Becoming a partner in the audit profession

-Does the partner recruitment process discriminate against women?

Master’s thesis within Business Administration

Authors: Sofia Granberg
          Veronica Suneson

Tutor: Karin Brunsson

Jönköping May 2013
We would like to send many thanks to all those persons who have made it possible for us to write this thesis.

First of all we would like to thank our tutor Karin Brunsson for her encouragement and valuable advice.

We would also like to thank the people at PwC, KPMG, Ernst & Young, Grant Thornton and Deloitte for their interviews. They used their time to provide us with valuable information even though it was their busiest working season.

Jönköping, May 2013

Sofia Granberg and Veronica Suneson
Abstract

Master’s Thesis in Business Administration

Title: Becoming a partner in the audit profession - Does the partner recruitment process discriminate against women?

Authors: Sofia Granberg and Veronica Suneson

Tutor: Karin Brunsson

Date: 2013-05-17

Subject terms: Partner recruitment process, Audit profession, Discrimination, Women, Partner, Gender equality

Abstract

The audit profession used to be a profession highly dominated by men (Jonnergård, Stafsudd & Elg, 2010). However, this has changed but there are still few women who reach the highest position, partner. Statistics from 2013 show that female partners represent 13 percent to 20 percent in the five largest audit firms in Sweden (Lennartsson, 2013).

Purpose

The purpose of this thesis is to research if the partner recruitment process discriminates against women within the audit profession. To answer our purpose, we will study the five largest audit firms in Sweden and research how their processes work and what is required to become a partner in these firms. We will do this in order to find out if there are different expectations and preconditions for women and men within the profession. Finally we will examine how the firms work with gender equality.

Data collection

We conducted in total 14 personal semi-structured interviews with board members, audit partners, directors, senior managers, HR personnel and auditors, both men and women. We held interviews in smaller local offices in Jönköping and in the head offices in Stockholm.
Conclusions

We have drawn the conclusion from our research that the partner recruitment process does discriminate against women, however mostly in the form of indirect discrimination. We conclude this because several examples indicate that the recruitment process has weaknesses and that parts of the process are inconsistent and subjective. Further, according to our findings the partner requirements are partly gender labeled and networking gives men advantages within the process. Finally, the most reasonable interpretation is that there are flaws within the gender equality work, which increases the risk that recruiters are unaware of their own biases and could therefore unconsciously discriminate against women.
# Table of Contents

## 1 The audit partner and gender equality

- 1.1 The audit profession in Sweden ................................................................. 1
- 1.2 The career ladder within the profession .................................................. 2
- 1.3 Women in the audit profession ................................................................. 3
- 1.4 The audit partner ....................................................................................... 3
- 1.5 The partner gender distribution ............................................................... 4
- 1.6 Why are few women as audit partners a problem? ................................. 5
- 1.7 Purpose of the research ........................................................................... 6

## 2 Gender equality, discrimination and recruitment

- 2.1 Gender equality ....................................................................................... 7
- 2.2 Discrimination ......................................................................................... 7
  - 2.2.1 Network effects .................................................................................. 8
  - 2.2.2 Institutional and statistical discrimination ........................................... 8
- 2.3 Recruitment ............................................................................................. 9
  - 2.3.1 Competence recruitment .................................................................... 9
  - 2.3.2 Decision-making .............................................................................. 9
- 2.4 Eleven steps to a gender equal recruitment process .................................. 10
  - 2.4.1 Gender equality plan ......................................................................... 10
  - 2.4.2 Recruitment group ............................................................................ 10
  - 2.4.3 Profile of demands ............................................................................ 10
  - 2.4.4 Recruitment channels ........................................................................ 11
  - 2.4.5 Leader recruitment ............................................................................ 11
  - 2.4.6 Advertising ....................................................................................... 11
  - 2.4.7 Interviews ......................................................................................... 11
  - 2.4.8 Evaluation ........................................................................................ 11
  - 2.4.9 Hiring decision .................................................................................. 11
  - 2.4.10 Assessment ..................................................................................... 12
  - 2.4.11 The goal .......................................................................................... 12
- 2.5 Summary gender equality, discrimination and recruitment ...................... 12

## 3 Data collection and data analysis

- 3.1 Interviews .................................................................................................. 13
  - 3.1.1 Thematization ................................................................................... 13
  - 3.1.2 Planning ............................................................................................. 13
  - 3.1.3 Interview ........................................................................................... 14
  - 3.1.4 Printing .............................................................................................. 14
  - 3.1.5 Analysis ............................................................................................. 14
  - 3.1.6 Verification (generalizability, objectivity, reliability and validity) .......... 14
  - 3.1.7 Reporting .......................................................................................... 15

## 4 Empirical findings from interviews

- 4.1 The partner recruitment process ............................................................. 16
  - 4.1.1 Career development and coaching ................................................... 17
  - 4.1.2 What is a partner? ............................................................................. 17
  - 4.1.3 Ownership structure ........................................................................ 17
Table of contents

Figures
Figure 1 - Auditors in Sweden 1975 - 2012. .............................................................. 2
Figure 2 - Number of partners within the five largest audit firms in Sweden, 2013. . 3
Figure 3 - Percentage of female partners within the five largest audit firms in Sweden. .............................................................. 4

Tables
Table 1 - Interviewees .................................................................................................. 16
Table 2 – Interviewees’ thoughts about advantages in the audit profession........... 24
Table 3 – Interviewees’ thoughts about disadvantages in the audit profession ...... 25

Appendix
Appendix 1 – Interview questions to partners......................................................... 43
Appendix 2 – Interview questions, not for partners................................................ 45
I The audit partner and gender equality

Gender equality is a hot topic internationally, in the western world and in Sweden. One debate regards generating more professional women to senior positions in the business world. Gender-based labor market segregation in the European Union is rather high (EGGE, 2009) and the labor market in Sweden is gender segregated both when it comes to horizontal segregation and vertical segregation. Horizontal segregation means a division of male and female dominated labor (SOU 2004:43). However, this thesis focuses on the vertical segregation, which means that men are still overrepresented at top positions (SOU 2004:43).

The audit profession has changed during the last 100 years (Öhman & Wallerstedt, 2012). It used to be a profession highly dominated by men (Jonnergård, Stafsudd & Elg, 2010). However, today the profession hires even more women than men (Deloitte, KPMG, GT, personal communication, 2013-02-22, 2013-03-11 and 2013-03-05). Even so, women are still underrepresented at the top positions, as partners. Statistics from 2013 show that female partners represent from 13 percent to 20 percent in the five largest audit firms in Sweden (Lennartsson, 2013). There is an extensive recruitment process to become partner and we have not found previous studies regarding if the partner recruitment process discriminate against women. It will therefore be the focus of this thesis. We will study the five largest audit firms in Sweden, which are KPMG, PwC, Grant Thornton (GT), Ernst & Young (E&Y) and Deloitte (Affärsvärlden, 2011). All researched firms work and operate internationally, which means that they have offices around the globe. In this way, this thesis will contribute to the current discussion.

I.1 The audit profession in Sweden

Auditing is the inspection of accounting records and documents by independent accounting specialists (Global Britannica, 2013). The auditor’s responsibility is to express an opinion about firms’ financial statements, if they follow generally accepted accounting principles and if their financial position and results are fairly presented (Global Britannica, 2013).
The audit partner and gender equality

During the 20th century, rules and regulations developed the meaning and function of the audit profession, which became more standardized and led to an increase in the number of auditors. One important restriction was introduced in 1983, in the Companies Act, requiring that each limited company should have an auditor. This restriction increased the number of auditors significantly (Öhman & Wallerstedt, 2012). As we can see in Figure 1, Sweden had 2331 auditors in 1983, which increased by 93 percent to 4495 auditors in 1997. Since 1997 up to 2012, the number has dropped slightly, with about 11 percent, to 3984 auditors (Revisorsnämnden, 2012).

1.2 The career ladder within the profession

The five largest audit firms in Sweden based on revenue, number of employees, and number of auditors are Deloitte, E&Y, PwC, KPMG and GT (Affärsvärlden, 2011). When working in any of these audit firms, the career paths are often clearly structured in a career ladder (Jonnergård et al., 2010). The steps differ slightly between the firms but are generally as follows: assistant, senior, manager, senior manager, director and partner (Deloitte, Personal communication, 2013-02-20). According to Jonnergård et al. (2010), the most important skill in the first steps is to have technical knowledge, but it is also important to have the ability to work in groups. Further, the higher the employees
climb on the ladder, the more important it becomes to have managerial skills and talent to attract and handle clients. Expectations from the audit firms are that every second or third year, employees should reach a higher level (Jonnergård et al., 2010). Partnership is the highest step on the ladder (PwC, 2013, KPMG, 2013).

