

EXECUTIVE SUMMARY

GENDER DIVERSITY IN AUDITING



AUDITORES

INSTITUTO DE CENSORES JURADOS
DE CUENTAS DE ESPAÑA

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DIVERSITY
IN AUDITING**

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June 2021

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Conclusions

The professional world in general, and the audit world in particular, is undergoing major change, where women's participation is reaching unprecedented levels. The presence of women in large audit firms is increasing every year, reaching almost 50% in some of them (AICPA, 2019; ICAC, 2018; ICJCE, 2017). However, despite the proven benefits of greater gender diversity in audit firms, the parity seen in the more basic positions of firms does not occur in leadership positions, where men significantly outnumber women (CPA Canada, 2016; FRC, 2019; Vidwans & Cohen, 2020).

The insufficient presence of women in management positions in firms requires reflection and debate on the causes of this situation. As the profession is highly attractive to women, as evidenced by the high number of women entering the profession and the results of previous studies on the image of auditing as a career path (ICJCE, 2019), it is necessary to analyse the reasons that lead to the particularly higher external rotation among women.

Audit firms face the challenge of attracting and retaining the best professionals and have established programmes and initiatives aimed, in particular, at attracting female talent and promoting women on an equal opportunities basis. Successfully implementing the best policies for attracting and retaining talent involves understanding the state of gender diversity in firms, as well as its present and future evolution. There are many advantages that gender diversity can bring to audit firms, hence the relevance of carrying out an in-depth study to obtain a complete picture of gender diversity in the profession.

In order to carry out this study, an extensive review of the existing national and international literature was carried out. In addition, a series of interviews have been conducted with audit professionals in different firms and positions, as well as with professionals who are no longer working in audit firms, which has helped us to considerably improve the research.

A questionnaire was developed and distributed between May and June 2021, obtaining a total of 254 useful responses.

The main conclusions reached in this study are described below.

The auditors surveyed perceive that the number of women in the firms has increased, as well as their promotion possibilities, although they consider that this increase does not translate in the same proportion into management positions.

Men have a more positive view on the evolution of the female presence in audit firms. This evolution of women's presence in firms and the improvement of women's promotion policies is perceived in all firms regardless of their size, but it is only in large firms that respondents observe an increase of women in management.

A greater presence of women generates significant advantages for audit firms, notably an improved image of the firm, greater concern for ethical issues and greater sustainability. The advantages are perceived to a greater extent by women, but men also share the advantages they bring. The advantages are appreciated by all professional categories, but primarily by assistants, which seems to support that we are facing a new generation more committed to gender diversity. It is in large firms that these advantages are also most evident.



A GREATER PRESENCE OF WOMEN GENERATES SIGNIFICANT ADVANTAGES FOR AUDIT FIRMS, NOTABLY AN IMPROVED IMAGE OF THE FIRM, GREATER CONCERN FOR ETHICAL ISSUES AND GREATER SUSTAINABILITY.

The presence of women is highly valued in team management. When the team leader is a woman, auditors consider that work-life balance is facilitated. In addition, greater diversity in teams improves the working environment and the quality of service. This result corroborates the advantages of gender diversity for the smooth functioning of teams and for the quality of work that have been highlighted in various studies. It is also important to note that the participants in this study show no preference as to the gender of their superior, nor as to whether their peers are predominantly male or female.

Firms are implementing different measures to promote work-life balance, in line with international and national recommendations. Flexitime and teleworking are the most frequently used voluntary measures in audit firms. This way of working was already in use in firms in the pre-pandemic phase and the results seem to reinforce the idea

that it has taken hold in audit firms and that it seems likely to have a chance in a post-COVID-19 scenario.

Men are more likely than women to take up flexitime and teleworking. This result may be due to the fact that the percentage of men in managerial and partner positions is higher than that of women, and it is generally the more senior positions in firms that enjoy greater freedom to flexibilise their hours or telework.

Reduced working hours and leave of absence to care for dependants are two options which, in general, are not particularly attractive to auditors. The reduction of working hours, which has been a demanded and widely used work-life balance measure in the world of work, mainly by women, is not so highly valued in auditing firms, as it implies a reduction in salary, but is not normally accompanied by a proportional reduction in workload.



**PARTICIPANTS
CONSIDER THAT
MEN AND WOMEN
HAVE THE SAME
OPPORTUNITIES
FOR PROMOTION,
THAT THERE ARE
NO INEQUALITIES
IN REMUNERATION
AND THAT THE
PROMOTION
SYSTEM IS CLEAR
AND KNOWN TO
ALL.**

Voluntary work-life balance measures have increased in audit firms. These measures are mainly used by women and taking advantage of them is not perceived as a lesser commitment to the firm on the part of the professional. However, this perception is not similar when it is men who make use of work-life balance measures. Furthermore, participants do not consider that men's use of them has increased.

It is mainly in smaller firms that work-life balance measures are perceived to have increased and, in general, they have a more positive view of men's use and enjoyment of these measures.

The participants consider that men and women have the same opportunities for promotion, that there is no inequality in remuneration and that the promotion system is clear and known to all. However, men are significantly more likely to agree with these issues than women.

In large firms, the promotion system is perceived to be clearer and better known to all employees, and where, theoretically, there is greater equality between men and women in promotion. However, it is also where men are believed to have more real opportunities for promotion.

Auditors, especially women and auditors belonging to large firms, believe that there are barriers to women's career progression, mainly stemming from family responsibilities, which are one of the main reasons for female external rotation. In general, there are no self-imposed psychological barriers perceived by women themselves, nor barriers derived from the lack of support or relationships, nor from the lack of policies for the promotion of gender equality.

There is no perception of high external rotation in firms, although there is some concern about the loss of talent. Men, partners and auditors in small firms seem to perceive this concern to a greater extent, while external rotation is perceived to a greater extent by auditors in large firms.

The auditors are very satisfied with the strengthening of their career through the knowledge acquired in the exercise of their profession and, in turn, highlight teamwork as one of the most positive elements of the profession. Compared to men, women report greater difficulty in completing their assigned work within their working day, show a greater preference for a more regular schedule than men, and perceive that they achieve a work-life balance to a lesser extent than men.

They highlight the greater consideration of teamwork in large firms as one of the most positive elements of their profession, as well as a greater desire for regular working hours. Smaller firms are perceived to have more time available for work and a better work-life balance.



**IN GENERAL,
THERE ARE NO
SELF-IMPOSED
PSYCHOLOGICAL
BARRIERS
PERCEIVED
BY WOMEN
THEMSELVES, NOR
BARRIERS ARISING
FROM A LACK
OF SUPPORT OR
RELATIONSHIPS,
NOR FROM A LACK
OF POLICIES FOR
THE PROMOTION
OF GENDER
EQUALITY.**

Not all professionals believe that they will achieve the position of partner. Only 23% of women see themselves as partners, compared to 42% of men. The reasons for not seeing oneself as a partner differ according to gender. Thus, women cite the personal/family sacrifice involved as their main reason, followed by the risks involved in becoming a partner, while men, however, attach more importance to the fact that it requires work to attract clients, followed by the risks they are not willing to take. It seems that being a partner is not as attractive as one might expect, or at least not for women. Strategies would be needed to motivate women to continue their careers to the highest level by raising awareness of the opportunities offered by this position and by establishing measures to balance career and family responsibilities.

The vast majority of auditors want to stay in the profession. The percentage of participants who wish to continue in auditing (68%) and those who intend to leave auditing (22%) do not differ significantly between women and men.

Partners have the highest intention to remain with their current firm, while seniors have the highest intention to leave auditing. The lowest intention to remain in the profession is expressed in large firms, while in medium-sized and small firms a large percentage consider that they will remain in the firm where they currently work. The study shows the high satisfaction of auditors with their work, since 81% of the participants would recommend working as an auditor, with no significant differences by gender.

Auditors are optimistic about the increase of women in audit firms. Thus, they believe that generational change will be beneficial for greater flexibility in terms of

working hours in firms and that digitalisation will favour greater parity in management positions. Women, in general, are somewhat more sceptical than men about the future of diversity in firms.

In relation to the most effective measures for the promotion of women to management positions in audit firms, both women and men consider flexible working hours to be the most useful measure, followed by teleworking, as well as limiting meetings outside working hours as much as possible. Another measure considered very relevant by the auditors is the full and needs-based enjoyment of paternity leave.

All in all, audit firms have come a long way in relation to gender diversity. The presence of women is now a reality at all organisational levels, with the advantages that this brings to firms and which is perceived by all professionals. It is true that men have perceived a greater change than women. Today, women auditors still face more barriers than men, mainly related to work-life balance, which hinder women's career progression to firm management. Along these lines, the report reveals that audit firms have taken initiatives and implemented policies to encourage the retention and promotion of female talent. On the one hand, audit firms have increased measures to facilitate work-life balance, such as flexible working hours and teleworking, which are essential to ensure equal opportunities for men and women. On the other hand, the study reveals that, in general, promotion systems are transparent and well known, which facilitates equal opportunities for promotion for all, as well as no inequalities in remuneration. Audit professionals are satisfied with their work and would highly recommend the profession. This does not prevent further improvements being made to increase professional satisfaction and, consequently, talent retention.

The future looks bright. The change in terms of gender equality in the profession seems unstoppable. Regulatory developments in terms of equality, the proactive attitude of firm management, technology and generational change mean that the road to gender parity, at all organisational levels, can become a reality in audit firms.



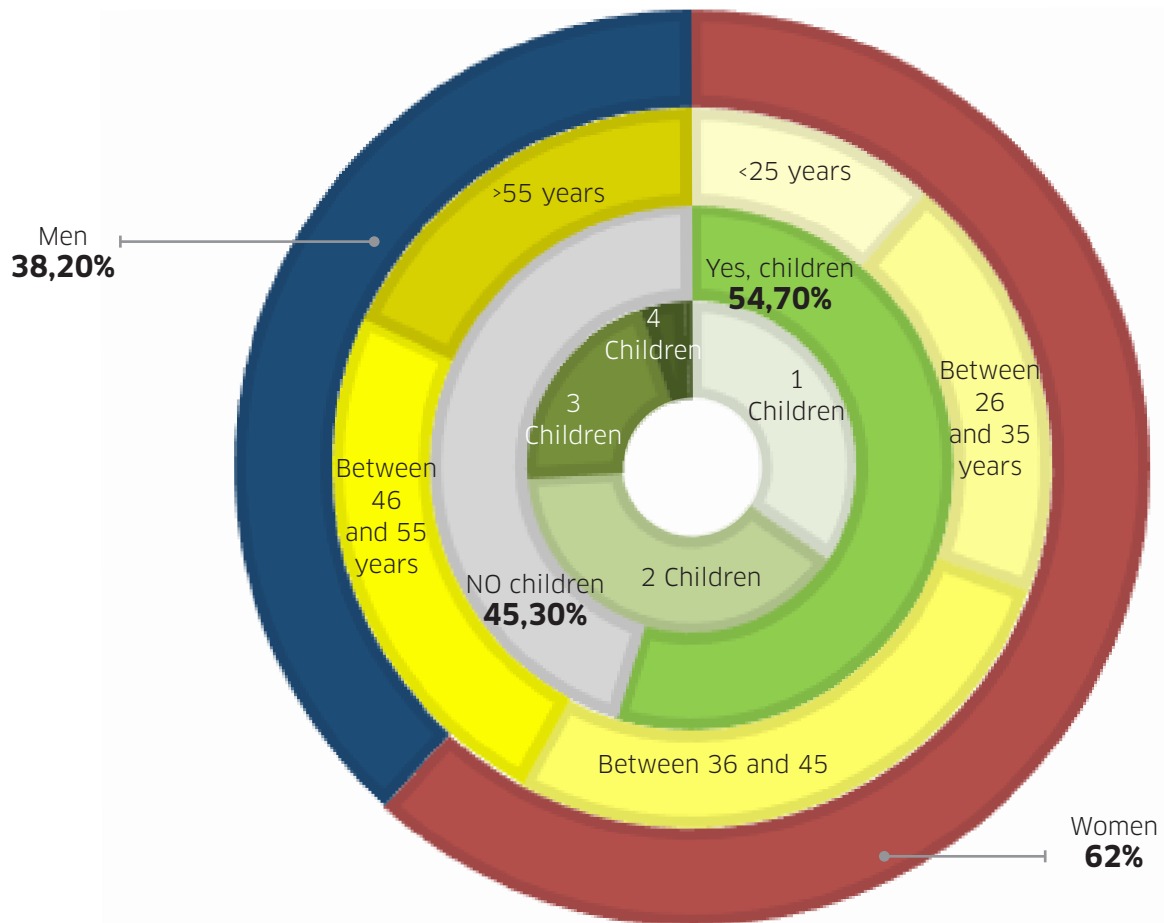
BOTH WOMEN AND MEN CONSIDER FLEXIBLE WORKING HOURS TO BE THE MOST USEFUL MEASURE, FOLLOWED BY TELEWORKING, AS WELL AS LIMITING MEETINGS OUTSIDE WORKING HOURS AS MUCH AS POSSIBLE.

3

Characteristics of study participants

3.1. Gender, age, and number of children

The sample includes 254 auditors, 61.8% of whom are women compared to 38.2% men. The age of the participants is varied, with the largest group being professionals aged between 36 and 45, who represent 27.2% of the total sample, followed by the 46-55 age group (24.0%). In addition, more than half of the participants have children (54.7%), with 2 children (39.6%) or one child (34.5%) being the most common.

