



2017 CPA Firm Gender Survey



Executive summary

Partnership on average remains overwhelmingly male, with **women representing only 22%** of partners in CPA firms.

Smaller firms continue to have **higher percentages of women partners** than average.

A **growing percentage of women** are serving as **directors or non-equity partners**.

Only **47% of all firms** have a **formal succession planning process**, and **only 2% include a formal gender component** in their plans.

A **total of 89%** of the firms surveyed had one or more types of **modified work arrangement** and a large majority of firms believe they are worthwhile.

Flexible work hours are the most popular program, followed by reduced hours and telecommuting.

Substantially **more women use modified work arrangements** at the non-equity partner level.

Mentoring is the most popular advancement program among firms, **used by 45% of firms**, while **sponsorship is substantially behind**, used by **only 12%**.

Firms that used advancement programs strongly believed that they achieved their goals.

The vast majority of firms that have implemented **diversity initiatives** found them to be **successful**. Gender initiatives were the most common, followed by combined diversity and inclusion efforts and then minority initiatives.



Are firms making the most of the talent pool?

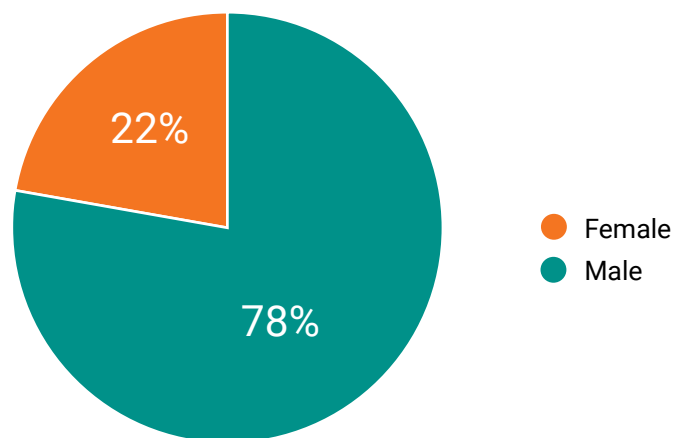
There are strong business reasons for attracting and promoting women at all levels of CPA firms. That's especially true given the unprecedented loss of talent as the baby boomer generation heads into retirement and the changing needs and expectations of younger generations, both clients and staff.

Organizations will face unnecessary challenges and, perhaps, be less successful than they might have been if they fail to take advantage of the full range of talent available to them.

With those concerns in mind, the AICPA Women's Initiatives Executive Committee (WIEC) conducted its second CPA Firm Gender Survey. The survey examined key topics such as the percentages of women in partnership positions – both equity and non-equity – the use and success of programs to retain and advance women, and the state of succession planning in firms. The results demonstrate the state of gender diversity in firms today. Firms can use the findings to inspire discussion about this important topic and develop solutions customized to their needs.

