

An Examination of Diversity, Equity, Inclusion, and Belonging (DEIB) Initiatives in Large U.S. Public Accounting Firms to Recruit and Retain Women and Minorities in the Workplace

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Public accounting firms are currently facing lower recruitment and retention rates, but the use of effective and authentic diversity, equity, inclusion, and belonging initiatives can better the workplace environment. Through different DEIB initiatives, like mentorship programs, anti-bias training, employee resource groups, inclusive leadership, and pay equity, women and minorities can feel represented and comfortable in the workplace. From analyzing Big Four DEI Transparency Reports, a relationship is shown between effective DEIB initiatives and recruitment and retention within the firms. Furthermore, these DEIB initiatives are important aspects of a firm's business strategy to be able to compete with one another.

Keywords: diversity, equity, inclusion, belonging, public accounting firms, recruitment, retention, women, minorities

THE NEED FOR IMPROVEMENT IN DEI IN PUBLIC ACCOUNTING FIRMS

Even with all of the change and development in the U.S. over the past couple of decades, women and minorities are still facing prejudice in the workplace. The corporate world evolved during the COVID-19 pandemic, which changed the way many companies conduct their business, but it also revealed that there is still a large gap in pay and rank equity among men and women (Daniels, 2021). These differences show that men and women are still not treated equally in the workplace.

From the unequal treatment between men and women, women struggle to feel comfortable with their place of work. Women in the workplace have higher turnover rates due to experiencing more advancement and time-demand stress, compared to men who experience only advancement stress (Nouri, 2017). Advancement stress is the anxiety or concern one can feel when looking at the reality of their career compared to the level they have reached at the organization and time-demand stress relates to the concerns and anxiety that come with working overtime (Carlson & Rotondo, 2001, Nouri, 2017). Women, because

of the unequal treatment they receive, often cannot handle the additional stress that is thrown at them, resulting in changing firms or careers.

Like women, minorities also experience higher turnover rates, and also constantly face microaggressions at work and in everyday life (Wilton et al., 2020). Microaggressions are subtle insults, remarked out of hostility, directed toward minorities (Lilienfeld, 2017). On top of feeling the stress from a highly demanding job, minorities also have to experience subtle digs about their race, ethnicity, and sexual identity at work.

Diversity, equity, inclusion, and belonging initiatives are how companies are beginning to combat these problems. Many companies are going above and beyond with their DEIB initiatives to improve their recruitment and retention rates. However, many companies are doing the bare minimum. Individuals can move to other companies that are taking steps in the right direction to make a more inviting and safe work environment.

LITERATURE REVIEW

Diversity, Equity, Inclusion and Belonging Initiatives

Diversity, equity, inclusion, and belonging initiatives are a primitive way to add value to a company. Diversity within a firm alone can bring value by adding differing perspectives, increasing innovation, balancing out huge decisions, and increasing the quality of services offered (Condie et al., 2023). The more comfortable and safer an employee feels at work, the greater their productivity and feelings toward the company itself.

While DEIB initiatives are an important part of building a strong workplace culture, they can also at times be one-dimensional. Many large accounting firms will have recruitment websites that will display their company as inclusive and diverse through the use of photographs. However, often these photographs are not representative of the firm. In a study that analyzes hundreds of photos from various large public accounting firms, the study found that while women and men are represented about 50% each, there is not much representation for various weights, disabilities, and religions (Bujaki et al., 2021). For a firm to claim they are diverse and inclusive, there must also be representation and opportunities for people that represent other aspects of diversity, not just gender and race.

While a variety of people of different genders and races can be represented in recruitment photographs, equity is not always displayed. Many of these photos suggest a hierarchy in the workplace that emphasizes White men followed by White (single) women and non-White individuals (Bujaki et al., 2021). White men in the photos were often presented as more powerful, and other minorities were presented as outsiders (Bujaki et al., 2021). Refined DEIB initiatives look at each aspect of how it can be portrayed, in both positive and negative lights, and understand that representation matters.

Concerns about fitting in, authenticity, and performance were present when there was diversity dishonesty (Wilton et al., 2020). Individuals looking to get recruited to one of these large firms can look at these photographs and can be turned off by the firm if they do not see a representation of people who look like them. Moreover, if the individual does not recognize the untruthful diversity and continues to work at the firm, the dishonesty will become clear when they do not see the representation. Telling individuals that the company is diverse is different than showing that the company is.