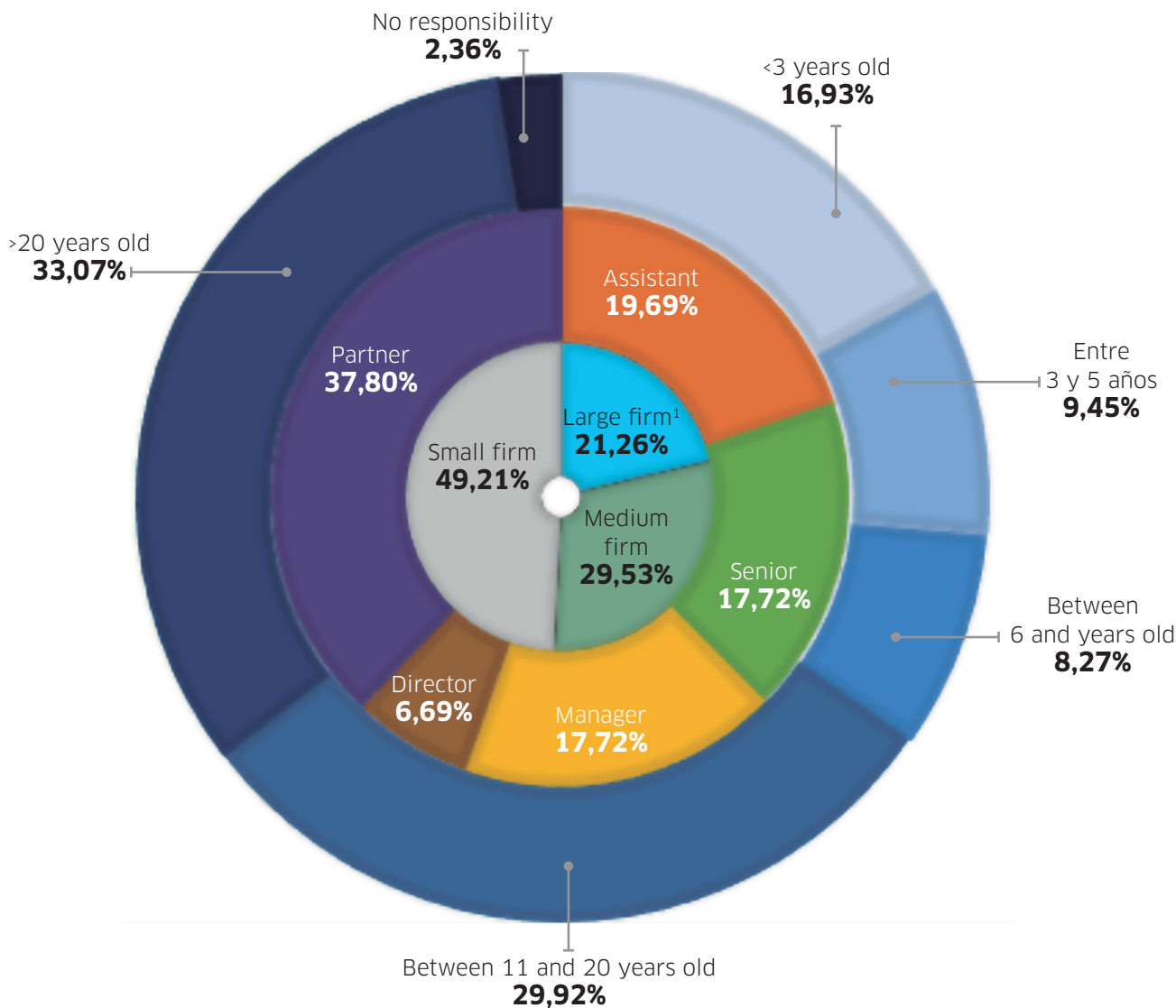


3.2. Professional experience, category and size of the firm

The auditors in the sample generally have a high level of experience in auditing, with one third of them having more than 20 years of experience in the profession.

In terms of professional category, most of the participants in the survey are partners (37.8%), followed by assistants (19.7%), seniors (17.7%) and managers (17.7%). Directors represent only 6.7% of the sample, and have been equated in the study to the partner category when compared by professional category.

Half of the respondents belong to small firms with less than 5 partners (49.2%), almost 30% belong to medium-sized firms with more than 5 partners and 21.3% belong to large firms.



¹ Includes the big 4 audit firms: Deloitte, EY, KPMG and PwC (in alphabetical order).

4

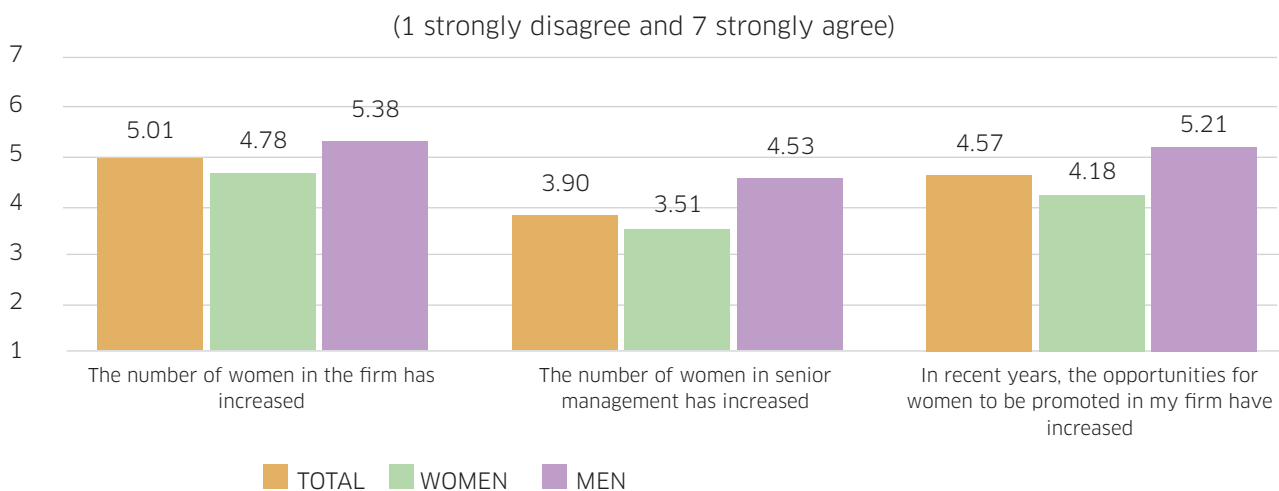
Evolution in the status of women in audit firms

4.1. Evolution of the female presence in audit firms

Auditors perceive that in recent years there has been an increase in female presence and promotion opportunities for women in auditing, however, this increase is less in senior management positions in firms.

Men have a more positive view of the evolution of women's presence in firms than women.

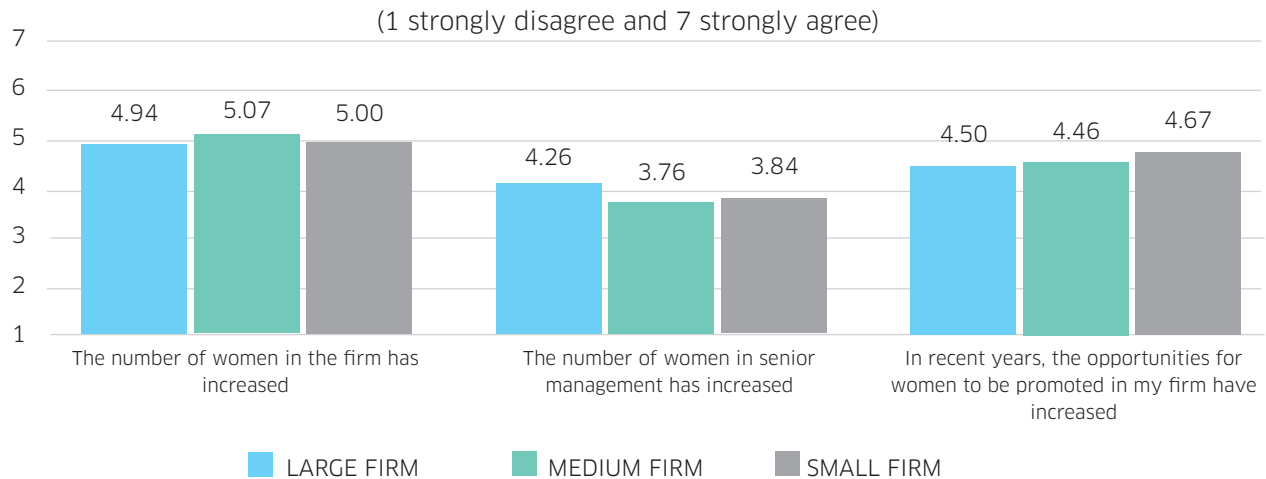
Evolution of the female presence in audit firms by gender



The increase of women in firms and their promotion possibilities is occurring in all firms regardless of their size. Auditors in large firms perceive a greater increase in the presence of women in management positions.



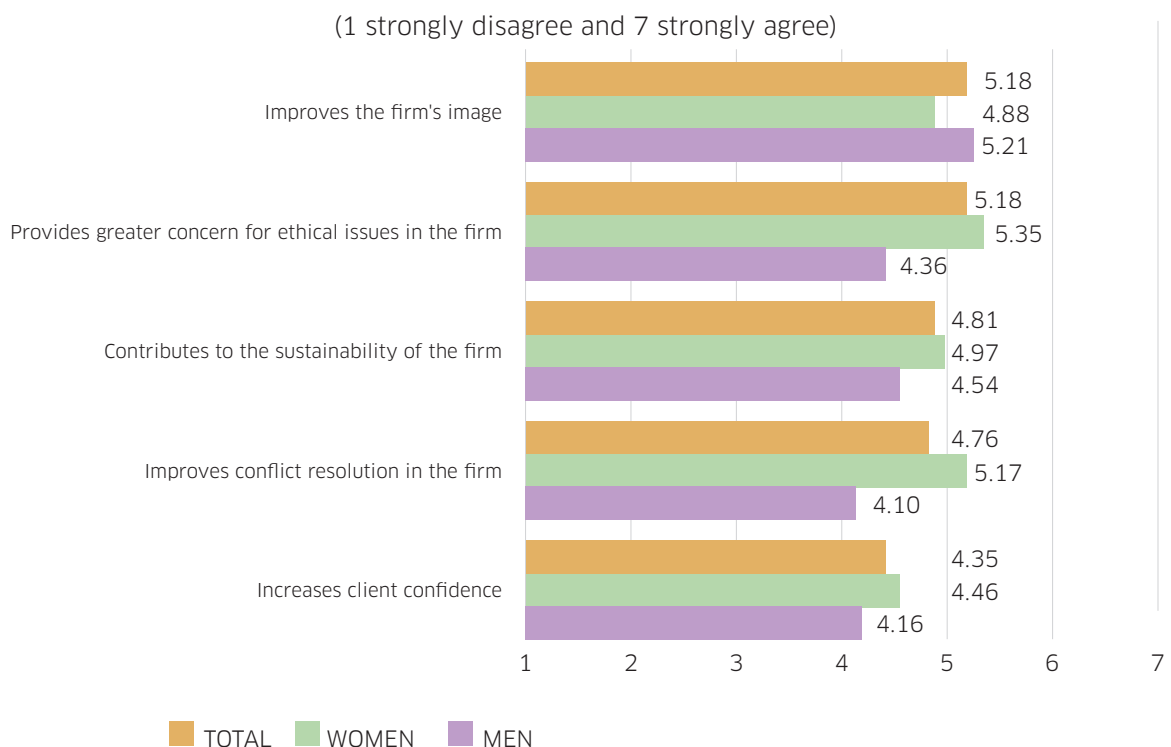
Evolution of the female presence in audit firms by size



4.2. Advantages of a greater female presence in audit firms

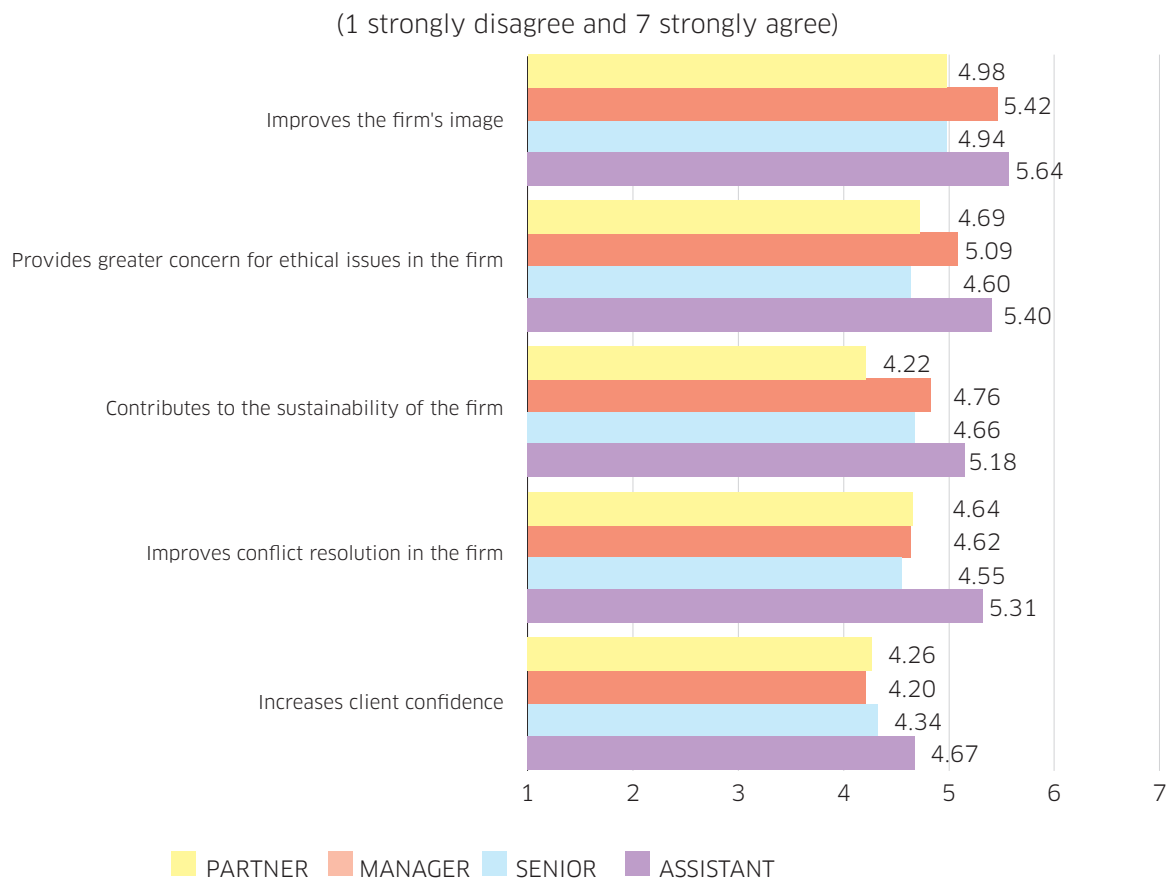
Auditors perceive that a greater female presence brings benefits to audit firms. The increased presence of women enhances the firm's image, generates greater concern for ethical issues, contributes to sustainability, improves conflict resolution, and increases client confidence. Women are more positive about the benefits of their increased presence for audit firms.

