ACCA

LEADING Inclusion

Think Ahead

About ACCA

ACCA is the Association of Chartered Certified Accountants. We're a thriving global community of 227,000 members and 544,000 future members based in 176 countries that upholds the highest professional and ethical values.

We believe that accountancy is a cornerstone profession of society that supports both public and private sectors. That's why we're committed to the development of a strong global accountancy profession and the many benefits that this brings to society and individuals.

Since 1904 being a force for public good has been embedded in our purpose. And because we're a not-for-profit organisation, we build a sustainable global profession by re-investing our surplus to deliver member value and develop the profession for the next generation.

Through our world leading ACCA Qualification, we offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. And using our respected research, we lead the profession by answering today's questions and preparing us for tomorrow.
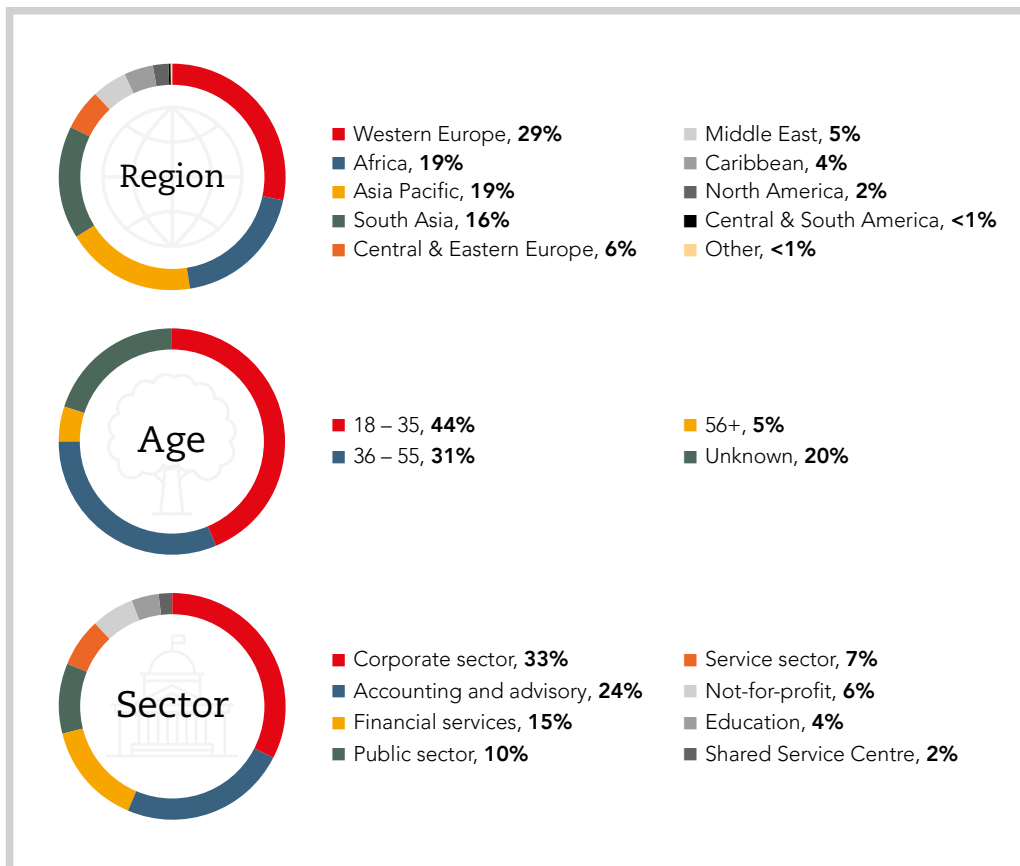
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LEADING INCLUSION

Since its founding in 1904, ACCA has had a core value of facilitating a profession that is open to all. Inclusion, along with integrity and innovation, are now ACCA's three core values, which link back to the unique reasons for the creation of ACCA more than a century ago. They reflect the difference ACCA has brought to the global profession, and express them in a way that reflects our world today. Nonetheless, we must never be complacent in this area. This report discusses the important subjects of diversity, inclusion and equity from the perspective of the accountancy and finance profession. Ensuring that accountancy is a profession that is open to everyone and that it enables us all to play a full and valuable role in society is fundamental to our reason for existing. It strongly supports our ethical stance.

The report is based upon a survey of ACCA members, affiliates and future members that was conducted in October 2020 and elicited 10,049 responses from our community. Our research methodology is explained in Appendix 4, and is unique in that we did not ask respondents to the questionnaire to identify their gender. We did this because we wanted to view the responses a whole, and to analyse the findings without gender bias, which can arise in such a large-scale global exercise. In addition to this, we conducted approximately 20 virtual roundtables that embraced approximately 150 members, affiliates and future members across 11 geographic regions worldwide, together with interviews of a number of leaders in this field.

Region

- Western Europe, **29%**
- Africa, **19%**
- Asia Pacific, **19%**
- South Asia, **16%**
- Central & Eastern Europe, **6%**
- Middle East, **5%**
- Caribbean, **4%**
- North America, **2%**
- Central & South America, **<1%**
- Other, **<1%**

Age

- 18 – 35, **44%**
- 36 – 55, **31%**
- 56+, **5%**
- Unknown, **20%**

Sector

- Corporate sector, **33%**
- Accounting and advisory, **24%**
- Financial services, **15%**
- Public sector, **10%**
- Service sector, **7%**
- Not-for-profit, **6%**
- Education, **4%**
- Shared Service Centre, **2%**

Foreword

Helen Brand
Chief executive, ACCA

The foundation of ACCA in 1904 was to create a professional body for accountancy professionals that was open to all. We take pride in being the first body to admit women members as early as 1909, and pioneering many other notable milestones in the profession's evolution. The value of inclusion remains at the core of everything we do.

ACCA's commitment in December 2020 to the UN Sustainable Development Goals is one aspect of this, with goals 5 and 10 particularly speaking to diversity and inclusion and how we need to work together to address some of the fundamental issues that society faces.

One thing that the pandemic has taught us is the need to reappraise our values and approaches. The rebuilding of our lives, our economies and our profession can, and should, be done in ways that challenge our accepted norms. We should pause to think how we can do better. This is an opportunity to reset that cannot be missed. Diversity and inclusion are collectively one key component of this; building towards a better world where all have the same range of opportunities available to them.

Fundamentally we need to appreciate that the diversity agenda embraces a wide range of facets of our society. To focus on only one is to ignore the importance of the rest.

In this research we have taken the opportunity to consider whether the accountancy and finance profession is inclusive and consider how our ACCA community embraces that founding value, as we understand it today. Are we truly equitable in our treatment of others and does the accountancy profession genuinely provide equal opportunities for all?

As leaders in organisations and societies, with the power to influence the behaviours of others, accountancy and finance professionals should stand up for these values. Yet our research suggests that professional accountants are not entirely comfortable in knowing the 'right' thing to do. To help address this, ACCA provides education opportunities to learn about diversity and inclusion as part of continuing professional development. All of us involved with the profession should take time to consider this and identify how we can build towards a better future, by both using our networks to collectively further this agenda and explaining clearly the value that an open profession brings to society.

The power of story and advocacy, in leading by example amongst all professions, should not be lost on us. Collectively, and individually, we can improve social justice and build a better world. Seize the opportunity.

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Executive **summary**

Together with climate change, diversity, inclusion and equity are key themes of our times. The events during the COVID-19 pandemic have placed some aspects of this agenda under the spotlight, but by no means all. It is a complex and broad agenda from which we should not shy away.

For a group of individuals, that sense of being a profession carries with it an expectation of integrity and ethics. These attributes lead us to the conclusion that this is an important area that we need to understand and embrace, in its many and varied forms.

In this research we have sought to address the issue of diversity and inclusion in the accountancy and finance profession at three levels, that of the organisations in which we work, the professional body that we are part of and the profession. The research was conducted through a survey of ACCA members, affiliates and future members (as outlined in Appendix 4) together with a number of virtual roundtables and interviews.

In chapter 1 of the report, the nature of the subject is explored. Each of us has a view of what diversity and inclusion mean. Before we can evaluate our position as a collective group of individuals constituted as a professional body that is part of a wider profession, it is important to understand the context. Too narrow a definition of diversity, or too much focus on one aspect over another, can of itself lead us to being divisive.

The pandemic cannot be ignored in any discussion of this topic. Its social impacts will continue to be felt for many years to come and, while it may be too early to draw definite conclusions, both opportunities and challenges are emerging as a result.

At the end of each chapter of the report, 'Think About' boxes provide prompts for observation and reflection.

The first consideration is whether we can consider ourselves to be part of a diverse and inclusive profession. Is ours truly a profession that is open to all? While 73% of those who took the opportunity to respond to the survey, and the majority of our roundtable participants, stated that the profession was open to all, there really is no basis for complacency, as we explore in Chapter 2. The survey results give the perspectives of those who have achieved their professional designation or are working towards it. That does not mean that we cannot do more to support those who, in the future, wish to take advantage of the career opportunities that the profession offers to them. Rather, as is explored, there are several actions, both at an organisational and an individual level, that we should consider taking.

Chapter 3 considers whether the organisations in which accountancy and finance professionals work are themselves diverse and inclusive. The link between organisational performance and the equity and diversity agenda is reviewed: 65% of the survey respondents consider that there is a positive link between organisational performance and this agenda. Is this really so and how can we ensure that, as accountancy and finance professionals, we focus on playing our full role in developing inclusive and equitable workplaces?

The furtherance of the diversity and inclusion agenda is something to which we all have our contribution to make, but only 46% of the respondents considered that they knew how to progress the agenda. In Chapter 4, some insights are given into the actions that can be taken which, in turn, are supported by action plans in Appendices 1 to 3.

As accountancy and finance professionals we need to play our part in ensuring that the organisations that we work for have:

- effective strategies and leadership across the agenda that are aligned to the overall organisational strategy

- an organisational culture that encourages belonging and embraces change

- clear responsibilities for the agenda, including leadership from the top and encouragement for every individual to play their part

- processes for measuring the effectiveness of the above steps and clear accountabilities for driving change.

Above all, this is a personal journey: corporate actions will not encourage us to think differently unless we, ourselves, are willing to change. An increasing use of story to motivate others to believe that they are not alone in their own experiences and that somebody like them has achieved is essential. This is not about creating role models, but genuine connections often supported by effective mentoring.

Finally, 63% of the respondents argued that ACCA should do more to promote the agenda and this report is part of our commitment to doing so. The implications of this are considered at the end of this section.

TOO NARROW A DEFINITION OF DIVERSITY, OR TOO MUCH FOCUS ON ONE ASPECT OVER ANOTHER, CAN OF ITSELF LEAD US TO BEING DIVISIVE.
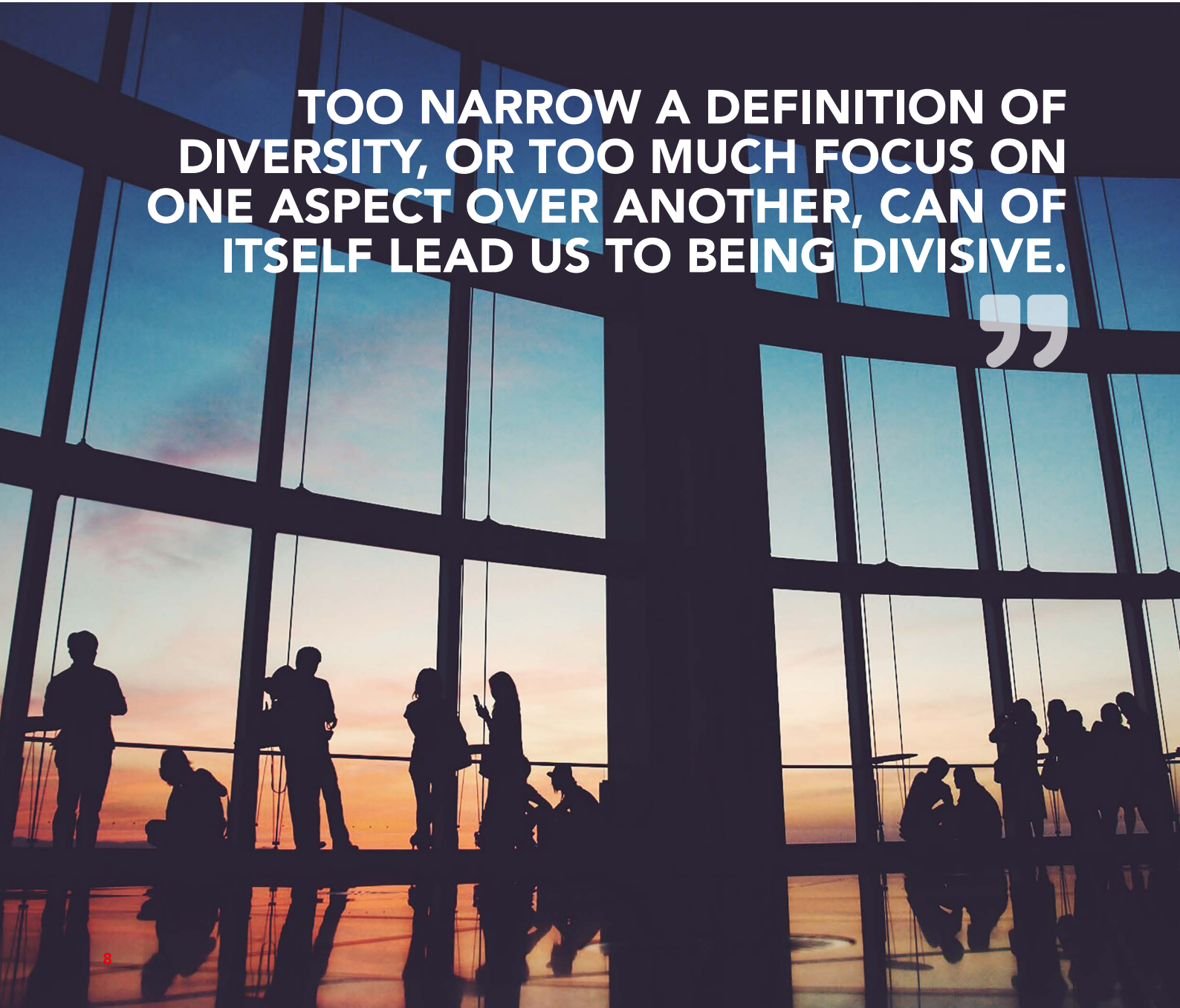
The challenge for the profession

Although the majority of our survey respondents said that the accountancy and finance profession is inclusive and nearly two-thirds saw a link between inclusivity and organisational success, nearly two-thirds claimed that, for the profession, we either have, or might have, an issue to deal with. But under half believed that they knew what to do.

73%
of respondents think we are an inclusive profession

65%
of respondents consider that there is a strong link to organisational success

63%
of respondents think that the profession has an issue to deal with (yes and maybe)

54%
of respondents don't know what to do to promote the agenda, or are uncertain

1. **Diversity** and **inclusion** – and **equity**

1.1 Diversity and inclusion in context

Much is written, commented upon and discussed on the subject of diversity and inclusion. Each of us has a personal view but do we really understand the breadth of the agenda? Do we know its impact on us as accountancy and finance professionals?

The objective of this research is to address the question of whether the accountancy and finance profession is a diverse, inclusive and equitable profession and whether it is playing its full role in ensuring that society, the organisations it supports and the wider community are addressing the issues being faced. To understand this, it is appropriate to step back, initially, and consider the origins of the discussion and how that influences what we think today.

ACCA's founding principles

From the founding of ACCA in 1904 the idea of inclusion, of being a profession that is open to all, has been a core principle and remains core to ACCA to this day. Ethel Ayres Purdie became a member of ACCA in 1909, the first woman in Britain to belong to a professional accountancy body. Since then, encouraging a diverse and socially representative membership has been at our heart.

When she took office in 1980, ACCA member Vera di Palma became the first female president – and also the first female president of any international accountancy body.

To this day, ACCA retains inclusion as one of its three values, focusing on creating a profession that is open to all and that allows us to meet our purpose of being a force for public good, leading the accountancy profession by creating opportunity.

Development of the diversity and inclusion agenda

Much of the literature that chronicles the development of the diversity and inclusion movement focuses on its development in the US, although clearly the movement has been important in other locations as well.

The first legal statement on diversity in the US was in 1948, when President Truman officially desegregated the armed forces through Executive Order 9981. This made discrimination based on 'race, colour, religion or natural origin' illegal for members of the US armed services. Title VII of the Civil Rights Act of 1964 made it illegal for any business, be it public or private, to discriminate in its recruitment (or firing) strategies according to 'race, sex, religion, colour, national origin, age, disability, veteran status, pregnancy or genetic information'.

At this stage, as highlighted by a study in 2008 (Anand and Winters 2008), most of the corporate learning focus was on an understanding of the regulations and organisational policies. This was the case until 1990 when R. Roosevelt Thomas Jr suggested an alternative approach through affirmative action in his *Harvard Business Review* article, 'From Affirmative Action to Affirming Diversity' (Thomas 1990). This paper represented the start of the discussion of diversity and inclusion as a part of corporate culture.

In the meantime, in 1987 the US Secretary of Labor, William Brock, commissioned *Workforce 2000 – Work and Workers in the Twenty First Century*. This report (Johnson 1987) highlighted five demographic factors affecting the workforce in the years ahead.

- The population and the workforce would grow more slowly than at any time since the 1930s.

- The average age of the population and the workforce would rise, and the pool of young workers entering the labour market would shrink.

- More women would enter the workforce.

- Minorities would be a larger share of the new entrants into the labour force.

- Legal and illegal immigrants would represent the largest share of the increase in the population and the workforce since the First World War.

This report was seen by many as the start of the diversity movement as it stressed the need for a more diverse workforce in order to maintain economic performance.

In the UK, the journey is seen to have started with the Representation of the People (Equal Franchise) Act in 1928, which gave equal voting rights to everyone over the age of 21 regardless of sex or property ownership. The Race Relations Act in 1965 followed by the Equal Pay Act in 1970 started the legal framework for employment rights, but the disclosures on the gender pay gap in recent years have suggested that these pieces of legislation were not fully effective. The Disability Discrimination Act 1990 (since replaced by the Equality Act 2010),[1] made it unlawful to discriminate against people because of their disabilities, in employment or the provision of goods and services, education and transport.

Professions have come under scrutiny in recent years. The Milburn report, *Fair Access to Professional Careers* (Milburn 2012) looked at the opportunities available to individuals from different backgrounds to enter and progress in professional careers and the progress made since his initial review in 2009. He suggested that 'the professions will account for approximately 83% of all new jobs in Britain in the next decade. They hold the key to improving social mobility'. The report concluded 'that:

- efforts to raise awareness and aspirations in schools are too sporadic and too unspecific. They need to become universal and better co-ordinated

- too many employers recruit from too narrow a range of universities and regions. They need to widen their net

- work experience and internships are still a lottery even as they become a key part of the formal professional labour market. They need to be treated as such

- selection processes and data collection – the foundation stones for making progress – are too haphazard. They need to be given much more serious attention

- entry to the professions has begun to be diversified but the graduate grip on the labour market is still strong. There needs to be a far bigger drive to open up the professions to a wider variety of people with different qualifications'.

Within the European Union, the Social Chapter of the Maastricht Treaty, signed in 1992, provided provisions upon which anti-discrimination laws should be based.

Furthering the education gap a roundtable participant in the Caribbean commented 'we actually need to look at where the gaps can be filled. Education is a huge gap and there is a divide between what we consider local people and their opportunities versus the expats who are coming in already qualified. The question for us is how do we bridge that gap?'

A Mercer report, *Diversity and Inclusion, an Asia-Pacific Perspective: Executive Summary* (Mercer 2014) suggests that it was not until the 2000s that the issue started to be debated in Asia–Pacific and 'it wasn't until 2005 that evidence of a real diversity and inclusion agenda among some companies in the region started to emerge'. Mercer continues by commenting that 'while "diversity" – both as a term and a practice – remains virtually unknown in some countries, in others it has various names and meanings'.

Similar examples can be drawn from most locations as the debate has developed. As we have seen, the journey itself is not new.

Universal Declaration of Human Rights

In December 1948, the United Nations General Assembly approved Resolution 217 that defined 30 'basic rights and fundamental freedoms' that are inherent, inalienable and applicable to all human beings.[2] Specifically, Article 23 states: '(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. (2) Everyone, without any discrimination, has the right to equal pay for equal work. (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection. (4) Everyone has the right to form and to join trade unions for the protection of his interests.'

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1   Except in Northern Ireland, although equivalent amendments have been made there.

2   The Declaration can be found at <https://www.un.org/en/universal-declaration-human-rights/>.

The Sustainable Development Goals

The Sustainable Development Goals (SDGs), established by the UN General Assembly 2015 with a focus on achieving them by 2030, also address this area. In particular, Goal 5: 'Achieve gender equality and empower all women and girls' and Goal 10: 'Reduce inequality within and among countries', both speak to aspects of the diversity and equality agenda.[3]

A roundtable participant based in Africa commented that: 'you need to bring in equality as well because if you look particularly at the gender dimension there is more of a specific focus, particularly in terms of the SDGs, to ensure that we close the gender gap; however, I think that we need more of a conversation around skill set and experience, the issues around disability in our sector and how these interests are supported'.

A roundtable participant commented that: 'we have got to have some [positive] conscious bias and target appropriately. Like climate change, we talk about the SDGs, we talk about the 2030 commitments, but we know we've only got less than 10 years to go. We absolutely need to target things otherwise they are not going to happen'.

Political influences

The agenda itself is not free from political influence. This can come in many forms. Liberties are hard won and can be lost subsequently. In some locations, some areas of the agenda prove challenging to discuss for either political or cultural reasons. That is not to say that, as individuals, we should ignore them. Rather, we need to use sensitivity to understand the implications.