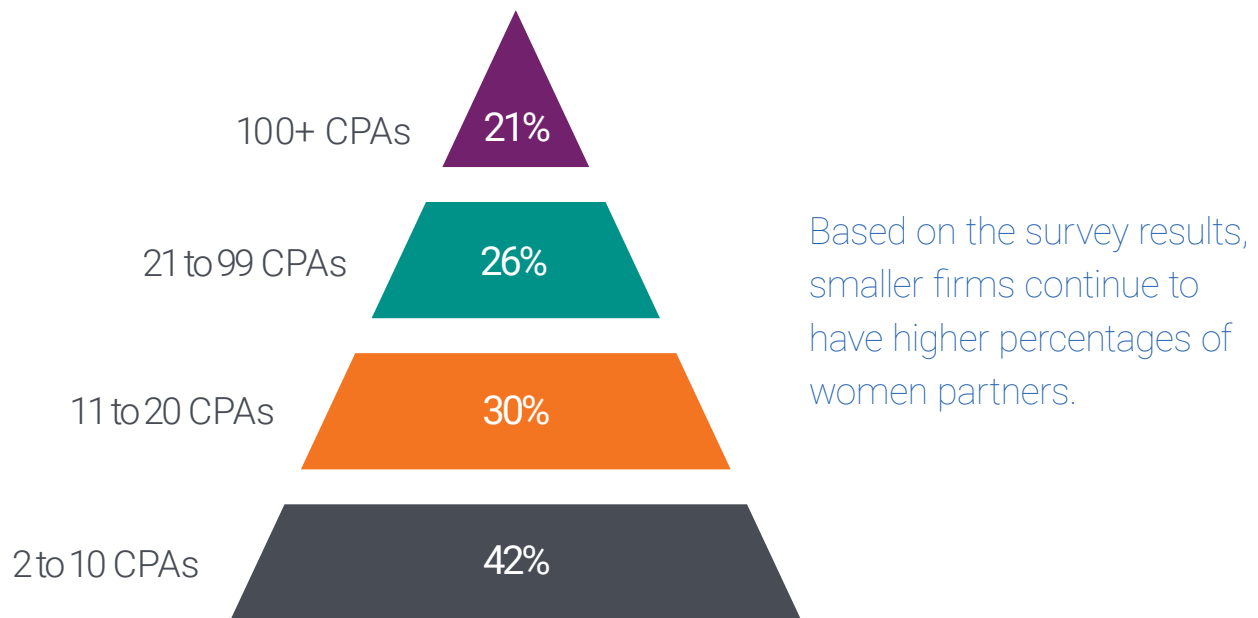
The survey found that partnership on average remains overwhelmingly male. The current survey shows little change from studies done in years past, which have typically found less than one-quarter of the partnership ranks made up of women.

