

ACCOUNTANTS FOR BUSINESS

# Female perspectives in the global economy

## ABOUT ACCA

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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our 147,000 members and 424,000 students in 170 countries, helping them to develop successful careers in accounting and business, and equipping them with the skills required by employers. We work through a network of 83 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote the appropriate regulation of accounting. We also conduct relevant research to ensure that the reputation and influence of the accountancy profession continues to grow, proving its public value in society.

## ABOUT ACCOUNTANTS FOR BUSINESS

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ACCA's global programme, *Accountants for Business*, champions the role of finance professionals in all sectors as true value creators in organisations. Through people, process and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy.

[www.accaglobal.com/accountants\\_business](http://www.accaglobal.com/accountants_business)

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This report examines how ACCA's female membership has experienced the global economic conditions, by tracking their responses to ACCA's confidence and recovery indices.

The findings point towards some notable differences between the female and male respondents in the areas of business support and access to finance. These lead to lessons for policymakers and others working towards closing the gender gap, which is prevalent in much of the world's economic activity.

# Introduction

Much has been written recently on the role of women in global economies; from the benefits of increasing diversity in company boardrooms<sup>1</sup> to improving the rate of female entrepreneurship with the aim of stimulating economic growth.<sup>2</sup> Many of these initiatives, such as the European Commission's Green Paper on Corporate Governance, have been directly linked to the global financial crisis and the ensuing recession, raising questions such as whether all this would have happened if there had been more women on boards<sup>3</sup> and whether increasing the rate at which women start their own businesses can contribute towards economic recovery. Even in regions that, despite the global economic downturn, have witnessed strong economic growth, the women's agenda is still thought to be crucial to future economic development.<sup>4</sup>

It seems evident that the potential to increase women's participation in economic and business life is significant across the world.

- There is no country in which the female ownership rate exceeds male ownership<sup>5</sup> and, on average, women are about half as likely as men to be involved in business start-ups;<sup>6</sup> women account for fewer than 8% of top managers in OECD countries.<sup>7</sup>
- In Europe, women constitute just 31%<sup>8</sup> of the EU's self-employed workforce; only 8.3% of patents awarded by the European Patent Office are awarded to women;<sup>9</sup> they represent on average just 12% of the membership of the governing bodies of listed companies.<sup>10</sup>

- In the US, 28.2% of all businesses are owned by women;<sup>11</sup> only 20.3% of businesses started with venture capital belong to female entrepreneurs;<sup>12</sup> only 3.8% of US federal contracts are awarded to women;<sup>13</sup> and women make up only 3% of CEOs of Fortune 500 companies.
- In Africa, gender gaps in wage employment are greater than in any other region and despite representing 50% of the self-employed, women comprise only 25% of employers.<sup>14</sup>

Despite all this, women are starting and developing businesses at a remarkable rate and successes in some parts of the world are making policymakers take note. In the US, women-owned businesses are said to be growing at twice the rate of the total business population<sup>15</sup> while in Africa, women-owned businesses are thought to be more likely to innovate;<sup>16</sup> and globally women operate 25% to 33% of all private businesses, according to the World Bank.<sup>17</sup> Similarly, companies with a higher proportion of women in top management demonstrate the best performance in terms of the work environment, innovation, accountability and profits.<sup>18</sup> All this indicates a significant potential that is being lost through the unequal progress of women in most areas of the world's economic activity.

In order to take the women's agenda forwards, governments, policymakers and other stakeholders need to take stock of how women have reacted to and been affected by the recent economic crisis. Women have entered this recession in a comparatively disadvantaged position and learning how they fared throughout the recession – and the periods of recovery – ought to inform the thinking and the policy aimed at closing the gender gaps in female employment, business ownership and leadership.

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1. Lord Davies' *Independent Review into Women on Boards*, February 2011.

2. The 2011 Women-Owned Small Business (WOSB) Federal Contract Program in the US; statement from European Commission vice-president Antonio Tajani, commissioner for industry and entrepreneurship: 'Europe must build on its small businesses. Supporting women entrepreneurs is essential to stimulate growth since the entrepreneurial potential of women has not yet been fully exploited', December 2010.

3. *Groundbreakers Report*, Ernst and Young, 2009.

