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P E L A V I N



# MEMBERS' SALARIES STILL INCREASE.

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There has been good news and bad news regarding the economy during the past year, and the same can be said for IMA salaries. The bad news: Those IMA members reporting salary increases have dropped from 88% in 2001 to 66% and 65% in 2003 and 2002, respectively. The amount of the average salary increment also has dropped in each of the last three years: \$5,051 in 2003 as compared to \$5,153 and \$5,601 in 2002 and 2001, respectively. The good news: Even though the percentage of IMA members reporting salary increases and the average amount have dropped, members' average salary increased 4.7% to \$87,108, and average total compensation (average salary plus additional compensation) increased 5.8% to \$99,620 in 2003. Both of these increases are statistically significant from the amount reported in 2002.

In other findings, the 2001 salary survey indicated that the gender gap in salaries might be shrinking. The evidence this year is the same as in 2002—that 2001 may have been an anomaly. Slightly more women than men (65% vs. 63%) provided a dollar amount of their raise, but while these percentages may not appear inconsistent, some of the respondents who reported receiving an increase in 2003 didn't provide an amount, and approximately 11% didn't even respond to the questions regarding salary increments. Even though more women than men gave an amount, the average raise of \$5,496 for the men was greater than the average increase of \$4,213 for the women.

Furthermore, the increase in average salary and average total compensation for men reported later in this article is statistically significant in 2003. For women, though, the increase in average salary isn't statistically significant, but the increase in average total compensation is. These two facts—salary incre-

ments (i.e., raises) and differences in average salary by gender—indicate that the salary gap is widening again.

All these data are generated from the 15th annual salary survey conducted for IMA and *Strategic Finance*. Where appropriate, comparisons are made between this year's

**Table 1: COMPARISON OF UNIVARIATE STATISTICS FOR 1999-2003**

Years	Range	Mean	Median	20th percentile	80th percentile
<b>Average Salary</b>					
2003	\$23,000 to \$560,000	\$87,108	\$79,900	\$58,900	\$107,000
2002	\$19,000 to \$555,000	\$83,235	\$75,000	\$55,000	\$103,225
2001	\$12,000 to \$500,000	\$79,019	\$71,606	\$52,000	\$100,000
2000	\$18,750 to \$760,000	\$74,405	\$67,000	\$48,000	\$ 92,000
1999	\$15,000 to \$650,000	\$71,912	\$64,000	\$46,000	\$ 90,000
<b>Average Total Compensation</b>					
2003	\$16,600 to \$603,000	\$99,620	\$86,000	\$61,275	\$124,000
2002	\$19,200 to \$600,000	\$94,165	\$80,000	\$58,000	\$117,000
2001	\$20,000 to \$670,000	\$90,145	\$77,930	\$55,000	\$113,000
2000	\$18,750 to \$760,000	\$84,580	\$72,000	\$50,400	\$106,000
1999	\$15,000 to \$685,000	\$82,439	\$68,300	\$49,000	\$103,000

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results and those of the prior 14 years to provide insight, identify changes, and track trends regarding the compensation and demographics of the IMA membership.<sup>1</sup>

Table 1 compares univariate statistics for the five most recent salary surveys (1999-2003). The amounts presented for 2003 (mean, median, 20th, and 80th percentiles) are the greatest that they have ever been. The increases in the four measures ranged from a low of 3.7% (80th percentile for average salary) to a high of 7.5% (median for average total compensation).

Table 2 presents the demographics for the “average” IMA member. Similar to last year, there are some notable changes from prior years. For instance, the median age has increased another two years in 2003 to 46, which also occurred in 2002 (a two-year increase in median age), indicating that the IMA membership may be getting older. The uncertain economy and the lack of job mobility may be reflected in the “years of experience” measures—all of the averages increased a year in 2002 from 2001, and all of them have increased another year in 2003 from 2002. The number of members holding a certification of some type as well as those who hold the CMA also continues to increase. While many of these measures have changed in 2003, none of the changes is statistically significant.

A prominent feature of this study since the beginning has been the difference in average compensation between male and female IMA members. While some differences may be due to differences in demographics, the data over the years have reflected that a “gender gap” in compensation exists. According to the average compensation figures reported in 2001, this gap narrowed; however, for the second consecutive year since then, it has widened again. These member demographics may be a contributing factor:

- ◆ Women members are younger than men (44 vs. 47).
- ◆ While the number of members with advanced degrees has increased from 43% to 49% this year, women are less likely than men to have advanced degrees (43% vs. 52%).
- ◆ The proportion of women without professional certification of any kind (33%) is greater than that of men (29%).
- ◆ In terms of experience, women have been in the field less than men (17 vs. 20 years), have been with their employer a shorter time (8.4 vs. 9.7 years), and have had less time in their position (4.7 vs. 5.3 years).
- ◆ While the proportion of women and men in senior management is almost the same (18% for women, 19% for men), there are more women in middle-

(42% vs. 37%, 39% overall) and entry-level positions (22% vs. 13%, 16% overall) and fewer in top-level positions (12% vs. 26%, 21% overall).

- ◆ The proportion of married women is less than the proportion of married men (70% vs. 87%, 81% overall).
- ◆ Women support fewer children (.94 vs. 1.41) than men do.

## NATURE OF COMPENSATION MEASURES

Two compensation terms used frequently in this study are salary and total compensation. Salary doesn’t need any explanation, but total compensation is the member’s salary plus any additional compensation he/she may earn, but not all members will have additional compensation. Household income represents the sum of the member’s salary, additional compensation, and spouse’s income, if any. For those members who are single, divorced, or widowed and for those who are married with a spouse who isn’t employed outside the home,

**Table 2: “AVERAGE” IMA MEMBER**

	2003	2002	2001	2000	1999
Median age	46	44	42	42	41
Female	33%	31%	32%	32%	30%
Male	67%	69%	68%	68%	70%
<b>Degrees</b>					
Baccalaureate	98%	98%	98%	99%	98%
Advanced	49%	43%	43%	43%	42%
<b>Years of experience</b>					
Current position	6	5	4	4	4
Current employer	10	9	8	8	7
In field	19	18	15.5	15	14.5
<b>Family status</b>					
Married	81%	83%	80%	78%	80%
Spouse employed outside home	67%	67%	67%	68%	70%
Percent with children	62%	63%	58%	57%	59%
Average number of children	1.3	1.3	1.2	1.2	1.2
<b>Certification percentages</b>					
Any certification	69%	66%	63%	62%	62%
CMA	48%	41%	40%	37%	36%
CPA	39%	40%	37%	38%	37%
CFM	6%	6%	6%	4%	4%

household income would be total compensation (salary plus additional compensation but no spousal income).

The percentage of members who reported receiving additional compensation in 2003 is the same as 2002 at 69%, which is down from the 90% who reported additional compensation in 2001. While the average additional compensation increased to \$18,108, showing an increase for the third year in a row (2002: \$15,850, 2001: \$12,403), this increase in 2003 from 2002 is not statistically significant. Table 3 reflects that bonuses and profit sharing are the two most common forms of additional compensation for the members who receive it. These were the two most common forms in 2002 also.

More men than women receive additional compensation (71% vs. 65%), and the average amount for men of \$20,437 exceeds the \$12,872 for women by more than \$7,500. Even though this difference is about \$1,200 less than the difference in average additional compensation between men and women in 2002, it is still statistically significant. The percentage increases in additional compensation in 2003 for men and women over the amounts reported in 2002 are 11.7% and 34.2%, respectively, both of which are statistically significant. The fact that a smaller proportion of women receives additional compensation and that the average amount is less than for men shows there has to be a gender gap and that it will tend to widen over time.