1.3 **Women in the audit profession**

Previously women have been a minority in the audit profession, but now more women than men are being hired. In Deloitte, KPMG and GT, the number of new female recruits range from 59 percent to 68 percent (Deloitte, KPMG, GT, personal communication 2013-02-22, 2013-03-11 & 2013-03-05). PwC and E&Y did not want to share this information. More women are also becoming approved and authorized auditors (Revisorsnämnden, 2010, 2013). In order to become an approved or authorized auditor the audit assistants need to be qualified and pass an exam, which they can take at earliest after they have been working for 3 or 5 years (FAR, 2013). In 1999 the number of female approved and authorized auditors was 26 percent and in 2013 the number had increased to 33 percent (Revisorsnämnden, 2010, 2013). In Deloitte, KPMG and GT, women are represented from 28 percent up to 34 percent as senior managers and directors (Deloitte, KPMG & GT, personal communication 2013-02-22, 2013-03-11 & 2013-03-05). PwC and E&Y did not share this information.

1.4 **The audit partner**

![Figure 2 - Number of partners within the five largest audit firms in Sweden, 2013.](Lennartsson, 2013)
The audit partner and gender equality

Figure 2 shows the ratio of men to women in partnership positions among the five largest audit firms in 2013 in Sweden. Becoming a partner in an audit firm also makes you an owner (Elg & Jonnergård, 2011). According to Swedish law, auditors must own 75 percent of the voting shares within audit firms (Accountants Act 2001:883, 14:2). However, there are also partners within other business areas such as tax and advisory services (PwC, personal communication, 2013-02-21). Since becoming a partner is the highest step on the career ladder it implies many benefits, but also larger responsibilities. Owners get a ‘piece of the cake’, share dividends, however their responsibilities include finding new clients and raising money for the firm (Deloitte, E&Y, Grant Thornton, personal communication, 2013-03-13, 2013-02-19/21).

1.5 The partner gender distribution

![Percentage of female partners within the five largest audit firms in Sweden](image)

Figure 3 - Percentage of female partners within the five largest audit firms in Sweden.

As we can see in figure 3, the percentages of female partners in the audit firms varied from about 13 percent to 20 percent in 2013. Between 2005 and 2010, the percentages increased dramatically in all firms, except for KPMG. However, after 2010, the increas-
The audit partner and gender equality

es have not been as significant, except for KPMG, which had an increase of about 52 percent during the last three years. The increases in number of women between 2010 and 2013 are: three (Deloitte), two (GT), one (E&Y), seven (KPMG) and three (PwC) (Låg andel kvinnliga delägare, 2005; Få kvinnliga delägare på storbyråerna – men allt fler kvinnor blir chefer, 2010; Lennartsson, 2011, 2012, 2013).

1.6 Why are few women as audit partners a problem?
A gender segregated labor market has many negative consequences for individuals, companies, and society (SOU 2004:43):

· **Individual consequences**: There are individual consequences when women are referred to employments with lower salary, work conditions, career- and development possibilities and also when women or men are not considered for certain employments (SOU 2004:43).

· **Consequences for companies**: There are consequences for companies when a gender segregated labor market makes it more difficult to match the right people with the right employment and if companies only make recruitments out of known recruitment groups they will not always get access to the best labor (SOU 2004:43).

· **Consequences for society**: When society is not taking maximal benefit of resources it hinders economic efficiency and growth. One example of this is when investments in education do not result in employment because of gender (SOU 2004:43).

As mentioned, this research focuses on the vertical gender segregation, which is one part of the problem with a gender segregated labor market. We focus on the audit profession in this research, since men are overrepresented as partners. Linghag (2009), states that with a male dominance at higher positions, women and men have unequal conditions in society. Men have more power to influence work conditions, life situations and social development (Linghag, 2009).

In the five largest audit firms in Sweden there are between 13 percent and 20 percent female partners in 2013 (see figure 3). Four of these firms have selected on average one female partner each year, assuming that few women have retired. We assume this, be-
cause according to one partner almost all partners over 55 years old are men, since the profession has been male dominated (GT, personal communication, 2013-02-21). The audit firms select between 3 and 20 partners every year (E&Y, Deloitte, KPMG, GT, PwC, personal communication, 2013-02-19/20/21) and if only about one of them is a woman, the total number of female partners will not change significantly in the near future. This despite the fact that it seems to exist a basis for the selection, since they have about 30 percent women at senior manager and director level. Previous research has reached the conclusions that family formations and male networks are some explanations to why women do not reach higher positions in the audit profession. However, we have not found previous research that has investigated if the partner recruitment process discriminates against women, and according to the Equal Opportunities Ombudsman (2006), hereafter called EOO\(^1\), few researches have focused on gender equality within recruitment.

### 1.7 Purpose of the research

The purpose of this thesis is to research if the partner recruitment process discriminates against women within the audit profession. To answer our purpose, we will study the five largest audit firms in Sweden and research how their processes works and what is required to become a partner in these firms. We will do this in order to find out if there are different expectations and preconditions for women and men within the profession. Finally we will examine how the firms work with gender equality.

---

\(^1\) The Equal Opportunities Ombudsman, EOO, was a Swedish governmental agency until 2008 that was ensuring that the Swedish Equality Act was complied. It changed to Equality Ombudsman in January 2009, and is now a Swedish governmental agency whose duty is to work for equal rights and opportunities for people.
2 Gender equality, discrimination and recruitment

This section will explain existing theories regarding recruitment that will help us analyze our empirical findings later in the thesis. It will contain the following: gender equality, discrimination and a part about recruitment. This section will also present an eleven-step plan from Equal Opportunities Ombudsman, EOO, which can guide organizations’ recruitment processes in order to make them more gender equal.

2.1 Gender equality

Gender equality is a popular research area. According to Oakley (2000) ‘the glass ceiling’ is often used as a term to describe gender biases in the form of invisible barriers that prevent women from reaching higher positions within organizations. These barriers exist within corporate practices and have behavioral and cultural causes, which include gender imbalances within recruitment and promotion, gender-stereotypes and networks (Oakley 2000).

One theory is that gender inequalities exist because of structural orders in our society, a theory that is supported by Holgersson (2003) and Elg and Jonnergård (2011). According to EOO (2006) norms for leadership are close to the norms for manhood, which create expectations that leaders should be men. Elg and Jonnergård (2011) have reached the conclusion that coordinating work and family can be a problem that may hinder career advancement within the audit profession. This is because the profession requires auditors to work long hours as well as keeping a close contact with clients. In an article from the magazine Balans (Halling, 2005), Holgersson, an associate professor within gender, organization and management, says that time and new generations are not enough to solve the issue of gender inequality. Instead people need to work actively for a change to happen.

2.2 Discrimination

In Sweden it is illegal to discriminate against candidates based on gender and other categories such as religion and age, in recruitments (Discrimination Act, 1:4 & 2:1). Discrimination is about treating people in negative ways as a result of legal frameworks, norms and power structures in society. Although it does not need to be intentional
Gender equality, discrimination and recruitment

(Equality Ombudsman, 2012\textsuperscript{a}) since discrimination could be both direct and indirect (Discrimination Act, 1:4). Many researchers have pointed out that discrimination is a fundamental part of recruitments, since people are always selected respectively deselected (Equality Ombudsman, 2012a). Neergaard in a report by the Equality Ombudsman (2012a) states that recruitment processes are often seen as linear processes, which end up with the best person landing the job, while in reality rules and routines within the processes can affect people in different ways, which may be discriminatory (Neergaard in Equality Ombudsman, 2012a). Rydgren (2004) divides discrimination into three different types, which he identified as especially important, these are: Network effects, institutional discrimination and statistical discrimination.

2.2.1 Network effects
According to Rydgren (2004), Bolander (2002), Holgersson (2003), Elg and Jonnergård (2011) it is easier to build an informal network consisting of your own gender, because people tend to connect with persons similar to themselves, so called homophily. It becomes discriminating when persons outside the networks are excluded (Rydgren, 2004). ‘Old boys’ network’ is a name for male networks and informal social systems, which exclude women and less powerful men (Oakley 2000). Elg and Jonnergård (2011) state that sauna, sport and restaurant visits develop and strengthen the male dominance within these networks. When you are a member it is easier to achieve information and influence (Elg & Jonnergård, 2011). Recruitment sometimes develops from relationships with the members of such networks instead of looking at merits (Rydgren 2004; Taylor 2000; Elg & Jonnergård, 2011).

