A Profession at an Inflection Point:
Implications of Organizational-Professional Conflict among Valuation Service Providers

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ABSTRACT: In this study, whether a valuation-specific professional ideology exists and, if so, the consequences of valuation service providers' (*specialists*, hereafter) association with that ideology. We specifically explore whether the alignment of specialists' professional and organizational identities result in an identity conflict that we specify as organizational-professional conflict (*OPC*). Using a survey of 222 specialists with extensive valuation experience and who represent a cross-section of sub-specialties, organizational structures, and career paths to valuation, we identified four primary findings. First, consistent with our expectations, we find that *OPC* is highest (lowest) when specialists' professional and organizational identities are both low (high) due to an identity conflict. Second, we find that specialists employed by private and public companies reported significantly higher *OPC* relative to specialists employed by either accounting or independent valuation firms. Third, we find that specialists who report lower versus higher professional identities and who primarily value financial instruments also reported significantly higher perceptions of *OPC*. We find no difference in professional attitudes among specialists who primarily value non-financial instruments. Lastly, supplemental analyses show that our professional ideology measure is robust to alternative specifications; that specialists who experience higher *OPC* were associated with more negative job outcomes such as higher turnover intentions; and that specialists at higher ranks reported lower *OPC*. Our study includes a discussion on implications of these findings for audit and financial reporting quality and should be of broad interest to specialists, auditors, financial statement preparers, regulators, and standards setters.

Keywords: *valuation specialists, fair value measurements, professionalism, organizational-professional conflict*

"Historically, the valuation profession hasn't been front and center in capital markets. The accounting model didn't have as many pieces measured at fair value as we have today. Some of the questions about the professional infrastructure [of the valuation profession] that didn't matter previously have become more apparent."
– John Glynn, U.S. Valuation Services Leader for PwC [2017].

I. Introduction

Fair value accounting standards (e.g., ASC 820, IFRS 13) permit financial statement preparers (*management*, hereafter) to derive estimates for several classes of assets and liabilities. Because the knowledge required to develop estimates that comply with these standards often eludes both auditors and management, both rely heavily on experts (e.g., Kjellevold, 2018; Barr-Pulliam, Joe, Mason, & Sanderson 2018). Reliance on experts is common in both auditing and financial reporting (e.g., Smith-Lacroix, Durocher, and Gendron, 2012; Cannon and Bedard, 2016), but these standards elevated the need for and profile of a new type of expert—valuation practitioners (*specialists*, hereafter). Former Chief SEC Accountant Paul Beswick in a 2011 speech; however, noted that valuation practitioners stand apart from other contributors to the audit and financial reporting processes (e.g., tax and information technology specialists) because they lack a unified professional identity. The opening quote from a valuation practice leader echoes this sentiment but suggests the larger concern is an insufficient infrastructure that governs entry to and the quality of specialists' work. In this study, we use conventions of seminal professionalism research (e.g., Aranya & Ferris, 1984; Hall, 1968) to understand whether a valuation-specific professional ideology exists and, if so, consequences of specialists' association with that ideology.[1]

Accounting firms, other professional services firms, and both public and private companies with sufficient resources employ their specialists (e.g., PCAOB, 2015). The bureaucracy associated with these mostly hierarchical organizations and their exposure to regulatory oversight creates incentives for auditors and management to develop a compliance mindset during the audit

[1] We define professional ideology as a manner of thinking that is characteristic of a particular group (e.g., valuation practitioners). We interchangeably use the term professional identity and intend for the latter to hold similar meaning.

and financial reporting processes, respectively. Specialists are important intermediaries in these processes, which places them in a unique position where they must balance desires to adhere to their evolving professional expectations and their employer's demands. The latter we define as their level of *organizational commitment*. The valuation setting is unique because complex fair value measurements (FVMs) for financial instruments (e.g., collateralized debt obligations) require technical and tacit knowledge outside the accounting domain. Individuals with this knowledge often have non-business backgrounds, such as engineering and mathematics. Integrating these experts into highly-structured and compliance-driven environments presents concern over their ability to adapt to organizational demands while maintaining a commitment to professional standards (e.g., Suddaby, Gendron, & Lam, 2009; Wallace, 1995). As a result, we also explore whether employer type (*work setting*) and expertise domain (*work context*) moderate alignment of specialists' perceptions of their professional and organizational identities. We define this alignment as organizational-professional conflict (*OPC*) (e.g., as in Aranya and Ferris, 1984).

We highlight two important reasons why investigating *OPC* among specialists is important. First, Suddaby et al. (2009) suggest that changes to the nature and context of professional work ultimately change professional competence, attitudes, values, and other beliefs related to professionalism. The inherent complexity in deriving FVMs poses challenges for accountants, including management and auditors, that could lead them to question their knowledge and abilities (Gendron & Suddaby, 2004); and could engender professional insecurity which erodes trust in their system of expertise (Barrett & Gendron, 2006). Because accountants often rely on specialists to fill these fair value-related knowledge gaps, their insecurities create a source of vulnerability or an "access point" (Giddens, 1990) which in turn poses a jurisdictional threat over the production of FVMs (Griffith, 2019). The perceived disparity in knowledge domains drives these inter-

profession tensions, especially when auditors are unwilling to integrate specialists fully into all phases of the engagement (e.g., Glover, Taylor & Wu, 2017; Cannon and Bedard, 2016). Similar tensions arise from management when they impose pressure to conform to biased reported values of FVMs that achieving earnings benchmarks that activate their incentives (Salzsieder, 2015). These pressures could exacerbate *OPC* and diminish audit and financial reporting quality.

Second, organizations such as the AICPA and the IVSC[2] have contemporaneous initiatives in place focused on the improving the professional infrastructure by infusing common features of established professions such as valuation-specific credentials and a professional practices framework (AICPA, 2017, 2018; IVSC, 2016). Both auditors and some specialists applaud these efforts because they establish consequences for low quality work and could better enable auditors, management, and specialists to collectively enhance the quality of financial results for their mutual stakeholders (e.g., EY, 2018; PwC, 2017). Other specialists caution that these initiatives could have unintended consequences for sub-specialties such as the valuation of financial instruments and could be less effective in organizations like accounting firms and non-financial services companies whose primary focus is not valuation (e.g., Barr-Pulliam et al., 2019).

We adapt the interactionist view of the system of professions (Abbott 1988) to develop predictions. This view suggests tacit knowledge and skill, in concert with structural changes in oversight of practitioners' work, are factors that improve professional infrastructure and, in our setting, could help specialists carve out their niche within the jurisdictional boundaries of the production of FVMs. Prior research following this view finds a positive relation between professionalism and organizational commitment, and each has a negative relation with *OPC* (e.g., Aranya and Ferris, 1984; Iyer et al., 2018). When these perceptions are either both high or both

[2] The International Valuation Standards Council (IVSC) is an independent, private sector standards setting organization that develops valuation-specific technical and ethical standards.

low, we expect an identity conflict to occur as these related, but distinct types of identification could direct individuals to engage in incompatible behaviors (e.g., Hekman et al. 2009; Baumeister 1999). Further, we expect that *OPC* will be highest when perceptions of professionalism and organizational commitment are both low, we expect that *OPC* will be lowest when perceptions of both professionalism and organizational commitment are high and that values in other conditions will be intermediate. Professional service organizations like accounting and independent valuation firms formally promote high levels of professionalism and new employees engage in structured socialization processes (Covaleski et al. 1981) that emphasize uniformity of processes and consistently providing high-quality work products (e.g., Suddaby et al., 2009). Alternatively, nonprofessional service firms and companies are more bureaucratic and place greater emphasis on organizational goals (e.g., Shafer et al., 2002a; Aranya and Ferris, 1984). Hence, we expect that accounting and independent valuation firm-employed (public and private company-employed) specialists will report lower (higher) perceptions of *OPC*.

To test our predictions, we administered a field survey to 222 specialists who have extensive valuation experience, who represent each of the three work settings, and who represent both work contexts. The results of our analyses support our predictions and offer a snapshot of the existing professional ideology among specialists as well as potential implications for financial reporting and audit quality when strong interdependencies on experts exist. First, we find a significant interactive effect of professionalism and organizational commitment on *OPC*. We find that *OPC* is indeed highest when specialists report both low professionalism and low organizational commitment, lowest when specialists report both high professionalism and high organizational commitment, and intermediate in other conditions. Next, we show that work setting moderates the relationship between professionalism and *OPC*. In particular, we find that specialists

employed by private and public companies reported significantly higher *OPC* relative to specialists employed by either accounting or independent valuation firms. Lastly, we observe that work context moderates the professionalism – *OPC* relationship. We find that specialists who report lower levels of professionalism and primarily value financial instruments also reported significantly higher perceptions of *OPC* than the same specialists who reported higher levels of professionalism; however, these relationships do not occur among specialists who value non-financial instruments. Supplemental analyses show that results hold when we substitute our measure of professional ideology with the Bamber & Iyer (2002) measure of professional identity used in prior accounting research (e.g., Iyer et al., 2018; Bamber & Iyer, 2007). Our additional analyses also suggest that higher perceptions of *OPC* result in lower job satisfaction and higher turnover intentions. Lastly and consistent with qualitative research examining specialists' perceptions of their work with their clients (e.g., Barr-Pulliam et al. 2018, Kjellevold 2018), we find that specialists who value financial instruments perceive higher *OPC* and lower job satisfaction than specialists who value non-financial instruments. Our findings related to the consequences of *OPC* such as higher intentions to leave the firm could have measurable effects such as further restrictions on the strained supply of high-quality specialists to meet the growing demand (e.g., Barr-Pulliam et al., 2019). Prior research also demonstrates that outcome effects like job satisfaction directly influence firm outcomes such as financial reporting and audit quality (e.g., Christen, Iyer, and Soberman, 2006; Judge, Thoresen, Bono, and Patton, 2001).