CPA firm partnership by gender



The path to partnership

Percentage of women partners by number of CPAs in the firm

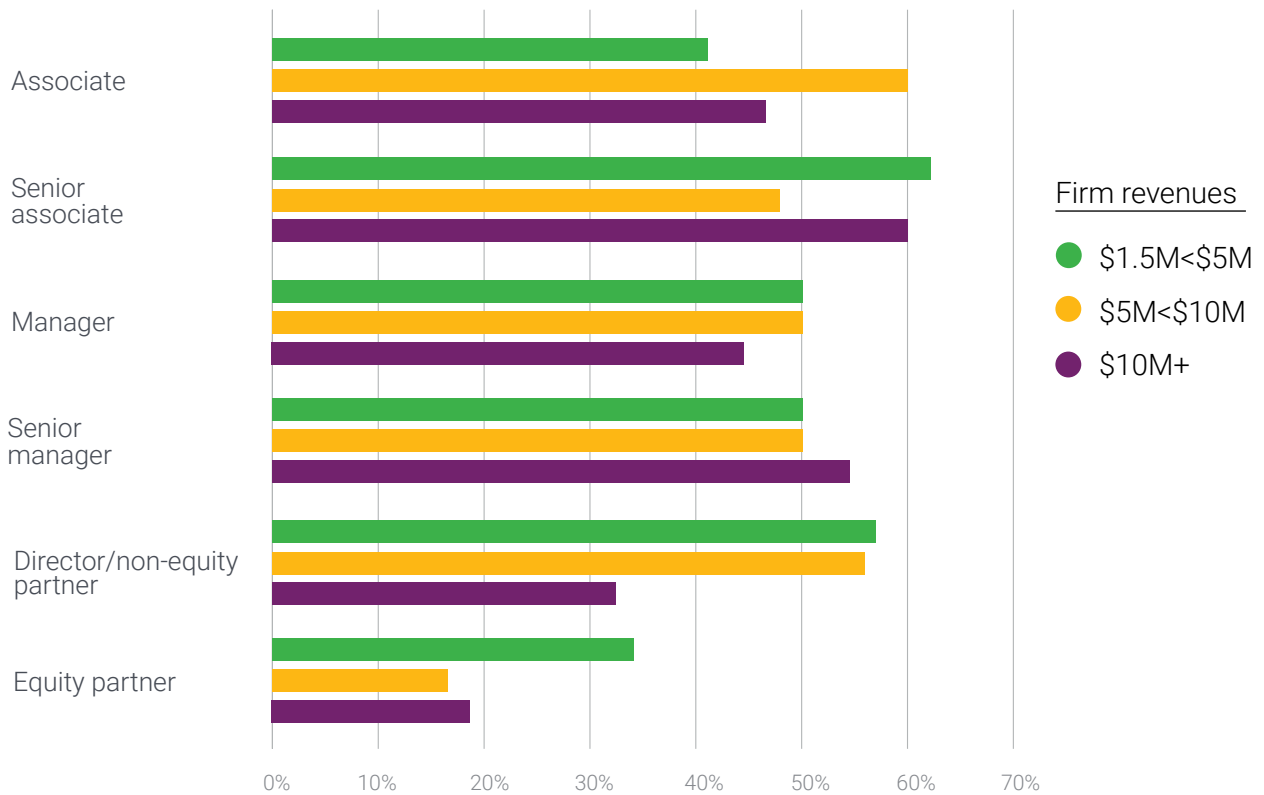


These numbers were little changed from the 2015 survey results, when women represented 20% of partners at the largest firms, 27% at firms with 21 to 99 CPAs, 39% at firms with 11 to 20 CPAs, and 43% at firms with 2 to 10.

Drilling down a little further, it's possible to see exactly what titles women hold in firms. Findings taken from the most recent PCPS/CPA.com National Management of an Accounting Practice (MAP) Survey in 2016, illustrate the dramatic drop in the percentage of women above the director/non-equity partner level. The findings are not much changed from the previous MAP survey, taken in 2014.

The results indicate that women were at parity or higher at most levels through senior manager in 2016, and the percentage of women at the director/non-equity partner level has grown since 2014, especially at larger firms. However, the percentage of women equity partners has remained flat.

Percentage of women at different levels in 2016



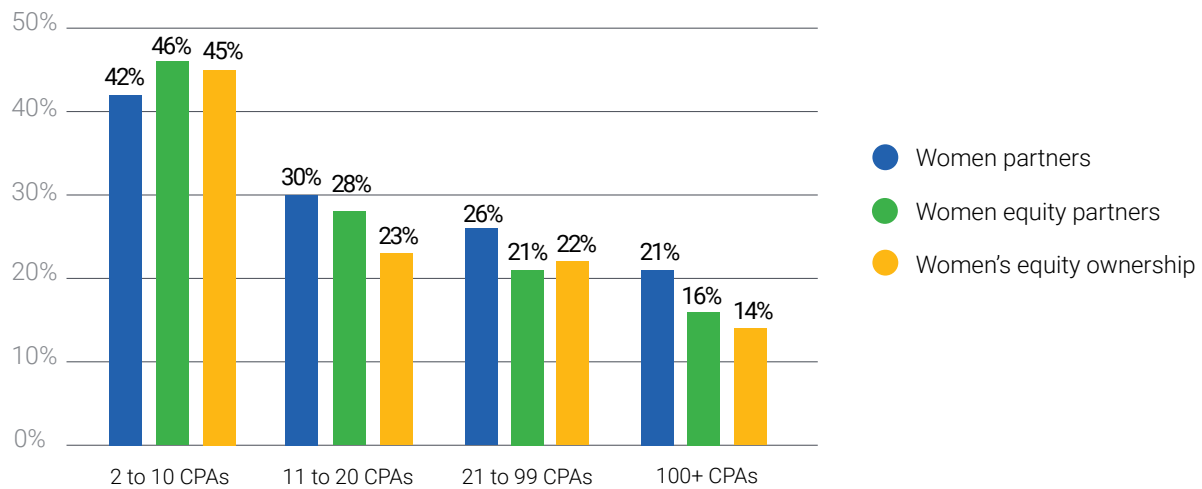
Note: Results taken from 2016 PCPS CPA.com MAP Survey. The MAP survey categorizes firms by revenues, whereas the WIEC survey classifies firms based on the number of CPAs.

