Women in Finance: Not Adding Up!

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Executive Summary

Six years on since the Equality Act (2010) this report examines gender diversity in the accounting profession. We surveyed the gender diversity of executives and partners in the UK’s top-1000 accounting and finance companies. The report also examines the gender diversity in the talent pipeline, from professional accounting courses to recent trends in accounting and finance occupations, executive diversity and gender pay gaps.

Key Findings:

- Of the 1000 accounting firms surveyed we identified 4,771 executive members, directors, company partners and senior accountants.
- Less than a quarter of the executives we profiled were female. Some 903 senior women were from ethnic backgrounds. Of the 4,771 executive members identified just 73 (1.5%) were identified as being women from Black, Asian and Minority Ethnic (BAME) backgrounds.
- Over half, equivalent to 638 (63.8%) of the accounting firms profiled had no women identified as directors, partners or senior managers.
- Only 65 (6.5%) of the firms had a gender profile where women represented over half of the board members, partners and senior managers.
- Around 4% of the firms had between 96% and 100% female representation. This included 43 organisations where the sole proprietor was female, or where women occupied all board and partner positions.
- Nearly all (97.6%) of the accounting firms we surveyed had five or fewer female board members and partners.

Recommendations:

- Professional accounting bodies must do more to attract and support female members undertaking their programmes through more tailored support for women looking to progress their careers.
- Accountancy firms could do more to promote flexible working practices, such as job-sharing, flexible hours and home working to attract and retain female talent.
- There should be an examination of the current role that technology could play in overcoming barriers to flexible working, including technologies that would enable women to work remotely.
- More detailed research is needed to establish the reasons behind the high pay gaps in the accountancy profession specifically, with a stronger focus on pay gaps at middle management and executive level.
Introduction

It is now over 40 years since the Sex Discrimination Act became law and 46 years since the Equal Pay Act was introduced. Despite the strengthening and amalgamation of equality legislation into the Equality Act (2010) men continue to outnumber women in many industries and professions. For women, slower rates of progression to senior levels and gender pay gaps are still commonplace in occupations. Inequalities and the ‘glass ceiling’ are still archetypal of many traditional male-dominated industries.

The accounting and finance sector is one such profession where males have outnumbered women in the most senior and qualified roles. Despite some recent progress in the representation of women on boards females still occupy most of the lower administrative roles in the sector, with progression rates still failing to reflect the gender diversity of the wider talent pool. Moreover, the gender pay gap for senior women in accounting and finance is one of the highest of any UK industry. The evidence suggests that increasing numbers of women are now joining the accountancy profession; however the proportion of female partners, senior managers and directors is increasing at a much slower rate.

This report examines the senior gender diversity in the UK’s top-1000 accounting and finance companies. The report also examines the gender diversity in the talent pipeline, from professional and academic qualifications, recent trends in accounting and finance occupations, the number of women on executive boards and gender pay gaps.

The Gender Pay Gap

Much has been written in the literature about the disparity between men and women’s pay. The Office for National Statistics places the current full-time median gender pay gap at 9.4%; the lowest since records began. Estimates place the gender pay gap for the accounting profession at around 17%, nearly double that of the current national pay gap. Between 2013 and 2015 average basic salary for female accountants increased by 3%, up from £57,650 to £59,420; still significantly lower than the £71,890 average basic salary earned by male accountants. The pay gap is also evident when bonuses are taken into account. One study indicated that annual bonus payments for female accountants are 37% lower than their male counterparts.

The gender pay gap is particularly acute for female chartered accounts. A recent study by the ICAEW indicates that the gender pay gap for chartered accountants may be increasing. The study suggests that male chartered accountants in business earn an average salary of £100.9k per annum compared to £63.9k for women, representing a pay gap of £37k per year and a 5.4% increase since 2014.