For these recruitment strategies to work, the DEIB initiatives need to be executed in an authentic way, not superficial. The use of DEI strategies can sometimes be misleading for those who cannot recognize the cursory diversity that is often using racial capitalism and tokenism on the surface level (Huang, 2023). Being able to recognize the cosmetic DEIB strategies is crucial in ensuring that a firm is truly using authentic initiatives. Ways to fully lean into authentic diversity are done by incorporating initiatives like mentorship programs, anti-bias training, employee resource groups, inclusive leadership, and pay equity.

Mentorship Programs

Mentoring is a large aspect of women's and minorities' advancement within a firm. In 2018, within the large public accounting firms, between 77% and 90% of professionals have a mentor (Single et al., 2018).

Protégés develop their career by learning the ins and outs from their mentors. Mentorship leads to building more interpersonal relationships and creating a stronger culture for the firm.

Mentors motivate protégés to make good decisions and perform at their best by acting as professional coaches (Guthrie & Jones, 2017). Having a mentor is beneficial in multiple aspects, including career development, psychosocial support, and role modeling (Single et al., 2018). Psychosocial support includes five dimensions: acceptance, social, counseling, playing a parental role, and friendship (Single et al., 2018). Each aspect assists in building not only a strong connection with their mentor but the company as a whole. Humans want to build relationships and by having a mentor that they can go to and learn from aids in building a sense of belonging.

The role of a mentor also promotes knowledge sharing. Information is not automatically shared organization-wide because details are not distributed evenly throughout the company (Curtis & Taylor, 2018). Knowledge sharing is the deliberate act of transferring information from one party to another (Curtis & Taylor, 2018). Accounting firms depend on the quality of the services they provide; therefore, one of the individual competitive advantages an accounting firm can have is insight (Curtis & Taylor, 2018). In public accounting, the company's main asset is its ability and expertise, if the client knew how to do the job there would be no need for accountants. Having mentorship roles, enhances the education shared from older generations to younger ones, helping eliminate the expertise and intelligence going with the older generations when they retire.

Informal vs. Formal Mentors

While mentorship is found to be beneficial for professional advancement at a firm, different outcomes depend on the type of relationship, whether informal or formal. The main difference between informal and formal mentorship is the commitment (Single et al., 2018). Informal mentor relationships rely on the commitment of the individual and generally result in a more authentic relationship. Whereas, formal mentor relationships represent more of a commitment from the company, rather than the employee, usually resulting in short-lived relationships (Single et al., 2018). Formal mentorship creates more of a contractual relationship, feeling more forced rather than authentic.

In a study conducted by Guthrie and Jones (2017), where public accounting professionals were surveyed on various aspects of work attitudes and behaviors and how mentorship affected them, women scored significantly higher in relationships for social support in informal relationships compared to formal relationships, with a mean of 5.079 for informal compared to 4.143 for formal. Women are very empathetic people and often value relationships with a genuine connection more than men. Therefore, they can benefit more from a mentor they can choose, rather than a formal one, by being able to build a genuine relationship with someone they have something in common with or get along with well.

Gender Pairings

Another important aspect is to examine how mentorship programs relate to men compared to women to implement efficient DEIB initiatives. Women will often benefit more from being paired with other women as formal mentors (Guthrie & Jones, 2017). Due to communication differences between men and women, women often benefit the most from having another woman as a mentor, especially when they cannot choose one.

Additionally, as a consequence of historical gender inequalities, women often have a perceived inferiority to men (Merchant, 2012). Men often, especially in workplace settings, do not place as much importance on empathy as women do. In informal mentorship, if a woman were to choose a male mentor, they would most likely be someone they feel comfortable with, making the mentorship still a beneficial relationship. However, because of the communication differences between men and women, relationship origin is not as important for men as women (Guthrie & Jones, 2017).

Understanding how mentorship relationships work for differing people is key to creating an effective program. Recognizing how different backgrounds affect mentorship relationships is vital when deciding on how to accomplish the best mentorship program for an individual firm. Not every person is the same, so a

firm must consider the differences in an individual's background to create strong relationships that will not only strengthen an individual's feeling of belonging but also the company's culture.

Anti-Bias Training

One of the most effective pieces of training a firm can execute is anti-bias training. Bias is the difference in how someone is viewed based on gender, skin color, ethnicity, or other group features (Carter et al., 2020). No matter their background, everyone is raised with biased opinions and beliefs. Anti-bias trainings are meant to increase awareness of and concern about bias and further provide support and strategies to encourage change in their beliefs (Carter et al., 2020). For someone to change their beliefs, they first need to be aware of the bias behind them.