Advantages of a greater female presence in audit firms by gender



All groups consider that a greater presence of women brings advantages to the firm, however, it is the assistants who perceive these advantages the most.

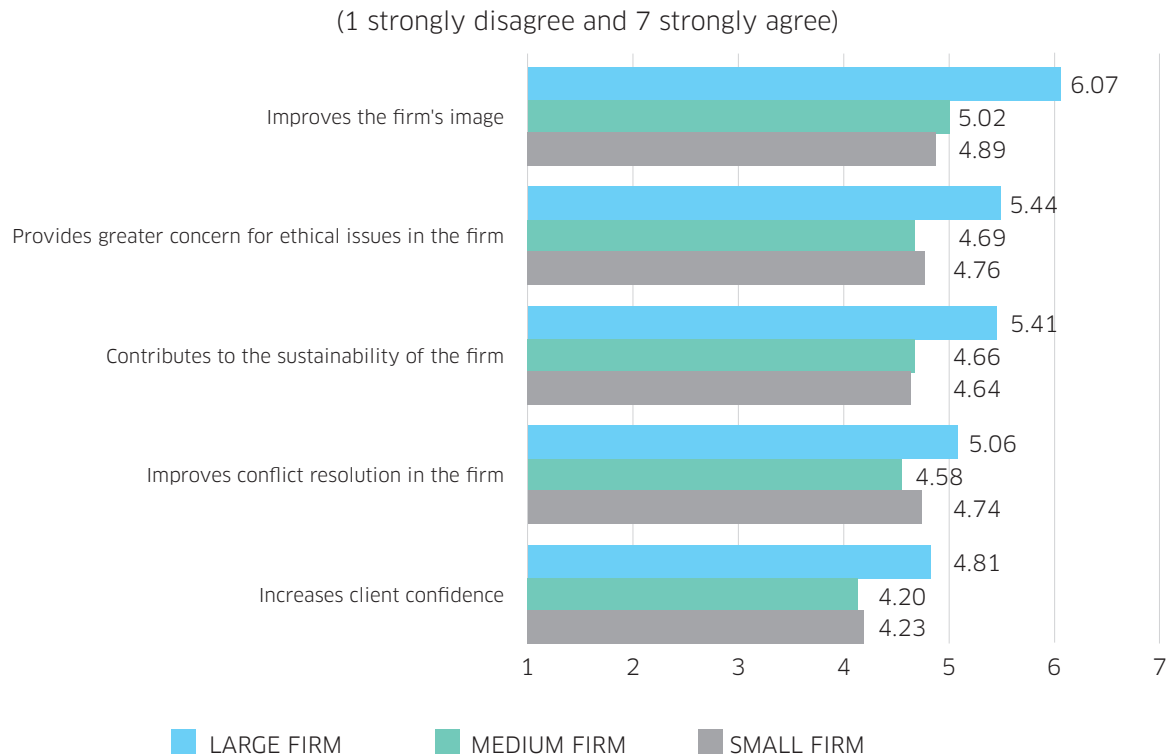
Advantages of a greater female presence in audit firms by position held



The perception of the advantages of a greater female presence in firms is conditioned by the size of the firm. Auditors in large firms perceive all the advantages to a greater extent than auditors in small and medium-sized firms.



Advantages of a greater presence of women in audit firms by firm size



4.3. Gender diversity in audit engagement teams

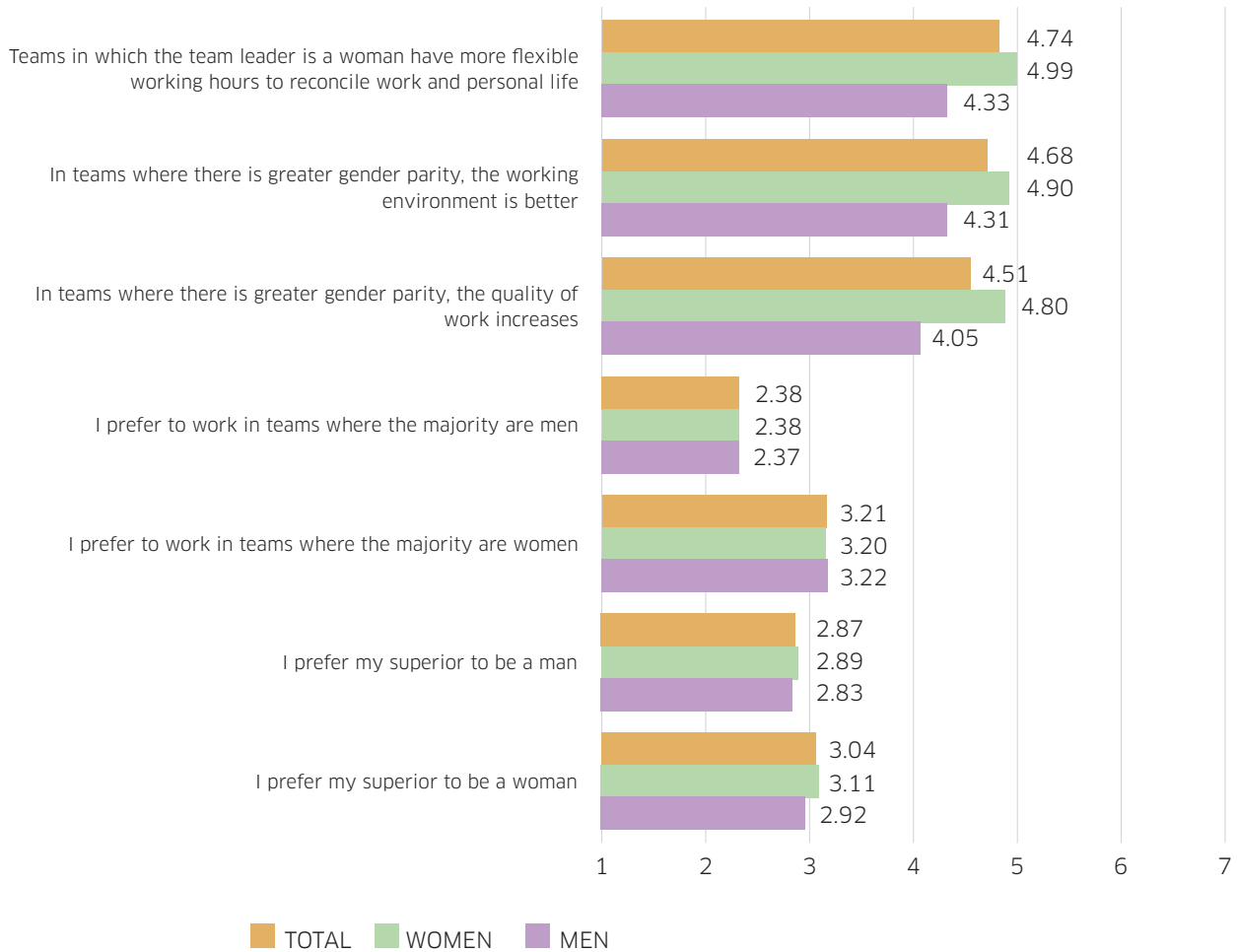
Studies show that greater diversity in teams improves team functioning and promotes work-life balance. The study's auditors support this perception. Thus, when the manager is a woman, the auditors consider that working hours are adapted to favour work-life balance. In addition, gender parity improves the working environment and the quality of service.

Women attach greater importance to gender diversity in the functioning of engagement teams. They consider, to a greater extent than men, that teams in which the team leader is a woman adapt their working hours more to favour work-life balance, and that diversity in the team generates a better working environment and a higher quality of service.

Auditors do not prefer to work in teams where the majority are male or female and do not express a particular preference for the gender of their manager. Men and women are of the same opinion.

Diversity in audit engagement teams by gender

(1 strongly disagree and 7 strongly agree)



5

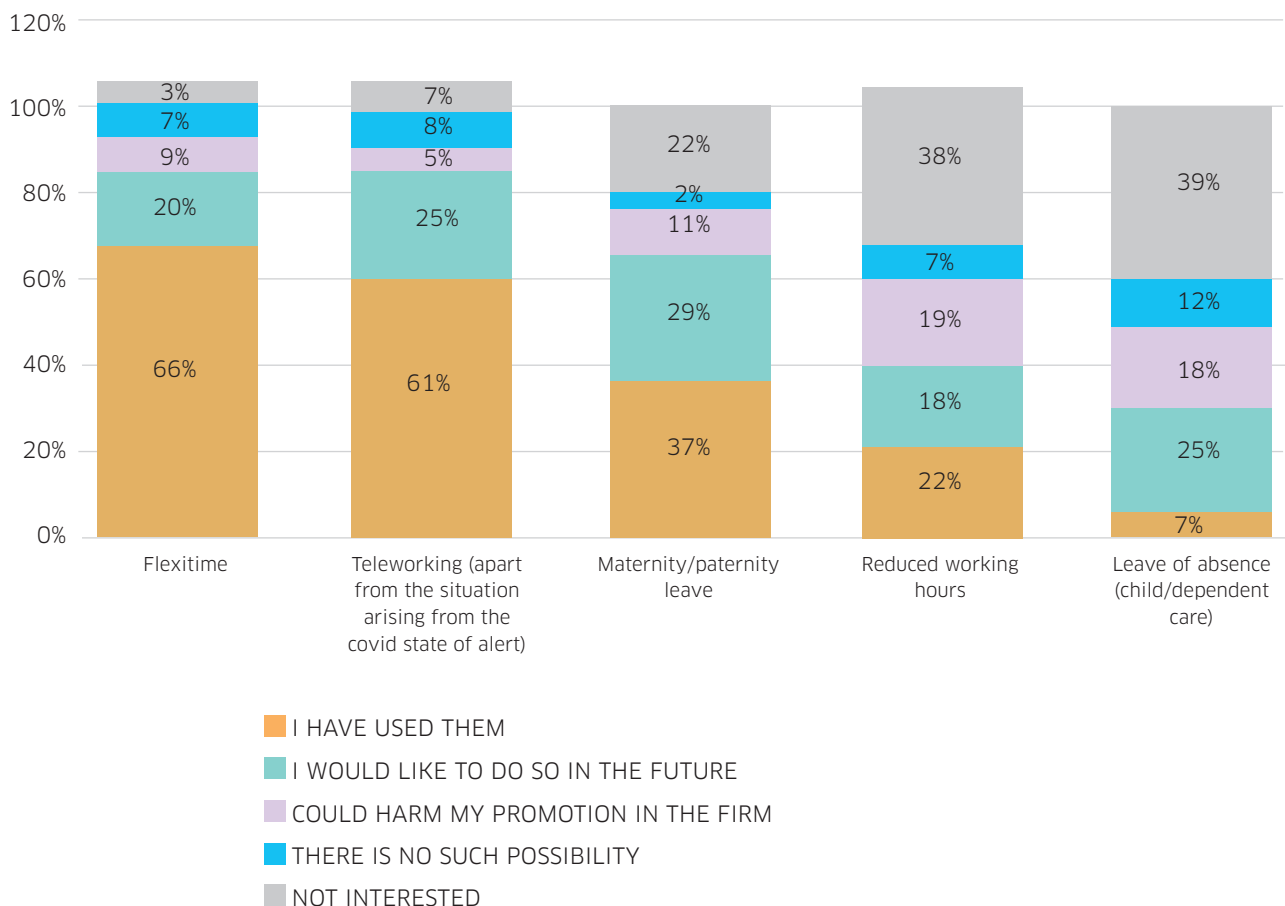
Work-life balance measures in audit firms

5.1. Work-life balance measures in audit firms

Flexitime and teleworking are the most frequently used work-life balance measures in audit firms.

Reduced working hours and leave of absence to care for children/dependents are the measures which, in the auditors' opinion, are most likely to be detrimental to promotion.

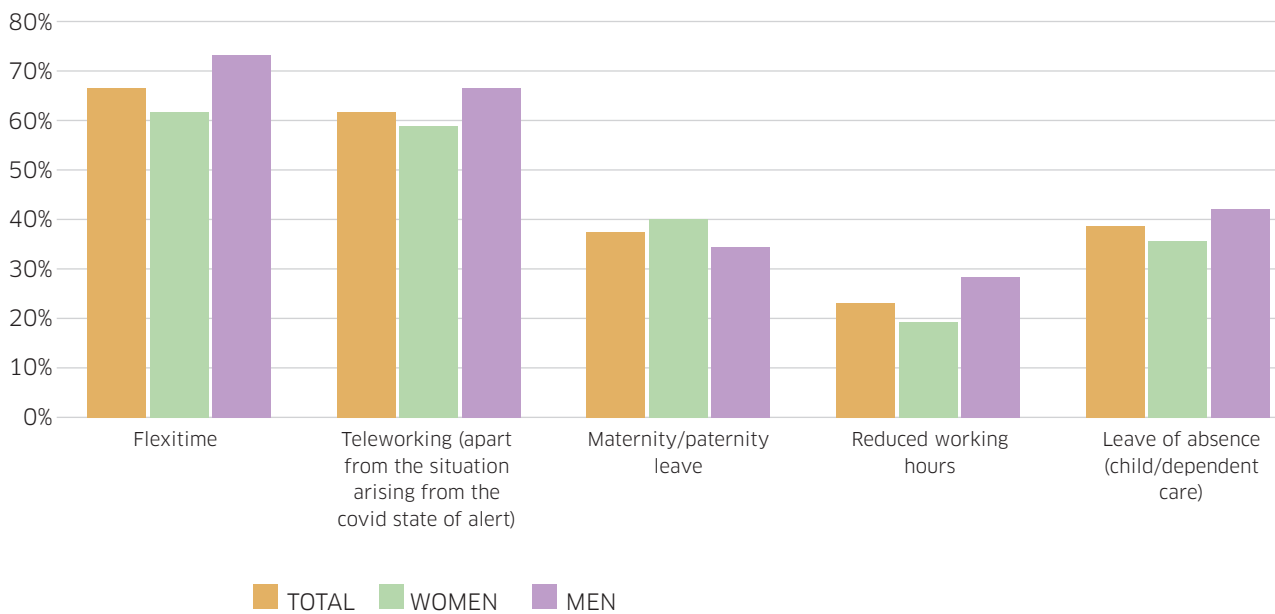
Work-life balance measures in audit firms



5.2. Use of work-life balance measures in audit firms

Men have taken up flexitime and teleworking to a greater extent than women.