4. *The Africa Competitiveness Report 2011*, World Economic Forum, the World Bank and the African Development Bank, 2011.

5. E. Allen, A. Ellam, N. Langowitz, M. Dean, *2007 Report on Women and Entrepreneurship*, Global Entrepreneurship Monitor, 2007.

6. Ibid.

7. *Gender and Sustainable Development, Maximising the Economic, Social and Environmental Role of Women*, OECD, 2008.

8. Eurostat Labour Force Survey, Q1 2011.

9. *Evaluation on Policy: Promotion of Women Innovators and Entrepreneurship*, DG Enterprise and Industry, 2008.

10. 'Fourth Bi-annual European PWN Board Women Monitor 2010', <[http://www.europeanpwn.net/files/4th\\_bwm\\_2010\\_press\\_release.pdf](http://www.europeanpwn.net/files/4th_bwm_2010_press_release.pdf)>, accessed 20 September 2011.

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11. *The Economic Impact of Women-owned Business in the United States*, Centre for Women's Business Research, October 2009.

12. Ibid.

13. <<http://www.sba.gov>>.

14. *The Africa Competitiveness Report 2011*.

15. *Women Entrepreneurs and Access to Finance Program Profiles from Around the World*, IFC, November 2006.

16. R. Aterido, T. Beck and L. Lacovone, *Gender and Finance in Sub-Saharan Africa: Are Women Disadvantaged?*, Policy Research Working Paper 5571, World Bank, 2011.

17. <<http://www.enterprisesurveys.org/CustomQuery/>>.

18. *Women Matter: Gender Diversity: A Corporate Performance Driver*, McKinsey & Co., 2007.

## ABOUT ACCA'S GLOBAL ECONOMIC CONDITIONS SURVEY

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ACCA's Global Economic Conditions (GEC) Survey has been running on a quarterly basis since February 2009. Since then, more than 12,000 questionnaires have been completed by ACCA members for what is now the largest regular survey of professional accountants in the world. This powerful and growing record of business opinion continues to guide ACCA's thinking on the state of, and prospects for, the global economy.

Whether they work in practice or industry, in the private or public sector, in small businesses or large corporates, accountants have front-row seats to the recovery. For this reason, ACCA believes that the insights from these surveys are of interest not only to the profession but also to the wider public.

## ABOUT THIS REPORT

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ACCA was the first accountancy body to admit women to its membership, in 1909, and today 42% of its global membership is female. ACCA female members work in a wide variety of roles, geographical regions and sectors (see Figures 1, 2 and 3) and through its quarterly surveys, ACCA has been able to analyse how female members have reacted to the tough economic conditions of the last couple of years.

This report examines how ACCA's female membership has experienced the global economic conditions, by tracking their responses to ACCA's confidence and recovery indices. ACCA believes that the experience of female members demonstrates that, where these differences are observed, there are relevant lessons for policymakers and those in the business community working towards closing the gender gap that is still prevalent in much of the world's economic activity. Most importantly, the way any such measures are framed and targeted can usefully be influenced by the findings in this report. ACCA acknowledges that the experience of female accountants does not provide a complete picture. Nevertheless, it is an important contribution to a deeper understanding of women's experience during the last few years of deep recession and a turbulent, and far from certain recovery.

This report presents an analysis of two years' worth of data from the first quarter (Q1) of 2009 to the last quarter (Q4) of 2010, including 2,220 complete responses from female members and 4,573 male members. These responses, over eight quarters, cover three crucial parts of the economic landscape to date: the 'green shoots' period of optimism, brief one-year periods in which the consensus was that a global recovery was truly underway, and the beginning of the fiscal crisis in Europe.

As a rule, female respondents are more strongly represented in non-profits and the public sector. Accounting practices, as well as small financials, were the sectors where men were most over-represented, although it is fair to say that no sector among those studied here is male- or female-dominated.<sup>19</sup>