Anti-bias training is valuable for a firm in both social and economic aspects. Bias towards employees affects the company through a domino effect. Employees receiving bias towards them can cause them mental and physical harm which in turn can affect performance and engagement (Carter et al., 2020). For many individuals, it can be difficult to leave work at work and home at home. Therefore, for an employee to work as efficiently as possible, they first must be healthy and comfortable mentally.

Immediate gains from training can be measured through individual intelligence, awareness, and attitudes, however, to increase long-term gains their wisdom needs to be paired with skills and actual behavioral change (Wang et al., 2023). For anti-bias training to be effective, attitudes must change. For an individual to know how they should act is different than making changes in the way they act. With trying to change a person's behaviors, comes many challenges.

Challenges With Anti-Bias Training

In trying to execute effective anti-bias training, many challenges present as well. One challenge is creating realistic expectations for what the training can accomplish (Carter et al., 2020). Often on account of budget, companies will offer just one training, however, using just one anti-bias training is not a realistic solution for solving DEI problems in a company. To further this point, think about studying, if a student wants to remember the information past the exam, they will study the same information until the material is drilled into their memory. Like with changing biases, it must be practiced multiple times before it becomes routine. There must also be other DEI initiatives put in place along with the training.

In the same aspect as being realistic with what can be accomplished, selecting realistic targets can be a difficult challenge. The important part of goals is to match them to the desired outcomes for individuals and the firm, while also focusing on increasing awareness of bias and changing behavior (Carter et al., 2020). In any sense not just in the aspect of anti-bias training, to meet objectives they must be realistic. Having unrealistic plans is the easiest way to lose engagement and interest.

In situations where anti-bias is discussed, discomfort will also be present. To learn how to communicate through the differences, leaning into the discomfort is important (Carter et al., 2020). People, without discomfort, cannot grow. For example, when working out in the gym, pushing your limits to an uncomfortable level is important, increasing weights, to build muscle. Without the feeling of discomfort and struggle, they will remain stagnant. The brain is a muscle and without pushing it out of its comfort zone it will not expand. Like weightlifting, anti-bias training needs to be addressed one step at a time.

With discomfort can often come a defensive reaction to criticism, therefore, a crucial part of anti-bias training is teaching participants how to take responsibility and apologize (Kim & Roberson, 2022). Every apology needs to have certain components, depending on how the victim defines themselves, independent or interdependent with others. For those who are independent, the most important component is offering to fix the situation, whereas, for interdependent individuals acknowledging wrongdoing or expressing empathy is the most important aspect (Kim & Roberson, 2022). As a part of the training, participants should also be taught these components of an apology to be able to make right from a bad situation and understand that a simple apology is not always going to be enough.

To give an effective apology there are a few core components. The three main elements of an apology include expressing remorse, accepting responsibility, and attempting to fix the damaged relationship (Kim & Roberson, 2022). By including each of these points in an apology, the individual apologizing can present

a well-thought-out and caring action. These pieces should, if the effort was put in, support the victim to be able to forgive and forget.

To effectively make change, good intentions alone will not cut it. For a company to not waste time and money, training must be done in a way that is effective and meaningful to shape an individual's unconscious biases truly. A company that is serious about tackling bias in the workplace has many initiatives aimed at increasing the awareness of bias (Gewin, 2019). This can be done by being thoughtful with the planning of the training, creating realistic goals and expectations, and embracing the discomfort. Companies can benefit from hiring personnel who are experts in anti-bias training to effectively and efficiently combat the discriminatory biases that many learn through life.

To achieve targeted results through anti-bias training, it would be beneficial to follow the S.M.A.R.T. Framework. S.M.A.R.T. stands for specific, measurable, achievable, realistic/relevant, and timely (Doran, 1981). By creating targets that meet each of these benchmarks, firms can create plans that clearly state what they want to achieve. Not only is the S.M.A.R.T. Framework a guide that can be used when developing anti-bias training but also in developing constructive DEIB initiatives.

Employee Resource Groups

Employee resource groups are a proficient way to get employees involved in the company's DEIB efforts. People, by nature, are very social creatures, that tend to create groups with others like them (Welbourne et al., 2017). All kinds of clubs and teams are created by people having common interests. Even formal groups are created for those who are looking for change or support, like unions. Employee resource groups are formally supported by the organization, employee-led, and voluntary groups that are formed from common identities, interests, or backgrounds, with the purpose of building a more inclusive workplace (Gartner, 2024). The group's focus is on creating a diverse and inclusive environment that aligns with the company's mission and values.