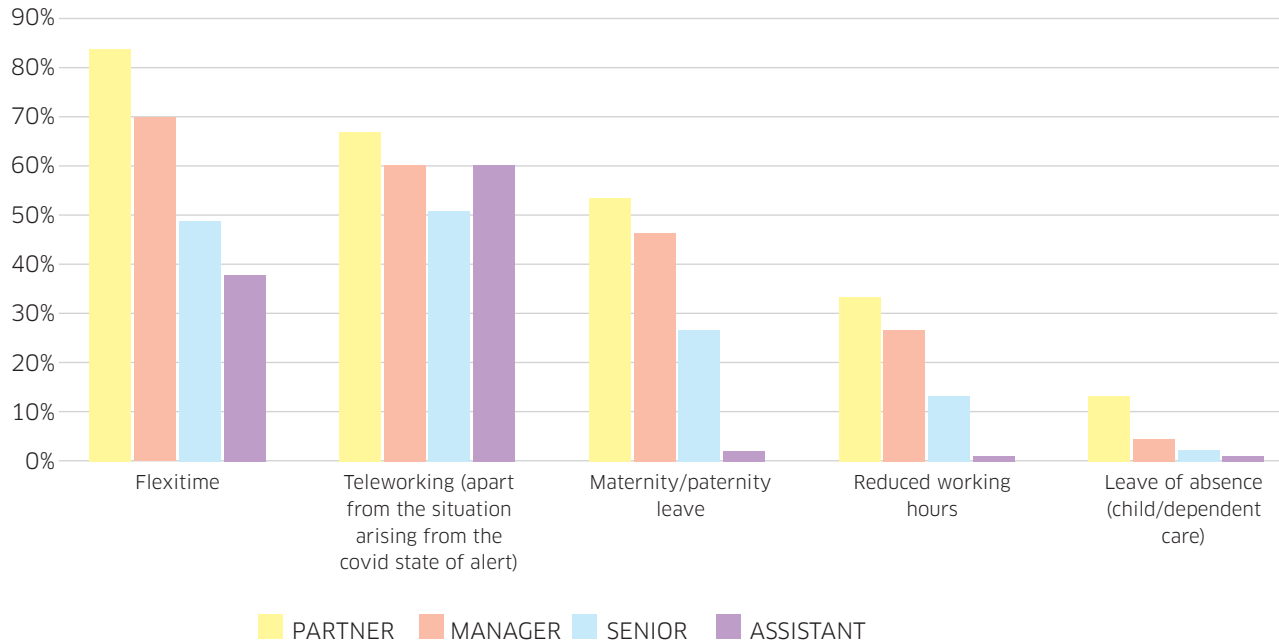
Use of work-life balance measures in audit firms by gender



Flexitime increases as auditors move up the firm's hierarchy. It is also noted that partners are also the ones who telework part of their working day to a greater extent.

It can be observed that partners have also used maternity and paternity leave, reduced working hours and leave of absence to a greater extent than the rest of the lower categories, although this last measure is also infrequent among partners.

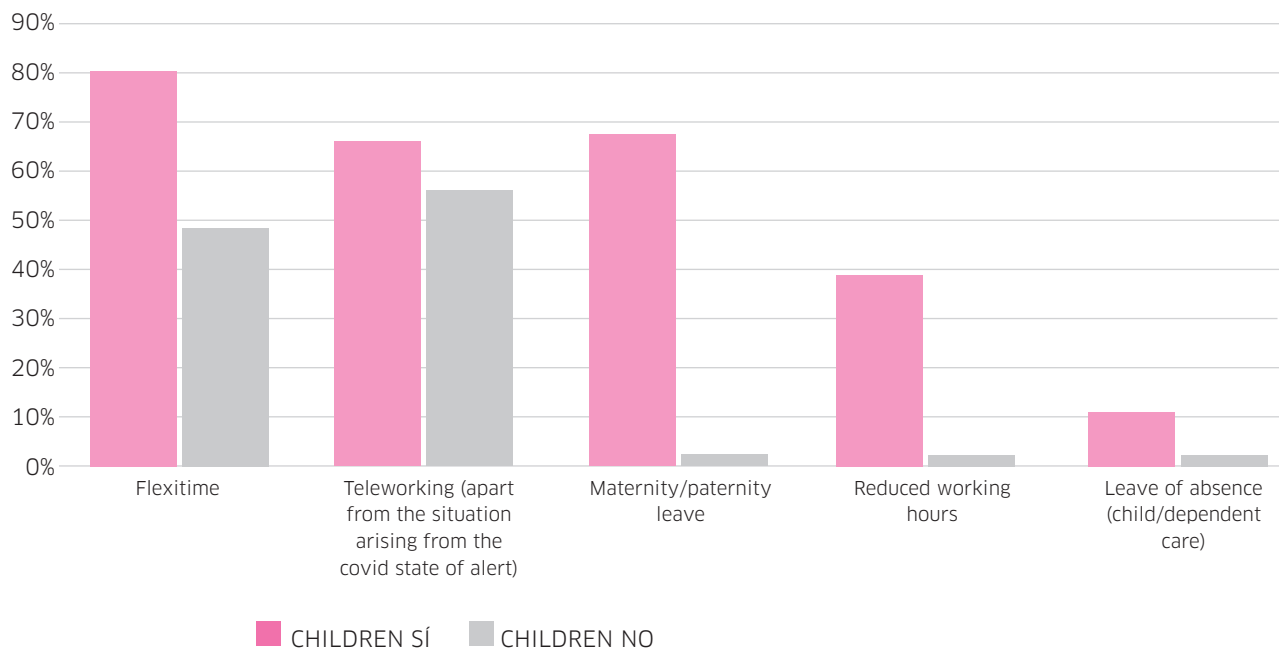
Use of life-work balance measures in audit firms by position in the firm



As might be expected, auditors who have children have used all measures favouring work-life balance to a greater extent than those who do not have children.

Measures such as flexitime and teleworking are widely used, despite not having children.

Uso de las medidas de conciliación en las firmas de auditoría en función de si tienen hijos



5.3. Assessment of work-life balance measures in firms

Work-life balance measures are on the increase in audit firms and continue to be used to a greater extent by women.

Auditors do not consider that the number of men making use of voluntary work-life balance measures is increasing and, in turn, do not seem to perceive those men making use of these measures is seen as welcome in their firms.

The auditors did not agree with the question of whether full paid paternal leave in its entirety is welcomed in firms.

Participants do not believe that a person who takes work-life balance measures shows less commitment to the firm.

Reduced working hours are not perceived as a useful measure in the auditing sector as it means a reduction in salary while maintaining a similar workload.

Men have a more positive opinion of the measures implemented by audit firms to promote work-life balance.

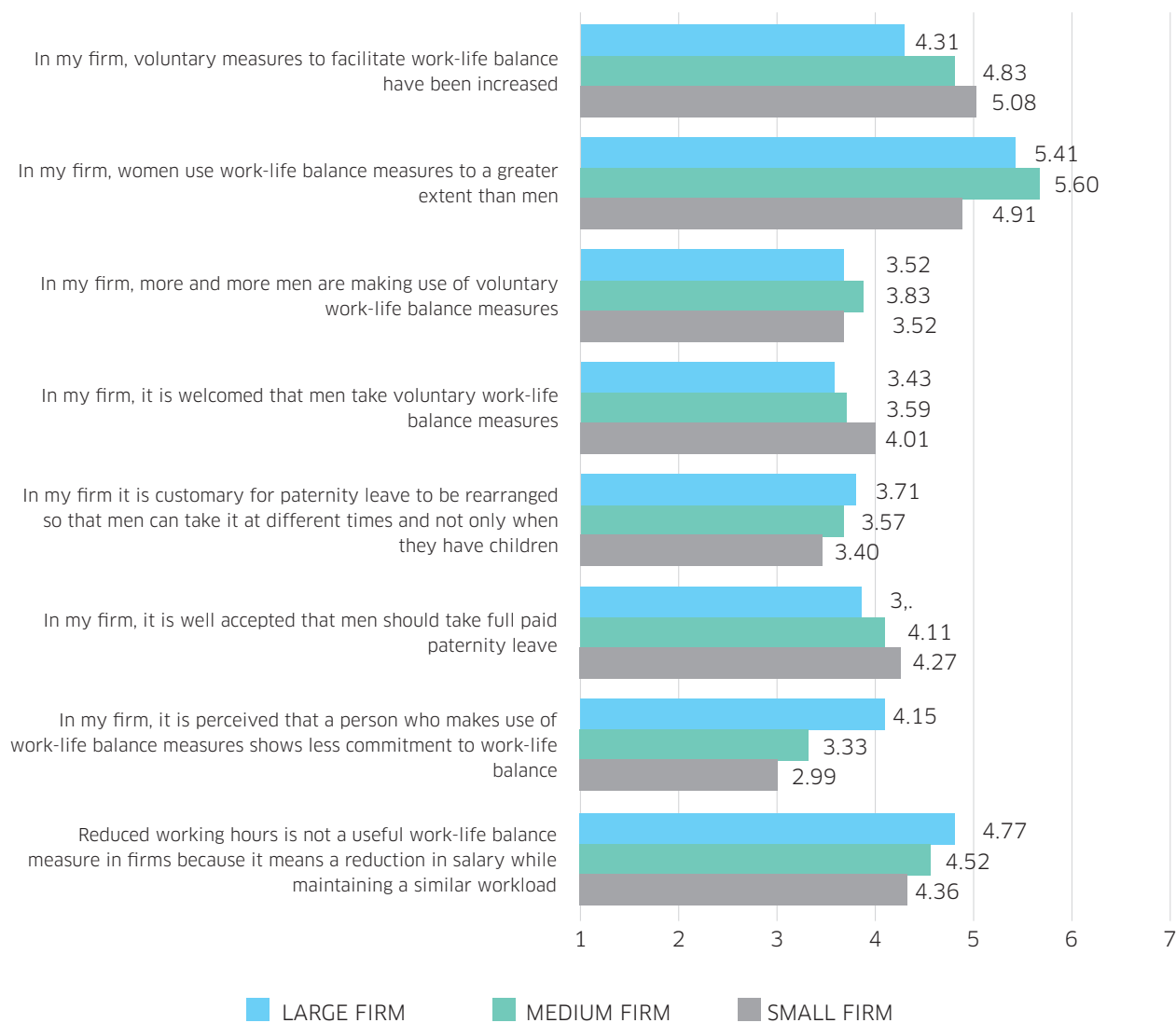
Assessment of work-life balance measures in audit firms by gender

Auditors in small firms are the ones who most perceive those voluntary measures to facilitate work-life balance have increased, and also the ones who consider that women make greater use of these work-life balance measures. In large and medium-sized firms, the perception that women are more likely to take advantage of work-life balance measures is more pronounced.

Small firms have a more positive view on men's use of voluntary work-life balance measures as well as on the use of full paternity leave. Auditors from small firms are also the least likely to perceive that the enjoyment of work-life balance measures is perceived as less of a commitment on the part of their firm.

Assessment of work-life balance measures in audit firms by size

(1 strongly disagree and 7 strongly agree)



6

Promoting talent in audit firms

6.1. Opportunities for promotion in audit firms

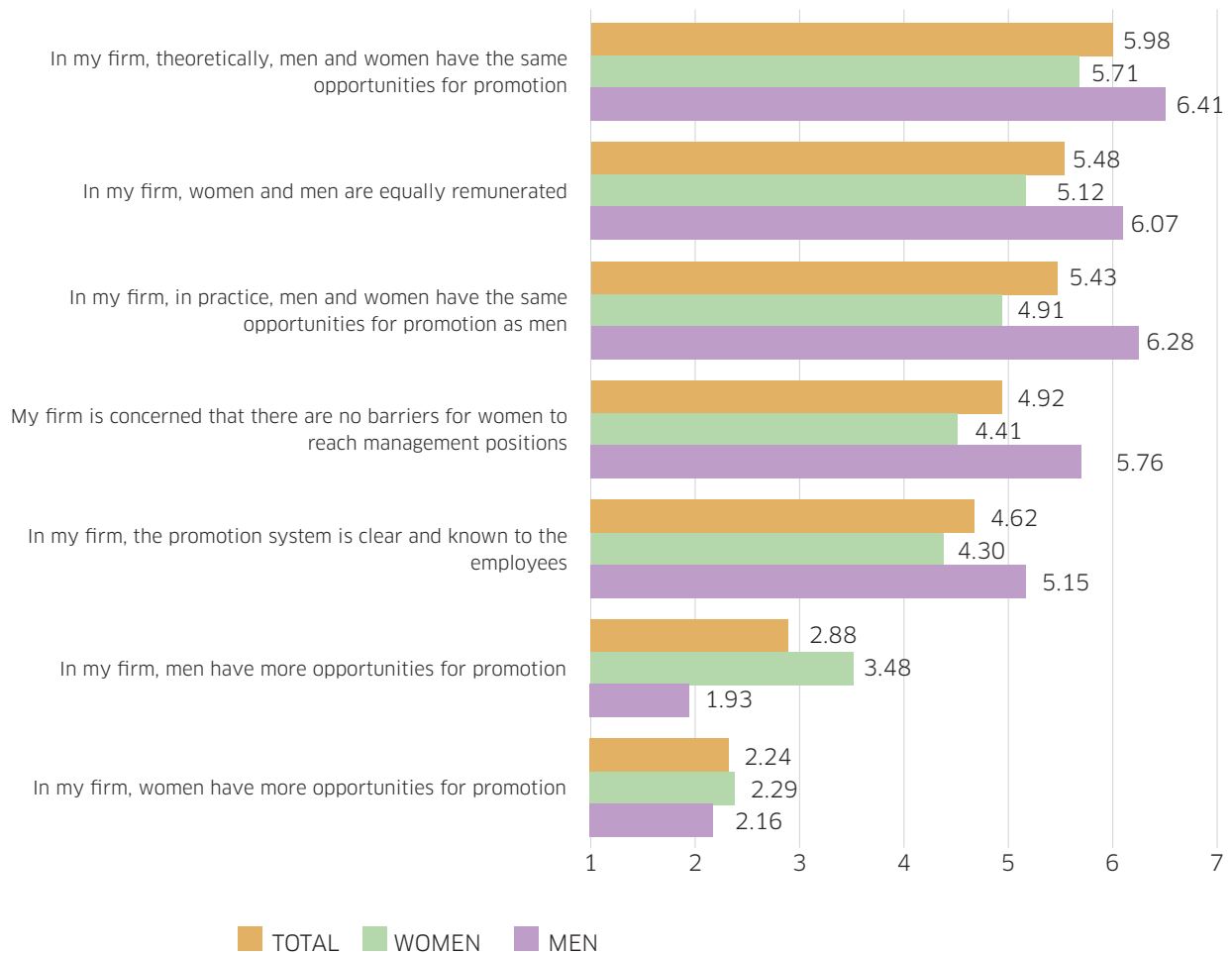
Auditors perceive that men and women have the same opportunities for promotion in their firms and that they are equally remunerated. They perceive that their firm takes care to remove barriers to women's promotion and consider that the promotion system is clear and known to employees.