Figure 1: Sector distribution of respondents by gender

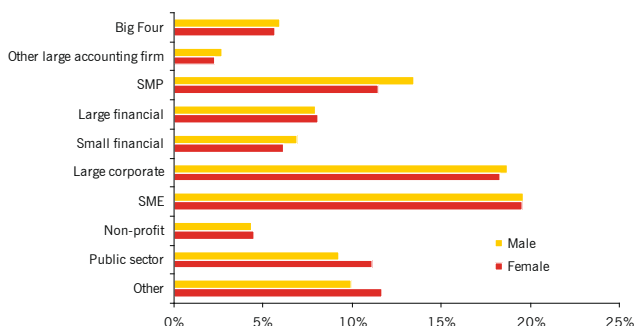


Figure 3 shows that, as with women in general, female accountants are less likely to be senior managers, directors or senior executives. Part of the significant difference demonstrated at the director-level can, however, be attributed to lower propensity towards self-employment. Women were, on the other hand, more likely than men to identify with the 'accountant' description. This report will show further on that this may be due to over-representation in management accounting functions.

Women are also over-represented among newly qualified accountants, as a consequence of ACCA's increasing success at attracting and training female students in the past decade.

Figure 2: Geographical distribution of respondents by gender

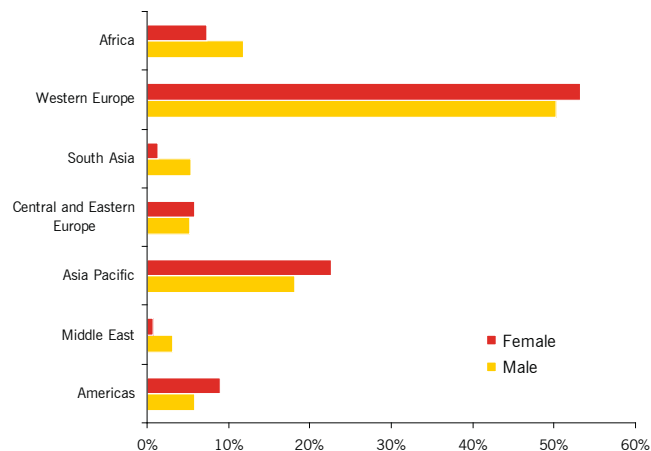
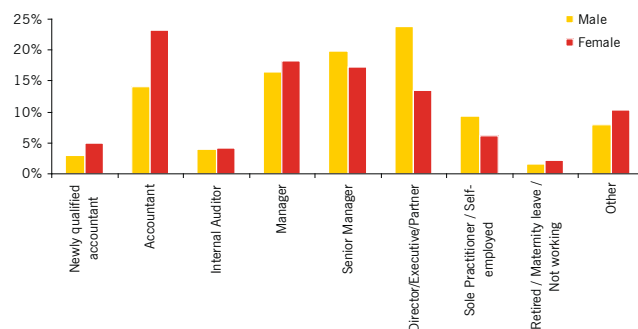


Figure 3: Occupational distribution of respondents by gender



19. Women are under-represented among GECS respondents: although 42% of ACCA members are female, only 33% of GECS respondents are women. While it is difficult to prove this, it is likely that women are generally less interested in making predictions and general assessments on economic matters. For instance, academic and non-academic studies show that women are less attracted to economic blogging (see for instance <<http://www.hypothetical-bias.net/files/economics-blogs-and-economic-education-12-20-10-1.pdf>>) and few among even the leading female economists blog (see for instance <<http://www.csmonitor.com/Business/Green-Economics/2011/0326/Where-are-the-female-economics-bloggers>> and <<http://www.csmonitor.com/Business/Economist-Mom/2011/0331/Why-don-t-excellent-women-write-economics-blogs>>).

# Facts and explanations

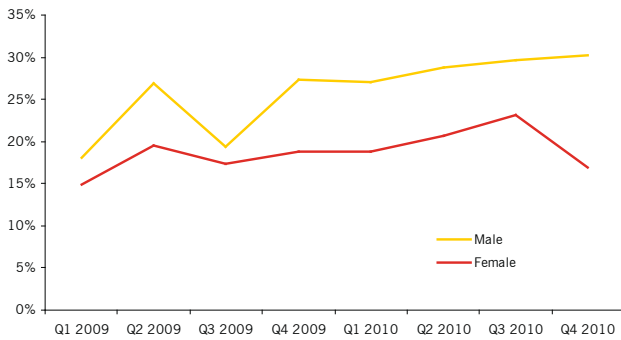
## CONFIDENCE LEVELS

Quarter after quarter, female members stated that they were less confident in the prospects of their own organisations.