The structure of employee resource groups is also very unique compared to other structures within the workplace. The groups will often create the same status for all members alleviating the use of a hierarchy, and in turn create an environment where members do not fear speaking up in meetings thinking there could be repercussions from individuals with more power (Welbourne et al., 2017). In addition to being around people they can identify with, there is no power hierarchy, making a safe environment for employees to share struggles, accomplishments, and opinions.

Employee resource groups serve way for innovation in businesses and organizational and societal change (Welbourne et al., 2017). In comfortable environments, people are more likely to share ideas and suggestions that otherwise could have gone unsaid. Employee resource groups make it easier to have these conversations that spark new ideas or develop a plan for change. The individuals who are part of these groups are passionate about their identity and want to be a part of the mission for a difference. As a result of these groups, the work put in to create change is not just on the company but instead is a group effort.

Employee resource groups promote stronger organization retention and recruitment rates. These groups boost a better sense of psychological safety for individuals who are members of employee resource groups (Nayani, 2023). The first reason is attributed to employees surrounding themselves with others with whom they can relate and be open. These groups open doors for those who do not necessarily identify with the group but who want to be part of the cause and encourage change. Creating a safe and inviting space to share past experiences and work toward a common purpose leads to open communication and networking.

Networking is an efficient way for employees to connect in the workplace and as a result increases retention and recruitment at a firm. Through talking to other employees and people in the field, individuals can find more job and business opportunities, increase their intelligence, improve their quality of work, and improve job satisfaction (Harvard Business Review, 2016). Interacting with other colleagues opens conversations between employees, leading to building relationships and shared experiences that can create a lasting impact on an individual. Often, many individuals will stick with a job and company on behalf of the people they get to surround themselves with every day.

Inclusive Leadership

Leadership that is representative of different minorities is another important aspect of a firm's DEIB strategy and takes a large part in recruiting and retaining individuals. A study that collected data from women and minority LinkedIn users looked into reasons why individuals left a public accounting firm. The study found that there is a greater likelihood of professionals staying with a firm if there is more same-group representation (Ahn et al., 2023). In the study, they found that Asian, Black, and Hispanic auditors have a higher hazard of departure of 19.2%, 22.0%, and 27.5%, which suggests a variance in retention outcomes compared to White auditors (Ahn et al., 2023). Similarly, when another firm has same-group representation an individual is more likely to join that firm (Ahn et al., 2023). People crave a sense of belonging and being surrounded by people they can identify with supports this feeling. Especially when the same-group representation is at leadership levels, individuals can see that they have the ability to develop at that firm.

A study that used semistructured interviews to examine the relationship between diversity among audit partners and retention and audit quality, found that gender and ethnically diverse audit partners influenced higher retention rates, higher recruitment of diverse individuals, more client continuity, and also higher efficiency (Condie et al., 2023). According to Condie's (2023) research including an audit partner with a different gender and ethnicity was associated with a 32.6% decrease in the office-level misstatement rate. Each of these benefits provides a public accounting firm with economic value that firms have just started to realize. While many firms are working towards increasing their diversity among partners, a large change still needs to be made. In the U.S. Big Four firms, as of 2021 year-end, between 80-82% of partners are White and between 64-73% are male (Deloitte, 2022; EY, 2022; KPMG, 2022; PwC, 2022). The percentage of partners that are White, especially, is not representative of the firms' populations.

Many times, the communication differences will affect large promotions as well. In situations where promotions are being offered, women will often say they need to think about the decision before answering to learn more about the position and determine if taking on more is right for them; however, men will jump at the offer right away (Accounting & Financial Women's Alliance, 2019). Women are penalized for making sure they are capable of taking on a new role and a company should look positively towards people who do take the time to think decisions like this through. Thinking through large decisions shows characteristics that employers should want in leadership, like thoughtfulness, critical thinking skills, and emotional intelligence.

This aspect of DEIB often affects other areas as well. For example, Black public accountants often struggle more to find a mentor and gain support, leading to higher turnover rates (Ahn et al., 2023). Being able to connect with someone from a different background can be difficult. When raised in a privileged environment, it can be difficult to fully step into another's shoes and understand their struggles. This is not to say privileged individuals do not try to understand, but there often is a disconnect in understanding another's struggles. If a company increases the diversity of leadership, diverse lower-level employees will be able to find a mentor who can more easily understand their struggles and help them flourish professionally through the mentor's own experiences.