As one example of the political influence on the agenda, on 22 September 2020 the US president signed an Executive Order on Combating Race and Sex Stereotyping (White House 2020). The effect of the order was to prohibit certain diversity training and in the words of the president 'BANNED efforts to indoctrinate government employees with divisive and harmful sex and race-based ideologies'.[4] While this order is being challenged in a federal class-action lawsuit (Block 2020) it is clear that the political and ideological debate on this issue is far from settled.

1.2 What is diversity and inclusion? What about equity?

'"IT'S HARD TO DEFINE WHAT DIVERSITY IS BECAUSE EVERYONE HAS AN OPINION."
(Goldman Sachs diversity ad 2000)'
(McCormick 2007)

'INCLUSIVENESS IS ABOUT UNDERSTANDING THAT THERE ARE PEOPLE IN SOCIETY THAT NEED HELP'
Roundtable participant

What do we mean by the terms?

There are many definitions of the terms 'diversity', 'inclusion' and 'equity'. Each of us probably has a slightly different way of expressing what they mean, but among these differences is a strong sense of commonality of intention.

Through the course of the roundtables, the participants offered a range of analogies to explain the concepts. For some, diversity and inclusion were analogous to cooking, where **inclusion** was the recipe and **diversity** the ingredients. The analogy becomes more powerful if you improvise a recipe from a kitchen full of different ingredients. It is impossible to separate the two concepts and, as one roundtable participant put it, 'if you appreciate diversity then inclusion becomes the implementation phase'.

Another analogy among those offered came from a roundtable participant in the Middle East. 'When you are creating a garden, you can fill it with just one type of plant. It is still a garden and it may look beautiful. On the other hand, you can fill it with a variety of plants. It is important to take care of each plant and each variety of plant needs to be tended in its own way, be this the right level of light or humidity. If we give them the right type of care they will thrive. Doing that is **inclusion**. The variety of plants [the **diversity**] is easy. Inclusion is harder'.

A future member from South East Asia expressed the view that: '**diversity** means people from different backgrounds coming together to work towards a common goal. But what makes diversity special is that these people are from different backgrounds and that they can therefore bring different values to the organisation'.

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3   ACCA set out why the Sustainable Development Goals matter to accountancy and finance professionals in ACCA 2017. ACCA confirmed its commitment to these goals in December 2020: <https://www.accaglobal.com/gb/en/about-us/sustainable.html>.

4   <https://twitter.com/realDonaldTrump/status/1308539918075883523>.

Another roundtable participant commented: 'when we look at our community and talk about diversity and inclusion and do not address [**equity**], then we have a huge population of people that just get left by the wayside because they do not have access to the same things that we might have access to'.

From the core of diversity and inclusion, the terminology has expanded to include the term equity. This addition was explained by a roundtable participant as follows. '**Diversity** is the mix. **Inclusion** is how the mix works together. Each of us has a set of unique experiences and individual differences that should all be celebrated. They are the tangible and intangible, visible and invisible. But you cannot have diversity without, I believe, equity and inclusion. Inclusion is the act of being included, valued and respected whilst retaining your own unique identity. It creates an environment that is respectful and where you harness your differences and welcome them into a safe environment. **Equity** is about bringing fairness to the equation, ensuring fair treatment for each of those experiences. You cannot really have diversity and inclusion without having equity as well'.

We need to draw a distinction between equality and equity. **Equality** is ensuring that everyone has the same opportunities. **Equity**, however, is about being treated fairly. This may mean that different people are treated differently in order that they have the same or equal opportunities.

One interviewee cautioned that generations see this issue in different ways. They commented that those who were not of generation Z should be careful because that generation see the issue differently and if we do not understand this the implication may well be that the 'emerging generation rewrites the rules on their terms'.

Another person commented that, 'the key factor is about who holds the power in the "categories" of difference. It is usually who and what [are] considered the norm and they control life chances in society and the workplace, eg the pale male straight senior manager or CEO. They define normality in the workplace and society'.

A roundtable participant from the Caribbean commented that, 'it is something that people want to discuss, but I do not believe that they know the actual definition of it. I think that the topic is very segmented into women in the profession and ethnicities in the profession, rather than everything else. And I think we start to forget the gamut of what it really means'.

The characteristics of diversity

There are many human characteristics that should be included in any definition of diversity. Gardenswartz and Rowe (2003) have created a four-level model (Figure 1.1) that reflects their analysis of diversity. It contains four layers that they consider are necessary to set the tone for inclusion by reflecting each person's reality in the organisation.

FIGURE 1.1: Gardenswartz and Rowe – Four layers of diversity

- Organisational dimensions
- External dimensions*
- Internal dimensions*
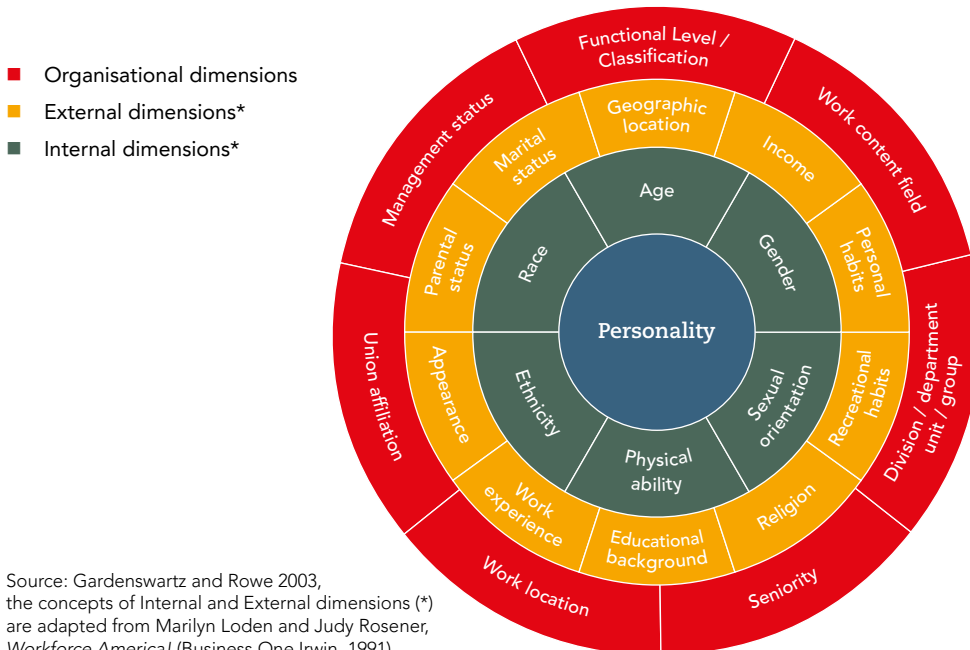
Source: Gardenswartz and Rowe 2003, the concepts of Internal and External dimensions (*) are adapted from Marilyn Loden and Judy Rosener, *Workforce America!* (Business One Irwin, 1991)

Individuals have limited power to influence the outer layer, the organisational dimensions. Control rests with those who lead the organisation, but for those leaders the importance of organisational culture and leadership from the top are important concepts: ones that will be returned to later in this report.

The second layer, that of external dimensions, reflects the life choices that individuals make. This contrasts with the third layer, the internal dimensions, where individuals can exert less influence over themselves as many characteristics are inborn. It should be remembered that some of these can be categorised as unseen or invisible traits. The internal dimensions are the characteristics that frequently form the basis of discrimination or exclusion.

The inner core of personality is influenced by the other three layers of the model. The other layers help shape how, as individuals, we interact with each other. They shape our perception, disposition and actions.

In the workplace context, Eduard Hubbard, whose work is principally concerned with the measurement of diversity in the workplace, suggests that there are four kinds of diversity (Hubbard 2003).

- Workforce diversity is the range of employees in the organisation as defined by the internal and external dimensions of the Gardenswartz and Rowe model.

- Behavioural diversity includes aspects such as work style, personal values and ways of communication.

- Structural diversity is the organisational structure and the extent to which it is layered or more project based.

- Business and global diversity is the impact of globalisation on the organisation and the macro-political aspects of this.

As accountancy and finance professionals, we need to appreciate the broad range of the definitions of diversity. All too often, the conversation can become skewed to one issue rather than focusing on the broad range.

In his book Inequality Re-examined (Sen 1992), Amartya Sen evaluated the different notions of inequality and developed the concept of the 'capability approach'. This approach focuses upon what an individual is able to do and how this contributes economically. Sen argued for five components in assessing capability:

1. the importance of real freedoms in the assessment of a person's advantage

2. individual differences in the ability to transform resources into valuable activities

3. the multi-variate nature of activities giving rise to happiness

4. a balance of materialistic and non-materialistic factors in evaluating human welfare

5. concern for the distribution of opportunities within society.

The approach emphasises functional capabilities (termed 'substantive freedoms', such as the ability to live to old age, engage in economic transactions, or participate in political activities); these are construed in terms of the substantive freedoms people have reason to value, instead of utility (happiness, desire-fulfilment or choice) or access to resources (income, commodities, assets). Poverty is understood as capability-deprivation.

This view stresses the importance of equity in society and everyone's ability to add economic value.

Geographic challenges

The diversity discussion is one that is influenced by geography and culture. For example, Mercer (2014) comments that for Asia–Pacific the focus is on gender, followed by national culture and race / ethnicity. In other locations the balance may well be different.

These differences may result from local attitudes or cultural sensitivities about certain aspects of the agenda. Demographics also lead to differences in the agenda. The fair treatment of older people, as an example, can be viewed as an increasing social requirement in some Western European economies, for example, while for some countries in Africa the expanding younger generations have different impacts. As part of a conversation about the emergence in some locations of the economic necessity of having five generations in the workplace,[5] one roundtable participant from Africa reminded fellow participants that the age agenda: 'was actually the other way around. The base is ballooning. We are likely to have an ever more young and restless population'. This was balanced by a roundtable participant in Australia who commented that: 'the focus when people talk about age is that they tend to talk about what we are doing to bring millennials into the workplace.

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5   The issues arising from having five generations in the workplace are considered in ACCA 2018 and 2020a.

The flip side of this is older generations who are actually struggling to get back into the workplace because there are biases against people in certain age brackets'.

The nature of the discussion is not homogeneous globally. For global organisations the challenge is to avoid setting a minimum standard as the acceptable level, but rather to define the aspirational standard that accommodates these local variations.

As accountancy and finance professionals, we frequently operate across borders and need to ensure that we have the appropriate levels of cultural sensitivity. One example of this was referenced by an interviewee, who told the story of an accountant based in Europe but with a team in another country. The religion of the accountant's direct report meant that, as a manager, the individual was not able to speak to his direct report without her husband's permission. She was a young married woman and this permission was difficult to obtain.

A roundtable participant from the Caribbean based in St Lucia commented, 'even though we are culturally part of the Caribbean, we are in South America. This whole question of diversity in the context of a society like ours is a really very touchy subject. It is never about gender, it always seems to be about race, or to some extent religion.'

Symptoms and causes

It is also a challenge for organisations to avoid following an agenda that tracks headlines or chases narratives set by others. Many of the issues of diversity have deep-seated causes yet manifest themselves in ways that are capable of attracting headlines and short-term reactions. One interviewee postulated that some organisations might think that: 'changing the colour of the logo to the rainbow had solved the diversity and inclusion problem. It does not address the deep-seated issues'.

Perhaps the two most often-cited areas of discussion in the agenda are race and gender.

The Critical Race Theory movement exemplifies the concern about causes. It was defined by Richard Delgado and Jean Stefancic (2001) in their book *Critical Race Theory – An Introduction*, as 'a collection of activists and scholars interested in studying and transforming the relationships among race, racism, and power'. The original premise of the theory was based upon experiences in the legal profession. It arose from a group of legal students at Harvard University in the early 1980s questioning the lack of racial diversity in the curriculum and among the students and faculty.

Kimberlé Crenshaw, quoted by *Time* magazine (Lang 2020) shortly after the publication of President Trump's Executive Order (White House 2020) said that critical race theory: 'is a practice – a way of seeing how the fiction of race has been transformed into concrete racial inequities. It's an approach to grappling with a history of white supremacy that rejects the belief that what's in the past is in the past, and that the laws and systems that grow from that past are detached from it'.

Similar arguments can be put forward about the accountancy and finance profession. In his book *Counting Black and White Beans*, Anton Lewis (2020) presents the case for a version of the theory related to this profession. He argues that the 'black accountant is an outsider with limited opportunities to progress within the profession'.

Gender pay is another area where the narrative is often masked by a fundamental issue. Eurostat reported in November 2020 that 'women in the European Union still earn less than men. The gender pay gap in the EU-27 has slightly improved since last year: from 14.5% to 14.1%' (European Commission 2020). This has fundamentally to do with inequalities in career paths. The European Institute for Gender Equality (EIGE) estimated in October 2020 that the 'EU is at least 60 years away from reaching complete gender equality, if we continue at the current pace' (EIGE 2020).

The 'motherhood penalty' is a term coined by sociologists who argue that, in the workplace, working mothers encounter systematic disadvantages in pay, perceived competence and benefits relative to childless women. As an example of this, a UK study undertaken by the Trades Union Congress (TUC) and Institute for Public Policy Research (IPPR) in 2016 suggested that by the age of 42 'mothers who are in full-time work are earning 11 per cent less than full-time women without children' (TUC / IPPR Research 2016). They continue to observe that 'this motherhood pay penalty is entirely associated with mothers who had their first child when they were under 33. The women who became mothers at a younger age earn 15 per cent less than similar full-time women (ie those with similar levels of education etc) who hadn't had children by the age of 42. By contrast, mothers whose first birth was at 33 or older experience a wage bonus of 12 per cent compared to similar women who hadn't had children'. Similar comments are relevant to those who also act as carers.

These factors link to hiring decisions. One senior partner in a recruitment firm interviewed commented that they like to understand the whole self of those applying when supporting the recruitment process. This not only assisted the potential candidate but also those recruiting in understanding how they can adapt the role they wish to fill, to accommodate a broader talent pool.

Our lens

As accountancy and finance professionals it is important to ensure that we apply our robust ethical lens to the challenges of the diversity agenda. By focusing on the symptoms of the issues rather than their causes we run the risk of not making substantive and lasting change when it is necessary.

Everything in life has a context: a history expressing its origins. The reality is that where we are now is the result of a succession of decisions that others have taken over time. That is not to say that we should not question the past; but that we should accept that we cannot change it and must reflect upon the legacy of societal issues it leaves us to address. In a reflection on the history of the UK, Michael Wood, professor in public history at the University of Manchester, writes in *BBC History* magazine, that 'our liberties were not benevolently handed down by the rulers. They were hard won by the people. Our island story is a dialectic. To suggest otherwise is either ignorance – or a deliberate ideology. A mature democracy depends upon *informed* consent of the electorate, and it is vital that the disputed nature of our history is understood as such' (Wood 2020).

As a profession, accountancy has a story and we should be cognisant of the journey that we have been on and continue to travel. As a body of members and future members, we stand for diversity, inclusion and equity and we therefore need to continue on that journey and to address the causes of any perceived injustices, rather than treat the symptoms and catch the headlines. It is important to be mindful that in some countries liberties are lost as the result of revolutions, or potentially given away in the hope of a better tomorrow.

One roundtable participant based in Africa commented that for them the question was 'how to move forward from tokenism to practical steps to address the gaps'. One interviewee made the comment that he welcomed some of the attention on specific issues and topics if it made people aware of the broader depth of the issues across the whole agenda.

Biases

In the discussion of diversity and inclusion two forms of bias are recognised. One definition of bias itself is that it is an: 'inclination or prejudice for or against one person or group, especially in a way considered to be unfair' (Lexico 2020a). Biases can be held at many levels, that of the individual, the team or the organisation.

The two forms of bias recognised are:

■ **conscious bias**
  (sometimes referred to as explicit bias) and

■ **unconscious bias**
  (sometimes referred to as implicit bias).

As individuals we naturally have biases. They arise as we develop through childhood and are the product of the social and economic environment in which we live (Dore et al. 2014). One roundtable participant commented, 'before I became an accountant, I was actually thinking about going into primary school teaching. One of the first placements that I had was with [seven-year olds] and you can see the formation on opinions and solidification of viewpoints starts quite young.'

Biases will clearly vary by generation and location. It is important to recognise that we can be biased across many components of the agenda. Our inbuilt perceptions develop in many ways.

In his book *Thinking, Fast and Slow*, Daniel Kahneman (2011) identified two systems of thinking that the brain uses to make decisions (as shown in Figure 1.2). System 1 is intuitive, automatic and effortless, while System 2 is deliberate, analytical and rational. We use System 1 thinking to hit the brakes when another car comes towards us in our lane whereas System 2 is used to identify another route when the one that we intended to use is blocked. Biases are a part of System 1 thinking. Our brain can process about 40 pieces of information every second consciously, but as many as 11 million pieces unconsciously. We use shortcuts in our mind, such as our history, background and past experiences, to facilitate this (Thakrar 2018).

FIGURE 1.2: System 1 and System 2 thinking

System 1 – intuition and instinct

■ Unconscious
■ Fast
■ Associative
■ Automatic
■ Error prone
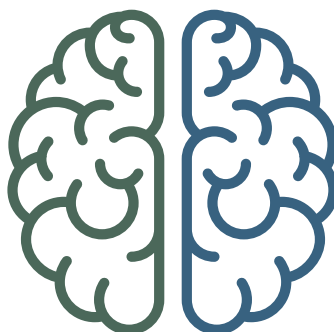
System 2 – rational thinking

■ Slow
■ Logical
■ Requires effort
■ Indecisive
■ Reliable

Unconscious biases are the ways that we react to circumstances, following the biased choice automatically, without using this conscious awareness. As individuals, our first step is to recognise that these unconscious biases are part of us. They exist. The challenge is to recognise their implications. They can be accentuated by the circumstances in which we work or live, such as working under pressure or when multi-tasking.

Affinity bias – an example. As individuals, we tend to form associations with the people with whom we work (Figure 1.3) this produces a bias that we work with on a day-to-day level.

FIGURE 1.3: Affinity or like bias
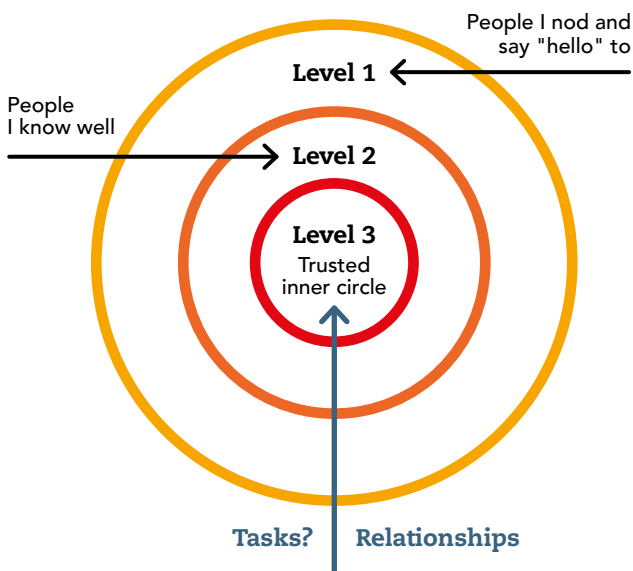
A useful exercise in exploring our biases is to consider the nature of these groups. This demonstrates our reaction to one bias, ie affinity or 'like' bias. If you think about the characteristics of those whom you, as an individual, trust most, those in your level 3 trusted circle, what does it tell you? These characteristics may include age, gender, ethnicity, education, nationality, race, physical ability, unseen disability. Repeating this across the other two levels may tell you about your preferences and biases.

Many biases have been defined. For example, the Wikipedia article on 'Cognitive Biases' lists approximately 184 (Wikipedia 2020). This is not to say that as accountancy and finance professionals we need to be aware of all these biases, rather to acknowledge that in the workplace we may well demonstrate many biases and to understand the potential impact of this. The Board of Innovation suggests 16 biases that affect creativity and innovation (Pinder n.d.).

'In-groups' and 'out-groups'. We tend to form 'in-groups' and 'out-groups'. This is an element of social identity theory. The trusted inner circle referred to in Figure 1.3, may be referred to as the 'in' group. Even when we cross the barricades and befriend someone of the 'out-group', we still hold stereotypes. We think of our own group as diverse and members of the out-group as all being the same. This is called outgroup homogeneity.

Group memberships offer a sense of pride and self-esteem. For example, if someone has been educated at a prestigious university, they will generally become publicly associated with the alumni of that university – this is an example of an in-group that would generally create a sense of status and pride. Being an ACCA member too, of course, means being part of an 'in-group'.

It is important that we understand the groups we belong to, as well the in-groups of those with whom we work, collaborate and innovate. This is especially important and links to our biases, because when we do not understand something or have any experience of it, we tend to place a negative value on it.

In-group members are more likely to be unaware of their blind-spots and how they affect those who are not in their group. The more in-group memberships we have, the less able we may be to see beyond the world view these groups define.

Such groups give us a sense of belonging to the social world. To enhance our self-image, we enhance that of the groups to which we belong (our 'in-groups'). We can also enhance our self-image by discriminating against and holding prejudiced views about others who are not part of our groups (that is, people in our 'out-group').

When out-group members try to enter 'in-groups' they normally have to understand and adjust to the in-group members' ways of thinking and doing, because the existing members of the 'in-group' usually hold much more power and influence.

The more power we have as individuals or as part of an 'in group,' the more capacity we have to act on our bias and potentially discriminate against others (especially against those who are not part of the 'in-group').

