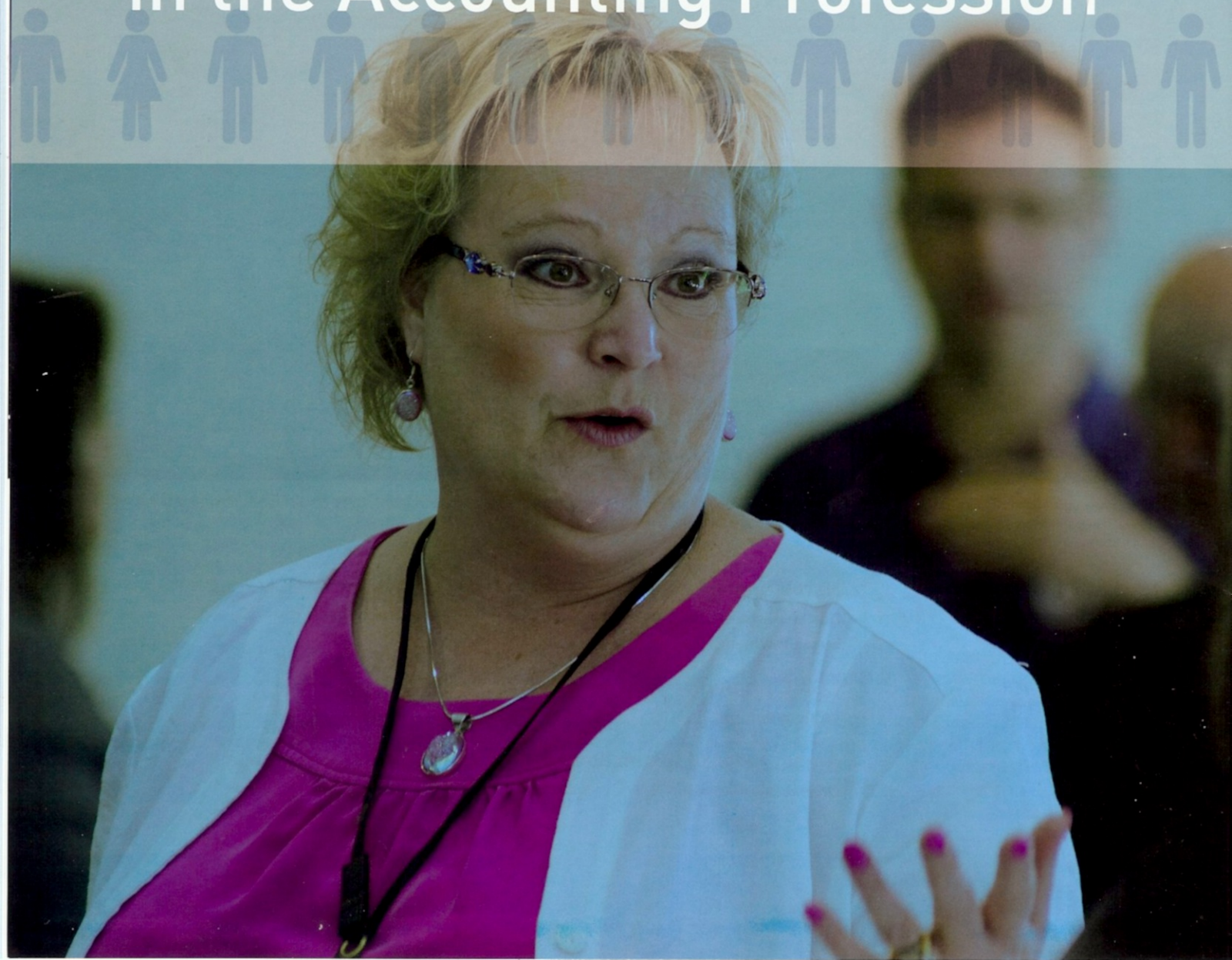


A repeating pattern of blue human icons, alternating between male and female figures, covers the entire background of the image.

Diversity

in the Accounting Profession



2012 senior management positions held by women
across the world's accounting firms: 21%



Recent studies in Canada and the U.S. show that although women account for roughly 50 per cent of accounting professionals, those numbers are not reflected at senior levels in either accounting firms or corporations. Frustrated with not being able to advance as fast as men or getting the same career opportunities, women often leave their jobs for other, more suitable opportunities, generally at great expense to the organizations that hired them in the first place. Interestingly, although a number of studies support the recent findings, female CGAs say they simply aren't running up against the problem.