Our study answers the call of prior research to examine professional ideology in the context of a shock (e.g., fair value accounting standards) that was initially exogenous to but later creates a disturbance in a profession (e.g., Barbour and Lammers, 2015; Barley & Tolbert, 1997). The passage and implementation of fair value accounting standards also resulted in the formulation

of a new profession. Examining this new profession as it continues to evolve, allows us to draw on the discourse surrounding its development, such as the focused efforts on improving the professional infrastructure. We also take some preliminary steps toward understanding how disciplines related to and highly dependent upon accounting contribute to the accounting profession's relative complexity—which is driven by macro-behavioral forces from regulators, standards setters, and its clients (e.g., Kalbers and Fogarty, 1995; Rittenberg and Covaleski, 2001).

II. Background and Hypotheses

Valuation Practitioners' Importance to Financial Reporting and Auditing Quality

Fair value accounting standards released in the first decade of the 21st century, coupled with the concomitant explosive growth in financial statement accounts reported at fair value have given rise to a new market for valuation specialists. Because financial statement preparers (*management*, hereafter) and auditors typically lack valuation expertise, both rely heavily on specialists to assist them in preparing and evaluating fair value measurements (FVMs) of complex estimates that appear in the financial statements. The choice of specialist depends on the purpose of the valuation, the complexity of the underlying financial statement account, the complexity of the valuation process, the availability of competent in-house expertise, and the availability of data to determine necessary inputs and assumptions (Bratten et al., 2013; Joe et al., 2015).

Management and auditors interact with specialists employed by one of three types of organizations: accounting firms, independent valuation firms, and public and private companies (PCAOB, 2015; Joe et al., 2015).[3] Specialists provide FVMs across five broad categories for

[3] We use the terms "employed" and "engaged" as depicted in PCAOB *Staff Consultation Paper 2015-01* and discussed in Joe, Janvrin, Barr-Pulliam, Mason, Pitman, Rezaee, Sanderson, & Wu (2015), to refer to specialists employed by the firm to which they provide valuation services. Engaged specialists may be employed by any type of firm and may act as independent third-party consultants to both auditors and managers.

financial reporting purposes: business entities, financial instruments, tangible assets, intangible assets, and real estate (Barr-Pulliam et al., 2019). Accounting firm specialists primarily evaluate the reasonableness of FVMs for or as a part of an audit engagement team. However, in a pure consulting role, others engage accounting firm specialists also 1) prepare FVMs for non-audit clients of their firm and 2) evaluate the reasonableness of an FVM for other accounting firms. Independent valuation firms' (*independents*, hereafter) specialists have a similar dual role as engaged specialists that prepare FVMs for management or evaluate the reasonableness of FVMs for auditors. Accounting and auditing independence standards (e.g., ASC 820; PCAOB 2018) preclude independents from both preparing an FVM for management then later evaluating the reasonableness of that same FVM for management's auditor. Public and private companies (*in-house specialists*, hereafter) employ specialists who only prepare FVMs for management but also assist in governance roles within the firm that are related to valuation (PCAOB, 2015).

Extant accounting research has examined how specialists interact with both auditors and management, and this research notes specific challenges that cause points of contention in each setting (e.g., Barr-Pulliam et al., 2018; Hux, 2017). Many of these challenges arise from regulatory pressure on auditors and management to improve documentation and to demonstrate their competence related to the FVM process and the quality of the FVMs (e.g., PCAOB, 2015). Other challenges concern the timeliness of engagement of specialists by auditors and expectations gaps between specialists and their clients (Barr-Pulliam et al., 2018; Kjellevold, 2018). Additionally, a perceived shortage of high-quality specialists exists to prepare and or evaluate some types of FVMs (e.g., financial instruments) (Barr-Pulliam et al., 2019). Common reasons cited for the perceived shortage include lack of a commonly recognized career path, lack of a uniform set of skills and credentials, and fierce competition to recruit and retain practitioners within the pool of

specialists considered highly qualified. Collectively, these challenges could affect the extent to which specialists encounter and how they navigate conflict with their employers and with their clients, which include auditors and management. Whereas prior studies examine characteristics of the valuation process; or client, task and regulatory factors that affect specialists' decision-making (e.g., Hux, 2017; Cannon and Bedard, 2016; Bratten et al., 2013), this study examines the effects of the professional context in which specialists practice and the resulting consequences on their work behavior. We examine, at this important moment in the evolution of the valuation profession, how reliance on experts that lack a centralized oversight body and professional practices framework affects how these professionals perceive their work. A framework specifically "enhances the consistency and transparency in the performance of FVMs," to the benefit of the public interest (AICPA 2018) and quality monitoring program further help to increase confidence that credential holders perform high-quality valuations (AICPA 2017, 2018). The quality of FVMs has direct but currently unobservable implications for audit and financial reporting quality.

Organizational Commitment (OC)

In this study, we define organizational commitment [*OC*] as an individual's (1) strong belief in and acceptance of his or her employer's values and goals, (2) willingness to work hard for the organization, and (3) desire to maintain membership in the organization" (Mowday, Steers, and Porter, 1979, 226). This definition follows the organizational behavior approach to examining the implications of practitioners' identification with their employer (e.g., Shafer, 2002; Aranya and Jacobson, 1975). Early research (e.g., Steers, 1977) finds an element of exchange equity that occurs when individuals come to organizations with specific desires and skills and expect that the organization will satisfy these needs in exchange for the tacit knowledge, skills and expertise (e.g., Bonner, 1990) they possess and that is desired by the organization. Applied to our setting, the changes mentioned above in fair value-specific accounting standards and auditing standards (e.g.,

ASC 820; PCAOB, 2018) influence the need for both financial statement preparers and auditors, respectively, to employ or engage valuation specialists because the level of expertise required for many FVMs exceeds their available expertise.

When organizations effectively integrate employees' skills, and the employee also perceives that the organization satisfies his or her needs, *OC* is enhanced (Steers, 1977). Alternatively, *OC* diminishes when employees perceive that they have unmet needs due to an inequitable exchange with the organization (Steers, 1977). For example, higher *OC* is positively associated with a desire to remain employed to the organization and negatively associated with turnover intentions (e.g., Koch and Steers, 1978). These relationships pose significant implications for the stability in the workforce and are a predictor of employee effort and performance (Mowday, Porter & Steers 1982; Angle & Perry, 1981). This research suggests reliance on specialists who perceive higher *OC* could improve FVMs thereby improving financial reporting and audit quality.

An alternative view of commitment to the organization used in some contemporaneous research (e.g., Iyer et al., 2018) focuses on a related but conceptually different construct—organizational identification (as defined by Bamber and Iyer 2002). This research derives its denotation and application of organizational identification from social identity theory (Tajfel 1978; Tajfel and Turner 1979). Like *OC*, organizational identification focuses on practitioners' perception of aligning of organizational values and goals with their own (e.g., Turner 1984). Unlike *OC*, organizational identification also focuses on a sense of self and whether individuals perceive themselves as members of the organization. Strong organizational identification, however, could make practitioners more susceptible to the social influence of leaders in the organization, potentially biasing their judgment (e.g., Iyer et al. 2018; Hekman, Bigley, Steensma and Hereford 2009; Bamber and Iyer 2002, 2007). *OC* is apropos in our valuation setting because

it captures how a willingness to work hard for the organization could lead to conflict when *OC* is aligned or misaligned with specialists' professional ideology, discussed in the next section.

Professionalism as an Ideology

Abbott (1988) indicates that the "essence of a profession" is its work product rather than the organization, that "many variables affect the content and control of that work," and that, "professions exist in an interrelated system" (Abbott 1998, p. 112). This interactionist perspective of professionalization aptly describes the relationship between accountants and specialists and indicates that changes in jurisdictional work boundaries can change professions (Griffith, 2019). This approach also indicates that the development of new knowledge and skill as well as structural changes in the execution of the task are two critical factors that can change jurisdictional boundaries. Increased use of FVMs in accounting requires accountants to consider their beliefs about historical cost accounting and shifts jurisdictional work boundaries because management and auditors must rely on specialists to help produce and audit the financial statements (Hux, 2017; Cannon and Bedard, 2016; Smith-Lacroix et al., 2012). Therefore, as a first step in understanding how the ascension of fair value prescriptions might affect the accounting profession, it is important to understand the antecedents and consequences of professionalism among specialists. This understanding is important because these specialists are crucial to the production of FVMs. Further, their inclusion challenges accountants', especially auditors', control over the services they deliver. Our study fills a gap in the existing literature and provides a foundation for future studies examining the evolution of the accounting profession in a valuation setting.