Several studies have placed the gender pay gap in accounting as one of the highest of any profession in the United Kingdom. A 2011 study by the Equality and Human Rights Commission placed the gender pay gap in the financial and insurance profession at 38.6%. Research conducted by the recruitment agency Reed identified the accountancy and banking professions as having the most unequal gender pay rates. The study placed a qualified male accountant’s average salary at £47,034 compared to £36,432 for women, a pay difference of over £10,600.
Nationally the gender pay gap has been falling since the annual statistical surveys began in 1997. In 2015 the pay gap for median earnings of full-time employees fell to 9.4%, down from 9.6% in the previous year but has remained little unchanged for the past 4 years. However, the full-time gender pay gap is reversed when younger age groups are taken into account with females aged 22-29 earning 0.8% more than their male counterparts. The gap becomes more apparent as female workers get older. For women aged 30-39 working full-time the gap increases to 0.6%, rising to 12.2% for 40-49 year-olds. This is most likely caused by women taking time away from the labour market to have children.\(^6\)

Similarly, studies have shown that gender pay gaps increase as women progress through their career. For entry-level roles women are actually earning more than their male counterparts. The Chartered Management Institute estimate that for entry-level roles women earn £989 more on average. By the time women reach middle management this initial advantage is reversed, with men typically earning £1,760 more compared to women. For corporate directors the pay gap widens considerably to £15,561, based on a basic salary of £140,586 for men and £125,025 for women.\(^7\)

**Government Interventions**

The government has set a target to eliminate the gender pay gap ‘within a generation’. Among the measures being introduced include a requirement for companies with over 250 employees to publish information on their gender pay gaps by April 2018. Larger employers will also be expected to publish the number of women and men in each pay scale. The government plans are intended to highlight industries and sectors where the gender pay gap is not being closed.\(^8\)
The government has launched a voluntary charter for organisations in the financial services sector. The Women in Finance Charter aims to promote gender balance across all levels of financial services firms, including focusing on the executive talent pipeline to promote more women to senior roles.9

**Methodology**

Elevation Networks conducted a study of the top 1,000 accounting and finance firms registered in the United Kingdom ranked by reported annual revenues for the year 2015/16. Using Companies House records and corporate websites we surveyed the gender and ethnic composition of senior management, executive boards, directors, company partners and senior accountants to produce a gender profile for the accounting and finance industry.

Elevation Networks used secondary statistics to analyse the gender breakdown of the accounting profession over the past 5 to 10 years. We analysed trends in the talent including those studying professional accounting courses. Occupational trends over the past decade are also examined.

**Findings**

Of the firms surveyed we identified 4,771 executive members, directors, company partners and senior accountants.

Less than a quarter of the executives we profiled were female. Some 903 senior women were from ethnic backgrounds. Of the 4,771 executive members identified just 73 (1.5%) were identified as being women from Black, Asian and Minority Ethnic (BAME) backgrounds.

The results also showed that:

- Over half, equivalent to 638 (63.8%) of the accounting firms profiled had no women identified as directors, partners or senior managers.
- Only 65 (6.5%) of the firms had a gender profile where women represented over half of the board members, partners and senior managers.
- Around 4% of the firms had between 96% and 100% female representation. This included 43 organisations where the sole proprietor was female, or where women occupied all board and partner positions.
• 97.6% of the accounting firms we surveyed had five or fewer female board members and partners (Fig.3).

Figure 2 Percentage of female representation on boards / female partners – from 1,000 accounting surveyed.

Figure 3 Number of women board members / female partners per firm
Top-100 Accounting Firms

Whilst the top-100 accounting firms performed slightly better in terms of overall representation, 33% had no female representation on boards or female partners. Only 9% of the top-100 firms had over fifty percent female representation.

Figure 4 Female representation on boards / female partners in the top-100 accounting firms by annual revenues

Figure 5 Number of female board members / female partners in top-100 accounting firms by annual revenues
The 10 largest accounting and finance firms had the highest overall senior female headcount, but this did not necessarily result in a proportionally higher female executive gender balance (Table 1).