By Gundi Jeffrey

← Gabrielle Loren, CGA, says that family-friendly work policies, such as offering flexible hours or the opportunity to work from home, help retain women in senior positions.

Diversity in the Accounting Profession

"I personally have never seen barriers to advancement in my working life," says Gabrielle Loren, CGA, who heads up Loren, Nancke & Company in Vancouver. "Even when I was with the Canada Revenue Agency, I was promoted along with my male co-workers and I never felt overlooked because I was a woman."

Lori Mathison, CGA, managing partner of Vancouver law firm Fraser Milner Casgrain, also says she has never felt discriminated against, adding that her CGA designation "really bolstered my career." She points out that her firm has been repeatedly recognized for its diversity initiatives, noting that diversity "is not only the socially responsible thing to do, but also makes great business sense."

Nevertheless, plenty of data shows that not everyone is doing as well. A 2012 Grant Thornton International Business Report says there are still not enough women in senior management. If anything, the world has backtracked. In 2007, 24 per cent of senior management positions across the world were staffed by women compared to 21 per cent in 2012.

In a June 2012 report, the American Society of Women Accountants (ASWA) points out that "even when firms hire a diverse staff, many women and minorities drop out because of lack of support that prevents accomplishment and advancement." More specifically, the 2012 ASWA *Special Report on Diversity in the Accounting and Finance Fields* found that, although a diverse group of people does enter the accounting workforce each year – with 50 per cent of new hires in the U.S. now being women – these numbers drop dramatically at the senior management, partner and director levels. One ASWA report found that women

"The vast majority of highly qualified women don't have the political allies to propel, inspire and protect them through the perilous straits of upper management. They lack, in a word, sponsorship."

Gundi Jeffrey, a freelance business journalist and editor now living in Mexico, was the co-founder of *The Bottom Line*. Her articles appear in accounting publications in Canada, England and Mexico.

comprise only 17.4 per cent of partners in public accounting firms.

Canadian figures are equally discouraging. A recent position paper released by the Canadian Institute of Chartered Accountants' Women's Leadership Council (WLC) explains that although women make up 32 per cent of the CA membership, and are entering the profession in the same numbers as men, there has been "little progress in rising through the ranks to CFO, Treasurer or Partner." Only 15 per cent of female CAs are partners in accounting firms.

Although there are no equivalent statistics for CGAs, where women currently comprise 54 per cent of the total membership and 62 per cent of the 2012 entrants in B.C., anecdotal evidence suggests that CGA accounting firms do a little better, ultimately promoting a significant number of their women hires to partnership.

"The needle hasn't moved much," says WLC chair Robin Taub, CA. "There continue to be significant barriers that prevent women from advancing. Even though there are more strategies for dealing with these barriers, there has not been significant improvement."

Beth N. Carvin, CEO of U.S.-based Nobscot Corporation, a retention consultant and provider of web-based exit interviews, corporate mentoring programs and new hire surveys, states that a lot of progress was made in the 90s. "Accounting firms paid a lot of attention to recruiting women and minorities. There was this thinking that the reason there were fewer women at the top was because we didn't have enough women in the pipeline. If we brought more women into the pipeline, they would eventually rise to the top. This turned out not to be true."

Per cent of female CGAs who are partners in accounting firms: 25%



Per cent of female CAs who are partners in accounting firms: 15%



The pipeline is leaky, Carvin says, with women-sized holes, "so many fall right through. We did this great job of recruiting women and yet they still aren't advancing at the same rate as men." One of the sad reasons for this is stereotyping. "Studies show that, in a lab situation, both men and women will, on visuals alone, rate a man as being more competent than a woman. Worse, if women are viewed as competent, they are seen as not likeable. If they are considered likeable, they are not viewed as competent. Unfortunately, it takes being likeable to advance."

Another problem, according to a 2010 *Harvard Business Review Research Report*, is that women don't have the backing to attain leadership positions. As a press release summarizing the report stated, "The vast majority of highly qualified women don't have political allies to propel, inspire and protect them through the perilous straits of upper management. They lack, in a word, sponsorship." Sponsors go out on a limb for their protégées, "providing stretch opportunities, forming critical connections and promoting visibility. Without sponsorship it is nearly impossible to climb the last slippery slopes of the career ladder – where competition is at its most intense."

There are also repercussions for taking time out to have a family. "If you take a year off to have a kid and later on another year, those are years when your male colleagues are gaining experience, experience that will help them advance," says Taub. "If you're not there, how can you learn and grow and get that experience in the same amount of time? It may take longer."

