

Turnover in Public Accounting and its Effects on the Industry

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Abstract

There is a large turnover of employees in the public accounting firms in the United States. This research paper looks at the demographics of the employees that are leaving public accounting and what factors are causing them to leave the industry. It also looks at what kind of an effect this turnover has on the accounting industry. Research was gathered by reading past studies that have been done on this topic, as well as recent articles that have been published by credible sources. The demographics of the employees that are leaving are senior or management level and mostly women. Some of the factors that are causing employees to leave public accounting are the job description, the separation of goals between the firm and the employee, the work place culture, other career opportunities, the lack of work life flexibility, and overall stress and burnout of the job. This is having an effect on the accounting industry by causing a lack of diversity in the firms, as well as causing the firms to have to make policy changes in order to better retain their employees. This is an important study because the turnover rates in the accounting industry only continue to increase and accounting firms need to do something about it in their organizations.

Turnover in Public Accounting and its Effects on the Industry

Public accounting services range from preparing financial statements, to providing consulting services, to filing tax returns. There are many services that were not mentioned that firms provide that a lot of companies still need. A lot of times these companies are even required to have these services performed for them based on meeting requirements with different governmental agencies, as well as providing information for creditors and investors. According to the American Institute of Certified Public Accountants there are currently over 46,000 CPA firms in the United States providing these different services. Their sizes range from large public firms to small private firms (Positions in Public Accounting, 2010). Usually the large public firms are the firms providing services to the large publicly traded companies, while the smaller privately held companies are providing services to the private companies (Arens, Elder, & Beasley, 2014). While there is a lot of different accounting work and services that are provided by CPA firms, for the purpose of this paper we will mostly be focusing on tax and assurance work. Specifically we will be focusing on the filing of tax returns and issuing of financial statements. When issuing financial statements on publicly traded companies there is more at stake which is why the smaller privately held firms do not usually work in this sector. There are a lot of rules and regulations that surround this type of work that causes it to be a lot of work and very expensive for private firms (Arens, Elder, & Beasley, 2014). When dealing with the publicly traded companies there should be regulation around issuing financial statements because of what that information is used for. The public puts their trust in these firms, especially the large firms that audit and issue financial statements on publicly traded companies, to be able to make investing decisions. If a firm issues financial statements with misleading information about a company's financial health it

could cause them to make a poor investing decision. As for how it affects a creditor, a creditor could make a wrong decision to loan a company funds based on looking at the financial position of a company. All of these accounting firms are able to operate based off of the fees they charge companies for these services. While they can be expensive, they are necessary.

Like any organization there are many different levels or tiers in public accounting firms of employees based on education, expertise, and performance. At the lower levels of employees you have staff, then usually an in charge level that's sometimes called a senior, then manager, then a director level, and then at the very top partner level. There can be more or less tiers depending on the firm and its structure (Arens, Elder, & Beasley, 2014). Most enter public accounting at the staff level, usually right out of college. At this level and senior level you have a bachelor's degree and are working towards obtaining your certified public accounting designation. After about five to seven years, depending on your performance, and after you have your CPA then you are promoted to manager level. After this level to get to the director and partner level depends on your firm and the qualifications of that firm. One of the difficult things about public accounting is there is no "set path" of how to make it to partner of a firm. Most people would agree that like any job getting promoted is going to depend on how hard you work and how much effort you are putting into your performance. A lot of firms look at how much business and revenue you are bringing in too for promotion to director and partner (Arens, Elder, & Beasley, 2014).