Auditors do not agree that men should have more opportunities for promotion, but they agree even less that women should have more opportunities.

Men perceive greater equity in promotion and remuneration policies. Women also agree with these statements, but not to the same extent as men.

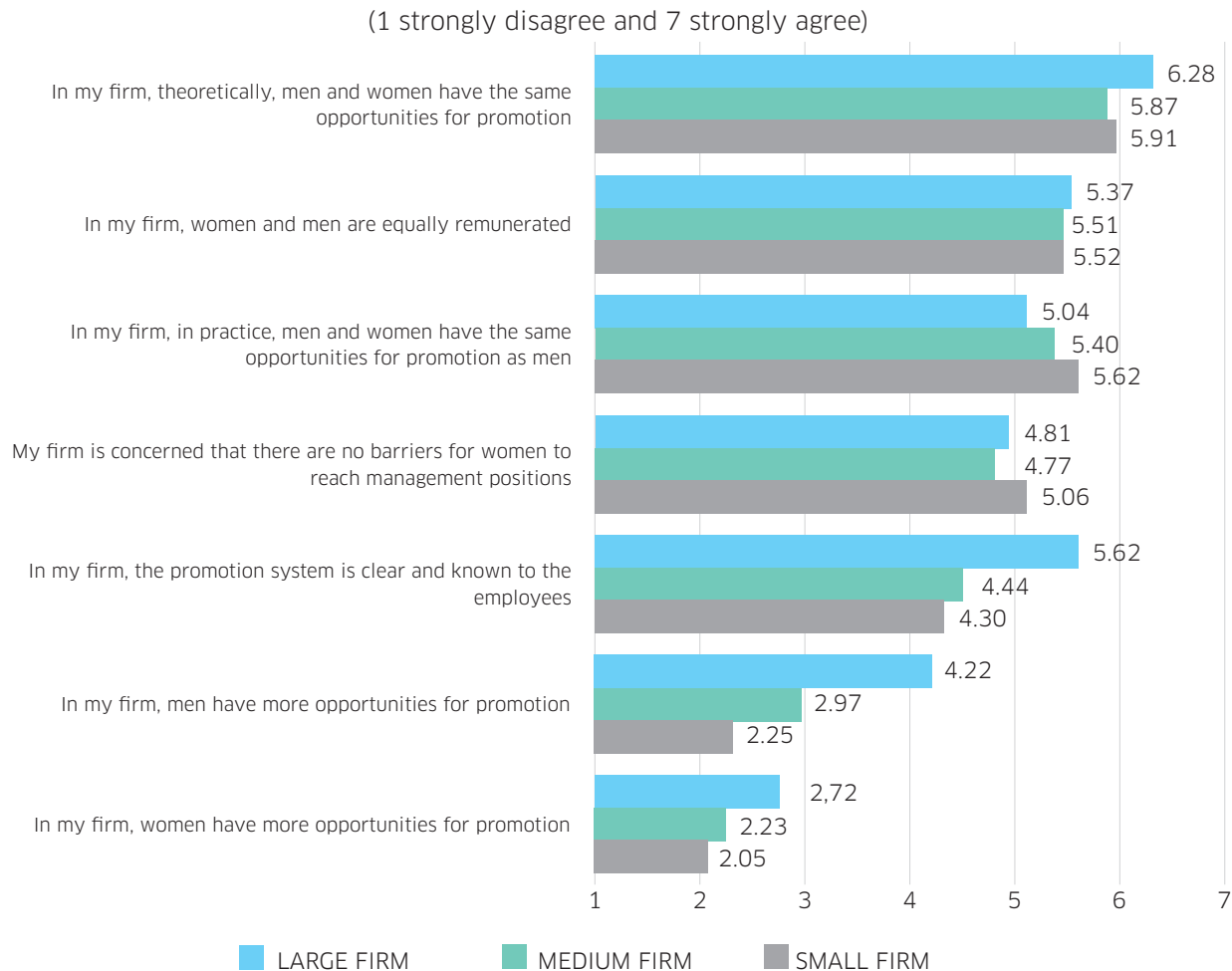
Promotion in audit firms by gender

(1 strongly disagree and 7 strongly agree)



Auditors in large firms are most likely to perceive that, theoretically, both genders have equal promotion opportunities, with the promotion system being clear and known to all. However, it is also the auditors in the larger firms who show the strongest agreement that men have more opportunities for promotion.

Promotion in audit firms by size



6.2. Barriers to the promotion of female talent in audit firms

Auditors recognise the existence of barriers arising from family life that hinder women's career progression and point to the anticipation of possible difficulties in balancing family and work life in the future as one of the main causes of high female external rotation. However, they do not perceive the existence of self-imposed psychological barriers, barriers arising from a lack of relationships or support networks, barriers arising from returning to work after maternity leave or barriers arising from a lack of policies for the promotion of gender equality.

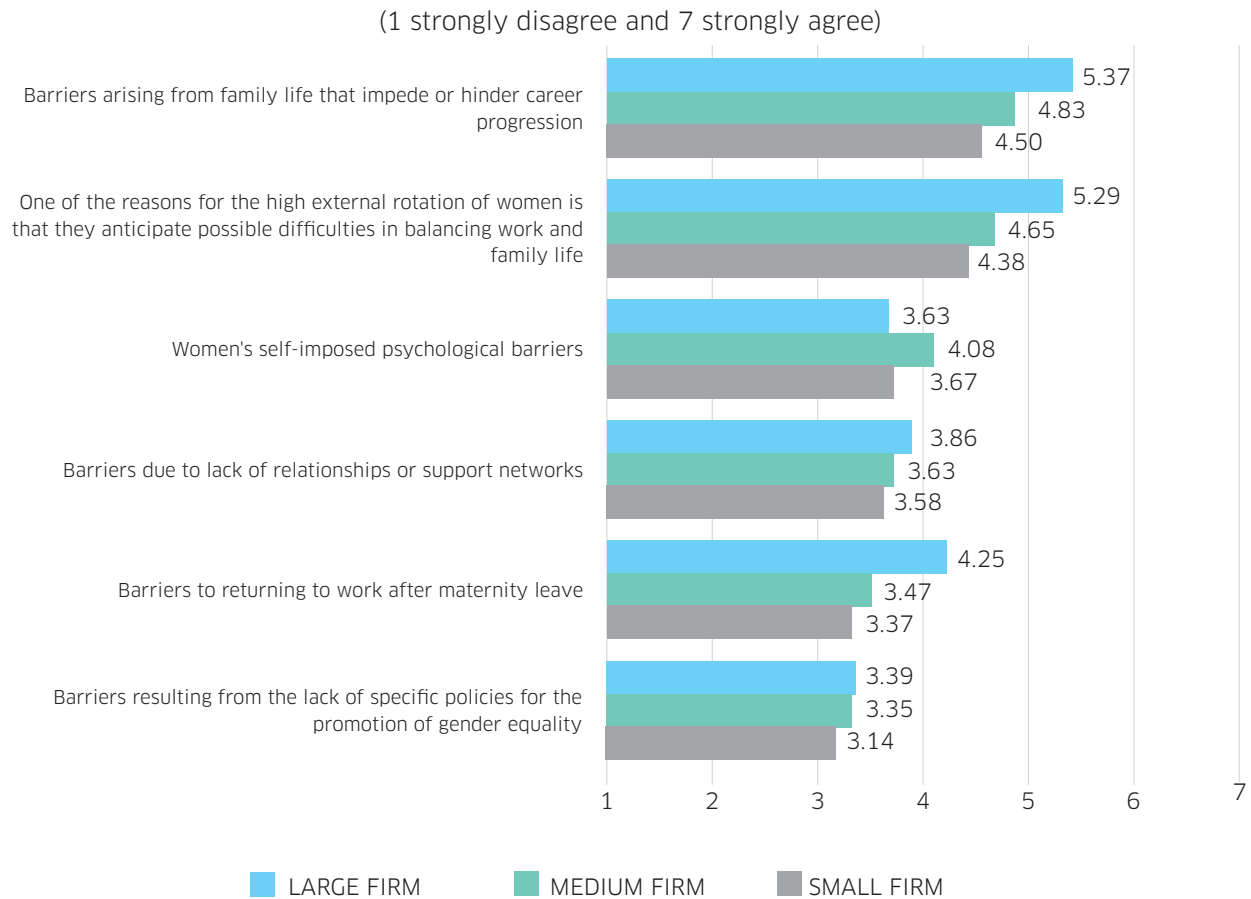
Women are more likely than men to perceive barriers for the promotion of female talent in audit firms, mainly those related to work-life balance.

Barriers for the promotion of female talent by gender



Auditors in large firms perceive more barriers to the promotion of women in the firms, mainly barriers related to family life and returning to work after maternity leave, while auditors in small firms perceive fewer such barriers.

Barriers to the promotion of female talent by firm size

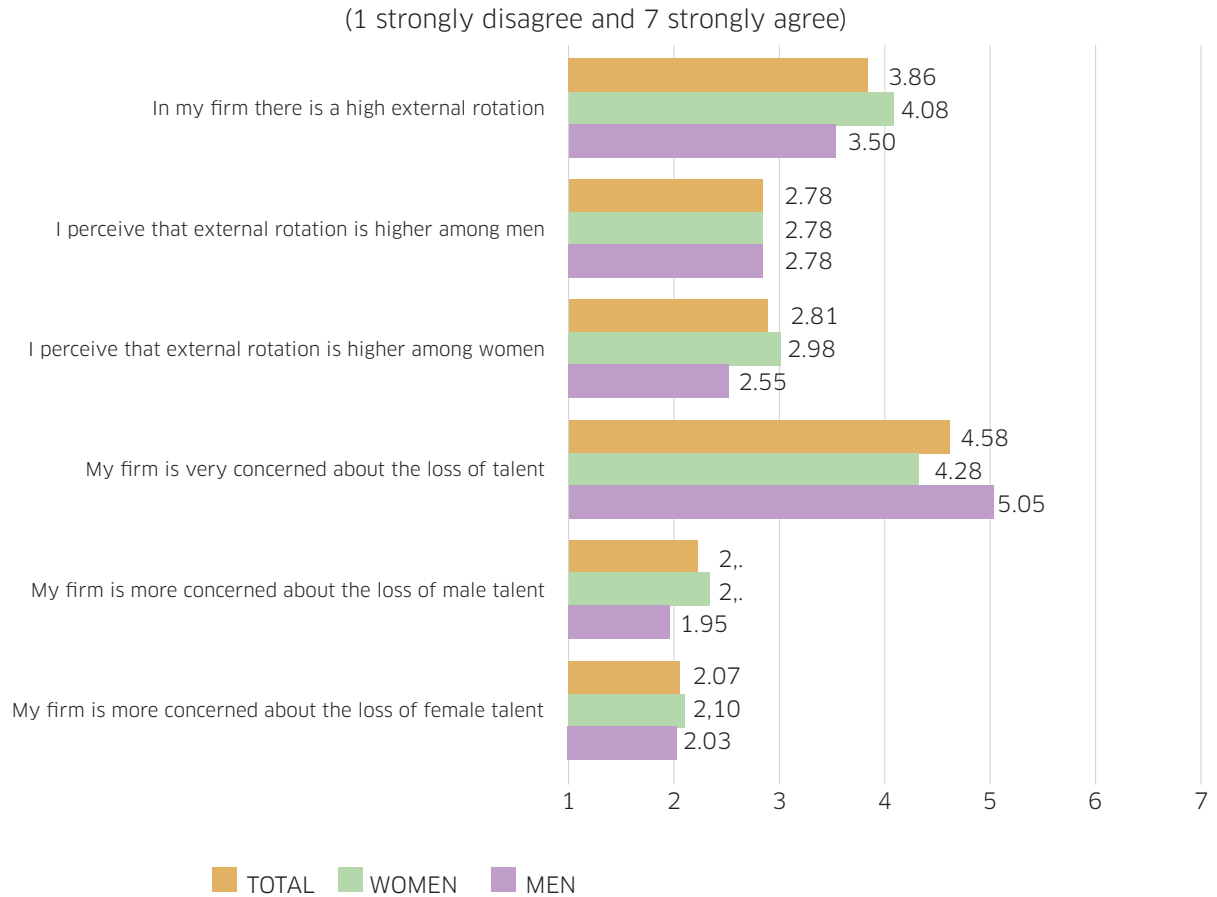


6.3. Talent retention and external rotation in audit firms

Auditors consider that external rotation is not very high, and perceive it to be similar between women and men. Auditors perceive that audit firms are concerned about the loss of both female and male talent, however, men perceive a greater concern from audit firms than women.