Note that this is not a result of increased pessimism about the shape of the global economy. Although female respondents' thoughts on whether the worst was over or yet to come were almost identical to those of men (Figure 5), women tended to think that the recovery would be slower and more drawn-out (see Figure 6).

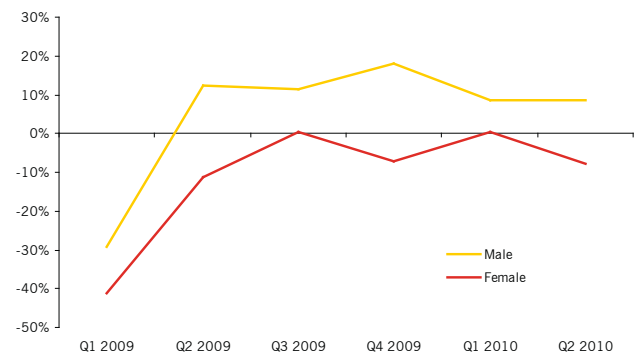
This finding may be consistent with what the existing literature tells us about women's lower levels of confidence.<sup>20</sup> The more credible interpretation to this finding, however, is that women are less likely to be directors and senior managers (Figure 3), a group which has been consistently over-confident throughout the recovery (Figure 7).

**Figure 4: GEC 'Confidence' Index, male v female**



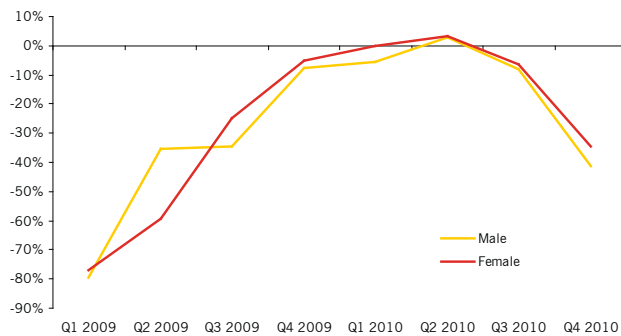
**Figure 6: GEC 'Time to Recovery' index (discontinued), male v female**

(Zero indicates 'return to normal' within 18 months, + indicates faster recovery)

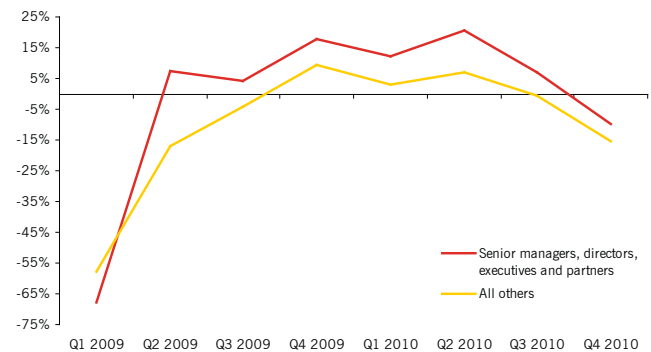


**Figure 5: GEC 'Recovery' Index, male v female**

(A positive reading indicates things are getting better, or are about to)



**Figure 7: GEC 'Confidence' index by occupation**



20. 2007 Report on Women and Entrepreneurship, Global Entrepreneurship Monitor.

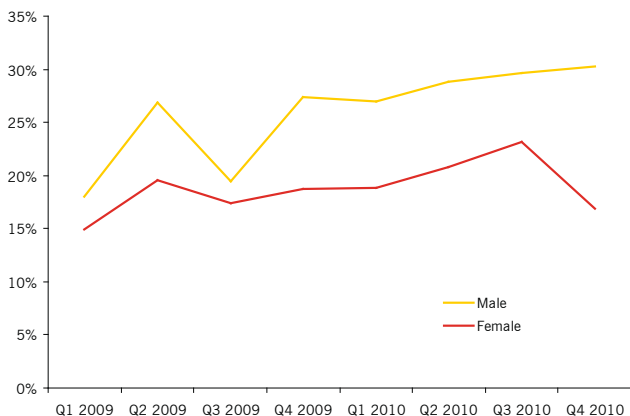
## REACTIONS TO GOVERNMENT POLICY

Throughout the quarterly surveys, female members were found to be more negative towards government policy than the male respondents.