So who makes up these tiers or levels of all of these different public accounting firms in the United States? Who are the people that the public is putting their trust in for reliable information? It is important to know who is a part of these accounting firms performing this

work that we rely on in order to make well informed business decisions. Public accounting firms have a lot of work to be done, especially in January through April in order to get tax returns filed and financial statements issued on time. This is what is known as busy season in the accounting world. This is the time where most deadlines for financial statements and tax returns fall. It takes a village, so to say, to get all of this work completed. A lot of the accounting majors start in this industry after graduation, but the question is how long will they stay. There is a lot of question of why there is such a large turnover in public accounting. It is concerning that these public accounting firms that the public is putting their trust in cannot retain more employees than they are. For many companies they want the same employees coming back each year to work on their financial statements and tax returns. If the same employees are coming back each year then there is less explanation for the financial officers to make. The financial executives of a company deal with important matters of the company affecting its financial position so they do not like to waste their time explaining the basics of their company. It is also easier to trust that their books are in good hands when there are not new employees from the accounting firm each year coming to do the work (Arens, Elder, & Beasley, 2014). Trust in auditing, like in anything else, has to be earned and is a big deal to the companies being audited. It is easier if accounting firms send the same employees back each year so that there is already trust that has been established.

It is known that public accounting is experiencing a large turnover of employees, the reasons for their exact transition out is unknown, but in this paper I will be identifying the demographics of those employees leaving and possible reasons for the turnover, as well as looking at the effects that this turnover has on the overall industry of public accounting.

I will start my research of the turnover in public accounting by looking at what level this turnover is happening. I will be looking at whether the turnover is happening at the staff level, partner level, or in between. This will show where the retention is lacking in public accounting. Also with that I am going to try to uncover the demographics of the people leaving. Are more women or men exiting, and at what age. If firms know who is more likely to leave and at what stage in their career they could identify ways to focus on retaining those people exactly better. One of the other interests of my research will be the reason of their leaving. What are the predominant factors that are causing them to leave and are they avoidable? If firms can identify what employees are not happy with they can work to improve conditions in the firms in order to try to retain employees. Finally I'm going to look at the effects of this turnover on the overall industry. I'm interested in finding out if this turnover is being noticed by the accounting industry professionals and if they are doing anything to fix this problem. Or even if this turnover is having any effect on the financial statements being issued or tax returns being filed by these public accounting firms.

I will be investigating these issues surrounding the turnover in public accounting by looking at past research that has been done on these topics, as well as looking at articles that have been published from credible sources recently. Since this is a current issue for the industry, there has been recent work that has been published on these issues. There has been significant work done by firms in the industry to comment on the problem and what they are doing in order to try to address the issue.

Since public accounting is the industry I will be joining after graduation in May this topic is of high interest to me. I want to uncover the reasons for the turnover in the industry and the effects it is having on the industry. The public accounting industry needs to

look into this issue and start to take it seriously in order to prevent the harmful effects to the accounting industry. Turnover of employees should be of interest to all organizations in the business industry as it has an effect on the organization, and the work they are able to do. I will start by trying to uncover the demographics of those employees that are leaving at higher rates than others, then look at the reasons that they are leaving, and finally looking at the effects that this has on the accounting industry, if any.

Demographics of Employee Turnover

It has been known that the public accounting industry is experiencing higher than ever rates of turnover for their employees. The first section of this paper will look at the demographics of the employees that are contributing to this turnover. We must know who the employees are that are leaving in order to think about what steps the public accounting industry should take in order to fix this problem. I will specifically be working at what stage or level in their career that they are leaving and what their gender is.

Level of Employees Leaving

One of the most pressing questions that are asked in regards to the employee turnover in public accounting is at what level are employees leaving? From all of the research the public accounting industry sees a large turnover in staff at the management level and above. Many of the individuals who start in public accounting will not stay to make it to the partner level, and that is the sad reality of the industry. According to the article, "Top Priorities for CPA Firms: Retaining and Training Staff," on accounting web, firms are seeing senior and manager level staff leave at a percentage of ten to thirty five percent each year. These employees are mostly leaving to go work in the industry as a controller or even sometimes as CFOs (Prosser, 2013). It is a known stigma to the industry that there is this high turnover and it's being talked about that most people do not plan to stay in public accounting for life. The new generation that is coming into the work place has a reputation already of having an average of fifteen to twenty jobs in their work life according to the article, "Job Hopping Is the 'New Normal' for Millennials: Three Ways to Prevent a Human Resource Nightmare." They come into the work place expecting to stay in a job for only one to three years (Meister, 2012). There is a lot of information out there about when the best time to leave public accounting is. According to an article entitled, "When to

Leave the Big 4,” published on LinkedIn by David Liebman, “you are most marketable just after two or three busy seasons.” He says that this is the best time to try to get a job outside of public accounting if you are going to (Liebman, 2014). If there is a “right” time to leave then no wonder there is turnover. Basically when people come into public accounting they know they will be leaving, and most believe it will be sooner rather than later. Accounting firms should focus on this level of employees to target to get them to stay longer to reduce the turnover that the industry is seeing.