Pay Equity

Even with the increase in equity over the past years, men still have the upper hand in terms of pay and rank (Daniels, 2021). In 2009, President Obama signed the Lilly Ledbetter Fair Pay Act into law, creating a decrease in the gender pay gap, however, women of color are still struggling to keep up (Reese, 2019). Yet, Reese's (2019) research did find that Asian women do significantly better and often make more than men in the public sector, with Asian women making a median salary of \$54,217 compared to White males' salary of \$51,519. Not just in the accounting profession but in the U.S. as a whole, for every dollar a White man makes, Black men make \$0.88, and Black women make \$0.76, and when the data is controlled for similar education, experience, and geographic location, Black men make \$0.98 and Black women make \$0.97 for every dollar (Tucker, 2021). Over time, this will cost Black individuals hundreds of thousands of dollars for working in a position that requires the same amount of education and experience.

In a survey, it was found that women who work in accounting and finance feel unfairly compensated (Zara, 2023). In the U.S. and Europe, professionals were surveyed from small and mid-sized firms and found men make 13% more than women (Zara, 2023). While this data does not represent large public accounting firms, these firms should still recognize the difficulties women and minorities face in the workplace to provide a more equitable work environment. To fully move into an equitable and inclusive workplace in public accounting, factors like pay must be representative of the rank and performance of an individual, not race or ethnicity.

EVALUATION OF BIG FOUR DEIB

Over the years, large public accounting firms have made bigger efforts to recruit more diverse individuals, highlight their commitment to DEI, and measure and report their progress in yearly DEI transparency reports. Firms can say they value their employees and the employees' sense of belonging at their firm, however, steps towards action and change need to be made for employees to feel like they matter truly. Releasing transparency reports holds the firms accountable for their actions. A company can say they care and are trying to improve, but if their reports stagnate and do not change employees can be aware of the facts.

These annual reports use written narratives to showcase the company's philosophy in how it forms the present and the future and also discuss strengths for the benefit of shareholders and the public (Walwema & Bay, 2023). Diversity, equity, inclusion, and belonging reports offer a lot of information, like where the firm is at with their goals, reflection of the population, lists of employee resource groups, mentorship programs, and more. Each topic is an integral part of forming an efficient DEIB program. In diversity, equity, inclusion, and belonging transparency reports, firms often emphasize their intentions and the reflection of their population.

Big Four Firms' Goals

Through many of these DEIB initiatives, many firms have met or are close to meeting their DEIB objective. Most companies have multiple plans all working towards creating a strong culture. Goals can range from numerous ideas from increasing diversity within the firm to community diversity plans. With the platform the Big Four accounting firms have, they pride in being able to give back to the community. However, some companies will share more specific desires than others. While some reports may have more detail than others, just having diversity, equity, and inclusion reports indicates that companies have taken a stand for DEI (Walwema & Bay, 2023).

Deloitte Goals

Deloitte is one of the Big Four firms that share very specific intentions regarding DEI. In Deloitte's 2022 Diversity, Equity, and Inclusion Transparency Report, they reported 13 targets, showing development in each one. Their first aim is to increase by 50% by 2025 the number of Hispanic/Latinx and Black professionals in the U.S. workforce (Deloitte, 2022). Since 2020, they have had a 43.8% increase, almost meeting their intent. Similarly, their second objective goes hand in hand with their first, wanting to increase the overall diversity in their U.S. offices to 48% by 2025 (Deloitte, 2022). With their efforts, they were able to have a 46.8% representation of varying racial and ethnic personnel in their U.S. workforce (Deloitte, 2022). Through the presentation of their targets and their current status, anyone can see that they are moving in the right direction and committed to making a diverse workplace.

The third point Deloitte wants to achieve is to have a female representation of 45% in their U.S. workforce by 2025 and through their effort, they currently have a 44.1% representation (Deloitte, 2022). Other than the desires they have already accomplished, these results are closest to the desired result. This point shows that Deloitte understands that their company should be representative of the population as a whole and women are a valuable asset to the firm.

By creating a more diverse work environment, individuals are more easily able to be a part of an organization that has same-group representation. By creating an environment with diverse representation,

firms can increase retention and recruitment through a sense of belonging (Ahn et al., 2023). Firms, like Deloitte, working towards creating a more diverse workplace to increase their employees' sense of belonging.