**Table 3: NATURE OF ADDITIONAL COMPENSATION**

Sources	Number	Percentage
Bonus	728	63%
Profit sharing	226	20%
Other	101	9%
Stock options	31	3%
Summer school teaching	23	2%
Automobile allowance	19	2%
Overtime	19	2%

### COMPENSATION AND CERTIFICATION

It's true again this year that those members who hold a professional accounting certification generally earn more than those who don't. The average salary for those with some kind of certification is \$91,828 vs. \$76,155 for those without, and the average total compensation for certification holders is \$105,590 vs. \$85,771 for no certification. Both differences are statistically significant.

Compensation by age and certification are presented in Table 4. In prior years, those with accounting certifications would generally earn more than those with no certification for most if not all of the five age categories. Of course, there have been isolated cases for a particular age category where those with no certification have earned more than those with some type of certification (see 2001, 2000, 1998, 1996), such as the 60+ age category for average salary this year where those members with both the CMA and CPA don't earn as much as those with neither professional accounting certification.

One possible reason for this is that they may have stepped down from higher-paying jobs and are really in semiretirement. Other variations in this table may be due to small sample sizes in various categories. As in prior years, individuals with CMAs or CPAs may earn more than those with both the CMA/CPA and vice versa, and there has been no uniform pattern for this. The differences in compensation among those with certification—CMA, CPA, both CMA/CPA—aren't statistically significant.

**Table 4: COMPENSATION BY AGE AND CERTIFICATION**

#### AVERAGE SALARY

Age Range		All	No CMA or CPA	CMA	CPA	Both CMA and CPA
19-29	[24]	\$52,231	\$51,386	\$53,331	*	*
30-39	[328]	\$75,147	\$66,057	\$73,657	\$ 76,748	\$85,558
40-49	[618]	\$90,979	\$76,346	\$97,584	\$ 92,571	\$96,123
50-59	[415]	\$92,202	\$81,497	\$90,282	\$110,081	\$99,157
60 and over	[95]	\$91,131	\$88,619	\$91,440	\$ 93,045	\$78,461
All			\$76,155	\$89,200	\$ 95,031	\$92,673

#### AVERAGE TOTAL COMPENSATION

19-29	[24]	\$ 60,732	\$ 66,408	\$ 55,771	*	*
30-39	[328]	\$ 84,210	\$ 71,731	\$ 83,713	\$ 85,671	\$ 96,232
40-49	[618]	\$104,808	\$ 86,141	\$115,043	\$110,334	\$107,335
50-59	[415]	\$107,538	\$ 92,712	\$106,641	\$132,877	\$114,919
60 and over	[95]	\$ 99,979	\$102,112	\$ 95,957	\$ 93,045	\$ 83,932
All			\$ 85,771	\$103,234	\$111,096	\$104,795

Number of responses shown in brackets. \*Data not reported to protect confidentiality.

## MALE/FEMALE COMPENSATION

Figure 1 shows the percentage of men and women that fall into five salary ranges from \$20,000-\$40,000 through \$100,000+. The percentage of women exceeds that of men in the three lower categories, while the percentage of men exceeds that of women in the two higher categories. If all things were equal, you would expect that the percentage of men and women would be more evenly distributed in each salary category. A gender gap in compensation could be one explanation for this disproportionate distribution.

Figure 2 compares the average salary and average total compensation for men and women for the most recent five years (1999-2003). Women's average salary is significantly less than men's (\$72,773 vs. \$94,314), which has been true for all 15 years of this study. The difference between men's and women's average salary in 2003 is \$21,541, an amount that is statistically significant and greater than the difference in the five previous years. Women's salary stated as a percentage of men's—77.2%—is greater than the percentages in 1998-2000 but still less than those of 2001 and 2002. The average salary increase of 4.6% for women in 2003 is less than the 5.42% for men, but the increase for women isn't statistically significant while the increase for men is.

The percentage increase in average total compensation for women rose more than that for men in 2003 (7.2% vs. 6.2%), and both of these increases are statistically significant. Women's average total compensation of \$81,121, however, is still more than \$27,000 less than the amount for men at \$108,841. This is the greatest total difference for the past five years and is statistically significant. When women's average total compensation as a percentage of men's total compensation is compared, the 74.5% for 2003 is greater than all years except 2001 when this percentage was the highest it has ever been (75.9%). Yet the percentage for average total compensation is less than the percentage for average salary, indicating that women receive less additional compensation than men do.

Compensation by age and gender are presented in Figure 3, and the numbers reflect that the average total compensation for women is less than that of men for every age category. This has been the case in 14 of the study years (in 2002, the average total compensation of women in the 60+ age category exceeded that of men—the only time in 15 years).

Regarding women's compensation as a percentage of men's, women are closest to men in the 19-29 age category (98.0% for average salary, 89.8% for average total compensation), but this is also the smallest age category, representing 2% of the women and 1% of the men. Interestingly, the percentage for average salary and average total compensation is the same in the 30-39 age category at 84.2%. The percentage for the last three age categories is greater for average salary (76.4% for 40-49, 76.9% for 50-59, 81.1% for 60+) than average total compensation (71.8% for 40-49, 74.6% for 50-59, 76.9% for 60+). Thus, outside the 30-39 category (the second largest for women and the third largest category for men), the gender gap increases with age and is even greater for average total compensation than it is for average salary. This pro-

Figure 1: PERCENTAGE OF MEN AND WOMEN IN SALARY RANGES

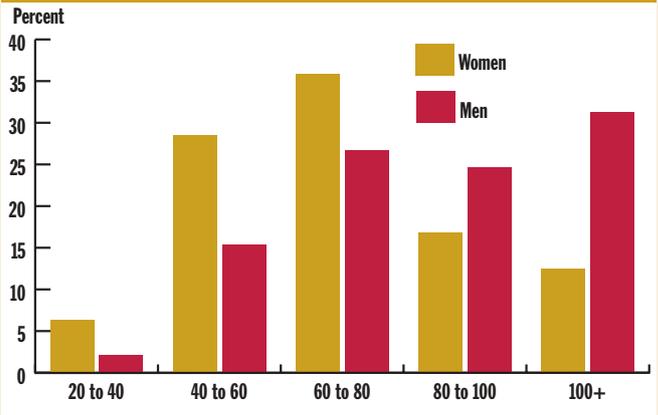
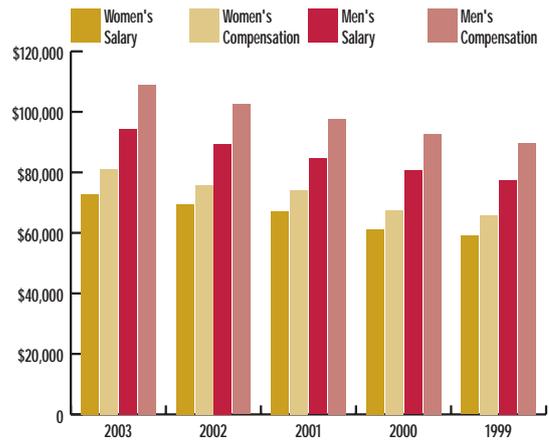


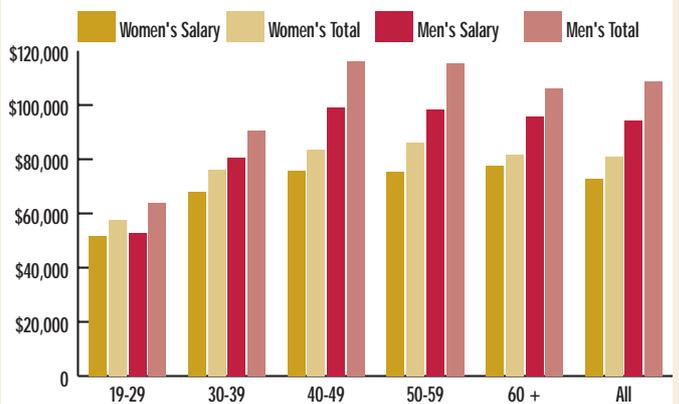
Figure 2: AVE. SALARY AND TOTAL COMPENSATION BY GENDER



vides more evidence that women receive less additional compensation than men.