2.2.2 Institutional and statistical discrimination
Rydgren (2004) states that institutional discrimination exists within organizations when certain rules, instructions or requirements affect certain groups more than others. In this way discrimination can become a part of the recruitment process and not only be limited to solitary actions (Equality Ombudsman, 2012a). Statistical discrimination is about treating others based on prejudices and stereotypical images of certain groups. In this

\textsuperscript{a} Equality Ombudsman, previously the Equality Opportunities Ombudsman, is a Swedish governmental agency whose duty is to work for equal rights and opportunities for people.
way, people are discriminated since their own personal characteristics are neglected and instead generalized with the groups’ characteristics (Rydgren, 2004).

### 2.3 Recruitment

A formal, objective and transparent recruitment process could minimize the risk for gender bias and discrimination in recruitments (Brink, Benschop & Jansen, 2010; Bolander 2002). Most research about gender equality in recruitment regards gender quotas, however gender quotation is not an approved method by the Swedish Discrimination Act and few conclusions have been drawn regarding the outcomes of these studies (Equality Ombudsman, 2012a,b).

#### 2.3.1 Competence recruitment

According to the Swedish Discrimination Act the employer should encourage an even gender distribution through education and competence development (Discrimination Act 2008:567, 3:8). To be able to recruit people without discriminating, a clear and well-documented recruitment process is necessary (Lindelöw, Löfgren, Persdotter, Engblom & Gunnerud, 2012). Recruitment based on competence is about clearly defining which competences that are required. It is a structural recruitment method that only lets competences guide the recruitment process (Lindelöw et al. 2012, Broomé, Ljungberg, Rönnqvist & Schölin, 2006). However, Holgersson (2003) and Bolander (2002) found that a problem within recruitment is that there are vague conceptions about what a competence is, which makes it difficult to formulate relevant selection criteria.

#### 2.3.2 Decision-making

Brink et al. (2010) state that a decision is transparent when people inside and outside an organization can access information about how decisions are made. This will make them accountable for their performance and policies (Brink et al., 2010). However, there exist several problems with decision-making (March, 1987). One problem is conflict of interests, meaning that different individuals or groups want different things, which could lead to initiatives to change or modify information in favor of certain interests (March, 1987). According to Page (2009), people are biased. Page states that both conscious and unconscious biases affect people’s decisions. People are affected by their initial knowledge and motivations when they search for information, evaluate information, and also how they remember information (Page, 2009; Kahneman, 2003). Ross (2008)
states that people make decisions every day that might favor one specific group or person, without being aware of it.

2.4 Eleven steps to a gender equal recruitment process
Equality Opportunities Ombudsman\(^3\) (EOO, 2006) has an eleven-step plan that can guide organizations’ recruitment processes in order to make them more gender equal. These steps are: gender equality plan, recruitment group, profile of demands, recruitment channels, leader recruitment, advertising, interviews, evaluation, hiring decision, assessment and finally the goal.

2.4.1 Gender equality plan
In the gender equality plan, the employer should specify goals regarding gender equality and methods how to reach these goals. A minimum goal should be 40/60 percent (EOO, 2006), which means that it should be at least 40 respectively 60 percent of each gender on all work tasks and positions (Equality Ombudsman, 2009). One way to accomplish gender equality goals is affirmative action. There exist clear guidelines on how to use affirmative action; all applicants still need to be considered, merits need to be measured by clear and transparent criteria, it should be related to the goals, and the differences in merits should not be significant (EOO, 2006).

2.4.2 Recruitment group
By having both women and men included in the recruitment group it increases the chance that all applicants are evaluated on fair and equal terms. There will also be a smaller risk that gender stereotypical decisions will affect the recruitment. In addition, the people working with recruitment need to be educated about the Equality Opportunities Act\(^4\), the gender equality plan and other policies attached to them (EOO, 2006).

2.4.3 Profile of demands
There should be a clear and gender-neutral profile of demands. Specifications that could be discriminatory should be avoided. Vague expressions such as ‘social competence’ and ‘flexibility’ should be discussed beforehand, so that everyone has the same defini-

---

\(^3\) The Equal Opportunities Ombudsman, EOO, was a Swedish governmental agency until 2008 that was ensuring that the Swedish Equality Act was complied. It changed to Equality Ombudsman in January 2009.

\(^4\) Now changed to the Discrimination Act (Equality Ombudsman, 2012b).
tions. Previous coworkers should not be used as role characters, because then the positions become gender labeled (EOO, 2006).

**2.4.4 Recruitment channels**
Recruitment channels should be evaluated and chosen in a way so that it will provide the best selection. To recruit based on personal networks is unlikely to result in the best competence and is often discriminatory. Other actions are: Mentorships, work rotation, individual work and development plans (EOO, 2006).

**2.4.5 Leader recruitment**
When it comes to leader recruitment most promotions are through internal advancement or by headhunting leaders. This mainly benefits men, although a structural and open process could change this. It could also be beneficial to be more open about promotion systems and let individuals apply themselves, since it will increase the chance to find the right candidates. The recruiters also need to be educated in gender equality and be able to take look at their own judgments with a critical eye (EOO, 2006).

**2.4.6 Advertising**
The formal demands for the job should be described in gender-neutral terms and not request characteristics generally associated with a certain gender (EOO, 2006).

**2.4.7 Interviews**
The goal should be to interview as many as possible of the under-represented gender. Questions with personal character should be avoided if not necessary, since these kinds of question increase the risk of discriminating candidates (EOO, 2006).

**2.4.8 Evaluation**
The original profile of demands should be kept and new requirements should not be invented in the midst of the process. The recruitment group should be aware that women and men present their qualifications differently. Qualifications should therefore be evaluated gender neutral and to the point (EOO, 2006).

**2.4.9 Hiring decision**
Before the hiring decision is made, the gender equality plan should be checked in order to make sure that it has been followed. Applicants from the under-represented gender
Gender equality, discrimination and recruitment

with equivalent merits should be prioritized if it has been decided to do so in the gender equality plan (EOO, 2006).

2.4.10 Assessment
The recruitment process should be assessed when it is finished. To find out if it went according to plans and if someone from the under-represented gender was hired. If not, factual reasons should be able to explain why, both to the applicants and to the trade unions. New goals for an updated plan should be formulated based on previous experiences (EOO, 2006).

2.4.11 The goal
According to EOO (2006), by following these steps, there is a good chance to reach the goals of a more gender equal workplace. This will affect the gender development in society and attitudes within and outside the workplace.

2.5 Summary gender equality, discrimination and recruitment
To summarize, according to Lindelöw et al. (2012) and Broomé et al. (2006) recruitment based on competence is about clearly defining which competences that are required. However decision-making is not always rational; it can often be affected by conflicts of interests as well as conscious and unconscious biases. It is illegal to discriminate against people because of their gender (Discrimination Act, 1:5). Discrimination can take many forms, such as network effects, institutional and statistical discrimination (Rydgren, 2004). According to EOO (2006) norms for leadership are close to the norms for manhood, which create expectations that leaders should be men. In an article from the magazine Balans (Halling, 2005), Holgersson says that time and new generations are not enough to solve the issue of gender inequality. EOO (2006) has an eleven-step plan that can guide organizations’ recruitment processes in order to make them more gender equal. These steps include having a minimum goal of 40 percent of each gender. The profile of demands should be clear and gender neutral and the recruitment channels should not consist of informal networks. When recruiting leaders there should be a structural and open process and the recruiters should be educated in gender equality. New requirements should not be added during the process. In the end, before the hiring decision is made, the recruiters should check the gender equality plan to make sure that it has been followed (EOO, 2006).
3  Data collection and data analysis

The purpose of this thesis is to research if the partner recruitment process discriminates against women within the audit profession. However, information regarding the firm’s partner recruitment processes has been very limited. We have not been able to receive documents or other material that describes the processes. The requirements and other information are not published on the firms’ web pages other than in vague descriptions. Therefore, the only possible way to receive information has been through interviews.

3.1  Interviews

With interviews as a qualitative research method, non-standardized interviews are preferred (Saunders, Lewis & Thornhill, 2007). We have conducted semi-structured interviews in accordance with the following ‘Seven stages’ from Kvale (1997): thematization, planning, interview, printing, analysis, verification and reporting.

3.1.1  Thematization

According to Kvale (2007) the questions ‘what’, ‘why’ and ‘how’ need to be answered. In order to answer these questions, our purpose, research and our interviews have been circling around the themes ‘partner recruitment process’ and ‘gender equality’.

3.1.2  Planning

Since information regarding the process is sensitive, we have not been able to look at documents or requirements regarding the recruitment processes. We have only been told that they exist. However, the interviewees have been willing to discuss the processes on the condition that they remain anonymous. We conducted in total 14 personal interviews with 8 men and 6 women from the five largest audit firms in Sweden, with at least 2 interviewees from each firm. It is possible to become a partner within different areas within auditing firms, but we have focused on the recruitment of audit partners, since this is the largest group.