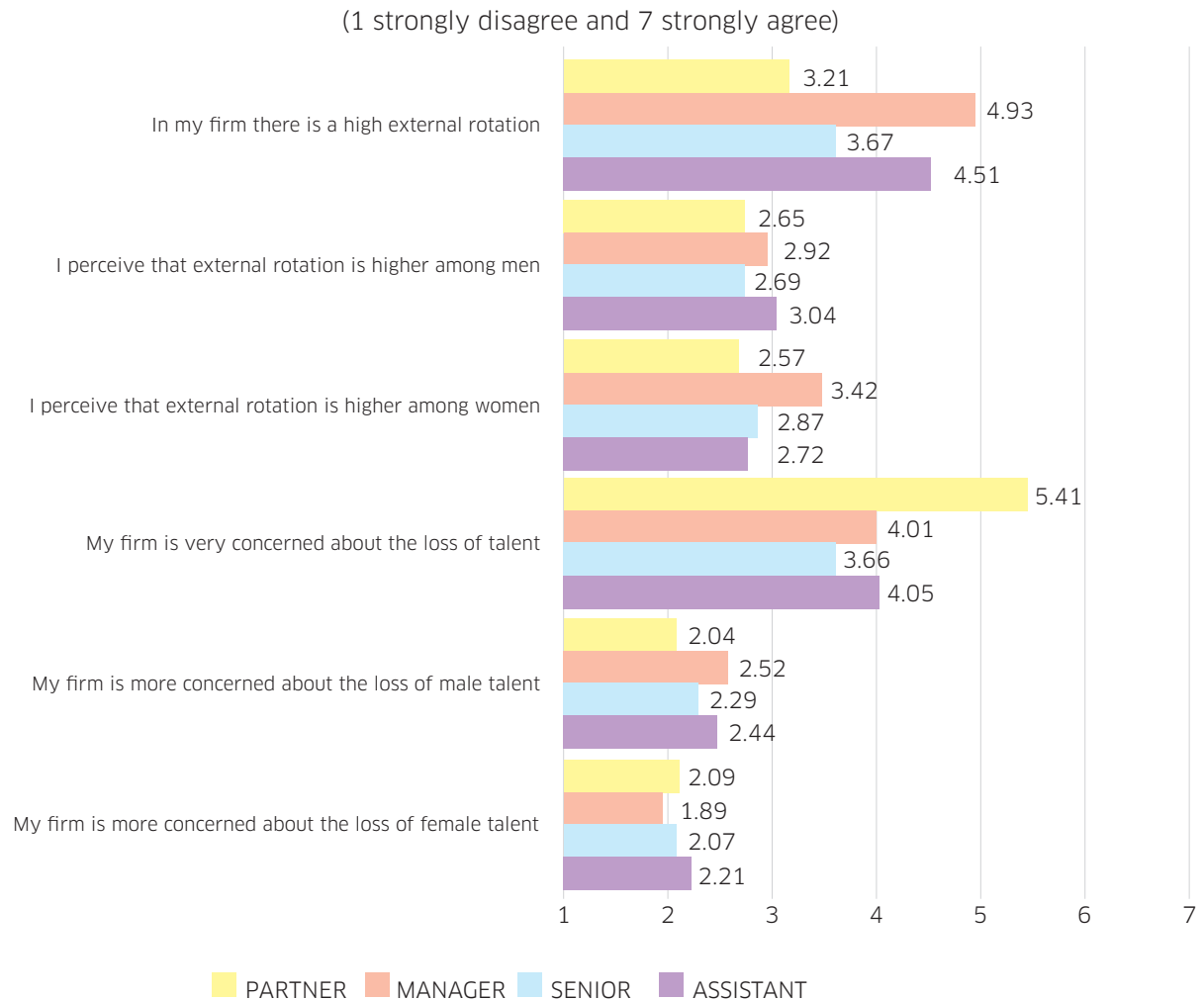
Women consider that there is a higher external rotation in their firms and that external rotation is higher among female auditors.

Talent retention in audit firms by gender



The perception of external rotation and loss of talent in firms varies according to professional category. Managers perceive the highest external rotation in firms while partners perceive the greatest concern about the loss of talent in their firms.

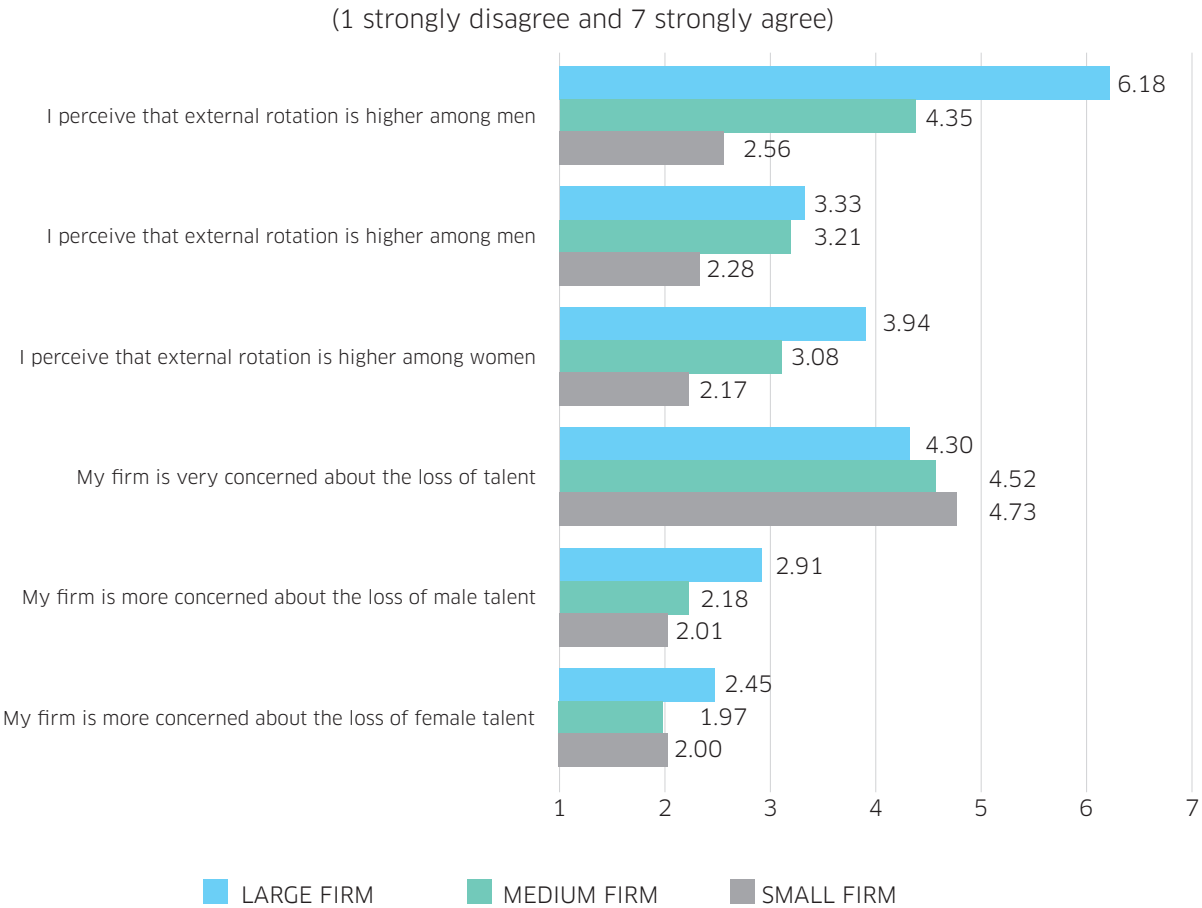
Talent retention in audit firms by position held



External rotation is widely perceived by auditors in large firms, but not in small firms.

Professionals in smaller firms are most concerned about the loss of talent in their firms.

Talent retention in audit firms by size





7

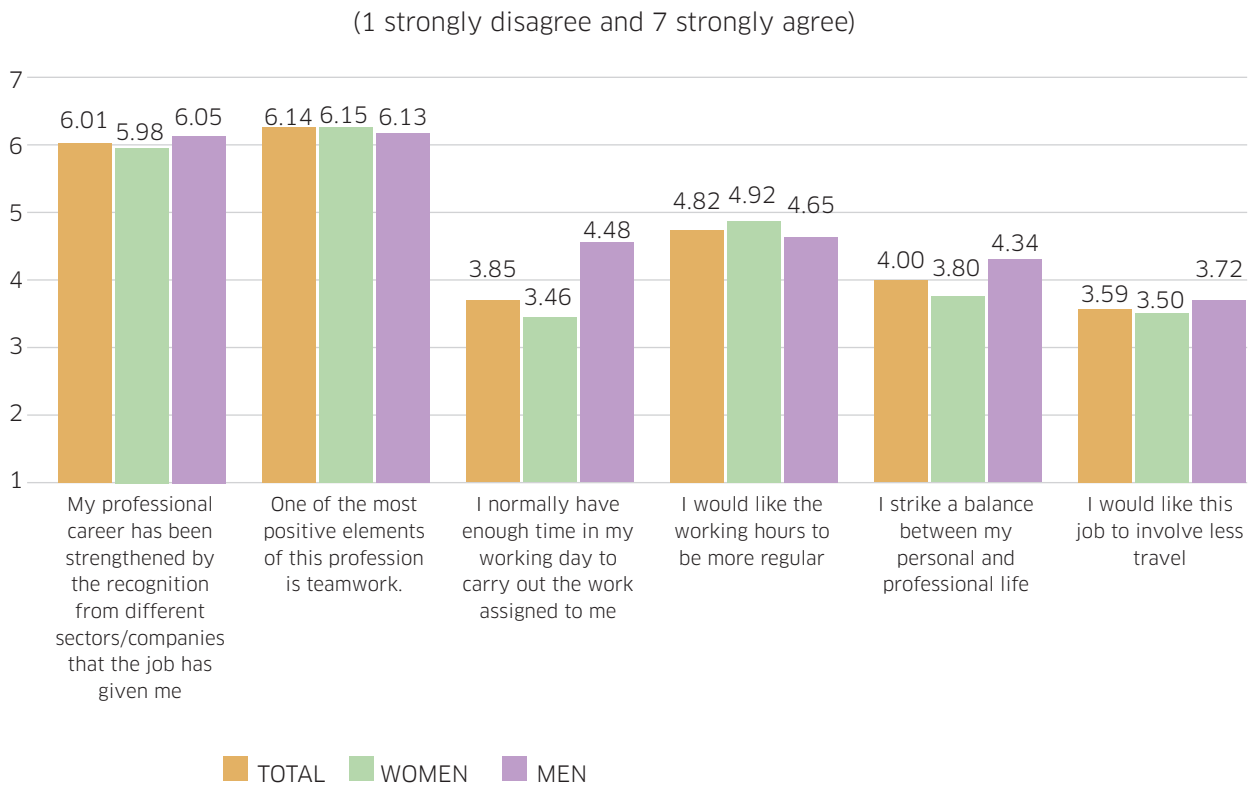
Perceptions about the audit career

7.1. Professional career in auditing

Auditors highlight the knowledge gained and teamwork as positive elements of the profession.

Compared to men, women report greater time pressures to do their work during the working day, show a greater preference for a more regular schedule, and perceive that they achieve less of a work-life balance.

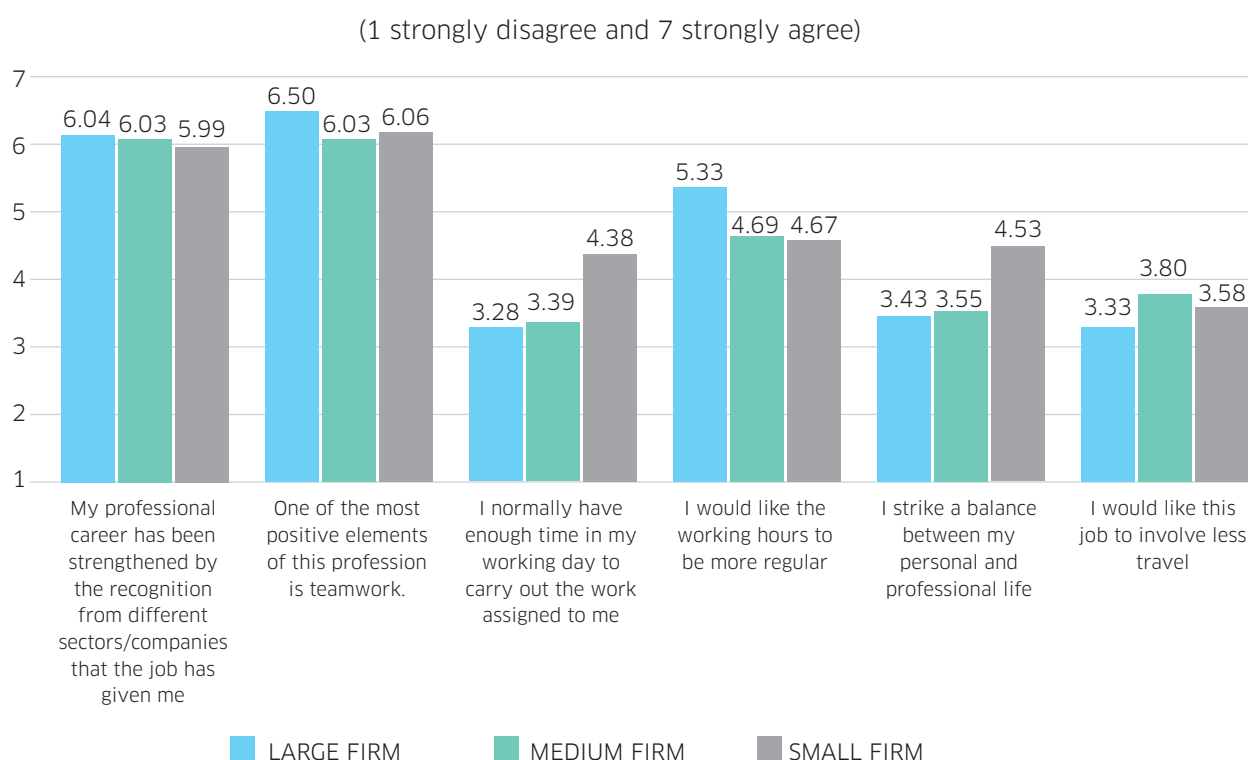
Career by gender



Auditors in small firms perceive that they have the time they need to do their job and achieve a better work-life balance, while auditors in large and medium-sized firms do not.

All professionals want a more regular schedule, especially those in large firms.