Their next two aspirations relate to the partners/principles and managing directors (PPMD) and wanting to create more diversity within their leadership. By 2025, they want to have a 25% increase in racially and ethnically diverse U.S. PPMDs and also have a 25% increase in female PPMDs (Deloitte, 2022). Since 2020, they have had a 23% increase in racial and ethnic individuals and a 9.3% increase in female PPMDs (Deloitte, 2022). While they have been doing an accomplished job in increasing the diversity in their PPMD representation, the representation of female PPMDs is still far from their end. However, these objectives show that Deloitte is committed to the DEI initiative, inclusive leadership, and wants to make their employees feel like they have a chance to thrive at the company and not like they can only climb so high before their identity shuts them down.

By working towards creating a more inclusive representation of leadership, Deloitte can benefit both socially and economically. Inclusive leadership influences higher retention and recruitment rates, efficiency, and client continuity (Condie et al., 2023). Through creating a more representative leadership, both employees and clients can see Deloitte as a more inclusive and inviting place to work and work with.

Their sixth intention addresses their commitment to wanting Black, nonbinary, Hispanic/Latinx, and LGBTQIA+ individuals to be authentic in the workplace by addressing talent disparities (Deloitte, 2022). When asked the question if they feel they can bring their authentic self to work, 83% expressed that they can, a 5% increase from 2020 (Deloitte, 2022). Not only are professionals being able to be their authentic selves in the workplace great for the social aspect of the company, but also economically. If employees feel like they can be their authentic selves, their productivity will increase as a result of not having to emotionally drain themselves trying to hide.

Another plan Deloitte prides itself on is wanting to have its personnel understand anti-racism concepts and through DEI education create allyship (Deloitte, 2022). In an act of working towards completing this aim, 95% of employees completed Deloitte's anti-racism training in 2022 (Deloitte, 2022). This aspiration demonstrates the use of the DEIB strategy of anti-bias training. If Deloitte only wanted to reach the target of a more diverse workforce it would not be the most effective without including anti-racism training. The two work together to build a diverse community with a welcoming and comfortable environment.

However, Deloitte does not describe how they conduct their anti-racism training. The report does not state how often training must be completed and to have effective training, they must be longitudinal so concepts and skills can be built up over time (Wang, et al., 2023). Without the supplemental information, it cannot be determined how effective the training is, but by Deloitte pairing the training with other DEI efforts, the training will be more beneficial than without (Gewin, 2019).

Deloitte's plans even go outside of their workplace and to the surrounding communities. By 2025, Deloitte wants to increase the amount spent on diverse suppliers to one billion dollars and increase spend to 200 million dollars for Black-owned and Black-led businesses (Deloitte, 2022). As of June 2022, they outdid their target by spending a total of 1.05 billion dollars on diverse suppliers, reaching their aim three years early (Deloitte, 2022). As for their commitment to spend more on Black-owned and Black-led businesses, they so far have spent 65 million dollars (Deloitte, 2022). These types of missions build a firm's culture even more. People are even more likely to get involved when it serves the community surrounding them.

Recently, companies have been using corporate community involvement (CCI) as a competitive advantage. CCI includes practices like employee volunteering, partnerships, and social investments (Muthuri, 2008). While often CCI can have self-interest motives, many use these to provide social infrastructure for their employees and their families (Muthuri, 2008). Initiatives, like Deloitte's, support building a caring culture for a company. Individuals can see that Deloitte has to spend money no matter what, but making it a purpose to spend on Black-led business shows they are aware of the struggles these companies face.

Deloitte wants their clients to get involved in their DEI initiatives as well, and have had a total of 75 million dollars in investment towards their Making Accounting Diverse and Equitable (MADE) initiative

(Deloitte, 2022). By getting clients involved as well, they can commit to clients that have shared values. Employees might find their long busy seasons, a little more bearable by being able to work for clients who value the same ideals they do.

Deloitte is proudly in support of Civic Alliance and Time to Vote and also launched a Get Out the Vote campaign to back institutional and systematic change (Deloitte, 2022). Like many of their other intents also display, they want to change our communities for the better. A company that wants to be a part of the change is a company people want to be a part of. Individuals can work for a company that they know in a way is giving back to them through the community.

An additional target Deloitte would like to make by 2030 is to be able to reach 10 million individuals using WorldClass through education and workforce initiatives (Deloitte, 2022). So far, they have reached 6.1 million individuals, over half of their target (Deloitte, 2022). Deloitte's commitment to supporting individuals around the world through education and workforce initiatives shows that they have a devotion to supporting people other than the people who work for them.

The last two desires show the work of employee resource groups. These groups want to make organizational and societal changes (Welbourne et al., 2017). With Deloitte's DEI plans expanding further than the company, it shows that Deloitte's DEI efforts are not superficial but they actually want to see a change in the world.

