



2008 Women in Finance Survey

The Impact of the Economic Slowdown
on Financial Professionals' Careers

Underwritten by



Introduction

Since last summer, the slowing growth rate of the U.S. economy, resulting partly from the downturn in the housing market and the consequent financial market turmoil, has impacted not only the real estate sector but also construction, manufacturing, retail and other industries. While national economic growth has remained positive thus far in 2008 (after a small decline during the fourth quarter of 2007), consumer spending—which accounts for 70 percent of economic activity—has slumped. One reason for the decline in consumer spending is the sluggish labor market that has squelched job advancement opportunities for some workers and has made others insecure about their current job.

What role, if any, does gender play in one's perceptions about the state of the economy and his/her perception of job security? Each year, *AFP Exchange* and AFP's Research Department conduct a survey to analyze the forces and trends that impact financial professionals and their ability to advance in their career, with particular focus on how the impact and perceptions differ among women and men. In this year's survey, conducted in early August 2008, financial professionals report similar concerns about job security and advancement opportunities, with two out of five respondents indicating that they feel either insecure or just "somewhat" secure about their current jobs.

Female financial professionals are marginally more optimistic about the direction of the U.S. economy over the next three months and are less concerned about the security of their jobs relative to the opinions of their male counterparts. Yet despite these views, women in finance are more likely to be concerned that they and their female colleagues are going to experience a greater detrimental impact on their career because of the current economic slowdown. On the other hand, they were as likely as their male colleagues to identify both expected positive and negative impacts on their own career.

Past AFP Women in Finance Surveys have covered topics such as the role of employee input in process innovation, the globalization of treasury and finance, and evolving management methods in response to the "new economy." This year's survey asked financial professionals about the impact that the current slowdown in the U.S. economy has had on job security and prospects for career advancement. In early August, AFP distributed the survey to 3,000 corporate practitioner members and another 3,000 surveys to its members who represent banks, vendors and consultants in the financial services sector. The responses from the 1,220 responses are the basis of this report.

Citi's Global Transaction Services Group has sponsored the AFP Women in Finance Survey series since 2004. The Association for Financial Professionals thanks Citi's Global Transaction Services Group for its continued support of the AFP Women in Finance Survey series. The staff of *AFP Exchange* and AFP's Research Department, who designed the survey questionnaire, analyzed the survey results and wrote/edited the report, are solely responsible for the content of this report.

Key Results

A majority of financial professionals expect the current economic slowdown to continue, with female corporate practitioners slightly more optimistic than their male peers about the direction of the U.S. economy. Fifty-eight percent of financial professionals believe that the U.S. economy will continue to slow at least into the fourth quarter of 2008, while a third believe that economic conditions should begin to stabilize and/or improve over the next 90 days. Ten percent of financial professionals believe the worst of the current economic downturn has already occurred.

Corporate practitioners, particularly male corporate practitioners, are most likely to believe that the current economic downturn will extend beyond the next three months. Sixty-three percent of male corporate practitioners believe that the economy will continue to slow beyond the next 90 days compared to just 56 percent of female corporate practitioners.

Belief of Whether We Have Seen, or Will See in the Next 90 Days, the Worst of the Current Downturn in the U.S. Economy (Percentage Distribution)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Believe economy will continue to slow <i>beyond</i> the next 90 days	58%	59%	56%	63%
Economy will continue to slow over the next 90 days	32	32	37	27
Have already experienced the worst of the economic downturn	10	9	7	10

The current economic slowdown has had a detrimental impact on most organizations. Just over three-quarters of financial professionals (76 percent) indicate that the economic slowdown has had either a “significant” or “minor” detrimental impact on their organizations’ business activity. Of course, not every business and industry has been hurt by current economic conditions. Some are actually thriving in today’s business environment. Indeed, eight percent of survey respondents report that the economic downturn actually has boosted their organizations’ business activity, while one out of six survey participants (16 percent) report that the economy has had no significant impact on their organization.

Impact of Economic Slowdown on Organization’s Business Activity (Percentage Distribution)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Significant detrimental impact	29%	25%	22%	28%
Minor detrimental impact	47	49	51	47
No significant impact	16	21	22	20
Minor positive impact	5	3	4	3
Significant positive impact	3	2	1	2

Even though many survey respondents expect economic conditions to remain soft for the near and immediate future, most financial professionals feel secure about safety of their jobs. This finding is consistent with national employment data that shows layoff activity for white-collar professionals (at least at the time of this report's publication) has been muted relative to other recent economic slowdowns/recessions. Nearly three out of five financial professionals (58 percent) feel secure in their jobs. Interestingly, there is no difference in perceived job security between male and female corporate practitioners.

Still, not everyone believes their current job situation is secure given current economic conditions. Thirty percent of financial professionals report feeling only “somewhat secure” about their current job while 12 percent of survey respondents express significant concern about their job security. The percentage of survey respondents who feel “not secure” about the state of their current job is virtually the same for both men and women financial professionals.