Managing our biases. We can take steps to minimise the impact of our biases (Dasgupta 2013) and this work has influenced many corporate programmes in unconscious bias. We do, however, continue to develop these biases throughout our life (Bergonzi n.d.). The first step here is to appreciate your unconscious biases. One of the tools

that is available is the Implicit Association Test[6] (IAT) supported by Project Implicit, a not-for-profit organisation that was founded in 1998 by three scientists. As with any tests of this nature, conducted online, those taking the test need to exercise judgement when interpreting the results. The answers to the questions will be influenced by several factors that are pertinent to the individual at the time of taking the test (Azar 2008). While such tests may well highlight biases of which, as individuals, we were not conscious, they can equally cause over-concern or provide focuses that accentuate the bias.
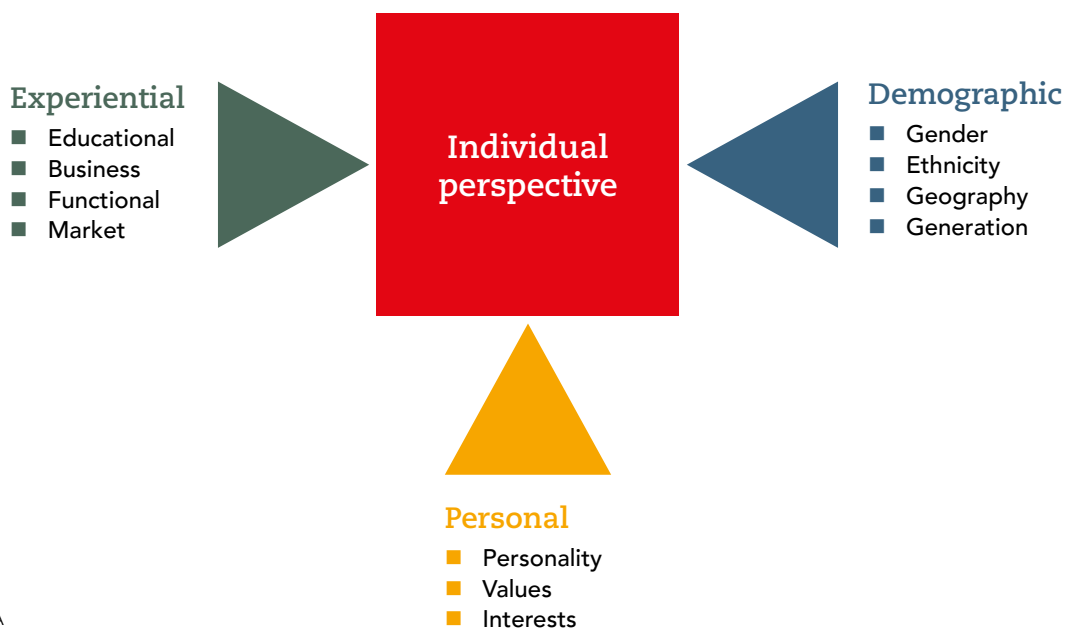
There are several strategies that can be adopted to overcome unconscious bias:

- understanding what our biases are, for example by undertaking the IAT or using similar instruments

- understanding that, as individuals, we all possess unconscious biases; they are part of how we are made and therefore will vary from one individual to another

- challenging our automatic responses (the application of System 1 thinking) when solving a problem; pausing and questioning whether there is another way

- using discussion groups, where possible, to explore the issues in an open and honest manner

- undertaking learning programmes.

It is not possible to eliminate all biases. Our perspectives are formed from childhood and can be seen as having three broad influences, as shown in Figure 1.4. They are part of our fabric as individuals. Rather than eliminating them, we can change and challenge our reactions to them. In so doing, it is possible to recognise how we can be more inclusive in our approach to the diversity and inclusion agenda.

Perhaps the greatest manifestation of biases is selecting people to work with who resemble ourselves. Having approaches to mitigate these biases through techniques such as masked recruitment (where CVs have details removed that might trigger biases, such as age, gender, educational background) can assist in reducing, but not eliminating, the influence of biases. One interviewee quoted the example of the recruitment of a first violinist in a leading orchestra where the auditions took place behind a curtain and on a carpet so the 'interview' panel could not gather any insight as to the nature of the 'interviewee'. There are both advantages and disadvantages to the use of this technique. Whilst it might assist in eliminating any potential bias that might otherwise exist it may not allow a candidate to showcase their personality traits and their character. It is by no means fool proof as the as the biases of the hiring manager may emerge when they finally meet the candidate. Paper performance, for example, can mask

FIGURE 1.4: An individual's perspective

Experiential
- Educational
- Business
- Functional
- Market

Individual perspective

Demographic
- Gender
- Ethnicity
- Geography
- Generation

Personal
- Personality
- Values
- Interests

Source: ACCA

6   The Implicit Association Tests can be accessed from <https://implicit.harvard.edu/implicit/takeatest.html>.

an effective performer. Organisations need to think whether this technique is appropriate for them or what other steps that may wish to adopt in the recruitment process.

Evidence of racial bias can be found in a study conducted by Ryerson University and the University of Toronto in 2011 and updated in 2018 found that in Canada Asian-named applicants are 20% less likely to receive a call back; in smaller organizations, the disadvantage is nearly 40% (Banerjee 2018).

In the debate about inclusion, the sense that inclusive teams provide better decision making (as explored in section 3.1 below) provides an argument for addressing the issues of bias. As organisations move increasingly towards purpose as a driver, so diversity of thought becomes ever more important.

One interviewee sounded a note of caution in this area. 'I expect that with the next generations, where we see that their minds and focus are obviously different, there are many more things that they are comfortable with. They will accept more people's views. At the same time there will be big biases against those who do not think alike. Those who do not think in the same way and there will be tension between groups. People do not always like to agree with each other, and this can overcome the desire to be inclusive'.

Human capital

The sense of purpose in organisations is also intricately linked to their human capital, as defined by the International Integrated Reporting Council (IIRC). The IIRC itself explored the importance of human capital to organisations in its paper Creating Value – The Value of Human Capital Reporting (IIRC 2016), although, as the report acknowledges, 'this is an area of reporting in the early stages of development and it is important that we encourage companies to experiment'.

ACCA and PwC explored the relevance of the six capitals in the decision-making processes for finance functions in their report Finance Insights – Reimagined (ACCA / PwC 2020). This report focused upon the imperative for the finance community of embracing a wider data set in its decision making. As organisations increasingly focus on the 3Ps of purpose, people and profit, so the need to understand the importance of the human capital in the decision-making process has increased. Indeed, McKinsey suggest a variation of this latter model to 5Ps (Leape et al. 2020) that affect the achievement of purpose, retaining the human capital as the second item. The model consists of:

- Portfolio strategy and products
- People and culture
- Processes and systems
- Performance metrics
- Positions and communications.

One key aspect of human capital is its diverse and inclusive nature, allowing different lines of thought can be brought into the discussion.

This was an area of discussion in the Africa roundtable. One participant expressed the view that it was often thought that accountancy and finance professionals were only interested in the numbers. The participant believed that this view was incorrect. People are the greatest asset for an organisation, and without them the organisation cannot achieve its purpose or fulfil its ambition. It must move away from seeing people as an operational expense to relating to how value is created by the individuals, as assets that are deployed to add value. This may well require a closer relationship between the finance team and the human resources department. Another participant commented that there was a need for finance teams to gather robust metrics so that they can accurately measure the impact of human capital on the organisation and relate this to 'bottom-line' performance.

On 26 August 2020 the Securities and Exchange Commission (SEC) in the US approved additional reporting requirements in relation to 'Human Capital' for publicly traded companies from 9 November 2020. Although the SEC did not define the term, nor has the SEC provided any specific metrics they expect to see, the International Organization for Standardization has in their December 2018 Guidelines for Internal and External Reporting (ISO 30414:2018[7]) suggested 10 metrics for small to medium sized organisations and an additional 13 for large organisations of the 59 suggested overall. The Chief Learning Officer summarises these into four key areas (Vance 2020):

- **Attraction:** Time to fill, time to fill critical positions, percentage of positions filled internally, percentage of critical positions filled internally.

- **Development:** Total cost of training and development, percentage of employees who receive training in compliance and ethics, percentage of employees who receive any training, average hours of formal training per year, percentage of leaders who receive training, percentage of leaders who receive leadership development.

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7   ISO 30414:2018 *Human resource management – Guidelines for internal and external human capital reporting*, <https://www.iso.org/standard/69338.html>.

- **Retention:** Turnover, turnover for critical positions.
- **Additional recommended metrics:** Employee engagement score, leadership trust score, diversity by gender, age, disability, race or national origin, leadership diversity, pay equity, human capital ROI, total workforce cost, number of FTEs, contingent/contract and temporary workers.

Social inclusion and social justice

Social inclusion and social justice are two overarching themes that are important to consider, especially if as a profession we are to embed the link between diversity and inclusion and ethical behaviour into our core values.

In its report *Leaving No One Behind: The Imperative of Inclusive Development*, the United Nations (UN) defines **social inclusion** as 'the process of improving the terms of participation in society, particularly for people who are disadvantaged, through enhancing opportunities, access to resources, voice and respect for rights' (UN Department of Economic and Social Affairs 2016). The report considers the actions that need to be taken to ensure that no one is left behind and that its SDG agenda is achieved by 2030. It pays particular attention to the links between exclusion, poverty and employment trends.

The reframing of 'inclusion' as 'social inclusion' as defined by the UN was seen by some of the roundtable participants as a positive step in reframing the agenda, but they also argued that the concept should embrace social justice.

Social justice can be defined as 'Justice in terms of the distribution of wealth, opportunities, and privileges within a society' (Lexico 2020b). The concept of social justice is not new. The concept has been credited to Augustine of Hippo (354–430AD) (see Clark 2015) and Thomas Paine (1795). The movement towards achieving equitable distribution is one that continues. The UN commented in 2020 that 'social justice is an underlying principle for peaceful and prosperous coexistence within and among nations' (UN 2020).

1.3 COVID-19 pandemic and the D&I agenda

The pandemic has affected lives and the diversity and inclusion agenda in many ways. An interviewee commented that in the first couple of months he had noticed a resurgence in empathy. He noted that from the start it was necessary to empathise with colleagues, who could be working from home under difficult conditions, such as sharing their workspace with young children. The increasing blending of work and private life has provided opportunities for some and challenges for others. We are increasingly exposing more of our whole selves in the work environment, whether we are comfortable with this or not. The same interviewee commented that: 'the assumption is that everybody wants to bring their real self to work. From a generational perspective, I have colleagues who will say "no, that is my personal stuff" and I have no interest in combining the two ends'.

Speaking about the immediate response one roundtable participant commented that 'it became really clear that people were scrambling to have a viewpoint and to have a sound bite to go with it. That is not enough. We have a programme that is about race, diversity and all around in supporting mental health and wellbeing, which is the impact that it is having on our employees in the COVID world'.

A roundtable participant commented that a very strong link between this agenda and the future of work arises from the pandemic, and wondered whether the office as it has existed would continue to be the norm and whether this would be translated into more collaborative environments. What did this mean for the inclusion and equity agenda?

Gartner addressed some of the impacts in an article in April 2020. Stephanie Stoudt-Hansen, a senior director analyst, has been quoted as saying: 'Behaviours that marginalize employees can go even more unnoticed when employees are working remotely. Employees can quickly feel that they are not being heard, are isolated from resources, or unable to do the same quality or amount of work while working from home. This time of strict confinement and insecurity shows the importance of enhancing diversity and inclusion among teams' (Goasduff 2020).

It is probably too early to draw concrete lessons from the pandemic, especially in relation to its longer-lasting impact on the diversity and inclusion agenda. What can be recognised is that there are and will continue to be impacts. Rising unemployment rates will challenge access to the workplace for those at both ends of the age continuum, for example. As individuals we may choose 'safer' options in the recruitment pool rather than looking to potential opportunities from others as the range of candidates increases. People on the margins of society may become more marginalised. Yet, as will be discussed later, home working can also provide opportunities and the potential for a more level society exists if, as individuals, we are willing to take the risk.

Paolo Gaudiano, writing for *Forbes* magazine in a US context, commented that 'For any employee from an underrepresented or marginalized group, the pandemic is causing a triple whammy: first, the pandemic is having a disproportionate impact on health outcomes

for people of colour, people with disabilities and other marginalized groups; second, many of the jobs being cut as a result of the pandemic are disproportionately held by women and people of colour; third, many companies are cutting diversity and inclusion initiatives, which they consider "nice-to-have" and not central to their success' (Gaudiano 2020).

An analysis conducted for *Harvard Business Review* by McKinsey in May 2020 showed that 'women's jobs are 1.8 times more vulnerable to this crisis than men's jobs: Women make up 39% of global employment but account for 54% of overall job losses as of May 2020'. (Mahajan et al. 2020). The balance in professional services may well be different, but the sense of a setback in the journey cannot be missed.

The pandemic has served to remind us all of the continued importance of this agenda. It should have heightened our awareness, recommitted us to changing and to addressing the fault lines that have been even more exposed. As accountancy and finance professionals we need to ensure that we fully understand the agenda and the changing nature of society.

1.4 Characteristics of a sustainable profession

For a profession to be sustainable into the future, to continue to have relevance to society, it needs to ensure that it is diverse and inclusive. This is because of the need to attract a range of talents into the profession. That range of talents in our professional organisations needs to reflect the nature of our customer bases, in the same way that we advocate that the organisations for which we work reflect their customer bases. This means that we need to think about how we bring into the profession a broader range of talents with a diverse background and range of experiences. Just as it makes sense for organisations, it makes sense for a profession such as ours.
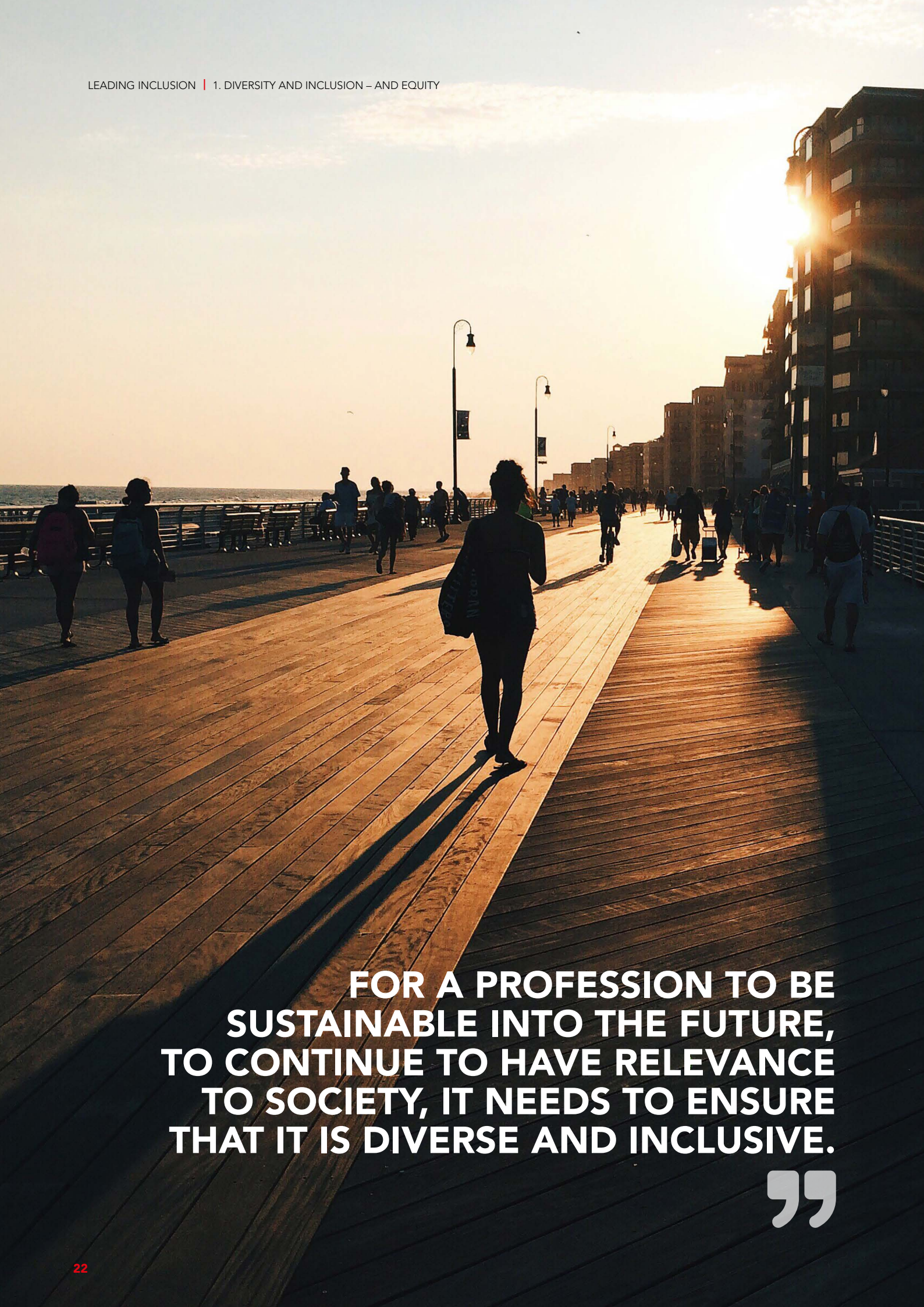
One interviewee commented, 'unless the profession digs deep and really examines the basis for discrimination over a multitude of categories it will fail again over time. The structure has not changed and so the outcome becomes predetermined. It involves facing some difficulty truths about race and racism and the accountancy profession, among other inequities'.

Think about...

- What are my personal definitions of diversity, inclusion and equity?
- Do I recognise that pursing the agenda is a personal journey, not one that is defined by a corporate organisation?
- Do I understand the broad range of attributes relevant to the agenda?
- Can I distinguish between symptoms and causes and recognise the role that the profession needs to play in addressing these?
- Do I recognise and appreciate the issues that my colleagues face?
- Am I being authentic in my behaviours?
- Do I question stereotypical assumptions?
- Do I positively draw-on diverse opinions in my decision making?
- Do I recognise my biases, both conscious and unconscious?
- What steps do I need to take to mitigate my biases?
- Do I appreciate how human capital is relevant to the decision-making processes in which I am involved?

FOR A PROFESSION TO BE SUSTAINABLE INTO THE FUTURE, TO CONTINUE TO HAVE RELEVANCE TO SOCIETY, IT NEEDS TO ENSURE THAT IT IS DIVERSE AND INCLUSIVE.
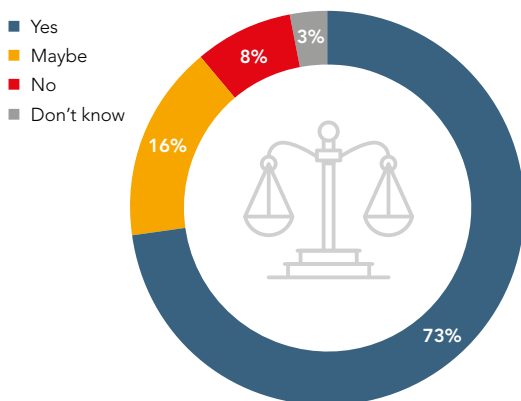
2. Are we a **diverse** and **inclusive profession**?

2.1 In the context of our perception of the profession

The question of whether the profession of accountancy and finance is diverse and inclusive is one that exercises several academics and commentators. To be diverse and inclusive as a profession, we need to demonstrate that we have no barriers to entry to an individual, irrespective of the various characteristics set out, for example in the Gardenwartz and Rowe model (see above, Figure 1.1) .

The perspectives of those members, affiliates and future members who responded to our survey question about whether the profession is inclusive are shown in Figure 2.1. An analysis of their responses showed that 75% of ACCA members, 72% of ACCA future members and 73% of ACCA Affiliates answered 'yes' to this question. The results are not substantially different by category and a similar range of results was repeated for an analysis by age.

In completing the survey, the respondents were given the following definitions of the terms 'diversity' and 'inclusion'.

Key definitions

'Diversity' means the range of human differences (not just related to one aspect). It considers a range of perspectives in decision making and in the workplace that reflect the organisation's customers. It means recognising that no one individual is diverse but that teams and organisations are.

'Inclusion' refers to the behaviours and social norms that ensure people feel valued at work without having to conform and that their contribution is fully recognised. Inclusion relates to the quality of the human experience and is not the direct consequence of a diverse workplace.

FIGURE 2.1: Do you consider that accountancy is an inclusive profession?

- Yes
- Maybe
- No
- Don't know

3%
8%
16%
73%

Of our respondents, 73% agreed that the accountancy profession was inclusive. Approximately a quarter did not agree that it was or were uncertain. This suggests that overall the respondents were comfortable that the profession meets the inclusion objective.

OVERALL THE RESPONDENTS WERE COMFORTABLE THAT THE PROFESSION MEETS THE INCLUSION OBJECTIVE.

When the 'yes' responses were analysed by region, the result is as shown in Figure 2.2.[8] This shows a slightly lower level of assuredness in some regions than others.