The final DEI objective Deloitte has is to support the needs of its workforce through expanding and evolving mental health programs and resources (Deloitte, 2022). As a result, they launched Integrated Mental Health Services to be able to bring relevant psychological health solutions to their employees (Deloitte, 2022). With there being a stigma around mental health for so long, when companies incorporate programs like this they can promote improvement for their employees mentally.

DEI reports can often be used by companies to better the public interest of a company's DEI initiatives (Walwema & Bay, 2023). For Deloitte, by showing the specific intentions and progress, they can give a more authentic representation of what the company cares about. Through these missions, current and future employees can see that this is a firm that cares for their people. In actively striving for a more diverse and inclusive workplace, Deloitte can use this as a tool to recruit and retain professionals who have empathy for those around them.

EY Goals

While EY is not as specific with its DEI targets as Deloitte, they do have a broad purpose of wanting to achieve gender, racial, and ethnic equality at the leadership level (EY, 2023). In support of their plans, the EY U.S. Executive Committee (USEC) is made up of 33% women and within their partner, principal, managing director, and director (PPMDD) roles, there was an increase of 1% for women within the year (EY, 2023). While there is women representation at the leadership level, EY still has a lot of progress to be made to catch up to competitors and be representative of the population.

EY saw an increase in representation for racially and ethnically diverse (R&ED) leaders within their different executive committees, like the USEC and Inclusiveness Advisory Council (IAC) (EY, 2023). While they also had an increase in R&ED PPMDD professionals, there was a decrease of 1% in their Global Client Service Partner (GCSP) positions (EY, 2023). There is a lot of improvement EY can make to have a more inclusive workplace. When looking at EY from a recruiting and retention standpoint, individuals can look at these numbers and compare them to competitors in the field and decide to go somewhere else. These statistics can be interpreted as there is no room to advance for diverse individuals.

Inclusive leadership is a large way firms can increase their recruitment and retention rates (Ahn et al., 2023). Inclusive positions of power improve retention by allowing professionals to envision success in the firm (Condie et al., 2023). For an individual to visualize their personal advancement at a company, they need to believe that there is a place for them at the top. Without leadership that represents them, they will start to believe there is no place for them at the company.

KPMG Goals

Like EY, KPMG does not go into much detail about their DEI aspirations, but rather they give very broad aims. KPMG's Chief Diversity, Equity, and Inclusion Officer, Elena Richards, described KPMG's purpose as wanting every employee at the firm to feel included, fulfilled, and optimistic about their career at KPMG no matter their race, ethnicity, gender, age, sexual identity, national origin, citizen status, military status, or ability (KPMG, 2022). To measure their mission, in 2022, they set into motion their first Diversity, Equity, and Inclusion Progress Survey, which found that since 2020 71% of employees who responded have taken DEI-related action, however only 12% made significant changes to their companies' DEI profiles (KPMG, 2022). While the survey found other positives about their DEI initiatives, KPMG still has room to improve regarding their DEI targets. In the same sense as anti-bias training, not having very specific intentions can make people feel as though the aim is too lofty resulting in a loss of interest (Carter et al., 2020). To make progress there needs to be something that can be measured.

PwC Goals

Unlike EY and KPMG, PwC had specific long-term and short-term DEI missions. Their long-term aspirations included building a workplace that better represented higher education enrollment, which is 56.5% women, 20.9% Hispanic/Latinx, and 14.7% Black, increase Black and Hispanic/Latinx representation among experienced hires, first-year hires, and interns, and also have partnership be representative of 50% women and 35% racially/ethnically diverse (PwC, 2022). Having an employee base that is representative of the population is important and one of PwC's desires.

Their short-term aims, for 2026, further build toward their long-term mission. PwC's short-term points include increasing their Black and Hispanic/Latinx population by 50%, a 50% increase in both women partners and racially/ethnically diverse partners, and allocating 40% of reportable spending to certified diverse suppliers (PwC, 2022). Like Deloitte, PwC not only wants to build a more inclusive and diverse workplace environment, but they also want to be part of the change in the community.

There is a greater likelihood of professionals staying at a firm when there is higher same-group representation at both the peer and leadership levels (Ahn et al., 2023). As a result of PwC working towards creating a more inclusive workforce, they are making an environment where individuals can see more same-group representation. Not only should this boost PwC's recruitment and retention rates, but also create a more open and comfortable environment.