Table 5 presents men's and women's compensation by five categories of "years in the field." Average salary and average total compensation tend to increase by each category for both men and women except for women's average salary for 6-10 years in the field. Also, women are younger than men for all but 16-20 years in the field. Women's compensation as a percentage of men's is closest in 1-5 years in the field for both average salary and average total compensation and is furthest apart in more than 20 years in the field. The data in 2001 showed that

Figure 3: SALARY AND TOTAL COMPENSATION BY AGE AND GENDER



**Table 5: COMPENSATION COMPARISONS BY YEARS IN THE FIELD**

	Women	Men	All	Women as a percent of men
<b>Average Salary</b>				
1 to 5	\$66,480 [34]	\$ 74,560 [50]	\$ 71,290	89.2%
6 to 10	\$65,741 [101]	\$ 79,523 [148]	\$ 74,001	82.7%
11 to 15	\$69,611 [113]	\$ 83,674 [175]	\$ 78,266	83.2%
16 to 20	\$76,455 [78]	\$ 95,365 [171]	\$ 89,309	80.2%
More than 20	\$76,694 [225]	\$102,874 [566]	\$ 95,342	74.6%
<b>Average Total Compensation</b>				
1 to 5	\$72,534 [34]	\$ 85,019 [50]	\$ 79,965	85.3%
6 to 10	\$72,823 [101]	\$ 90,451 [148]	\$ 83,579	80.5%
11 to 15	\$77,051 [113]	\$ 94,062 [175]	\$ 87,438	81.9%
16 to 20	\$87,131 [78]	\$112,336 [171]	\$104,395	77.6%
More than 20	\$85,375 [225]	\$119,628 [566]	\$109,539	71.4%

*Number of responses shown in brackets.*

through 15 years (the first three years-in-field categories), women’s compensation as a percentage of men’s exceeded 80%. In 2002, there were only three instances where women’s compensation as a percentage of men’s exceeded 80%. This year, seven categories exceed 80%, but the lowest percentage is found in the “more than 20 years in the field” category, which is the largest category for both men and women (41% of the women, 51% of the men). Also note that the percentages for average total compensation are less than average salary for each respective category, indicating again that men apparently have more opportunities for additional compensation than women. This is consistent with 2001 and 2002 when this issue was first tracked.

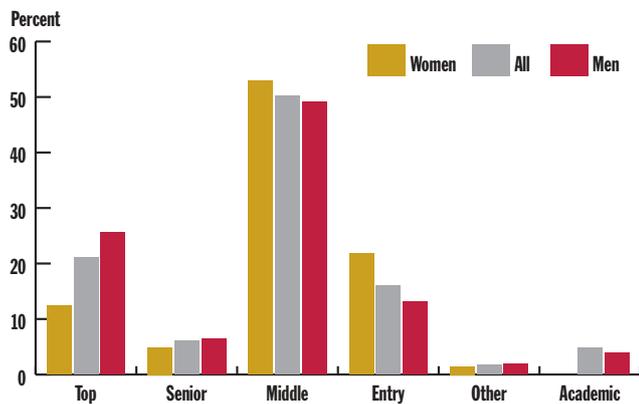
Looking at the proportion of men and women in each management level helps explain the gender gap. Figure 4 shows that the proportion of men and women is almost identical in senior management (19% vs. 16%), the proportion of men is greater in top management, and the proportion of women is greater in middle and lower/entry-level management. Average salaries and average total compensation for men exceeds those of women in all four management levels. The greatest difference is in top management for both compensation measures; the smallest difference is in entry-/lower-level management for average salary and senior management for average total compensation. This difference in compensation is statistically significant for top, middle, and lower/entry-level management. The difference isn’t significant in the senior-management level—the same level where the proportion of men and women is very close.

Looking at both the management levels and the three age categories with the most respondents (30-39, 40-49, 50-59; the 20-29 and 60+ age categories have the fewest number of respondents), the number of men in top management for all three age categories is greater than the number of women. In senior management, the proportions of men and women are very close for all three age categories. But the proportion of women in middle and lower/entry-level management is greater for all

but one of the age categories.

When management level and average years in the field are examined by gender, women have fewer years in the field at all four management levels, which means they have less experience than men. When management level and age are compared by gender, women are younger than men at all four management levels, which would most likely explain why they have been in the field for fewer years, too. Thus, the number of years in the field may have an impact on the compensation gender gap.

**Figure 4: MANAGEMENT LEVEL BY GENDER**



**HOW THE SURVEY WAS CONDUCTED**

The salary survey was mailed during November 2003 to a random sample of 4,834 IMA members selected to represent the membership of IMA in the United States geographically. The questionnaire packet included a return envelope and a separate postcard to indicate return of the survey. A follow-up survey was sent in December 2003 to those who hadn’t returned the postcard from the first mailing. The sample size was selected to allow for a 95% confidence level of estimating the population mean within plus or minus 3% based on expected return rates.

A total of 1,809 questionnaires was returned, yielding an overall response rate of 37%. Of this number, there were 1,670 usable questionnaires, representing 35% of the people surveyed. This response rate allows for a 95% confidence level for all data on the survey because those persons responding represented the IMA membership proportionally for those demographics IMA maintains.

While women are less likely than men to hold a certification (women not certified—34%, men—30%), the proportion of women not certified dropped again this year. In fact, the proportion has dropped from 49% in 1997 (the first year this statistic was tracked). The proportion of men holding the CMA is greater than that of women (30% vs. 25%), but the proportions of men and women with the CPA or the CMA/CPA are either very close or identical (CPA: men—19%, women—18%; CMA/CPA: both men and women are 22%).

Average compensation amounts are greater for both men and women who hold a certification than for those without any certification. Women with certification have an average salary and average total compensation of \$76,365 and \$86,071, respectively, while the compensation amounts for women with no certification are \$65,350 and \$70,890. The same pattern exists for men with certification and no certification (\$99,263 and \$114,892, respectively, vs. \$82,150 and \$93,967). Note, however, that men have higher average compensation than women for each category. In fact, the average salary and average total compensation for men without certification is greater than those two amounts for women with certification, which provides even more evidence of a gender gap.

Historically, salary increments have been given for successfully completing certification examinations. This year only 6% of the respondents received increments for completing the CMA exam and 8% for the CPA exam—both of these percentages are down from amounts reported in prior years (13% and 23%, respectively, in 2002). The median increment for the CMA exam is \$3,000, and the mean amount is \$4,192 (range of \$200-\$30,000), both of which are consistent with prior years. The median and average amounts for the CPA exam are \$2,000 and \$3,615, respectively (range of \$300-\$50,000). These amounts are also consistent with prior years. Note that the percentage of CMAs receiving increments is less than the percentage of CPAs, but the dollar increments are greater for the CMA than the CPA.