And then there is the matter of unconscious hiring bias. Xerox is a leading light

in promoting women and has a female CEO in both Canada and the U.S., and 50 per cent of the Canadian senior leadership is female. And yet barriers persist, says Melanie Philip, who works for the strategy and transformation division in Canada.

Xerox is very progressive, she says, "but there are subtle biases in our heads that prompt us to choose males for a certain role and we don't even know we are doing it. A man will walk in and say I am great and I will do this, this and this for you, while a woman will say she has experience and can do certain things well. In a culture where we want people to say, 'I am going to knock the ball out of the park,' the selection process will be biased towards men, who can sell themselves better. We need to change our thinking. As women, we need to understand that if we want a particular job or career path, we don't have to be 110 per cent qualified to go aggressively after it. Men might have only 60 per cent of the qualifications but they will still go for it."

According to Philip, "our real challenge today is to recognize female talent and make sure that women are in the pool of candidacy for a role." This is a very subtle problem, she says, "but if we don't address it, we will, over time, self-select ourselves out of certain jobs and into other roles – and go backwards."

Carvin adds that research shows "that people tend to hire people who are like themselves. So, in professional services firms, if the primary top leaders are men and they are making the decisions for promotions, they tend to naturally want to promote someone like themselves and perpetuate this problem."

Whatever the reason, Nobscott's direc-


tor of sales Laura DiFlorio, who is based in Ontario, says that "something happens during the work life of some women that makes them leave and seek a different career that is not as demanding or competitive. They feel like they just don't fit in. If you don't make your female employees feel like they belong, they will leave."

And that can get expensive. According to the WLC paper, the cost of replacing a valued employee is at least twice the cost of her annual salary due to the loss of intellectual capital, the learning curve of the new employee, client responses, and professional and leadership training. "When a sizeable portion of the talent base is female, if a large number leave, the cost would be significant," says the report. If a company employs 1,000 people at an average salary of \$50,000 and has a 10 per cent annual turnover, the cost to the company is roughly \$10 million a year.

"Those are hard numbers that should attract the attention of business leaders," says DiFlorio, whose company has online tools to allow organizations to calculate their own losses.

But beyond the costs of losing women, there are so many benefits to having them in senior positions. Study after study shows that women at the top are good for business. The Grant Thornton report found that stock price increases are more likely when women are on senior management teams. Another study found that businesses with more women on their boards considerably outperformed rivals in terms of sales and returns on invested capital and equity. As well, mixed gender boards appear to pay better attention to audit, risk and control. Even more telling, a recent study from

Diversity in the Accounting Profession



the UK found that having at least one female board member reduced the business's chance of folding by 20 per cent, and having more than one reduced the odds even further.

To this, the ASWA report adds that a diverse workforce makes a strong statement to potential clients that can give a company or accounting firm a marketing advantage. "A diverse workforce brings a variety of perspectives and experience to the table, enables individuals to think differently and increases the collective level of creativity and innovation." The ability to present a firm as innovative, with a diverse workforce, "is an important and meaningful way to distinguish your firm from other accounting firms," the paper points out.

Loren agrees wholeheartedly. "Vancouver is a very multicultural city and we have clients from every possible background. To meet the needs of this diverse group of clients, you need a diverse group of staff. We hired our first East Indian woman just last week. She speaks a language we did not have covered in our office. Having someone who can speak to clients in their native tongue is beneficial at so many levels."

A number of accounting firms have taken these studies to heart and are investing in recruiting, training and retaining female talent. In November, Catalyst Canada honoured several business leaders as 2012 champions of women's advancement in corporate Canada, among them Anne-Marie Hubert, Managing Partner of Advisory Services at Ernst & Young LLP.

According to Fiona Macfarlane, LLB, Ernst & Young's Chief Inclusiveness Officer and Managing Partner of the B.C.

"No matter what perks are offered, giving staff flexibility and making the work environment a place where they want to be will result in a more focused, productive staff that can only increase a firm's earnings."

Gabrielle Loren, CGA

region, "in the early 90s, we recognized that we needed to address that women weren't advancing to the partner role as fast as one would expect." The firm now has a number of programs in place to do that. One of them is EYU, "a university to develop our people. It has often been found that women's progress through the ranks was hampered by the fact that they weren't getting the appropriate experience along the way. This could be experience in business development, the kind of client relationships you develop, the technical skills or work on specific kinds of projects – things that develop your skills and get you ready for the next level."