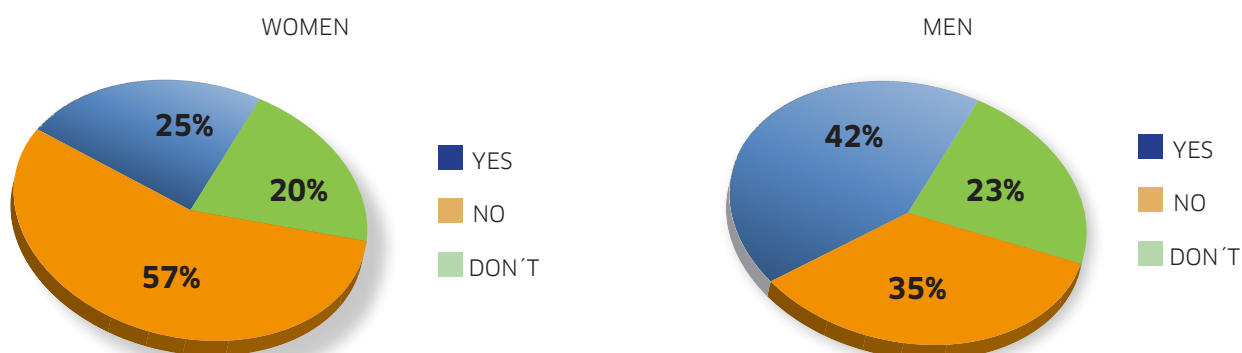
Career by firm size



7.2. Professional future career as an audit partner

The percentage of men who see themselves as partners is almost double the percentage of women (42% vs. 23%).

Do you see yourself as a partner in the firm? By gender



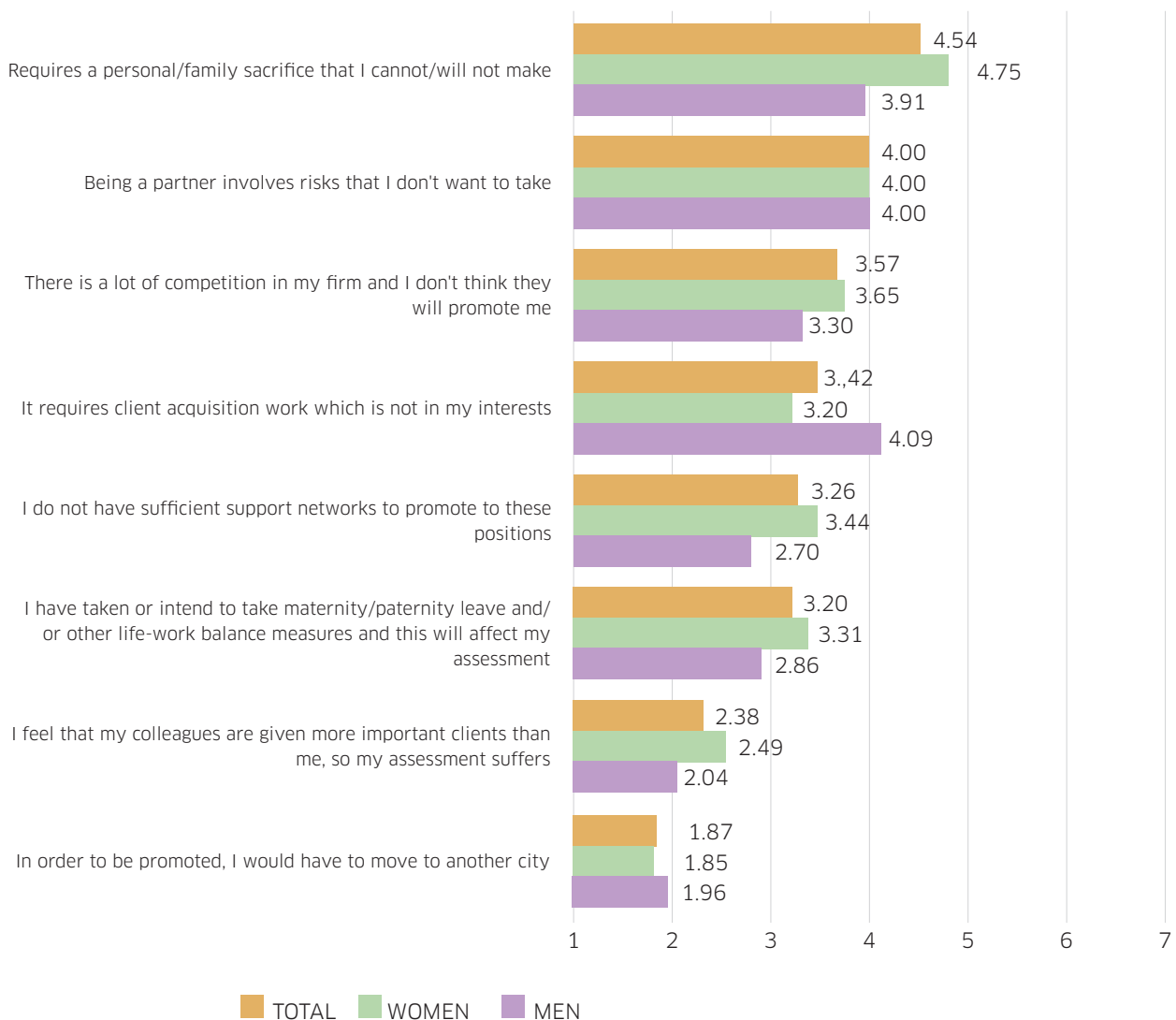


Auditors cite the personal/family sacrifice required to be a partner as the main reason for not seeing themselves as a partner, followed by the risks involved in being a partner. Men and women cite similar reasons, although for women the personal/family sacrifice required is more relevant, and for men the client acquisition work involved in the job.

The reasons least cited by participants were maternity/paternity leave or other work-life balance measures affecting the assessment, not working for the most important clients, and the need to move to another city for promotion.

Reasons for not seeing themselves as partners in the firm by gender

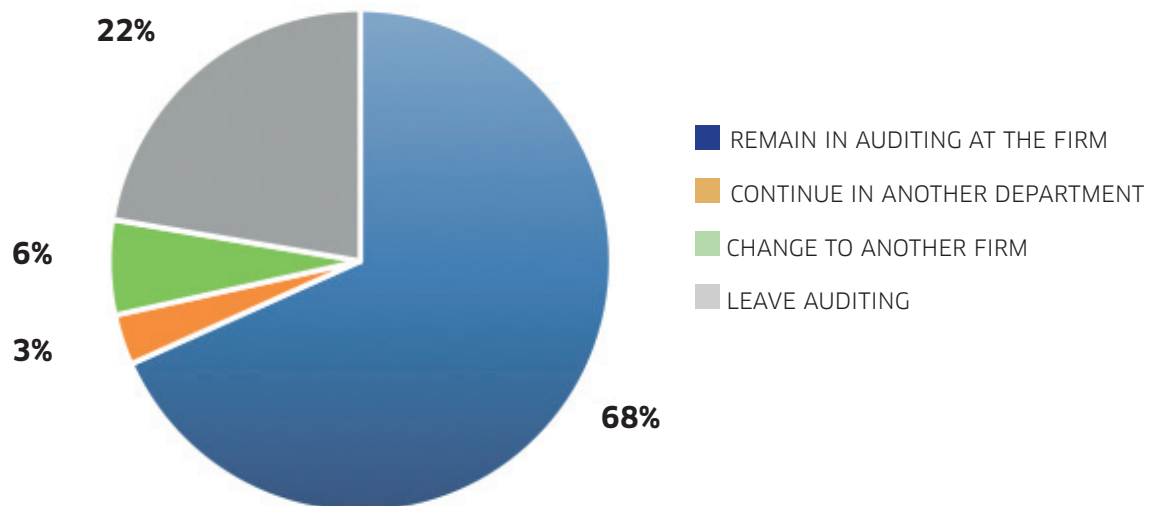
(1 strongly disagree and 7 strongly agree)



7.3. Professional future in the coming years

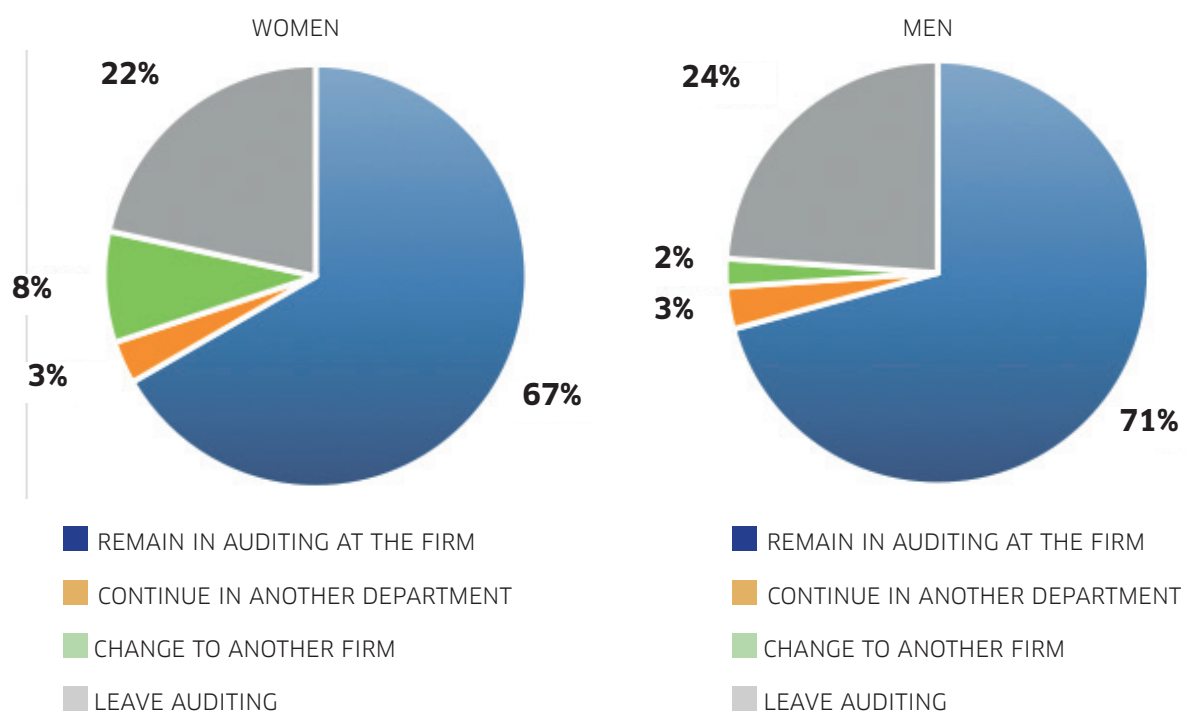
68% of the auditors intend to stay with their current firm while 22% of the participants intend to leave the profession.

Situation in which you see yourself in the next 5 years



Compared to men, women have a lower intention to stay with their current audit firm, and a higher intention to change firms. The intention to leave the profession is slightly higher for men.

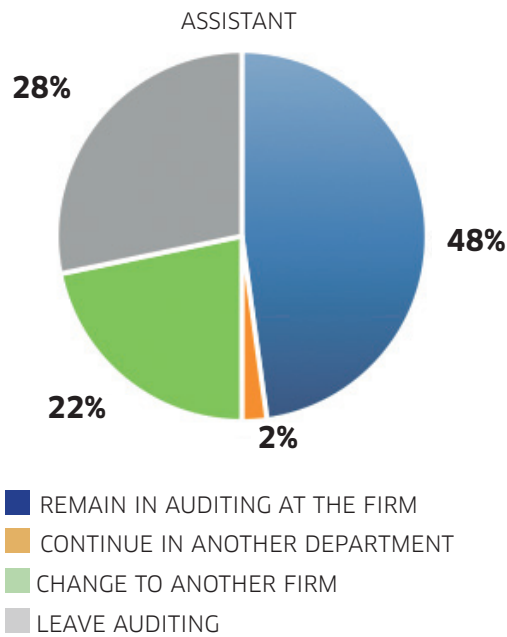
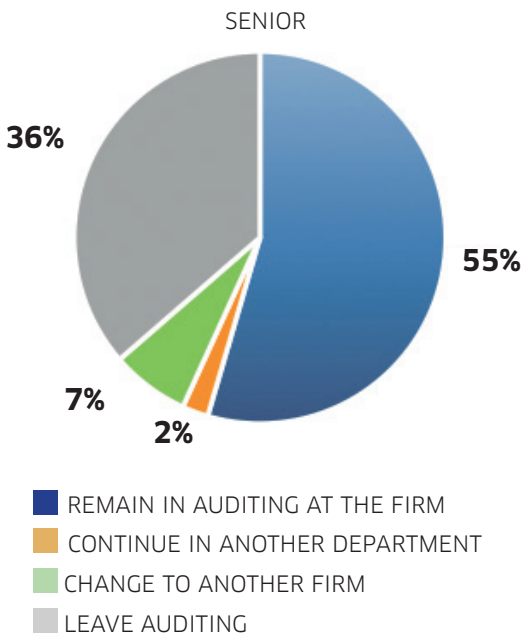
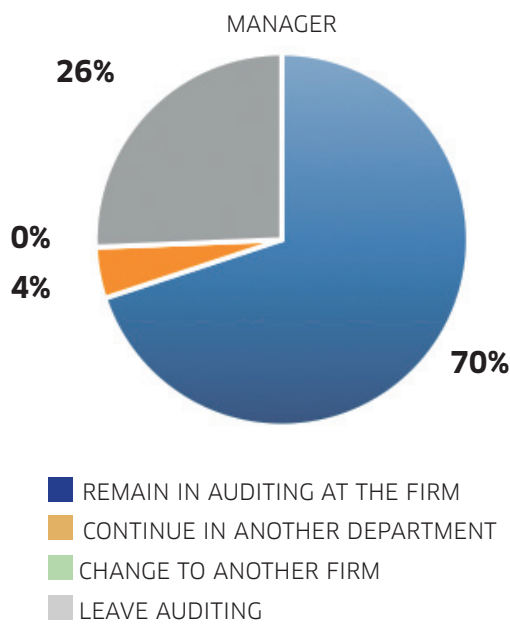
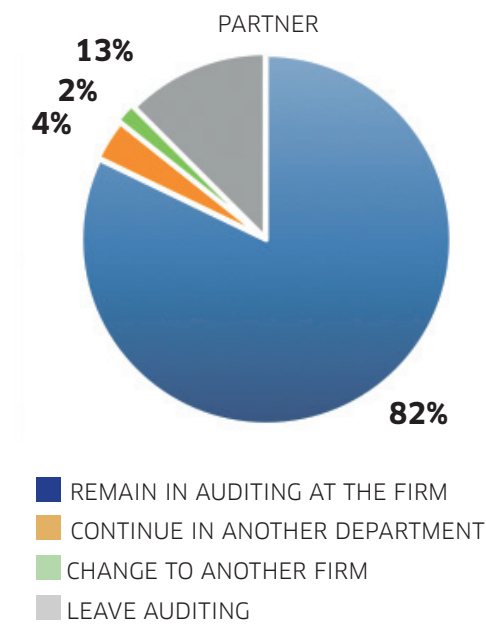
Situation in which you see yourself in the next 5 years by gender



The intention to remain with the current audit firm in the coming years is higher as one moves up the career ladder, with 82% of partners intending to stay with the firm, followed by managers (70%), seniors (55%) and lastly assistants (48%).