We interviewed board members, audit partners, directors, senior managers, HR personnel and auditors. Since the interviewees work at different levels within the firms, it enabled us to understand different angles of the recruitment processes and to see if they are transparent. By conducting interviews we have been able to discuss underlying reasons
for selecting certain partner candidates and we have also had the chance to discuss unexpected answers. We held interviews in smaller local offices in Jönköping and in the head offices in Stockholm. Since the partner recruitment processes are mainly implemented in the head offices, we did not find it necessary to conduct interviews in more cities. The respondents were given the questions beforehand, but we also had follow-up questions. Further, interesting topics from previous interviews were added as questions for the later ones.

### 3.1.3 Interview

Interviews were conducted according to interview guidelines from Kvale (1997). The time frame for the interviews was about an hour. The questions varied depending on what employment the interviewees had and their knowledge about the partner recruitment process.

### 3.1.4 Printing

Each interview was recorded and transcribed into 7 to 8 data pages of interview material.

### 3.1.5 Analysis

We did a primary analysis of our perceptions from the conversation within one hour after each interview in order to make it as accurate as possible. After we had transcribed the interviews we also made a second analysis of what had been said, about a day after. We have analyzed the statistical data from 2005 to 2013, but our own empirical data, the interviews, were conducted during four weeks and we have therefore not been able to observe changes over time regarding them.

### 3.1.6 Verification (generalizability, objectivity, reliability and validity)

In some cases we have argued for generalizability regarding the five researched audit firms. However, since our study only has 14 respondents generalizability is not always possible, instead tendencies have been drawn. We, as researchers, are biased and affected by personal emotions and experiences during interviews and during our entire research, which make total objectivity and reliability impossible to obtain. In order to ensure validity, all interviews were transcribed and sent to the interviewees that wanted to
approve them. Some small changes were made, primarily changes of phrases and numbers to make the firms more anonymous and to correct mistakes. One tendency when discussing ‘sensitive’ topics such as gender equality is that people tend to answer ‘politically correct’ and the information we have been given is also biased. We have therefore questioned responses and double-checked information given.

3.1.7 Reporting

The thesis is reported according to given guidelines. The interviews were made in Swedish and translated into English and therefore translation errors could occur.
Empirical findings from interviews

4 Empirical findings from interviews

The purpose of this thesis is to research if the partner recruitment process discriminates against women within the audit profession. To answer our purpose, our empirical findings are divided into four parts: the partner recruitment process, what it takes to become a partner, women versus men in the audit profession and finally gender equality within the firms. These parts describe how the processes work and what is required to become a partner in order to find out if there are different expectations and preconditions for women and men within the profession. In the last part we will examine how the firms work with gender equality.

This entire section will consist of answers from our interviews. Table 1 presents our 14 interviewees from the five largest audit firms in Sweden; they can be included in more than one category.

<table>
<thead>
<tr>
<th></th>
<th>In Total</th>
<th>Director/ Senior Manager</th>
<th>Auditors</th>
<th>HR Personnel</th>
<th>Audit Partners</th>
<th>Current and previous members within the board and management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong></td>
<td>6</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td>8</td>
<td>2</td>
<td>8</td>
<td>0</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14</td>
<td>3</td>
<td>13</td>
<td>3</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

4.1 The partner recruitment process

In this section, we will present the interviewees’ answers about the partner recruitment processes. We will first describe the audit career, what a partner is and the ownership structure. Then the partner recruitment process is described with the following headlines: different ways to partnership, partner nomination and discussion, candidate board and partner involvement and how transparent the processes are. Finally, we present changes over the recent years. A summary will follow in the end.
4.1.1 Career development and coaching
The audit firms have clear career steps with slight variations across the firms: assistant, senior, manager, senior manager, director and finally partner. Promotions are based on how well the requirements are met on each step and work roles change with advancement. All the firms have coaching on all levels, with formal and informal discussion regarding short and long-term goals. Coaching is important in order to find potential partner candidates and it also helps them prepare for the partner position. Three of the firms have a ‘360’ or ‘upward feedback’, which basically means that the employees receive evaluations from coworkers at different levels in the firm. One female partner said that they also have tests that point out personal characteristics, conducted by external parties. Partners from different firms put different emphasis on the importance of these evaluations; one partner stressed that they are important when deciding partner candidates. Partners are evaluated on growth, result improvement, business development, client volume and client experience.

4.1.2 What is a partner?
Partners are owners and have responsibilities to create business for their firm. They have no fixed remuneration; instead they share the profit with the other owners. Sweden consists of many small and medium sized companies. This means that partners can be responsible for 5 large companies or 150 small companies and still make the same profit, explained one female partner. Partners have leadership responsibilities since they are expected to lead teams and drive the firm forward. One partner described the role as “running your own gas station”, another partner described it as “sharing your wallet”.

4.1.3 Ownership structure
All researched firms work and operate internationally, which means that they have offices around the globe. However, the ownership structures are divided nationally. This means that Swedish partners are only owners of the Swedish firms, except for one firm that has 9 percent of its ownership in England. The different firms have different business models regarding their partner structures. This means that the number of partners is related to the number of employees, around 10 percent become partner. One firm has a strategy to have many partners in order to make the partner position more attainable. Another firm has actively decreased the number of partners within the last ten years from about 200 to 100 partners. This change made it more difficult to become partner
because of stricter requirements. With fewer partners, the existing partners will also have a greater responsibility to make profit, but they will receive a larger share of the profit, in form of share dividends.

Two of the firms have different levels of ownership. This means that partners can own different amounts of shares, depending on position and responsibilities. One of these firms also has two different types of partners; salary partners and regular partners. Salary partners have no ownership in the firm, but they work as partners and participate in partner meetings. The goal for salary partners is to become a regular partner after three years. This firm also up- and downgrades partners regarding number of shares and it happen yearly that partners have to leave their partner position. There is a possibility to be up- and down- graded in the other firms as well, but it does not happen on a regular basis.

The firms select between 3 and 20 partners every year. The number of selected partners may vary and it depends on aspects such as: retirements, business growth, ownership structure, competency areas and the market. All the firms have a yearly intake of new partners, which is important in order to continue to develop the businesses. One partner emphasized that if they do not make skillful employees partners, their entire business model brakes down.

### 4.1.4 Different ways to partnership

All firms argue that they have solid and structured partner recruitment processes. Four of the firms mostly recruit partners internally. The fifth firm recruits both internally, aggressively from competitors and by purchasing small audit firms where the existing owners become partners. When recruiting from competitors, this firm often promises the new recruits that they will become partner within a two-year period without going through the whole process. One partner in this firm said that they also have three different ways to partnership within the firm; the two most important ones are business volume and leadership. The third way is to become a specialist, but this also requires business volume. Interviewees from the other four firms have not discussed different ways to partnership; they have instead focused on business volume.
4.1.5 Partner nominations and discussions

All of the firms have a ‘pipeline’ where possible partner candidates are discussed. The candidates are in the pipelines between 1 and 3 years depending on the firm, one firm even discusses candidates up to 5 years. This means that if a candidate does not qualify one year, he or she is often up for discussion in the coming years. The nomination process starts in the fall and the candidates are selected as partners in the partner meetings in the beginning of the summer. Several of the partners have described that the firms have different needs over time and they therefore look at partner candidates within certain business area. In two of the firms the business area managers nominate partners candidates from the senior manager/director level. In the other three firms the office managers together with existing partners make the nominations. In one of the firms the employees can also nominate themselves.

During the process the candidates are subject to continuous discussions by benchmarking groups, market area managers, specialists in each business area, the management and also by existing partners. These persons have often worked with the candidates in some way. The discussions are about whether the candidates can contribute, personal characteristics, key ratios, social aspects, if they have a business case and are ready. In some cases the person who has made the nomination has to back the candidate in qualified discussions. One partner said that the criteria from the board sometimes change during their partner recruitment process.

4.1.6 Candidate, board and partner involvement

Three of the firms involve the candidates during the partner recruitment process, one firm does not involve them at all and one firm did not discuss the topic. One of these firms sends the candidates to a development center in England, where they participate in role-plays with real actors and psychologists. They are evaluated on how well they handle stressful situations as well as staged client meetings and appraisals. Another of these firms involves their candidates in a partner panel discussion, where the candidates have to motivate why they should become partner. In the last of these three firms, the candidates make an extensive application; where they explain their partner vision, describe what they have done in the past and how they cooperate with their coworkers. All firms involve their board in the partner recruitment processes. The board makes the final selections of the partner candidates. At the end of the firms’ fiscal years all firms then
Empirical findings from interviews

have a partner meeting, where they formally select the new partners. One firm also displays the candidates on an international network in order to let international partners express their opinions. However they rarely have any comments.