Perceived Job Security
(Percentage Distribution)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Secure	58%	61%	61%	62%
Somewhat secure	30	27	27	27
Not secure	12	11	12	11

While a number of factors can influence one’s perceived job security (e.g., company’s financial condition, one’s own job performance), the current economic downturn has had a significant impact on job security. Most financial professionals who perceive that their job is not secure also believe that their job security recently has become more precarious in today’s economic environment. In fact, 74 percent of financial professionals who perceive their job security as either “somewhat secure” or “not secure” report that their job situation has become more precarious over the past six months.

Overall, 57 percent of financial professionals believe their job situation has deteriorated over the past six months, with 13 percent believing that their job situation has become *significantly* more precarious during this time span. But corporate practitioners, particularly female corporate practitioners, are less likely to feel their current job situation is “significantly more precarious.” Just nine percent of corporate practitioners—including eight percent of women corporate practitioners—perceive their job situation to be significantly more precarious than it was six months ago.

Perceived Job Situation Relative to Six Months Ago
(Percentage Distribution)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Significantly more precarious	13%	9%	8%	11%
Somewhat more precarious	44	39	40	38
No significant change	43	52	52	51

Most financial professionals indicate that their organizations have not had to lay off employees despite relatively weak economic conditions; if their organizations *did* downsize, the layoffs more

likely occurred outside of those organizations' treasury and finance operations. Three-quarters of financial professionals report that their organizations have not resorted to layoffs over the past six months. Twenty-six percent of financial professionals report that layoffs have occurred outside of treasury and finance functions within their organization, while 19 percent report that there have been layoffs affecting their organization's treasury and finance departments.

Prevalence of Significant Layoffs Over Past Six Months
(Percentage Distribution)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Organization has not suffered layoffs	73%	79%	77%	81%
Layoffs throughout organization including treasury and finance	18	14	15	12
Layoffs within organization but outside of treasury/finance	8	6	6	7
Layoffs only within treasury and finance	1	1	1	*

Nearly half of financial professionals (46 percent) surveyed know at least one colleague in treasury and/or finance who has lost his/her job directly as a result of the current economic slowdown. Female corporate practitioners are less likely than their male counterparts to know a financial professional who has lost his/her their job recently (36 percent).

In only two percent of these cases, however, was the laid-off worker a participant in the survey. In most cases, the laid-off colleague worked for an organization other than that of the survey respondent. A third of financial professionals, including 70 percent of financial professionals who know of at least one colleague having lost his/her job, know a colleague in a different organization who has been laid off as a result of current economic conditions. Sixteen percent of financial professionals report that the laid-off colleague was a peer in their current organization, while eight percent report that a superior at their current organization had lost his/her job.

Personally Know a Financial Professional Who Has Lost His/Her Job Directly as a Result of the Economic Slowdown
(Percent of Respondents)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Does not know someone directly impacted	54%	61%	64%	60%
Colleagues with other organizations	33	31	26	34
Peers within current organization	16	9	10	8
Superiors within current organization	8	4	5	3
Myself	2	2	2	2

Even though women are marginally more optimistic about current and near-future business conditions and also are slightly less likely to perceive their job security is tenuous, they are more likely

than their male counterparts to believe that they and their female colleagues are more vulnerable to job setbacks resulting from the economic slowdown. Twenty-six percent of female corporate practitioners believe that women are “more vulnerable” to job setbacks resulting from the economic slowdown; only four percent of male corporate practitioners share the same view. Overall, 14 percent of financial professionals feel that women are more vulnerable to job setbacks resulting from the current economic situation.

Similarly, female corporate practitioners are more likely than their male counterparts to believe that senior-level professionals are more vulnerable to a job setback as a result of the economic slowdown (47 percent versus 35 percent). Overall, 45 percent of financial professionals believe that senior-level financial professionals are more vulnerable to a job setback resulting from the economic slowdown.

Belief that Women and Senior-Level Financial Professionals Are More Vulnerable to Job Setbacks Resulting from the Economic Slowdown
(Percent of Respondents)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Women are more vulnerable than men	14%	15%	26%	4%
Senior-level financial professionals are more vulnerable than other employees	45	41	47	35

Eighty-nine percent of financial professionals expect their career to be impacted negatively as a result of the current economic slowdown, but they also feel that most of the effects may be short-lived. Seventy-two percent of financial professionals expect to receive a smaller bonus over the next year. Just under half (49 percent) believe there will be fewer job opportunities outside of their organization. Thirty-eight percent of survey respondents believe the current economic slowdown reduces the likelihood for job advancement within their current organization, while 31 percent foresee fewer other job opportunities at their current place of employment. Further, about a third of financial professionals also believe that their organizations will be less likely to make technological investments to improve treasury and finance processes.