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Executives / Partners</th>
<th>Women</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG</td>
<td>636</td>
<td>97</td>
<td>15.25</td>
</tr>
<tr>
<td>Blake Morgan Group LLP</td>
<td>124</td>
<td>34</td>
<td>27.42</td>
</tr>
<tr>
<td>Uhy Hacker Young LLP</td>
<td>53</td>
<td>19</td>
<td>35.85</td>
</tr>
<tr>
<td>Smith &amp; Williamson Chartered Accountants</td>
<td>140</td>
<td>19</td>
<td>13.57</td>
</tr>
<tr>
<td>Buzzacott LLP</td>
<td>51</td>
<td>18</td>
<td>35.29</td>
</tr>
<tr>
<td>Whitmarsh Sterland</td>
<td>54</td>
<td>18</td>
<td>33.33</td>
</tr>
<tr>
<td>Grant Thornton UK LLP</td>
<td>74</td>
<td>18</td>
<td>24.32</td>
</tr>
<tr>
<td>Critchleys LLP</td>
<td>37</td>
<td>13</td>
<td>35.14</td>
</tr>
<tr>
<td>Moore Stephens LLP</td>
<td>86</td>
<td>12</td>
<td>13.95</td>
</tr>
<tr>
<td>Rgl LLP</td>
<td>28</td>
<td>11</td>
<td>39.29</td>
</tr>
</tbody>
</table>

Table 1 Top 10 Accounting firms by Female Executive Headcount

**Women on FTSE Boards**

The number of women on boards has received growing attention over the past decade. Since 1999 the proportion of women on FTSE 100 boards has been documented by the Female FTSE 100 Board Report, published by Cranfield University. When the first report was published in 1999 almost half of FTSE 100 firms had no female directors, whilst women accounted for only 6% of all FTSE 100 directors. By 2016, the number of FTSE 100 female directorships had increased to 26%, equivalent to 279 female posts.
In 2008 the Equality and Human Rights Commission estimated that it would take around 70 years for women to achieve gender equality on FTSE 100 boards if the annual rate of progress continued. In response to the slow rate of progress the government established a review board headed by Lord Davies to identify barriers preventing women from progressing to senior levels. The first review published in 2011 identified fewer women progressing through the corporate pipeline to the upper level of organisations. The review recommended a target of 25% female representation on FTSE 100 boards by the year 2015 with Chief Executives also asked to review the percentage of women they had on their Executive Boards.

By 2015 the percentage of women on FTSE 350 boards had doubled from 12.5% to 26.1% in FTSE 100 companies and 19.6% in FTSE 200 firms. For the first time there were no ‘all male’ boards in the FTSE 100 group of companies. Despite progress being made significant shortfalls still exist in chair and CEO positions. Just 3% of FTSE 100 chairs are female, whilst the number of female CEOs in the FTSE 100 companies has remained static since 2011 at just 5%. The government has since set a more ambitious target of achieving 33% female FTSE 100 board membership by the year 2020.

**Female Talent Pipeline**

Professional accountancy courses provide entry routes into the accounting and finance profession. University courses including accounting and finance, business-related subjects, economics and mathematics also provide a foundation for many professional accounting courses and can also provide a competitive advantage for new entrants.

Accountants working towards chartered status may study with either of three professional chartered institutions in the United Kingdom. These include the Institute of Chartered Accountants in England and Wales (ICAEW). Separate institutions operate in Scotland and Northern Ireland. Separate accounting bodies exist for other accounting qualifications,
including the Chartered Institute of Management Accountants (CIMA), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of International Accountants (AIA).

In 2015 almost half (49%) of accounting students enrolling with professional UK accounting courses were female. Only two of the seven accounting bodies operating in the UK have more than fifty percent female student enrolment. The Association of Chartered Certified Accountants (ACCA), founded in 1930, has the most gender diverse student cohort. In 2015, 61% of students enrolling on ACCA courses were female. The Chartered Institute of Management Accountants (CIMA) had the second highest female representation at 54%.  

![Figure 7 Percentage of female accounting students enrolled on professional accounting courses with accounting bodies registered in England, Wales, Scotland and Northern Ireland (Financial Reporting Council, 2016)](image)

