all levels receive DEIB education and training
- They share data and DEIB progress against goals with employees and other stakeholders
- They emphasize “inclusive leadership,” giving top executives a DEIB mandate, ensuring accountability and expecting leaders to serve as models for inclusion.
- The largest organizations have significant DEI budgets. In fact, global DEIB spending is projected to top **\$15 billion** annually by 2026<sup>xlvii</sup>

## Despite progress, challenges persist

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While up to **60% of organizations in all industries** report that they have “a DEIB strategy in place,” specific goals and accountability measures often fall short. Paradigm research shows that only **26% of businesses** have gender representation goals and a mere **16%** have race representation goals. Regarding accountability, fewer than one third of businesses hold C-suite executives accountable for progress against DEIB strategies. The proportion of organizations holding top executives accountable for pay equity, gender diversity and racial/ethnic diversity is even lower.<sup>xlviii</sup>

# A Word About Broader Industry (continued)

“We don’t have a person with a formal HR or DEI role, and that’s a challenge. Our partners are all white and there is only one woman partner, so there is a lack of perspective. There’s no guarantee that if you have a problem, you can go to someone and discuss it confidentially. It keeps us from sharing the problems that exist in our culture. All of this makes it hard to make progress and push boundaries. I would like to see more DEI requirements and accountability.” — Mid-level accounting professional

## Headwinds pose a threat to progress

Visible pushback against diversity and inclusion grew in 2023. Within the national context of social controversy and legal decisions related to DEIB, some experts fear that organizations with casual commitments to progress might deprioritize DEIB initiatives.<sup>xlix</sup> Interviewees report with dismay that at times, industry professionals say, **“We are tired of talking about DEI.”**

“I think that some people equate DEIB with affirmative action, and there are some people who feel threatened. They fear that if others get hired or promoted, they won’t.”

— Internal operations staff, mid-sized firm

One of the most vexing issues obstructing progress is the belief that DEIB only helps some people. This is sometimes characterized as “zero sum thinking” — “if you get ahead, I’ll fall behind.” When historically included groups fear falling behind to historically underrepresented groups, inclusion efforts falter. That’s why inclusive leaders need to explain how and why **“DEI helps everyone,”** says the Gartner group.<sup>l</sup>

# A Word About Broader Industry (continued)

## Remote and Hybrid Work Influence the DEIB Landscape

Remote and hybrid work are influencing the DEIB landscape. Virtual work can increase a sense of fairness, with outcomes and results being prioritized over visibility.<sup>i</sup> It can also offer more flexibility and work-life balance. It can even enhance the employee experience for introverts, who can participate in meetings via a chat feature instead of competing for “airtime.”

But there are a host of potential downsides to virtual and hybrid work. “Work from home” policies too often prioritize the needs of the most senior leaders in organizations, with the most junior employees having the least flexibility.<sup>ii</sup> Additionally, an organization’s culture and creativity risk declining in remote settings because people find it harder to build trusting relationships and team cohesion.<sup>iii</sup> Remote workers sometimes feel a sense of isolation and loneliness, which can exacerbate mental health issues, including burnout.

The accounting profession is based on an apprenticeship model – younger staff learn from more seasoned professionals. In virtual settings, succeeding with this model requires a more intentional approach to relationship-building and mentoring.

Even wages can be impacted by virtual work. One study found that even though onsite and virtual employees were promoted at equal rates, remote workers’ salaries grew more slowly.<sup>iv</sup>

**“Companies everywhere are navigating the best approaches to virtual versus onsite work. PwC LLP’s U.S. careers webpage says its hybrid work model is “driven by client engagement needs, where our people spend an average of 50% of their time at a client site or in a PwC office and have the option to work virtually the remainder of the time.”<sup>iv</sup>**

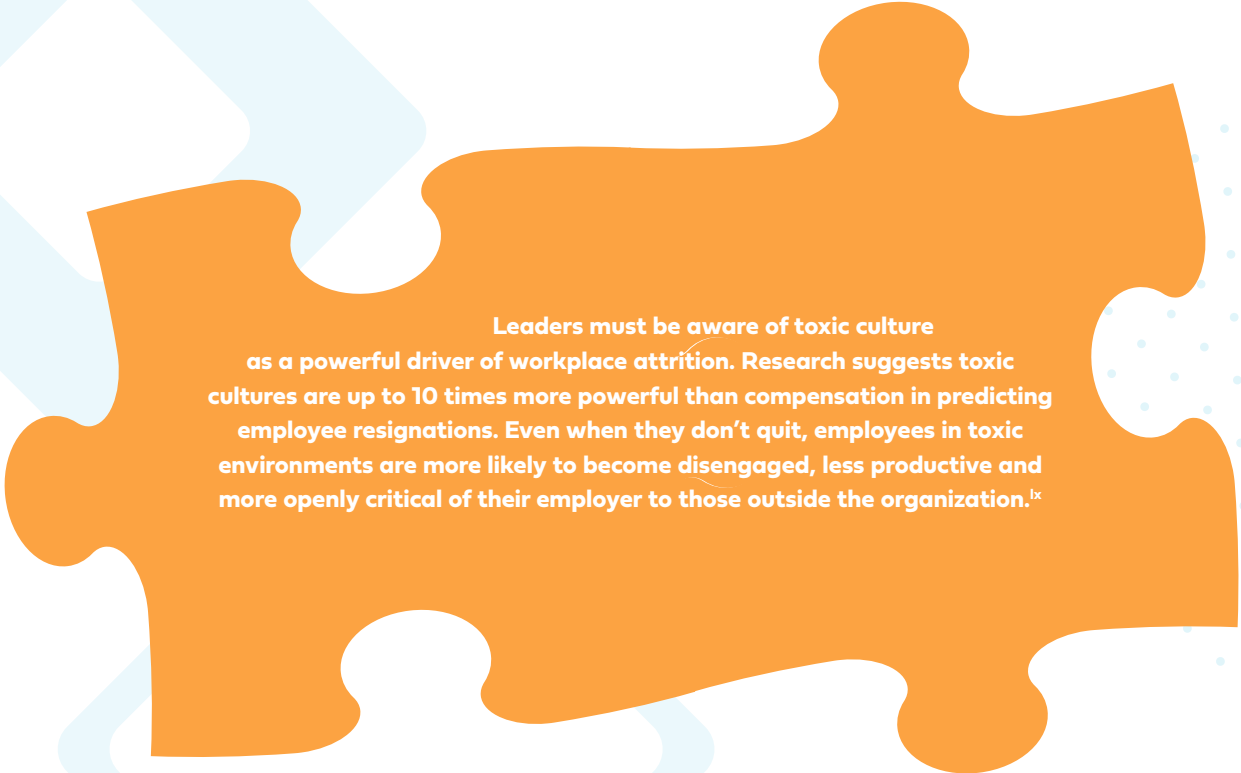
# A Word About Broader Industry (continued)

## Toxic Workplace Cultures Drive Women Away

Research indicates that, despite documented career ambition among women, the gap between men and women leaving their jobs – exacerbated by the global pandemic – is the largest it has been in about eight years.<sup>lvi</sup> Currently, for every woman director who is promoted, two women at the same level quit their job. Multiple factors drive women’s attrition, including the historic wage gap and the need for a more flexible work-life balance. Culture also profoundly impacts women’s views and experiences, and toxic culture plays a role.<sup>lvii</sup>

LeanIn.Org CEO and Cofounder Rachel Thomas says that women are leaving companies that fail to deliver on workplace culture elements they find most important.<sup>lviii</sup> Compared to men, women speak more often about toxicity, which MIT characterizes as cultures that are disrespectful, lacking in inclusion, unethical, cutthroat or abusive. MIT’s research concludes that **women are over 40% more likely** to experience toxic work culture than men and that it feeds into the Great Breakup – a moniker for the significant workplace exodus of women leaders.