4.1.7  Transparency
One partner said that transparency is good but it may be difficult to obtain since competitor firms are not supposed to find out details about their partner recruitment process. All firms have clear descriptions about how to advance within the firms. However information about how to become a partner is held more secretly, according to interviewees from four firms. Three firms let the candidates know that they are discussed in the recruitment process, but not how far they have come. Another firm informs the candidates at a later stage. One partner said that the requirements to become partner are rather fuzzy for the employees; there is no ‘to-do-list’. A senior manager said that abroad they have handbooks such as ‘How to become a partner’. Another partner said the partner recruitment process is not clear, since many candidates may be qualified but only a few get selected.

4.1.8  Changes in the recent years
Interviewees from two of the firms said that increased global involvement has affected their partner recruitment processes. However, there have been few changes during the last ten years, according to many of the interviewees. Nonetheless interviewees from three firms said that their process has become more organized and structured during the last 10 to 20 years and one partner said that it has become more difficult to become partner today. Another partner said that his firm was like ‘High Chaparral’\(^5\) when he started.

4.1.9  Summary: partner recruitment process
All employees have coaching, which is important in order to find potential partner candidates and it also helps them to prepare for the partner position. Partners do not have a fixed remuneration instead they share the profit with the other owners. The firms have different strategies regarding the number of partners, all firms select between 3 and 20 partners every year. The number depends on aspects such as retirement, business

\(^5\) High Chaparral is a western inspired theme park located in south of Sweden.
Empirical findings from interviews

growth, ownership structure, competence areas and the market. Four of the firms stated that they mostly recruit partners internally. The fifth firm however recruits both internally, aggressively from competitors and by purchasing small firms.

The candidates are discussed from 1 to 3 years before getting selected. The business area managers make the partner nominations in two of the firms. In the other three firms, the office managers together with existing partners make the nominations. In one of the firms the employees can also nominate themselves. In some cases, the person who has made the nomination has to back the candidate in qualified discussions. In the end, the boards make the final decisions and the candidates are formally selected as partners in the partner meetings. How to become a partner is not described clearly for the employees. Three firms let the partner candidates know that they are discussed early in the process and one firm informs the candidates at a later stage. One partner said that the criteria from the board sometimes change during their partner recruitment process.

4.2 What it takes to become a partner

In this section, we will present the interviewees’ thoughts about the requirements to become a partner in order to find out if there exist different preconditions for women and men within the profession. These requirements include: time, business volume, personal characteristics and experience and potentials. A summary will follow in the end.

4.2.1 Time

All the firms explained that partners have to invest a lot of time in their work. One partner said: “We might be bad role models since we work a lot, you either have to work hard or be very intelligent; the board members are often both”. Another partner discussed working hours at a competitor firm: “They require that you work around 1900 hours, which represent 300 hours overtime. Becoming a partner means a lot of stress and it is not possible to work for example 70 percent”. A third partner said that he does not want employees to work too much overtime. However he also said that: “I live with the clients, I work around the clock and cannot turn off my phone.”

4.2.2 Business volume

Client and business volume can be obtained in two ways; either the employees can obtain it by themselves or through other persons, often both ways are needed. One exam-
Empirical findings from interviews

...ple is through heritage, where the retiring partner takes the decision, sometimes with the office manager according to interviewees from three firms, about who should inherit his or hers clients. One retiring partner said that his choice had to do with whom he liked but most important was that he chooses someone that his client would like or has previously worked with.

The firms have different goals regarding business volume for partners. In one firm, every partner should have a business volume of around 15 million SEK. Two firms do not have specific goals. However, interviewees from these firms said that it is still important to see potential regarding business volume, but it is not always the auditor with many clients who has obtained them. A fourth firm focuses on privately held businesses and therefore has a lower demand on business volume. One partner said that he has about 230 commissions with a business volume of around 10 million SEK in total. He also said that auditors for large corporations have more business volume than auditors for smaller companies, since one big commission can result in 20 million SEK. A senior manager in another firm said that it is easier to become partner in the larger offices since they often have larger corporations as clients.

4.2.3 Personal characteristics

Not everyone can become partner according to most of the interviewees since not everyone has the ambition or the capability. Two board members said that obtaining new clients is often what is missing. One partner said that if an employee has bad reviews from coworkers, that person could never become a partner. It is difficult to pretend to be someone you are not since auditors could work in 10 to 15 teams where they are responsible for many different clients, according to another partner. A female board member said that they look for a superman/woman who does not exist. According to the interviewees, to be able to become a partner the candidates need to have all the following four personal characteristics and show excellence in at least one of them:

- **Technical skills**: Quality and knowledge about the work.
- **Leadership**: Be able to lead and develop the firm and coworkers.
- **Social competence**: Make an impact, create trust and build networks with clients and coworkers.
- **A business mindset**: Obtain clients to all business areas.
Empirical findings from interviews

In addition to the above characteristics, the following are also important:

- **Role model**: Be a role model for others
- **Independence**: Take initiatives and solve problem by your own.
- **Strive for improvement**: New thinking, curiosity and innovation.
- **Fearless**: Take on new responsibilities and clients.
- **Responsiveness**: Listen, consult and understand clients.

To summarize, in order to become a partner the most important personal characteristics are technical skills, leadership qualities, social competence and to have a business mindset. However, it is also important to be a role model, be independent, strive for improvement, be fearless and to show responsiveness towards clients.

### 4.2.4 Experience and potentials

All firms think experience is important, which means that employees should have worked for about 10 years within the firm in order to be ready for partnership. One partner stressed the importance of ‘out of box experience’, such as internal project or experience from working abroad. A director said that there is an upper limit for how old new partners should be. A partner from another firm also said that they prefer if partner candidates are younger than 40 years old and they rarely select someone older than 50 years.

All firms said that they look at potentials in the partner recruitment. One partner said that it is difficult to look at potentials since it involves both objective and subjective factors. Her firm looks at the development curve of candidates in order to predict how well the candidate fits in with future market objectives. Another partner said that only the ‘hard values’ such as profitability and client volume are objective and therefore it is difficult to make the recruitment process entirely fair. He also said that different offices have different nomination criteria, which is a problem. Another partner said that they focus more on potentials when they recruit from competitors. During the last 8 years about 100 people have been recruited this way in his firm and many of them have also become partners. He also said that sometimes employees with rapid developments but with less business volume might become partners faster just because they have proven that they can.
4.2.5 Summary: what does it take to become a partner

Becoming a partner requires investing a lot of time and effort. All firms think it is important with experience. However, one partner said that they prefer if partner candidates are younger than 40 years old. The most important personal characteristics for partners are technical skills, leadership, social competence and having a business mindset. Client and business volume is also important and can be obtained in two ways; either by obtaining it themselves or through others, often both ways are needed. When nominating candidates, potentials are important, but it involves both objective and subjective factors. One partner said that only the ‘hard values’ such as profitability and client volume are objective and therefore it is difficult to make the recruitment process entirely fair. He also said that different offices have different nomination criteria, which is a problem.

4.3 Women versus men in the audit profession

In order to find out if there are different expectations for women and men within the profession, we will in this section present the interviewees’ thoughts and comments regarding this. The first part is about the interviewees’ opinions regarding advantages and disadvantages for women and men within the profession. Secondly we will explain how networking affects advancement and the last part is about how important the market is. A summary will follow in the end.

<table>
<thead>
<tr>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Better social competence</td>
<td>· More competitive and goal determined</td>
</tr>
<tr>
<td>· Broader competence</td>
<td>· More self-confident and fearless</td>
</tr>
<tr>
<td>· Add new dimensions</td>
<td>· They can sell other business areas</td>
</tr>
<tr>
<td>· Make well-founded decisions</td>
<td>· Part of more networks and sales processes, which give them a broader knowledge</td>
</tr>
<tr>
<td>· Closer on their key ratios</td>
<td>· Can be experienced smoother, by taking short cuts and being more flexible</td>
</tr>
<tr>
<td>· Thorough and diligent workers</td>
<td>· Expectations that it is a man in manufacturing and technical branches</td>
</tr>
<tr>
<td></td>
<td>· Could get more support from home</td>
</tr>
<tr>
<td></td>
<td>· The business have been conservative</td>
</tr>
<tr>
<td></td>
<td>· Have it easier in the hard environments</td>
</tr>
<tr>
<td></td>
<td>· and can let things pass easier</td>
</tr>
<tr>
<td></td>
<td>· Take earlier contacts with partners</td>
</tr>
</tbody>
</table>
Empirical findings from interviews

Table 3 – Interviewees’ thoughts about disadvantages in the audit profession

<table>
<thead>
<tr>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Too thorough and administrative</td>
<td>· No disadvantages for men were mentioned</td>
</tr>
<tr>
<td>· Not enough client focus</td>
<td></td>
</tr>
<tr>
<td>· Hesitate more when it comes to new challenges and responsibilities</td>
<td></td>
</tr>
<tr>
<td>· ‘Lose’ 2 to 3 years if they start a family</td>
<td></td>
</tr>
<tr>
<td>· Lack of role models</td>
<td></td>
</tr>
<tr>
<td>· Less courageous</td>
<td></td>
</tr>
<tr>
<td>· Lower aspirations</td>
<td></td>
</tr>
</tbody>
</table>

To summarize from table 2 and table 3, the interviewees discussed many advantages for both women and men. Women were described as being diligent workers, close on their key ratios and having a broader competence. Men were described as more goal determined, flexible and fearless. The interviewees also discussed disadvantages for women for example that they have lower aspirations and not enough client focus. No disadvantages for men were mentioned.