Professional Accounting Members

Female student representation is not matched among the membership of the seven professional accounting bodies overseen by the Financial Reporting Council (FRC). In 2015, just 35% of professional accounting members were female. None of the professional bodies have proportional female membership of fifty percent of more. The ACCA has the highest proportion of female members and students, 46% and 61% respectively.
Global Reach
Reflecting the global nature of the accounting profession most of the professional bodies have a global membership body and global networks which connect professional members internationally. For example, around 40% of the ACCA’s members are based in non-UK countries, with 49,877 (26.5%) located in Asian Pacific countries such as Hong Kong and Malaysia. Emerging economies now constitute a significant proportion of the membership base. Around 13,905 (7.3%) of ACCA members are situated in Sub-Saharan African countries.\(^{18}\) Similarly, the ICAEW membership base extends to over 155 countries worldwide, with China, Australia, the USA, Malaysia, Singapore and the United Arab Emirates all within the top-10.\(^{19}\) The Scottish-based Institute of Chartered Accountants in Scotland also has an extensive membership base beyond its main area of operations, with 7,229 (34.9%) members in England and Wales and 3,033 (14.6%) based overseas.\(^{20}\) Professional bodies therefore have the opportunity to make a difference and lead in regards to gender inequality on a global scale.

Administrative Occupations
Women occupy many administrative financial positions. In 2015, 597,000 female workers were employed as credit controllers, book-keepers, payroll managers, finance officers and other financial-related administration. Almost three-quarters (71.6%) of financial administrators are female. Women are also slightly more likely to be employed in part-time administrative finance roles. In 2015, 37% of female financial administrators worked part-time, compared to 30.1% for all employees.
Chartered and Certified Accountants

The number of female chartered and certified accountants has increased over the past 10 years, reaching a peak of 87,000 in the year 2014. Despite a fall in 2015 the number of qualified female accountants has almost doubled over the past decade. In 2015, around 39.7% of chartered and certified accountants were female. Female representation has remained relatively static over the past decade, reaching a high of 43.2% representation in 2013.

Figure 9 Percentage of women employed in financial administrative positions – 2001-2016 (ONS 2016).

Figure 10 Percentage of women employed as chartered and financial administrative positions – 2001-2016 (ONS 2016).
Professional Support for Female Accountants

Professional occupations such as law and accountancy have historically exhibited ‘masculine’ tendencies which have acted as an entry barrier for women and increased pressure on women to conform to gendered ‘social norms’. Masculine cultures and a lack of social support for women within professional bodies which have for long excluded women for the profession are slowly being addressed through more tailored support for female members. Despite this support for women across the sector remains patchy, with little joined-up provision to support female members within their accounting careers.

Accounting bodies provide a limited range of support programmes for female accountants, with the larger bodies providing more tailored support services, including women’s networks, events and development programmes. The ICAEW, for example, provides a 6-month leadership development programme for female accountants aiming for senior management, board and executive level. Other programmes have been developed to support women in finance and accounting roles. However, member services tailored towards women are particularly scarce across all professional bodies; with most events and development courses incurring additional charges (Table 2).
<table>
<thead>
<tr>
<th>Courses and Training</th>
<th>Member Benefits Overview</th>
<th>Support for female members</th>
<th>Percentage of female members</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCA</td>
<td>Professional qualifications available. Individual and corporate registrations accepted.</td>
<td>Women in finance campaign Research and advocacy Regional women’s networks. Video Guides</td>
<td>46%</td>
</tr>
<tr>
<td>CIMA</td>
<td>Professional qualifications available.</td>
<td>Women in Business Events</td>
<td>34%</td>
</tr>
<tr>
<td>CIPFA</td>
<td>Professional qualifications available. Accredited training offered. Conferences and seminars. Webinars.</td>
<td>Women in Public Finance Network</td>
<td>33%</td>
</tr>
<tr>
<td>ICAEW</td>
<td>Specialist qualifications available. Higher-level apprenticeships. CDP Courses Talent development programmes.</td>
<td>Women in leadership development programme.</td>
<td>28%</td>
</tr>
<tr>
<td>CAI</td>
<td>Diploma courses available.</td>
<td>-</td>
<td>40%</td>
</tr>
<tr>
<td>ICAS</td>
<td>Chartered accountant courses available. Professional development programme.</td>
<td>Leadership development courses.</td>
<td>33%</td>
</tr>
<tr>
<td>AIA</td>
<td>Professional qualifications available. Study support and webinars.</td>
<td>Professional development courses covering female career support.</td>
<td>30%</td>
</tr>
</tbody>
</table>

Table 2 Summary of accounting body membership services (compiled from online membership information – October 2016).
Increasing numbers of female accountants over the past few decades has seen more emphasis on developing appropriate arrangements to support women in their careers. Flexible working arrangements are considered a top-priority for females in the sector, with women more likely to choose positions which offer flexible working arrangements and organisations whose cultures are more supportive of female workers. From 2016 all employees have the legal right to request flexible working practices from their employer. Practices such as working from home, staggered hours and flexitime can now be formally requested by all employees as a statutory right.23