Data already cited (page 7) suggests that toxic culture plays a role in the accounting field.<sup>lix</sup> Women speak about leaders who demonstrate gender bias in promotion, inequitable access to sponsors and mentors, feeling unsafe to contribute ideas that are different than others, being yelled at or demeaned by co-workers or leaders.



Leaders must be aware of toxic culture as a powerful driver of workplace attrition. Research suggests toxic cultures are up to 10 times more powerful than compensation in predicting employee resignations. Even when they don’t quit, employees in toxic environments are more likely to become disengaged, less productive and more openly critical of their employer to those outside the organization.<sup>lx</sup>

# Next Gen Spotlight

## Younger employees expect inclusive cultures

Gen Z's lived experience causes them to value identity and community. They grew up in the digital age and faced unique world events that have placed community and inclusivity at the forefront of their value system.

Ongoing crises – including terrorist bombings, mass shootings, natural disasters and an international pandemic – “have been their reality,” notes *Gen Z, Explained, the Art of Living in the Digital Age*.<sup>lxi</sup>

Gen Z's emphasis on psychological safety and collaborative, inclusive workplaces is not random. It is directly correlated to their upbringing, life experiences and identities.

Across industries and in the accounting profession, the youngest generations are making an impact on DEIB. They expect employers to actively commit to inclusion, to provide resources and training and to be transparent about successes and setbacks.<sup>lxii</sup>

- Overwhelmingly, job candidates are examining employers' DEIB efforts when considering where to work. LinkedIn provides a job search filter to help employees find organizations that match their personal commitment to DEIB.<sup>lxiii</sup>
- Well over **80% of the Millennial and Gen Z age cohorts** say that working at a values-matched company is important to them.<sup>lxiv</sup>
- When considering a new job, **two-thirds** of people surveyed say **“it's a deal breaker”** if an organization's culture and values do not align with theirs, and **70%** say they'd consider leaving a job for different opportunities that better align with their values.<sup>lxv</sup>
- Every young accounting professional interviewed for this report indicated that inclusion was an influencing factor either in their choice to accept a job offer or their attitude about their work environment.

AICPA & CIMA Insights notes, “The next generation of talent expects a work culture that fosters belonging and collaboration.<sup>lxvi</sup> Despite the progress the profession has made in advancing diversity, equity and inclusion, or DEIB, job applicants must also see themselves at each level of an organization.”

# Next Gen Spotlight (continued)

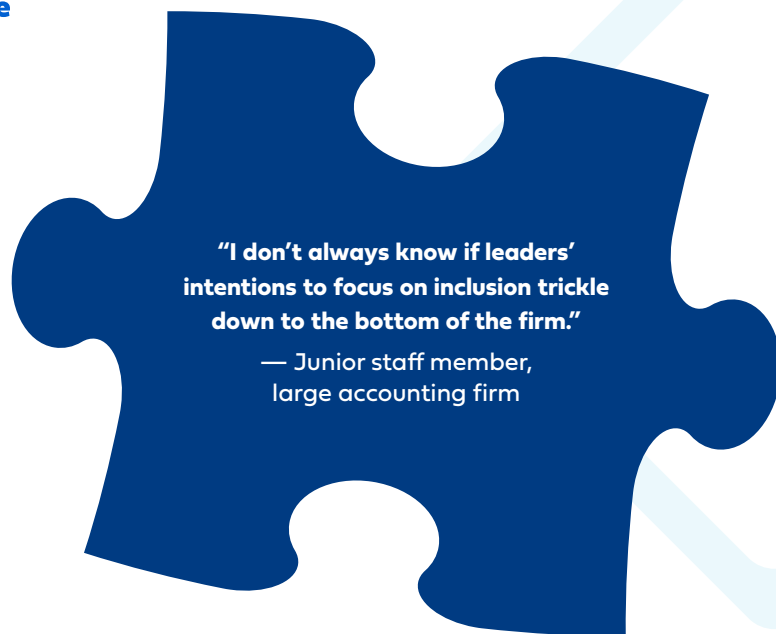
Personal interviews support the data. One young professional stated, **“The most important thing I’m looking for is a commitment to DEIB. I want to feel a sense of belonging. When I see someone similar to me, I feel more inspired and motivated. It makes me know I’m not being left out and that they value my presence.”**

## Early-stage recruitment and retention challenges

The AICPA’s 2023 Trends Report indicates that many accounting programs will experience enrollment increases in the coming years. If this expectation is fulfilled, it will be positive news for the profession after several years marked by persistent and well-recognized negative trends regarding the field’s youngest employees:

- Bachelor’s degree completions in accounting **declined by 7.8%** from 2021 to 2022.
- Candidates sitting for the CPA Exam have decreased over multiple years. Costs associated with the Exam and complexities brought on by the global pandemic have fueled this trend.
- A requirement of **150 academic credits** for CPA licensure (30 more credits than a traditional bachelor’s degree and often obtained via a master’s program) poses financial, academic and time burdens.

These ongoing challenges present a clear opportunity for leaders and recruiters in the accounting profession to leverage DEIB strategies that incentivize more young people from historically underrepresented groups to join the profession.





## Increasing connections for the early-stage pipeline

Evidence strongly indicates that exposure to people in the field while growing up or while in school increases the likelihood of entering the profession, yet underrepresented populations are less likely to benefit from such exposure. Several positive industry interventions focus on direct work with members of the early-stage pipeline. Initiatives such as those described below vary in depth, breadth and scope:

- A partnership among MassCPAs, the AICPA and other state CPA societies provides a nation-wide “Accounting Opportunities Experience,” sending CPAs into high schools to connect directly with students. In November 2023, MassCPAs successfully reached **21 high schools and 460 students** through this initiative.
- MassCPAs works with college students through an ambassador program and a mentoring program. In just one year, this new mentoring program has matched **43 students** with accounting professionals.
- The AICPA National Commission on Diversity and Inclusion has committed to doing more work at the systemic level and in the early-stage pipeline. Accounting professional engage with high school students to increase early awareness and interest among students.
- The FinServ Foundation, the Carson Group, Envestnet and the Center for Audit Quality (CAQ) also offer innovative initiatives focused on the youngest incoming talent.

One young employee highlighted the importance of recognizing systemic and structural biases inherent to public accounting: “The partner or person we work under wields so much power that impacts our success. If we disagree with how they are approaching inclusion, it’s hard to say something.” — Junior staff member, large accounting firm

# Next Gen Spotlight (continued)

## Employee Resource Groups

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Employee Resource Groups (ERGs), valuable for all workers, have a unique role to play for newer employees, and particularly those from marginalized communities.

A full **90% of organizations** say that ERGs help make new hires more comfortable when they are onboarding.<sup>lxvii</sup>

Businesses with dedicated ERGs have reduced turnover rates, better performance against goals and increased productivity.<sup>lxviii</sup>

Multiple interviews validated the importance of ERGs. A younger Black employee reported that the Black Employee Network was the one place they could feel safe asking questions, yet also noted that many people don't know it exists. They recommended that ERGs contact new hires as part of their onboarding experience.