Big Four Firms' Population

With a mission to become a diverse and inclusive workplace, many firms hold themselves accountable by releasing statistics based on the diversity of their population. Of the four firms, however, KPMG is the only firm to not release their population percentages in their diversity, equity, and inclusion transparency report. Yet, KPMG did offer few statistics on part of their population; women make up 23% of partners and 29% of managing directors, the board of directors is 33% women, 17% people of color, 50% underrepresented talent (members of LGBTQ+ community, veterans, people with disabilities, and more), and the management committee is 45% women, 27% people of color, and 55% underrepresented talent (KPMG, 2022). While KPMG does have some diverse representation, the proportions are relatively small. For KPMG to become a diverse and inclusive firm, the representation of the firm will need to shift.

As for the other three Big Four accounting firms, Deloitte, EY, and PwC, they each present data on who their workforce is comprised of. For each of the firms, in 2022, the largest percentage of employees are White, with Deloitte at 52.6%, PwC at 57%, and EY at 54% (Deloitte, 2022; PwC, 2022; EY, 2023). PwC's percentage of White employees is slightly higher than the other two, but they are all very close. The next largest representative group at each firm was Asian, with Deloitte at 27.1%, PwC at 21%, and EY at 24% (Deloitte, 2022; PwC, 2022; EY, 2023). Again, each of the firms is very similar in the representative group sizes, but where they begin to differ slightly are with the last two significant racial groups. For Deloitte and EY their next largest represented group was the Black or African American population, with Deloitte at 8.6%, PwC at 7%, and EY at 7% (Deloitte, 2022; PwC, 2022; EY, 2023). The last significant

representative group is Hispanic/Latinx, with Deloitte at 7.4%, PwC at 8%, and EY at 5% (Deloitte, 2022; PwC, 2022; EY, 2023).

Like with the representation above, each of the three Big Four firms is very similar with gender representation, with Deloitte at 44.1% women, PwC at 51%, and EY at 47% (Deloitte, 2022; PwC, 2022; EY, 2023). By each of these firms' representation being so similar and not being a true outlier, shows that this is not a determining factor in choosing to work at any of these firms.

When a firm is more diverse, individuals can have better psychosocial support (Single et al., 2018). Employees can find more acceptance, through individuals and mentors who can relate to them. Individuals want to work in an environment where they can be themselves and be supported.

Big Four Firms' Retention

From each of the Big Four public accounting firms' diversity, equity, and inclusion transparency reports, only PwC and EY offer specific statistics on their voluntary turnover rates. EY experienced relatively similar turnover rates between different races and ethnicities, with the highest being among Hispanic/Latinx, Hawaiian/American Indian, or having two or more races/ethnicities at 19%, then Asian at 18%, Black at 17%, and White at 15% (EY 2023). Additionally, the voluntary turnover rates between men and women are also very similar with women at 14% and men at 16% (EY, 2023). In general, a company would like to see voluntary turnover rates lower, but when looking at how effective EY's DEIB initiatives are with the percentages being so similar, the results are a sign that their efforts are paying off.

In comparison to EY, PwC was very similar in their voluntary turnover rates. In 2022, voluntary turnover was 1.2% higher for racially/ethnically diverse talent and women's voluntary turnover rates were 1.4% lower than the men's (PwC, 2022). Like EY, these percentages represent effective DEIB efforts to retain women and minorities at large public accounting firms. If ineffective, the retention rates would be much more skewed, creating higher rates for women and minorities.

The retention rate results further prove that DEIB initiatives can be effective from both a company and individual standpoint. By increasing job enrichment and diverse mentors, firms can help mitigate voluntary turnover (Nouri, 2017). If firms can continue to work towards their DEIB objectives, individuals can gain more control over their work and feel a sense of pride and belonging in their jobs. To retain a workforce, companies need to treat their employees as humans, by creating a comfortable and safe environment.

CONCLUSION

If done authentically, public accounting firms can use DEIB initiatives to help retain and recruit professionals. DEIB initiatives come in varying ways and affect each aspect of the business. Improving diversity, equity, inclusion, and belonging in a firm can be done through initiatives such as mentorship programs, anti-bias training, employee resource groups, inclusive leadership, and pay equity. These types of initiatives support individuals by giving them someone they can talk to for advice, giving them a place to go to help bring change to what they are passionate about, and a sense of drive from knowing that it's possible for someone who can identify with grew within the company.

DEIB efforts a shown to be effective through the examination of Big Four public accounting firms' Diversity, Equity, and Inclusion Transparency Reports. By comparing the DEIB goals and progress that each firm makes to population representation and retention rates. These reports show that through authentic DEIB initiatives, large public accounting firms can grow in both social and economic aspects.

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