Disparity in equity ownership

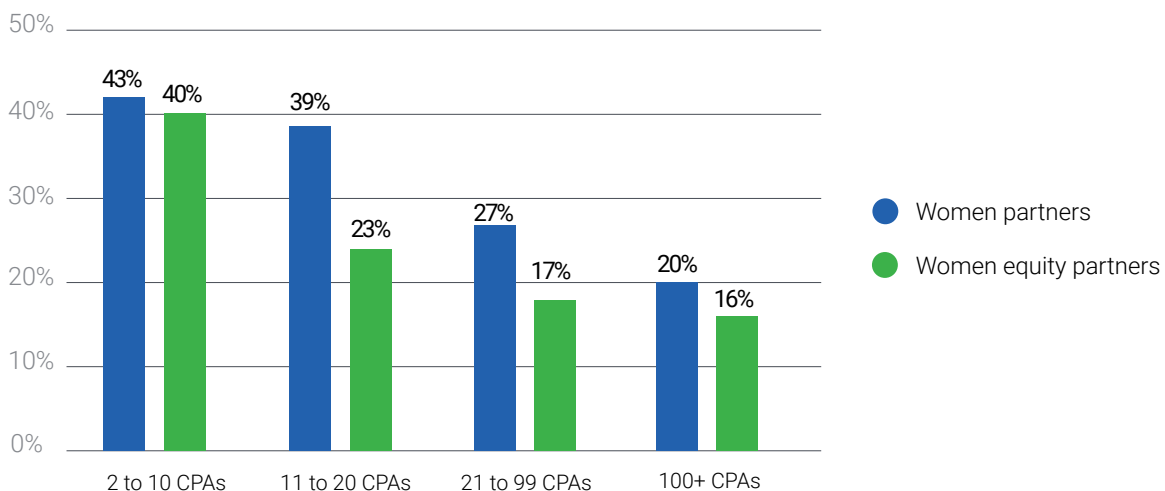
The 2017 survey took a close look not only at the percentage of women partners in a firm, but also at their actual share of equity ownership. The key finding was that the larger the firm, the greater the gap in equity ownership.

The 2017 chart below illustrates the percentage of women who are partners in firms, the percentage who are equity partners, and the percentage of equity they actually own. The level of partnership and ownership for women was lower than for men at all firms, but it was significantly lower at firms with more than 10 owners. The 2015 chart shows women's partnership and equity ownership levels, but the survey didn't ask about the percentage of equity ownership that year.

2017 women partners, equity partners and equity ownership



2015 women partners and women's equity ownership

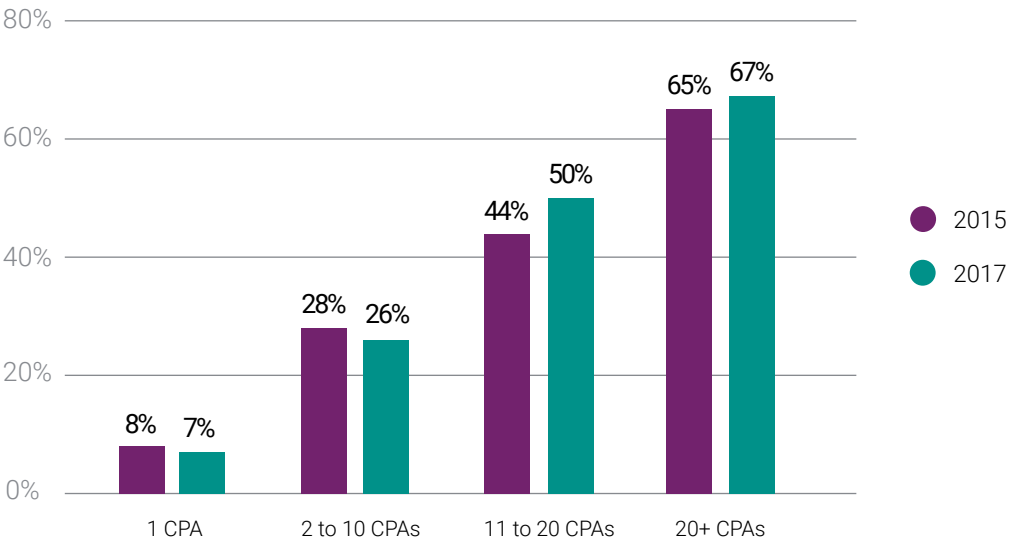


Sustainability and CPA firms

Who will lead firms in the future?