There is also Career Watch, which monitors the professional development and career progression of the firm's high-performance women. "We look at whether women and visible minorities are getting the appropriate work experiences, are part of appropriate networks and are working with appropriate clients to make sure they are ready for partnership when the time comes."

And there is a professional women's network to help women build their skills and leadership capabilities, as well as develop the internal and external networks they need to succeed. Says Macfarlane, "they are doing what the men have been doing all along." As a result, the number of women partners at Ernst & Young has doubled over the past 10 years.

Yang Li, CGA, is one of the beneficiaries of these programs. With Ernst & Young since 2005 and now a Manager, Tax Services, Li was attracted to the firm because of EYU. The program gave her the skills and work experience to advance faster than might normally be expected.

Per cent of female
CGAs: 54%



Per cent of 2012 CGA entrants
who are women: 62%



She also participated in Career Watch. "I was matched with an experienced partner who gives me high-level direction and monitors that what I do is helping me with my career according to the firm's strategy plan. She helps me focus my time and energy and use my knowledge and skills to advance." Li also has a mentor who supports her in acquiring appropriate knowledge and experience.

"Ernst & Young really goes out of its way to help you realize your ambitions," Li says. "Now I see an opportunity for serving the Chinese market in B.C., as we have lots of Chinese companies coming to Vancouver to acquire resource companies or set up their own companies. There are cultural differences in how they think and operate – I can be a bridge to serving those Chinese clients, and my leaders are helping me develop this initiative." Li hopes to make partner in the next four to five years.

Macfarlane says the firm is also promoting sponsorships. "It has been shown through research that the way people get the top jobs is to have a sponsor, someone who will stick their neck out and put their personal credibility on the line and say that a certain person is right for a particular job or partnership. The research also shows that women tend not to get sponsored to the same degree that men do. But it is a powerful tool."

She can attest to that, having had a sponsor herself. "Before I became the managing tax partner for Canada, my predecessor identified me as someone who would make a good successor for him. He went about making sure that whatever I accomplished was well known by the person who would ultimately make the decision. He fought for me and

explained why he had confidence in me. Because he was a very influential person, with a lot of credibility, that made a big difference for me."

CGA firms are also making great strides in promoting and retaining women. Loren says that long-term work retention of women is more likely if a firm offers, as hers does, flexible hours to deal with family commitments, or the ability to work from home at times. "No matter what perks are offered, giving staff flexibility and making the work environment a place where they want to be will result in a more focused, productive staff that can only increase a firm's earnings."

Sandy Kirkwood-Pearce, CGA, is the managing partner of London, Ontario-based CGA firm EPR Slegers Kirkwood-Pearce, an independent member of EPR Canada. After 25 years in the profession, she has seen many changes. Although her first jobs were bookkeeping and secretarial, one of her employers encouraged her to get her CGA, and that put her on track for a more satisfying career. As well, she adds, belonging to a women's network throughout the years has been invaluable. "That group gave me the encouragement to do better."

Five years ago, she bought out the owner of her firm. "There were times during my career path to partnership I felt I had to work harder to balance family demands and keep up with the work demands to move up the ladder. Today, there is more support to help women advance in their careers faster."

She has adopted, in her own firm, the Women's Empowerment Principles, which espouse seven steps for achieving gender equality in the workplace. "We signed on to that model to encourage the

women in our firm to take the CGA program and work towards partnership. We make sure that, when there are several qualified candidates for a job, the women aren't passed by – there won't be a barrier to women in our firm." Kirkwood-Pearce is now asking other EPR firms across Canada to implement the same principles. Currently, 15 of EPR's 62 partners are female.

Bruce Hurst, FCGA, a shareholder and director of Reid Hurst Nagy Inc. in Vancouver, which has four partners, one of whom is a woman, says his firm promotes flexible hours to accommodate child and elder care, allows people to work from home and gives three paid family days a year on top of vacation and sick leave. But the firm went the extra mile for one of its long-time employees, Lynn Galloway, when she felt she had to leave the practice to be with her significant other in Kelowna. Instead, the firm allowed her to work from home for two years until it decided to open a second office in her city. "Lynn is now a partner in our firm and in charge of the Kelowna office."

All these initiatives are producing some success stories and the numbers problem will eventually improve. "Now, there are so many professional couples and even role reversals – with some husbands staying at home and raising the kids while their wives have the bigger careers," says Taub. "So I hope there is going to be a more gender-neutral workforce over time. We now have more female role models, more mentors and sponsors of women – and the business case for women in leadership is very compelling. This is true in both executive ranks and the board level. Businesses just perform better when there is more diversity." □