Gender of Employees Leaving

Another key trend that public accounting is seeing with their staff is high turnover with women. According to the article, “Job Burnout in Public Accounting: Understanding gender differences,” women are exiting public accounting at a much greater rate than men. This can be supported by the fact that only 21% of women make it to the partner level (Guthrie & Jones, 2012). There seems to be a significant increase of women entering public accounting, but the problem is making sure they stay, or retaining them. In the article mentioned above they discuss their findings on a study that was done from collecting data from 5,000 professionals in the public accounting industry. There was a combination of employees in one public accounting firm from audit, tax, and consulting services from offices all across the United States. There was an equal amount of data collected from employees of the female gender, as there were from the male gender. The purpose of this study was to support the statement that women are leaving public accounting at a higher rate at men and find reasoning for why that is. The study’s findings attribute this turnover to a three dimensional problem. The three dimensions are emotional exhaustion, reduced personal accomplishment, and depersonalization. These three dimensions attribute to what the article calls “burnout,” which is as the article states, “the exhaustion of

employees' capacity to maintain an intense involvement that has a meaningful impact at work.”

This burnout occurs in three phases where first emotional exhaustion occurs when demands at work start to drain an employee's emotional resources. This leads to depersonalization as a mechanism to cope with the emotional exhaustion. Lastly, self-assessment of reduced accomplishment comes from the recognition of differences between expected attitudes and actual attitudes (Guthrie & Jones, 2012). This burnout eventually leads to them leaving public accounting.

The study's findings report on relationships between the correlations between all of the different three dimensions of burnout. The findings show there is a strong correlation between emotional exhaustion and turnover intention. Also, there is a strong correlation between emotional exhaustion and employee job performance. For women the correlation is strongest between emotional exhaustion and turnover intention. For the second dimension of reduced personal accomplishment the study found that there was a correlation between this dimension and job performance. Specifically women in the audit and tax departments were found to have higher reduced personal accomplishment than men in these departments. This is surprising to me as I believe that sometimes especially in audit, women are able to connect with management of companies they are auditing better than men are. So I would think they would have higher personal accomplishment because they are better able to perform some of the audit steps for inquiries with management of the company for audit procedure purposes. The only explanation I have for this is maybe that women don't realize they are high achieving since this is something that comes easily for them to talk to company management for audit procedures. As for depersonalization related to job burnout men experience this dimension at a higher rate than women. Women experience the other two dimensions of job burnout at higher rates than men.

This lower rate in depersonalization is explained in the article using the self-efficacy theory. This theory looks at personal judgement of “how well one can execute courses of action required to deal with prospective situations.” The article explains that the reason for the lower rate is because women usually have more confidence in their ability to relate to others (Guthrie & Jones, 2012). This is saying that women initiate coping behaviors, and then decide how long to expend those efforts in order to deal with the current situation. This is based on their expectations of personal efficacy. Because women are better able to recognize their ability to relate to others it lowers the chance that they will depersonalize themselves (Guthrie & Jones, 2012). This makes sense because if you know yourself and your abilities then you are less likely to forget who you are as a person, or depersonalize yourself.

This study is just one example of support that women are leaving public accounting at a much higher rate than men are. This study supports this by looking at data of why they are leaving at a higher rate which is where they came up with the three dimensions. Emotional exhaustion, reduced personal accomplishment, and depersonalization are the three dimensions that this study uses to support why women are leaving public accounting at a higher rate than men. The study concludes with saying that is public accounting would recognize these gender differences in men and women they would better be able to retain their employees. The article states, “Public accounting firms could benefit by gaining a more thorough understanding of burnout and its consequences, including gender differences.” If firms were better able to understand this study specifically they believe that it would reduce turnover they are seeing (Guthrie & Jones, 2012). If the public accounting firms were better able to recognize women leaving at higher rates than men they could try to implement strategies to help with this problem. This would help turnover rates in the industry.