Prior professionalism research takes either an institutional or an individual level approach. Institutional level research in accounting focuses on factors such as whether accounting as an occupation meets traditional sociological definitions of a profession (e.g., Mautz, 1988; Zeff, 1987;

Burns and Haga, 1977) and evaluating organizations employing accountants from a functional, interactive or critical perspective (e.g., Abbott 1988; Wilmott, 1989; Hooks, 1991). This research typically measures perceptions of professionalism among a group of related or unrelated occupations (e.g., Hall, 1968; Snizek, 1972) or specific to one occupation such as public accounting (e.g., Norris and Niebuhr, 1983; Aranya and Wheeler, 1986; Goetz et al., 1991; Lander, Koene & Linssen, 2013), internal auditing (Iyer et al., 2018; Kalbers and Fogarty, 1995), and management accounting (Shafer, Park, and Liao, 2002b). The consensus among this research is that researchers should focus on a single group of professionals because idiosyncrasies across professions could cloud researchers' ability to make clear inferences from their findings (e.g., Barbour & Lammers, 2015; Bartol, 1979). Prior research taking an individual-level approach focuses on practitioners' perceptions of various elements of professionalism and typically examines the association between these perceptions and individuals' work behaviors (Lander et al., 2013), or how increased professionalism might conflict with higher levels of commitment to an individual's employing organization (e.g., Suddaby et al., 2009). We follow the individual level approach and focus on each of the three primary employers of specialists. We extrapolate from the interactionist professionalization literature describing the professionalism effects of dividing expert labor (Abbott, 1998) and use two dominant theses to develop our predictions related to the joint effects of organizational and professional identities—proletarianization vs. adaptation.

The proletarianization thesis describes the professional work environment of large organizations and applies more so to those organizations that specialize in professional services such as accounting and independent valuation firms (e.g., Suddaby et al., 2009). This thesis originates from Marx's theory of history, which contends there are two opposing models of professionalism–the bureaucratic and the idealized. Under both models, professionalism among

employees is relatively higher, compared to organizations following the adaptation thesis, because of the focus on uniform processes and high quality. In the bureaucratic model, the intrinsic characteristics of capitalism (e.g., focus on efficiency) eventually erode workers efforts to the status of the "proletariat" (Freidson, 1986). That is, workers will be reduced to the market value of their labor as firms partition their work into routine parts void of control over the process and substance of their work. Partitioning into parts occurs through the implementation of specialized and formalized role structures (e.g., Wallace 1995). The bureaucratic model erodes professional values over time as well as the commitment to the employing organization (e.g., Suddaby et al., 2009) and in our setting best describes accounting firms. However, qualitative studies find that individual professionals employed by accounting firms are subject to a series of socialization practices designed to align professional and organizational goals and which constrain professional judgment in a variety of more or less subtle ways (Covaleski, Dirsmith, Heian and Samuel, 1998).

Contrary to the bureaucratic model, in the idealized model, professionals are assumed to have the requisite skills and knowledge to perform their work and are accorded wide latitude and discretion to determine when and how to perform their work (e.g., Suddaby et al., 2009; Wallace, 1995). The idealized model increases attitudes towards professionalism over time, which tends to crowd out commitment to commercial and managerial pursuits of the employing organization (Suddaby et al., 2009). This model best describes independent valuation firms in our setting. Similar to accounting firms, independent valuation firms have a focus on uniformity and high quality. However, because specialists are the dominant coalition in an independent firm (e.g., Dirsmith, Heian and Covaleski, 1997), their relatively higher autonomy could encourage creativity in meeting client needs and result in higher satisfaction and less perceived conflict with the organization in their role during the production of FVMs.

The "adaptation" thesis differs from proletarianization and suggests that individuals can adjust to work environments in large organizations by creating real or imagined barriers that, effectively, form mini-professional service firms inside the organization that protect them from bureaucracy inherent in organizational control (e.g., Cooper & Robson, 2006). This view also suggests that the mini-professional service firm structure allows practitioners to maintain their professional values while also engendering strong commitment to the employing organization in a way that decreases conflict between professional expectations and bureaucracy (Suddaby et al., 2009). Recent quantitative research in accounting generally finds more support for the adaptation thesis (Shafer, Lowe & Fogarty, 2002a; Bamber & Iyer, 2002) finding limited conflict between employees' commitment to their profession and their organization. In our setting, this model best describes public and private companies that employ specialists. Concerns related to whether specialists are a dominant coalition (e.g., in financial services companies and independent valuation firms) could impose constraints on adaptation (e.g., Covaleski et al., 1998; Dirsmith et al., 1997); however, contemporaneous research in accounting suggests professionals adapt relatively well to large organizations and are able to maintain dual commitment to their profession and organization. We examine whether that duality holds among specialists.

Professionalism, Organizational Commitment and Organizational-Professional Conflict (OPC)

This juncture in accounting and auditing practice creates an ideal setting to examine the joint effects of professionalism and organizational commitment on specialists' interactions within their institutions (e.g., their employers). Specialists often have non-traditional backgrounds, which is particularly germane to the production of more complex FVMs (Barr-Pulliam et al., 2019), but serve an important role within traditional settings that are the financial reporting and auditing

gatekeepers such as in accounting firms.[4] One example of an institutional interaction is Organizational-Professional Conflict [*OPC*], which is an affective response either to the alignment or misalignment between organizational and professional demands. Whereas accounting standards have long espoused the application of historical cost accounting with standardized approaches to valuing accounting transactions, fair value accounting introduces significant judgment and estimate uncertainty requiring the application of complex valuation methodology, and the evaluation of subjective assumptions about unobservable model inputs (FASB 2011, ASC 820; Griffith et al. 2015; Bratten et al. 2013).

Historical cost accounting lies in stark contrast to the application of complex valuation models and input assumptions exercised in the development of estimates of fair value. Consequently, prior research finds the disparity in knowledge domains and approaches the accounting (i.e., using historical cost accounting) and valuation (i.e., using fair value accounting) practices use to value financial reporting transactions are a significant source of disagreement between these two constituents and are a source of conflict between the parties (Griffith, 2019; Cannon & Bedard, 2016; Griffith et al., 2015). Whereas specialists might desire the freedom to exercise professional judgment with minimal intervention or reprimand either externally or internally (Shafer et al., 2002a; Barr-Pulliam et al., 2018; Hall 1968), their decisions are constrained by the tenets prescribed in accounting standards and by the accounting organization leading to *OPC*.

Research finds that *OPC* varies across professional settings of employing organizations. On the one hand, organizations emphasize adaptation to core values and goals, focus on profit

[4] We consider accounting firms as gatekeepers of audit quality since audits of public and private companies are performed by these firms. We consider the public companies, especially, as the gatekeepers of financial reporting quality. Specialists, however, may be employed by either of these types of firms, as well as independent valuation firms. However, they play an important role in maintaining high levels of audit and financial reporting quality.

maximization, and loyalty (e.g., Suddaby et al., 2009; Shafer et al., 2002a; Meyer & Allen, 1984). On the other hand, professional practice frameworks generally emphasize professional autonomy, independence in fact and appearance (e.g., objectivity), and high standards of conduct and high-quality work products (Hall, 1968). Both professionalism and *OC* are negatively associated with *OPC* (Sorensen, 1967; Aranya & Ferris, 1984). However, no prior research directly examines professionalism among specialists or their institutional interactions.

Early multidisciplinary studies find a negative relationship between professionalism and *OPC* (e.g., Snizek, 1972; Hall, 1968) while some subsequent studies focusing on one occupation find a positive relationship (e.g., Shafer et al., 2002b). Measurement error and nuances in the experimental setting examined in these subsequent studies explain the differential effect of professionalism. One way specialists might experience *OPC* is a conflict between adherence to professional practices related to the production of FVMs and budget and time pressure (Hux, 2017). Currently, no one professional certification or its professional practices framework is preeminent among specialists (Barr-Pulliam et al., 2019). We expect varying levels of professionalism among practitioners. However, if contemporaneous efforts to move the practice of valuation toward a more professional model are successful and if attitudes toward professionalism follow the preponderance of prior research and are more positive, *ceteris paribus* the adaptation thesis could be more likely to manifest.[5] We develop the following expectation:

H1: *Specialists' perceived professionalism is negatively related to perceptions of OPC.*

As previously indicated, organizational commitment describes attitudes embodying strong involvement and identification with the employing organization, a willingness to work hard and

[5] The contemporaneous efforts to which we refer are development of valuation-specific certifications for business and intangibles valuation (Certified in Entity and Intangible Valuations—*CEIV*) and financial instruments (Certified in the Valuation of Financial Instruments—*CVFI*) by the American Institute of Public Accountants (AICPA) to assuage this concern. We discuss implications for our results and in the conclusion.

remain employed with an organization. Further, high organizational commitment is associated with acceptance of the goals of the organization, strong attachment, and loyalty to the organization (Bartol, 1979). Given these prior findings, we expect where specialists' values align with that of their organization, and they indicate a high commitment to their employing organization, they will experience lower levels of *OPC*. Conversely, we expect a lower commitment to the employing organization will be associated with higher levels of *OPC*.[6] Examining *OC* among specialists could provide additional insights into institutional implications of challenges noted by both specialists and their clients during the production of FVMs such as communication, time pressure, and expectations gaps (e.g., Barr-Pulliam et al., 2019; Hux, 2017). We also expect a negative relationship between *OC* and *OPC*, formally stated as follows:

H2: *Specialists' perceived OC is negatively related to perceptions of OPC.*

While we predict two main effects in the first two hypotheses, we also expect that *OPC* will be conditional upon the alignment or misalignment of specialists' perceptions of professionalism and organizational commitment. In one view, specialists could experience an identity conflict whereby they have both higher (lower) perceptions of professionalism and *OC*, because these two different but related types identification could direct individuals to engage in incompatible behaviors (e.g., Iyer et al. 2018; Hekman et al. 2009; Baumeister 1999). Aranya and Ferris (1984) describe a more nuanced expectation that results when there is an identity conflict. Specialists operating in environments promoting high levels of professionalism and that have a formalized socialization process (e.g., as described by Covaleski et al. 1981) that often leads to a high commitment to the organization will likely experience the lowest *OPC*. In these

[6] Aranya and Ferris (1984) and other studies suggest that organizational commitment (*OC*) could also be a *behavioral outcome* of *OPC;* however, other research suggests *OC*—and the related construct organizational identification as examined in Bamber and Iyer (2007), for example—could be an *antecedent* to *OPC* (e.g., Iyer et al. 2018). In our study, we take the antecedent approach for consistency with professionalism and test the alternative in Section IV.

environments, specialists will be more loyal to their organization and to executing the valuation task demonstrating higher levels of professional competence and objectivity. This association aligns with the adaptation thesis (Suddaby et al., 2009). Alternatively, specialists experiencing lower *OC* and who perceive lower professionalism will likely experience higher *OPC.*

Prior research suggests that specialists employed in nonprofessional service firms (e.g., in-house) are more likely to experience lower levels of professionalism compared to specialists employed in professional service organizations like accounting firms (Shafer et al., 2002a; Aranya and Ferris, 1984). Further, specialists employed in bureaucratic environments are more likely to experience lower levels of *OC* because of the associated dissatisfaction and frustration professionals experience when working in such environments (Suddaby et al., 2009). Therefore, we expect that specialists who experience lower *OC* and who have more negative attitudes about professionalism will perceive the highest levels of *OPC*, which leads to the following hypothesis:

H3a: *Specialists will perceive low (high) OPC when they report <u>both</u> higher (lower) professionalism and organizational commitment.*

[Insert Figure 1 Here]

When specialists experience no identity conflict, for example, when they report a combination of higher *OC*-lower professionalism or lower *OC*-higher professionalism, they should experience moderate *OPC*.[7] Some professionalism research in accounting argues that *OC* may be a function of professionalism, suggesting that the latter precedes the former (e.g., Aranya, Pollock and Americ, 1981). This logic then suggests that absent an identity conflict, *OPC* will be higher when professionalism is lower irrespective of the level of *OC.* Other *OPC* research suggests the two constructs develop independently (e.g., Iyer et al., 2018; Suddaby et al. 2009; Shafer et al., 2002b; Kalbers and Fogarty 1995) and this research suggests no clear distinction which

[7] Consistent with Aranya and Ferris (1984), we define moderate as between the highest and lowest levels of *OPC.*

"moderate" *OPC* setting is higher. Because of the nuances in our valuation-specific setting and because of the current professionalization efforts by the AICPA and other organizations (AICPA, 2017, 2018), we develop our hypotheses following the latter research stream:

> **H3b:** *Specialists' perceptions of OPC will be intermediate when they report higher (lower) professionalism and lower (higher) organizational commitment.*

Effects of Work Setting and Work Context on Organizational-Professional Conflict

An important assumption related to attitudes about professionalism its significant correlation with work behavior (e.g., Bartol, 1979). The preponderance of research suggests that beliefs about professionalism increase with demographic factors such as organizational rank (Wood et al., 1989; Harrell et al., 1986), the type of professional work, and the types of organizations with which specialists have experience (Suddaby et al., 2009; Shafer et al., 2002a). We examine how demographic factors that we categorize as work setting and work context moderate the relationship between specialists' attitudes about professionalism and *OPC*.

Specialists' work setting examines whether experience in one of the three primary types of organizations that employ specialists (accounting firms, independent valuation firms, and public and private companies) affects specialists' attitudes about professionalism. Prior research suggests the hierarchical structure, and institutional norms within both professional service firms and corporations offer the type of professional work that influences attitudes about professionalism and *OPC* (e.g., Leicht and Fennell, 2001). Important considerations are differences in ownership type and expertise of those in oversight positions between corporations and professional service firms which tend to be partnerships (e.g., Shafer et al., 2002a) and the extent to which specialists dominate the staffing configuration of the organization.

In service-oriented professions such as accounting, medicine, and law, the corporate form often results in the loss of control over clients such as which clients to serve, which services to

provide, and fee structures. This organizational form also shifts the emphasis from the quality of service to organizational objectives such as cost containment and profit maximization (Shafer et al., 2002a). The implications for specialists employed by accounting firms and in-house could be similar as they are more likely to have a support role rather than function as the primary business line, such as in independent valuation firms. Auditors and bankers often control the workflow and revenue generation of specialists in their organizations. This limitation is especially salient for specialists employed by accounting firms since their existence and legitimacy centers around the need to support auditors in the evaluation of FVMs rather than generating revenue through the more profitable preparing FVMs for external non-audit clients (Barr-Pulliam et al., 2019).

Research in organizational behavior defines significant presence within the firm as dominant coalitions (e.g., Pennings & Goodman, 1977; Thompson, 1967) and suggests that 1) a "professionalism" coalition can exist at the macro level of the organization; 2) an "organizational" coalition can exist within a unit of the organization; or 3) the two coalitions could coexist. For example, in accounting firms, specialists may be dominant among the consulting practices, but auditors dominate the firm as a whole. This dynamic differs from independent valuation firms where specialists are typically the dominant coalition. Within both public and private companies, the primary industry (e.g., financial services) likely dictates not only whether specialists are a dominant coalition but also their specific importance to management. In our study, the extent to which specialists are a dominant coalition in their work setting could affect their attitudes about professionalism such that they moderate its effect on *OPC*. Work setting likely colors professional values and commitments, thereby influencing *OPC*, which leads to the following hypothesis:

H4: *Work setting* moderates the effect of *professionalism* on perceptions of *OPC*.

Specialists' work context examines whether valuing financial instruments (FI) versus either of the other four categories of FVMs (business entities, tangible assets, intangible assets, or

real estate), differentially affects attitudes about professionalism. While no definitive path to a career in valuation currently exists, Barr-Pulliam et al. (2019) find that the expertise, academic and professional training and complexity of FI specialists' work requires a level of skill held by very few. Because of the structural and valuation complexity inherent in FIs, these specialists often hold PhDs in science or mathematics or hold advanced degrees from institutions offering quantitative finance and or financial engineering programs. Most non-FI specialists are CPAs with accounting and or auditing experience who, especially early in the development of valuation practices, transitioned into valuation from the audit practice in their accounting firm and either continued with the firm or moved to another employer (Barr-Pulliam et al., 2019). Because FI specialists are professionals with non-traditional backgrounds but who serve in important roles within traditional organizational settings, we expect differences in their attitudes about professionalism and thus the relationship between professionalism and *OPC*. Consequently, we form the following expectation:

H5: *Work context* moderates the effect of *professionalism* on perceptions of *OPC*.

I. RESEARCH METHODOLOGY

Our study examines the relationships between and among specialists' perceptions of antecedents to and potential outcomes of organizational-professional commitment (*OPC*). We administered a field-based survey which included three sections: a cover letter describing the purpose of the study and a request to signal informed consent; a series of scale-based instruments used in prior psychology, sociology and accounting research to measure our constructs of interest (see **Appendix I**); and optional demographic and classifying information.[8] We pilot tested our survey with five global valuation practice leaders that represented each of the primary employer

[8] We received all required approvals from the Institutional Review Board (IRB) prior to administering the survey.

types for valuation experts (accounting and independent valuation firms and both public and private companies). Their helpful comments improved the external validity and mundane realism. To prevent order effects, we counterbalanced questions within and across the construct measures.[9]

Participants

Participants include specialists representing a range of backgrounds, services provided, employers, and geographic locations. We collected responses in person at continuing education conferences and online via Qualtrics. We distributed the paper surveys in person at valuation continuing education events sponsored by the American Institute of Certified Public Accountants; American Society of Appraisers; two State Societies of Certified Public Accountants; and the three Informa Valuation of Financial Instruments (V-FI) conferences. Events took place in either New York, Los Angeles, San Francisco, London, or Hong Kong, and we worked with program coordinators to identify participants. These coordinators facilitated distribution of the paper version of the surveys at the live events and were responsible for disseminating a Qualtrics link to their membership databases for the online version of the survey. This approach precluded our involvement in the recruitment process but increased confidentiality because we were unable to connect participant responses with any personally identifiable information.

While we are unable to estimate the number of specialists who received but did not complete the survey online, we provided approximately 200 surveys to the coordinators for distribution at continuing education events. Two hundred forty-seven (247) specialists completed the instrument—75 in person and 172 online. We exclude 25 (10.12%) participants who provided

[9] Consistent with prior professionalism research, we use a single source of data for our predictor and criterion variables, which subjects analyses to common method bias. In addition to counterbalancing presentation of measures, we also follow suggestions by Iyer et al. (2018) and Podsakoff et al. (2003) and (1) used an anonymous format; (2) encouraged honest answers based on how specialists generally felt, and assured them that there were no right or wrong answers; (3) used familiar terminology; and (4) used previously validated scales to operationalize constructs.

incomplete responses to one or more of the primary construct measurements (all were online participants). We include only 222 participants for consistency across analyses. In untabulated results, we find no systematic differences across collection methods (in-person versus online).[10]

As we show in Panel A of Table 1, our sample includes specialists employed by each of the three primary organizational types: accounting firms (28.38%), independent valuation firms (45.05%), and in-house at public, private and financial services firms (26.57%). Panel B shows that participants are very experienced as a significant number have more than 15 years' experience with their current employer (36.04%), specifically in valuation (63.51%), and overall (76.13%). Commensurate with tenure, 60.81% of our participants hold senior-level positions, and 50.45% have either current or prior accounting firm experience (both untabulated).

