



# BUSINESS WORLD

## Austria – a dynamic business location

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# BUSINESS WORLD

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Stephen Hamlet  
CEO  
Russell Bedford International

## Foreword

It's been a pleasure to experience a flurry of physical activity since I wrote my foreword for the March edition of *Business World*.

Soon after its release, I was delighted to travel to Cancún in Mexico to meet our Latin American region and discuss the last couple of years: the pandemic; how their firms, their people and their clients coped; and their future plans. It was very positive, and I commended them on their admirable work supporting businesses during challenging times.

Following Cancún, I visited our firm in Tampere in Finland to discuss their recent activity and progress, I also met the managing partner of a firm in Helsinki, to discuss joining our network. It felt good to travel again and meet people face-to-face.

In May, the network hosted our International Tax and European, Middle East and Africa (EMEA) regional meeting in Geneva, Switzerland. From start to finish this was an event that had it all, enhanced by an excellent turnout of members from across the EMEA region and beyond. Our programme was interesting and diverse and not only highlighted some important tax updates and advances in the world of tax, but also shone a light on important topics such as crypto, corporate social responsibility, and culture.

The event reminded me of how collaboration is optimised by connecting people who are committed to common core values and share an authentic business culture. Despite different backgrounds, ethnicity, gender, race, and religion, these are relationships built on trust that have evolved naturally into friendships.

It was a delight to reconnect with our people in Geneva. It felt a bit strange when I first stepped onto the stage to welcome everyone but, by the end of the conference, it was very much like, 'What pandemic? What lockdown? What two-and-a-bit years? This is why our network prides itself on connectivity and relationships.

I also celebrated my five-year anniversary as Russell Bedford's CEO and reflected on how our network has grown by more than 70% in that time. Global growth has consistently surpassed expectations and

far exceeded the industry average in each year. In fact, our growth was more than twice that of all international accounting networks during this period. I've welcomed 80 new firms and we now have over 8,000 people – over 40% more than five years ago – and we're now in more than 100 countries.

On a different note, I was proud to attend the International Accounting Forum in June, when Russell Bedford collected the award for Wellbeing initiative of the Year for our work in putting health and wellbeing at the forefront of activity. The pandemic made us acknowledge our vulnerability, allowed us to openly address our psychological challenges, and helped us reflect on our priorities in life. I am proud of what we did. Through our relationship with Michael Quigley at Kataholos, we gave our people the encouragement and breathing space to take time out to prioritise their mental health as much as their physical health.

In July I went to Singapore for our Asia Pacific conference and met our friends and colleagues from Asia and Australia. We discussed our experiences during the pandemic while, at the same time, comprehending how well our firms had performed, and how valuable their clients perceived the service and support they had received.

Let's hope we can now put the pandemic behind us and look forward to even greater success. While uncertainty exists because of the instability and turmoil developing around the world, the one certainty is that, for businesses, whether based locally or those expanding internationally, our Russell Bedford firms remain happy, willing, and able to help.

# Austria – a dynamic business location



## About the author

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Alexander is the managing partner at Russell Bedford's Graz, Austria member firm Hofer Leitinger Steuerberatung GmbH.

He is a tax advisor and management consultant, specialising in social security and taxes of freelancers, medical professionals, the self-employed and business owners.

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A landlocked country sitting in central Europe, Austria has been a member of the European Union since 1995. Of the eight nations that have borders with Austria, Germany is by far the largest.

German is also the official language of Austria. The population of Austria numbers around nine million people, of which around two million live in the capital Vienna.

## Economy

Austria is one of the most prosperous EU member states and offers ideal conditions for investment. While possessing a developed industrial sector based around key industries such as steel, engineering, and chemicals, it is also supported by a successful service economy. Tourism plays a large part with renowned city destinations such as Vienna and Salzburg attracting hordes of visitors. Add to this Austria's geographical position among the Alps, which makes it one of Europe's top ski destinations, and it's no surprise that prior to the pandemic tourism contributed 7.5% to Austrian GDP.

## Personal taxation

The income of employed and self-employed people triggers compulsory social security contributions towards pension, health, accident, and unemployment insurance. These contributions are paid by employer and employee and together total almost 39.35%, split currently at 21.23% employer contribution and 18.12% employee contribution. Only the first €5,550 of monthly income attracts social security contributions.

Anyone who is resident in Austria pays income tax on all income whether earned or unearned. Income tax starts once income exceeds €11,000 and rises progressively from 20% to 55%.

A withholding tax of 27.5% applies on the disposal of shares and other financial assets; a higher rate of 30% applies to the sale of real estate.