What Employees Are Leaving

From the research that I've done the turnover is happening among senior and management level employees. This is when employees are deciding to get out of the industry to do something different with their accounting careers. Also, there are higher rates of turnover of employees in women than there are in men in the public accounting industry. From all of the articles I've read I am not surprised by either of these findings. Due to the statistics of the generation that is coming into the work place and the demands of the industry it does not come as a surprise that those are the general demographics of the employees that are contributing to the high turnover of employees in the public accounting industry.

Factors Related to Turnover

There is a lot of research out there on what factors are influencing employees in the public accounting industry to leave. Although the individual person has a large impact on what exactly is causing the employee to leave there are many factors that are universal to the industry turnover rates. Some of the factors that are discussed below are the job description, separation of goals between the employee and the accounting firm, work place culture, career opportunities, work life flexibility or balance, and stress and burnout. All of these factors contribute to a negative connotation of the public accounting industry which causes a high employee turnover rate.

Job Description

One of the most prevalent issues with public accounting is the actual job description when starting in it. According to an article on the Journal of Accountancy entitled, "Making Manager: The key to accelerating a career in public accounting," getting into a career as a staff

accounting is not a glamorous role. Young accountants are dealt a lot of criticism at first in their career on a steady overflow of assignments during hectic busy season hours (Baysden, 2014). Basically there is a lot of hard work to put in before climbing up the ladder to the top of the organization. When the industry is looked at that way it should not come as a surprise that there is a high turnover of staff. When entering into public accounting at the staff level you are expected to work a lot of grueling hours for not a lot of pay. There is a lot of room for growth in salary with bonuses based on performance, but starting out it is a very average starting salary. Long term success in the industry depends on working your way up the ladder of a firm. According to the article, "Distributive Justice, Promotion Instrumentality and Turnover Intentions in Public Accounting Firms," employees' perceptions to the fairness of promotions in the firm and pay raises are critical in whether employees are satisfied. Whether they are satisfied or not in turn has a role in whether or not they decide to stick with the industry or not. A lot of the public accounting firms have pyramid hierarchies, which has the negative connotation of move up or move out of the firm (Parker, Nouri, & Hayes, 2011). When the promotions are based off of performance evaluation everyone is in competition with each other because everyone wants to move up based on this negative connotation for the long term success of their career. The article describes this perception of whether or not promotions are fair and based on employee performance as promotional instrumentality. When promotional instrumentality is low there may be high performers leaving if they believe that promotions in the firm are not fair. Employees will not stay with a firm when they feel like promotions are not fair when their career success depends on getting promoted within the firm (Parker, Nouri, & Hayes, 2011). When there is this perception of inequality then there in turn will be high turnover in employees within

public accounting firms. It should not come as a surprise that employees are leaving when the job is not desirable especially if promotions are not being seen as fair.

Another disadvantage of public accounting is the amount of hours you are expected to work. When you take into account the amount of hours you are expected to work your hourly wage of what you are really working at continues to go down. According to Career Explorer, accountants can work anywhere from 55 to 80 hours during busy season depending on the size of the firm (A Day in the Life of an Accountant, 2015). That's a big reason why people leave public accounting is because of the hours you have to put in for minimal pay, especially during busy season months. There are not many employees willing to stay in the industry long term for a lot of hours and not seeing much reward in the beginning of their career. All that these employees see is a long road ahead, and not what they will gain out of it.