## Mentorship sets junior employees on a path to success

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Multiple studies demonstrate the importance of mentoring for junior employees, and particularly those from underrepresented backgrounds. A young woman of color reported, **"We need to be connected with cohorts of people who look like us, we need to be mentored and we need to be given exposure."**

One study found that formal mentorship boosted management representation of marginalized individuals **from 9% to 24%**.<sup>lxix</sup>

Employees with mentors are far more likely to believe their employer provides them with good advancement opportunities.<sup>lxx</sup>

# Next Gen Spotlight (continued)

Those who make it to the top consistently credit mentors and sponsors. One senior woman noted, “I am here because of them. They gave me opportunities and they stepped back and let me go. The partners believed in me, and many of them were male allies. And then I stayed because of women partners who showed me I could be a mom and a high performing professional. I take that very seriously as a leader when I think about giving back.” — Partner, Large Firm

Research across all industries demonstrates the importance of inclusive leaders to the success of employees and their organizations. They are change agents who create workplaces where employees feel a sense of belonging, are empowered to contribute, and know that their opinions matter.<sup>lxxi</sup> As a result, workers are more creative, innovative and productive, which leads to positive bottom-line outcomes.<sup>lxxii</sup>

As companies take on ambitious business and societal goals, leaders must remember that employees can be a force multiplier or a detractor — the workforce is the number one risk to growth — and also the principal means by which companies can execute growth-driven strategies. PwC Global Hopes and Fears Survey 2022.<sup>lxxiii</sup>

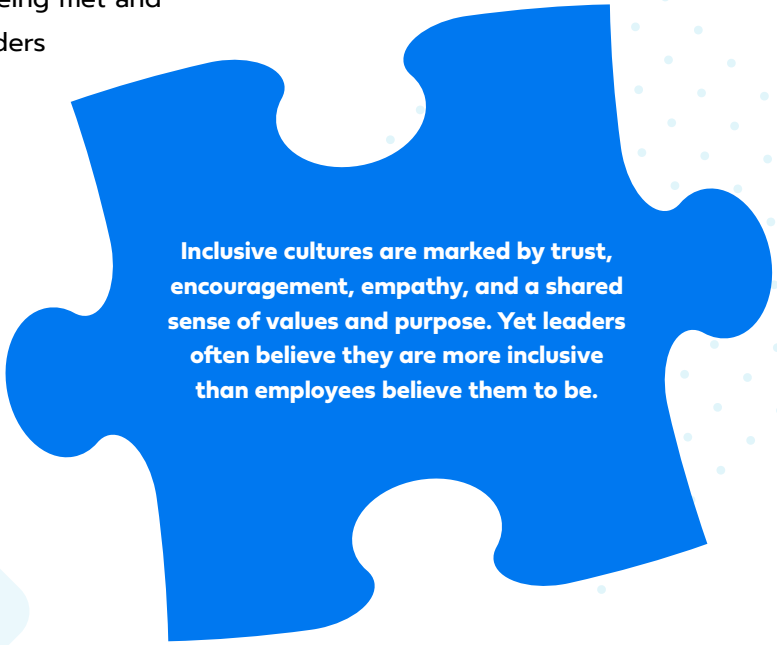
# The Inclusion Perception Gap

## Inclusive leaders create genuine human connections among employees

Inclusive leaders embody empathy, learning agility and humility. They inspire people to contribute, perform and fulfill their potential. They are committed to DEIB, they are humble, and they are aware of bias – including their own. They are also curious about others, demonstrate cultural intelligence and collaborate effectively.

Accenture data shows that **77% of women, 67% of men and 68% of all leaders** believe an inclusive workplace culture is vital to the success of their business. Yet there is a perception gap.<sup>lxxiv</sup>

- While **68% of leaders** believe they are creating empowering environments where people feel a sense of belonging, only **36% of employees** agree. And the proportion of employees who do not feel included in their organizations is up to 10 times greater than what leaders perceive (**20%** versus **2%**, respectively).<sup>lxxv</sup>
- About **90% of CEOs and CFOs** report a positive culture being important to their organization, yet a majority of leaders are viewed as lacking compassion or being completely unaware of how they are doing in the eyes of their employees.
- A significant **97% of human resources leaders** think their organization has made changes that have improved DEIB, while most employees believe their DEIB needs are not being met and a third say they don't know whether their leaders are making DEIB-related changes.<sup>lxxvi</sup>
- In financial services, when asked if their leaders are creating a sense of belonging for all employees, about **50% of BIPOC employees** agree compared to over **70% of white employees.**<sup>lxxvii</sup>



**Inclusive cultures are marked by trust, encouragement, empathy, and a shared sense of values and purpose. Yet leaders often believe they are more inclusive than employees believe them to be.**

# The Inclusion Perception Gap (continued)

Numerous factors drive the perception gap between leaders and employees. Changing demographics (including generational changes), social activism, political polarization, social media, remote and hybrid work and pandemic-related workplace upheaval all contribute.<sup>lxxviii,lxxix,lxxx</sup>

Additionally, top executives do not always **“seek out transformational experiences that prompt necessary introspection,”** according to the Pew Research Center. They are resistant to the value of DEIB and the disruptive experiences that can help make them an inclusive leader. However, when leaders choose to immerse themselves in uncomfortable situations that provide exposure to diverse stakeholders, they learn to disrupt their pre-conceived ideas and grow in understanding.

The business case for closing the inclusion gap is strong. Accenture research concludes that, **“Closing the perception gap, or making employees feel included, could save employers millions and boost U.S. company profits by a whopping \$105 trillion.”**<sup>lxxxix</sup>

**A financial services profession study aligns with the more widely recognized leadership perception gap. “We identified a diversity gap between senior leadership of the profession and the whole of the accounting and finance workforce (i.e., greater diversity across the profession than in leadership positions). We found that many accounting and finance professionals in already underrepresented groups have been leaving employers and the profession altogether due to a lack of good DEIB practices.**

**This raised the need for rethinking.” — Diversifying Global Accounting Talent: Actionable Solutions for Progress.**<sup>lxxxii</sup>

# The Inclusion Perception Gap (continued)

## Employees want leaders to talk about hard issues

PwC LLP data concludes that a significant majority — **about two-thirds** — of employees engage in conversations about polarizing issues often or sometimes.<sup>lxxxiii</sup> Those from underrepresented ethnicities and those who are younger report holding such discussions at still higher rates. Managers — usually more comfortable in problem-solving mode related to concrete business issues — often avoid this kind of dialogue, yet data indicates that the positives, such as a better understanding of coworkers, a more open and inclusive culture and increased empathy, outweigh the negatives.

Leaders can establish norms, provide data and train both themselves and others to engage in dialogue across difference. A key to success is emphasizing listening without judgment rather than seeking solutions.<sup>lxxxiv</sup>

Stacey Abrams, politician and voting rights activist notes, **“Though it may be tempting, silence isn’t an effective strategy. Silence is often seen as consent... Business executives should know that better than anyone. When your competitor is putting their narrative into the air and you are silent, your competitor wins. This is not about changing your value system — it’s about articulating your values.”**<sup>lxxxv</sup>

### EMPLOYEE INTERVIEWS INDICATED A STRONG DESIRE FOR MORE OPEN AND HONEST CONVERSATION ABOUT DEI.

- “They [leaders] don’t want to talk about the hard stuff... they don’t even want to use the term ‘DEI.’”
- “We have to provide the culture and the spaces to hold brave conversations.”
- “We don’t have a culture of open conversation and we need it.”
- “We have to start talking more, and that includes honest conversations about equitable compensation.”