Firms are putting themselves at a competitive disadvantage if half the population is left out of the leadership pipeline. Planning for the future at all firms should include a formal succession process that considers how the firm will groom new leadership or build a bench that will be an asset in a merger or acquisition. The survey found that only 47% of all firms have a formal succession planning process. There are many variations in percentages based on firm size, but even at the largest firms, which are most likely to have one, only two-thirds do. There have been some incremental increases in the percentages of larger firms that have plans since 2015, offset by declines in smaller practices. Among all firms, only 2% include a formal gender component in their plans to ensure that firms can leverage the available talent, enabling women to achieve their potential and join leadership ranks.

Who has succession plans?

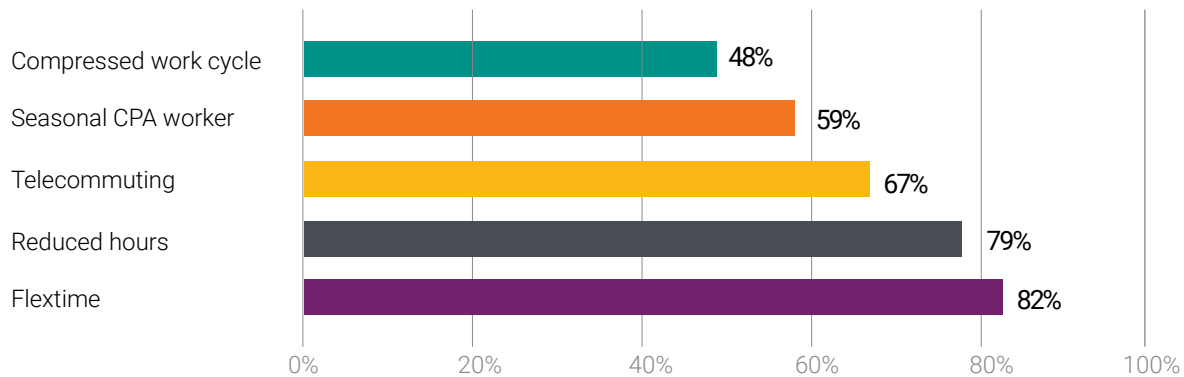


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Modified work arrangements

A total of 89% of the firms surveyed had instituted one or more types of modified work arrangement. The results revealed the percentage of firms that used some of the most popular options.

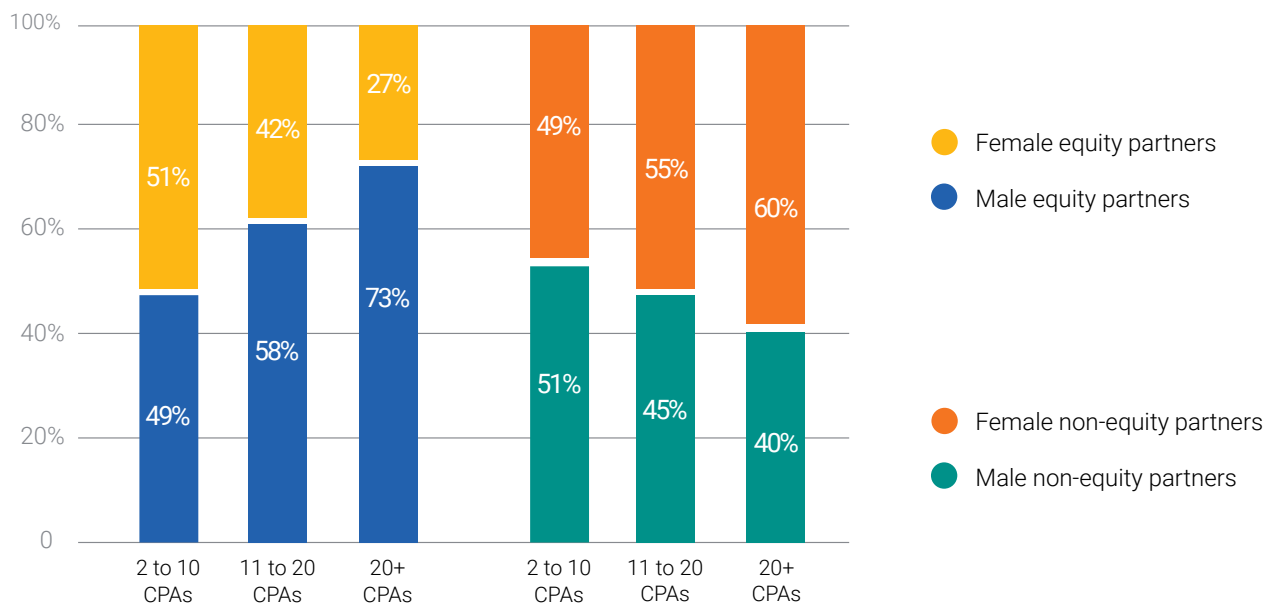
Firms' use of modified work arrangements