## COMPENSATION AND DEGREES

Table 6 shows that average compensation increases with degree attainment, which is expected because individuals generally pursue advanced degrees with the expectation that their remuneration will increase. The increase in average salary by degree is statistically significant in 2003, which has generally been the case in the prior 14 years. The average salary and average total compensation for

**Table 6: COMPENSATION BY HIGHEST DEGREE OBTAINED**

Highest Degree	Average Salary	Average Total Compensation	
Less than baccalaureate	\$ 63,614	\$ 68,783	[22]
Baccalaureate	\$ 80,977	\$ 92,994	[826]
Master's	\$ 93,246	\$106,447	[769]
Doctorate	\$104,351	\$114,607	[47]

*Number of responses shown in brackets.*

those with baccalaureate degrees—the largest degree category—increased 3.9% and 6.6%, respectively, in 2003 from 2002, but those same figures for members with master's degrees—the second-largest degree category—increased only 2.8% and 1.8% in 2003.

The average salary of men for each of the four degree categories (none, baccalaureate, master's, doctorate) is higher than that of women. The average salaries by gender for the two largest categories in Table 6 are the baccalaureate degree for men and women (\$87,490 vs. \$69,969) and the master's degree for men and women (\$100,295 vs. \$76,359). These average salary differences between men and women are statistically significant by gender, by degree, and by both gender and degree. The same almost holds true for total compensation, too. Men earn more than women in all the degree categories, but women earn more than men if there is no degree. The differences in total compensation between men and women are statistically significant by gender and by degree but not by both gender and degree.

Salary increments are often given for advanced degrees. This year, 15% of those with a master's degree reported receiving salary increments ranging from \$300 to \$40,000, with a median amount of \$5,000 and an average of \$7,097. The proportion of those who received salary increments upon completing their master's degrees is within the range experienced in prior years (13%-20%) while the average is \$1,100 less than what was awarded previously.

Members who earn their doctorate also receive a salary increment, but it can be much greater than for master's degrees because these individuals are most likely starting new careers in academe where the doctorate is usually required. Salary increments for the 34% who received them (small sample) ranged from \$1,000 to \$60,000, with a median of \$7,500 and an average amount of \$12,828. These increments are less than last year as well as in 2001 when the increments were the highest that had been reported during the 15 years of this study.

## COMPENSATION BY FIRM SIZE, SIC AREA

Table 7 presents the average salary and average total compensation by two size factors—number of employees at one location (referred to as “location”) and number of people employed by the entire organization (referred to as “organization”). Average salary by location size increases for each size category except for the 25-99 and 1,000-2,499 categories where the average salary is less than the prior smaller category. For average total compensation by organization size, there are again two categories that are out of sequence—i.e., the average total compensation is less than the previous smaller category—the 100-499 and 1,000-2,499 categories.

**Table 7: SALARY BY LOCATION AND ORGANIZATION SIZE**

Number of People	Employed at Location Average Salary	Employed in Entire Organization Average Salary
1 to 9	\$ 83,769 [95]	\$72,312 [58]
10 to 24	\$ 85,343 [135]	\$86,221 [57]
25 to 99	\$ 84,849 [364]	\$86,313 [198]
100 to 499	\$ 85,499 [562]	\$85,768 [392]
500 to 999	\$ 90,810 [179]	\$86,813 [139]
1,000 to 2,499	\$ 86,841 [140]	\$84,140 [155]
2,500 to 4,999	\$ 98,368 [79]	\$89,184 [118]
5,000 plus	\$101,005 [101]	\$90,698 [535]

*Number of responses shown in brackets.*

Average salary figures increased in 2003 over 2002 for all location size categories and all but the 1-9 category for organization size. This pattern is consistent with other years when there has been a significant increase in average salary (1997, 1999, 2001, 2002).

The average salary and average total compensation increased for every SIC (standard industry code) area in 2003 except mining. Finance, insurance, and real estate was the highest-ranking SIC area in 2003 as shown in Table 8—the same as 1991, 1996, and 2000-2002—with wholesale and retail trade ranking second. If public accounting were segregated out of the service area, it would have ranked first in both of these compensation measures, showing increases of more than 14% in both compensation measures in 2003.

## HOUSEHOLD INCOME

The median household income for all members, regardless of marital status (meaning that some members’ spouses won’t be employed outside the home), is \$110,055 as compared to \$103,650 in 2002. The average household income for all members in 2003 is \$123,177; this represents a 5.1% increase over the amount reported in 2002 (\$117,250), and this difference is statistically significant. Average household income for all men increased 6.1% in 2003 to \$128,254, which is also statistically significant, but the increase of 2.3% to \$112,956 for all women isn’t statistically significant.

Table 2 shows that 81% of the members are married and

**Table 8: COMPENSATION BY SIC AREA**

SIC	Average Salary	Average Total Compensation
Agriculture, Forestry, Fisheries	\$ 84,936 [11]	\$ 92,500
Mining	\$ 78,900 [11]	\$ 86,925
Contract Construction	\$ 83,774 [38]	\$ 99,881
Manufacturing	\$ 87,537 [623]	\$100,968
Transportation, Communications, and Utility Services	\$ 88,963 [119]	\$102,397
Wholesale and Retail Trade	\$ 89,932 [122]	\$106,740
Finance, Insurance, and Real Estate	\$ 93,657 [178]	\$109,050
Services (all)	\$ 85,429 [423]	\$ 95,585
Medical/Health Services	\$ 82,170 [87]	\$ 91,968
Educational Services	\$ 74,303 [99]	\$ 78,339
Public Accounting	\$103,275 [86]	\$118,053
Other Service SIC codes	\$ 84,437 [151]	\$ 96,253
Government	\$ 75,130 [80]	\$ 77,558
Nonclassifiable	\$ 86,553 [46]	\$ 98,431

*Number of responses shown in brackets.*

67% are employed outside the home, which is consistent with prior years. Also consistent with prior years, a greater proportion of male members are married (87% vs. 70%), while a greater proportion of women members have spouses employed outside the home (83% vs. 61%). These differences are statistically significant. As in previous years, the spouses of female members earn more than the spouses of male members (\$63,902 vs. \$41,761), and this difference is statistically significant. Approximately 70% of the married members have children (consistent with prior years), but more male members have children (73% vs. 62% for women), and men support more children than women do (1.41 vs. .94). Both differences are statistically significant.

The average household income of married members increased 5.7% to \$132,724 in 2003 from the amount reported in 2002, an