# Taking Action

*Taking Action* contains two sections designed to inspire and inform positive DEIB change in the profession:

- *Establish your organization’s strategic imperatives* outlines high-level strategies.
- *A best practices checklist*, beginning on page 37, details tactical recommendations.

All recommendations are informed by recognized DEIB challenges and opportunities facing the accounting profession.

**“To achieve equitable outcomes, organizations must overturn common beliefs and behaviors that get in the way. Organizations can help individuals adopt new behaviors and actions. Those behaviors can shape new values, and those values can reinforce new behavior. The result, over time, will shift the organizational culture toward one that more consistently supports equity in practice.”**

— Deloitte, *The Equity Imperative*<sup>lxvii</sup>

# Taking Action (continued)

## Establish your organization’s strategic imperatives

1. Leaders have a mandate: Drive meaningful change by establishing DEI as an imperative for your business strategy and all parts of growing the business. Incorporate it into every aspect of what you do, at every level of the organization. Progressive leaders inspire employees by modeling inclusive behaviors.

The literature firmly establishes that sustained DEI progress depends on leadership buy-in, and that what leaders say and do has tremendous impact on how employees feel. They need to be willing to talk openly about DEI with humility and vulnerability. This means being willing to share personal stories and organizational challenges.<sup>lxxxvii</sup>

**“Fostering a work environment that supports diversity and inclusion is a responsibility every business leader shares. Embracing different perspectives and opening ourselves to new ways of seeing the world is a responsibility we all share.”**

— Former New York Life CEO and Chairman Ted Mathas



# Taking Action (continued)

2. Establish a DEIB approach/philosophy: Leverage and integrate both systems-oriented and human-centered approaches.

Research indicates that a comprehensive approach to inclusion combines both people and systems strategies.<sup>lxxxviii</sup> While the human element is paramount, backlashes to inclusion can occur when emphasis on human-centered, individual approaches takes precedence over systems and processes. In these cases, people sometimes perceive that DEIB interventions are negatively focused on peoples’ behavior and are trying to change people in a way that threatens their sense of self-esteem or competence.<sup>lxxxix</sup>

### **Some systems-human focused interventions include:**

- Examination and adjustment of processes related to job design, recruitment, hiring, onboarding, promotion and training
- Equipping employees and managers with training and knowledge, such as foundational DEIB information or training on how to create more progressive benefits and work options
- Engaging all employees in the design of DEIB initiatives

**Each of us shows up to work with characteristics and traits unique to us. One way that we can begin to support others to grow is by taking the time to learn about, make space for and support those deeper levels of diversity.”**

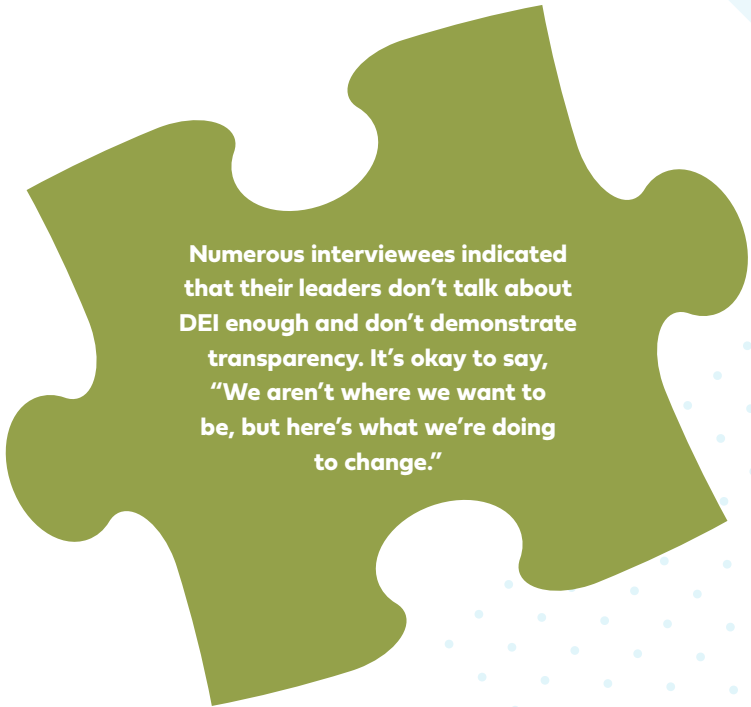
— PwC LLP associate<sup>xc</sup>

# Taking Action (continued)

3. Customize for the profession: Identify problems and solutions that are unique to accounting, to related industries, and to your own firm.<sup>xci</sup>

**Industry experts believe that substantial change requires comprehensive efforts to address industry-specific issues. Ideas include:**

- Increasing awareness of the profession
- Decreasing barriers that discourage historically underrepresented students with dedicated mentoring, apprenticeships, internships and other supports
- Leveraging innovative approaches to CPA passage and career paths
- Becoming more transparent about challenges, progress and setbacks



Numerous interviewees indicated that their leaders don't talk about DEI enough and don't demonstrate transparency. It's okay to say, "We aren't where we want to be, but here's what we're doing to change."

## Taking Action (continued)

4. Create an inclusive culture: Recognize that the success of talent recruitment and retention is directly linked to the culture your employees experience.

### **Industry experts believe that substantial change requires comprehensive efforts to address industry-specific issues. Ideas include:**

- The case for inclusive culture is clear: employees – and hence, organizations – perform better on almost every metric when they work in an authentically inclusive culture.<sup>xvii</sup> Culture is identified as a top priority for prospective candidates when they vet potential employers.
- Employee interviews overwhelmingly demonstrated support for inclusive culture. Young employees told us that they needed to feel like they belong and that they wanted to be able to talk to people like them. They said that personal connections – like those found through mentoring or ERGs – made a huge difference. And they spoke often about the need to create cultures where people can hold honest and brave conversations about difference.

**“We aren’t always as welcoming to underrepresented employees as we could be, which makes it hard to make true inroads when it comes to diversity and inclusion. How do I tell another Asian woman that this is a great place to work if I’m feeling like a token?”**

— Partner, mid-sized firm

## Taking Action (continued)

5. Hold everyone accountable: Establish leadership and organization-wide accountability with DEI plans, goals, action steps, metrics, and assessment.
  - The literature firmly establishes the impact of accountability, which drives responsibility and ensures action.<sup>xciii</sup> Engage employees at all levels from planning to implementation and from problem identification to the celebration of successes.

*“I think my firm is doing a lot of the right things, most of all, holding people accountable with specific, actionable goals and objectives. Leaders, teams, and other individuals all have goals, and everyone is measured against them. We then provide resources and training to support their efforts, and we require transparency about success in meeting the goals.” — Partner, large firm*

# Taking Action (continued)

## Best practices checklist

Best practices inspire innovative approaches to DEIB progress. Please use this list to drive the strategies listed above, adapting them to meet your organization’s unique needs.

