

A Study of Male and Female Employee Turnover in Public Accounting Firms

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Abstract

Many studies have focused on the problem of employee turnover in public accounting. These studies, however, have largely ignored the recent emergence of women into a position of significance in the profession. Conventional wisdom has often held that women may leave public accounting for different reasons than men. This, then leads to several implications including the possibility that projected turnover rates might need to be considered in the hiring decisions, with possible repercussions for students and faculty advising students. This research study reports the findings of a survey of 161 professionals (92 males and 69 females) who had left public accounting firms in three previous years (1983, 1984, and 1985). Similarities and differences in the responses are presented and discussed, and conclusions are presented.

INTRODUCTION

Turnover in public accounting firms has been a subject of keen interest to accounting practitioners and researchers for many years. Several studies (for example see, [3], [5], and [7]) have focused on this problem from varying perspectives. These studies have largely focused on the problem of why professionals leave public accounting, while treating these employees as a homogeneous group as to gender. This approach has failed to acknowledge the phenomenon of women entering and leaving public accounting in large numbers.

At this point, it is not clear as to whether men and women generally leave public accounting for similar or different reasons. Conventional wisdom has lead many to rely on traditional stereotypical statements in this regard. In addition to the implications for the practicing accounting profession, this subject should be of interest to the academic accounting community as well, largely because of their role of advising students entering the accounting

profession.

Some professional employee turnover in public accounting is probably beneficial. Controlled turnover can be a positive element, in that new employees may provide firms with new ideas while also providing advancement opportunities for those who remain with the organization. Accounting firms, prospective employees and others should be interested in learning more about why certain employees leave these firms.

EMERGING ROLE OF WOMEN IN THE PROFESSION

Business organizations reflect the many changes in our society, such as the emergence of women into positions of prominence in the business community. A cover story for Fortune began with this statement: *When the history of the last quarter of the 20th century in the U.S. is written, scholars may well conclude that the nation's most important social development has been the rise to positions of power and influence*

of its most vigorous majority: American Women. So many women have come flocking into the labor force . . . that fully 70% of all Americans aged 25 to 54 are today at work or actively seek jobs . . . [8, p. 16]

Furthermore, the article states that corporations have been slow to change policies that cause women to leave largely because they ". . . lack data on the phenomenon." [8, p. 22]

The accounting profession is certainly not immune to this social change. According to the American Institute of Certified Public Accountants (AICPA), as late as 1977 women constituted about 24% of the new hires by accounting firms; almost a decade later they represent around 44% of that total number [1, p. 17]. This is similar to the percentages for women corporate managers [2, p. 72]. Various discussions between professional accountants and the authors have revealed that some of the Big Eight accounting firms report more than one-half of all new hires are women; however, no consensus as to whether this large influx of women into the profession has led to differences in reasons for subsequent departures from the profession.

In that regard, in 1986 the AICPA established a special committee on the upward mobility of women in the profession to recommend strategies to help strengthen the upward mobility of female professionals. This committee identified some major issues, including pregnancy.

Companies may only have limited, often anecdotal, data on which to make intelligent decisions on the problem of employee turnover. This study provides evidence on the possible causes of professional turnover in public accounting.

THE STUDY

To investigate the problem of employee turnover in public accounting firms, a question-

naire was developed and mailed to persons who had separated from public accounting firms (local and national/international firms) during the calendar years 1983 through 1985. This population was determined by two sources. First, national firms provided a listing to the authors of employees who had left their firms during the years under investigation. Second, additional individuals were identified by examining changes in business addresses for members of various professional accounting organizations as indicated in respective membership rosters. So that findings could not be attributed to regional differences, all respondents surveyed had been employed by public accounting firms located in one geographical area of the country. A total of 281 questionnaires were mailed, of which 12 were returned by the postal service as undeliverable because of no forwarding addresses, and 161 usable responses were received, for a response rate of 59.9%.