4.3.1 Networking

Interviewees from all the firms said that female role models are important for women, however three female partners said that it has not been important for them. Many believe that men can have benefits in the profession because they network better with other men at top positions. One male partner said that women and men are talking ‘different languages’ and that it is easier to discuss sports during coffee breaks than something else. Two female partners also said that it is easier for men to go to lunch or restaurants together after work. One partner said that in some audit firms it is beneficial for the candidates in the partner recruitment to know the right partner. He also said that in one competitor firm, where he has previously worked, the process did not function so well since the chairman basically made the recruitment decisions. Many interviewees have also said that it is important to make an impact, to be recognized in the process.

One female auditor said that in order to obtain the ‘hard values’, networking is necessary. It is impossible otherwise. She also said that certain ‘cement guys’ make it difficult for women to advance and that this structure is ‘ingrained in the walls’. She said that a man will always be the first choice and that she will have to fight harder in order
Empirical findings from interviews

to become partner. Another female partner said that she has been overrun and unfairly treated several times. For example, men have been selected as partners before her without explanations. She also believes that it is easier to connect with someone who is more similar to yourself, which she has noticed when she recruits people.

4.3.2 Market demand
The firms are dependent on the relationship with the market in order to continue to run their businesses. One board member said that if the market would start demanding female partners the firm would change in two seconds and there will be more women. Two other partners also said that if the clients want a certain profile, for example a man or a woman, they would get that. In Stockholm, clients sometimes have demanded mixed teams when it comes to gender. However in Jönköping, it rarely happens.

4.3.3 Summary: women versus men in the audit profession
Advantages for women according to the interviewees are: being thorough as well as adding new dimensions to the profession. Some discussed disadvantages include: being too thorough and hesitant when it comes to responsibilities. Advantages for men according to the interviewees are: being fearless, goal determined and flexible. No disadvantages were mentioned. Many also believe that men can have benefits because they network better with other men at top positions. The firms are dependent on the relationship with the market in order to continue to run their businesses. One board member said that if the market would start demanding female partners the firm would change in two seconds and there would be more women.

4.4 Gender equality
In this section, we will present the interviewees’ explanations about how the firms work with gender equality and their gender equality goals. We examine this in order to find out if the firms are actively striving for gender equality. We will also describe the interviewees’ thoughts about obstacles that may hinder women’s career advancement within the audit profession. A summary will follow in the end.

4.4.1 How the firms work with gender equality
In most of the local offices they do not work with gender equality actively, instead the headquarters in Stockholm do that, according to the interviewees. In order to motivate
Empirical findings from interviews

women, the firms work with the following: coaches, female role models, development and leadership programs, female networks and a database with possible female board members. However none of the interviewed women have experienced extra support because of their gender.

According to one female partner it is important to acknowledge the low numbers of female partners as a problem in order to make sure that women alternatives are considered in the recruitment process. However, two male partners from different firms did not see this as a problem and instead they emphasized the importance of recruiting the best candidate based on competence. Interviewees from all firms stated that they could not use gender quotation by lowering the demands in order to include more women as partners. However, one board member said that if the choice is between a man and a woman with equal competences they would chose the woman. Interviewees from the other firms said that they do not look at gender in that situation. One firm made a deep analysis two years ago, examining women who had worked there for 5 to 6 years. They found one woman that should have been partner already if she had been named ‘Micke’, this case they named ‘Lex Sara’.

4.4.2 Gender equality goals
Many have said that the gender distribution will change, but that it is a process that takes time. One firm has 30 percent as a goal for the partner recruitment and one has 30 percent for the pipeline, the other three do not have a specific goal. One firm has 30 percent as a final gender distribution goal, but neither of the other firms mentioned such a goal. Two of the firms have a goal of 50 percent women for promotions at lower positions.

4.4.3 Obstacles for gender equality
Most of the interviewees do not believe that their partner recruitment process cause the low number of female partners, three women think that the process may affect and some interviewees were not sure. One discussed problem is making women stay in the firms and finding the women who want to become partner and are willing to invest the time needed.

Many have also talked about family formation as a big obstacle for women who want to become partners. Many women might be scared of combining family and partnership,
Empirical findings from interviews

since women see it as a matter of choice, but men do not see it in this way. Parent leave might lead to a loss of client volume and a lack of motivation. However, five partners said that it is a very good job to combine family with since partners can adjust their client base by handing clients over to coworkers. Nor have the interviewed female partners with children found family formation to be a problem in their careers. One partner said that his firm has eliminated time worked as a parameter for the partner recruitment, and therefore, it does not matter if partner candidates have been away on parent leave. He also said that they recruit two thirds of their partners from competitors and acquired firms, and therefore, this affects their percentage of female partners since most partners from acquired firms are men and that it is harder to convince a woman to change firm.

4.4.4 Summary: gender equality

In order to encourage women, the firms work with female networks, coaches, female role models and leadership and development programs. However, none of the interviewed women have experienced extra support because of their gender and most of the interviewees from the local offices did not have knowledge about the gender equality work. Many believed that time will increase the number of female partners, but according to one female partner, it is important to acknowledge the low numbers of female partners as a problem in order to make sure that women alternatives are considered in the recruitment process. However, two male partners from different firms did not see this as a problem.

Three of the firms have set a goal that 30 percent should be women among the partner candidates or as partners. The other two firms do not have a goal. None of the firms believe in gender quotation and many of the interviewees said that they do not want to lower the demands in order to select more women. One partner said that if the choice was between a man and a woman with equal competences, they would choose the woman. Interviewees from the other firms said that they do not look at gender in that situation. Several of the interviewees have discussed family formation to be an obstacle in women’s careers, but the women we have interviewed have not found this to be a problem in their careers.
5 Analysis

The purpose of this thesis is to research if the partner recruitment process discriminates against women within the audit profession. In order to answer our purpose we have used theories regarding gender equality, discrimination and recruitment that will help us analyze our empirical findings. We have also used ‘Eleven steps to a gender equal recruitment process’ from Equality Opportunities Ombudsman (EOO, 2006) as a guideline for a gender-equal recruitment process. These steps, discussed earlier, are: 1. Gender equality plan, 2. Recruitment group, 3. Profile of demands, 4. Recruitment channels, 5. Leader recruitment, 6. Advertising, 7. Interviews, 8. Evaluation, 9. Hiring decision, 10. Assessment and 11. The goal.

5.1 The partner recruitment process

To be able to recruit people without discriminating, a clear and well-documented recruitment process is necessary (Lindelöw et al. 2012). All interviewees made sure to emphasize that their firms have well developed processes that stretch over several years and are tested in many instances. The different firms have different business models regarding their partner structures and number of partners. This implies that it is harder to become partner in some firms. Most of the interviewees do not believe that the low number of female partners has to do with their partner recruitment process. However, three women think that the process may affect and some interviewees were not sure. One partner who has worked in a competitor firm said that it was the chairman alone that made the decisions in that firm. These three women and this partner therefore indicate that the recruitment process may have flaws. The rest of this section will therefore contain an analysis if there are weaknesses in the partner recruitment process.

5.1.1 Partner nomination, candidate, board and partner involvement

According to step 2 in EOO (2006) the recruitment group needs to be educated about the Swedish Discrimination Act, the gender equality plan as well as plans and policies attached to them. In two of the firms the business area managers nominate partner candidates and in the other three firms the office managers together with existing partners make the nominations. The board makes the final selections of the partner candidates. The partners in all firms formally select the new partners. When it comes to new recruitments the recruitment groups usually consist of persons within Human Resources,
who have been educated about the Swedish Discrimination Act and policies. None of the interviewees have discussed such education for the partner recruitment groups, so the question is if this is overlooked. According to step 5 in EOO (2006), it could be beneficial to be more open about promotion systems and let individuals apply themselves, since it will increase the chance to find the right candidates. In only one of the firms the employees can nominate themselves.