✓ **Assess your DEIB status with a combination of quantitative and qualitative tools at the outset, then iterate.**

- Engagement surveys
- Pulse survey
- Focus groups
- 1-1 interviews
- Small group check-ins
- Listening sessions

✓ **Create a DEIB mission, goals and action plan.**

- Include employees from all levels of your organization in planning and goal setting.
- Make sure that goals and plans are attainable and customized to the needs of your organization.
- Be sure that plans include accountability measures (discussed below) for leaders, teams and individual contributors.

**“Be sure to act, and act quickly, on your assessment findings. For instance, if you determine that people see inequities in the current promotion practices, address them immediately and/or tell employees what the new objective is and how they can meet it.**

**Too often, a decision is made at the top of the organization and more junior employees, or newer employees, don’t hear about it.”<sup>xciiv</sup>**

# Taking Action (continued)



## Establish accountability at all levels.

- Establish a DEIB committee comprised of employees in all roles and at all levels of the organization. Be sure the committee has a clear mission/role in the organization.
- Make sure all employees have some kind of DEIB goal and action step that is addressed during performance reviews.
- Reward individuals and teams who make inclusion progress.
- Ensure that every people leader recognizes their role to model inclusive behavior – their behavior is essential to success.
- Encourage leaders to identify an accountability partner and/or a diverse personal advisory board. This is a group of people who will provide honest feedback to the leader about their inclusion behavior.
- Introduce a safe, confidential reporting system for employees who experience microaggressions. *Remember that employees are often hesitant to report negative experiences involving co-workers – and especially leaders – because they fear retaliation.*

**"At Grant Thornton, our National Managing Principal of Culture, immersion and Inclusion is purposefully placed as a member of our firm's senior leadership team. She works to nurture a culture of belonging from the top down and ensures that DEI is prioritized in all facets of what we do. Across the firm, we are steadfast in advancing a strong, unique culture, and we consider DEI to be an imperative for our workforce and for our future." — Partner, large firm**

# Taking Action (continued)



## **Communicate frequently and honestly about all aspects of your DEI work.**

- Talk to internal and external audiences.
- Make sure everyone in the firm knows what your mission, goals and action steps are.
- Report on challenges and progress. Transparency around data and accountability strategies gains employee trust and support.
- Avoid performative gestures, which are often communications-based. An example is running a Black History Month campaign on social media without substantive initiatives or programs to support Black people in your organization.

**Women in accounting report inequitable access to sponsors and mentors in their workplaces. This can be a wake-up call for firms to examine and fix inequities in their mentorship, sponsorship, coaching and training initiatives.<sup>xv</sup>**

# Taking Action (continued)



## **Prioritize connection and courageous conversations as cultural norms.**

- Teach employees how to talk about difference with respect, curiosity and a lack of judgment.
- Train people managers in how to provide feedback that is honest, constructive and compassionate.
- Prioritize connections. Research demonstrates that relationships with colleagues are a top factor in determining job satisfaction.<sup>xvii</sup>
- Offer cross-cultural training, as culture and language barriers can hold people back.

*“As an immigrant, I want to find others and help them navigate the culture here. I’ve seen people from different cultures, whose first language isn’t English, come to work here. Even though they are smart and organized, they struggle with communications barriers. They deserve specialized training, and we should be offering it.” — Partner, large firm*



# Taking Action (continued)



## Embed allyship in your culture.

- Offer training and resources to employees, focusing on both enhanced understanding and action.
- Use your website, social media, town meetings and other communications channels to spread the word about allyship.
- Train and encourage people to be active bystanders when they observe microaggressions. Teach them how to respectfully “call people in” instead of “calling people out.”
- Celebrate the success stories of marginalized employees.
- Celebrate the stories of ordinary people doing the right thing as allies.
- Honor holidays and solemn moments for all identities.
- Make a public commitment. Beyond financial commitments, ensure that your branding, client relationships and vendor agreements prioritize inclusion.
- Create a culture of psychological safety, which has been identified as the number one characteristic of high performing teams.<sup>xcvii</sup>

Psychological safety refers to an individual’s or team’s belief that they can take risks, ask questions, offer new ideas and admit mistakes without fear of punishment.<sup>xcviii</sup> “Psychological safety can help businesses achieve goals like higher levels of innovation, higher quality execution and greater agility. Unfortunately, psychologically safe work environments are actually quite rare.”

— Amy Edmonson, Harvard Business School Professor of Leadership and Management<sup>xcix</sup>

# Taking Action (continued)



## **Create or re-vitalize ERGs.**

- Be aware of potential negative impacts on ERG leaders and participants due to overload, stress, and virtual work.
- Reinforce support for ERGs with dedicated executive sponsors, recruitment assistance, upskilling for leaders and rewards/recognition for ERG leaders.
- Consider stipends for ERG leaders.



## **Introduce or expand mentorship and sponsorship programs, particularly for new and underrepresented employees.**

- If budget is a constraint, start with a one-year pilot program for a small cohort.
- Offer dedicated training and support to mentors, mentees, sponsors and protégés so that they are set up for success.



## **Prioritize well-being, as accounting and finance professionals are at high risk for stress and burnout.<sup>c</sup>**

- Train managers and employees in how to notice and intervene when team members are at risk.
- Review and update benefits with an eye to well-being and mental health.
- Provide educational resources and tools regarding mental health and well-being.
- Adequately budget for well-being and mental health supports.
- Help employees set boundaries and reduce the “always on” expectation.
- Nurture a culture where everybody is willing to acknowledge burnout when it occurs.
- Provide stress-release opportunities, including “recharge” days or weeks.
- Appoint a chief well-being officer, as Deloitte LLP has done.
- Reward those who make progress. *Women in financial services do more to take care of their teams but receive less support.<sup>ci</sup>*

# Taking Action (continued)

The responsibility of managers to support employee well-being should be formalized in performance evaluation criteria that explicitly reward leaders who demonstrate their care for employees. This would also ensure that managers who already carry much of this “invisible” workload — mostly women when it comes to accounting and financial services — are recognized for their contributions.



## **Review and update all hiring and career path policies, systems and practices.**<sup>ciiciiciv</sup>

- Recruitment, hiring and onboarding:
  - Generate ranked criteria.
  - Review job listings for word bias.
  - Consider blind resumes.
  - Standardize interviews.
  - Stop hiring for culture fit and start hiring for “culture add”.
  - Ensure that your candidate slate and interviewing teams are made up of people with diverse identities.
  - When onboarding, be sure that site maps with inclusive spaces (prayer rooms, accessible entrances, relaxation rooms, parent-child rooms, etc.) are visible.<sup>cv</sup>
  - For onboarding, incorporate introductions (and how to become involved) to ERGs, affinity groups or diversity groups.<sup>cv</sup>
  - Onboarding should include a buddy system to enhance psychological safety for new employees.<sup>cvii</sup>

# Taking Action (continued)

- Career paths and promotions:
  - Get to the pipeline earlier and differently.
    - Seek college graduates from different schools, such as historically Black colleges and universities (HBCUs). Remember that recruitment is a multi-year process, often involving internships and mentorship.
    - The AICPA National Commission on Diversity and Inclusion recommends going back into high schools to increase the awareness level among younger students.<sup>cvi</sup>
  - Examine and update career path options. Provide clarity about options.
    - Examine time to promotion. Is it taking marginalized communities longer to get to the top? Correct for this prevalent bias.
    - Be sure the promotion process is based on objective evidence of skills and competencies, including transferable skills.
    - Advertise roles widely to cast a wider net.
    - Inform all candidates with the same information before they are interviewed – avoid informal knowledge transfer.
    - Promote in batches when possible. Research demonstrates that hiring managers are more likely to seek a variety of skills and behaviors when asked to elevate multiple people at one time. When promoting only one person, a manager is more likely to choose a favorite employee.