## Corporate taxation

A limited liability company resident in Austria pays corporate income tax on its entire domestic and foreign income. Companies pay tax at a rate of 25% (reducing to 23% by 2024) on profits. Businesses also withhold tax on profit distributions at 25% for corporate shareholders and 27.5% for all other shareholders.

## Value added tax (VAT)

Austrian VAT law follows EU VAT directives. Businesses must charge 20% VAT on the goods and services they provide to customers. Reduced rates of 10% or 13% apply to some goods and services such as food, books, and public transport.

## Investing in Austria

Austria is a socially and politically stable country, renowned for its high quality of life. The quality of education in Austria is high, producing a pool of well-educated talent. The majority of Austrians speak English as well as other European languages.

Apart from needing to meet EU-wide business requirements there are few barriers to entry. Labour costs are among the highest in Europe, largely because of social welfare costs, but this does produce a well-motivated workforce, and unemployment is low.

As for opportunities, Austria's economy is strong and diverse. Austria can attribute around 20% of its GDP to manufacturing, of which about 60% goes to export. This makes Austria one of the biggest exporters in Europe; it is also one of the easiest countries in which to conduct business – in the last World Bank Doing Business Report, Austria ranked 27 out of 190 for ease of doing business.

As well as manufacturing, other attractive areas for investment include:

- pharmaceuticals and medical devices
- cyber security
- education and training

## Setting up a business in Austria

Austrian businesses exist in one of four forms:

- Partnerships – the partners share all profits and all liabilities
- Limited partnerships – one partner has unlimited liability while all other partners have limited liability
- Limited liability company (GmbH) – the most common business structure in Austria and can be set up with only one shareholder and a minimum capital requirement of €35,000

- Publicly quoted limited company (AG) – listed on a stock exchange and subject to strict requirements and a minimum capital requirement of €70,000.

A limited liability company (GmbH) is the most common approach for foreign businesses looking to invest in Austria. A GmbH can be created with relative ease and the whole process takes around five weeks.

## Incentives to invest

The Austrian government offers a range of incentives to attract investment. They change frequently but include:

- industry specific cash incentives
- tax incentives
- subsidies
- export guarantees
- preferential loans

As well as financial incentives, Austrian company law aims to make it as simple as possible to set up a business in Austria. Foreign investors are treated no differently to Austrian nationals when setting up a company in Austria, they are governed by the same regulations, and the process for setting up a company can be completed remotely.

## Austria offers many advantages

Austria's strategic location in Europe, its membership of the EU, all-round stability, and positive attitude to foreign investment are all good reasons to consider Austria as a business location. Add to this the ease of both setting up a business and doing business, and the access to a highly educated, skilled, and motivated workforce, and Austria becomes an attractive option for businesses looking to expand overseas.





#### About the author

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Hartley has served as an assurance partner with Russell Bedford's Toronto member KRP for more than 35 years, having first joined the firm in 1985. He is responsible for a large and diverse client base of owner-managers, entrepreneurs, family-owned businesses and not-for-profit organisations. He has worked with clients across a wide range of industries, experience that helps him provide clients with the very best strategic financial advice.

Hartley brings expertise in multiple disciplines including accounting, audit, financial management, as well as estate, corporate and personal tax planning. He has published several articles and presented seminars—on topics ranging from financial reporting and business acquisitions, to taxation and succession planning—to various industry groups and professional organisations.

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## Protecting your business against rising inflation

Having navigated their way through the pandemic, many businesses (not unreasonably) may have thought they were in the clear. However, they soon faced another challenge: inflation. Regardless of business sector, rising prices have affected the cost of everything from labour and materials to machinery and services.

In Canada, the latest data places annual inflation at 8.1%. However, this is an average inflation rate, and some costs are increasing at a much faster pace – timber and diesel are just two examples. The war in Ukraine, uncertainty over the future impact of Covid-19, and ongoing supply chain issues are just a few causes of higher prices. As a result, businesses are fighting inflation for the first time in a generation.

We're also seeing workforce changes arising out of the pandemic. With unemployment at post-crisis lows, it's a seller's labour market and many workers are cashing in. The global impact of the Great Resignation has not been consistent, and anecdotal evidence suggests a new level of mobility and confidence among skilled professionals. Their services are in demand and they're not afraid to look for new opportunities that maximise their market value. Naturally, this drives up wages and increases costs for businesses, many of which are still navigating their way out of Covid-19.

While inflation is creating challenges for business, there are steps you can take to mitigate its effects. Here are some suggestions for dealing with rapidly rising prices.