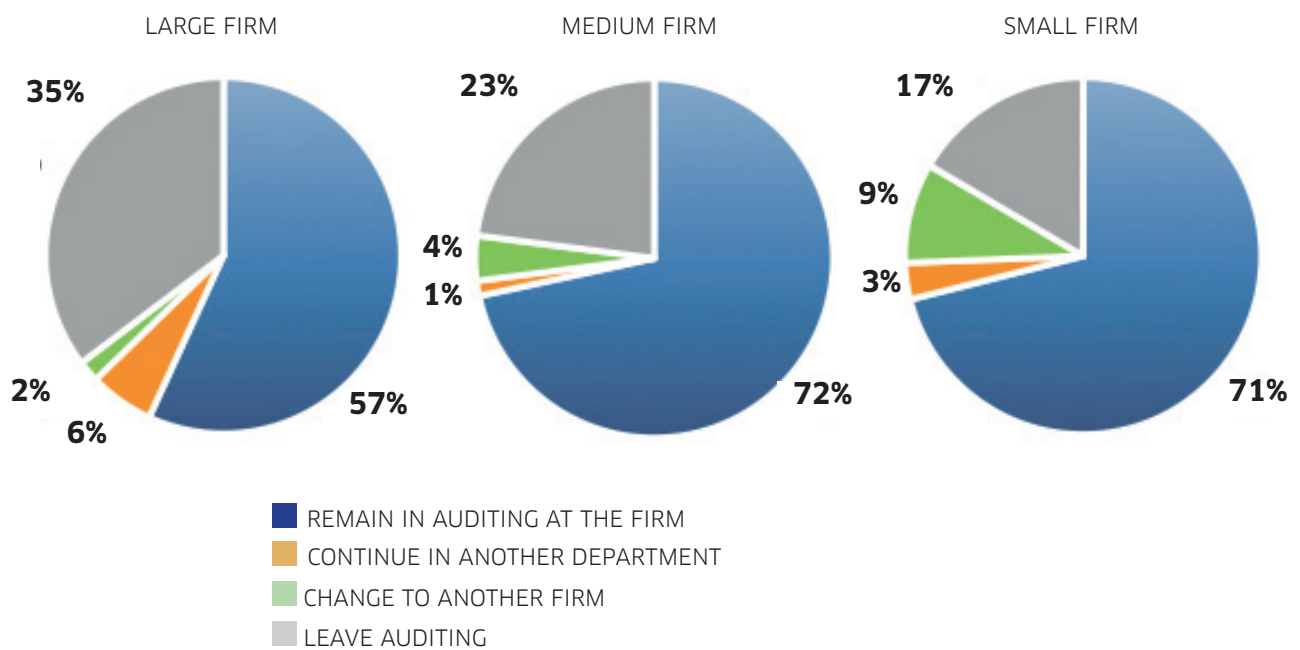
The intention to leave the profession is significantly higher among seniors, while assistants have the highest intention to rotate within the profession by moving to another audit firm.

Situation in which you see yourself in the next 5 years by position in the firm



Auditors in large firms have the lowest intention to remain with their current firm and the highest intention to leave auditing. In contrast, auditors in medium-sized and small firms are the least likely to leave the profession.

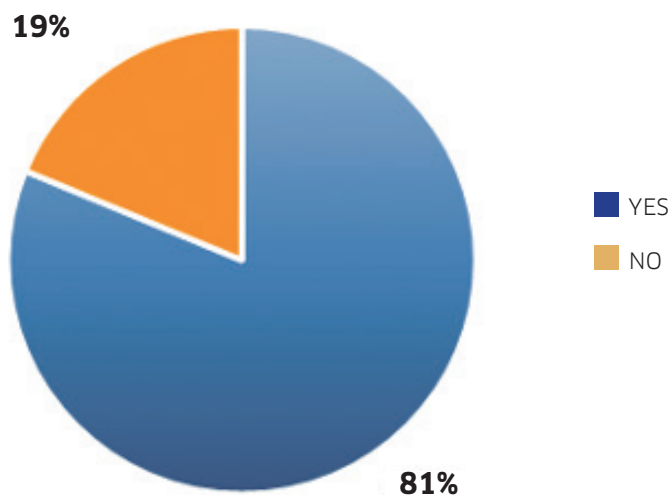
Situation in which you see yourself in the next 5 years by size in the firm



7.4. Recommendation of working as an auditor

The vast majority of auditors (81%) would recommend the job. This response reflects a high level of satisfaction with the audit profession.

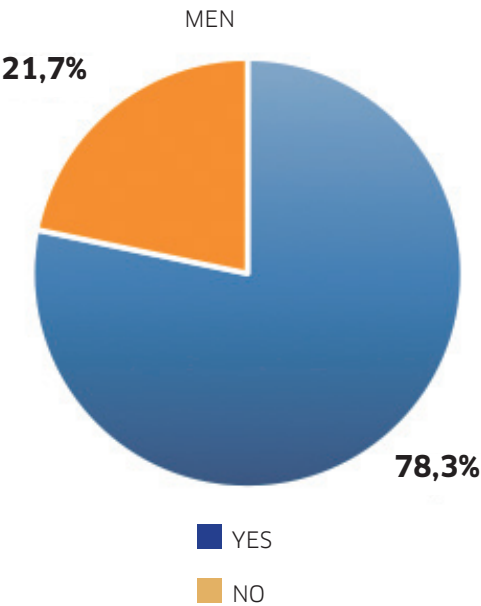
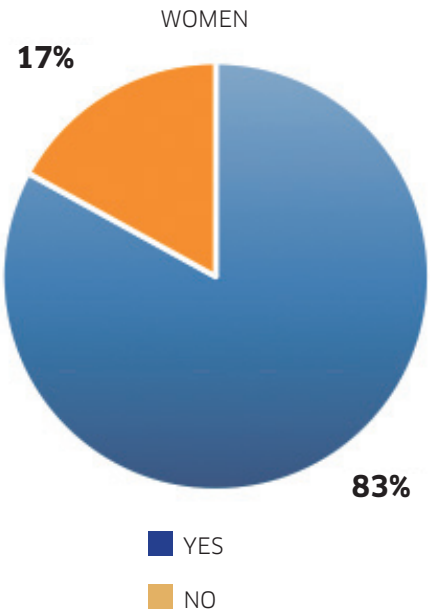
Would you recommend the audit profession to others?





Women would recommend the audit profession more highly than men.

Would you recommend the audit profession to others? By gender



8

Future of gender diversity in auditing

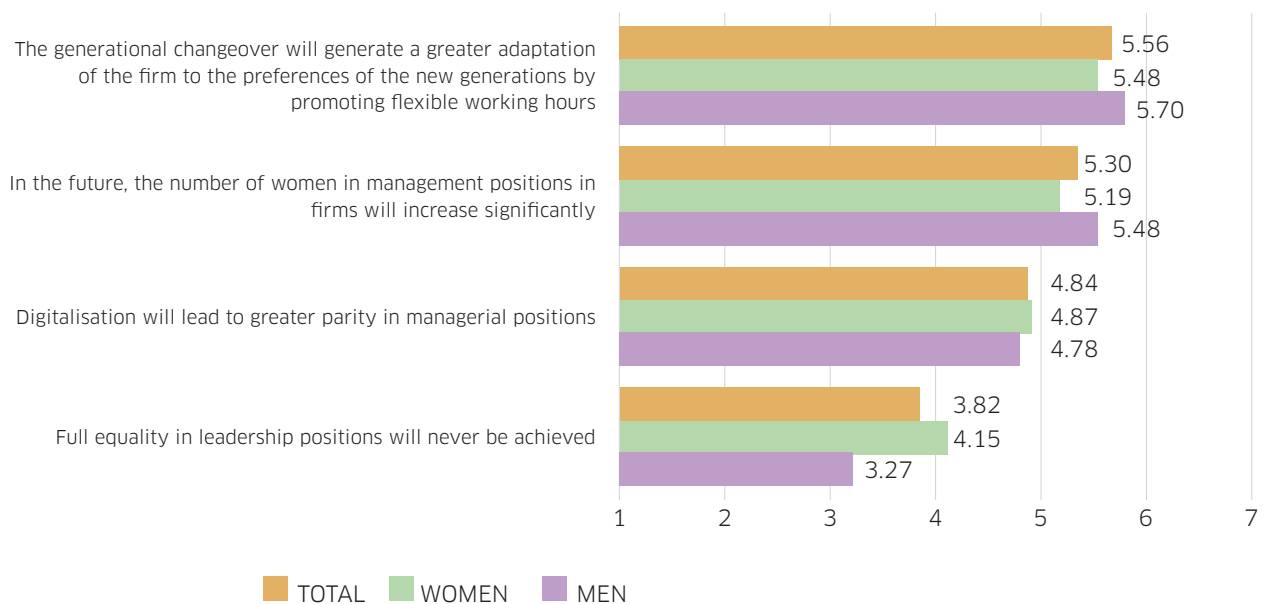
8.1. View on the future of gender diversity in auditing

Auditors believe that the generational changeover will be beneficial for firms to be more flexible in terms of working hours. They are optimistic, especially men, about the increase of women in management positions in firms and believe that digitalisation will help this process.

Women are more sceptical than men about the future of diversity in firms, and perceive greater difficulty in achieving full parity in management positions.

The future of gender diversity in auditing by gender

(1 strongly disagree and 7 strongly agree)



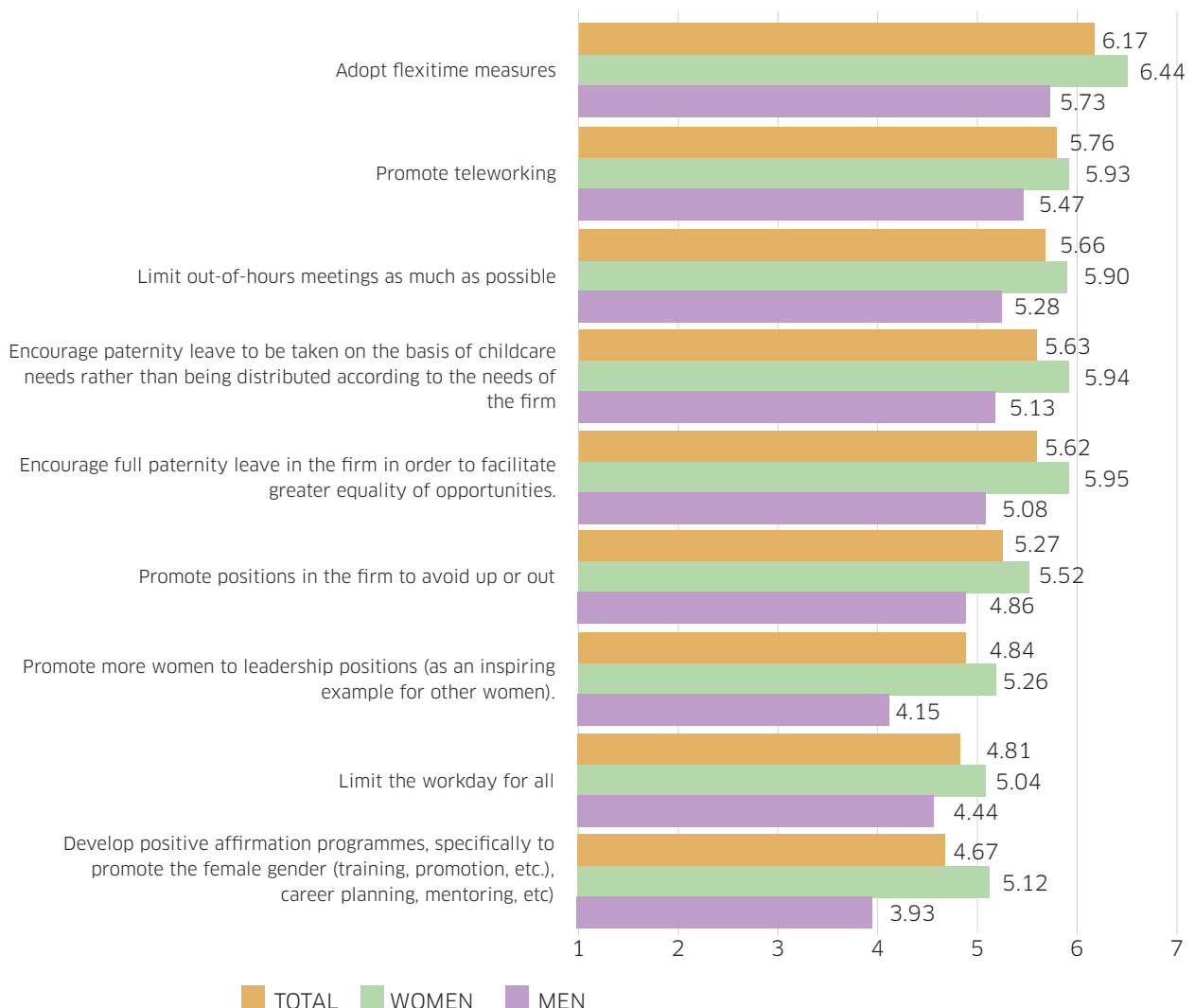
8.2. Measures for the promotion of female talent to management positions in audit firms

Auditors consider that the most useful measure for the promotion of women to managerial positions is flexible working hours, followed by teleworking, as well as limiting meetings outside working hours as much as possible. Also of note is paternity leave, which the participants consider would favour equal opportunities for promotion if this leave were taken in its entirety and according to the needs of childcare instead of being taken in an interrupted manner according to the needs of the firm.

Women attach greater importance to the promotion of more women to managerial positions in order to make women more visible, as well as to specific positive affirmation programmes to promote the female gender.

Measures for the promotion of female talent to managerial positions by gender

(1 strongly disagree and 7 strongly agree)



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