**“Think of what a difference it means to a person who is Latino to be interviewed by another Latino or Latina. Also, what is really important to me is how we can promote the profession to outsiders and to younger people, and let them know it’s not boring. We haven’t marketed the career well.”**

— Partner, mid-sized firm

# Taking Action (continued)

## A Final Note from MassCPAs

This report recognizes important DEIB issues impacting the accounting profession. Despite some progress, historically underrepresented employees – particularly people of color – continue to face challenges that negatively impact their sense of inclusion and, ultimately, their career. The insights shared here have the power to generate faster, more intentional, and longer-lasting change in our field if leaders act upon them. As an organization, MassCPAs is committed to supporting ongoing, sustainable DEIB change.

**“Delivering on an effective D&I agenda in financial services means embarking on a multi-year effort that can have profound implications on how you run your business and ‘how your teams work’ on a day-to-day basis. The challenge is big, but so is the reward. By doing the right thing, you are not only likely to improve short-term business results but accelerate your journey toward sustainable growth.”<sup>cix</sup>**

— PwC, *A New Challenge for Financial Services: Making Diversity and Inclusion a Priority*

# Appendix

## Glossary of DEIB terms

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This glossary contains definitions that should be helpful in holding conversations about DEIB. Please note that there is often disagreement about terms and their usage. An example is whether and when to use the terms Hispanic, Latina/Latino or Latinx. Inclusion in this glossary is not an endorsement for usage.

**AAPI (Asian American and Pacific Islander):** This term is used to describe a diverse and fast-growing population of 23 million Americans that includes roughly 50 ethnic groups with roots in more than 40 countries. This includes all people of Asian, Asian American or Pacific Islander ancestry who trace their origins to the countries, states, jurisdictions and/or the diasporic communities of these geographic regions.

**Ableism:** Discrimination of and social prejudice against people with disabilities based on the belief that typical abilities are superior.

**African American:** Refers to people in the United States who have ethnic origins in the African continent. While the terms African American and Black are often used interchangeably in the United States, it is best to ask individuals how they identify.

**Ageism:** Stereotypes, prejudice and discrimination towards others or oneself based on age.

**Ally (Allyship):** A person who works actively to create equitable environments that affirm diversity and inclusion. A visible advocate, usually in the dominant group, for those who are underrepresented.

**Asexual:** Sometimes called “ace” for short, asexual refers to a complete or partial lack of sexual attraction or lack of interest in sexual activity with others. Asexuality exists on a spectrum, and asexual people may experience no, little or conditional sexual attraction.

**Asian American:** The U.S. Census Bureau defines Asian as people having origins in any of the original peoples of Asia or the Indian subcontinent. It includes people who indicate their race or races as Asian, Indian, Chinese, Filipino, Korean, Japanese, Vietnamese or Other Asian.

**Belonging:** A sense of acceptance, inclusion and identity resulting in an employee feeling secure and supported at work.

**Bias:** An inclination or preference, especially one that interferes with impartial judgment.

## Appendix (continued)

**BIPOC (Black, Indigenous and People of Color):** This term recognizes the collective experiences of systemic racism and is meant to emphasize the hardships faced by Black and Indigenous people in the United States and Canada. It is also meant to acknowledge that not all People of Color face the same levels of injustice.

**Bisexual:** A person emotionally, romantically or sexually attracted to more than one sex, gender or gender identity though not necessarily simultaneously, in the same way or to the same degree. Sometimes used interchangeably with pansexual.

**Black:** A racialized classification of people that is usually a political and skin color-based category for people with dark skin and for people of African descent. However, not all people considered Black have dark skin. Contemporary scientists view the concept of a “Black race” as a social construct. Preferences for being referred to as Black or African American often vary. (Please also see African American.)

**Caucasian:** An obsolete racial classification of people who are white-skinned and primarily of European background, but also from Western Asia, South Asia, North Africa and the Horn of Africa. The term is based on a now-disproven theory of biological race.

**Cisgender:** A gender identity term used to describe people who identify as the gender/sex they were assigned at birth.

**Class:** Prioritizes one’s position in the economic hierarchy that is determined by wealth, income, education or access to education and geographic background.

**Code switching:** Adjusting one’s style of speech, appearance, behavior and expression in ways that optimize the comfort of others in exchange for fair treatment, quality service and opportunities. Research suggests that code-switching often occurs in spaces where negative stereotypes run counter to what are considered “appropriate” behaviors/norms for a certain environment.

**Cognitive diversity:** The wide variety of ways employees think and solve problems. The term recognizes the spectrum of styles by which individuals acquire knowledge. Embracing cognitive diversity results in appreciation and acceptance of employee differences in perceiving, reasoning and problem solving.

**Confidence gap:** The difference in confidence that often exists between men and women and impacts women’s ability to succeed or thrive in their careers.

# Appendix (continued)

**Covering:** A strategy through which individuals manage or downplay their differences. Covering can prevent an individual from bringing their authentic selves to work and hinder an organization from creating a true culture of inclusion.

**Cultural competence:** Understanding one’s own cultural identity and possessing the competency to work effectively across cultural difference.

**Culture fit:** Attributes that align with an organization’s mission, goals and values. Hiring for culture fit sometimes presents a challenge resulting from bias: hiring managers can conflate culture fit with “I like being with this person,” which can lead to too much homogeneity in an organization.

**DEI:** Acronym for diversity, equity and inclusion. (Please see DEIB, below).

**DEIB:** Acronym for Diversity, Equity, Inclusion and Belonging. Some organizations use the acronyms DEI, D&I or other variations.

**Disability:** A condition or function judged to be significantly restricted, in reference to the social systems that make it harder to function with a particular impairment rather than the impairment itself.

**Discrimination:** Unfair treatment and actions based on prejudice; can include violence, threats, slander and exclusion.

**Diversity:** Differences in race, ethnicity, national origin, religion, age, gender, class, disability status, size, sexual orientation, personality type, communication style, education and life experience, among many other aspects of identity that are present within, among and between people.

**Double bind:** Refers to gendered societal expectations. Women often face backlash or negative career consequences when they are unable to display both warmth and competence, while men do not.

**Employee Resource Groups (ERGs):** An affiliated subgroup of employees within an organization who share distinctive qualities, interests or goals.

**Equality:** Treating everyone the same way, often while assuming that everyone also starts out on equal footing or with the same opportunities. Contrasted with equity.

**Equity:** Ensures equal access to opportunity, often in the workplace. Recognizes that everyone does not start at the same place.



# Appendix (continued)

**Gaslighting:** Psychological manipulation that creates doubt in victims, particularly around sexist or racist aggression, making them question their own memory and sanity. This tactic is designed to invalidate someone's experience.

**Gay:** A person who is emotionally, romantically or sexually attracted to members of the same gender. Men, women and non-binary people may use this term to describe themselves.

**Gender binary:** A system in which gender is constructed into two strict categories of male or female. Gender identity is expected to align with the sex assigned at birth; gender expressions and roles fit traditional expectations.

