BY STEPHEN BARLAS, MIKE OSHEROFF, RICK SWANSON, KATHY WILLIAMS

[NEWS]

Who Wants to Be Top Management? | KATHY WILLIAMS

According to the IMA Salary Survey (see p. 26), there's still a gender gap in compensation and corporate management, and that's the finding of another study, too. Although the ratio of men to women in middle management is about even, fewer women middle managers aspire to reach the top-level positions in their companies, according to a recent study by Hudson, a provider of permanent recruitment, contract professionals, and talent management services worldwide.

The study found that 77% of women middle managers aspire to be promoted to senior management, compared to 82% of men middle managers. When asked about the highest position they wanted, 31% of the male respondents named C-suite positions (such as CEO, CFO, and COO) and president, but only 22% of the female respondents said they wanted those jobs. The most frequent response for women was director, with 23% aiming for that position, compared to 11% of men.

Here are some other findings:

- Eighty-nine percent of women in the 25-34 age category aspire to top positions in their companies, but these aspirations decline with age: 58% of women age 45-55 share the same goal.
- More than half of women age 25-34 believe they can achieve their career goals, but that number drops to 35% in the 45-55 age range.
- When asked about their greatest career obstacle, 18% of men said they are torn between work and responsibility toward their family, while 26% of women are torn.

These results should make employers wonder what's going on, said Margaretta Noonan, Hudson's executive vice president and chief administration officer. "The study is a wake-up call for employers because it suggests that they need to adapt some of their strategies to better embrace these women's careen aspirations," she added. "Many women aspire to senior levels in their companies, and their employers should work to understand what roadblocks get in the way of them achieving that level of success."

To further explore the study's findings, Hudson has published three white papers in a series called *Women in Management: New Perspectives on Career*

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ROGER MARTIN NAMED ACADEMIC FELLOW

IMA member Roger Martin, CMA, has been named an Academic Accounting Fellow in the Office of the Chief Accountant of the Securities & Exchange Commission (SEC). His term begins in August and runs through December 2008. In this position he will serve as a research resource for SEC staff and will work on ongoing projects that include rulemaking, serving as a liaison with the professional accounting standards-setting bodies, and consulting with registrants on accounting, auditing, independence, and reporting matters.

Martin is an associate professor of commerce and director of the M.S. in accounting program at the University of Virginia's McIntire School of Commerce. His research, which focuses primarily on how auditing and the role of auditors affect financial statement quality, has been published in journals such as *The Accounting Review* and *Journal of Accounting Research*. He also has been active in the Auditing Section of the American Accounting Association (AAA).

He holds a Ph.D. degree from the University of Texas at Austin, and before joining the McIntire School of Commerce, he served on the faculties at Southern Methodist University, Michigan State University, and Indiana University. He is looking forward to his SEC work, he says. ■

Letters to the Editor

A GREAT LOSS

The IMA lost a good friend, and the world lost a magnificent human being, when Bob Gunn died in his sleep last month. His memorial service was attended by several hundred people, and everyone could be heard saying the same thing: "Bob was the most remarkable person I ever met." There are lots of really smart people in the world; he was more than brilliant. What really impressed were his wisdom, insight, and ability to deeply understand people.

Too many smart people give you the clear impression that they don't think they can learn much from you, don't really pay attention when you try to give them your take on an issue, and are just waiting for you to stop talking. Not so Bob. When you were sharing your thoughts with him, you were the only person in the world. His intense concentration on your every word came from his craving to not only understand what you were saying, but to feel where it was coming from inside you. This and other qualities made him a very successful consultant, at the highest levels, within some of the world's largest corporations. He had a wonderfully effective approach to consulting. Whether advising a corporate CEO or just a friend, he never told you what you should do. Rather, he led you through a process of self-discovery that allowed you to come up with the right answer yourself. He was the best teacher you ever met because you learned from within.