The Q3 2009 GEC survey was designed specifically to derive insights into accountants' views of government and the resulting data allow discussion of the differences between male and female views on governments' economic policies on two complementary levels:

1. How well the government performed function X?
2. How important it is for the government to perform function X well?

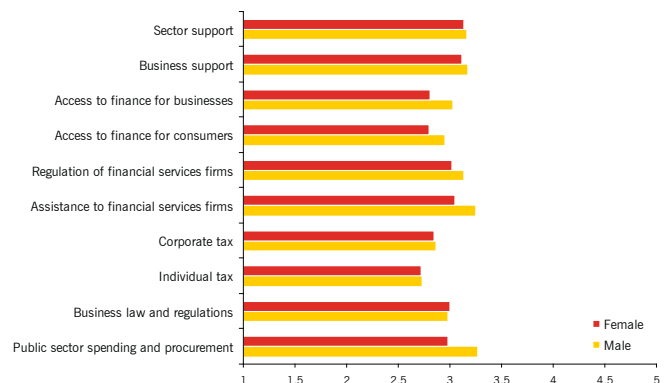
**Figure 8: Percentage of members rating government policies as 'good' or 'very good'**



With regard to the first point, women appear generally to have taken less comfort from public sector spending plans and access to finance schemes. They are also more critical of governments' handling of financial services firms, in terms of both regulation and bailouts and other support received. This is true even after controlling for simple sector and country effects. This is an important fact to bear in mind, as lack of confidence in government actions throughout the downturn may make women less trusting of any new initiatives that are aimed at stimulating the economy, including cases in which they themselves are the intended recipients.

**Figure 9: Average rating of individual areas of government policy in Q3 2009**

(anything less than 3 is a negative score)



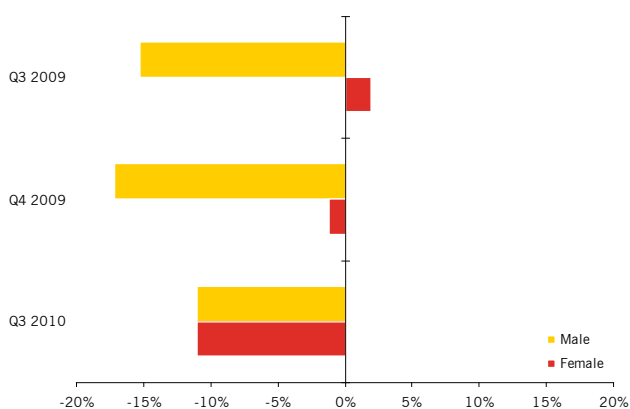
Assessing attitudes to point 2, regarding the relative importance of government policies, requires slightly more sophisticated tools. Ordinal regression analysis reveals that women are indeed more sensitive to some types of government intervention than men, with business support schemes<sup>21</sup> emerging as significantly more important for female accountants than for their male counterparts. This finding is consistent with the existing research on this topic, which suggests that women are generally more likely than men to make use of government funded support and advice.

Furthermore, it appears that women had very different perceptions of government spending plans: in those countries where austerity measures were imposed in the aftermath of the downturn, women did not at first expect austerity to take hold, but rather expected that governments would continue to overspend for a while. They have since had to adjust their expectations, while men anticipated extreme austerity from the outset of the crisis. As governments started to make their plans clearer, expectations eventually converged.

Women also tended to trust governments less in terms of spending at the right level throughout the recovery, which explains some of the lower satisfaction ratings. On balance, female members expected that government spending would turn out to be more excessive and wasteful than men expected it to be.

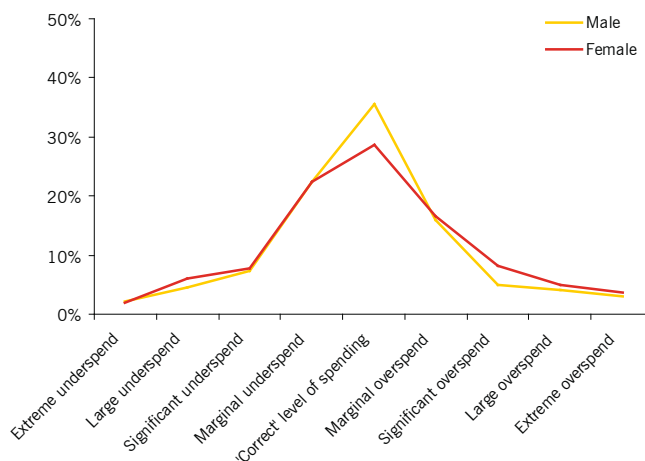
**Figure 10: Index of medium-term government spending expectations**

