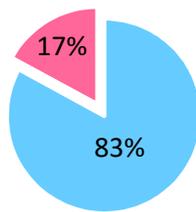


Evidence: Gender Inequality in Accounting

Summary of research by: Jenna Burke (University of Colorado Denver), Rani Hoitash (Bentley University), and Udi Hoitash (Northeastern University)

Accounting firms often rank highly for their gender equality. However, new research suggests that while this may be true at early ranks of the profession, women are substantially underrepresented in advanced positions. In fact, early evidence from newly available data suggests just 17 percent of audit partners are women.

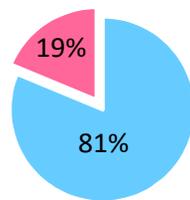
Overall
% female audit partners



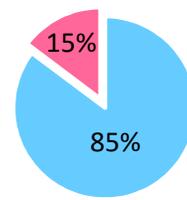
This evidence comes out of a new rule that requires accounting firms to disclose the name of the partner in charge of each public company audit. We are examining this data in a current project, and have begun to share early findings.

Since the identities of partners were previously unknown, accounting firms have largely avoided the public discussion of gender equality at higher ranks. Instead, discussions have focused on female representation in lower ranks of accounting firms. Here accounting firms are held in high esteem. In fact, the Big 4 accounting firms (PwC, Deloitte, Ernst & Young, and KPMG) all report having more than 40 percent female employees and appear in Working Mother magazine’s “hall of fame.” However, in these firms only 19 percent of audit partners are females. The graphs show that female representation in this esteemed position varies by firm, with PwC having the highest representation and KPMG the lowest. Female partner representation is even lower, only 15 percent, within non-Big 4 audit firms.

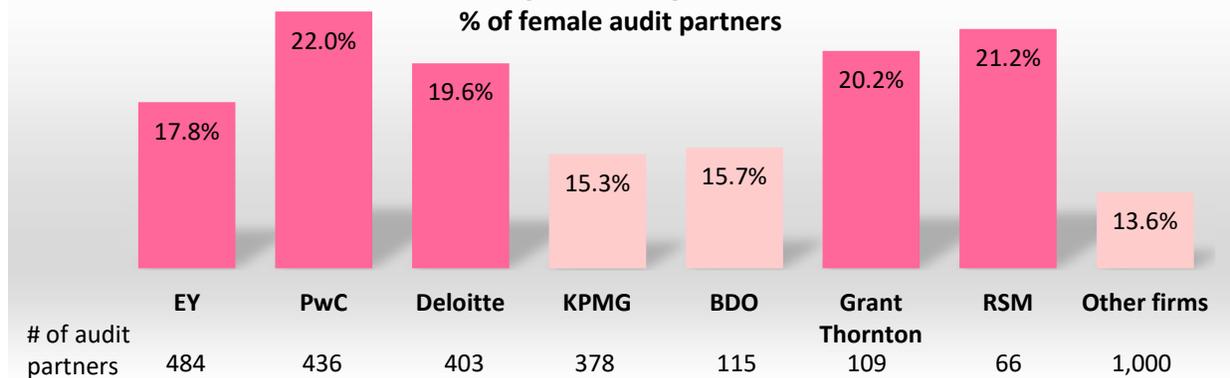
Big 4 Firms
% of female audit partners



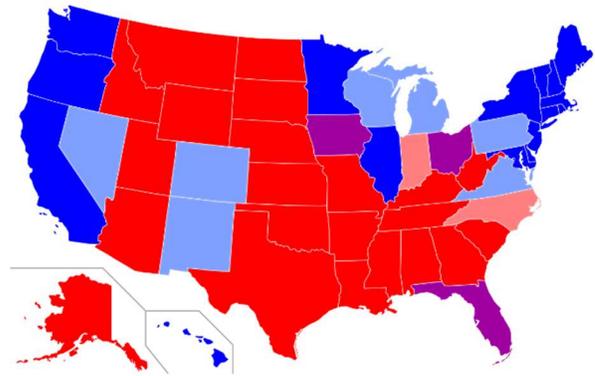
Non Big 4 Firms
% of female audit partners



Largest Auditing Firms
% of female audit partners



The data also suggests females are better represented in certain areas of the country. When offices of auditing firms are split based on their location in conservative and liberal states based on consistent voting in the past four presidential elections, the results are staggering. In conservative states, which are dark red in this graphic, a mere 14 percent of audit partners are female. In liberal states, which are dark blue, more than 20 percent of audit partners are female. Further, certain cities appear to be more female friendly. Within major metropolitans, female audit partners are most common in Minneapolis (32.0%), Los Angeles (24.1%), Boston (22.5%), and New York City (21.7%). Female audit partners are least common in San Jose (9.7%), the DC area (10.9%), Atlanta (11.6%), and Philadelphia (12.2%).



"Red" states = AL, AK, AZ, AR, GA, ID, KS, KN, LA, MS, MO, NE, ND, OK, SC, SD, TN, TX, UT, WV, WY
"Blue" states = CA, CT, DE, DC, HI, IL, ME, MD, MA, MN, NH, NJ, NY, OR, RI, VT, WA

The business case for women in advanced positions is compelling. Research suggests that female audit partners are more careful, patient, diligent, and conservative, which are highly valued traits in the auditing profession. While the current representation is underwhelming, it does appear that auditing firms are taking initiative to promote qualified female talent. For instance, in 2015 Deloitte named its first ever female CEO and in 2016 PwC's newly inducted audit partner class was 30 percent female. These actions signal a desire to reach gender equality at the highest levels of the organization. But, much like the rest of corporate America, our research shows there is a long way to go.