**Table 9: AVERAGE SALARY BY STATE**

	<b>Average Salary</b>	<b>Standard Deviation</b>	
<b>Northeast Region</b>	<b>\$ 84,643</b>	<b>\$23,132</b>	<b>[83]</b>
Connecticut	\$ 95,370	\$23,231	[28]
Maine	\$ 83,575	\$19,567	[8]
Massachusetts	\$ 83,575	\$19,567	[30]
New Hampshire	\$ 75,871	\$22,464	[11]
Rhode Island	\$ 68,083	\$14,087	[6]
Vermont			[0]
<b>Mid-Atlantic Region</b>	<b>\$ 89,968</b>	<b>\$45,853</b>	<b>[345]</b>
Delaware	\$ 92,836	\$32,511	[14]
Maryland	\$ 68,431	\$22,094	[15]
New Jersey	\$106,940	\$66,056	[75]
New York	\$ 89,321	\$33,669	[75]
Pennsylvania	\$ 75,746	\$23,528	[107]
Virginia	\$100,086	\$55,811	[48]
Washington, DC	\$ 83,619	\$18,476	[7]
West Virginia	*	*	[3]
<b>South Region</b>	<b>\$ 86,697</b>	<b>\$47,761</b>	<b>[311]</b>
Alabama	\$ 82,976	\$38,443	[26]
Arkansas	\$ 63,742	\$15,635	[7]
Florida	\$ 81,862	\$31,198	[62]
Georgia	\$ 91,355	\$67,118	[37]
Kentucky	\$ 79,299	\$40,534	[39]
Louisiana	\$113,350	\$82,831	[8]
Mississippi	\$106,785	\$91,042	[7]
North Carolina	\$ 94,374	\$42,295	[54]
South Carolina	\$ 89,344	\$64,786	[32]
Tennessee	\$ 82,085	\$32,808	[39]
<b>Midwest Region</b>	<b>\$ 83,286</b>	<b>\$35,037</b>	<b>[485]</b>
Illinois	\$ 85,463	\$30,442	[83]
Indiana	\$ 82,854	\$49,053	[52]
Iowa	\$ 71,713	\$22,298	[31]
Michigan	\$ 83,216	\$37,430	[91]
Minnesota	\$ 86,008	\$27,635	[61]
Missouri	\$ 79,875	\$35,479	[34]
Ohio	\$ 87,374	\$34,295	[81]
Wisconsin	\$ 79,930	\$35,874	[52]

**COMPENSATION BY REGION, RESPONSIBILITY, AND POSITION**

As in prior years, the 50 states and Washington, D.C., have been assigned to seven geographical regions. The average salary and standard deviation for the states within these seven regions are presented in Table 9. There are some unusual results regarding the regions this year. While the West Coast and Mid-Atlantic regions usually are in the top three—first and second this year—the Northeast region dropped from first in 2002 to fifth in 2003. The Mountain region, ranked seventh in average salary in 2002, climbed to number three in 2003, the second

<b>Plains Region</b>	<b>\$ 83,444</b>	<b>\$ 33,645</b>	<b>[131]</b>
Kansas	\$ 82,429	\$ 34,122	[7]
Nebraska	\$ 73,187	\$ 24,812	[18]
North Dakota	*	*	[1]
Oklahoma	\$ 90,090	\$ 20,335	[10]
South Dakota	\$106,000	\$ 41,481	[4]
Texas	\$ 90,334	\$ 36,110	[69]
<b>Mountain Region</b>	<b>\$ 86,939</b>	<b>\$ 54,942</b>	<b>[81]</b>
Arizona	\$ 79,384	\$ 34,179	[19]
Colorado	\$ 85,876	\$ 36,920	[29]
Idaho			[0]
Montana			[0]
Nevada	\$113,258	\$118,861	[12]
New Mexico	\$ 76,400	\$ 21,813	[5]
Utah	\$ 83,317	\$ 31,194	[15]
Wyoming	*	*	[1]
<b>West Coast Region</b>	<b>\$ 94,080</b>	<b>\$ 45,538</b>	<b>[221]</b>
Alaska	\$ 62,667	\$ 14,640	[3]
California	\$103,362	\$ 50,952	[146]
Hawaii	\$ 70,165	\$ 13,566	[4]
Oregon	\$ 72,441	\$ 16,681	[20]
Washington	\$ 78,817	\$ 27,350	[48]

\* Data not reported to protect confidentiality.  
Number of responses shown in brackets.

**Table 10: COMPENSATION BY RESPONSIBILITY AREA**

	<b>Average Salary</b>		<b>Average Total Compensation</b>
3 Public Accounting	\$107,317	[70]	\$124,449
4 Taxation	\$105,458	[29]	\$113,129
1 General Management	\$103,098	[218]	\$122,685
2 Finance	\$102,684	[225]	\$120,409
9 Information Systems	\$ 95,036	[59]	\$105,667
6 Budgeting and Planning	\$ 88,133	[87]	\$ 98,703
5 Risk Management	\$ 83,743	[14]	\$ 95,493
7 Corporate Accounting	\$ 83,438	[437]	\$ 96,131
8 Internal Auditing	\$ 80,606	[43]	\$ 90,340
11 Education	\$ 74,054	[74]	\$ 78,041
12 Cost Accounting	\$ 72,568	[115]	\$ 80,003
10 General Accounting	\$ 69,266	[226]	\$ 76,525
13 Government Accounting	\$ 69,067	[48]	\$ 71,515
14 Personnel Accounting	*	[4]	*

\* Data not reported to protect confidentiality.  
Number of responses shown in brackets.

time it has ranked in the top three during the last five years.

There was a great deal of volatility in the average salary figures for the seven regions in 2003. The average salary in the Northeast region

**Table 11: COMPENSATION BY POSITION**

	Average Salary	Average Total Compensation		Average Salary	Average Total Compensation
<b>Top-Level Management</b>	<b>\$115,620</b>	<b>[352]</b>			
Partner	\$230,038	[13]			
Senior Vice President	\$154,795	[14]			
Chief Executive Officer	\$147,367	[12]			
Executive Vice President	\$131,764	[11]			
President	\$129,438	[13]			
Corporate Treasurer	\$121,046	[17]			
Chief Financial Officer	\$107,987	[222]			
Owner	\$ 93,711	[38]			
Principal	\$ 88,750	[6]			
Corporate Secretary	\$ 81,120	[5]			
Chair of the Board	*	[1]			*
<b>Senior Management</b>	<b>\$ 87,807</b>	<b>[296]</b>			
Divisional Vice President	\$110,000	[6]			
Vice President	\$104,618	[67]			
Assistant Vice President	\$102,694	[16]			
Consultant	\$ 95,382	[11]			
Corporate Controller	\$ 79,741	[196]			
Group President		[0]			
Group Vice President		[0]			
<b>Middle Management</b>	<b>\$ 83,886</b>	<b>[640]</b>			
Director	\$106,911	[114]			
General Manager	\$ 88,372	[22]			
Divisional Controller	\$ 88,299	[96]			
Manager	\$ 79,491	[205]			
Plant Controller	\$ 78,334	[86]			
Supervisor	\$ 71,841	[37]			
Assistant Corporate Controller	\$ 70,969	[46]			
Chief Accountant	\$ 62,478	[28]			
General Supervisor	\$ 62,263	[6]			
<b>Lower Management/Entry Level</b>	<b>\$ 62,378</b>	<b>[267]</b>			
Systems Analyst	\$ 76,763	[16]			
Auditor	\$ 69,232	[26]			
Financial Analyst	\$ 68,675	[92]			
Senior Accountant	\$ 57,943	[90]			
Staff Accountant	\$ 45,568	[38]			
Economist	*	[2]			*
Programmer	*	[3]			*
<b>Academic Positions</b>	<b>\$ 74,009</b>	<b>[81]</b>			
Department Chair	\$ 79,608	[6]			
Professor	\$ 77,902	[21]			
Associate Professor	\$ 77,176	[19]			
Administrator	\$ 73,772	[11]			
Assistant Professor	\$ 70,210	[13]			
Instructor	\$ 50,955	[9]			
Dean	*	[2]			*
<b>Other</b>	<b>\$ 72,469</b>	<b>[29]</b>			

\* Data not reported to protect confidentiality.  
Number of responses shown in brackets.

dropped 9.2% in 2003 from 2002, while the Mountain region increased just fewer than 11%, and the South region increased 10.6%. While the Midwest region dropped from fifth to seventh in rank in 2003, the average salary still increased 6.1%. The changes in average salary in 2003 from 2002 are statistically significant for the South and Midwest regions.