Consistent with Barr-Pulliam et al. (2019) we differentiate FI from Non-FI in our study as the former refers to complex products such as mortgage-backed securities (MBS) and synthetic collateralized debt obligations (CDOs). Panel C of Table 1 illuminates the lack of defined path as 74.77% of participants have some non-valuation prior experience such as academia (13.96%), accounting (24.77%), and investment banking (12.61%). Panel D shows that participants primarily focus on FI (31.53%) and non-FI (64.47%). The business valuation sub-specialty of non-FI had the highest representation (40.99%).

Panel E of Table 1 shows that valuation, like accounting, is a male-dominated occupation (Barr-Pulliam et al., 2019) as participants were 69.82% male. All participants have at least a bachelor's degree while 49.10% have either a master's or MBA and 5.41% have a Ph.D. Similar to the lack of a predefined path to a career in valuation and indicative of the current state of the valuation profession, practitioners and employers have mixed opinions about which certification

[10] We find no systematic differences across our constructs of interest (*PROF*, *OC*, and *OPC*) or our work setting, work context, or other demographic variables such as age, gender, and experience.

is preeminent (Barr-Pulliam et al., 2019). Panel E demonstrates this diversity of thought as common professional certifications reported include American Society of Appraisers (ASA: 47.75%), Certified Public Accountant (CPA: 21.62%), Certified Financial Analyst (CFA: 15.32%), Accredited in Business Valuation (ABV: 15.77%), and Certified Valuation Analyst (CVA; 15.77%). Thirty-two percent hold multiple certifications (e.g., CFA/ASA, CPA/ABV).

Construct Measurement

Professionalism

Our first construct of interest is a professional ideology, which we operationalize as professionalism [*PROF*]. Following prior research (e.g., Shafer et al., 2002b; Kalbers and Fogarty, 1995), we use the Hall (1968) *Professionalism Scale,* and we adapted it for a valuation-specific setting (see **Appendix I**). The scale represents the following five underlying dimensions:

1) Professional community affiliation [e.g., *I subscribe to, and systematically read, valuation-related and other relevant professional publications.*],
2) Social obligation [e.g., *the valuation profession is essential to the welfare of society*.],
3) Belief in self-regulation [e.g., *Valuation practitioners who violate professional standards should be judged by professional peers*.],
4) Dedication to the profession [e.g., *I would stay in valuation even if I had to take a slight pay cut in order to do so*.], and
5) Demands for autonomy [e.g., *The judgment of an experienced valuation professional should not normally be second-guessed by his or her supervisor*].

We used a 5-point scale anchored on whether each of 20 statements corresponds "*very poorly*" (1) or "*very well*" (5) with specialists' attitudes and or behavior. For our analyses, we created a continuous *Professionalism* [*PROF*] score by summing scores across the 20 questions. We also created a dichotomous variable [*PROF_Binary*] that allows us to examine lower relative to higher *PROF* by splitting scores below or at or above the median, respectively.

The highest possible *PROF* score is 100, where higher scores indicate higher professionalism. As shown in Table 2 Panel A, the mean *PROF* score was 71.28, and the mean score is significantly greater than the scale midpoint of 60 ($p < .001$).[11] Our *PROF* score is qualitatively similar to prior studies examining accountants (e.g., Suddaby et al., 2009; Shafer et al., 2002b; Kalbers and Fogarty, 1995; Aranya and Ferris, 1984) and a range of other occupations such as engineers and social workers (e.g., Bartol, 1979; Kerr et al., 1977; Hall, 1968).[12]

Organizational Commitment

Our second construct of interest is organizational commitment [*OC*], which we measure following seminal work such as Meyer and Allen (1984) and more contemporaneous studies (e.g., Demirtas and Akdogan, 2015; Posey, Roberts, and Lowry, 2015). We include seven questions that measure specialists' affective response to statements about their current employer such as "*I do not feel emotionally attached to this organization*" and "*This organization has a great deal of personal meaning to me*." We used a 7-point scale anchored on whether specialists "*strongly disagree*" (1) or "*strongly agree*" (7) with each statement. As we did for *PROF*, we summed scores on each measure to create a continuous measure of *OC* and partition the sample into two groups by splitting participant scores below or at or above the median to derive *OC_Binary*. Higher scores indicate higher *OC*. Table 2 Panel B shows specialists averaged 33.93 of 49 points possible for

[11] We calculate the scale midpoint for all of our measures using a 5-point (7-point) scale by multiplying three (four) times the number of questions on the measure (e.g., 3 x 20 for *PROF*). We test difference from the scale midpoint rather than the median since the midpoint is meaningful and because we make directional predictions.

[12] In untabulated analyses, we examined construct validity—based on Cronbach's alpha (α)—to examine the composite reliability of each measure. We find that our 7 measures, which include professionalism (*PROF*) [$\alpha = .69$], organizational-professional conflict (*OPC*) [$\alpha = .63$], organizational commitment (*OC*) [$\alpha = .69$], turnover intentions (*TOI*) [$\alpha = .82$], job satisfaction (*JS*) [$\alpha = .91$], client identification (*CID*) [$\alpha = .87$], and client image (*CIM*) [$\alpha = .89$], exceed the recommended value of 0.60 and are within the recommended threshold of 0.70 suggested by Hair, Black, Babin, Anderson, and Tatham (2006). We also performed principal components and confirmatory factor analyses for our constructs. Each measure was acceptable as it explains at least 60% of the variance and factor loadings were acceptable for *PROF* (ranging from .773 to .918 on the 5 components as well as for each of the 20 questions comprising the measure), *OPC* (ranging from .658 to .870), *OC* (ranging from .634 to .818), *JS* (ranging from .690 to .893), *TOI* (all above .900), *CID* (all above .800), and *CIM* (all above .800) (Hair et al. 2006).

OC, and the mean is significantly lower than the scale midpoint of 28 ($p < .001$). Values on our *OC* measure are consistent with prior research (e.g., Posey et al., 2015; Suddaby et al., 2009).

Institutional Interaction

We operationalize our third construct, institutional interaction, following Aranya and Ferris (1984) who developed an enhanced measure of organizational-professional conflict [*OPC*], also used by contemporaneous studies examining *OPC* among management accountants (Shafer 2002), public accountants (Bamber and Iyer, 2002), and internal auditors (Iyer et al., 2018). Our survey includes three questions that assess specialists' perceptions of the interaction between their professional and organizational interests such as "*I often have to choose between following professional standards and what is best for my organization*" (see **Appendix I**). We used a 7-point scale anchored on whether specialists "*strongly disagree*" (1) or "*strongly agree*" (7) with each statement. We sum participants' scores to create our continuous *OPC* variable and create a dichotomous variable [*OPC_Binary*] that allows us to examine lower relative to higher *OPC* by splitting participant scores that are either below or at or above the median, respectively.

Specialists reported an average *OPC* score of 5.64 out of 21 total points possible. Table 2 Panel C shows that the total mean score is significantly lower than the scale midpoint of 12 ($p < .001$). Though we use a 7-point versus a 5-point scale used in prior research focusing on auditors (e.g., Bamber and Iyer 2002; Iyer et al. 2018), our *OPC* score is qualitatively similar. This literature suggests that in professional service firms (e.g., accounting and law firms), the professional goals of employees tend to be directly proportional to the organization's goals. The opposite exists in non-professional service work settings (e.g., industry, government, and public institutions) (Aranya and Ferris 1984). These proposed directions infer higher (lower) organizational and professional commitment in professional service firms (non-professional service firms), which in

turn could result in lower (higher) *OPC*. In our study, 163 (73.42%) participants reported employment by professional service firms (both accounting firms (28.38%) and independent valuation firms (45.05%)) while the remainder reported employment within non-professional service firms (See Table 1 Panel A). Consequently, we attribute our lower average *OPC* to the composition of survey participants but examine other factors such as rank and differences across work contexts, which help to replicate and extend this prior research (see Section IV below).

Work Behaviors

We measure work behaviors in three ways (see **Appendix I**), and for each measure, we used a 7-point scale anchored on whether specialists "*strongly disagree*" (1) or "*strongly agree*" (7) with a series of statements. As we did for prior measures, we summed scores on each measure to create our continuous job satisfaction [*JS*], turnover intentions [*TOI*], and client identification [*CID*] variables. Also, we similarly divided participant responses into two groups by splitting scores below ("lower") or at or above ("higher") the median on each respective measure.