### Evaluate your revenue streams

If you sell discretionary goods or services, it's unlikely that you can compete by adjusting prices to fight inflation. Instead, consider reconfiguring your revenue forecasts to accommodate inflationary pressures and set realistic revenue targets based on prevailing marketing conditions.

### Review labour costs

Wages are creeping up, especially in knowledge-based sectors and industries where skilled trades are in demand. These increases can have a negative effect on profit margins, so factor this into your revised forecasts. In areas of price inelasticity, where demand is not price sensitive, businesses can raise prices to protect margins as demand drops. Most other businesses need to reduce costs to retain customers; keeping labour costs under control is vital when trying to protect squeezed margins.

### Find other cost savings

As prices increase, you may need to find ways to reduce costs across all areas of your business. This could, for example, include making redundancies or finding new efficiencies. The goal here is to cut costs and improve your return on operating investments without compromising the quality of your products or services. Businesses should also look at securing long-term contracts with suppliers while fixing costs at current prices.

### Consider borrowing now

With the spectre of rising interest rates hanging over businesses, it makes sense to secure your operating line of credit at current rates. Borrow now for capital acquisitions and take advantage of fixed long-term rates where possible.

### Take steps to retain your customers

Eventually, you'll almost certainly need to increase your prices. Some customers may resist, so be proactive. Consider loyalty programmes and other incentives to help mitigate the risk of customers seeking alternatives to your products or services.

### Consider automating

To achieve your business goals, you may need to consider increased automation to bring operating costs down and maintain profit margins. Depending on business sector, this will look different; for example, manufacturers might automate with new machinery while an online service provider might invest in technology that reduces the need for direct staff involvement in digital sales activities.

### Have cash on hand

Remaining liquid is a good hedge in times of financial crisis. Inflation reduces the buying power of cash, but it may be feasible to use surplus cash to buy equipment that strengthens your business and makes it more efficient.



### Look for opportunities to diversify

In foreign markets, inflation may not be having quite the same impact as it is at home. This can present opportunities to export more. Perhaps your currency has weakened against other currencies, making your goods and services more attractive to buyers. Use your website and social media channels as a tool to target foreign markets and customers.

### Analyse your financial ratios

Pay attention to your company's financial ratios on any outstanding banking agreements and be prepared to reduce debt or renegotiate rates with your bank. As interest costs increase, this can reduce ratios such as debt to tangible net worth, and debt service coverage. Higher labour and other input costs, without a corresponding increase in sales revenue, will not only reduce your operating profit, they will also reduce your earnings before interest, tax, depreciation and amortisation (EBITDA), a key measure of financial performance studied by banks. Thinking proactively and acting before the bank begins scrutinising your books will help to reduce the likelihood that you'll be pushed into making ill-timed strategic decisions in the face of mounting financial pressure.

Managing costs and cash flow is critical in the current operating environment. Professional tax advisers and accountants are an indispensable resource when analysing your balance sheet and making changes to improve your organisation's financial position.



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Mark is the Chief Operating Officer at Suntera Global, Russell Bedford's Isle of Man member. He has worked in the corporate services and digital industries in the Isle of Man for the last fifteen years. An Associated Member of the Chartered Institute of Secretaries and Administrators, Mark has held a number of senior business development positions throughout his career.

As Managing Director of Suntera's Isle of Man office, Mark oversees the overall operation and performance of the office and its services. In 2021, he was promoted to Chief Operating Officer and is responsible for the global office network and expanding the multi-jurisdictional team.

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# CSR, ESG and DEI – are they worth the investment?



In the March 2022 issue of Business World we published part one of a two-part interview. We asked some representatives of member firms to describe how corporate social responsibility (CSR) plays a part in their businesses and how easy or difficult it is to incorporate environmental, social and governance (ESG) and diversity, equality, and inclusion (DEI) into daily business life. In the second part of this interview, we ask some more directors and managers about their experiences.

### Can you tell us about the environmental, social or governance matters that mean most to your business and why?

Mark Reynolds, Suntera Global

We empower everyone in our team to play a part in cultivating a work environment with ESG principles at its heart. We focus on areas such as carbon and energy, people and communities, and water and biodiversity. This has led us to work with environmentally focused organisations like Beach Buddies and PlasticBusters. We've embedded ESG into our culture and regularly review our activity.

Robert Morley, Lubbock Fine

Socially we have a long history of supporting charities that help children in need, and those that promote diversity. We also actively encourage our people to

volunteer. This year we embraced the RISE programme that focuses on social mobility and its aim to equip hard-to-reach young people with the skills they need to succeed.