**Gender expansive:** A person with a wider, more flexible range of gender identity and/or expression than typically associated with the binary gender system. Often used as an umbrella term when referring to people still exploring the possibilities of their gender expression and/or gender identity.

**Gender expression:** External appearance of one's gender identity, usually expressed through behavior, clothing, body characteristics or voice, and which may or may not conform to socially defined behaviors and characteristics typically associated with being either masculine or feminine.

**Gender fluid:** A person who does not identify with a single fixed gender or has a fluid or unfixed gender identity.

**Gender identity:** One's innermost concept of self as male, female, a blend of both or neither — how individuals perceive themselves and what they call themselves. One's gender identity can be the same or different from their sex assigned at birth.

**Gender non-conforming:** A broad term referring to people who do not behave in a way that conforms to the traditional expectations of their gender, or whose gender expression does not fit neatly into a category. While many also identify as transgender, not all gender non-conforming people do.

**Health disparities:** Preventable differences in the burden of disease, injury, violence or opportunities to achieve optimal health that are experienced by populations that have been disadvantaged by their social or economic status, geographic location and environment.

## Appendix (continued)

**Health equity:** The state in which everyone has a fair and just opportunity to attain their highest level of health. Achieving this requires ongoing societal efforts to: address historical and contemporary injustices, overcome economic, social and other obstacles to health and healthcare and eliminate preventable health disparities.

**Health at Every Size:** Principles (of the Association for Size Diversity and Health) that recognize the continuously evolving alternatives to a weight-centered approach to treatment. These principles promote health equity, support ending weight discrimination and improve access to quality healthcare regardless of size.<sup>cx</sup>

**Hispanic:** Describes people, descendants and cultures of Spanish-speaking countries, including many Latin American countries and Spain. The term is not synonymous with Latino/Latina/Latinx. See also Latinx.

**Imposter Syndrome:** A psychological phenomenon where people doubt their accomplishments and sometime fear being exposed as a “fraud.”

**Inclusion:** Broad concept that refers to the extent to which individuals from underrepresented groups feel valued and represented within all levels of an organization.

**Inclusive workplace:** A working atmosphere where all people – regardless of identity – feel a sense of belonging and are able to contribute fully and thrive.

**Indigenous:** Describes ethnic groups who are the earliest known inhabitants of an area (also known as First People), in contrast to groups that have settled, occupied or colonized the area more recently. In the United States, this can refer to groups traditionally termed Native Americans (American Indians), Alaska Natives and Native Hawaiians. In Canada, it can refer to the groups typically termed First Nations.

**Intersectionality:** Describes the unique ways race, gender, class, ethnicity, sexual orientation, age, ability, status and other social and demographic identities come together to inform peoples’ lived experiences.

**Latino/Latina:** A person of Latin American origin or descent, with gender indicated by the ending -o or -a. Latino as an adjective reflects the acceptance of the -o ending in Spanish to describe a group of people that includes men, or as a default when gender is not specified.

## Appendix (continued)

**Latinx:** A gender-neutral or nonbinary term to describe a person of Latin American origin or descent (gender-neutral version of Latino or Latina).

**Lesbian:** A woman who is emotionally, romantically or sexually attracted to other women. Women and non-binary people may use this term to describe themselves.

**LGBTQ+:** An acronym for “lesbian, gay, bisexual, transgender and queer” with a “+” sign to recognize the limitless sexual orientations and gender identities.

**Marginalized identities:** Groups and communities that experience discrimination and exclusion (social, political and economic) because of unequal power relationships across economic, political, social and cultural dimensions.

**Mental health:** Our emotional, psychological and social well-being. It affects how we think, feel and act as we cope with life. It also helps determine how we handle stress, relate to others and make choices.

**Microaffirmation:** A small gesture that indicates respect for co-workers on an everyday basis. When people receive microaffirmations in the office, they know they can trust their managers and coworkers. Examples include active listening, looking someone in the eye when speaking with them, acknowledging what someone has said or giving credit to others.

**Microaggression:** A subtle and normally unintentional slight – resulting from unconscious bias – that undervalues or demeans a person. Other commonly used terms are micro-inequity and micro-exclusion.

**Misogyny:** Hatred or entrenched prejudice against women.

**Mommy penalty:** A concept based on biased, stereotypical views of mothers, such as the notion that they’re less productive. The motherhood penalty affects wages, mothers’ ability to get hired, evaluations, promotions and more.

**Native American:** Can be used to refer broadly to the indigenous peoples of North and South America, but more commonly used as a general term for the indigenous peoples of the contiguous United States. Many Native American individuals prefer to identify themselves by their specific tribal affiliation(s).

## Appendix (continued)

**Non-binary:** An adjective describing a person who does not identify exclusively as a man or a woman. Non-binary people may identify as being both a man and a woman, somewhere in between or as falling completely outside these categories. While many also identify as transgender, not all non-binary people do. Non-binary can also be used as an umbrella term encompassing identities such as agender, bigender, genderqueer or gender-fluid.

**Pan-sexual:** Describes someone who has the potential for emotional, romantic or sexual attraction to people of any gender though not necessarily simultaneously, in the same way or to the same degree. Sometimes used interchangeably with bisexual.

**Performative allyship:** A self-serving form of allyship where the focus is on the ally obtaining recognition for being an advocate while doing minimal or inauthentic work.

**Privilege:** Power and advantage that benefits one individual or group, often based on the historical oppression of other identity groups.

**Pronouns:** Pronouns can be used as a way to promote inclusion and recognize that someone is non-binary or wants to support those who are non-binary. Examples of pronouns include She/Her/Hers, He/Him/His or They/Them/Theirs. Some individuals use other less common gender-neutral pronouns, such as Xe/Hir/Hirs, or use no pronouns at all.

**Queer:** A term people often use to express a spectrum of identities and orientations that are counter to the mainstream. Queer is often used as a catch-all to include many people, including those who do not identify as exclusively straight and/or people who have non-binary or gender-expansive identities. This term was previously used in a derogatory fashion, but it has been reclaimed by many parts of the LGBTQ+ movement.

**Questioning:** A term used to describe people who are in the process of exploring their sexual orientation or gender identity.

**Racism:** The marginalization and/or oppression of people of color based on a socially constructed racial hierarchy that privileges white people.

**Reasonable accommodation:** Any modification of or adjustment to a job, an employment practice or the work environment that makes it possible for a qualified individual with a disability to apply for, perform the essential functions of and enjoy equal benefits and privileges of employment.

# Appendix (continued)

**Sexism:** Bias or discrimination against an individual based on that person’s gender identity or gender expression.

**Sexual orientation:** An inherent or immutable enduring emotional, romantic or sexual attraction to other people. An individual’s sexual orientation is independent of their gender identity.

**Stereotype:** Blanket beliefs and expectations about members of certain groups that present an oversimplified opinion, prejudiced attitude or judgment. They go beyond necessary and useful generalizations in that they are typically negative, based on little information and highly generalized.

**Transgender:** An umbrella term for people whose gender identity and/or expression is different from cultural expectations based on the sex they were assigned at birth. Being transgender does not imply any specific sexual orientation. Therefore, transgender people may identify as straight, gay, lesbian, bisexual, etc. This is also referred to as “trans,” but referring to someone as “transgendered” is incorrect.