(balance of % expecting more spending minus % expecting less spending)



**Figure 11: Appropriateness of government spending in the medium term**

(expected trend in spending minus preferred trend in spending, Q3 2009 to Q3 2010)



21. Note that, since the influence of access to finance schemes is controlled for through a separate variable, this finding refers to non-financial support in the form of advice, facilitation and access to markets.

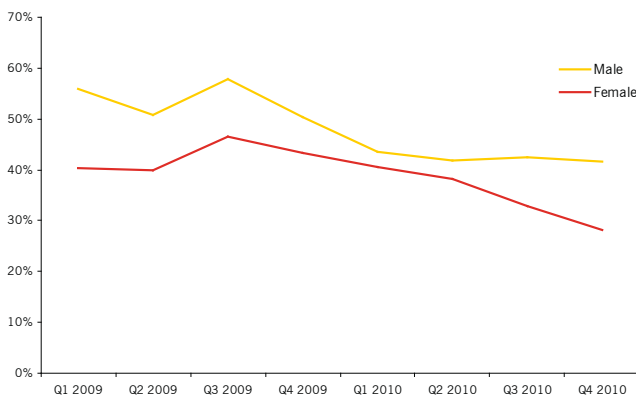


## ACCESS TO FINANCE

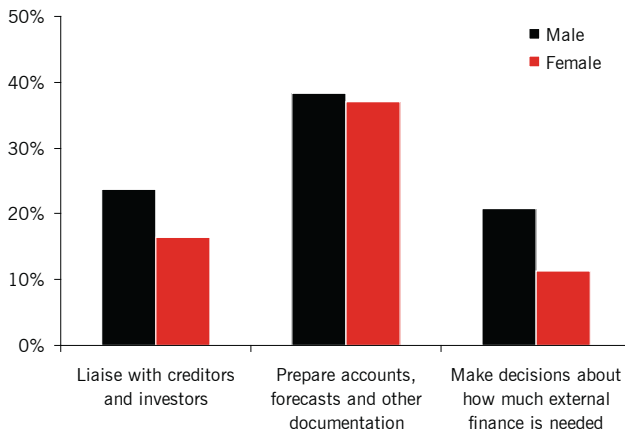
Throughout the recovery, female accountants have been less likely than their male counterparts to mention poor access to finance as a problem for their organisations or clients (see Figure 12).

This may seem like a crucial difference but in fact there is more to it than meets the eye. Generally speaking, female accountants are not as extensively involved in accessing finance for organisations as their male colleagues (see Figure 13). This has implications for their views in aggregate, as accountants who personally liaise with creditors and/or investors are more likely to report problems in accessing finance. Once this effect is accounted for, women report problems almost exactly as often as men do.

**Figure 12: Any mention of access to finance as a problem, by gender**



**Figure 13: Involvement in access to finance, by gender**

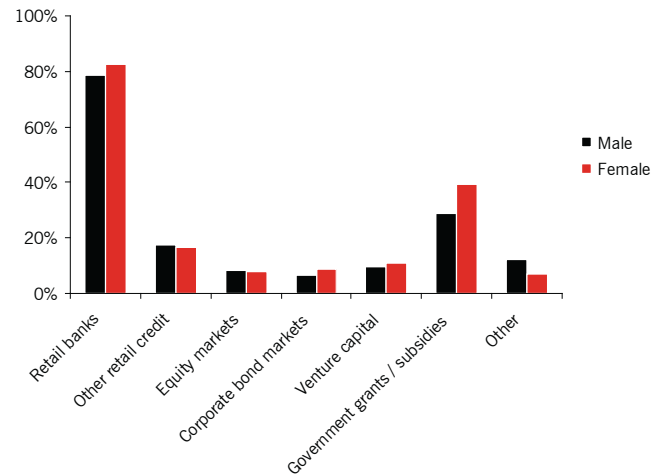


The survey findings so far suggest that female accountants are more likely to interact with business support<sup>22</sup> and the same is true when it comes to accessing finance.