The survey also showed that firms believed modified work arrangements were valuable in finding and retaining talent. A total of 96% thought these arrangements helped retain talent, and 67% believed they were useful in attracting talent. They have been embraced at all levels, with 47% of partners using them.

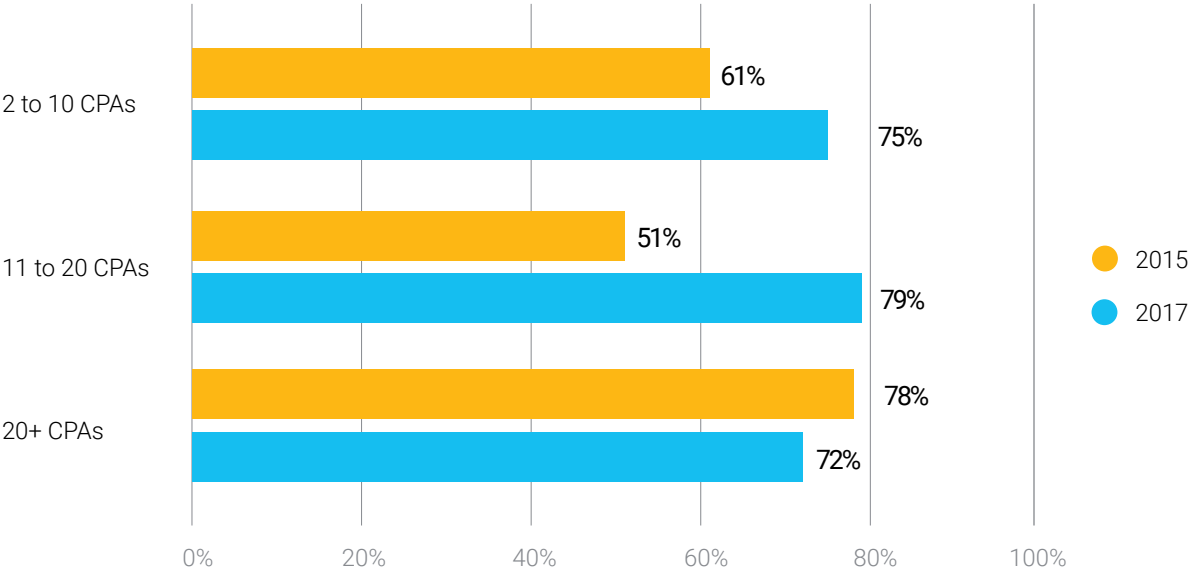
Among the partners who are using them, the chart below shows what percentage is male or female at firms of various sizes. They are used by basically equal numbers of male and female equity partners and non-equity partners at smaller firms. At firms with more than 10 partners, more male than female equity partners used them, most notably at the largest firms. Among non-equity partners, however, as firm size grew, the majority of users were female.

Modified work arrangement use by gender and firm size



A significant number of CPAs used modified work arrangements before becoming a partner. "Partner" in this instance included both equity and non-equity partners. As a result, this finding was not a clear indication that using a modified work arrangement doesn't hinder advancement to equity partnership. One possible interpretation of the data is that professionals were able to move up the non-equity partner level while using a modified work arrangement, but that the percentage who have used these arrangements declines at the equity partner level.