While a quarter of women respondents believe that they and their female colleagues are more vulnerable to the economic downturn than their male peers, they are as likely as their male colleagues to expect some sort of impact on their own career resulting from the slowdown. Overall, the majority of both male and female corporate practitioners feel that current economic conditions could impact their careers, with only minor differences between men and women on specific impacts. Male corporate practitioners are more likely than females to believe that they have fewer career opportunities outside of their current organization as a result of the economic slowdown (54 percent versus 49 percent); they are also more likely to believe that their company is now more reticent to make technological changes in the coming year. Female corporate practitioners are slightly less likely than their male peers to expect career advancement at their current place of employment over the next two years.

Expected Career Impact(s) Resulting from Current Economic Slowdown
(Percent of Respondents)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
No impact seen	11%	11%	10%	12%
Less likely to receive expected bonus	72	67	66	67
Will have less ability to find other opportunities in finance outside of my organization	49	52	49	54
Less likely to move up within the organization in the next two years	38	35	37	33
Company less likely to implement technology changes in the coming year	35	32	27	35
Will have less ability to find other opportunities in finance within my organization	31	29	29	29
Less likely to obtain job assignments overseas	12	12	11	12
Less likely to remain in this industry	9	8	9	8

While economic slowdowns can lead to layoffs and other career disrupting events, they also can provide opportunities for career advancement and the implementation of improved processes. Nearly three out of five financial professionals (58 percent) report that their organizations are using more innovative methods to accomplish certain functions. Two out of five financial professionals (42 percent) indicate they have taken on new job responsibilities, perhaps as a result of a departmental downsizing, which represent either a career development and/or a learning opportunity. Fewer financial professionals feel that the current economic slowdown has led to the following:

- Many companies to hire talented financial professionals (13 percent)
- A number of entrenched employees to leave and, as a result, leaving more open positions (12 percent)
- Open up more professional opportunities in emerging or developing markets (12 percent).

Career Opportunities Resulting from Economic Slowdown
(Percent of Respondents)

	All	Corporate Practitioners	Female Corporate Practitioners	Male Corporate Practitioners
Organization is now moving toward more innovative ways of accomplishing certain functions	58%	61%	62	61
Financial professional has taken on new responsibilities that represent a professional and/or learning opportunity	42	41	40	42
Many companies are now hiring talented financial professionals	13	14	11	18
Entrenched employees have departed, leaving more open positions	12	12	13	10
More professional opportunities now exist in emerging or developing markets	12	10	9	12

Conclusions

While few financial professionals report having lost their job as a result of the current economic slowdown, two out of five survey respondents feel, at most, only somewhat secure about their current jobs. Women financial professionals are, overall, slightly more optimistic than are their male colleagues, both in terms of the likely direction of the economy in the near-term as well as the impact of current economic conditions on their jobs. Further, while a quarter of female financial professionals believe that they and their female colleagues are more vulnerable to the economic slowdown, they were as likely as their male colleagues to identify both expected positive and negative impacts on their career resulting from the same.

About the Survey and the Survey Respondents

In early August, AFP distributed an email survey to 3,000 of its corporate practitioner members and received 571 responses—evenly split between males and females—generating a response rate, adjusted for misdelivered email, of 20 percent. In addition, AFP distributed the same survey to 3,000 of its members who represent banks, vendors and consultants in the financial services sector—this group generated 649 responses that represent an adjusted response rate of 22 percent.

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Job Titles
(Percentage Distribution)

	All	Corporate Practitioners
Vice president	18.6%	2.9%
Cash manager	12.6	20.7
Manager	11.3	11.9
Analyst	9.5	13.9
Director	8.1	10.8
Treasurer	5.7	11.2
Assistant treasurer	5.7	10.6
Consultant	4.4	0.7
Assistant vice president	3.8	0.6
CFO	2.0	4.0
Assistant cash manager	1.4	2.6
Accountant	1.1	2.0
President	1.0	0.2
Controller	0.8	1.7
CEO	0.6	0.2
Assistant controller	0.4	0.9
Other	12.8	5.0

Gender
(Percentage Distribution)

	All	Corporate Practitioners
Male	48%	49%
Female	52	51

Annual Revenues
Corporate Practitioners Only
(Percentage Distribution)

Under \$100 million	9%
\$100 - 249.9 million	7
\$250 - 499.9 million	8
\$500 - 999.9 million	15
\$1 - 4.9 billion	32
\$5.0 - 9.9 billion	12
\$10 - 19.9 billion	8
\$20 billion or more	11
Median	\$2.34 billion

Industry
Corporate Practitioners Only
(Percentage Distribution)

Manufacturing	19%
Retail (including Wholesale/Distribution)	10
Banking/Financial Services	9
Insurance	9
Energy (including Utilities)	8
Health Services	7
Government	6
Software/Technology	5
Real Estate	4
Non-Profit (including Education)	4
Transportation	3
Business Services/Consulting	3
Hospitality/Travel	2
Construction	2
Other	10