Environmentally we strive to minimise waste and recycle wherever possible. Environmental policy is also a factor when we're deciding on suppliers and other potential business partners. This year we're looking at ways to reduce our carbon footprint and aim to reach carbon neutrality in the near future.

From a business perspective, why do you engage in these activities? Is it to attract new clients or employees, or is it just to tick a box?



### Jamie Burak, WBL

Our DEI initiative aims to raise awareness and educate our people on the different cultures both in our firm and among our clients.

We aim to maintain an inclusive, safe, and supportive environment where we treat one another with respect. We aim to understand one another and to embrace a variety of opinions, approaches, and perspectives. Embracing DEI is also important when attracting and retaining employees and clients.

### Hayley Plimley, DJH Mitten Clarke

We work hard to achieve great things, and it makes sense for us to do this in business and in our local communities. As a team we've made a real difference over the years.

Giving back is one of our core values; not only is it fun, we've also met some great people and charities along the way. Our main focus is our people, so tackling the issues that mean a lot to them helps to create a happy and engaged team and the perfect environment to deliver our business goals.

### What is your firm doing to support diversity and inclusion in the workplace? Are there areas where you're trying to improve?

#### Jamie Burak

Our DEI committee of associates represents different backgrounds and cultures and surveys everyone periodically to gather input on DEI initiatives. Our weekly e-newsletter contains a DEI section highlighting cultural events, holidays, and observances and we recently held a DEI lunch-n-learn to raise awareness of the importance of diversity and inclusion in the workplace. We plan to incorporate community service activities for associates into our DEI initiative this year, as well as integrating DEI into our recruitment.

#### Robert Morley

As an equal opportunity employer, we strive to break down barriers to eliminate discrimination, and ensure we give our people the tools and opportunities they need to reach their full potential. Irrelevant or discriminatory criteria never feature in employment decisions because we know that a diverse mix of backgrounds, skills and experiences drives new ideas and maximises our ability to

achieve our goals. All our people receive training in how to uphold our commitment to diversity and equal opportunity, a commitment that ensures individual merit is our only consideration when making employment and promotion decisions.

### What advice can you give to businesses yet to build CSR, ESG, and DEI into their business plans?

#### Mark Reynolds

It's vital that businesses build these initiatives into their plans and place them at the heart of what they stand for. I believe the best approach is to start small; for example, champion a paperless approach, and encourage people to bring their own drinks bottles rather than single use plastic bottles. Initiatives like these can act as a stepping stone to bigger projects. Engage your team in generating ideas so that the journey is a shared one.

#### Hayley Plimley

Keep it simple. Taking small steps with a clear focus will allow you to deliver with greater impact. Gather input from your team to drive a creative and diverse approach.

### Some businesses may feel they are too small or lack the resource to implement CSR, ESG, and DEI. How would you convince them otherwise?

#### Mark Reynolds

Ignoring the issue is unacceptable and makes no business sense. Employees and clients are both demanding more on ESG, and it is having an increasing impact in all stages of supply chains. Any business wishing to futureproof must act.

Small steps can have a big impact. Donate old computers to charity, recycle office supplies, and introduce policies such as turning off computers when not in use. Form an ESG committee to explore ideas and opportunities; this is an excellent way to begin your sustainability journey.

#### Jamie Burak

No business is too small to create and maintain an inclusive, safe, and supportive workplace, and to raise awareness of different cultures and backgrounds.



### About the authors

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Jamie is the HR manager and chief culture officer at WBL, Russell Bedford's Atlanta, US member firm. She devises and implements recruiting strategy to attract and develop top talent, oversees the firm's training and continuing professional education programs, helps create the compensation and benefits structure, coaches staff, creates policy and helps enhance careers.

Jamie has more than 20 years of professional HR experience, previously working in the hospitality and rapidly growing software industries. At WBL, she focuses a majority of her efforts on the firm's staff and culture, but also shares her expertise with the firm's clients on occasion to help them identify and evaluate candidates for accounting-related positions within their organizations.

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# Spring cleaning your business can pay dividends

We're all familiar with the idea of spring cleaning our homes but it can also work wonders for a business. A yearly spring clean is a great way to refresh and reset your business, helping you to build a plan for now and the future, or to refocus on an existing plan.

In this article we will look at some areas on which you can focus to build a stronger and more prosperous business, regardless of its size.

## Enhance your customer service

If there's one thing we've learned during the pandemic, it's that customer loyalty can help carry your business through even the most difficult period. To improve your customer service, focus on your previous mistakes by:

- identifying your biggest missteps in last year
- outlining how you and your team can avoid them in future
- highlighting what went well and how you can build on this in this year.