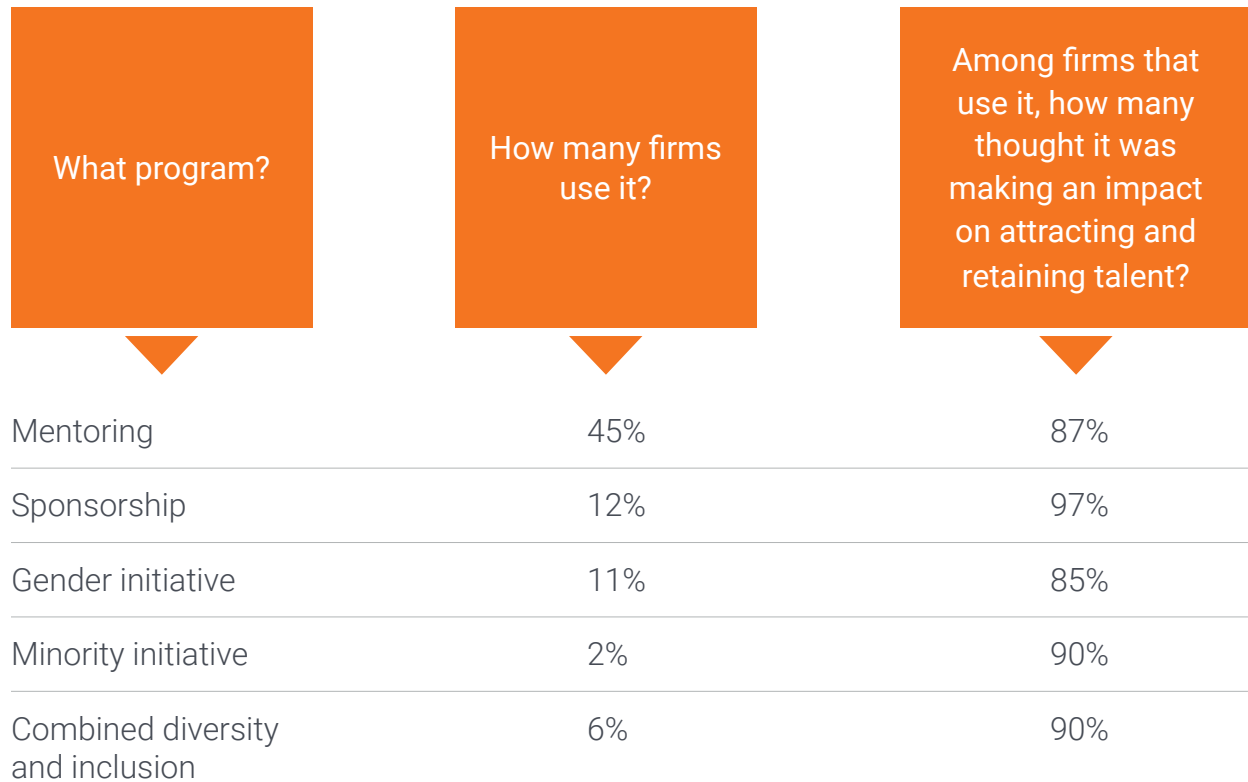
How many used modified work arrangements before becoming a partner?




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Grooming new leaders

One way to ensure the firm is benefiting from the contributions of the entire talent pool is through formal advancement programs. Are these programs worth it? The answer from the firms that use them was a resounding “yes.” As the numbers show, a significant majority of the firms that have instituted each type of initiative believe it has had an impact on attracting and retaining talent.





A wealth of resources for organizations and women can be found on the AICPA Women in the Profession website at **aicpa.org/womenlead**, including a step-by-step implementation plan on how to jump-start or refresh women's initiatives within your firm.

The WIEC's mission is to promote and support the success of women for the broader purpose of sustaining the profession by creating an inclusive environment, increasing talent engagement and leadership opportunities for women.



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