I'm sure that the best thing I ever did for the IMA was *continued on page 69*

[GOVERNMENT]

House Bill Would Increase Corporate Costs and Disclosures on 401(k)s

STEPHEN BARLAS, EDITOR

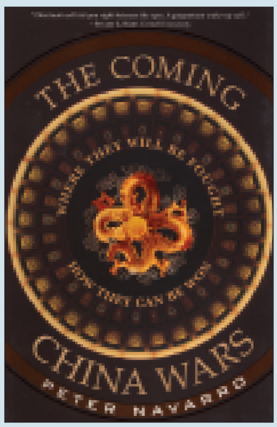
A bill (H.R. 3185) heading to the House floor would require employers to provide employees with much more detail about the fees associated with the 401(k) plans the company offers and the portion of those costs that the company pays. Rep. George Miller (D.-Calif.), chairman of the House Education and Labor Committee, has been inching the bill along for a year and a half, talking with business and labor in order to get them on board. The American Benefits Council (ABC), the representative of *Fortune* 500 companies, generally approves of this new version of the Miller bill, which greatly improves its chances of passage this year. The ABC, in a letter to Miller prior to the Committee vote on April 16, called Miller's latest draft "more effective and administrable in a number of ways" but said it still lacks "appropriate liability protections for any plan sponsor and service provider who acts in a reasonable manner in good faith reliance on information provided by a third party." That liability shield is important to many big companies who are worried about employee-filed lawsuits such as the one filed in March against Wal-Mart, where plaintiffs allege their 401(k) plans did poorly because of the high fees charged by the mutual funds whose products were offered by Wal-Mart. What was worse, those actively managed mutual funds did worse than companion funds offered by low-expense Vanguard, whose products weren't offered.

The Miller bill requires the employer to break down each worker's 401(k) costs into four categories: administrative, investment management, transaction, and other. That would create additional work for the third-party managers, thereby increasing their charges to companies offering 401(k) plans. That means an increase in corporate pension costs should this bill pass Congress and be signed into law by President Bush. Moreover, the bill also requires the plan administrator to give employees a good bit of information they may not currently be receiving, including the name, risk level, and investment objective of each available investment option; the historical returns for and fees assessed on each investment option; and where plan participants can obtain additional plan and investment information. Another new requirement is that plan administrators would have to include at least one index fund in the array of investment options in order to get federal liability protection against losses in a plan. The House Education and Labor Committee passed the bill along party lines, which probably presages a similarly partisan House vote and eventual passage. Sens. Herbert Kohl (D.-Wis.) and Tom Harkin (D.-Iowa) have introduced a pension fee disclosure bill. *continued on page 69*

[BOOKS]

The Effect of China's Rise

In *The Coming China Wars*, Peter Navarro paints a grim picture of China's economic emergence, comparing its unintended consequences to the destruction caused by actual warfare. According to Navarro, China is slowly poisoning itself and the rest of the world along with it. The solution will require international prodding to bring the Chinese government and its industries into the 21st Century as a full global partner as well as the moderation of economic growth and consumption throughout the world.



Navarro points out that there are really three types of war that apply to China's development. The first, armed conflict, is hopefully the kind of war with China that will never occur. The second type of war that Navarro touches on is internal unrest and revolution of the Chinese people. Since China's industrial revolution in the 1950s (the Great Leap Forward), the goal of its government has been to maintain economic expansion while placating an increasingly urban population. Whereas a similar kind of economic development occurred in the United States over 150 years—much of which was punctuated by social disillusionment—much of China's growth has occurred within the last 10 years or so. With little time for the development of proper infrastructure or adequate legal and market systems, it's no wonder economic expansion in China is causing social unrest.

Navarro writes extensively about the third type of war: environmental warfare. The Chinese government has been unable to adopt or enforce adequate regulation of pollution, disposal of industrial waste, etc. The result of this industrial *laissez faire* makes 1800s London look clean by comparison. Chinese smog, a combination of industrial effluent and coal smoke known as "chog," is not only an environmental threat to Chinese industrial locations, but prevailing winds carry it to Japan and the west coast of Canada and the United States. Dumping of industrial waste in waterways and pesticide run-off cause extensive health problems throughout China and Southeast Asia, while widespread plowing of marginal land in the steppes and plains of southwest China—land that "replaces" fertile coastal land newly converted to industrial use—causes desertification and huge dust storms, limiting the land available for agriculture and adding to the degradation in air quality.