Tables 10 and 11 present compensation data regarding responsibility areas and positions. These are always difficult to present and analyze because position titles and responsibility areas aren't consistent among organizations. The respondents were asked to identify the one responsibility area and the one job title that most closely represents their position.

Average compensation by major responsibility area is presented in Table 10. The responsibility areas are shown in decreasing order by average salary, and in only a few cases would the order be different by average total compensation (three cases: taxation, corporate accounting, education). In prior years, general management and finance—positions considered top management—have been at the top, while cost accounting and general accounting—positions considered lower-/entry-level positions—are at the bottom. The lower-ranking positions are consistent again this year, but public accounting and taxation hold the top two spots (the taxation responsibility area could be either corporate taxation or public accounting). General management and finance rank third and fourth. Further evidence that the increases in average compensation in 2003 are statistically significant is provided by the fact that the average compensation figures for all responsibility areas but five increased in 2003 over 2002 averages—both average salary and average total compensation for risk management and general accounting

and average total compensation for government accounting.

Table 11 classifies 42 job titles (one being other) into five categories—top-level, senior, middle, lower-/entry-level management, and academe. The four management levels increase with rank, which is consistent with prior years.

There are some interesting observations that can be gleaned from Table 11. While the average compensation for the four management levels is greater in 2003 than 2002, only top-level management has had large increases of more than 8%. This increase in average salary is statistically significant, but the increases for the other three management levels range from 2.6% to 4.7% (lower-/entry-level management for both), and these aren't statistically significant. Thus, 2003 appears to be a year that top management has done well with remuneration, but not necessarily the same can be said for the other management levels. The averages for the academic areas increased 8.8% for average salary and 11.7% for average total compensation—both of which are statistically significant.

amount that is statistically significant. As in prior years, the average household income of married male members is greater than that of married female members (\$134,946 vs. \$127,186), representing an increase of 7.1% for the men but only 2.3% for the women in 2003. The difference between male and female married members is statistically significant, but only the increase in average household income from 2002 for men is statistically significant.

Figure 5 shows the average household income of married members by gender, by single and dual income, and by children and no children. As you can see, the household income for single-income women, with or without children and in total, is considerably less than the respective amounts for single-income men; this difference is statistically significant. These differences in single household income with respect to gender and children vs. no children amount to approximately \$38,600 and \$42,500, are very close to the differences experienced last year, and are much greater than the amounts experienced in 2001. This is further evidence that the narrowing of the gender gap that was reported in 2001 was short lived.

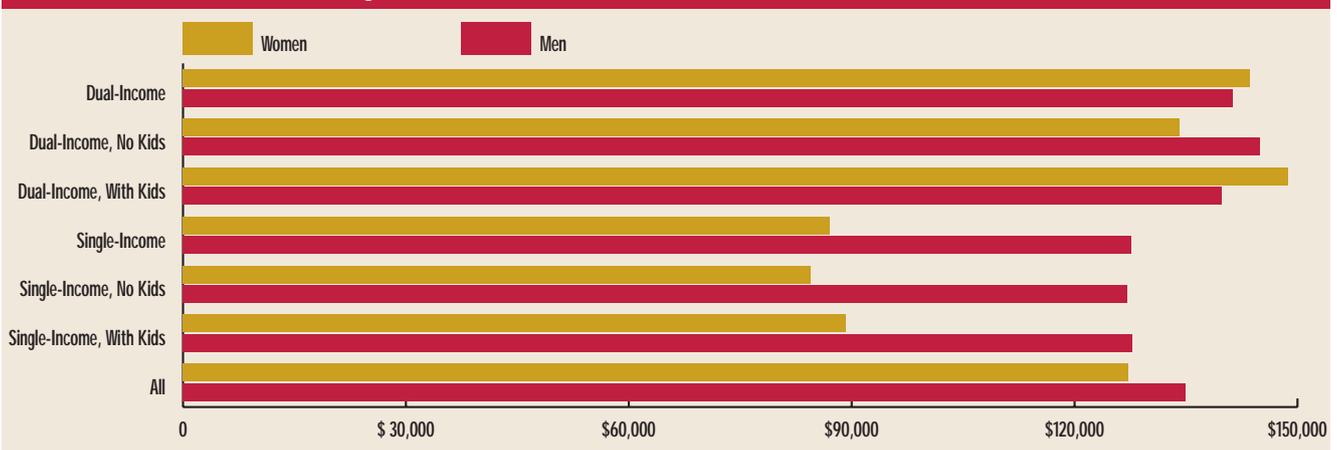
But things are different with dual-income households. First, when comparing all dual-income households, note that the average household income of women exceeds that of men by a little more than \$2,000; this amount is statistically insignificant. Furthermore, the average household income of women with children is more than that of men by almost \$9,000. This is opposite of last year when the average household income of male members with children exceeded that of women by about \$800, but it's similar to 2001 when women earned more than men (difference of approximately \$2,700). While the differences in 2001 and 2002 weren't statistically sig-

nificant, the difference in 2003 is statistically significant. Part of the reason for women earning more than men in these dual-income situations is because spouses of female members earn more than spouses of male members, as reported previously. Yet when dual-income with no children—DINKS—are examined, male DINKS earn more than female DINKS by almost \$11,000, exactly opposite of what occurred in 2002; this difference is statistically significant as it was last year.

These data from Figure 5 can be examined more closely to derive some other interesting statistics. Not surprisingly, the average household income of dual-income married members (\$142,063) exceeds that of single-income married members (\$119,502). This difference is statistically significant and consistent with prior years. The average household income of married members with children (\$133,961) exceeds that of married members with no children (\$129,875), the third year in a row that this has been the case (in 2000, the reverse occurred). The difference in these two averages is smaller in 2003 than 2002 and thus isn't statistically significant.

When looking at the married members with respect to children and no children, single-income married members with children earn more than those with no children (\$121,864 vs. \$113,828), which is consistent with 2002 and 1999 but opposite to 2000 and 2001. This difference in average household income with respect to children/no children is statistically significant in 2003 as it was in 2002. Dual-income married members with children earned \$142,690 as compared to DINKS, who earned \$140,662. This is consistent with 2002 and 2001. But the difference in the average household income of dual-income married members with children is not statistically significant in 2003 (it was in 2002).

**Figure 5: AVERAGE HOUSEHOLD INCOME OF MARRIED MEMBERS**



**Table 12: AVERAGE SALARY BY MANAGEMENT LEVEL, EDUCATION, AND GENDER**

	TOP MANAGEMENT				SENIOR MANAGEMENT			
	Women		Men		Women		Men	
<b>No Degree</b>	*	[1]	*	[3]	*	[2]	*	[3]
<b>Baccalaureate</b>	<b>\$ 82,824</b>	<b>[49]</b>	<b>\$114,871</b>	<b>[135]</b>	<b>\$ 76,200</b>	<b>[48]</b>	<b>\$ 86,040</b>	<b>[106]</b>
No CMA or CPA	\$ 80,752	[15]	\$ 95,878	[38]	\$ 74,079	[14]	\$ 78,725	[33]
CMA	\$ 67,710	[10]	\$104,753	[20]	\$ 80,488	[13]	\$ 80,759	[33]
CPA	\$105,698	[10]	\$106,997	[41]	\$ 75,872	[13]	\$ 95,531	[23]
Both CMA and CPA	\$ 76,386	[13]	\$114,048	[27]	*	[4]	\$ 99,077	[13]
<b>Master's</b>	<b>\$ 82,660</b>	<b>[18]</b>	<b>\$131,354</b>	<b>[135]</b>	<b>\$ 81,767</b>	<b>[37]</b>	<b>\$ 97,637</b>	<b>[98]</b>
No CMA or CPA	*	[3]	\$113,483	[28]	\$ 63,500	[10]	\$ 93,747	[30]
CMA	*	[3]	\$112,524	[47]	\$ 81,446	[13]	\$ 97,939	[34]
CPA	\$ 61,995	[4]	\$152,509	[22]	\$ 89,157	[5]	\$ 79,464	[7]
Both CMA and CPA	\$ 92,400	[6]	\$145,625	[34]	\$102,850	[8]	\$105,680	[21]