Within the roundtables conducted among ACCA members and future members there was a sense that for a global profession, and for a global body, there is the ability to access the profession in all geographic areas. The interpretation of this question for most of these participants rested on this geographic spread and the fact that the skills of the accountancy and finance professional were transferable across borders and thereby provided a wide range of options and opportunities.
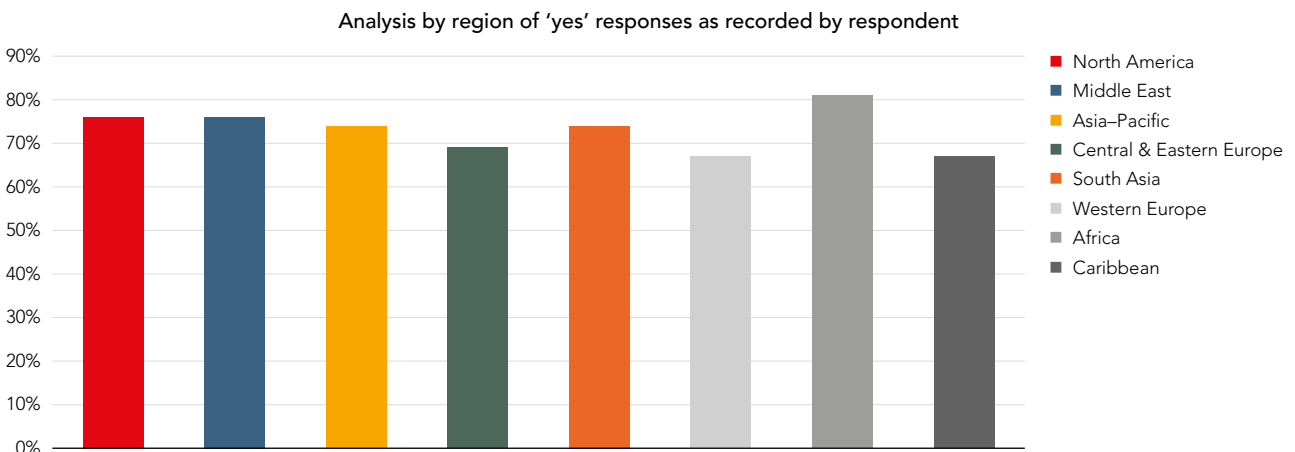
It would not be appropriate, however, to be complacent. While the profession's education programmes are open to all, and in many cases successfully, people do face access challenges throughout their careers. Access to education can be determined by many factors. Time and cost are two primary examples often quoted. To say that there is no more to do would be wrong. Ensuring that we can continue to develop 'the accountants that the world needs' was expressed frequently as a theme by those who participated in the roundtables.

One roundtable participant placed this discussion in a slightly different context, saying that: 'the problem in our profession is actually power. I would start to question power. We often see gender roles coming into power and mimicking what is quite an old-style male environment. I think that it is actually about trying to model a totally different behaviour. If COVID has taught us anything, it is the fact that humans do not have power'.

In North America, for example, there is a strong movement to explore ethnic diversity across the profession. One estimate by Bloomberg in 2019 was that 'roughly 9% of all 1.9 million accountants and auditors in the US are black, according to the Bureau of Labor Statistics. In comparison, roughly 13% of all US residents are black, according to census figures'. (Iacone 2019). Again, this should undermine our confidence that we are a truly inclusive profession.

The next survey question explored this a little further. The respondents were asked whether they considered that the profession has a diversity issue that needed to be addressed. The responses are shown in Figure 2.3. This shows that 41% of the respondents believed that it did and a further 22% considered that there might be an issue. Of the ACCA members consulted, 36% responded that there was an issue to be addressed but this rose to 44% of responses from both ACCA students and ACCA affiliates.


FIGURE 2.2: Do you consider that accountancy is an inclusive profession?

Analysis by region of 'yes' responses as recorded by respondent

Legend:
- North America
- Middle East
- Asia–Pacific
- Central & Eastern Europe
- South Asia
- Western Europe
- Africa
- Caribbean

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8   The regional analyses given in this report exclude Central and South America and Other as the level of responses in these categories is not statistically significant. An analysis of the survey response rates by region and the other breakdowns used in this report are given in Appendix 4.

FIGURE 2.3: Do you consider that the profession has a diversity issue that needs to be addressed?

- ■ Yes
- ■ Maybe
- ■ No
- ■ Don't know
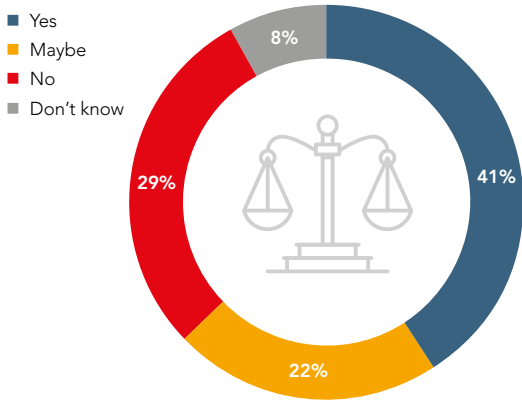
Looking at the regional analysis of the responses to this question there are variations, as shown in Figure 2.4. Those in the Asia–Pacific region (59%) clearly believe that there is a greater issue to be addressed than do their fellow respondents in Western Europe or the Caribbean.

A further analysis of the Asia–Pacific results at the geographic level shows further contrasts, with 81% of the respondents in Vietnam saying that there was an issue to be addressed, 76% in mainland China and 68% in the Hong Kong Special Administrative Region of China, in contrast to 51% in Malaysia and 50% in Singapore.

For many in the region, consideration of the issue has focused on several areas, such as the role of women.[9]

As has been commented earlier, the contexts in which diversity and inclusion are considered vary in many ways and culture and the nature of the journey towards achieving them are clearly two of these. It could therefore be expected that in those locations where the debate is still developing there is a perception (and perhaps also a reality) that there is a lot more to do.

For many countries, the concept of 'inclusive development' (also known as 'inclusive growth') is an important one. While there may be no common definition of the term, the Asian Development Bank has commented that 'the term is understood to refer to "growth coupled with equal opportunities" and has economic, social, and institutional dimensions' (Rauniyar and Kanbur 2009).

To place the analysis of the mainland China responses to this question in context, in 2004, the Chinese government declared an inclusive development strategy, 'building a harmonious society' (Dai 2016). Mainland China is still a developing country, with a low urbanisation rate, a large gap between rural and urban economies and one of lowest college admission rates in the world. Understanding these factors helps to place the discussion of diversity and inclusion there in context.

FIGURE 2.4: Do you consider that the profession has a diversity issue that needs to be addressed?

Analysis of 'yes' responses by region as recorded by respondent

- ■ North America
- ■ Middle East
- ■ Asia–Pacific
- ■ Central & Eastern Europe
- ■ South Asia
- ■ Western Europe
- ■ Africa
- ■ Caribbean
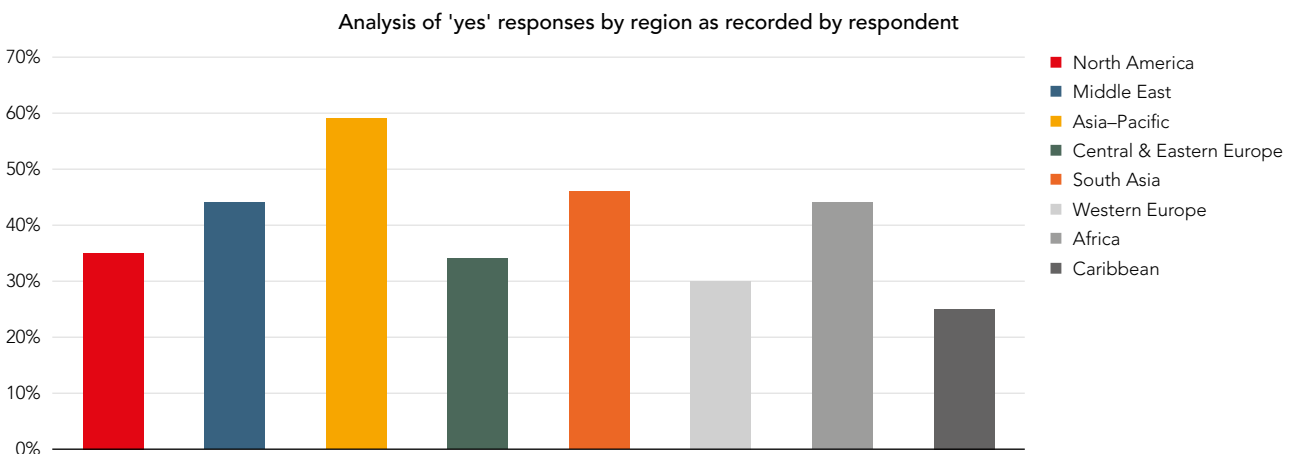
9   As an example, ACCA has produced a report, *Empowering the Advancement of Women in the Workplace*, (ACCA Malaysia 2020).

A similar set of comments can be applied to sub-Saharan Africa. A report in 2017 that focused on inclusive growth in the region commented that while there had been high GDP growth since the mid-2000s, inequalities in income between the region and other parts of the world still persist. The evolution of income inequality during the recent years of high growth in the region is not particularly encouraging. The evolution of Gini coefficient measures point to high but relatively stable inequality for the Africa region as a whole, with the rise of inequality potentially posing a risk to the region's long-term sustainability and socioeconomic development (van Gent 2017).

The analysis of this question by age of respondent (Figure 2.5) indicates that as age increases, the level of concern about whether there is an issue that needs addressing decreases. This suggests that possibly those who have completed more of their working lives are less aware of some of the challenges in this agenda. This older group may have grown up in a different milieu with different social expectations and norms. Their attitudes reflect a different experience of components of the agenda in their formative years. This older group may also have found ways of dealing with such issues, or it may be that diversity and inclusion issues vie with other concerns for their time and attention, as they may fill more senior roles in organisations. These older, more senior professionals

may have responsibility for a failing business, for customer and supplier chains, and for saving jobs, all of which are of more immediate concern in the light of the pandemic. Nonetheless being seen as complacent risks the ire of the generations who are entering the workplace and are generally perceived as less tolerant of actions that they see as outdated. The attractiveness of organisations to younger generations is often thought to align with their understanding of the ethical, social and environmental stances that an organisation takes.

One interviewee suggested: 'that [possibly] people from certain backgrounds rule themselves out. If you are coming from a very working-class background you might aspire to be a bookkeeper. If you are good at maths you might aspire to become a partner in a professional services firm. I think, if you are from a working-class black background you do not see yourself there'. As a profession, we need to open ourselves to exploring the personal stories of where we all come from: to use the power of storytelling to support and encourage others to enter the profession and to demonstrate that it is open to all.

The last question in this set considered whether the respondents believed that the accountancy and finance profession was open to all. The overall results are shown in Figure 2.6.

FIGURE 2.5: Do you consider that the profession has a diversity issue that needs to be addressed?

Analysis of 'yes' responses by age of respondent, as recorded
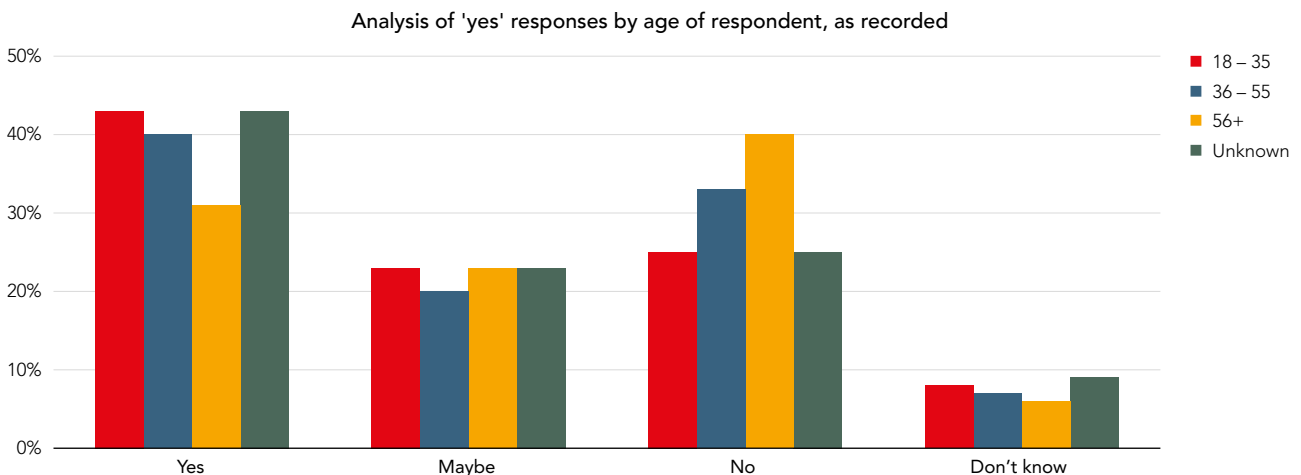
FIGURE 2.6: Do you consider that we are a profession that is open to all?

- Yes
- Maybe
- No
- Don't know
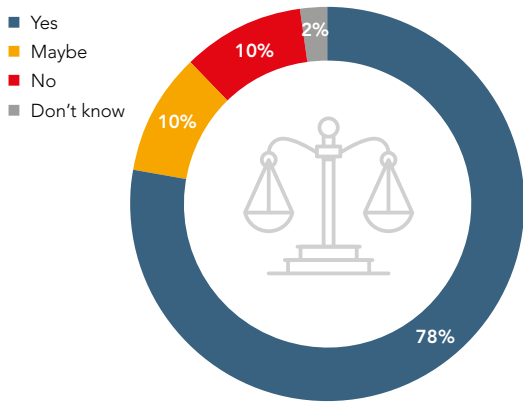
One of ACCA's three values is inclusion: 'We create opportunity for all. We remove artificial barriers, create connections and embrace diversity'. The roundtable participants frequently referred to the openness of the profession and the multiple entry points that are available. The flexible way the ACCA Qualification can be studied for and attained was also cited as an example of the profession's openness.

Some roundtable participants questioned whether those with unseen disabilities, such as dyslexia or dyspraxia, were able to study for and sit examinations in a way which accommodated their needs. One roundtable participant shared his experience while acknowledging an unseen disability. He said that he was 'on that spectrum and when I was writing my exams the theory papers were particularly troublesome for me. I was an auditor and arguably that should be the best paper for me, but I struggled, and time was a significant factor because I was a little slower. I felt that I had to struggle through my journey'.

ACCA provides additional support to those with these needs, in line with the UK Equality Act 2010, and these measures are outlined on the ACCA website.[10]

The analysis of the respondents' answers to this question by region (Figure 2.7) shows they have less variation than answers to other questions in the survey.

There was less agreement among the survey respondents in Asia–Pacific and Central and Eastern Europe that the accountancy and finance profession is open to all than among those in other regions. A more detailed analysis of the Asia–Pacific results indicates that only 64% of the respondents from mainland China considered that the profession is open to all. In mainland China, there are over 40m people working in the accountancy profession, but only 0.26 million are Chinese Institute of Public Accountants (CICPA) members while ACCA membership in mainland China is less than 0.01 million. Therefore, the professional accountant constitutes less than 1% of the total employment in the accountancy profession. This may explain why we see a lower rate of responses was seen as education itself has diverse accessibility issues as referred to earlier.

FIGURE 2.7: Do you consider that we are a profession that is open to all?

Analysis of 'yes' responses by region as recorded by respondent

- North America
- Middle East
- Asia–Pacific
- Central & Eastern Europe
- South Asia
- Western Europe
- Africa
- Caribbean
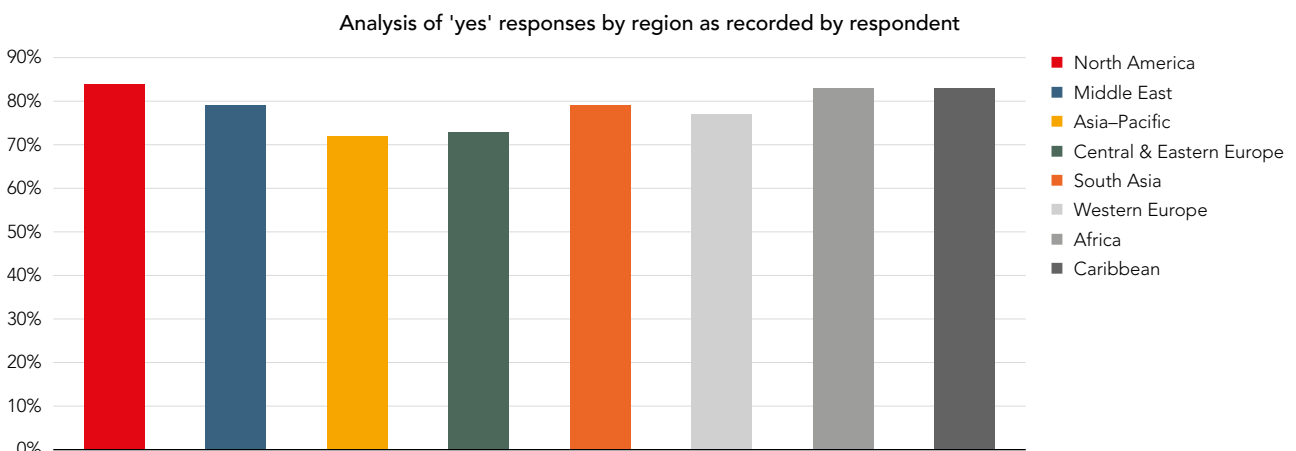
10 Additional Support guidance for ACCA can be found at <https://www.accaglobal.com/uk/en/student/exam-entry-and-administration/additional-support.html>.

The challenge of English as a second language might well be one factor in explaining these differences, especially in those regions scoring below average in respondents' assessment of the profession's 'openness'. The roundtable participants from Indonesia, Vietnam and Thailand referred to this issue. The profession heavily relies upon a working use of English, which may be a barrier to those who have lacked the opportunity in the school system to learn English to the required level. Usually, the entry requirement to the accountancy profession is a college degree. According to the sixth national census in 2010, only 10% of the total population in mainland China have a college degree, however enrolment ratios have increased since then.

Many of the roundtable participants commented that the ability to access examinations at the chosen pace of the individual and at any stage in their career journey could be cited as positive factors in ensuring that accountancy remains a profession open to all.

Understanding the nuances of the results from the Central and Eastern Europe region is more complex. This has a range of states, including some that have a legacy of disruption in the late 1980s and the resulting social and economic changes in the 1990s. Some of these states have been incorporated into the European Union while others have forged a different path. The legacy may have included a greater gender diversity in the workforce, while other while other variables disadvantage other groups. Among the survey respondents in Russia, 66% expressed the opinion that the profession is open to all, in contrast to 73% in Poland and 76% in Romania.

## 2.2 Championing the diversity and inclusion agenda

Given the core value of inclusion at the heart of ACCA, as individuals we all have a responsibility to play our part in furthering this agenda. That exact contribution will depend upon ourselves and our sense of empowerment. To explore this further, we asked the survey respondents whether this is something that the profession should do more to champion. As Figure 2.8 shows, 68% of the respondents thought that it should be, with a further 17% indicating that it might be.

FIGURE 2.8: Do you consider that the profession should do more to promote diversity and inclusion among its membership?
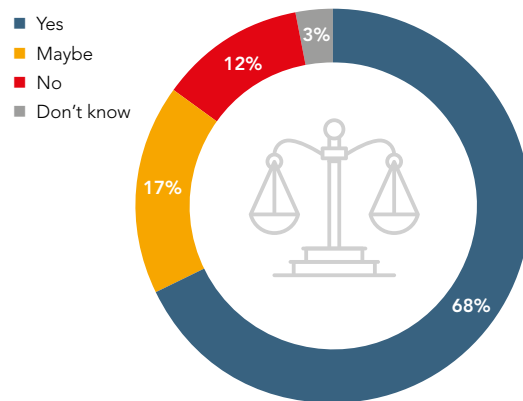
The regional analysis of the respondents' answers again showed a degree of variation (Figure 2.9).

FIGURE 2.9: Do you consider that the profession should do more to promote diversity and inclusion among its membership?
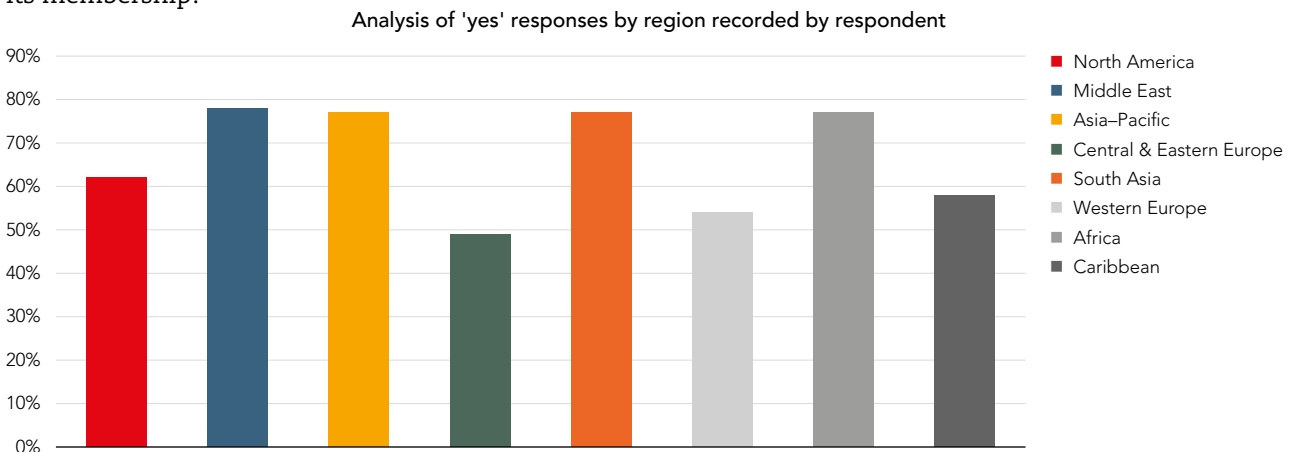
The sentiment suggested by this analysis is that in regions where the agenda may be more mature there was a greater degree of satisfaction in the work that the profession does to promote it, whereas for those areas where this agenda might be considered to be still evolving there is a perceived need to do more. There is a need to promote the agenda and to continue to work to make that the profession is open to all.

Many of the roundtable participants commented upon the need to ensure that we remain open to all comers through interacting more with schools and colleges, thereby striving to make the profession attractive to a wide range of potential entrants. In part, it was argued, that this should be achieved by promoting motivational examples of individuals who came from similar backgrounds and who had applied their accountancy and finance skills in interesting ways. The power of story as a motivational technique in promoting this agenda was one that recurred frequently in the roundtables.

One roundtable participant commented that: 'we may need to think about our pathway to ensure that it has as few biases as possible. We should not seek to make it easy, rather to ensure that we allow access to all – that [it] is not just to do with intelligence or aptitude at being a good accountant; there are other things, such as policy and social equality. Maybe we need our own version of the STEM[11] programme'.