About 39% of women in the sample dealt with government agencies in their efforts to access finance for their organisations in the year prior to Q1 2010, against 29% of men (Figure 14), and the difference was even greater among respondents who personally decided what types of finance their organisations would use.<sup>23</sup>

Another interesting point is that none of the female accountants surveyed in Q4 2010 had ever invested as business angels and fewer than half as many women (3.5%) as men (7.4%) were thinking of doing so in the future. It is an established fact that there is a dearth of female business angels,<sup>24</sup> and these findings suggest the trend is likely to persist.

**Figure 14: Finance providers consulted, by gender**



22. This is corroborated in the literature: <<http://tees.openrepository.com/tees/bitstream/10149/100166/2/100166.pdf>> or <<ftp://124.42.15.59/ck/2011-03/165/053/828/885/Gender%20and%20the%20use%20of%20business%20advice%20evidence%20from%20firms%20in%20the%20Scottish%20service%20sector.pdf>>.

23. This last finding relies on a very small sample and should be treated with caution.

24. For instance, in the UK, women make up 3.7% of business angels affiliated with networks, and 4.5% of the new intake <<http://www.bis.gov.uk/assets/biscore/enterprise/docs/a/11-p116-annual-report-business-angel-market-uk-2009-10.pdf>>. Across Europe, they make up 4.9% of business angels affiliated with networks and 6.9% of the new intake <[http://www.eban.org/interactive/share-a-document/doc\\_download/164-eban-white-paper-women-a-european-early-stage-investing](http://www.eban.org/interactive/share-a-document/doc_download/164-eban-white-paper-women-a-european-early-stage-investing)>.

## GENDER, DELEVERAGING AND OPPORTUNITY

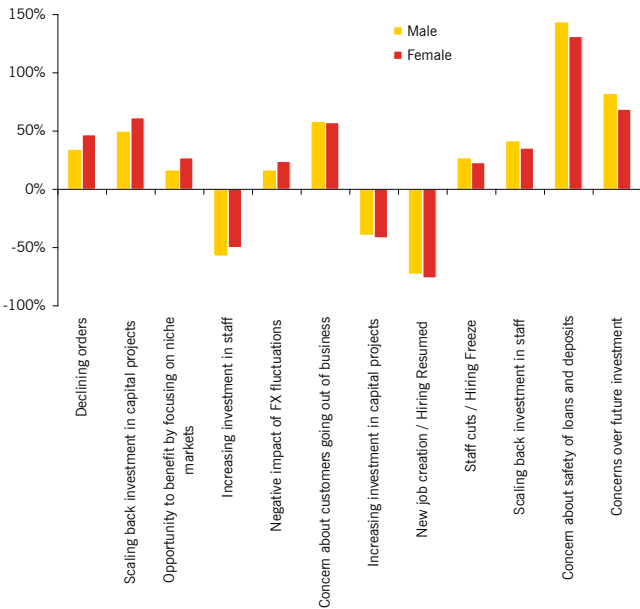
Tight finance has been one of the features of the recovery – but it has meant very different things for male and female accountants. One reason for this is the distribution of men and women among different business functions. Women are more densely represented in management accounting functions, and were therefore more attuned to rising operating costs and tightening budgets. They are also more intimately involved in supply chains and the credit cycle, worrying more about late payments and suppliers going out of business.

That apart, male and female accountants have tended to respond in similar ways with regard to the impacts of poor access to finance: their backward-looking assessments tend to be very similar (Figure 15).