Construction of the questionnaire was made after reference to other previously published studies on turnover in public accounting (for example see [4] and [6]) and with consideration of this new and emerging social phenomenon that could possibly be affecting employee turnover in the profession. The instrument was pre-tested using a small sample of individuals who had left public accounting during 1983-1985. As a result of this pretesting, minor revisions in the instrument were made. The respondents were asked if they had been employed by a local or national firm, what their position in the firm was immediately before their separation, their function within the firm, and the firm size.

In addition to the demographic questions discussed above, the respondents were required to complete a five point Likert-type scale (1 = Little or no influence; 5 = A great deal) which asked them to indicate to what extent each of the following items influenced their decision to separate from the firm:

A better opportunity with another public accounting firm

A better opportunity in self-employment
A better opportunity in industry
Dissatisfaction with your career choice
Dissatisfaction with the firm's direction
Dissatisfaction with your immediate supervisor
Maternity/Paternity leave (and never returned)
Physical illness
Psychological illness
Professional "burnout"
Geographical transfer of spouse
Family demands
To further your education
Early retirement eligibility
Normal retirement eligibility
General cutback in professional staff (layoff)
Merger of the firm with another firm
Unfavorable performance evaluation(s)
Unfavorable promotion decision
Poorly defined career path
Overtime demands
Travel demands
Quality of job assignments
Diversity of job assignments
Length of individual job assignments
Lack of client diversity within the firm
Lack of client quality within the firm
Lack of opportunity for independent thought
and action
Lack of guidance by supervisor
High level of competitiveness among peers
Lack of opportunities for advancement and
promotion
Not knowing how your performance was
evaluated

THE RESULTS

A total of 92 males and 69 females responded. There were 133 and 28 respondents from national and local/regional firms, respectively. Ninety respondents stated their primary function was audit, 56 as tax, and 15 other (consulting, etc.). As to their positions, 16 were partners, 77 were managers, 51 were seniors, and 17 were staff.

Mean responses to the questions of influencing factors resulting in employee turnover were

computed. It was hypothesized that the mean responses of males would be equivalent to those of the female respondents.

ANOVA was used to determine the statistically significant differences in the responses (at the .05 level). Of the 32 factors measured, ten were discovered to be statistically significant. All responses with the statistically significant differences are indicated with an asterisk (*) in Table 1.

Of the ten statistically significant factors, women rated nine higher than men, with only "unfavorable promotion decision" rated as a stronger reason for turnover by men. Certain factors that, because of traditional stereotyping, which might be expected to be significantly different between men and women were not. Among these factors were "transfer of spouse" and "family demands." The largest difference in responses between males and females was "overtime demands," with women rating it substantially higher as a factor leading to turnover than men.

Females also rated certain factors which appear to be controllable by the firm such as "dissatisfaction with firm direction," "overtime demands," "quality of job assignments," "lack of guidance," and "length of job assignments" as more important factors in turnover than men. Women also rated "physical illness" and "maternity leave" as more important than men. The single highest rated factor reported by males as influencing turnover was "dissatisfaction with firm direction," whereas the single highest rated factor reported by females was "overtime demands."

The respondents were asked to what extent they believed their gender influenced certain items. The items tested and the mean responses are presented in Table 2. ANOVA found that four of the eleven items were statistically significant at the .05 level. The largest significant difference reported was in the area of promotions, with females believing that their gender

TABLE 1

Factors Influencing Decisions to Separate
from Public Accounting Firms
(1 = Little or no influence; 5 = Great influence)