The ‘Big 4’ accounting firms are among the first to introduce flexible working practices, with particular support provided for working mothers. Initiatives such as reduced working hours and family leave are helping to make the profession more attractive to females whilst attempting to dispel traditional perceptions of the profession as a ‘masculine’ industry.24 Increasingly flexible working is being used as a means of both attracting and retaining female talent.25

The American Institute of Certified Public Accountants (AICPA) have advocated flexible working and ‘telecommuting’, for example using the internet and telephone to maintain contact with the workplace whilst maintaining non-workplace demands.26 Flexible working has been shown to increase job satisfaction among young women and is also cited as a factor in attracting women to the accounting profession.27

In Australia one study indicated that as many as 60% of female accountants have requested flexible working arrangements. The most common reason being to enable them to care for children, in the case of 40% of female accountants. Reflecting the changing gender attitudes within the profession he study carried out by CPA Australia found that around 70% of requests for flexible working were accepted by employers.28

Technology is increasingly being used to foster and plan flexible working practices for both employees and businesses. For businesses, technology systems which have the ability to plan working patterns and integrate with HR systems in order to record working hours and ensure that flexible working hours policies are adhered to.29 New technology also brings potential new methods to support women in their careers. E-mentoring provides opportunities for female accountants working flexibly to connect with role models to help them to progress within their careers. One such scheme launched by the Association of International Accountants (AIA) provides virtual work experience for young accountants. Delivered in association with the Financial Skills Partnership (FSP), the scheme enables experienced accountants to pass on their skills and knowledge to young people.30

Other sectors, most notably the STEM industry, have pioneered the use of e-mentoring as a means of supporting underrepresented groups to enter and progress their careers within respective industries. In the USA over 32,000 STEM students have been mentored through an e-mentoring system which matches them with STEM industry professionals.31 In the UK e-mentoring has also been used to support women in the logistics industry; the programme delivered by the Women in Logistics organisation supports both women and men at various stages of their career with professional role models.32
Conclusion
An increasing number of women are joining the accounting profession but failing to progress to senior leadership roles. Our findings suggest that the ‘glass ceiling’ is still very much in evidence in the accounting profession, whilst historically entrenched pay gaps are some of the worst of any UK industry. The pay gap increases significantly for women as they progress through their careers to more senior positions.

Our research found that much more needs to be done to support female accountants. The proportion of female accounting students has increased year-on-year, with female enrolments equalling or outnumbering the number of male students for some professional courses. However female membership of professional accounting bodies has been slower to reflect recent demographic changes in the sector; around 65% of professional members are male. Professional bodies could do more to promote and support women in the industry though tailored support and professional development.

Accountancy firms could also do more to encourage women into the industry. Changing the image of the profession as one which supports women in their careers could be enhanced by promoting initiatives such as flexible working practices. The world’s largest accounting practices are leading the way in promoting flexible practices for employees. Initiatives such as homeworking, flexible and staggered hours are helping to provide working environments that are both more inclusive and attractive for female accountants.

New technologies have created new possibilities for flexible and remote working in the accounting sector. Online collaboration and e-mentoring are already having a positive impact for female workers across multiple industries. Whilst large accounting firms are rising to the challenge of implementing new working practices much more could be done across the accounting sector to support female accountants in their careers.

Recommendations
- Professional accounting bodies must do more to attract and support female members undertaking their programmes through more tailored support for women looking to progress their careers.

- Accountancy firms could do more to promote flexible working practices, such as job-sharing, flexible hours and home working to attract and retain female talent.

- There should be an examination of the current role that technology could play in overcoming barriers to flexible working, including technologies that would enable women to work remotely.

- More detailed research is needed to establish the reasons behind the high pay gaps in the accountancy profession specifically, with a stronger focus on pay gaps at middle management and executive level.
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5 Reed (2015) Men expect to earn 20% more than women, London, Reed, Available from: http://news.reed.co.uk/revealed-men-expect-to-earn-20-percent-more-than-women/