A future member who participated in a roundtable commented upon the importance of the agenda to him. 'Climate change is still the priority definitely on the top, but I feel that in terms of diversity, it is something that we should address as soon as possible as well. Without a suitable respect and understanding of different diversity, as well as understanding different stereotypes, it will hold us back'. Another reacted to this by saying, 'I think that the diversity and inclusion problem is maybe…as important as climate change. Why? Because I sometimes see that due to bigger problems, such as ethnicity, some people are working much harder than other people, but they do not get the opportunities because of their ethnicity. But we can help to solve that problem and help narrow the social gap'.

The response for Central and Eastern Europe is interesting when compared with the response to the previous question (Figure 2.7). The 'agree' responses from those who completed the survey were 46% from Russia; 41% from Poland and 45% from Romania. There is a relatively low sense of the need to do more to promote diversity and inclusion across these territories.

A roundtable participant from Bangladesh placed the challenge in their country in this way. 'There are many firms where you will find no women at all. That may be 90% unfortunately if you include the private organisations. There are a lot of SMEs that are male orientated. So, it is a structural issue to do with society rather than anything else. The first barrier is society issues and then how do we attract the broad range of people into the profession to start shifting that balance'.

2.3 The implications

Although overall the results of our survey and of the roundtables indicate an overall positive view of diversity and inclusion in the accountancy profession, there can be no grounds at all for complacency. The issues involved are complex and, by their very nature, many of the respondents to the survey may, given their successful progression to membership and beyond, have been less affected by these issues than others.

Many roundtable participants highlighted personal stories related to one or more aspects of the diversity agenda, which inevitably leads to a conclusion that we cannot and should not be complacent. Inequalities remain, along with actions that we should take, both in the profession, as a collective of members, affiliates and students and also as a corporate body.

GIVEN THE CORE VALUE OF INCLUSION AT THE HEART OF ACCA, AS INDIVIDUALS WE ALL HAVE A RESPONSIBILITY TO PLAY OUR PART IN FURTHERING THIS AGENDA.

11 STEM – Science, Technology, Engineering and Mathematics. A term is typically used when addressing education policy and curriculum choices in schools to improve competitiveness in science and technology development. It is often seem as having implications for workforce development, national security concerns and immigration policy.

Think about...

■ Do you understand the sense of privilege that your role in the profession may give you?

■ Is there more that you can do to demonstrate equity across the profession in your locality?

■ Can you support others in your networks to advance the development of those from diverse backgrounds?

■ Are there steps that you can take to promote inclusivity in the profession?

■ Are you willing to mentor somebody starting their career or in overcoming a challenge during it?

■ Can you participate in a network to support others?

■ Do you have a story to tell that will engage others within the profession, or encourage others to join the profession?

ACCA employee inclusion

Following the creation of a simplified global inclusion policy for ACCA employees back in April 2020, we undertook a number of internal listening sessions led by our chief executive and the executive director for people. Underpinning these sessions was a global Inclusion and Diversity (I&D) survey: our employees told us that it was important that we built greater awareness of our cultural differences to make ACCA a fairer and more inclusive place to work – a place that values people of diverse backgrounds, as well as diversity of thought and the innovation this brings.

Key themes that came through included that people wanted to learn more about various cultures and ethnic groups, to pay attention to issues such as equality of opportunity and creating a workplace where people feel comfortable saying what they think, and to have more opportunities to share experiences and celebrate diversity. Our employees told us that if we can build a greater understanding of the value that our differences bring, and a greater awareness of the challenges many people encounter, we can further strengthen our culture – in support of our strategy, and one another.

One of our early actions was the creation of an I&D steering group (supported by members of the executive team) and three inclusion communities covering ethnicity, LGBTQIA+ and well-being. Within these wider communities we have smaller groups of 10–15 individuals who put themselves forward to take a more active inclusion role, under the guidance of respective chairs and vice-chairs. For now it's a place where we can keep the conversation going, begin to celebrate our brilliant diversity, and build a truly inclusive culture at ACCA. Over time, we plan to evolve and expand our communities to cover other areas of inclusion.

We plan to build on the work we have done on gender pay gap reporting as we work towards undertaking our first ethnicity pay gap report in 2021. Alongside this, we have reviewed our approach to employee inclusion data gathering, starting initially with our c.950 UK employees, encouraging them to capture key inclusion data securely via our Workday platform, on an optional basis. Over the coming months we will be gathering data in key global locations in line with local legislation, as well as societal and cultural norms. ■

3. At the **organisational level**: the **accountancy** and **finance perspective**

3.1 Why it matters

An often-cited report by McKinsey has established for many the link between business success and a diverse and inclusive culture (Hunt et al. 2015). The report concludes that 'companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians. Companies in the bottom quartile in these dimensions are statistically less likely to achieve above-average returns. And diversity is probably a competitive differentiator that shifts market share toward more diverse companies over time'.

The authors continue by explaining that: 'while correlation does not equal causation (greater gender and ethnic diversity in corporate leadership doesn't automatically translate into more profit), the correlation does indicate that when companies commit themselves to diverse leadership, they are more successful. More diverse companies, we believe, are better able to win top talent and improve their customer orientation, employee satisfaction, and decision making, and all that leads to a virtuous cycle of increasing returns. This in turn suggests that other kinds of diversity – for example, in age, sexual orientation, and experience (such as a global mind-set and cultural fluency) – are also likely to bring some level of competitive advantage for companies that can attract and retain such diverse talent'.

Hunt and some colleagues returned to the subject in further research in 2017 (Hunt et al. 2018) and provided further evidence of the link between inclusion in organisations and financial performance. They asserted that their research showed that organisations in the top quartile of gender diversity had a '21% likelihood of outperforming their fourth-quartile industry peers on EBIT [earnings before interest and taxes] margin'. A similar analysis for ethnic and cultural diversity yielded a 35% likelihood.

Not only does the agenda affect performance, but investors across the range of capitals are also increasingly questioning the ethical stance of organisations. In an article Blackrock, as an example, commented that 'Sustainable investing is about more than just the environment. We have also been focused on [I&D] as an investment offering on our sustainable investing platform' (Tan n.d.).

This is not an entirely proven case, however. Alice Eagly claims: 'The truth is there's actually no adequate scientific basis for these newsworthy assertions. And this lack of scientific evidence to guide such statements illustrates the troubled relations of science to advocacy and policy' (Eagly 2016). Eagly does not argue that diversity and inclusion are not the right goals to pursue: rather, she argues that a social imperative for the agenda is a sufficient reason to do so.

During our research, one interviewee cited the example of a professional services firm that had been reminded that when it presented a diverse and inclusive team in a proposal, the prospective client expected to see the same level of diversity inclusion when the firm audited the timesheets a year later, should the pitch have been successful. A failure to provide the promised diverse team, as evidenced by time records, was perceived to be a breach of trust and ethics.

Many roundtable participants also stressed the importance of the link between the customer base and the diversity of the organisation itself. One commented 'if you have a diverse customer base you need to have a diverse organisation to ensure that the decisions that you are taking reflect their needs and wants'. Another commented that this could be a particular challenge for accountants in practice, especially those in smaller practices with diverse client bases.

To explore this from the perspective of the accountancy and finance professional, the survey respondents were asked how strong a connection they believed there was between diversity and inclusion and organisational success.

FIGURE 3.1: How strong do you believe the link is between diversity and inclusion and organisational success?

- ■ The link is strong
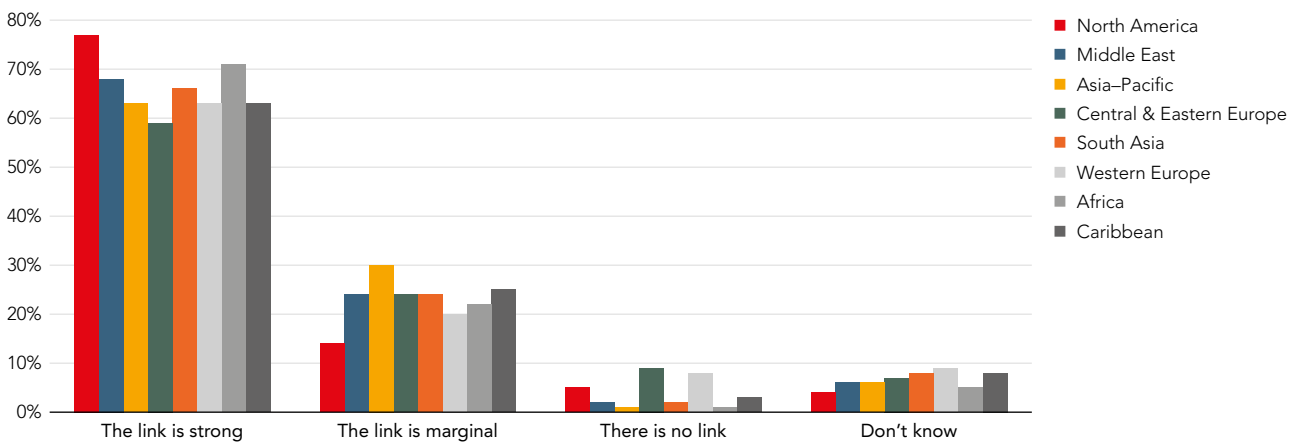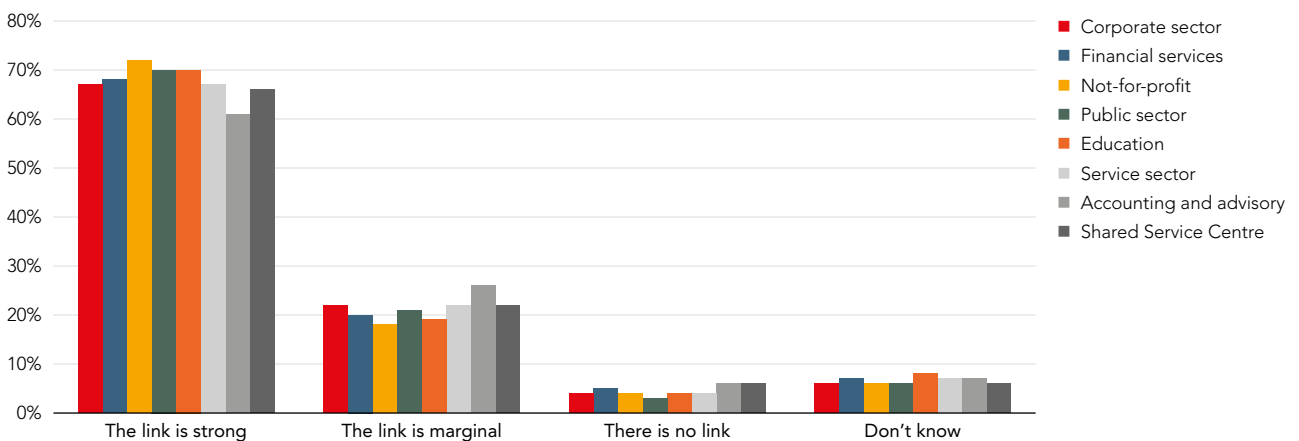- ■ The link is marginal
- ■ There is no link
- ■ Don't know
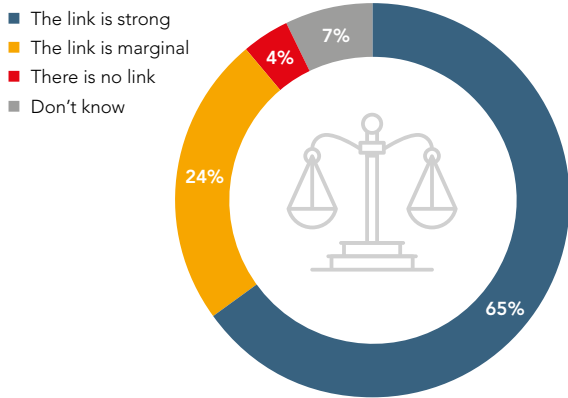
As shown in Figure 3.1, 65% of the survey respondents believed that there was a 'strong' link, with a further 24% stating that it was 'marginal'. This can establish the idea that there is a business case for the diversity and inclusion agenda and that, perhaps, the view articulated by the McKinsey research has credence.

An analysis of this shows some degree of variation by region (Figure 3.2) and by sector (Figure 3.3).

In the regional analysis, the respondents in North America and Africa saw the strongest link; it was weaker in Central and Eastern Europe. At sector level, the link was seen as least strong by those in accountancy and advisory practices. Perhaps this latter observation is interesting, given the emphasis that many of the larger firms place on this agenda, both for attracting potential employees and in their internal education programmes.

FIGURE 3.2: How strong do you believe the link is between diversity and inclusion and organisational success?

Analysis by region recorded by respondent

- ■ North America
- ■ Middle East
- ■ Asia–Pacific
- ■ Central & Eastern Europe
- ■ South Asia
- ■ Western Europe
- ■ Africa
- ■ Caribbean

FIGURE 3.3: How strong do you believe the link is between diversity and inclusion and organisational success?

Analysis by sector recorded by respondent

- ■ Corporate sector
- ■ Financial services
- ■ Not-for-profit
- ■ Public sector
- ■ Education
- ■ Service sector
- ■ Accounting and advisory
- ■ Shared Service Centre

The survey participants were asked to consider what factors provide the greatest benefit to organisations with diversity and inclusion. Most commentaries see a strong link between business innovation and diversity; there is a sense that better decisions are taken by more diverse groups and hence an overall improvement in organisational performance. One roundtable participant characterised this as the difference between the 'traditional equality of opportunity in relation to "protected characteristics" and the slightly emerging space of the diversity of thoughts and ideas'.

Having a variety of different perspectives (50%) was seen as a significant factor, as well as the link to better decision making (41%), although the speed of decision making was not seen to increase and nor did our respondents believe that an increase in profits was a product of diversity and inclusion (only 8% selected this as one of their top three

factors). The link to increased innovation, which as referred to above is an oft-cited benefit, was only selected by 31% of the respondents.

These results challenge the accepted perspective that there is an alignment to areas such as reduced employee turnover. The results question the perspective of accountancy and finance professionals of the key drivers for diversity in organisations. As accountancy and finance professionals, we tend to focus particularly on the numbers. In practice, we are increasingly involved in many aspects of the business, from marketing and customer value to the supply chain and may be able to use these opportunities to expand our views.

When the responses were analysed according to the ages recorded by the respondents, there were some variations in the overall pattern (Figure 3.5).

FIGURE 3.4: Which of the following factors do you consider to be the biggest benefits of a diverse and inclusive workforce?

Selected top three benefits
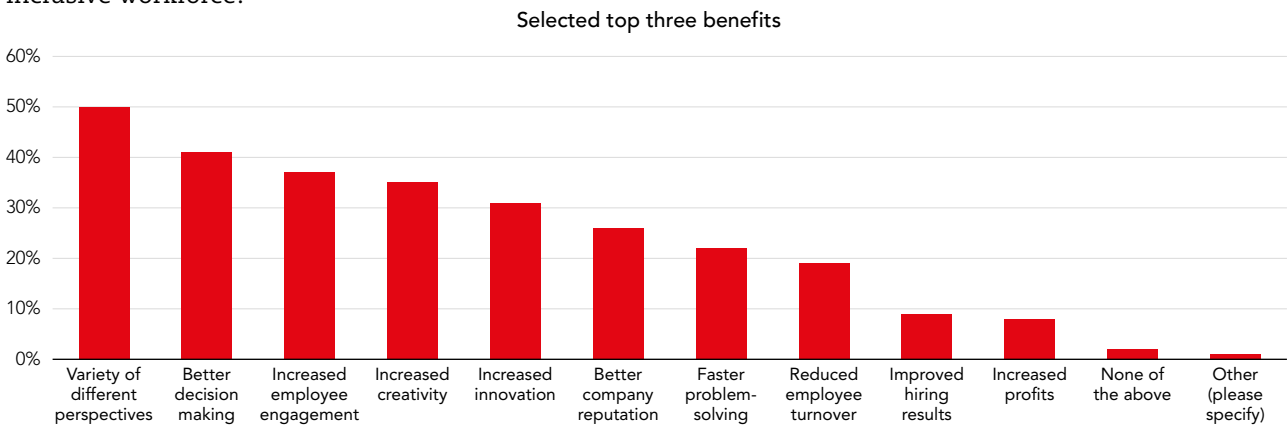
FIGURE 3.5: Which of the following factors do you consider to be the biggest benefits of a diverse and inclusive workforce?

Analysis of responses by recorded age of respondent. Selected top three benefits.
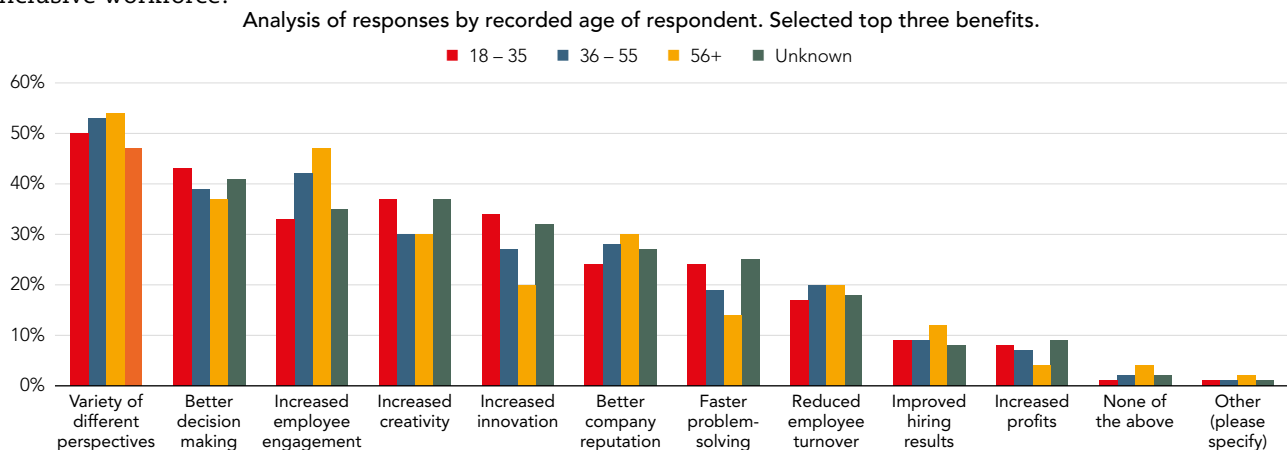
The strong link to improved decision-making is one that is clearly identified by many respondents and roundtable participants as a clear benefit of inclusion and equity in the workplace. The breadth of different views in taking decisions was a key benefit of inclusion. Those in the 36 to 56 age group rated this impact less strongly than other age groups. As commented previously, these are people probably in middle to executive management. Does this raise questions about their perception of the level of benefits? Are they used to making decisions in a particular style, with a peer group with whom they are comfortable? This reinforces the need to focus on upskilling and lifelong learning to appreciate these changes.

We still need to remain attuned to the potential biases that can influence decision making, as inclusion is often seen as improving the quality of decisions. The NeuroLeadership Institute has developed a SEEDS Model® to enable us to understand these biases (Lieberman et al. 2015). As noted in section 1.2, the brain takes a number of shortcuts when it processes decisions: these are called biases. In itself this is neither good nor bad. Biases are a reality of how the brain works. As Chris Weller of the Institute points out, 'what's important to remember about the SEEDS Model® is that no one can mitigate bias alone. It takes an entire group using a common language around bias to help individuals make smarter decisions' (Weller 2019). Weller outlines the SEEDS Model's five biases of decision making as follows.

- **S**imilarity bias – we prefer what is like us over what is different.

- **E**xpedience bias – we prefer to act quickly rather than take time.

- **E**xperience bias – we take our perception to be the objective truth.

- **D**istance bias – we prefer what's closer over what's farther away.

- **S**afety bias – we protect against loss more than we seek out gain.

Diversity in decision making does not only extend to the inclusion of a range of individuals such as expressed in the Gardenswartz and Rowe model (Figure 1.1) but also includes the range of personality types in the roles that we perform. There are several models that explain, through analysis and testing, the roles that we naturally perform (or can adopt in teams). Perhaps the best known is that developed by Dr Meredith Belbin who, in his book *Management Teams*, first published in 1981, (Belbin 2003), which was based on studying team members playing management games at Henley Management College, identified nine team roles that an individual can perform and that are essential, in his view, to the effective performance of any team.[12]

3.2 Our sense of acceptance

How comfortable do we feel in the workplace? A series of questions were asked of those survey respondents who considered themselves to be in employment. The objective of these was to explore the nature of the workplace through the eyes of the accountancy and finance professional.

The first question related to whether the respondents considered that it was easy for individuals of diverse backgrounds to be accepted in the organisations for which they worked. In asking this, it was important to establish a context for the potential challenge that these organisations face in pursuing this agenda. The overall responses are summarised in Figure 3.6.

FIGURE 3.6: Does the organisation that you work for make it easy or not for people from diverse backgrounds to be accepted?

- Yes, it is easy
- Yes, but with some challenges
- It is neither easy nor hard
- It is not made easy
- Don't know

3% / 10% / 14% / 41% / 32%

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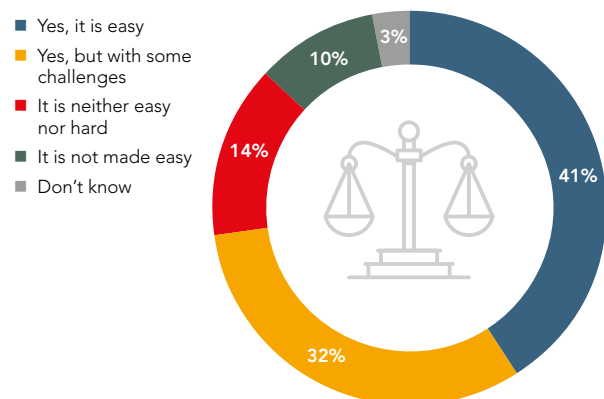
12 Details of Dr Belbin's model including self-assessment tools and an explanation of the nine roles can be found at <www.belbin.com>.