**Transitioning:** A series of processes that some transgender people may undergo to live more fully as their true gender. This typically includes social transition, such as changing name and pronouns, medical transition, which may include hormone therapy or gender affirming surgeries and legal transition, which may include changing legal name and sex on government identity documents. Transgender people may choose to undergo some, all or none of these processes.

**Unconscious bias:** Social stereotypes outside of a person’s conscious awareness; these influence decision-making and behavior in ways the person does not notice.

**Underrepresented groups:** A group of people whose members are often disadvantaged and subjected to unequal treatment by a dominant group.

**White fragility:** The defensiveness, awkwardness and anger that white people display when confronted with matters of race.

**White supremacy culture:** A form of racism centered upon the belief that white people are superior to those from different racial backgrounds. Includes the belief that white people should dominate others politically, economically and socially. While often associated with extreme white supremacist groups, it also describes historical and ongoing systemic oppression that perpetuates social, political and historical white dominance.<sup>cxii</sup>

# Endnotes

- <sup>i</sup> IMA® et al., 2022
- <sup>ii</sup> Telford, 2023
- <sup>iii</sup> “New Hires During the Pandemic,” 2021
- <sup>iv</sup> Nagourney & Peters, 2023
- <sup>i</sup> Telford, 2023
- <sup>vi</sup> Perna, 2023
- <sup>vii</sup> Bourke & Dillon, 2018
- <sup>viii</sup> Hayle, 2022
- <sup>ix</sup> Hewlett, Marshall, & Sherbin, 2013
- <sup>x</sup> The ROI on DEI, 2022
- <sup>xi</sup> Diversifying US Accounting Talent, 2021
- <sup>xii</sup> Does the Accounting Industry Have a Diversity Problem?, 2023
- <sup>xiii</sup> Kimble & Metoyer, 2022
- <sup>xiv</sup> Kimble & Metoyer, 2022
- <sup>xv</sup> Kimble & Metoyer, 2022
- <sup>xvi</sup> The ROI on DEI, 2022
- <sup>xvii</sup> Kimble & Metoyer, 2022
- <sup>xviii</sup> Brecheisen, 2023
- <sup>xix</sup> Chatterji & Toffel, 2018
- <sup>xx</sup> EY
- <sup>xxi</sup> Singleton, 2022
- <sup>xxii</sup> The ROI on DEI, 2022
- <sup>xxiii</sup> IMA® et al., 2022
- <sup>xxiv</sup> Singleton, 2022
- <sup>xxv</sup> IMA® et al., 2022
- <sup>xxvi</sup> IMA® et al., 2022
- <sup>xxvii</sup> IMA® et al., 2022
- <sup>xxviii</sup> On the Brink of Busy Season, 2023
- <sup>xxix</sup> Boomer, 2021
- <sup>xxx</sup> The ROI on DEI, 2022
- <sup>xxxi</sup> The ROI on DEI, 2022
- <sup>xxxii</sup> The ROI on DEI, 2022
- <sup>xxxiii</sup> The ROI on DEI, 2022
- <sup>xxxiv</sup> The ROI on DEI, 2022
- <sup>xxxv</sup> Ellingrud et al., 2021
- <sup>xxvi</sup> Doherty, 2022
- <sup>xxxvii</sup> Doherty, 2022
- <sup>xxxviii</sup> The ROI on DEI, 2022
- <sup>xxxix</sup> Ellingrud et al., 2021
- <sup>xl</sup> The ROI on DEI, 2022
- <sup>xli</sup> The ROI on DEI, 2022
- <sup>xlii</sup> Ellingrud et al., 2021
- <sup>xliii</sup> Ellingrud et al., 2021
- <sup>xliv</sup> Singleton, 2022
- <sup>xlv</sup> Global Parity Alliance, 2023
- <sup>xlvi</sup> The State of DEI, 2022
- <sup>xlvii</sup> Global Parity Alliance, 2023
- <sup>xlviii</sup> Carter & Johnson, 2022
- <sup>xlix</sup> Gassam Asare, 2023
- <sup>l</sup> The State of DEI, 2022
- <sup>li</sup> Richards, 2021
- <sup>lii</sup> Williams, Korn, & Boginsky, 2021
- <sup>liii</sup> Foster, 2020
- <sup>liv</sup> Samuel & Robertson, 2021
- <sup>lv</sup> PwC, n.d.
- <sup>lvi</sup> Field et al., 2023
- <sup>lvii</sup> Sull & Sull, 2023
- <sup>lviii</sup> Sull & Sull, 2023
- <sup>lix</sup> The ROI on DEI, 2022
- <sup>lx</sup> Sull & Sull, 2023
- <sup>lxi</sup> Katz, 2021
- <sup>lxii</sup> Perna, 2023
- <sup>lxiii</sup> Perna, 2023
- <sup>lxiv</sup> Perna, 2023
- <sup>lxv</sup> Perna, 2023
- <sup>lxvi</sup> Minogue, 2022
- <sup>lxvii</sup> Diversity and Inclusion, n.d.
- <sup>lxviii</sup> Irish Brown, 2017
- <sup>lxix</sup> Beheshti, 2019
- <sup>lxx</sup> Wronski, 2019
- <sup>lxxi</sup> Anand, 2022
- <sup>lxxii</sup> Randel et al., 2018
- <sup>lxxiii</sup> PwC, 2022
- <sup>lxxiv</sup> Shook & Sweet, 2020
- <sup>lxxv</sup> Shook & Sweet, 2020
- <sup>lxxvi</sup> Brecheisen, 2023
- <sup>lxxvii</sup> The ROI on DEI, 2022
- <sup>lxxviii</sup> Pew Research Center, 2017
- <sup>lxxix</sup> Potential Project, 2022
- <sup>lxxx</sup> Chatterji & Toffel, 2018
- <sup>lxxxii</sup> Chatterji & Toffel, 2018
- <sup>lxxxiii</sup> Singleton, 2022
- <sup>lxxxiv</sup> PwC, 2022
- <sup>lxxxv</sup> PwC, 2022
- <sup>lxxxvi</sup> Hinchliffe & Abrams, 2023
- <sup>lxxxvii</sup> Deloitte, 2021
- <sup>lxxxviii</sup> Bourke & Titus, 2020
- <sup>lxxxix</sup> Shook & Sweet, 2020
- <sup>lxxxix</sup> Zheng, 2022
- <sup>xc</sup> PwC, n.d.
- <sup>xcii</sup> Kimble & Metoyer, 2022
- <sup>xciii</sup> Bryant, 2023
- <sup>xciv</sup> Byrd, 2023
- <sup>xcv</sup> PwC, n.d.
- <sup>xcvi</sup> The ROI on DEI, 2022
- <sup>xcvii</sup> Google, n.d.
- <sup>xcviii</sup> Google, n.d.
- <sup>xcix</sup> Google, n.d.
- <sup>c</sup> Edmondson, 2022
- <sup>ci</sup> Ellingrud et al., 2021
- <sup>cii</sup> Knight, 2017
- <sup>ciii</sup> Cecchi-Dimeglio
- <sup>civ</sup> Woudstra, 2021
- <sup>cv</sup> Cordivano, 2019
- <sup>cvi</sup> Cordivano, 2019
- <sup>cvii</sup> Cordivano, 2019
- <sup>cviii</sup> Tysiac, 2021
- <sup>cix</sup> PwC, n.d.
- <sup>cx</sup> Association for Size Diversity and Health
- <sup>cxii</sup> NEA Center for Social Justice, 2020

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