	MIDDLE MANAGEMENT				ENTRY-LEVEL MANAGEMENT			
	Women		Men		Women		Men	
<b>No Degree</b>	<b>\$ 62,250</b>	<b>[5]</b>	<b>\$ 40,049</b>	<b>[5]</b>	*	[1]	*	[1]
<b>Baccalaureate</b>	<b>\$ 71,690</b>	<b>[124]</b>	<b>\$ 81,924</b>	<b>[191]</b>	<b>\$ 55,051</b>	<b>[71]</b>	<b>\$ 57,890</b>	<b>[71]</b>
No CMA or CPA	\$ 64,005	[47]	\$ 76,625	[67]	\$ 49,190	[26]	\$ 49,557	[31]
CMA	\$ 74,075	[29]	\$ 80,690	[48]	\$ 56,775	[15]	\$ 64,394	[18]
CPA	\$ 72,292	[25]	\$ 91,908	[31]	\$ 56,015	[14]	\$ 61,612	[12]
Both CMA and CPA	\$ 90,713	[19]	\$ 81,268	[36]	\$ 57,409	[9]	\$ 69,389	[9]
<b>Master's</b>	<b>\$ 84,110</b>	<b>[100]</b>	<b>\$ 94,027</b>	<b>[208]</b>	<b>\$ 61,120</b>	<b>[47]</b>	<b>\$ 75,026</b>	<b>[73]</b>
No CMA or CPA	\$ 73,334	[33]	\$ 86,476	[54]	\$ 54,808	[12]	\$ 77,678	[14]
CMA	\$ 93,891	[34]	\$103,326	[72]	\$ 66,114	[11]	\$ 78,430	[24]
CPA	\$ 68,667	[9]	\$ 88,993	[28]	\$ 63,282	[7]	\$ 62,009	[11]
Both CMA and CPA	\$ 90,862	[24]	\$ 93,264	[49]	\$ 62,355	[6]	\$ 73,724	[22]

\* Data not reported to protect confidentiality. Number of responses shown in brackets.

## AVERAGE SALARY PROFILE

Table 12 presents average salary by management level, degree, certification, and gender—four of the common characteristics that influence compensation in this study. This table permits individuals with the same or similar characteristics to compare their salary to the average of all respondents. Only casual comparisons should be made with these data because they are based on subsets from the population—not all possible attributes. An example of a comparison that could be made would be those in middle management with a master's degree and a CMA: The 34 women had an average salary of \$93,891 as compared to the 72 men with an average salary of \$103,326.

With 11 comparisons for four management levels and both genders, there are a potential of 44 comparisons that can be made, but because there are some cells with too few responses (protection of confidentiality), there are only 39 actual comparisons that can be made. The gender gap is very evident in this table as there are only two places where the average salary for women exceeds that for men. Both are in middle management—one is under no degree (five women and five men for a total of 10 respondents), and the other is under a baccalaureate degree with those who possess both a CMA

and CPA (19 women and 36 men).

You would expect that members with advanced degrees would earn more than those with a baccalaureate degree (without any consideration for certification), and this is true for men. It's also true for women except for those in top management with baccalaureate degrees who earn more than those in top management with a master's degree. (Likewise, those with a baccalaureate would be expected to earn more than those with no degree, and this is true for the only two cells for which there are enough observations for comparison.) Furthermore, you would expect average salaries to increase with management level.

This is true for men except for one place—middle management men with a master's and a CMA (72 observations) earn more than those in senior management with these same two characteristics (34 observations). For women, there are eight observations where the average salaries don't increase with management level. Four are senior-management categories that earn more than top management, and four middle-management categories earn more than their counterparts in senior management. In fact, the middle-management women with a baccalaureate degree and both the CMA/CPA also earn more than their counterparts in top management.

## ALTERNATIVE CAREER PATHS

Three aspects of career paths have been examined over the years:

- ◆ A reduction in hours worked with a proportional reduction in compensation.
- ◆ A career path allowing more flexible (rigid) commitments resulting in slower (faster) career advancement, if appropriate.
- ◆ The number and length of any career interruptions.

These have been examined from the standpoint of all respondents and then by gender and by marital status (both with and without children).

The proportion of the respondents who would be willing to reduce their hours worked and take a proportionate decrease in compensation if an employer offered such an option is 36%—the same percentage as in 2002 (ranges of 35%-45% since 1996). The most common reductions in hours/compensation are: 5% by 10% of the respondents, 10% by 35% of the respondents, and 20% by 30% of the respondents; these values are consistent with prior years. The mean reduction percentage, however, is 17.3%—the highest since this factor has been tracked (range of 15.7% to 16.9% in 1996-2002).

More women than men (46% vs. 31%) prefer this reduction in hours/compensation, and the proportion is within the range experienced since 1996 (45%-60% for women, 30%-44% for men). Consistent with prior years, women also want a larger reduction as measured by the mean reduction percentage (19.5% vs. 15.6%). These mean reduction percentages for women and men have been increasing for the past two years and are the largest ever experienced (range of 17.8%-19.3% for women, 14.0%-15.3% for men). The differences in interest in reduction in hours/percentage and in the mean reduction percentage by gender are statistically significant in 2003.

Members in the 30-39 and 40-49 age categories are the most interested in the reduction in hours/compensation (42% and 36%, respectively), but their mean reduction percentages (18.8% and 15%) are less than the 23.7% in the 60+ age category. You might conclude that those who are in the child-rearing age ranges (30-49) might want more time off for family activities, but those who are nearing retirement (60+) are more interested in a larger reduction of time because they have reached the point in their careers where they are willing to slow down. When management level is considered, the interest for a reduction in hours/compensation is greatest at the top-management level, with 31% of the respondents interested, while the other three levels (senior, middle,

lower/entry) are all the same at 39%. The mean reduction percentage is also the greatest at the top-management level at 18.2%, and the range for the other three levels is 16.0% to 17.6% for senior down to entry level. Again, you could predict that the top-management people have tasted success and are more ready to reduce their workload.

Respondents who are single (single and divorced are combined for this statistic) are more interested (39%; 36% in 2002) in the reduction of hours/compensation than those who are married (36%; same as 2002), but the mean reduction percentage for married members is greater than for single members (17.4% vs. 16.7%). These rates are almost the same as last year.

When children are considered, the interest among members is almost the same, with those with no children slightly higher than those with children (36% vs. 35%). The mean reduction percentage is also greater for those with children (19.7% vs. 15.8%).

Married people with dual incomes are more interested in a reduction in hours/compensation than those with single incomes. DINKS have the greatest interest at 41% (as opposed to dual-income with children at 38%) and the second largest mean reduction percentage at 19.9% (17.3% for dual-income with children), which could be interpreted as these individuals have more disposable income and less pressure for earnings because there are two incomes and no children to support. Among the single-income married members, those without children are more interested than those with children (30% vs. 28%), and their mean reduction is also greater (23.1% vs. 13.6%).