There are significant regional variations in the responses to this question, as shown in Figure 3.7.
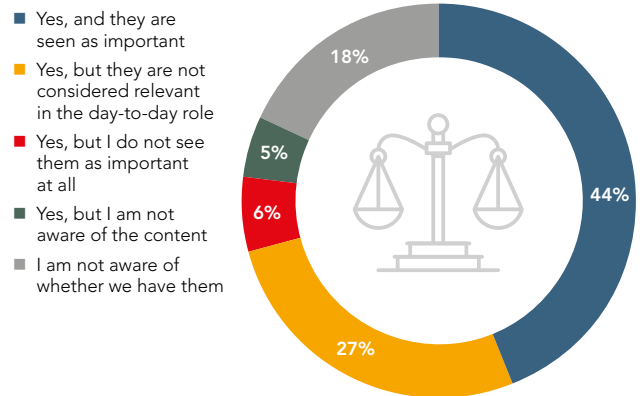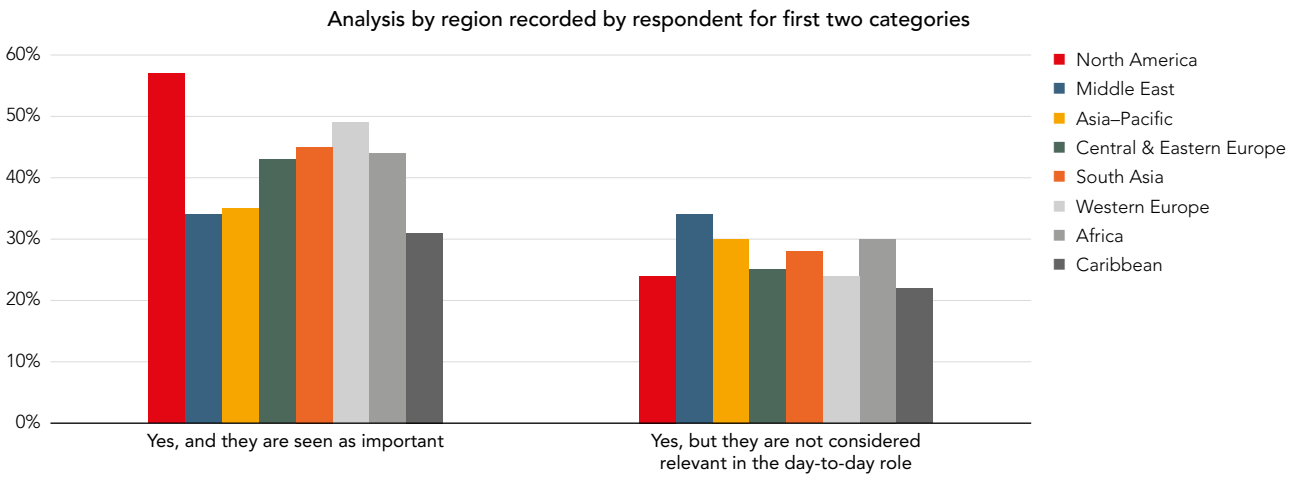
In Asia–Pacific a further breakdown indicates that it is easier for people from diverse backgrounds to be accepted in Australia and Vietnam than in mainland China, Malaysia or Singapore. It is important to recognise the context of the challenges in mainland China: it is the third-largest country measured by land area and the first in population. The large gap between urban and rural economies is the current challenge facing mainland China, as it causes a big variance in equality of access to education and employment, from one locality to another. If one considers the urbanisation rate, China's urban population is expected to reach 65.5% of the total in 2025,although this masks the difference between eastern (well-developed coastal) region and western region, at 12%.

The different nature of employment, including the greater proportion of non-local staff, in the Middle East may account for some of the acceptance issues there.

The next survey question focused on the extent to which diversity and inclusion policies were promoted in the organisations for which our respondents worked. Through the responses to this question, we can consider whether there is an opportunity to do more if, as accountancy and finance professionals, we are to play a fuller role.

The overall responses are shown in Figure 3.8.

FIGURE 3.8: Does the organisation that you work for promote diversity and inclusion policies?

- Yes, and they are seen as important
- Yes, but they are not considered relevant in the day-to-day role
- Yes, but I do not see them as important at all
- Yes, but I am not aware of the content
- I am not aware of whether we have them

Under half the respondents stated that diversity and inclusion policies were promoted and important (44%) with a further 27% claiming that they were relevant but not in the respondent's day-to-day role. It should be stressed that these responses constituted the views of over half the survey respondents and only 18% were not aware of any policies at all.

FIGURE 3.7: Does the organisation that you work for make it easy or not for people from diverse backgrounds to be accepted?

Analysis by region recorded by respondent

- North America
- Middle East
- Asia–Pacific
- Central & Eastern Europe
- South Asia
- Western Europe
- Africa
- Caribbean
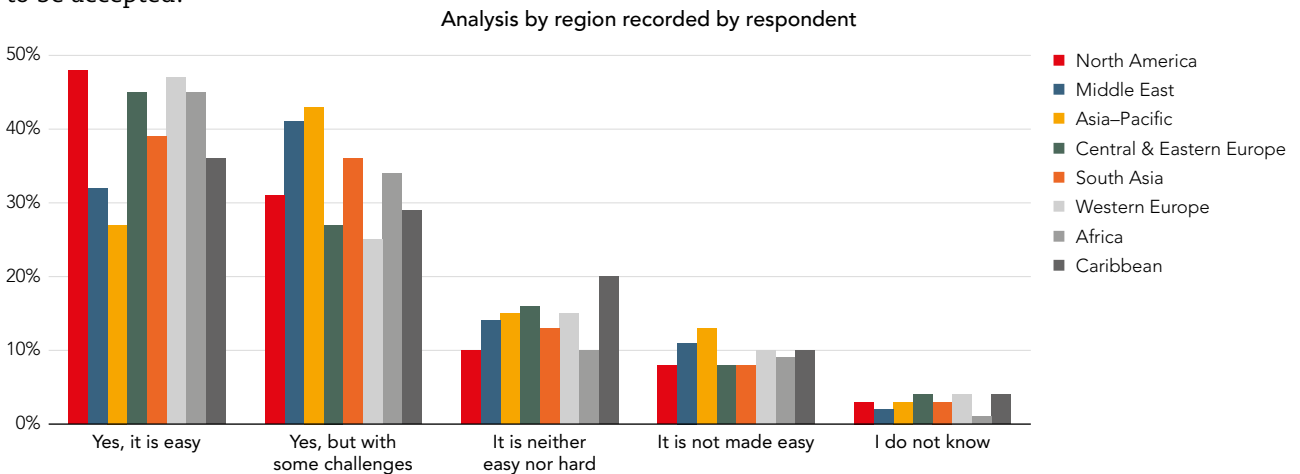
An analysis of these first two categories by location (Figure 3.9) shows regional variations once more.

An analysis by organisational size between small and medium-sized entities[13] (SMEs) and larger ones highlights the potential problem that SMEs have in these areas (Figure 3.10). Organisations of this size do not often have specially designated internal marketing, communication or even human resources (HR) teams but they do demonstrate capabilities in areas such as multigenerational cooperation. They often do more than large corporates to recruit school leavers, often from diverse backgrounds.[14] In practice, because of existing working cultures, those values are disseminated by example rather than explicitly communicated. This sense of informality does not mean that these organisations are not addressing the issues.

FIGURE 3.9: Does the organisation that you work for promote diversity and inclusion policies?

Analysis by region recorded by respondent for first two categories

- North America
- Middle East
- Asia–Pacific
- Central & Eastern Europe
- South Asia
- Western Europe
- Africa
- Caribbean

FIGURE 3.10: Does the organisation that you work for promote diversity and inclusion policies?

Analysis by size of organisation recorded by respondent

- Small and medium
- Large

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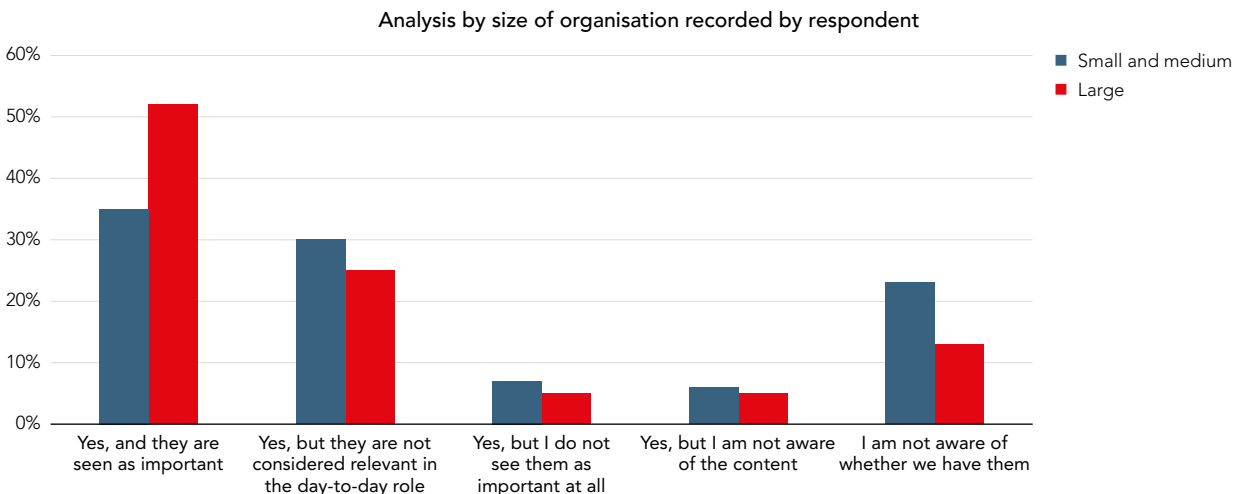
13 For the purposes of this report small and medium-sized entities are those where the respondent indicated that the number of employees was 249 or fewer.

14 ACCA has previously considered some of these areas (ACCA 2020b).

A fundamental part of the inclusion agenda is whether everyone in the organisation has an equal opportunity to succeed. As shown in Figure 3.11, the balance was nearly equal between those who thought that there was an equal opportunity to succeed and those who did not.

When analysed by age, 65% of those respondents who were aged 56 or over felt that everybody had an equal opportunity to succeed whereas only 53% of those aged 18 to 35 held this opinion.

The final question in this section was whether the working environment was free from harassment and discrimination. The results are shown in Figure 3.13.

FIGURE 3.11: To what extent does everyone in your organisation have an equal opportunity to succeed?

- ■ Everybody has an equal opportunity to succeed
- ■ The opportunity to succeed is not equal
- ■ There is no opportunity to succeed
- ■ Don't know

FIGURE 3.13: Do you work in an environment that is free from harassment and discrimination?

- ■ Yes
- ■ Partially
- ■ No
- ■ Don't know

Exploring the regional spread of the first two responses it can be seen that although not uniform, the respondents across most regions expressed concern.

FIGURE 3.12: To what extent does everyone in your organisation have equal opportunity to succeed?

Analysis of the first two categories by region recorded by respondent

- ■ North America
- ■ Middle East
- ■ Asia–Pacific
- ■ Central & Eastern Europe
- ■ South Asia
- ■ Western Europe
- ■ Africa
- ■ Caribbean

FIGURE 3.14: Do you work in an environment that is free from harassment and discrimination?

Analysis by region recorded by respondent
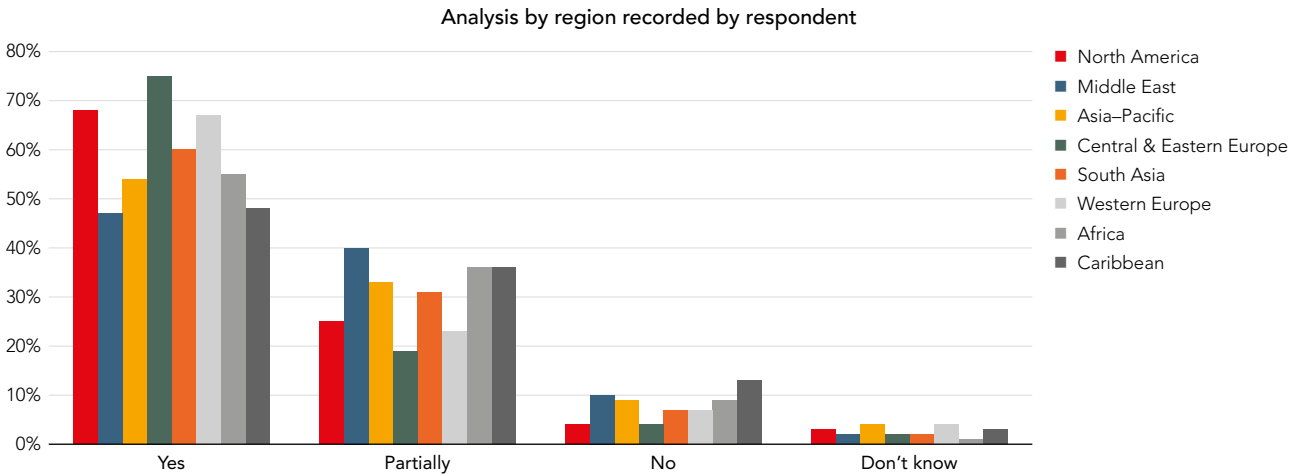
The regional analysis showed some variation (Figure 3.14).

The accountancy and finance profession has long been seen as an area where, in certain circumstances, long hours and anti-social working practices can dominate. There are many public stories that suggest the impact of this. One interviewee commented that the profession needs to mindful of the reputation that it has and understand how to manage itself. It needs to find ways of using technology to smooth workflows and peak periods. It needs to question the dominant male-dominated culture that is perceived as still being in place. Another roundtable participant voiced the opinion that: 'the audit part of the profession… makes it very difficult for females; to keep up with the pace of travel commitments etc. It creates a limitation on how many senior female leaders we have in the audit and assurance part of our profession. If there is anything that comes out of the pandemic, it has shown us that there is another way of working to make life much more inclusive and diverse'. As with any element of the agenda there is always more that should, and can, be done.

THE PROFESSION NEEDS TO FIND WAYS OF USING TECHNOLOGY TO SMOOTH WORKFLOWS AND PEAK PERIODS. IT NEEDS TO QUESTION THE DOMINANT MALE-DOMINATED CULTURE THAT IS PERCEIVED AS STILL BEING IN PLACE.

3.3 Bringing one's 'whole self' to work

One of the key elements of an inclusive work environment is the ability to 'bring your whole self to work'. Mike Robins, author of *Bring Your Whole Self to Work*, is quoted in an article in Forbes magazine as defining the concept as:

'Bringing our whole selves to work means showing up authentically, leading with humility, and remembering that we're all vulnerable, imperfect human beings doing the best we can. It's also about having the courage to take risks, speak up, ask for help, connect with others in a genuine way, and allow ourselves to be truly seen. It's not always easy for us to show up this way, especially at work. And it takes commitment, intention, and courage for leaders and organizations to create environments that are conducive to this type of authenticity and humanity' (quoted in Inam 2018).

Robins asserts that if as an individual you are not able to 'bring your whole self to work', then we can suffer a lack of engagement, a lack of productivity and our well-being is diminished. He argues that we have to have the courage to be authentic, which in turn liberates us and allows for open and honest conversations with others (Inam 2018).

It should be noted, however, that there are those who take issue with Robins' views. Annette Harris, for example, in an article 'Why You Shouldn't Bring Your "Whole Self" to Work' (Harris 2019) questions 'what do we really mean when we say "whole"? It is difficult to define in a tangible way that means the same thing to everyone'. She contends that authenticity is a challenging concept and means different things to different people. She comments that 'Companies must be more inclusive, and this means accepting that employees may not look, act, or sound like

the company's majority leadership, even if it is leadership's preference – consciously or unconsciously'.

With this as background the survey participants were asked whether they felt comfortable being themselves at work. The survey question was phrased slightly differently for those in employment (Figure 3.15) and those who indicated that they were self-employed (Figure 3.16).

FIGURE 3.15: Do you feel comfortable being yourself at work? **Employed**

- Yes
- Partially
- No

7%
29%
64%
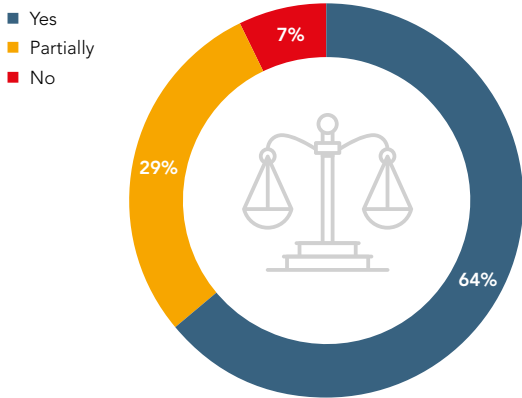
FIGURE 3.16: Do you feel comfortable being yourself at work (in the context of your interactions with those who you work with or for)? **Self employed**

- Yes
- Partially
- No
- Don't know

5% 4%
27%
64%
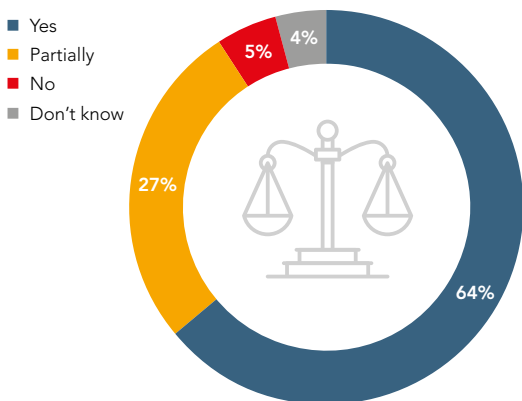
The responses to this question did not show significant variation by region, age or organisational size.

These results suggest that we are more comfortable with 'being ourselves' at work that many might expect.

3.4 The role of the accountancy and finance professional in organisations

Accountancy and finance professionals must be a force for good in the organisations that we work in and for. Our ethical lens and the trust in the profession means that we cannot but fail to embrace the diversity and inclusion agenda. It is too important to be left to one side, it is about the fabric and future of the organisations that we are involved in. It is not just the responsibility of the human resources team: rather, it is something that everybody in the organisation needs to embrace.

Yet, as accountancy and finance professionals we are often seen as the guardians and reporters of organisational performance. As organisations increasingly focus on all the 3Ps we need to ensure that our lens is focused on the human capital as much as the other capitals. Effective finance business partners, for example, have a skill set that embraces decision making using all the resources available to them.

To be effective we need to support and be involved actively in the diversity and inclusion discussions in our organisations. To do this we need to understand some of the legacies associated with the profession and ensure that we are being authentic and able to bring our whole selves to work.

Think about

- Do you actively support your organisation's diversity and inclusion policies?
- Do you lead by your actions and encourage others?
- Do you take time to understand others and their experiences and contexts – how they wished to be engaged with?
- Do you respect the opinions of others and bring them into the decision-making process?
- Do you articulate the business benefits of diversity and inclusion?
- Do you apply your ethical lens to this agenda in your organisation?
- Do you appreciate your biases in decision making and how these may influence others?

OUR ETHICAL LENS AND THE TRUST IN THE PROFESSION MEANS THAT WE CANNOT BUT FAIL TO EMBRACE THE DIVERSITY AND INCLUSION AGENDA.

4. What should we do, as accountancy and finance professionals?

4.1 The journey to equity – D&I maturity

Organisations progress on a journey through this agenda. They demonstrate their maturity through the extent of their progression along this path. This is not to say that all organisations need to have yet reached the 'sustainable' state (see Figure 4.1 and Table 4.1); rather, organisations need to consider how far their business strategy has moved in this direction.

This progression can be divided into five phases, as shown in Figure 4.1. The characteristics of the phases can be explained as shown in the following table (Table 4.1).

FIGURE 4.1: Five phases of diversity and inclusion maturity
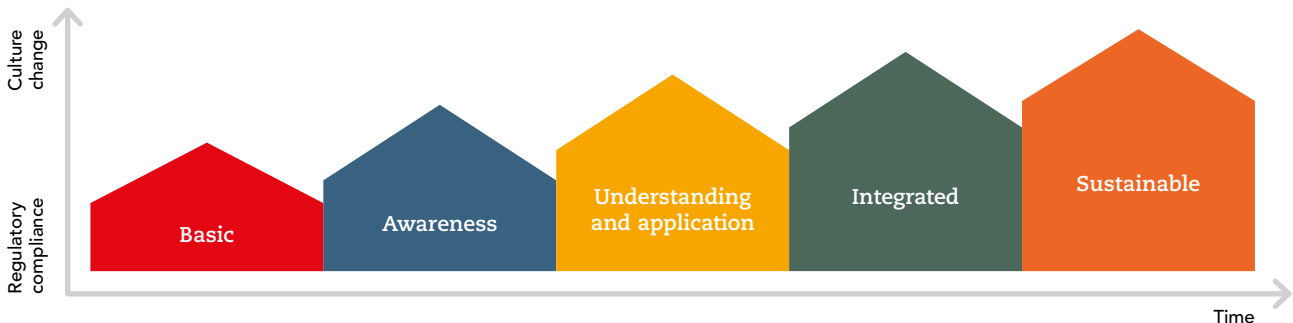
TABLE 4.1: Five phases of diversity and inclusion

PHASE	CHARACTERISTICS
Basic	While the organisation might recognise the agenda, there is little activity beyond that required for legal and regulatory purposes, often at a local level. Responses tend to be tactical in nature.
Awareness	The agenda is recognised as a business benefit and an inclusive culture is recognised as an element of business success. Grassroots engagement is started and measured on a local basis.
Understanding and application	Organisational leadership recognises the importance of diversity and inclusion. It can demonstrate that it is implementing appropriate strategies that are designed to create an inclusive work environment. Governance may be established at this level.
Integrated	Diversity and inclusion are fully integrated into day-to-day activities. Leadership is committed to creating an environment that encourages the right behaviours. Activities support the requirements at a local level but are congruent across the organisation as a whole. Diversity and inclusion are embedded into HR and organisational systems and processes.
Sustainable	Diversity and inclusion are part of 'business as normal' and are embedded in day-to-day activities. The impact on organisational performance is clear and the activities enhance both business strategy and commercial advantage. The internal and external brands of the organisation are aligned.