## Build your marketing and communication plan

A sound social media marketing strategy has become critical. Engaging with your clients on social media is now essential to making your business visible, building your brand, and developing a loyal following.

If your business cannot justify the cost of a full-time marketing manager, consider engaging an external marketing consultant to help you create and implement a plan.

## Prioritise your company culture

If your employees feel engaged and inspired, rather than just satisfied, they will be more productive. Building a company culture that makes your employees feel appreciated, respected, and empowered to develop their careers will boost their engagement and loyalty.

## Review your processes

Covid has changed the way we do business. Many businesses were forced to implement cloud-based software in a hurry just to keep operating. Now is a good time to review software and administration processes to ensure they are providing the best value to your business.

## Review your budget

Having a budget is important, but regularly reviewing your budget is essential. If you're not meeting your business goals, the quicker you identify the root cause, address it, and make improvements, the better. Involve both your leadership and accounting teams in your regular budget reviews to keep all areas of your business on track.

### About the authors

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*“Planning is essential for the smooth running of any business.”*

### Hold a planning day

Planning is essential for the smooth running of any business. However, business owners are often so busy running their businesses that they lose sight of their goals. Occasionally it is essential to step away from working in the business to spend some time working on the business.

Depending on the size of your business, you might limit your planning day to your leadership or management team, or you might involve the whole business. We choose to include everyone at our planning days as different people have different perspectives – receiving feedback from all areas of the business helps to identify issues as well as opportunities.

#### Five tips for a successful planning day

##### 1. Who?

Involve as many staff as possible. The best ideas come from collaboration and can often come from someone you least expect. Everyone in your business views success from a different perspective and these insights can help you set your business strategy.

##### 2. What?

Ensure you have a clear idea of what you're trying to achieve. Survey your staff a month before to gather feedback on any issues they have so you can work together to address them. Boost staff morale by sharing wins such as new clients and contracts. Discuss the ideal clients you're looking for, new sectors you wish to target, and any major changes you plan to implement during the next year, such as new policies, staff recruitment plans, and changes to software.

##### 3. How?

People are most attentive in the morning so get your most significant topics and areas of focus out of the way before lunch. Use the afternoon for more social and less structured tasks, while team focused games and activities are useful to build collaboration and morale. Ending the day like this means staff will look back on the event more favourably than they would if they have spent the entire day on business strategy.

##### 4. Where?

Hold your planning day away from the usual place of work. Depending on your business, this may feel difficult but stepping away helps to generate the clarity and focus you need to formulate a clear plan. If you need essential staff to stay behind, trust them to keep things running while you're not there.

##### 5. When?

You should hold a full-scale planning day once a year. However, you can also hold smaller events more regularly to help progress towards goals and to update your staff. To minimise disruption to your business, you might hold your planning day during a quieter time. Alternatively, holding your event during a busy period can give your staff extra motivation to achieve.

Finding time to step away from your business to spend time on your business may feel difficult at times. However, doing so can bring long-term benefits to both business owners and employees by building perspective and a new-found passion for the business.

# US tax reform: an overview

This past tax season has haunted US professionals with many cumbersome, albeit sometimes helpful, policy changes by the Treasury and the Internal Revenue Service (IRS). In this article we will give an overview of some of the most significant changes that could impact your business.

## Paycheck Protection Programme

While this programme has ended and has shown great success in injecting funds into the hands of businesses and self-employed individuals to keep people employed, the IRS continued to adjust the presentation of the relief of loans (forgiveness) on business tax returns.

## Employee retention credits

This was another successful programme that injected funds into businesses whose revenues suffered because of Covid. The IRS provided late guidance affecting the 2020 tax returns for those who qualified for the benefits, by requiring a removal of deductions for payroll used to claim such credits.

## Pass-through entities – state and local tax workarounds

In 2020 some states enacted programmes to create a benefit to shareholders and members of pass-through entities relating to state and local taxes which were typically paid at an individual level. Modifications are still being made to the computations to correct the states' interpretations; for example, New York plans to include something for NYC tax.

## Cryptocurrency reporting

The IRS and Treasury now require tax returns to report all cryptocurrency activity. Whenever there is a sale of such an asset, a gain or loss must show on a tax return as short-term and long-term capital gains. The IRS also expects form 1040 to report any activity involving cryptocurrency. This creates additional tax and reporting, even if simply using crypto in a wallet to purchase something.