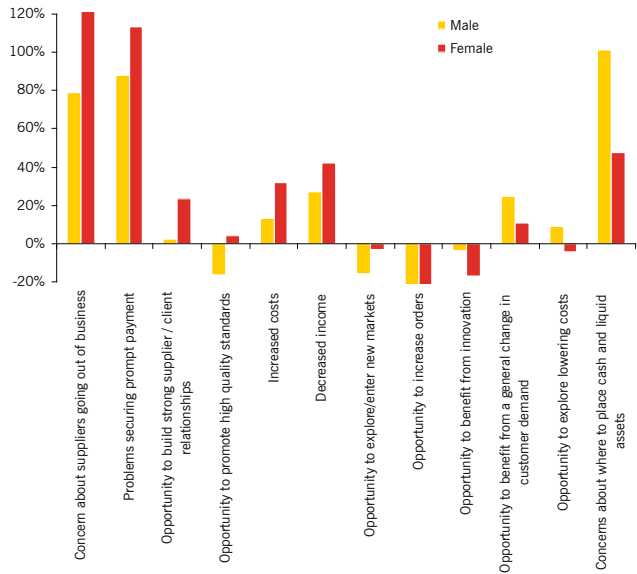
Where they differed most was in their forward-looking assessments: anticipating the impact of deleveraging on business opportunities. (Figure 16). Female accountants were more likely to see opportunities to invest in the supply chain: to strengthen relationships with suppliers and customers and focus on quality, sacrificing innovation for efficiency. This is partly why they were less likely to put their faith in cost-cutting than men were.

Male accountants, on the other hand, tended to see more opportunities in shifting resources out of shrinking markets and into growing ones. They were quicker to abandon their hopes for expansion in foreign and niche markets but more keen to explore and adapt to consumer behaviour.

**Figure 15: Change in the mention rate of challenges and opportunities when poor access to finance is introduced: similarities between men and women.**



**Figure 16: Change in the mention rate of challenges and opportunities when poor access to finance is introduced: differences between men and women.**



## Conclusions

Most governments around the world have initiatives in place aimed at increasing the progress of women in relation to employment, entrepreneurship and business leadership. What ACCA's surveys found, however, is that both during the worst of the economic downturn and subsequently, women were more likely to be negative and less trusting of government interventions designed specifically to deal with the financial crisis.

In the case of business support schemes at the micro-level, such as loan guarantee schemes, free advice or business health checks, or indeed more growth-oriented interventions such as SME export drives, the female respondents were more likely to be engaged. The quality of such interventions (or lack thereof) is much more important to female accountants than their male colleagues. Female respondents were not only more sensitive to business support interventions, they were also more dependent on it and thereby likely to engage with government funding and grants than their male colleagues, a finding that echoes the academic literature. This is important information for government agencies trying to create awareness of support schemes and improve access with limited resources – better targeting of communications can make a significant difference.

Overall, it is important to note that female accountants are less likely to be directly involved with accessing finance for their own businesses or clients, and especially with liaising directly with lenders and investors. This is true even after accounting for the sector, the country, the region's economic development, and the type of role they occupy, including senior management. This is despite there being no noticeable difference in the two genders' ability to obtain finance for their organisations or clients. This evidence may suggest that organisations are not employing the female finance workforce to its full potential, with potential repercussions on firms' access to finance at a crucial time.

A starker asymmetry is at play in the world of early-stage investment, where female business angels are known to be very rare. The survey's findings confirm this to be the case even among financial professionals. This is a very important limitation. Women own an increasingly large share of global wealth; business angels typically invest in sectors they know well and the two sexes tend to be unevenly distributed among sectors. Throughout the world, however, high-growth firms are to be found in every industry – not just the ones overwhelmingly funded by business angels today. Therefore introducing more female business angels to the market would not only increase the amounts available to be invested and help improve the viability of business angel networks, but will also ensure that a wider range of high-growth firms receive investment. Governments and the relevant agencies need to increase efforts in this field. By working with different organisations such as ACCA, access to the potential pool of female business angels can be wider and can yield higher growth in female representation in the future.

Finally, it is important to note that across most areas, the experience of male and female respondents to ACCA's surveys has been largely similar, showing that accountants in businesses are most of all influenced by their environment and the position they hold within their organisations. Nevertheless, the nuances observed in this report offer unique insights into where these experiences may have differed. At a time when governments and the business community are looking to address the women's agenda, understanding how women have been affected and consequently responded to the ongoing economic uncertainty will be critical to the success of many such initiatives. So far, this remains largely undocumented. More research is therefore needed so that the effects of and responses to the deep economic crisis, and the weaknesses thus exposed in global societies and economies, are adequately addressed in relation to gender equality. This, in ACCA's view, will be crucial in moving forward on the women's agenda and ACCA therefore calls on governments and other stakeholders not to lose sight of the female perspectives in the global economy.

**POL-AFB-FPGE**