4.2 A role for everyone

Having considered the case for diversity and inclusion and explored the attitudes of our survey respondents and roundtable participants towards the profession and their workplaces, the final consideration was whether they believed they understood the steps that they should take to promote the agenda in their workplaces.
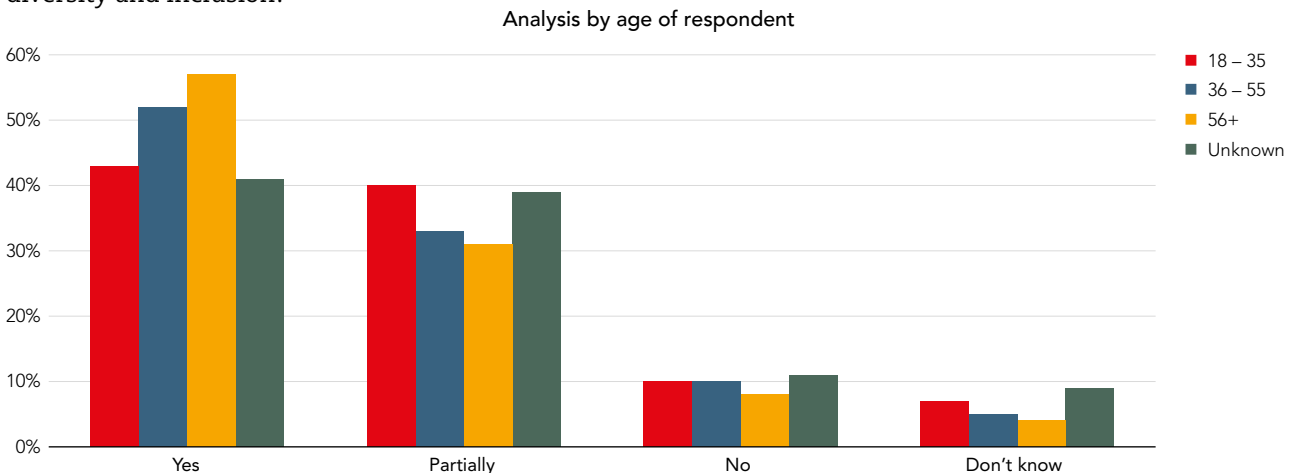
Under half the respondents indicated that they did understand this, with just over one-third being only partially sure (Figure 4.2).

FIGURE 4.2: Do you, as an individual, understand the steps that you might take in the workplace to promote diversity and inclusion?

- Yes
- Partially
- No
- Don't know

46%
37%
10%
7%
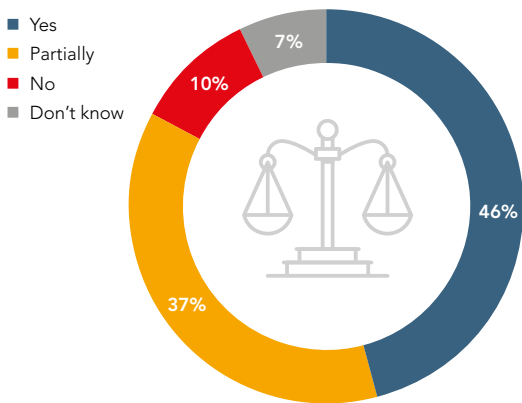
When the responses are analysed by age there is some variation between the groups (Figure 4.3).

The assuredness of the more senior respondents should not necessarily be taken as a positive sign. The evidence from other parts of the survey and from the roundtables is that the degree of the understanding of the steps to be taken and the importance of the issue are more appreciated in the younger generations than the more senior ones. Knowing the right thing to do can be a challenge, especially as we have a fear of not doing the right thing.

Equally, there is a danger that we see the issue as belonging to somebody else in the organisation: that this is something that accountancy and finance professionals cannot ignore. One roundtable participant expressed the view that as accountancy and finance professionals we have a full role to play, commenting: 'we have been programmed to be honest and to think ethically. The finance team has a role to lead this agenda because we are the ones who can think in the best interests of the owners and, in the context of any transaction, in the best interests of the public and environment'.

One interviewee cautioned that 'you cannot have a simplistic tick-box approach. You have to embrace the spirit'. He argued that 'people were overwhelmed if they see a tick-box approach'.

Another interviewee commented that the first thing to do in any approach to diversity and inclusion was 'to understand what is going on. You do the diagnostic. You look at people's engagement and you look at the numbers. You look at how often you lose people. Who do we lose? It is important that finance works closely

FIGURE 4.3: Do you, as an individual, understand the steps that you might take in the workplace to promote diversity and inclusion?

Analysis by age of respondent

- 18 – 35
- 36 – 55
- 56+
- Unknown

with HR in these areas'. Several roundtable participants argued that human capital is of fundamental interest to accountancy and finance professionals, supporting with the view that one could take this to the next level in that, as part of the process of organisational design, joined-up thinking is increasingly needed. Indeed, for many smaller organisations, the chief financial officer was often the person who oversaw human resource activities. In the light of this agenda, a close integration of business roles is important.

Communication and learning programmes

Most roundtable participants spoke with pride and enthusiasm about the programmes that their organisations had in place. Many had invested in learning programmes that raised awareness of the issues and explained concepts such as unconscious bias to their audiences. Any programme that raises awareness of the issues is important and organisations need to invest in such programmes appropriately. Nonetheless, they do not replace the need to have a robust organisational culture and for management to set the tone from the top, as is explored in the next section. It is important to be mindful of the fact that we cannot readily change attitudes and biases. A one-hour learning activity, no matter how good, will not change a mindset. At best, it can make the individual aware of having a mindset that may need to be changed. Cultural change is an extended process.

Many organisations use employee resource groups (commonly abbreviated to 'ERGs'), alternatively known as affinity-based resource groups, to facilitate discussions and sharing of experiences between individuals with similar interests. These are useful in helping to support individuals as well as providing input on the achievement of strategic goals.

Personal actions

While the organisation can develop a culture that supports diversity and inclusion, it is our responsibility as individuals to progress the agenda through our actions. Organisations provide context and alignment to business strategy and purpose; individual actions are the realisation of this.

Key to our personal actions (as outlined in Appendix 3) are our personal mindset and approach. A future member who participated in a roundtable commented, 'we should encourage employers and employees alike to come with an open mindset and be more accepting of people of different backgrounds, or qualifications, or point of life. We should be encouraged to accept them and continue the process in the profession where we should embrace them regardless of where they are from'.

4.3 Leading from the top – organisational culture

Leadership and strategy

A key aspect of the diversity and inclusion agenda is the organisational culture. This stems from the tone that the organisational leaders set, and finance leaders are probably one of the more visible members of the leadership team across the organisation and therefore have a strong role to play.

Any diversity and inclusion strategy represents the intersection of three components (Figure 4.4). The society in which the organisation operates, as has been seen in this report, provides an overall environmental context in which any strategy must exist. Any organisation has a talent agenda which needs to focus increasingly closely on the diverse set of skills that it needs to ensure success. The talent agenda is clearly evolving, both from the digitalisation of organisations and as a result of the implications of the pandemic. Lastly, the impact of politics, at a variety of levels, cannot be ignored. Political interventions often set targets and influence regulations with which organisations need to align.

FIGURE 4.4: Locating the diversity and inclusion strategy
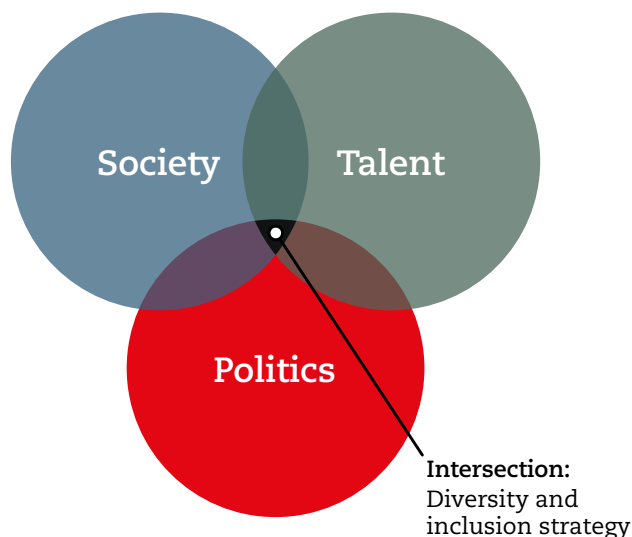
It is against this background that the strategy translates into actions that leaders, and others, need to take.

An interviewee reminded business leaders that in the context of the diversity and inclusion agenda 'you need to be more than advocates. You need to live the agenda. Do not hide behind traditional views'. He continued that leaders, especially finance and accountancy leaders, 'need

to be more conversant of the agenda: to understand how to have the right dialogue as a leader within a team; to be an advocate of diversity from within; to be a sponsor; and to be visible'. He cautioned that there were instances where diversity might not be desirable 'for example, where you wish to create a standardised process and you do not wish to have people being creative'. He concluded by saying that there is a stereotype in the profession (and that stereotypes are unhelpful) that finance leaders are not people leaders.

One roundtable participant contributed the view that there was a 'piece around policies and processes and what organisations are committed to doing. Underlying all of this is whether or not people feel psychologically safe. It is the confidence, if you like, of being able to call out an organisation when they are not living up to what they put on paper. That is the gap and the grey area in diversity and inclusion'.

Another roundtable participant spoke of the link to social justice 'and not being included in what was still a very patriarchal profession'. He continued that his research had 'found that policies were great but that they are not that effective when it comes down to individual people working in firms'.

Ethics and diversity

It should not be forgotten that there is a strong link between ethical behaviour in an organisation, the moral compass and 'doing the right thing', and the diversity and inclusion agenda. While diversity itself is not an ethical issue, it should be borne in mind that treating people equitably is. As accountancy and finance professionals we need to ensure that we adopt our ethical stance towards this agenda in the workplace. Often being influential leaders means that we need to ensure that we doing the right thing, and are seen to be doing so.

One interviewee commented that ethics was about ensuring the dignity of others. It was an element of social justice and that, as accountancy and finance professionals, it is important that we use the ethical component of our skill set to encompass this.

Another interviewee provided a perspective on ethics from an accountant in practice, relating how an employee had raised concerns about how they were treated by a client from the perspective of this agenda. What was the right thing to do? The practice considered that the ethical thing to do was to raise it with the client and impress the seriousness of the concerns, prompting action to be taken.

Diversity in boardrooms and leadership

As commented above, addressing diversity and inclusion at an organisational level requires leadership from the top, yet if the leadership itself is not diverse and reflective of the customer base, then achieving this in the organisation itself becomes ever more challenging.

While regulators have ensured that progress has been made in some components of board diversity through the use of targets, these have focused, generally, on one aspect. As commented in a study published in *Harvard Business Review* in 2019, 'Board diversity matters but concentrating on only one form of diversity isn't enough. [Their] interviewees suggested that social diversity (eg, gender, race/ethnicity, and age diversity) and professional diversity are both important for increasing the diversity of perspectives represented on the board' (Creary et al. 2019).

Yet progress towards diverse boards continues to be slow. Management consultancy IMG commented in 2020: 'The reasons for supporting diversity vastly outweigh the reasons for not moving toward diversity. Still, the move toward diverse boards continues to be a slow one for a few illogical reasons. To a greater or a lesser degree, we all like to stay within our comfort zones. Boards are no exception, so they tend to resist change rather than disrupt the status quo. By nature, we all prefer being around like-minded people' (IMG 2020).

It is equally important to recognise the importance of diversity of thought and perspective at the leadership level. Boards need to ensure that they are diverse and have a range of opinions and backgrounds that support equitably focused and informed decision making. They also need to ensure that the management teams within the organisations that they oversee also reflect the perspectives of the customer base and their broader society. In that way the diversity and inclusion agenda becomes real for organisations.

Any changes at senior level management will take time, as it requires a pipeline of candidates appropriate to the roles who are progressing through the management and leadership of the organisation. Although, as a society, we cannot wait a long time for the ripple effect to occur, this does not mean that we should fail to mentor younger generations to become the leaders of tomorrow. We should seize opportunities to promote leaders faster, encouraging a reduction in the average age of boards and executive teams. We should ensure that those whom we mentor reflect a range of talents and have a range of backgrounds. This activity is especially important for business leaders and board members. Succession planning has many forms and many layers.

In December 2020 Nasdaq filed 'a proposal with the SEC outlining recommendations related to board representation, policies, and disclosure. If approved by the SEC, the new listing rule would require all companies listed on Nasdaq's U.S. exchange to have/disclose, at a minimum, two diverse board directors' (Nasdaq 2020).

Measuring performance

Implementing a robust diversity and inclusion strategy is a long process. It is something that cannot be immediately created. The appropriate strategy must influence the culture of the organisation; strategy must embrace processes, policies and procedures. Its results must be measured, and key performance indicators that reflect the organisation's culture and true performance are essential.[15]

An interviewee commented that 'instead of investing a certain amount of money for inventing jobs for both parts of the age spectrum it is possible to create part-time jobs for people of an older age and still keep them economically active. They can act as mentors and… share knowledge and experience'. Organisational leaders need to think creatively about new ways of working to ensure that they support inclusivity and equity in their organisations while respecting the dynamics, especially post pandemic, of the ways in which we work. Portfolios of roles appeal to several generations. Even so, to assume that 'age' is only a matter of an aging workforce is incorrect. There are challenges in regions such as Africa where the youthful demographic has one of the lowest median ages, being between 15 and 20. This in turn gives a different perspective on generating diverse workplaces. It also raises the questions of social mobility and equity. A roundtable participant commented that she had run leadership programmes based on the Situational Leadership II model developed by Ken Blanchard[16] to assist leaders in adapting their leadership styles to ensure that they embrace the need to communicate with different audiences, across the diversity agenda, in appropriate ways.

An interviewee questioned whether organisations' approach to performance management, especially in their sector, is supportive of the diversity and inclusion agenda, suggesting that it focused too much on input, concentrating upon time spent rather than quality of output or value to client or customer. The interviewee questioned whether this approach really allowed individuals to play to their key strengths, mentioning personal experiences in the Big Four accountancy firms and commenting that junior-level staff were expected to be generalists and to develop specialisms later.

Yet, as individuals, we all have talents from the start, and these were often not appreciated. The reaction, in this person's opinion, was to recruit specialists later in the career path to compensate.

A roundtable participant commented that 'when you are talking about performance reviews and salary reviews the checks and balances can be there. But people feel that it is just a piece of paper and that people do not follow through. People do not understand the importance of doing a proper performance review because you need to justify somebody's progression'.

Achieving cultural change

The challenges for global organisations are perhaps greater, but not insurmountable. As has been commented, everybody views this discussion through a cultural lens. That should not prevent organisations that operate in one or more locations from addressing the issues. As one interviewee commented, 'you have got to balance this in a way that has a strategy that is pickable globally and does not create a legal issue in a particular country or does not create safety issues. You cannot have a one-size fits all strategy, but you can have a common foundation built around common principles which can then apply to everybody'. Some roundtable participants in Africa spoke about how they used this strategy to address certain aspects of the agenda that have social and legal implications in their region. Their staff had support in ways that did not compromise their safety.

Achieving cultural change is complex. It requires leadership as well as perseverance. This is especially true where cultural change is linked to an objective such as achieving diversity and inclusion. One interviewee commented 'it is interesting from a change perspective, because a lot has been made… [of] the human condition for change. When most of us have worked on change programmes, particularly at the moment, digital transformation programmes such as moving to the cloud, we know what the end state looks like. It might take five years, it might take 18 months, but we have a vision. We can map ourselves against [a] forecast. The human condition cannot cope with not knowing what the end state looks like, what the long-term next steps are. That is the problem and that is where we are seeing a fatigue with empathy. I think that we have seen COVID act as a catalyst for these discussions around people bringing their authentic selves to work, because work is actually moving into their authentic lives'.

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15 The inclusion of a broader definition of performance management including the link between team and organisational performance is considered in ACCA/PwC (2019).

16 See <https://www.kenblanchard.com/Products-Services/SLII> for an explanation of the model. The model was originally developed by Blanchard and Hersey, *Management of Organisational Behavior – Utilizing Human Resources* (Blanchard and Hersey 1969)

There are many other strategies that organisations need to consider, and these have been outlined in Appendix 1 (for larger organisations) and Appendix 2 (for smaller organisations). It should be remembered, however, that change starts with the individual and this is especially true of culture change and this agenda. For this reason, a set of individual actions is given in Appendix 3.

4.4 Establishing the business case

As accountancy and finance professionals, we have considerable experience in developing business cases. We identify actions, provide costs and quantify returns measured in the form of improvements. This approach is perfectly acceptable when we have measurable steps and definable benefits. The development of business cases themselves is being expanded, increasingly including intangible benefits – where the return may be more nebulous and harder to measure. Perhaps the diversity and inclusion agenda is one of these more nebulous investments. Establishing the business case for this can be challenging.

The business case has traditionally been based on improving the financial performance of the organisation through increased customer focus and innovation. The Business in the Community (BITC) network, a not-for-profit organisation in the UK, suggests that the three components of the business case (BITC 2020) are:

- better financial returns
- increased innovation and creativity
- a more attractive employer brand.

To illustrate some of the statistics that support these arguments, a Boston Consulting Group study conducted in 2017 (Lorenzo et al. 2018) suggested that those companies with below-average diversity scores on their management teams generated 26% more revenue from innovation whereas those who had above-average diversity scores generated 45% more revenue from innovation.

By 2025, millennials, ie those born between 1980 and 2000, are estimated to make up 75% of the global workforce (Economy 2019). Much has been written about the assumed, or otherwise, attitudes of this generation and their approach to the workplace and the diversity and inclusion, expressing the view that the agenda is a significant factor in attracting this generation.

There is an element of caution about a business case framed in this way. Robin Ely and David Thomas, writing in *Harvard Business Review*, comment, 'scholarly researchers have rarely found that increased diversity leads to improved financial outcomes. They have found that it leads to higher-quality work, better decision-making, greater team satisfaction, and more equality – under certain circumstances. Although those outcomes could conceivably make some aspects of the business more profitable, they would need to be extraordinarily consequential to affect a firm's bottom line' (Ely and Thomas 2020). They argue that the benefits are more intangible, and the key actions are around culture, trust and equity.

This is not to say that this agenda is not one to pursue. It is a 'must'. The pursuit of financial return is no longer sufficient for organisations. The increasing focus on the 3Ps (as referred to in section 1.2) and the relevance of the human capital to organisations means that we, as accountancy and finance professionals, need to broaden our view of the data that we collect and analyse. We need to refine our performance metrics across the organisation to reflect this broader agenda.[17] We need to understand the complexities of the business case. We need to recognise that many of the elements are not directly financial yet are the right things to do if organisations are to grow and prosper in the long term. Using scorecards and measures normally associated with business cases may not be the best approach.

4.5 Technology and the inclusion agenda

Technology can play a part in achieving equity in organisations. Firstly, at the point of the end user it can assist in levelling up and providing support to those who might, for example, have unseen disabilities such as dyslexia or slower processing. One interviewee in the academic sector explained how he was using such technologies to assist all his students in accountancy and finance to level up their performance, although these developments had not yet fully embraced some spreadsheeting applications. The UN commissioned a report from the Alan Turing Institute on the digital gender divide: the majority of the seven recommendations that it made can be applied across all elements of the agenda (Wajcman et al. 2020).

There are other ways that technology can assist the agenda. While we need to be mindful of the risk of introducing biases, using machine learning and artificial intelligence (AI) can assist in processing volumes of data and identifying patterns.

Technology can also assist in remote working. The changes that the pandemic has brought have highlighted how technology can be a leveller, on one hand, by

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17 The role of performance measurement and the finance function of the future is considered in ACCA and PwC (2019).

providing remote access to corporate systems. This has allowed some previously precluded from entering the workplace to do so. Examples were quoted by roundtable participants of demographic changes in some Asian economies where the pandemic has opened opportunities for those traditionally home based.

Technology has also been a source of exclusion during the pandemic. Home working, for example, has only proved effective for those who have access to strong broadband connectivity. In many countries there are still examples of areas, especially rural ones, that have yet to have this efficient connectivity. These rural locations are suffering from a form of technological exclusion as a result, potentially restricting organisations' access to talent and individuals' access to opportunity.

As accountancy and finance professionals we are often involved in digitalisation and digital transformation. It is important that we are aware of the implications of the digital agenda for diversity if we are to support the development of an equitable society for our organisations, their customers and other stakeholders. Through using technology and data, especially as we have seen in the pandemic, the ability to model potential scenarios, sometimes using AI-based tools, has been important.

4.6 Promoting the agenda

A roundtable participant commented, 'someone advised me [in relation to diversity and inclusion initiatives] that in undertaking them you need to suspend your right to be offended if we are to work on solutions and communicating them. I learnt not to be offended'.

Another stressed that we all have a responsibility. 'It is about educating yourself. It is no longer the responsibility for people who sit outside the core [of the organisation] to continue to pander to others and to walk around the edges. You need to educate yourself and take responsibility'.

It is important that as professionals we understand how to create awareness about the various components of the agenda and how to respond correctly to the issues. The final question in the survey asked if ACCA should do more to promote the agenda. The overall views of the survey respondents are shown in Figure 4.5.