## State nexus and reporting

When people started working remotely from homes, states exercised some leniency in the rules regarding economic nexus (connection) as it related to bordering states. The Treasury also relaxed certain federal residency rules relating to US nexus for some foreign workers confined by Covid lockdowns. Once the remote workforce concept became more widespread, states realised they were losing revenue. They asserted that people working from home could create nexus and state allocated income for businesses and individuals alike. Other states looked to protect their eroding tax base by asserting conflicting rules that tied employees to their

business office location. We have seen an increase in nexus assertions by various states through desk audits; care is needed both individually and as it relates to sourcing income from your business operations based upon employee location.

## Forms K-2 and K-3

While K-1 is necessary for investments made in publicly traded partnerships and other investments, K-2 and K-3 create additional reporting for entities that have foreign operations, foreign shareholders, and other complexities so that the IRS can present the information in a standardised way. The new forms created quite a headache for many, and the presentation only confused the public and professionals alike.

## Research and development tax credit reporting

Effective in 2022, any claims for tax credits related to research and development spending will require more stringent disclosures. The IRS is on the lookout for fraudulent claims and will require details in the tax return of the specific research.

## Lease accounting

The Financial Accounting Standards Board (FASB) creates new accounting pronouncements on a regular basis. This one has been delayed many times but is expected this year. Businesses will need to create balance sheet items related to leased assets. A rental arrangement for warehouse or office space will find its way onto the balance sheet in the form of an asset and liability. For those who prepare financial statements given to a bank, these changes should be addressed and presented now. This will result in clearer communication with agencies and banks and better understanding of reporting requirements and covenant computations for 2022.

## Future policy setting

The new US Department of Treasury Greenbook, published in March 2022, gives a feel for the proposed changes in store for 2023.

While these are only proposed changes, clearly the current administration is pushing a similar agenda as seen in earlier proposals and bills, many of which did not pass. There appears to be a sense of catching up on revenue, and it seems we should expect tax increases in the coming years.



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Mark is also experienced in establishing accounting systems and policies for start-up and emerging businesses. He works in an array of industries, including wholesalers, retailers, manufacturers, professional service firms, high-tech companies, apparel and textile companies, hospitality, and estate and trust matters.

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# Leadership and the diversity of generations



In today's developed society, population life expectancy continues to grow. This presents challenges to business leaders as the workforce comprises people that cross multiple generations; we often hear these described as Generations X, Y and Z. Born in different times, each generation offers different experiences, has different expectations, and different opinions. In this article we will look at the approach business leaders need to take to get the best out of all generations.

## Evolving generations

The group we call Generation X is composed of people born between 1965 and 1979. These people experienced the arrival, and subsequent development, of new technologies and the social revolution created by the arrival of women in the workforce. These events disrupted generally accepted norms that had existed in the workplace for many years. This is a generation that had to learn how to adapt and develop new skills just to stay relevant in the workplace.

Generation Y comprises people born between 1980 and 1995. These people entered a more globalised workplace, fuelled by the growth of the Internet that enabled instant communication and multitasking. Shaped by a rapidly changing work environment, these people became hungry for new challenges.

Next came Generation Z, formed by those born between 1996 and 2010. These people only know a world that is completely digital. This is a digital world where everything is connected, that offers easy and rapid access to information, and has created a generation that is largely self-taught and, being used to immediacy, one that expects things right now.

Faced with this multigenerational and diverse workplace, the challenge for business leaders is how to meet their differing needs and expectations and keep each generation motivated.

## Diversity brings advantages

A team that comprises multiple generations can bring many advantages. These gains often arise out of differing experience; the older generation can pass its experience on to the younger generations, influencing their behaviour, while the younger and rapidly developing generation can help to influence an older generation that may be more resistant to change. Everyone has the opportunity to gain from everyone else and this enriches the entire team.

To harness the benefits that diversity brings, business leaders must recognise the profiles of the people that make up a team, appreciate their different characteristics, and understand what motivates them. Only by doing this will you see results.

## Leading diverse teams

In Brazil, currently the workplace largely comprises Generations X and Y – although Generation Z is arriving in the workplace, many are still in full-time education. Generation Z is largely motivated by stability while Generation Y looks for challenges. This makes it essential for business leaders to recognise these differing needs and characteristics.

A study carried out by Adriel Leal Diniz and others, entitled *Leaders' challenges in driving baby boomers, and X and Y generations in the workplace*, tells us that to be a leader, it is necessary to live leadership, and wake up and sleep breathing leadership; it is necessary to disregard humility, understand relationships, and understand and serve people. Antonio Cesar Amaru Maximiano, in the sixth edition of his book *General management theory: from the urban revolution to the digital revolution*, informs us that '...the leader guides the group and encourages everyone to participate. The emphasis is on the leader as well as the group.'