First, we measure job satisfaction [*JS*] following seminal work by Brayfield and Rothe (1951) and examined more recently in contexts that examine the association between job and marital satisfaction (Heller and Watson, 2005), the simultaneous effects of fit with jobs, groups, and organizations (Kristof-Brown, Jansen and Colbert, 2002), and the role of organizational leaders in employees' emotional experiences (Bono, Foldes, Vinson and Muros, 2007). Specialists answered seven questions that measure how positively or negatively they feel about their jobs. These questions also signal their perceptions of whether the job provides the fulfillment of a need or a want, or how well the job serves as a means of enjoyment. Representative questions include: "*I feel fairly well satisfied with my present job*" and *"I find real enjoyment in my work.*" Table 2 Panel D shows specialists averaged 39.86 of 49 total points possible for *JS*, and the mean is

significantly higher than the scale midpoint of 28 ($p < .001$). This finding is particularly interesting because qualitative studies that interview auditors (e.g., Griffith 2019; Jenkins, Negangard, and Oler 2018) and valuation specialists (Barr-Pulliam et al. 2018; Kjellevold 2018) suggest high dissatisfaction among specialists with their work. However, these qualitative studies focus primarily on the audit setting and specialists employed by accounting firms. Because we survey specialists broadly, in additional analyses, we can examine *JS* across work settings and work contexts to evaluate the consistency of prior findings with our survey findings.

Next, we measure turnover intentions [*TOI*] following Shafer (2002) and Kalbers and Fogarty (1995). Specialists answer two questions that measure their intent to voluntarily leave their current employer over a short-term and a long-term horizon. The questions include: "*I will voluntarily leave this organization within the next three years,*" and *"I will voluntarily leave this organization within the next six years.*" Table 2 Panel D shows specialist averaged 5.58 of 14 points possible for *TOI,* and the mean is significantly lower than the scale midpoint of 8 ($p < .001$). The average is largely consistent with Kalbers and Fogarty (1995) who use an internal audit setting. This finding, however, is also interesting because, as discussed above, if specialists have lower job satisfaction, we would expect them also to signal higher turnover intentions. In untabulated results, we indeed find a negative correlation between *JS* and *TOI* (Pearson Correlation = -0.41, $p < .001$). In Section IV we examine whether we identify differential *TOI* across work settings and work contexts that is consistent with the qualitative findings of prior research (e.g., Griffith 2019; Barr-Pulliam et al. 2018; Jenkins et al. 2018) and answers the call for research that examines more of the nuances and richness across accounting settings (e.g., Rittenberg and Covaleski, 2001).

Lastly, following Bamber and Iyer (2007) and Suddaby et al. (2009), we measure client identification (*CID*). Our survey includes four questions that measure specialists' affective

reactions to statements about their primary client (e.g., auditors or management in our setting) such as "*This client's successes are my successes*." We also measure client image [*CIM*] which prior research uses to explain further how professionals view their clients (e.g., Svanberg and Öhman 2015). This measure includes three questions such as "*This client does not have a good reputation in the business community*" and "*The public thinks highly of this client*." Table 2 Panel D shows specialists averaged 14.95 of 28 total points possible for *CID* and 12.03 of 21 points possible for *CIM*. The mean is significantly lower than the scale midpoint of 16 ($p < .009$) for *CID* and not statistically different than the scale midpoint of 12 for *CIM* ($p = .867$). The averages for *CID* are similar to Bamber and Iyer (2007), and the mean for *CIM* is higher than that reported in prior research (e.g., Svanberg and Öhman 2015), most of which focus on auditors as participants. Barr-Pulliam et al. (2018) suggest that the relationship between specialists and auditors is a "forced marriage" caused by accounting standards (e.g., ASC 820; IFRS 13). Kjellevold (2018) notes a similar sentiment for specialists and management. We examine these relationships in Section IV.

Other Constructs of Interest

We use self-reported demographic information from participants to proxy our work setting, work context, and experience constructs. Work setting focuses on the source of employment [*EMP_TYPE*] of each participant and includes accounting firms (Big4 and Non-Big4), independent valuation firms, financial services firms, and both public and private non-financial services firms. Work context focuses on the primary type of valuation each participant performs. We create an indicator variable [*FI_SPECIALISTS*] equal to one if specialists primarily value financial instruments (FI) and zero otherwise. Work experience focuses on specialists' years of experience in valuation [*YEARS_VALUATION*] and with their current employer [*YEARS_EMPLOYER*]. We include participants' rank within their firms [*RANK*] and follow Iyer

et al. (2018) who create an indicator variable equal to one if participants self-report titles at the senior manager or above level, zero otherwise. Lastly, we collect participants' gender [*GENDER*].

II. DISCUSSION OF RESULTS

Professionalism, Organizational Commitment and Organizational-Professional Conflict

Univariate Analyses and Replication of Prior Research

We first examined the predicted relationships between and among professionalism (*PROF*), organizational commitment (*OC*), and organizational-professional conflict (*OPC*) using univariate analyses. Aranya and Ferris (1984) create an interaction term (*PROF* x *OC*) to categorize and predict the level of auditors' *OPC*. We use a similar variable to examine our predictions related to when specialists experience an identity conflict versus no identity conflict. Consistent with Aranya and Ferris (1984), the correlation between *OPC* and the interaction term (*PROF* x *OPC*) in Table 3 Panel B is significant ($p < .001$) and negative ($r = -0.24$). This relationship and the pattern of means for *OPC* reported in Table 3 Panel A is consistent with the notion that an identity conflict, occurring when both *PROF* and *OC* are higher (lower), is associated with lower (higher) *OPC*. Also, the two no identity confliction conditions, occurring when either *PROF* or *OC* is higher, and the other is lower, fall between these endpoints, and we expect them to result in relatively moderate levels of *OPC*. Iyer et al. (2018) extend Aranya and Ferris (1984) and used linear regression rather than correlation analyses to test their hypotheses related to *OPC*. Consistent with Iyer et al. (2018), Table 3 Panel B shows significant ($p < .001$) and negative correlations between *PROF* and *OPC* ($r = -0.23$) as well as between *OC* and *OPC* ($r = -0.23$). The pattern of mean *OPC* across levels of *PROF* and *OC* are qualitatively similar to Aranya and Ferris (1984) and Iyer et al. (2018). Next, we discuss our multivariate analyses.

Multivariate Analyses and Extension of Prior Research

We estimate a linear regression in Table 3 Panel C that includes our primary constructs of interest (*PROF* and *OC*) as predictors and *OPC* as the dependent variable. In our analyses, we use the binary measures of *PROF* and *OC* for ease of interpretation of results. We also include specialists' work setting (*EMPL_TYPE*), work context (*FI_SPECIALISTS*), self-reported title (*RANK*), and gender (*GENDER*) as control variables. Each of these control variables is significant and in the expected direction in the overall model except for gender. We also find nuances in the significance of some of the control variables across work setting.

Recall that in H1, we predict that *OPC* will be lower (higher) when specialists report higher (lower) *PROF*. We find that mean *OPC* is lower when *PROF* is higher (5.03) relative to when *PROF* is lower (6.29) (Table 3 Panel A). Overall regression results in Panel C show a significant negative coefficient on *PROF* (b = -0.22, t = -2.38, $p < .001$). This result provides support for H1, suggesting that mean *OPC* is indeed lower (higher) when *PROF* is higher (lower). Our results are consistent with prior professionalism research (e.g., Iyer at al. 2018; Suddaby et al. 2009), which finds that adherence to professional standards, *ceteris paribus*, could decrease *OPC*.

Similar to H1, we predict a negative relationship between *OPC* and *OC* in H2. Specifically, we expect that *OPC* will be lower (higher) when specialists report higher (lower) levels of *OC*. We find support for H2 as Panel A of Table 3 shows that mean *OPC* is indeed lower when *OC* is higher (4.46) relative to when *OC* is lower (6.89). Overall regression results in Panel C further support our expectation as the coefficient on *OC* is negative (b = -0.38) and significant (t = -4.04, $p < .001$) and the result is consistent with prior research examines *OC* as an antecedent to *OPC*

(e.g., Bamber and Iyer 2002). This result suggests a greater commitment to the organization, *ceteris paribus*, could also decrease *OPC*.[13]

Our predicted interaction (related to potential identity conflicts) suggests three ordered outcomes based on the joint effects of *PROF* and *OC* on *OPC*. As a result, we use contrast coding to test H3a and H3b. First, recall that H3a predicts specialists will perceive the highest relative *OPC* when they report an identity conflict resulting in both low *PROF* and low *OC*. Panel A of Table 3 shows that the highest mean perceived *OPC* occurs when specialists also signaled less positive (lower) attitudes about *PROF* and lower *OC* (7.38). Contrast tests in Panel D support our prediction that perceived *OPC* is indeed highest in this Low *PROF* – Low *OC* setting relative to the other three settings (t = 5.05, p < .001). Second, as predicted in H3a, Panel A also shows that the lowest mean perceived *OPC* occurs when specialists report an identity conflict based on both high *PROF* and high *OC* (4.32). Results in Panel D further support our prediction as *OPC* is lowest in this High *PROF* – High *OC* setting relative to the other three settings (t = -3.94, p < .001).