According to Page (2009), people are biased. He states that both conscious and unconscious biases affect people’s decisions. Therefore, it is also important that the recruitment groups are aware of their own biases for their recruitment decisions. According to March (1987) another problem of decision-making is conflict of interests, which could lead initiatives to change or modify information in favor of certain interests. This could also be a problem for decision-making within the recruitment process. One example of this is that in some cases the person who has made the nomination has to back the candidate in qualified discussions. Such discussions involve persuasion and rhetorical skills, which could favor certain interest and therefore be subjective.

5.1.2 Transparency
According to step 5 in EOO (2006), Brink et al. (2010) and Bolander (2002), a structural and transparent process could minimize the risk for gender bias and discrimination within recruitments. Information and requirements about how to become a partner is held quite secretly for the employees, according to interviewees from four firms. The firms also have different attitudes regarding involving the candidates in the process; giving them information about it, letting them know that they are discussed, and where and why they are outvoted. A senior manager said that in other countries they have handbooks ‘How to become a partner’. Since the recruitment processes in Sweden are not entirely transparent, there is a risk for gender biases and discrimination. If the audit firms in Sweden had handbooks such as the ones abroad, it could probably increase the transparency for the secretly held processes in Sweden.

5.1.3 Changes in the recent years
According to Step 10 in EOO (2006) the recruitment process should be assessed when it is finished. Based on the interviews, few changes have been made during the last ten years regarding the recruitment processes. One firm made a deep analysis two years
ago, examining women who had worked there for 5 to 6 years. They found one woman that should have been partner already if she had been named ‘Micke’. This is an example that it could be necessary to improve the processes. According to step 10, the candidates should get factual reasons why certain persons got selected (EOO, 2006). However one female partner said that she has been overrun and unfairly treated several times. For example, men have been selected as partners before her, without explanations. This is not in accordance with this step, since she did not get factual reasons.

5.2 What it takes to become a partner
According to step 8 in EOO (2006), the recruitment group should stick to the original profile of demands and not invent new requirements in the midst of the process. One partner said that the criteria from the board sometimes change during their partner recruitment process, which is not in accordance with this step. Becoming a partner is stressful and requires a lot of working hours and therefore it is not possible to work, for example 70 percent, according to one partner. Therefore it could be difficult for parents that want to work less than 100 percent.

5.2.1 Personal characteristics
One board member said that they look for a superman/woman who does not exist. According to step 3 in EOO (2006), Bolander (2002) and Broomé et al. (2006), the profile of demands should be clear and gender-neutral. Vague expressions such as ‘social competence’ and ‘flexibility’ should be discussed beforehand, so it means the same thing to everyone (EOO, 2006). All firms said that the most important personal characteristics for partners are: technical skills, leadership, social competence and having a business mindset. One partner said that since subjective criteria are discussed in the nomination such as personal characteristics it is difficult to make the recruitment process entirely fair. Nor have we been able to see any templates or guidelines regarding how these criteria are evaluated and discussed.

Other discussed characteristics that are important for partnership are: being a role model, having independence, striving for improvement, being fearless and responsiveness. According to the interviewees, men have the following advantages within the profession: more goal-determined, more self-confident and are good at selling other business areas, which is similar to the required characteristic of having a business mindset. On
the contrary, women do not have enough client focus, according to the interviewees. Men are also more fearless according to them, which is also a discussed characteristic and women on the other hand, are less courageous. Regarding the discussed characteristic of having independence, the interviewees said that women hesitate more when it comes to new challenges and responsibilities. On the other hand, women have better social competence according to one interviewee and hence comply better with the required characteristics of social competence and responsiveness. This is partly in line with EOO (2006) that norms for leadership are close to the norms for manhood, which creates expectations that leaders should be men. So either, the requirements for partners conform well with the supposed male advantages, or the requirements for partners are only close to the described male characteristics since it has been a male dominated profession. According to step 3 in EOO (2006), previous coworkers should not be used as role characters, because then the positions become gender labeled. This might be what has happened for the partner positions. Either way, it may be a disadvantage for women.

According to step 3, it is also important to have clear and consequent recruitment criteria (EOO, 2006). However, two of the firms did not have any key ratios regarding profitability and business volume and one partner said that different offices have different nomination criteria, which is a problem. These examples indicate that criteria regarding profitability and business volume are not always clear, since there are no key ratios regarding this in these firms. It also implies that recruitment criteria are not always consequent, which could mean that it is easier or more difficult to become partner in different offices.

5.2.2 Experience
All firms think it is important that partner candidates have about 10 years experience within the firm. However, one partner said that they prefer if partner candidates are younger than 40 years old and a director said that there exists an upper limit for how old new partners should be. According to our interviewees, women ‘lose’ between 2 and 3 years in their careers if they start a family. This could be a problem and therefore one firm has eliminated time worked as a parameter for the partner recruitment so it does not matter if partner candidates have been on parental leave. The other firms have not discussed this as a solution for women with a family. It could therefore be discriminat-
ing against women with children, if these audit firms do not want partner candidates that are beyond a certain age.

5.2.3 Potentials
All firms said that they look at potentials in the partner recruitment. However, one partner said that it is difficult to look at potentials since it involves both objective and subjective factors. Another partner said that sometimes employees with rapid developments but with less business volume might become partners faster just because they have showed potentials. Since potentials are difficult to measure, this is an example that could lead to discriminating selections.

One firm regularly recruits from competitors and then often promises the new recruits that they will become partner within a two-year period, without going through the whole recruitment process. A partner within this firm said that they focus more on potentials when they recruit from competitors. According to step 5 in EOO (2006), headhunting leaders mainly benefits men and a structural and open process could change this. Hence, skipping parts of the process could be discriminating against women.

5.3 Women versus men in the audit profession
During the interviews we asked about advantages for women and men in the audit profession and the interviewees said that both women and men have certain advantages, but that men have more. Many female disadvantages were also discussed, but not a single disadvantage for men was mentioned. According to Rydgren (2004) statistical discrimination is about generalizing people based on prejudices and stereotypical images about certain groups. Since many disadvantages were discussed for women, a risk could be that statistical discrimination against women could occur if recruiters are generalizing them as a group.

5.3.1 Networking
According to step 4 in EOO (2006) recruitment based on personal networks will unlikely result in the best competence and are often discriminatory. Recruitments sometimes develop from relationships with the members of networks instead of looking at merits (Rydgren 2004; Taylor 2000; Elg & Jonnergård, 2011). One female partner believes
that it easier to trust, reach and understand someone that is more similar to yourself, which she has noticed when she recruits people. This is in accordance with research from Rydgren (2004), Holgersson (2003), Bolander (2002) and Elg and Jonnergård (2011), which states that it is easier to build an informal network consisting of your own gender, because people tend to connect with persons similar to themselves. According to all interviewees, the firms do not recruit partners from personal networks. Nevertheless, personal networks may still affect the process and give men benefits, which we will demonstrate in the following examples.

One example discussed by the interviewees is that male networks have activities such as restaurant visits and it could be difficult for women to be included in these networks. This is in accordance with research from Elg and Jonnergård (2011), who state that saunas, sport and restaurant visits develop and strengthens the male dominance within male networks.

Another example is that it could be easier for men to get noticed since there are still many men at top positions. According to one partner it is beneficial for the candidates to know the right partner in some audit firms. Many interviewees have also said that candidates are nominated on their social capabilities and how they make an impact, which could be easier for men because of networking.

A third example is that ‘objective criteria’ such as business volume may not be as objective as it appears. Two board members said that obtaining new clients is often what is missing for candidates that do not become partner. One female auditor said that in order to obtain business volume you need to be able to network, it is impossible otherwise. One example is through heritage and one retiring partner said that his choice of ‘heirs’ had to do with whom he liked, but more importantly whom his client would like. Since obtaining new clients is often what is missing for partner candidates, it is crucial for them to be able to network.

5.4 Gender equality

One female board member discussed that it is important to acknowledge the low numbers of female partners as a problem to make sure that women alternatives are considered in the recruitment process. On the contrary, two male partners from different firms did not see this as a problem. They said that instead the focus should be to recruit can-
didates based on competences and not focus on gender equality. However, according to EEO (2006), that is what their recommendations are about; focusing on competences in order to avoid discriminating behavior. Because of the interviewees statements it seems that they are not well informed about what gender equality work is about. If the firms do not see this as a problem, they will not make efforts to solve the low number of female partners.