Separation of Goals

Another factor that affects the turnover is the separation of goals between the employee and the accounting firm. Based on a separate survey that was conducted by the accounting web article, "Top Priorities for CPA Firms: Retaining and Training Staff", another reason for leaving early on was due to a separation in goals of the employee and the firm, and lack of resources given to the employees that they need in order to achieve their goals. This causes a huge issue for the firm because if they are not investing in the lower levels of employees of the firm they are losing the next generation of the firm that is supposed to take over some day. The new generation coming into the work force wants to know what their career path looks like in the organization and it's very important to them (Prosser, 2013). In public accounting your career path depends a lot on your performance and growth so it's hard to give this generation exact paths without

knowing an employee's performance level. A lot of the new generation finds it hard to succeed in this environment where there isn't a clear path so they end up leaving.

Work Place Culture

The millennials are the generation that is currently exiting college and also the generation that finds work place culture extremely important. Research has shown that this generation wants a positive work place culture and they are even asking about this culture in interviews that they have with organizations they are looking to join. One of the factors affecting the turnover rate in the accounting industry is the work place culture of these firms. Another article entitled, "Do People Leave Public Accounting? More than Likely, it's the Culture," said that the culture of public accounting is again the problem. The author, Jody Padar, stated, "Most of my accounting career has been ruled by strict deadlines and chaotic work processes – where clients impose their own procrastination on the firm's internal schedule and working crazy hours is mandatory." This is coming from someone that has had a career in public accounting that is what it is like. She doesn't blame the accountants that have left public accounting because she herself is burnout on the negative cultural elements. She recognizes that this plague of the profession needs to change in order to change the turnover rate in the industry. She goes on to give ideas of how to change this plague, none of which has been incorporated into most public accounting firms (Padar, 2010). Work place culture is important to any organization. Public accounting firms should be doing more to improve their culture in whatever way they can in order to retain employees.

Career Opportunities

Public accounting knowledge is highly sought after, as are those individuals that have it. That's another reason why employees of public accounting firms leave is because they are being sought out by most of the time the clients of their public accounting firm. According to Winter

Wyman's article, "Top 10 Reasons to Consider a Change from Public Accounting to Private Industry Now," the training and experience that you are given in the public accounting industry make the private companies want you and your knowledge to join their organization. The technical skills, presentation skills, ability to think on your feet, and work ethic makes you highly marketable to these companies. After gaining all of these things, and getting offers from these private firms where they are offered more flexibility and fewer hours it makes employees switch over and ultimately leave public accounting (Durant, 2013). Public accounting is seen sometimes to be a stepping stone to the private accounting industry which causes turnover.

Work Life Flexibility

One of the biggest factors of retention affecting any organization is finding the balance between work and life for their employees, but this is especially affecting public accounting firms. Everyone knows that accountants endure this thing called "busy season." Everyone also knows that this means that you pretty much give your life to your public accounting firm during this time. According to the article, "Top 10 Reasons to Consider a Change from Public Accounting to Private Industry Now," another reason why people leave public accounting is because they want their quality of life to improve. It is highly likely to see those employees that want to start a family, or who want more of a work life balance leave public accounting. The hours during busy season make it hard to be able to have a family and have a life outside of work during those hard months when there are deadlines to be met, and a lot of work to be done to meet those deadlines (Durant, 2013). From my own experience and networking a lot of women leave before management level for that reason exactly. They are married and want to start a family and they do not see how it will work with having to work the hours that they do during busy season. I think that more firms are trying to accommodate that, but everything comes at a

cost. In this case that flexibility could mean falling behind where your fellow employees are at in their careers.

Why They Are Leaving

There are many reasons why accountants leave public accounting due to the stress, hours, pay, or culture of the industry. From the amount of articles that I have read and the amount of people that I have networked with I have found that everyone's reason is different, but the hours definitely play a role in every one's decision. I think that the sad truth is the stress of the industry isn't going away, but there are things that firms could be doing in order to retain some of their employees and keep them in public accounting for longer. The deadlines aren't going away because the standards and stipulations aren't going away. Those stipulations have been there for a while, and are there for a reason. We have certain guidelines in order to protect the best interest of the public, as we should.

Effects on the Industry

The previous sections of the paper have discussed the demographics of the employees that are contributing to employee turnover in public accounting, as well as some of the factors related to the turnover. Now I would like to look at what effect this has on the public accounting industry. I was interested in finding what kind of effect that this high turnover of employees has on the public accounting industry as a whole.

