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# Nurturing gender parity in finance



by **Allan Tan** — March 9, 2020



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Last year, I had the fortune of moderating forums and roundtable discussions with senior finance professionals across Asia. An observation I had from those activities is that while women in finance are not uncommon, the number holding the title of Chief Financial Officer or CFO is far fewer than their male counterparts.

The Deloitte report, **Journey to CFO: What's changed for women in 2017**, recounts that women earn more than half of college degrees in accounting; and hold more than half of accounting and auditing positions in the US. Despite these figures, there were only 61 women CFOs within the Fortune 500 companies in January 2017 – that's 12.5%.

According to Deloitte, this 12.5% is already an improvement from 2006, when women CFOs accounted for a mere 6.8% of Fortune 500 CFO positions. A **global study by DDI** revealed that having women in top leadership roles leads to increased company performance.

**Carol Larson**, a senior audit partner at **Deloitte & Touche**, writes: "The proportion of CFOs reporting one or fewer women as direct reports—versus those reporting two or more—was higher in Q3 2017 than when the survey asked the same question in the first quarter of 2014.

She points out that in 2014, 8% of CFOs had no female direct reports, versus 17% in Q3 2017.

So progress is being made towards gender parity in the finance function, albeit a slow one.

In celebration of **International Women's Day 2020**, **FutureCFO** asked three female senior heads of finance on their perspectives about the changing role of women in finance, particularly at the C-suite.



**Does gender or generation matter in matters in finance? What matters most?**

**Elaine Cleland, Lead Regional Financial Controller, ACCA:** *Diversity and inclusion matter the most. Diversity manifests itself in many ways – from greater diversity in gender, age, perspectives and experiences to widening social mobility access and diversity of skills and experiences. Strong inclusivity practices help drive diversity and are key to an organisations ability to innovate. After all, a diverse workforce makes good business sense – this is a strategic business issue and not just a moral obligation.*

**Wendy Wang, Group Chief Financial Officer & Group Chief Operating Officer, Tricor Global:** *Considerations for both gender and generation matter in the finance department because they offer an organization greater scope and perspective. Though women are largely underrepresented in senior finance roles, data from S&P shows that companies that appoint female CFOs perform better than they did under male predecessors. I believe this may be because women are held to a higher standard. A CFO's numerical age does not matter but, given today's intergenerational workforce, it is important that they understand the various mindsets across the company. Their strategy should effectively be ageless.*

**Liz Brittain, Chief Finance Officer, HackerOne:** *No, not at all. Like hackers, it's more important to be curious — to keep digging through the data until we find the answer to the 'why' and 'what's causing that?'. It is important to measure how different pieces of data relate to each other and to visualize the big picture. The ability to turn the conversation from one about the numbers to one about the business is essential in finance.*

**How do you cultivate #1 among your finance team?**

**Liz Brittain:** Encourage questions and ask questions. A recent example at HackerOne was when we asked ourselves ‘how do we get 100% predictability in a truly nascent market such as Hacker-Powered Security?’. We are still discovering the answer to this one, but it’s a fun problem to explore and try and solve.

**Wendy Wang:** I encourage my team to “lean in” on diversity and inclusion (D&I). As a team, we actively look for ways to promote gender and generational equality. Some practices we’ve implemented are mentoring (including reverse mentoring), open-door policy, sensitivity training, customized professional development, flexible working policies and D&I goal setting.

**Elaine Cleland:** Being number one is built on effective training and leadership, so in ACCA’s finance team we’ve instilled a culture that meets these needs. The tone is set from the very top at Executive Director level. For me as a manager, it’s about enabling my team to grow and learn in the role. We’re all encouraged to be leaders at all levels.

**What is the most important quality of a CFO or head of finance? And does gender or age matter in this case?**

**Wendy Wang:** Finance leaders today need to excel at fostering more diversity – not just because it’s the right thing to do but also because it’s a business imperative in today’s marketplace and offers organizations a myriad of benefits, including better engagement, talent, reputation and profitability. But it’s more than gender and generation equality. It is also about encouraging ideas, skills and capabilities that people from all backgrounds, experiences, ages and cultures can bring to the team.

**Elaine Cleland:** Again, what matters is diversity and inclusion. A CFO needs to have a rounded set of skills and abilities, IQ as much as EQ, an ethical and professional mindset, someone with vision and of course the experience that goes with the role. Of course, we have to be intelligent with the numbers and how we communicate these internally and externally.

**Liz Brittain:** The ability to work cross-functionally and be able to balance the business needs and changing priorities with financial goals is the most important quality for a finance leader. Experience, but not age or gender, matters only to the extent you have your own perspective and can challenge the status quo.

**How would you implement/encourage gender diversity in finance?**

**Elaine Cleland:** *Recruitment policies have a big role to play, and this is not just down to the finance team. Policies have to work right across an organisation and be embedded in their values as an employer, so it's vital that finance teams work seamlessly with HR. I also think it's about modelling behaviours, challenging the norms and innovating. ACCA's finance team is very diverse – we're HQ'd in Glasgow, but there are finance colleagues in ACCA markets all around the world – a network of diverse and inclusive finance experts who deliver value 24/7.*

**Liz Brittain:** *The most important thing is to create a great team that people want to work in and feel comfortable within. It is also important to make sure that everyone has an opportunity to grow and learn by doing and through mentorship. I'm a firm believer that diversity begets diversity, and diversity allows for a more dynamic and successful team.*

**Wendy Wang:** *The conversation is currently focused on hiring women in senior roles, such as the CFO. While greater female visibility is positive, a top-down approach alone won't work. Talent needs to be identified and nurtured from early on. Companies should invest in mentoring programs, which can offer wisdom and insights to burgeoning professionals about how to invest time, stay motivated and raise their hands when the opportunity arises. This guidance will help keep more women in the field and on the leadership track.*

A **global study** by **S&P Global Market Intelligence** noted that female CFOs brought in US\$1.8 trillion more than their male peers. The report added that within the first 24 months of appointing female CFOs, companies saw, on average, a 6% increase in profits and an 8% better stock return, compared to performance under male predecessors.

One of the reasons female CFOs may be outperforming their male peers is because they're held to a higher standard, said **Daniel Sandberg**, senior director of quantitative research at S&P Global, and the author of the report.

The report concludes that female CFOs drove more value appreciation, better-defended profitability moats, and delivered excess risk-adjusted returns for their firms. The caveat is that these female CFOs are rated as having above-average talent. *[Allan: But you'd expect that from your leadership, shouldn't you?]*

Sandberg goes on to write that the female contenders for C-suite positions represent a relatively underutilized pool of talent, possibly attributable to a higher degree of scrutiny from the firms' board of directors and consequently resulting in the tendency of females in C-suite positions to be more talented.

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