FIGURE 4.5: Do you think that ACCA should do more to promote this agenda?
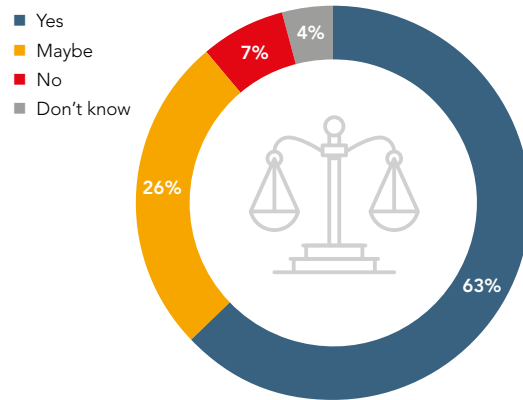
When these responses are analysed by region there are some distinct differences, as shown in Figure 4.6. There was significantly greater support among the survey

FIGURE 4.6: Do you think that ACCA should do more to promote this agenda?

Analysis of responses by region recorded by respondent
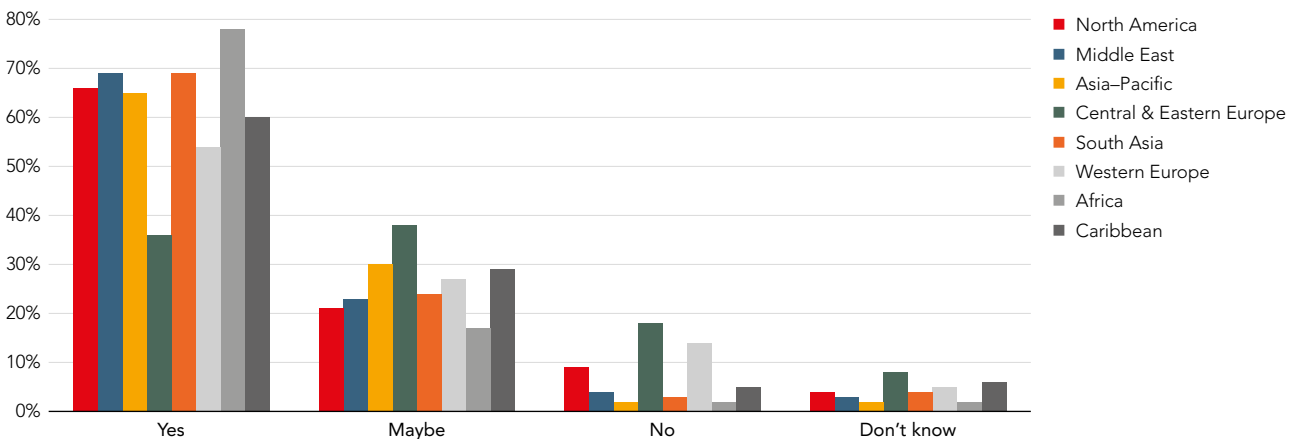
respondents in Africa (78%) for the idea that ACCA needs to do more to promote the agenda than there was in Central and Eastern Europe, at the other extreme (36%).

When analysed by age, 66% of the respondents in the 18 to 35 age group indicated that ACCA should do more to promote the agenda, in comparison with 56% of those aged 56 and over.

As a professional body it is important that we have inclusivity at our heart, as stated in our strategy. As one roundtable participant expressed it, we should 'work on changing the mindset and perception of people at the grassroots level in order to achieve a long-term sustainable benefit of a rich diversity'.

Many of the roundtable participants stressed the need to live up to this value. In so doing they expressed a need for ACCA to:

■ understand that it is a thread through our DNA and to include the understanding and appreciation of the issues from the start of an individual's career journey

■ reflect the diversity and inclusion agenda in our curriculum, through our ethics

■ support members and future members in gathering an ever-greater understanding of the role that we can play through continuing education programmes

■ support the development of the conversation through member engagement in their geographic location level

■ not shy away from the difficult subject but to continue the dialogue that many of them found beneficial

■ act as advocates for the unheard as well as the heard

■ highlight the stories and examples that inspire others on the path to rewarding careers to take that narrative to those who may be making career choices, with a message that the profession is open to all and that these career pathways are open to those from many varied backgrounds, thereby highlighting our contribution to social justice, and

■ recognise the breadth of the agenda, not just focusing on what can be seen and what raises a headline but to embrace those under-seen and oft-forgotten diversities and be a profession that is truly open to all.

Think about...

■ Do you understand what you value about yourself – what are the principles that matter and the things that mean most to you? How do these concepts translate into actions for inclusion and equity?

■ Do you consider that you bring your 'whole self' to work?

■ Are you authentic in the workplace? Do you encourage others to be authentic?

■ Do you speak out when you encounter challenges?

■ Do you use your emotional intelligence appropriately to challenge where inclusivity and equity are not being demonstrated?

■ Do you form teams that encompass diverse views and embrace diverse skill sets?

■ Can you do more to act as an agent for change?

IT IS IMPORTANT THAT AS PROFESSIONALS WE UNDERSTAND HOW TO CREATE AWARENESS ABOUT THE VARIOUS COMPONENTS OF THE AGENDA AND HOW TO RESPOND CORRECTLY TO THE ISSUES.

"

Conclusion

While we might believe that we represent a profession that is open to all, that belief may itself come from a perspective of privilege.

The profession cannot afford to be complacent: rather, it must continue to focus on the issue, to ensure that we continue to reach out to all communities, to represent social justice and equity through our values and ethics. We need to encourage people of all backgrounds and characteristics to join the diverse profession and to continue to educate ourselves as well as educating and supporting others.

If the organisations of which we are part are to benefit from a wide range of views and opinions, to access the range of talents that they need to sustain themselves,

then as accountancy and finance professionals we need to lead the way. These are actions that we need to take as individuals, as the body of members, affiliates and students collectively, and as a profession as a whole.

An interviewee commented that 'this is an overly complex environment. If you teach it as a tick-box approach the chances are when a problematic situation arises it will not fit a tick box. If you create an appreciation, a level of principle or put it at a more philosophical level, you stand a much better chance. If you approach it as an ethical issue, that causes you to react in a different way'.

IF THE ORGANISATIONS OF WHICH WE ARE PART ARE TO BENEFIT FROM A WIDE RANGE OF VIEWS AND OPINIONS, TO ACCESS THE RANGE OF TALENTS THAT THEY NEED TO SUSTAIN THEMSELVES, THEN AS ACCOUNTANCY AND FINANCE PROFESSIONALS WE NEED TO LEAD THE WAY.

Appendix 1

Recommended actions for D&I in larger organisations

The approach to diversity and inclusion for any organisation will depend upon several unique factors relating to the nature of the business and its working environment. Accountancy and finance teams can often lead by example. Leading practices are often easier to adopt in these teams than in some others. In this appendix we set out some suggested actions, but these should be applied within the existing organisational culture and structures. Whatever activities are undertaken, they should be handled sensitively in relation to the different cultural and societal norms in each market, if you are working on a global basis.

Strategy and leadership

1. Establish a diversity and inclusion policy which sets out your organisational principles, and then integrate these into all aspects of the employee lifecycle, eg recruitment, reward processes, performance management, leadership assessment and training

Develop a robust business case for diversity and inclusion and why it matters to the organisation. Reflect upon the improvements in decision making and innovation and how these can be applied to the organisation. These should be linked to an employee-centric case that embraces equal opportunity and fairness, a workplace where bias has been mitigated to the greatest possible extent and where individuals can be themselves. Understand the impact of policies on the well-being of employees and develop appropriate strategies.

Understand the aspiration for the organisation across the diversity and inclusion agenda and how success can be measured (see point 10 below).

Ensure that the language that is used across the organisation reflects openness and opportunity for all. Words such as 'ambitious' or 'dominant' may have implications for some applicants that they do not for others, such as expressing social status or class.

Performance management processes need to be based upon visibly equitable treatment for individuals, ensuring that related processes that reward contribution are not open to bias or interpretation. Promotion needs to be visibly on merit.

The language of learning and development needs to reflect diversity. It needs to reflect the ethos of collaboration and inclusiveness. Competency models should embed aspects of diverse behaviours in their performance statements.

2. Review legal and regulatory frameworks

In many countries, the legal and regulatory frameworks protect people from discrimination in the workplace. This can lead to financial penalties that financial professionals should be aware of and understand, not to mention the brand and reputational damage that can be done by non-compliance. Ensure that you are aware of these requirements and consider them as part of the corporate governance and risk-management frameworks. Finance teams need to work closely with human resources and other relevant teams to ensure that any changes in regulatory or other frameworks are embedded.

Culture and belonging

3. Establish a sense of belonging

A sense of belonging for employees is one of the most fundamental aspects of life at work, and through a diverse and equitable culture where opinions are valued without concern as to reprisal or consequence, such that employees can perform at their best. It is a psychological need that must be met for employees to feel connected to their organisation and its objectives. Appreciate that this links strongly to other practices in the organisation, such as setting out a clear purpose and strategy, establishing a clear line of sight between the objectives of the individual and the organisational strategy.

4. Be fair towards all employees

Fair treatment is also another key component. Ensure that salaries and benefits are awarded equitably irrespective of any discriminatory factors. Unfair remuneration leads to resentment and undermines an effective workplace culture, and also carries legal risk.

Create networks that help support individuals (such as employee resource groups and community outreach groups).

Conflict resolution processes need to be collaborative.

5. Focus on innovation and creativity

A focus on creativity is essential to encourage diversity and inclusion in organisations. The sense that any opinion matters and that any idea will be listened to creates a sense of inclusion and respect. Organisations need to reward ideas, encourage innovation and respect agility across the workforce. This culture needs to be strongly aligned to the business goals of the organisation. As an example, finance business partners are often at the heart of the decision-making processes. They should ensure that they embrace diverse opinions in assisting leaders and teams to reach decisions.

6. Support flexibility in the workplace

Recognising the challenges that each generation faces and how they need to accommodate these into their working patterns is essential. As more individuals become carers, as generations seek improvements in work–life balance, so the need for flexibility in the workplace is increasingly essential. Allowing people to work when they are able, while ensuring that their and the organisation's objectives are met, is essential in attracting a diverse workforce.

Responsibilities

7. Lead from the top and hold leaders accountable

As with any component of organisational culture, effective and accountable leadership on the issue sets the tone for the whole organisation. All organisational leaders, irrespective of their function, need to commit to and positively endorse the diversity and inclusion strategy and through their actions be seen as role models and as accountable for when things do not happen quite as they should. Finance leaders are no exception to this. Above all, the leadership needs to be empathetic, applying their emotional intelligence in the context of the digital age. As finance leaders often have roles that enable them to work across the organisation, it is vital that they do not shirk leading this agenda.

The leadership team should communicate and execute a diversity and inclusion component of the business strategy. In so doing it is important to recognise and activate the broad range of diversity in the workplace and recognise the dynamic nature of this agenda. As leaders, they need to ask whether they are tapping fully into the potential of their workforce and, specifically, those in the departments for which they are responsible.

8. Employees' role

The recommended actions for employees are discussed in Appendix 3.

9. Role of support functions such as HR and Finance

These teams should lead and influence the agenda. They need to foster an environment where diversity and inclusion is supported. They should ensure that the policies and procedures are in place to measure and to interpret the results of D&I initiatives against the organisational values.

Measurement and accountability

10. Measure, review and reinforce

Measurement is always an essential part of evaluating the success of any strategy. It is important to review progress regularly using both qualitative and quantitative measures. Employee surveys can be used to evaluate the progress of initiatives and provide feedback on the effectiveness of the culture. Benchmarking against other organisations can provide comparisons that highlight further opportunities. Finance teams in many organisations are the custodians of data from a variety of sources. Ensuring the integrity of the data and that it is free from bias are key skills of the accountancy professional.

Use reinforcement communications to underline progress and actions to further improve the diversity and inclusion agenda.

Consider how external reporting can be used. Finance teams should work with their peers to ensure that they contribute effectively. Increasingly, this does not mean merely reporting against statutory requirements but is an essential part of the relationship with suppliers, customers and other stakeholders. Monitoring and reporting on the human, and social and relationship, capitals is important. This may include measuring gender or ethnicity pay gaps or data about recruitment, promotion rates, compensation, employee attrition and supplier diversity.

Appendix 2

Recommended actions for D&I in smaller organisations

While many of the challenges of pursuing diversity and inclusion are similar for both large and small organisations, the differences in size and availability of resources mean that their approaches differ. In many ways, the dynamic nature of the smaller organisation can create a more favourable environment. Nonetheless, as with larger organisations, the strategies below are indicative, and advice should be sought to ensure that they can be applied to the circumstances of the organisation.

Strategy and leadership

1. Lead from the top

In a smaller organisation the tone set from the top is significant and very noticeable. The ability to articulate why diversity and inclusion matter is important. Often the finance leader has responsibilities that are broader than the traditional accounting remit but may include technology and human resources. As a key leader it is a necessity, therefore, for the finance professional to ensure that all the organisational leaders fully appreciate the issues and concerns of the diversity and inclusion agenda, as well as how this can benefit their organisation and its strategic goals. Diversity and inclusion are not just something for large organisations, they are needed everywhere.

Demonstrating this appreciation through actions and tone is essential.

As the agenda continues to evolve, it is important to stay informed about changes. Leaders should use local networks and online resources to ensure that they are aware of developments and to share practical experiences. There are also many opportunities to attend free webinars to support knowledge sharing and understanding of the challenges.

There needs to be clear leadership of the agenda, including ensuring compliance with legal and regulatory frameworks as they relate to diversity and inclusion. Often in smaller organisations the responsibility for human resource issues ultimately sits with the chief financial officer.

2. Create an understanding of the diversity and inclusion agenda

In the smaller organisation structured programmes are hard to achieve and often lack the impact that can be seen elsewhere. Education is very much at the individual level and it is important to establish a clear understanding of the issues and concerns across the workforce. Mentoring provides an important and effective tool in this regard.

Culture and belonging

3. Make it the norm

Create a culture where diversity and inclusion are the norm and where employees are free to be themselves and know that their contributions and insights are valued no matter what their role or background. They need to know this without having any concerns about reprisal or consequence. Creating accessible workplaces can be more challenging for smaller businesses, yet it is important to recognise how this progresses the inclusiveness of the organisation.

To achieve this requires an effective organisational culture. In the smaller organisation this can often be easier to achieve than in larger ones. Honesty and openness come from personal contact and encouraging that across an organisation will help develop trust and implicit valuing of the opinions of others.

4. Remove barriers

Ensure that you have a robust set of policies that support the modern workplace. Although key-person dependency is often perceived as an issue for smaller organisations, they can also afford to be more flexible about, and accommodating of, the life choices and demands of their employees. Encourage a culture where people have the flexibility to work as appropriate in relation to all their commitments and seek to provide support in these areas.

For smaller organisations the challenges of recruitment are often different from those experienced by larger companies. It is important, however, to apply the same rigour to the recruitment process, from the creation of the role description, through to the recruitment process, that large organisations apply.

5. Align with community partners

Smaller organisations may lack the ability to develop networks that help support individuals. This, however, represents an opportunity to use networks in their communities and to learn from practices in their peers. Often these mutual support groups can be of value across a broader agenda.

Several charities and similar organisations that support aspects of the diversity and inclusion agenda provide resources that smaller businesses can use – often to great effect.

Responsibilities

6. Employees' role

The actions of employees are discussed in Appendix 3.

Measurement and accountability

7. Measure, review and reinforce

As for larger organisations, the ability to measure is important. Organisations in supply chains are increasingly focusing on the ethical practices of their suppliers and therefore it is important to have a robust set of policies and metrics to capture such relevant data as can be practically recorded. The finance community is often involved in the collection and management of the data necessary to support such requests, ensuring that there is one version of the truth and one that is free from bias.

Consider using employee surveys and similar tools, especially where vendors offer benchmarks against other businesses of a similar size, to understand employee sentiment in these areas. Use these to reinforce behaviours and to identify potential issues.

Appendix 3

Personal actions to support this agenda

Diversity and inclusion agendas are most successful if we, as individuals, are committed to them. This commitment is to the principle and is expressed through the actions that we take. Here are some recommended actions that can be taken to support this agenda.

1. Know the diversity goals of the organisation and how these align to the business goals

Ensure that you are aware of your organisation's approach to diversity and inclusion and how this aligns to its business goals. By being aware of the connection to organisational culture you can support, at a personal level, the achievement of the appropriate objectives, both at a strategic and a personal level. Placing the approach to diversity in the context of the business strategy creates a close personal link to your own performance objectives.

Understand your position in the organisation in the context of this agenda. What do your colleagues expect from you? How can you fulfil those expectations? How do these align to the organisational goals?

2. Participate in surveys and discussions as honestly as possible

Only through honest and open feedback can we improve. Where we see issues and concerns, we need to address them. In this way improvements can be made, and issues can be resolved. It is important to contribute to, and be honest in, employee surveys as these often provide the barometer against which the need for future action is judged.

3. Actively engage – become a mentor and / or mentee

Play an active role in the agenda. Having understood the objectives, support others in understanding the journey. Become a mentor or a mentee, engaging with somebody else who can benefit from your perspective. By sharing experiences and being inclusive we can broaden thoughts and develop the consciousness and thinking of the organisation.

4. Take time to appreciate diversity

We work in diverse workplaces. Stand back and take time to appreciate the richness of thought that your peers can bring to the discussion. Understand their diverse backgrounds and cultures. Encourage them to share their life experiences and perspectives. This benefits you in understanding other opinions and insights.

5. Treat people as they wish to be treated rather than how you would wish to be treated yourself

Understand how your colleagues wish to be treated. Each of us has individual needs and forms of emotional satisfaction that we need to have fulfilled in order that we can achieve our full potential. Take time to understand these and learn how your colleagues' requirements can be addressed. They are not the same as you.

6. Speak up

If something is not right, have the courage to speak up. Leaving an issue unaddressed will make the situation worse and the team will suffer.

If you are a leader, ensure that you encourage an open dialogue where the concerns of individuals can be raised, understood, and addressed. Do not be afraid, yourself, to speak up where things are not right.

7. Welcome ideas that are different from your own; support your colleagues

One of the clear benefits of an inclusive workplace is the range of thoughts and ideas that your peers can bring. Ensure that you are open to these ideas. Allow yourself to be swayed and convinced by others' arguments. Ensure that you bring these ideas into discussions. Look for ways to build on ideas by understanding the dynamics of the team and the roles that each of your colleagues plays. Play an active part in ensuring an atmosphere of 'no reprisals'.

Look for the best solution for the organisation, not for yourself.

8. Understand what you can bring to the organisation

Understand your own strengths: what you are good at. Ensure that you use these strengths for the good of your team and that of the organisation as a whole. Place this in the context of your own unique set of characteristics; what perspectives do you have that can provide a unique contribution?

9. Commit to continuous improvement

Use all your experiences as learning experiences. Commit to understanding feedback and seek to improve from it. Listen to the concerns of your colleagues and seek developmental opportunities from these.

Instil in others the need to develop continually. Whatever our background or role, we can always benefit from learning new things.

10. Help others

Help others to understand the impact of diversity on the workplace. Understand that everybody has a different starting point on the journey and different needs. Learn to express your journey in a way that benefits others.

Take opportunities to mentor those in other positions who may benefit from your experiences and guidance.

Appendix 4

Methodology

Survey

The following numbers of ACCA members, affiliates and future members were asked to participate in the survey. These invitations were drawn from the database and were sent only to those who have not indicated that they do not wish to participate in such activities.

■ MEMBERS – 185,169   ■ AFFILIATES – 41,743   ■ FUTURE MEMBERS – 404,259

The number of responses received were as follows:

■ MEMBERS – 3,044   ■ AFFILIATES – 688   ■ FUTURE MEMBERS – 6,290

The responses can be analysed in the following categories:

WORLD REGION										
	North America	Middle East	Asia Pacific	Central & Eastern Europe	South Asia	Western Europe	Africa	Caribbean	Central & South America	Other
Total population	240	511	1,878	575	1,626	2,868	1,911	408	16	13
Employed (survey responses in section 3.2)	197	337	1,073	515	737	2,400	1,467	330	14	8

AGE				
	18 – 35	36 – 55	56+	Unknown
Total population	4,382	3,164	510	1,990
Employed (survey responses in section 3.2)	2,845	2,684	325	1,224

Data on age is based upon the membership and student records held by ACCA and provided by the individuals.

SECTOR								
	Corporate sector	Financial services	Not-for-profit	Public sector	Education	Service sector	Accounting and advisory	Shared Service Centre
Total population	2,330	1,044	440	724	272	499	1,708	128
Employed (survey responses in section 3.2)	2,272	1,005	428	712	250	453	1,529	125

The survey responses, and the data presented in this report, represent the views of those who participated in the survey. It should be noted that it is not asserted that this is a representative sample of ACCA's members, affiliates and future members. Rather, it represents the views of that proportion of the membership who responded to the survey.

No data was collected that enables individual members, affiliates or students to be identified in the analysis of the results.

The survey did not collect data on gender or ethnicity as these were not felt necessary for the purpose of this study. The collection of such data on a global basis may imply biases or opinions that were not considered relevant or acceptable for the purpose of this work.

Roundtables

A series of roundtables were conducted in the following locations. These roundtables involved ACCA members and future members with the addition of some other key ACCA contacts:

- Africa
- Australia
- Asia–Pacific
- Bangladesh
- Canada
- Caribbean
- China
- India
- Middle East
- Republic of Ireland
- Sri Lanka
- United Kingdom

In addition, two roundtables were held that included members of ACCA's Accountants for Business and Technology global forums.

Those who participated in the roundtables were asked to do so by members of the ACCA teams in those localities. They were not selected to be representative of the membership as a whole, but rather constitute a collective of interested parties with informed opinions. These opinions have been taken into consideration, and are included as informed illustrations, throughout the report.

Interviews

Several interviews were held with academics, significant industry figures and other key contacts.

Acknowledgements

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