Lack of Diversity

One of the effects that this employee turnover has on the public accounting industry is the lack of diversity of employees. One of the facts that was mentioned in the above paragraphs is the fact that only 21% of women that start out in public accounting end up staying long enough

to make partner (Guthrie & Jones, 2012). This means that the majority of the partners of public accounting firms are male. This creates a lack of diversity for public accounting firms.

Another demographic of the employees leaving that was mentioned earlier was that the employees leaving are exiting around the manager level. This means there is a shortage of employees that are of this age group in public accounting. If the industry is seeing that a lot of the turnover is happening at this stage in young accountant's careers then there will be a shortage of this age group in the industry, creating a lack of diversity. This would mean there would be plenty of newly graduated employees and then there would be plenty of older partner level employees, but not a lot of in between. This leads to the question of who will lead these firms in the future after the current partners retire if all of the lower level employees are leaving. If there are not enough of them sticking around to partner that will lead to a shortage of partners in the industry.

Policy Changes

These high rates of turnover of employees that public accounting firms are experiencing are causing them to have to make changes in their firms. In the article, "The Effects of Flexible Work Arrangements on Stressors, Burnout, and Behavioral Job Outcome in Public Accounting," there was a study done to see if a flexible work arrangement improve job satisfaction and helped with employee retention or not. There were two groups of people from some of the fifty largest accounting firms that were interviewed. One group represented those employees at an accounting firm working under flexible work arrangements, and the other group represented those employees at an accounting firm that would have been good candidates for a flexible work arrangement but were not given the option. They were asked various questions about their current working situation and how they felt about it and how likely they were to stay with that

organization (Almer & Kaplan, 2002). There typically are not these types of working arrangements in public accounting firms due to the nature of work and how hard it is to accommodate something like that during busy seasons. According to the article these flexible working arrangements can take many forms. They vary from working fewer days or hours to working the same number of hours but in a way that accommodates the employees schedule more. As long as the work is getting done it doesn't matter where or when the work is being done. The results from this study found that those employees that work under flexible work arrangements report higher job satisfaction and were less likely to leave the firm (Almer & Kaplan, 2002). Since they were given the option to be flexible on when they worked they were happier in their job, which makes sense why there were lower levels of turnover under these conditions. The study also found that when there are flexible work arrangements present those employees have lower levels of burnout in the industry and less stress from their work. Those employees that have these arrangements reported that they felt less drained from work which helped them feel less emotionally exhausted. This lower level of emotional exhaustion led to them feeling less burnt out on work. They had no current intentions to leave their current firm (Almer & Kaplan, 2002). If employees are given this type of situation where they are able to work when it is most convenient for them they are not going to want to leave that since all companies do not offer that type of situation for their employees. The employees in the study that did not have these flexible work arrangements felt more burnt out on work and some were even considering leaving their firm. The article reported that based on their study that flexible work arrangements are an effective way to retain employees (Almer & Kaplan, 2002).

The article states, "The structure of the American workforce is changing and today fewer than 10 percent of employees are part of a "traditional" family in which the male partner is the

primary provider (Almer & Kaplan, 2002). Some of the accounting firms have recognized this and have started to implement some of these flexible work arrangements into their organization. If more accounting firms would start to take notice in the change in job satisfaction and turnover that offering these types of programs have then the turnover in employees in the industry would decrease significantly.

Effects of Their Leaving

The turnover in the public accounting industry has overall had a negative impact on the industry. The turnover, for whatever reason it is caused, is creating a lack of diversity for these firms, as well as causing them to have to look at making policy changes in their firm. When there are high levels of turnover in management level and women employees that makes less of those two types of employees in the firm. The firms also have to look at policy changes like flexible work arrangements in order to better retain their employees. Some of these public accounting firms have never offered programs like this and due to new demands are having to implement them in order to keep their employees in their firm.

Conclusion

The public accounting industry experiences large employee turnover rates each year. I was interested in identifying the demographics of those employees that are leaving, as well as the reasons that they are leaving the industry. Lastly I wanted to look at the effects that this large turnover of employees has on the public accounting industry as a whole.