It follows that all business leaders must develop skills that enable them to lead diverse teams, particularly in the area of communication. Further, leadership styles will need to align with the policies and strategies of the wider business. Sometimes this might even vary across internal business areas – where an autocratic style might work in one area, a more open style might be better in another. This decision will be driven by the profile of each team and what you want it to achieve.

If you respect individuality and encourage collaboration, generational differences will complement each other and turn diversity into a force for growth.



### About the author

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Rosangela is a regional auditing director at Russell Bedford Brasil.

She is one of the auditing technical directors at the firm and is an accountant and specialist in tax management. Rosangela has 22 years of experience in the area of external auditing and consulting in public and private companies.

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# Breaking bias in the modern workplace

We've all heard the term bias but what does it really mean and how does it show itself in businesses? In this article we will consider what biases women face in the workplace and how we can all take steps to overcome them to forge better, more inclusive environments for all.

## What is bias?

Bias is complex. We all have bias and stereotypes both conscious and subconscious. Relying on these snap judgements can be useful at times, particularly in times of danger, but making snap judgements about people can be harmful. In the workplace, bias can appear in many forms such as:

- undervaluing an individual because of their age or gender, such as assuming a woman is an administrator rather than her actual position as team leader
- accusing women of being over-emotional or bossy while accepting the same behaviour from a man as assertiveness or strong leadership
- listening to or valuing the opinion of a male colleague more than a female colleague even when they have the same opinions
- assuming that someone will behave a particular way because of their gender, beliefs, sexuality or where they're from.

People of all genders can consciously or unconsciously make biased comments or behave in a way that disadvantages women, so counteracting this takes work and dedication. Knowing bias exists isn't enough. Bias can have a big influence on people's daily lives, their opportunities, and their mental and physical health; we need to not only be aware of bias but also take steps to counteract it.

By recognising bias in yourself and others, you can mitigate the effects by taking time to make measured decisions and speak up when you see or experience biased behaviour.

## Why is fighting bias important?

The pandemic has had a profound impact on everyone and has exacerbated existing equality issues in the workplace.

Research from McKinsey has shown that three in four women experience bias at work and those who do are more likely to leave their jobs. Add this to the resignations and redundancies arising from the pandemic and the impact is big.

Businesses need to act now to promote, hire and retain women and break the biases that they face in the workplace. As movements such as International Women's Day and Pride demonstrate, there is a desire to create a bias-free world free without stereotypes and discrimination – one where difference is valued and celebrated.

## Not just for women

Everyone can play a role in creating a better environment for women; we need advocacy, inclusive mindsets and tangible action from men and women. Crucially, the rise of women is not about the fall of men; it's about equality for all.

It can be difficult for men to know how best to support women in the workplace. The most important thing is to be an ally. The International Women's Development Agency describes male allyship as a welcome amplification of women's voices. Men must support female colleagues, listen to them, and call out biased behaviour. Gender equality isn't just about improving the lives of women. It's about challenging all forms of damaging gender bias.

Ask female colleagues what they need, don't assume. For example, don't avoid giving women work when they return from maternity leave because you don't want to overburden them. Although well-intentioned bias, it underestimates women's abilities. Instead, ask how they feel about their workload and the amount that they would feel comfortable doing.

Forbes suggests two ways in which men can be better allies:

1. listen to women and pay attention to the specific ways in which they want to be supported
2. know when to step back and when to step in.

## Strategies to fight bias

There are many steps men and women can take to reduce bias. Women's mentoring and support group Lean In suggests these strategies.



### About the author

#### Sharon De Mendonca *Douglas, Isle of Man*

Sharon joined Suntera Global, a member of Russell Bedford International, as the Global Head of HR in September 2020. As a Fellow of the Chartered Institute of Personnel and Development, Sharon is highly experienced in human resources with over 20 years' experience. Sharon has held a number of senior HR roles including at board level and has operated across a wide range of jurisdictions including Asia, Caribbean and Europe. This has included the delivery of acquisitions across multiple locations, leading and managing change and building operational capability.

In 2021, Sharon was promoted to the group's leadership team as Chief People Officer where she will be focusing on leading and developing the strategic direction of HR and its alignment to wider business strategy across all Suntera Global offices.



### Speak up for someone in the moment

Someone's actions can have a great impact when someone is facing bias at work. For example:

- remind people of a colleague's talents when they have been overlooked.
- ask to hear from someone who was interrupted in a conversation.
- correct someone who says something incorrect, perhaps assuming a woman is more junior than she is.