	Males (N=92)	Females (N=69)
A better opportunity with another public accounting firm	1.371	1.469
A better opportunity in self-employment	2.067	1.727
A better opportunity in industry	3.114	2.701
Dissatisfaction with your career choice	1.989	2.123
Dissatisfaction with the firm's direction	2.778	3.076
*Dissatisfaction with your immediate supervisor	2.270	2.708
*Maternity/Paternity leave (and never returned)	1.000	1.182
*Physical illness	1.023	1.167
Psychological illness	1.023	1.051
Professional "burnout"	1.869	2.209
Geographical transfer of spouse	1.045	1.212
Family demands	1.764	2.197
To further your education	1.341	1.138
Early retirement eligibility	1.079	1.000
Normal retirement eligibility	1.045	1.000
General cutback in professional staff (layoff)	1.239	1.254
Merger of the firm with another firm	1.136	1.182
Unfavorable performance evaluation(s)	1.318	1.348
*Unfavorable promotion decision	1.662	1.318
Poorly defined career path	1.795	1.892
*Overtime demands	2.159	2.985
Travel demands	1.727	1.315
*Quality of job assignments	1.795	1.333
*Diversity of job assignments	1.545	2.051
*Length of individual job assignments	1.409	1.470
Lack of client diversity within the firm	1.398	1.576
Lack of client quality within the firm	1.500	1.783
*Lack of opportunity for independent thought and action	1.966	2.455
*Lack of guidance by supervisor	1.557	2.167
High level of competitiveness among peers	1.398	1.657
Lack of opportunities for advancement and promotion	2.033	1.970
Not knowing how your performance was evaluated	1.682	1.848

* significant at the .05 level

TABLE 2

Items Influenced by Respondents' Gender
 (1 = Little or no influence; 5 = Great influence)

	<u>Male</u>	<u>Female</u>
*Promotions	1.53	2.17
*Quality of job assignments	1.49	2.07
*Diversity of job assignments	1.38	1.80
Length of individual job assignments	1.32	1.32
Formal performance evaluations	1.43	1.65
Amount of overtime assigned	1.48	1.42
*Amount of travel required	1.81	1.44
Opportunity for independent thought and action	1.48	1.75
Level of supervisory guidance	1.48	1.54
Peer relations	1.60	1.78
Client relations	1.91	1.94

* Significant at the .01 level.

did have an influencing effect on promotions. Significant differences were also found to exist in the perceptions that gender influenced both the quality and diversity of job assignments received. Males perceived their gender as influencing the amount of overnight travel required more than females did. This could possibly be interpreted either as firms requiring less travel of women than they do of men; or women are not as concerned about overnight travel as one might suspect.

No significant differences were found in the area of peer and client relationships. This indicates that men and women generally do not differ in their perception of the way their gender influences peer and client relationships. This finding could help to refute the notion that women do not "fit in" the business environment as well as men. The findings of this study tend to indicate otherwise.

CONCLUSIONS AND IMPLICATIONS

Several general conclusions may be drawn from this study. First, ten significant differences were noted when the respondents were grouped according to gender. Women generally reported greater dissatisfaction than men as evidenced by higher absolute mean responses in nine of the ten significantly different factors. However, the majority of these factors appear to be controllable by the firms and do not necessarily result from traditional gender stereotyping.

Men ranked overnight travel as a greater factor influencing decisions to separate than did women. This could indicate that either women are not adverse to overnight travel, or because employers assume that they might be, men are assigned more overnight travel and are reacting adversely to it.

Conventional thinking has held that women could expect to encounter greater resistance in client relations, in that it is difficult to establish the kind of social associations with clients that foster good working relationships. This study

did not find any significant differences between men and women in their perceptions of how their gender affected client relations.

In general this research refutes much of the conventional wisdom and traditional stereotyping associated with the reasons men and women leave public accounting. However, as with all such studies, this current effort has certain limitations. A limited sample size from an extremely large population is always a problem in studies of this type.

This study measured individuals' perceptions at a point in time. A longitudinal study of changes in perceptions by men and women concerning public accounting would be a welcome addition to the literature. As more women enter (and leave) public accounting, more data will become available. However, despite certain limitations, this study has extended previous research findings in the area of employee turnover by gender in public accounting.

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