The turnover is happening largely at the manager level either right before or after promotion to this tier. There is a lot of research that I found that that is when accountants find it more beneficial to their career to get out of public accounting if they are going to make that move. I also found that there is a large turnover of women in the industry. There is a lot of research out there on why that may be, but I found that it was most directly related to the stress and burnout effects that the industry has on them. The burnout is happening at higher rates among women than men.

There are many factors that I found that support these turnover rates. Some of which are discussed above are job description, separation of goals between employee and firms, workplace culture, career opportunities, work life flexibility or balance, and stress and burnout. The public accounting staff position is not a very glamorous role and young accountants are experiencing that and getting out earlier than we expect them to. There is also a separation of goals of the employees getting into public accounting and the public accounting firms. When these accountants are graduating college and starting their career they are expecting a clear path of how to make it to the top, and in public accounting there is not a clear cut guide of how to make it to partner. There are many factors that affect this and the millennials are having a hard time facing that career challenge, so instead they just leave. There is an overall negative work place culture at public accounting firms due to the hours and stress that the industry brings. There are a

lot of deadlines to be met and just a lot of work to be completed in general which makes a negative culture for these firms. A lot of the hard work comes at the beginning of an employee's career in public accounting. Another one of the factors, career opportunities, talks about how valuable the public accounting experience is to outside companies that need controllers or CFOs. After these employees work for a few years and get their CPA designation they become very valuable which is why these employees are highly sought after. This causes employees to make a career move to leave public accounting contributing to the turnover. The last two factors that I discuss above relate back to public accounting not being a very glamorous job to have. Due to the hours that are expected during busy season in order to meet deadlines and get financial statements issued and tax returns filed there is a struggle for a work life balance. It is hard to have a life outside of work when you are working almost 80 hours a week during busy season of January through April. This makes for a long of stress and burnout for employees wanting a life outside of work, especially those that want to start and have a family of their own. This causes employees want to get out of this type of work environment in order to be able to have this work life balance.

The last part of the paper discusses the effects that these high turnover rates have on the public accounting industry as a whole. The opening of this paper details out the responsibility that this industry has to protect the interest of the public so this turnover rate should be looked at to make sure that there are no effects to the financial statements being issued or the tax returns that are being filed. We owe that to the public to make sure that these public accounting firms are doing quality work. This turnover is causing these public accounting firms to be less diverse. With high turnover specifically in the management level and with women employees this causes a shortage of these two types of employees. Any organization is not best served not being

diverse. Diversity causes all organizations to be better. The turnover is also causing these firms to look at making policy changes in order to better retain their employees. They are implementing programs like flexible work arrangements in order to keep employees from leaving. These types of programs are increasing employees' levels of job satisfaction which is in turn keeping them at their organization for longer. If more public accounting firms would look at implementing programs like this into their organization it would help decrease employee turnover rates in the industry.

Turnover of employees is something that all organizations in the business industry should be concerned with and be looking into for the long term success of their companies. Turnover in any organization is a red flag, and should be taken seriously. This turnover that these public accounting firms are experiencing is a red flag. However, there is always going to be turnover because there are some individuals just not cut out for the accounting industry due to not wanting a career that has stress come along with it. I think you have to decide whether or not the value of the experience you will gain from working public accounting is worth it to you and your career long term. There are things that the individual firms in the industry could be doing in order to reduce the amount of turnover that is occurring in their firms. By trying to instill a more positive company culture and taking away the negative connotation of public accounting and busy seasons it could help turnover that these firms are seeing. There are always going to be busy seasons, but doing a better job to make sure a little more work life balancing is occurring could help the industry be more positive. Like any industry companies do not want to see this large turnover because eventually there will start to be an effect on the work that these companies are producing. I was interested in researching this topic because it is one of the big issues right now for the accounting industry, and I will be joining this industry after graduation. Knowing that

there is this turnover and the reasons behind it will better help me deal with the stress and burnout. This in turn maybe will help me stay in the industry for longer.

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