### Ask a probing question

Ask questions that encourage others to examine their thinking, such as, 'what makes you say that?' or 'can you give me an example of that?' This can help people uncover bias in their own thinking. However, do not embarrass or humiliate, sometimes bias is unconscious; instead, offer it as an opportunity to learn and see a new perspective.

### Stick to the facts

When possible, eliminate bias by directing a conversation towards concrete, neutral information if someone's biased opinion is steering the conversation. For example, if someone makes a subjective or biased comment in a meeting, refocus attention back to the agenda or the facts at hand.

### Advocate for change

If you notice recurring bias at work, talk to your HR or leadership teams. Raise the issue and suggest any solutions or best practices that could reduce bias for your colleagues.

Forging gender parity can seem like a huge task, and you may wonder what impact one person can make. It is incumbent on everyone to end bias:

- start with the small steps
- celebrate the little wins
- speak to employees and act on their feedback to improve areas that matter to them.

Listening to your employees and making changes in your business will have immeasurable effects on productivity, engagement and more. Yes, you will need to invest some time and creativity, but this is no different to how business had to respond rapidly and creatively to the pandemic. If we can do that, we can do anything. Start today on the path to women's equality by challenging the bias both in and around you.

# News in brief

- **Seattle firm Clark, Raymond & Company CPA PLLC joins Russell Bedford**  
Russell Bedford has extended its North American coverage with the appointment of Clark, Raymond & Company CPA PLLC as its member firm in Seattle, USA. The firm has provided assurance, advisory and tax services to privately held businesses, non-profit organisations, and individuals throughout the north-western United States for more than 30 years.
- **Grau & Partner becomes Russell Bedford's second member in Frankfurt**  
Russell Bedford has expanded its German coverage by appointing Grau & Partner, another full-service firm, in the Frankfurt Rhine-Main metropolitan area. The five-partner firm has 50 personnel and offers a broad range of auditing, tax consulting, accounting, and business advisory services.
- **Russell Bedford adds to its recent awards by winning Wellbeing Initiative of the Year**  
Russell Bedford International won the Wellbeing Initiative of the Year award at the 2022 International Accounting Bulletin Awards ceremony, which took place at the iconic Waldorf Hilton in London on Wednesday, 29 June 2022. As winners, Russell Bedford provided measurable evidence of its wellbeing initiative, which improved the wellbeing of its members over the past year and included testimonials that demonstrate how Russell Bedford supported them.
- **Russell Bedford opens in Kosovan capital Prishtina**  
Russell Bedford Kosova – Audit LLC, becomes the network's first ever Kosovan member firm in Prishtina, extending the network's coverage in Southeast Europe. The firm's focus is on advisory and external audits for domestic entities and international financing institutions.
- **Geneva Convention: Fountain of Inspiration**  
After two years of online conferences, it was a pleasure to resume the Russell Bedford International Tax & EMEA Conference as an in-person event which took place at the luxurious Fairmont Grand Hotel, Geneva on 20-22 May located on the magnificent Lake Geneva, Switzerland.
- **Jerroms Miller Specialist Tax launches**  
Russell Bedford's West Midlands, UK member firm, Jerroms, has launched an exciting new merger between the firm's corporate tax team and Pete Miller, one of the most prominent figures in UK corporate tax.
- **Proud In Pro Co Ltd joins Russell Bedford as its member in Bangkok**  
Russell Bedford has grown its APAC coverage by appointing CPA firm, Proud in Pro Co Ltd as a member firm in Bangkok, Thailand. Established in 2018 by the managing partner, Sansanee Poolsawat, a CPA with some 20 years' experience of auditing in Thailand, Proud in Pro is a three-partner firm located in Bangkok's central Bang Rak district.
- **Russell Bedford Asia-Pacific Meeting 2022**  
The 2022 Russell Bedford Asia-Pacific Meeting was held on Thursday 7 and Friday 8 July at the Four Points by Sheraton, Singapore. Russell Bedford welcomed delegates from 14 firms, across 16 cities and 12 countries, demonstrating growing connections in Asia and Australia.
- **IAB includes Russell Bedford in its Future of Work supplement**  
Russell Bedford has partnered with the International Accounting Bulletin in its Future of Work supplement. The publication, which was released in June 2022, featured two pieces from Russell Bedford: 'Employee engagement and wellbeing – looking after our greatest asset', and a case study on Russell Bedford's Young Leaders' event, staged in Lisbon, Portugal in November 2021.



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