Navarro suggests a solution that will require international enforcement as well as political and personal resolve in China and the U.S. China must be held accountable to its WTO treaty responsibilities and most-favored nation status. WTO status supposedly ensures a level playing field for all members, but the world has spent far too long turning a blind eye to large-scale pollution, currency manipulation, and worker-rights violations in exchange for cheap Chinese goods. The root of the problem, according to Navarro, is that policy is set by the government in Beijing but enforcement is done on the local level, which is profit-oriented, shortsighted, and corrupt.

As Navarro sees it, the governments in Beijing and Washington, D.C., have the same basic problem: They are both trying to curry favor with their citizens. The Chinese must realize that their long-term survival depends on the quality of the environment along with a more moderate growth rate, and the U.S. must realize that an increasing standard of living can't be financed on borrowed money.

Real war can be prevented, but the small conflicts Navarro discusses in *The Coming China Wars* must be met and solved. Both the Chinese and Americans must realize that there's a limit to economic growth and increase in standard of living: the finite resources of the Earth and its biosphere to accommodate the byproducts of human activity. All of us must realize that limitless expansion is impossible and to conduct our lives and business as if there are no limitations is just as foolhardy as actual war.—*Mike Osheroff, osheroff@worldaccessnet.com*

[LETTERS] *cont'd from p. 24*
to invite Bob to write a monthly column for this magazine. His final column appears in this issue. He was eventually joined in this effort by Betsy Gullickson, with whom he also wrote the book *On the High Wire: How to Survive Being Promoted*, must reading for anyone wishing to make the transition into organizational leadership. The column is always full of wisdom and thought-provoking insight. I hope Betsy will be able to continue with it, perhaps in collaboration with one of Bob's former disciples. And wouldn't a compilation of his columns be a great book? I'd certainly buy one.

Beyond all this, Bob was, above all, a wonderfully kind, loving person. He had a great sense of humor and loved life as much as anyone I ever knew. My heart goes out to his wife Brook, their son Remy, the rest of his grieving family, and to all the others who loved him. There certainly were a lot of us.

Rick Swanson

Rick Swanson was executive director of the Institute of Management Accountants (IMA®) from 1998 to 2000.

[NEWS] *cont'd from p. 23*
Goals & Aspirations. They are "The Ambition Divide: Differences Define Women's Career Aspirations," "Age and Aspirations: How Female Managers View Their Careers," and "Advancing Women into Senior Management: How to Inspire Aspirers." You can download these for free at http://us.hudson.com/node.asp?kwd=02-25-08-survey. ■

[GOV'T] *cont'd from p. 24*
Senators Push Cox for More Aggressive Action on Credit Rating Agencies

It appears that some members of Congress believe the SEC's first set of rules to implement the Credit Rating Agency Reform Act of 2006 were too light-handed. That law allows credit rating agencies to voluntarily apply for the status of nationally recognized statistical rating organizations (NRSROs) and, once they are designated, for them to be regulated by the SEC. According to the first set of rules, published in July 2007, the SEC can examine the NRSRO's books as well as place limitations on its activities, censuring it or revoking or suspending its registration. In the upcoming second round of rules, SEC Chairman Chris Cox wants NRSROs simply to publish more information, such as a summary of how accurate their ratings turned out to be. Yet members of Congress want Cox to go further. During Cox's testimony before the Senate Banking Committee on April 22, Committee Chairman Chris Dodd (D.-Conn.) asked Cox whether he might pull the charter of an NRSRO that made too many bad calls. Cox answered that the SEC didn't have that authority, but it could revoke the NRSRO designation. Sen. Richard Shelby (R.-Ala.), the top Republican on the Committee, signaled he, too, expected a comprehensive second rule from the SEC—one that particularly focused on how the "the sophisticated underwriters that structured and sold these securities reaped huge fees for their efforts regardless of how the securities performed for investors." ■