Gender Pay Gap

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There is an increasing body of evidence for the existence of a persistent gender pay gap in the UK. As the Scottish Parliament’s Gender Pay Gap Inquiry call for evidence states, women are more likely than men to work part-time and to be in low skilled jobs. They are less likely than men to work in sectors such as engineering and technology, and they are under-represented in leadership and managerial roles. The pay gap increases as women age and especially if they have children. The evidence presented here relates to a career group of chartered accountancy professionals that is highly educated, in full-time work and in a context where men and women are working in approximately equal numbers. The evidence relates to people who are young (typically mid-twenties) and therefore not yet at an age where many had children. Thus, the evidence, while limited in scope, provides some insights into gender pay rates in a sector that might be expected to display less of a gender pay gap than other sectors or contexts.

Research was undertaken into the social background and pay of newly qualified chartered accountants (CAs) who were admitted into the Institute of Chartered Accountants of Scotland (ICAS) in 2009. Typically, these entrants would have begun their three-year training contract in 2005 or 2006. ICAS admissions have increased steeply in recent years. Up until the 1990s, ICAS only trained in Scotland but it then moved into training in England and Wales (mainly London offices of some of the Big 4). Admissions peaked in 2009 reflecting the boom years prior to the financial crisis. Thus the period reported here represents a cohort where there was considerable demand for trainees.

The group is quite homogeneous. Nearly all had gained either a 2.1 or first class honours degree. 71% had attended a state-funded school and around three-quarters had attended an elite university.

The questionnaire was sent to all 886 people admitted to ICAS in 2009 (483 men and 403 women). 212 replies were received, a response rate of 23.9%.

The research was conducted in order to investigate social mobility in the accountancy profession but a question was included in the questionnaire relating to the pay of respondents. The following is a summary of the key findings in relation to the pay data disclosed by respondents.

Key findings:

- Average pay for female newly qualified CAs was 89% of that reported by male newly qualified CAs, representing a gender pay gap for this specific cohort of 11%.
- The gender pay gap was less for women who had qualified as CAs with Big 4 accountancy firms, hence the greatest gap is found in newly qualified CAs who trained with small and medium sized firms.
• The gender pay gap varied depending upon the degree subject studied by the CAs. Females who had studied for degrees including accountancy and/or business subjects or arts and humanities subjects earned less than their male counterparts. Interestingly, in relation to the current inquiry, females whose degree subject had been in mathematics or sciences earned more than their male counterparts. This points to the importance of encouraging girls to study such maths and science subjects at school and university.

• The gender pay gap also varied depending upon the classification of university attended. Females who had attended Oxford or Cambridge Universities or a Sutton Trust 8th university earned more than males who had attended those universities. However, females who had attended other universities earned less than males who attended those universities.

• The majority of respondents had attended a Sutton Trust 30th university. In this group, females earned 93% of the salary earned by males who had attended those 30 universities.

• The largest gap was found in females who had attended universities outside of the Sutton Trust 30. For this subgroup, the females only earned 81% of the salary earned by similar males.

Conclusion

A gender pay gap exists for newly qualified chartered accountants. Although the results only relate to one year group and should be treated with caution given the small sample size, it is of particular note that females who graduate in maths and sciences do not suffer a gender pay gap. Similarly females who graduate from highly elite universities do not suffer a pay gap but a pay gap emerges for graduates of all but a handful of universities. These findings may point to ways in which the gender pay gap could be addressed.

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2 The so-called Big 4 represent the four largest chartered accountancy firms, namely Deloitte, Ernst and Young (EY), KPMG and PwC.
3 Research for the Sutton Trust sometimes identifies the following top 8 universities: LSE, Nottingham, UCL, Durham, Manchester, Warwick, Oxford and Cambridge.
4 Sutton Trust top 30 (includes four Scottish universities): Bath, Birmingham, Bristol, Cambridge, Cardiff, Durham, Edinburgh, Exeter, Glasgow, Imperial College, King’s College London, Lancaster, Leeds, Leicester, Liverpool, LSE, Manchester, Newcastle, Nottingham, Oxford, Reading, Royal Holloway London, Sheffield, Southampton, St Andrews, Strathclyde, Surrey, UCL, Warwick, York