H3b predicts that perceptions of *OPC* will be moderate when no identity conflict exists. We perform three sets of comparisons to test this prediction. First, results in Panel C show that *OPC* is lower in the Low *PROF* – High *OC* setting than it is in the Low *PROF* – Low *OC* setting (t = -4.46, p < .001) and no different than the High *PROF* – High *OC* setting (t = 0.59, p = .556). Second, results in Panel C show that perceived *OPC* is lower in the High *PROF* – Low *OC* setting than it is in the Low *PROF* – Low *OC* setting (t = -1.98, p = .025) and higher than the High *PROF* – High *OC* setting (t = 3.15, p < .001). Finally, we examine but make no *ex-ante* prediction about whether Low *PROF* – High *OC* or High *PROF* – Low *OC* results in higher *OPC*. Panel D shows that *OPC* is higher in the High *PROF* – Low *OC* setting (t = -2.29, p = .017). Collectively, these

[13] In untabulated results, we test and find evidence that *OPC* mediates the *PROF* – *OC* relationship (p < .001). We used Model #4 in PROCESS (Hayes 2012) and our results also provide support for the behavioral outcome approach.

findings support prior *OPC* research and indicate specialists' perceptions of *OPC* is higher when *OC* is low irrespective of the level of *PROF* (e.g., Suddaby et al. 2009).

The Moderating Role of Specialists' Work Setting

In H4, we predict that work setting (*EMPL_TYPE*) moderates the effect of *PROF* on *OPC*. Consistent with the PCAOB *Staff Paper* (2015) and contemporaneous practice in valuation, the three primary work settings are either external (accounting and independent valuation firms) or in-house (public and private companies). We first examine differences across work settings by estimating the regression used to test H1, H2, and H3 for each of the three work settings. Results in Table 3 Panel C are largely consistent with the previously discussed overall results except for the accounting firm setting. For specialists employed by accounting firms, results support neither H1 (which predicted a main effect for *PROF*) nor H2 (which predicted a main effect for *OC*); however, the results support H3 (t = -2.13, p = .023).

Using the PROCESS Macro in SPSS (Hayes 2012), we ran a moderation analysis to examine H4 further. Like the regression results, we find a significant *PROF* x *EMPL_TYPE* interaction (t = -2.09, p = .038, untabulated). Figure 2 shows that differences between lower and higher *PROF* reported by specialists employed by accounting firms (t = -1.65, p = .05, untabulated) and in-house (t = -3.74, p < .001, untabulated) drive this relationship. Also, in-house specialists reporting lower *PROF* reported significantly higher *OPC* relative to the accounting and independent firm specialists (t = -4.15, p < .001). These results are consistent with prior research that finds professionals employed in firms that use the corporate business form (e.g., specialists employed in-house) are more likely to experience lower levels of professionalism compared to specialists employed in professional service organizations like accounting firms, this, in turn, leads to higher *OPC* (Shafer et al., 2002a; Covaleski et al. 1997; Aranya and Ferris, 1984).

[Insert Figure 2 Here]

The Moderating Role of Work Context

Recall that H5 predicts that specialists' expertise in either financial instruments (FI) or non-financial instruments (Non-FI) moderates the effect of *PROF* on *OPC*. Similar to our test of H4, we first examine whether differences exist across specialists' expertise by estimating the regression used to test H1, H2, and H3 by type of expertise. Untabulated results show a main effect of *PROF* on *OPC* among FI specialists (t = -2.50, p = .015) but no main effect among Non-FI specialists (t = -0.30, p = .764). While this result partially supports H5, we use the PROCESS Macro in SPSS (Hayes 2012) to directly examine the moderating effect of expertise on the relationship between *PROF* and *OPC*. Results suggest a significant *PROF* x *FI_SPECIALISTS* interaction (t = -3.29, p = .001, untabulated) and that the interactive effect is only significant among FI specialists (t = -4.03, p < .001, untabulated). Figure 3 graphically represents these relationships. These results provide empirical evidence to support qualitative findings that specialists' backgrounds and expertise quality of institutional interactions. These studies suggest more strained interactions for FI specialists relative to Non-FI specialists (e.g., Barr-Pulliam et al., 2019).

[Insert Figure 3 Here]

Supplemental Analyses

We conduct three categories of additional analyses. In the first category of analyses, we examine the robustness of our professionalism measure by replacing it with an identity measure developed for an accounting-specific setting. The second category explores a research question that observes the effect of *OPC* on specialists' perceived work behaviors. The purpose of the third category is to contextualize our findings by examining where significant differences occur across our work setting, work context, and experience demographic measures.

An Alternative Measure of Professional Ideology

Contemporaneous studies examining professional ideologies in accounting the accounting context (e.g., Iyer et al. 2018) focus on professional identification [*PROFID*]. These studies argue that *PROFID* is a direct measure of identity rather than an attitude about professional work. We focus on professionalism in our study because the five underlying factors (see Appendix 1) help us to understand what potentially drives this behavior more so than identity alone. We examine *PROFID* in these additional analyses to rule it out as a potential alternative explanation for our primary results and to more directly test the assertions in accounting-specific professionalism research. We measure *PROFID* (see Appendix I) following Bamber and Iyer (2002) and create both a continuous and binary measure similar to our other constructs. Confirmatory factor analysis identifies one factor that explains 65% of the variance, and the scale has high composite reliability ($\alpha = 0.86$). Untabulated results show a positive correlation between *PROFID* and *PROF* ($p < .001$).

We next reexamine our hypotheses whereby we replace *PROF* with *PROFID*. Results (untabulated) are consistent with the primary findings. We do, however, find when we partition our sample by work setting (e.g., employer type), the interaction (H3) is insignificant among accounting firm specialists. This result is consistent with the beforementioned onboarding processes in accounting firms who strongly promote alignment of professional and organizational identities (Covaleski et al. 1998, 1981) to decrease the likelihood of *OPC*.

The Effect of Organizational-Professional Conflict on Specialists' Work Behaviors

The second category of analyses both replicates and extends prior research in accounting. Results appear in Table 4. We estimated a linear regression with *OPC* as the primary predictor; work setting (*EMP_TYPE*), work context (*FI_SPECIALISTS*), and *RANK* as control variables; and each of the three work behaviors [job satisfaction (*JS*), turnover intentions (*TOI*), and client

identification (*CID*)] as the dependent variable. We replicate findings of prior research (e.g., Sorensen and Sorensen, 1974) that find higher *OPC* leads to lower job satisfaction (t = -6.55, p < .001) (e.g., Harrell et al. 1986) and higher turnover intentions (t = 2.78, p = .001) (e.g., Shafer et al. 2002b). The comparisons across our specialist-specific work setting and work context variables extend the research as mentioned above, examining implications of *OPC* to a new context. Lastly, our finding that *OPC* is lower, but not statistically different, when *CID* is higher also extends prior *OPC* research (e.g., Landau et al. 2013). Within the framework of our study, we do not find that higher *OPC* leads to higher *CID* since such identification could raise objectivity concerns.

Differences across Work Settings, Work Contexts, and Experience Levels

In the last category of additional analyses (see Table 5), we separately examine specialists' attitudes about *PROF*, *OC*, *OPC*, and our three work behavior measures within each work setting (Panel A), work context (Panel B), and experience level (Panel C). In our previous discussion of *OPC*, we predicted lower *OPC* for specialists employed by non-professional service firms (in-house to public and private companies in our study) relative to specialists employed by professional service firms (accounting and independent valuation firms in our study) (Shafer et al., 2002a; Aranya and Ferris 1984; Covaleski et al. 1997). In this analysis, we use this binary categorization of our three sources of specialist expertise. Panel A of Table 4 shows a pattern of means that is consistent with expectations of higher *PROF* (71.66), higher *OC* (34.39) and lower *OPC* (5.45) among specialists employed by professional services firms relative to specialists employed by non-professional service firms. However, these means only differ for *OC* (t = 1.73, p = .086, two-tailed) and *OPC* (t = -1.94, p = .054, two-tailed), which further supports H2 and H3.

Examining means across work behavior measures, we find that specialists employed by professional services firms reported higher *JS* (40.17), higher *TOI* (5.63), lower *CID* (14.51) and

lower *CIM* (11.92) compared to specialists employed by non-financial services firms. Only *CID* is significantly different (t = -1.83, p = .069, two-tailed) but this result is consistent with the fact that specialists employed by non-professional services firms likely provide valuations exclusively for their employer, which in turn could lead to higher *CID*. We expect based on prior qualitative research (e.g., Barr-Pulliam et al., 2018; Kjellevold 2018), but cannot test based on how we collected data in this study, differences in and implications for CID among accounting firm specialists. These specialists, in many cases, assist both auditors and management in the production of FVMs, though not for the same client. When evaluating the reasonableness of FVMs, extant auditing research finds that auditors tend to over-rely on their employed specialists and, in some cases, valuations provided by management's specialist (e.g., Cannon and Bedard, 2016; Bratten et al., 2013). This over-reliance could raise both independence and objectivity concerns for auditors and specialists. We encourage future research to examine this further.