5.4.1 How the firms work with gender equality

According to step 1 in EEO (2006), firms should have a gender equality plan where they specify goals regarding gender equality and methods how to reach these goals. On the one hand, all firms stated that they work with gender equality such as leadership programs, which is in line with step 4 in EEO (2006) and the Swedish Discrimination Act (Discrimination Act, 3:8). On the other hand, it seems that the firms do not have clear guidelines, since the local offices do not know what they actually should do in practice, according to the interviewees. Further, neither of the women we have talked to have experienced any extra support because of their gender.

5.4.2 Gender equality goals

The minimum goal should be at least 40 percent of each gender in the gender equality plan, according to step 1 in EEO (2006). This means that it should be at least 40 percent of each gender on all positions (Equality Ombudsman, 2009). Three of the firms have 30 percent women as a goal for the partner pipeline, new recruitment or as a final goal. The other two firms do not have any specific goal. The goals are too low since neither of the firms have 40 percent as a goal.

Interviewees from all the firms stated that they could not use gender quotation by lowering the demands in order to include more women as partners. However, gender quotation is not an approved method by the Swedish Discrimination Act (Equality Ombudsman, 2012b). Step 1 in EEO (2006) recommends affirmative action, which is not about lowering the demands in recruitments, instead it means that employers could prioritize candidates from the underrepresented gender with equal merits. Because of the interviewees statements it seems that they are not well informed about what the Swedish Discrimination Act is about. One board member said that if the choice is between a man
and a woman with equal competences they would choose the woman. The other firms do not use affirmative action as a method to achieve gender equality.

5.4.3 Obstacles for gender equality
Elg and Jonnergård (2011) state that combining work and family could be an obstacle for women in their careers. However, this could not be the only explanation since not all women have a family. On the one hand, most of the interviewees also believe that family formation is a major reason for the low number of female partners. On the other hand, five partners said that partnership is a good job to combine family with. Further, neither of the interviewed female partners with children have found it to be a problem in their careers.

Several of the interviewees said that they believe that the low number of female partners will change, but that it is a process that will take time. However, according to Holgersson in the magazine Balans (Halling, 2005), time and new generations is not enough to solve the issue of gender equality, instead people need to work actively for a change to happen. One board member said, that if the market would start demanding more female partners, there would be more women as partners in two seconds. The market demand is crucial, according to many interviewees. So, on the one hand, changing the low number of female partner is a process that takes time, but on the other hand, the market is in control and if clients would start demanding more women, there would be a rapid change.
6 Conclusions

The purpose of this thesis is to research if the partner recruitment process discriminates against women within the audit profession. According to our research we have drawn the conclusion that the partner recruitment process does discriminate against women, however mostly in the form of indirect discrimination. This section will present the conclusions from our analysis.

Several examples indicate that the recruitment process has weaknesses. The process is not entirely transparent. Factual reasons are not always given to outvoted candidates, which imply that they might be missing. The board’s criteria sometimes change during the partner recruitment process. A deep analysis found one woman who should have been partner already if she had been named ‘Micke’.

It appears that parts of the recruitment process are inconsistent and subjective. There are different nomination criteria in different offices. Clear key ratios are missing. Persuasion and rhetorical skills are sometimes used to back up candidates. Personal characteristics and potentials are discussed during nominations. Neither have we been able to see any documents regarding how these parts are evaluated or discussed.

The partner requirements are partly gender labeled, when weighting our evidence. The requirements for partners are in line with the discussed male characteristics. Disadvantages were only discussed for women and not for men. Many partners have also said that they cannot ‘lower the demands’ in order to include more female partners. These could be indications that the interviewees believe that women are less qualified and recruiters could generalize them as a group. It is difficult to become partner beyond a certain age and to work part time, which could be discriminating against women with children.

Networking is important within the partner recruitment process and gives men advantages, according to our findings. It is harder for women to be included in male networks and since there are still many men at top positions it is easier for men to make an impact and get noticed. Obtaining new clients is often what is missing for partner candidates and it is crucial to network to be able to obtain them.
Conclusions

The most reasonable interpretation is that there are flaws within the gender equality work. A lack of knowledge about the Swedish Discrimination Act and gender equality policies increases the risk that recruiters are unaware of their own biases and could therefore unconsciously discriminate against women.

To summarize, we have drawn the conclusion from our research that the partner recruitment process does discriminate against women, however mostly in the form of indirect discrimination. We conclude this because several examples indicate that the recruitment process has weaknesses and that parts of the process are inconsistent and subjective. Further, according to our findings the partner requirements are partly gender labeled and networking gives men advantages within the process. Finally, the most reasonable interpretation is that there are flaws within the gender equality work, which increases the risk that recruiters are unaware of their own biases and could therefore unconsciously discriminate against women. Our conclusions therefore complement and confirm previous research regarding gender equality, discrimination and recruitment. Our analysis also sheds new light on research regarding family formations as an obstacle for women’s careers.
7 Further studies

Our research has focused on the partner recruitment processes in the five largest audit firms in Sweden. It would therefore be interesting to research the partner recruitment processes and gender equality in smaller audit firms in Sweden and how the recruitment processes differ from our research. It would also be interesting to research the partner recruitment processes and gender equality in another country and compare it to our study. Many interviewees believe that time will solve the problem with the low number of female partners. It would therefore be interesting to make a follow-up study in 5 to 10 years.
**List of references**

Accountants Act (2001:883)


List of references


Appendix 1 – Interview questions to partners

Personal questions

1. Short personal information; year of birth, work title, work tasks, family?
2. For how long have you been a partner?
3. What does your career looks like?
4. For how long have you worked within auditing?
5. How did you become a partner?
   a. Was it a conscious decision to become a partner?
   b. Have you always wanted to become a partner?
   c. Did you have a strategy to get where you are today professionally?
   d. Why do you think you were selected as a partner?
   e. Which personal characteristics do you believe have helped you to become successful within your profession and thereby partner?
6. What does your work mean to you?

Regarding the partner recruitment process

7. How do you become a partner in your firm?
8. Are there different types of partners within your firm?
   a. Which?
   b. What are the differences?
   c. Are there a maximum number of partners?
9. Can you describe the partner recruitment process at your firm?
10. When during the year does this happen?
    d. How often?
11. How many candidates are selected each time?
12. Who selects the candidates?
13. On what grounds are they selected?
14. Are there any guidelines/key ratios that are followed?
    e. (If yes) Which?
15. What role do you play in this process?
16. If you have been part of the process; what were the discussions about, in the last partner recruitment that you took part in?
17. Do you believe that all employees could become a partner?
18. Can you rank, what you believe to be the five most important criteria, in order to be selected as a partner?
19. What is the most important in the selection; previous achievements or potentials?
20. Which three personal characteristics do you think is required to become a partner?
21. Was personal characteristics discussed in the last recruitment process?
22. For how long can you work as a partner?
23. On what grounds would you have to leave your partner position?
Appendix

Regarding gender equality:

24. Does your firm follow a gender equality plan for the partner recruitment?
25. What is included in your gender equality plan?
26. How does your firm work with it?
27. In what ways did your firm use the gender equality plan in the last partner recruitment?
28. Do you see any advantages for women within the audit profession?
29. Do you see any advantages for men within the audit profession?
30. Why do you think there are fewer female than male partners?
31. Do you believe that time will change this?
32. Do you think that the recruitment process can have an effect on the low number of female partner?
Appendix 2 – Interview questions, not for partners

Personal questions

1. Short personal information; year of birth, work title, family?
2. Would you like to become a partner?
   (If yes)
   a) Have you always wanted to become a partner?
   b) Do you have a strategy to become a partner?
   c) Do you think that you will become a partner?
3. Do you know what is required from you to become a partner?
4. Do you see any obstacles for becoming a partner?

Regarding the partner recruitment process

5. Can you describe what you know about the partner recruitment process?
6. How much information do the employees receive regarding the partner recruit-
   ments?
7. Can you rank, what you believe to be the five most important criteria, in order to
   be selected as a partner?
8. Which three personal characteristics do you think is required to become a par-
   tner?
9. Do you believe that all employees could become a partner?

Regarding gender equality

10. What do you know about your firm’s gender equality work?
11. Have you noticed that your firm works with gender equality questions regarding
    female advancement to higher positions?
12. Do you see any advantages for women within the audit profession?
13. Do you see any advantages for men within the audit profession?
14. Have you experienced any advantages since you are a woman/man within the
    profession?
15. Have you experienced that you coworkers have any advantages because they are
    women/men within the profession?
16. Why do you think there are fewer female than male partners?
17. Do you believe that time will change this?
18. Do you think that the recruitment process can have an effect on the low number
    of female partner?