For the second of the career path options considered—a career path allowing more flexible (rigid) commitments resulting in slower (faster) career advancement—62% of the respondents considered it a relevant option. This is the same percentage as last year, which was the lowest ever expressed for this feature (range of 62%-65% since 1996). And 83% of the respondents for whom this was relevant favored the flexible/slower advancement option—the highest percentage since 1996 (range of 75%-82%). More women than men (88% vs. 80%) favored the flexible/slower advancement rate, and this is the largest rate for men over the past four years (range of 72%-79% for 1999-2002; range for women in 1999-2002 was 81%-89%). These differences by gender are statistically significant.

The reported relevancy of this feature decreases from 71% in the 20-29 age category to 40% in the 60+ age category, yet only 47% of the 20-29 age category are interested in the flexible/slower advancement rate. While this

## CALCULATING AN AVERAGE SALARY

Table 13 presents a way for members to calculate an estimated average salary employing some of the significant demographic variables discussed in this article. This year, as has been the case for the last two years, separate regressions are presented for men and women. Both regressions have the same factors—management level, years in field, degree factors, and certification—but the factors are slightly different for each gender. The regression analysis predicts up to 23% of the variability in salaries for men and 20% for women, which is slightly better for men this year as compared to 2002 (22%) and slightly less for women (23%).

If you want to calculate your own “personal salary,” start with the base figure appropriate for your gender. Then add/subtract the various factors as they apply to you. First, add (or subtract) the amount for your management level, then add the product of the number of years in the field times the per-year increment, add the amount for an advanced degree (or subtract the amount for no degree if you are male), and, finally, add an increment for the type of certification you hold, if any.

No one reading this should use the gender data to justify or continue a lower salary for women. This information reflects what was reported, not what should be.

**Table 13: ESTIMATING A SALARY LEVEL FOR IMA MEMBERS**

		Men	Women	Your Calculation
Start with this base figure		\$58,094	\$62,234	
If you are TOP-level management	ADD	32,617	6,249	
OR				
If you are SENIOR-level management	ADD	- - - - -	15,642	
OR				
If you are ENTRY-level management	SUBTRACT	17,553	17,339	
Number of years in the field _____	TIMES	703	314	
If you have an advanced degree	ADD	13,977	5,941	
OR				
If you have no degree	SUBTRACT	26,277	- - - - -	
If you hold the CMA	ADD	7,525	8,399	
OR				
If you hold the CPA	ADD	19,750	6,372	
OR				
If you hold both the CMA and CPA	ADD	14,912	11,779	
Your Estimated Salary Level				<input type="text"/>

may not seem too unusual, it's very different from last year when 70% of the respondents wanted this feature. The desire for the flexible/slower advancement rate starts at 81% in the 30-39 age category and increases gradually to 89% in the 60+ age category—this is consistent with prior years. Outside of the anomaly with the youngest age category, this feature becomes less relevant with age, but for those for whom it is relevant, more want the flexible/slower advancement rate.

Interest in this feature is the same for married and single (single and divorced are combined for this statistic) at 62%, which is slightly less than last year. More married members than single members want the flexible/slower advancement rate (86% vs. 68%), and this is the highest rate ever for married members. When married members are examined by income and children, this feature is most relevant for the DINKS at 69% and least relevant for the single-income with children at 43%. Married members who are single-income with children have the lowest interest in the flexible/slower advancement at 77%, meaning that more of them need to work harder to support their family. The DINKS have the greatest interest in the flexible/slower advancement because they most likely have adequate income between the two wage earners to

fund more leisure activities.

Career interruptions have been tracked since 1998, but their impact may be difficult to measure. While an interruption to pursue an advanced degree may be positive, a maternity leave may be negative because the employee may lose out on a salary increase or promotion. Furthermore, this survey isn't a longitudinal study of the same people over time but a “snapshot” of current members in one year.

Career interruptions of at least six months or more (criterion for an interruption) have been reported by 23% of the individuals in this year's study, which is the highest ever (19%-22% in prior years). Women are more likely than men to have a career interruption (28% vs. 21%), and this difference is statistically significant and the same as in 2002 (but not in 2001). The most frequently mentioned interruption for women was maternity leave followed by pursuit of an advanced degree and downsizing. For men, the most frequent interruption was downsizing followed by loss of position as a consequence of a merger and then pursuit of an advanced degree.

Individuals with interruptions are older (49) than those without (44)—the same exact averages as last year—and the difference in average age is statistically significant. Members with interruptions have been in the

field about two years longer than those with no interruptions, and this difference is statistically significant. The difference in average salary and average total compensation of members with interruptions (\$9,600 and \$15,600, respectively) is less than for those without any interruptions, a difference that is statistically significant.

The five-year age differential still exists for both men and women—i.e., those with interruptions are older than those without—and the difference is statistically significant. Men and women with career interruptions have been in the field longer than those with no interruptions, and this is statistically significant for women but not for men. The average salary and average total compensation of men with interruptions are less than those of men with no interruptions (approximate differences of \$10,400 and \$16,200, respectively) and these differences are statistically significant (they weren't in 2002). But while the average salary and average total compensation of women with interruptions are less than for women with no interruptions (approximate differences of \$3,100 and \$8,700, respectively), only the difference in average total compensation is statistically significant (neither was statistically significant in 2002). Although there is a statistically significant difference in compensation for an interruption, there is no interaction among the variables.

### **SOME OBSERVATIONS**

A number of variables determine an individual's salary, and we have attempted to isolate and discuss many of them since this study began in 1989. There also have been several important variables that affect IMA members' salary every year—degree, certification, management level, and experience. In other words, those with degrees earn more than those without degrees, those with advanced degrees earn more than those with just a baccalaureate, those with certification tend to earn more than those without certification, those in higher levels of management earn more than those at lower levels of management, and those with more experience (seniority) tend to earn more than those with less experience.

The other overriding issue that keeps coming up is that women earn less than men. Neither we nor IMA condone this, but the statistics from this study over the years have shown that there is a gender gap in the compensation for women.

Perhaps one reason for the gender gap is a career interruption—women tend to have more career interruptions than men do and most likely due to maternity leave.

While those with interruptions earn less than those without interruptions, there is no statistical significance by gender; i.e., the differences aren't caused by gender. Part of the difference may be due to attitude in the workplace with respect to career paths. More women than men favor the option to reduce hours worked and take a corresponding reduction in compensation, and more women favor a more flexible career path that results in slower advancement. This attitude may have some influence on the gender gap in compensation.

While female IMA members are younger than male members, this doesn't appear to be the reason for the gender gap. But because women are younger, they have less experience in the field. They also are less likely to have a degree or an advanced degree, and they are less likely to be certified. So all of these factors—less experience, less likely to have a degree or an advanced degree, and less likely to be certified—could result in women holding lower-level management positions and earning a lower average salary. The lower-level management positions also might explain to some extent why women have less opportunity for additional compensation, resulting in the widening difference in total compensation for men and women. Remember, though, the regression that keys on degree, certification, management level, and experience only explains about 20%-23% of the variability, which is considered very good for this type of regression. Thus, part of that variability may just be due to a gender gap in compensation between men and women that exists in the real world. ■

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1 Results of the IMA's annual salary survey were first reported in the May 1990 issue of *Management Accounting* and then in the June issue from 1991 through 1998. From 1999 through 2003, they have been reported in the June issue of *Strategic Finance*. Authors are Karl E. Reichardt and David L. Schroeder.