Next, Panel B of Table 5 shows the pattern of means across specialists' expertise domain (FI vs. Non-FI). We find that FI specialists reported lower *PROF* (68.20), lower *OC* (33.21), and interestingly higher *OPC* (6.53) relative to Non-FI Specialists. The means only differ across expertise for *PROF* (t = -1.61, p = .090, two-tailed) and *OPC* (t = 2.75, p = .006, two-tailed). These findings provide additional support for H5 and suggest that lower *PROF*, rather than *OC*, as suggested in the overall analyses, drives the joint effect on *OPC* among FI specialists. We also show that FI specialists reported lower *JS* (38.61), interestingly lower *TOI* (5.46), higher *CID* (15.74) and lower *CIM* (11.66) compared to Non-FI Specialists. Means only differ for *JS* (t = -1.70, p = .091, two-tailed) but this result is consistent with findings in qualitative research (e.g., Barr-Pulliam et al. 2018; Kjellevold 2018) which find that specialists in general express dissatisfaction with their jobs, which could have negative effects on audit and financial reporting

quality. We contribute to this research by providing empirical evidence to suggest that FI specialists experience low job satisfaction (compared to non-FI specialists) which can have deleterious effects on the subjective valuations they perform for financial reporting purposes. The finding also suggests another dimension to the measurement risk inherent in complex estimates such as FVMs (e.g., Griffith et al., 2015; Bratten et al., 2013). We encourage future experimental research that more directly examines the association between specialists' attitudes such as job satisfaction and the effect(s) on job performance (e.g., as suggested by Judge et al., 2001) and firm outcomes (e.g., Christen et al., 2006) such as financial reporting and audit quality. Important moderators of the relationship include perceptions of autonomy, performance rewards, and mood.

Lastly, Panel C of Table 5 shows the pattern of means across specialists' rank (Lower [below Senior Manager] vs. Higher [Senior Manager and above]). Not surprisingly, we find that higher-ranking specialists reported higher *PROF* (71.55), higher *OC* (35.23) and lower *OPC* (5.06) relative to lower-ranking specialists ($p < .001$ for *OC* and *OPC*). Relatedly, we find that higher-ranking specialists reported higher *JS* (40.94), lower *TOI* (5.22), and lower *CID* (14.29) compared to lower-ranking specialists ($p < .01$ for *JS* and *TOI*). These results are consistent with prior research that suggests that experience (and rank) significantly influences not only professionalism but also work behaviors and institutional interactions (e.g., Suddaby et al., 2009; Kalbers and Fogarty, 1995). However, because accounting firms tend to hire specialists at higher ranks to activate higher levels of pay that make them competitive with financial services institutions and to some degree independent valuation firms (e.g., Barr-Pulliam et al., 2019), untabulated results show no differences across rank for any of the constructs. Differences are significant and in the expected direction for independent valuation firms and some constructs among specialists employed in-house. We encourage future research that examines these factors in more depth.

III. Conclusion

In this study, we examine factors considered antecedents to and outcomes of organizational-professional conflict (*OPC*) and that influence the professional infrastructure of specialists. We examine these interrelationships at a juncture where organizations such as the AICPA and the IVSC have implemented new valuation-specific professional certifications and professional practices frameworks. The stated goal of these initiatives is to improve the quality, consistency, and transparency of specialists' work products (AICAP 2018, IVSC 2016). Increasing quality will help to build investor and regulatory confidence because holders of these new credentials will also be subject to a centralized quality monitoring program from an organization with enforcement power (AICPA 2017, 2018).

We identify four important findings from surveys completed by 222 highly experienced specialists who represent a cross-section of sub-disciplines in valuation and who represent each of three primary sources of valuation expertise. First, the joint effects of professionalism and organizational commitment result in an identity conflict that leads to higher (lower) *OPC* when specialists report lower (higher) perceptions of both. Second, we find evidence that the type of employer affects specialists' perceptions of their professional ideology, which in turn affects whether they perceive *OPC*. Next, we find that specialists who value financial instruments report a lower professional ideology compared to specialists who value non-financial instruments. These specialists also perceive the highest *OPC*. Lastly, our results both replicate and extend prior research examining outcome effects of *OPC*. Consistent with prior research, we find outcome effects of higher *OPC* such as lower job satisfaction and higher turnover intentions among specialists. We contribute to knowledge and supplement qualitative research findings in Barr-Pulliam et al. (2018) and Kjellevold (2018) with our finding of no association between *OPC* and

how specialists identify with their clients. This finding implies that specialists value independence and objectivity in their approach to the production of FVMs.

Our study is subject to limitations inherent in survey research, such as comment method bias. We also examine the relationships between and among professionalism, organizational commitment, OPC, and work behaviors before the implementation of the aforementioned valuation-specific credentials and the framework of the professional practice. We encourage future research to examine whether these efforts, in particular, improve professionalism among specialists. The timing of our study and its results provide useful insights for management, auditors, regulators, and others with a vested interest in improving the quality of FVMs reported in the financial statements in the immediate future while the professionalization efforts previously mentioned evolve and take hold. Future research that replicates our study can provide evidence of whether the effects we identify are temporary or enduring. Further, this research could serve as a post-implementation review of the effectiveness of professionalization efforts.

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TABLE 1: PARTICIPANT DEMOGRAPHICS

PANEL A: Source of Employment

Source of Employment	Frequency	Percent
Accounting Firm	63	28.38
Independent Valuation Firm	100	45.05
In-House (e.g., Financial Services, Public or Private Company)	59	26.57
Total	222	100.0

*In supplemental analyses, we report frequencies and examine differences within each source of employment.

PANEL B: Professional Tenure of Specialists

	With Current Employer		Valuation Experience		Total Professional Experience	
Tenure	N	% of Total	N	% of Total	N	% of Total
Less than 5 years	62	27.93	21	9.46	9	4.05
More than 5 but less than 10 years	51	22.97	32	14.41	22	9.91
More than 10 but less than 15 years	29	13.06	28	12.61	22	9.94
More than 15 years	**80**	**36.04**	**141**	63.51	**169**	76.13
Total	222	100.00	222	100.00	222	100.00

PANEL C: Specialists' Non-Valuation Experience

Prior Non-Valuation Experience (Any Type)	Frequency	Percent
None	56	25.23
Yes	166	74.77
Academia	*31*	*13.96*[*]
Accounting/Auditing	*55*	*24.77*
Investment Banking/Structuring	*28*	*12.61*
Portfolio Management	*15*	*6.76*
Risk Management	*13*	*5.86*
Sales/Trading/Credit/Financial Analyst	*22*	*9.91*
Other	*72*	*32.43*

*Specialists reported multiple types of experience which results in total frequencies greater than 222, but all percentages out of 222 total participants.

PANEL D: Specialists' Primary Valuation Focus

Valuation Focus	Frequency	Percent
Financial Instruments [*FI Specialists*]	70	31.53
Non-Financial Instruments [*Non-FI Specialists*]	152	68.47
Business Valuation	*91*	*40.99*
Forensic Analysis & Expert Testimonial	*14*	*6.31*
Mergers & Acquisitions	*5*	*2.25*
Estate Planning	*1*	*0.45*
Purchase Price Allocations	*12*	*5.41*
Tax Valuation	*12*	*5.41*
Other	*17*	*7.66*
Total	**222**	**100.0**

TABLE 1: PARTICIPANT DEMOGRAPHICS, continued

PANEL E: Gender, Education and Certifications

Variable	Frequency	Percent
Gender		
Female	52	23.42%
Male	155	69.82
Other or Prefer not to answer	15	6.76
Highest Degree Obtained		
Bachelor's (including B.S./B.A./B.B.A)	81	36.49%
Master's (including M.S./M.A.)	44	19.82
MBA	65	29.28
PhD	12	5.41
Other	20	9.01
Certifications		
American Society of Appraisers (ASA)	106	47.75
Accredited in Business Valuation (ABV)	35	15.77
Certified Business Appraiser (CBA)	11	4.95
Chartered Financial Analyst (CFA)	34	15.32
Certified Fraud Examiner (CFE)	11	4.95
Certified Management Accountant (CMA)	4	1.80
Certified Public Accountant (CPA)	48	21.62
Certified Valuation Analyst (CVA)	35	15.77
Financial Risk Manager (FRM)	5	2.25
Certification (Other)	62	27.93

*Specialists reported multiple certifications which result in total frequencies greater than 222; however, all percentages out of 222 total participants.

TABLE 2: DESCRIPTIVE CHARACTERISTICS OF LATENT and INDICATOR VARIABLES

PANEL A: Professionalism Measure	**Mean**	**Midpoint**	**Std. Dev.**	***p-Value****
Professionalism [PROF] – *Overall Score*	**71.28**	**60.00**	**9.06**	**< .001**
Professional Community Affiliation	**15.29**	**12.00**	**3.39**	**< .001**
I subscribe to, and systematically read, valuation-related and other professional publications.	*4.00*	*3.00*	*1.07*	*< .001*
I regularly attend and participate in meetings of local, regional, and/or international professional organizations and conferences….	*3.74*	*3.00*	*1.23*	*< .001*
I often engage in interchange of ideas with valuation professionals from other organizations.	*3.72*	*3.00*	*1.22*	*< .001*
I believe that more valuation professionals should support the IVSC, AICPA, CFA Institute and other professional organizations' initiatives related to valuation.	*3.83*	*3.00*	*1.07*	*< .001*
Social Obligation	**14.36**	**12.00**	**3.34**	**< .001**
The valuation profession is essential to the welfare of society.	*3.59*	*3.00*	*1.15*	*< .001*
The importance of the valuation of financial instruments is sometimes overstated.	*3.27*	*3.00*	*1.09*	*< .001*
Not enough people realize how vital the valuation profession is.	*3.70*	*3.00*	*1.10*	*< .001*
Any weakening of the role of the valuation profession would be harmful to the public.	*3.79*	*3.00*	*1.10*	*< .001*
Belief in Self-Regulation	**14.63**	**12.00**	**2.52**	**< .001**
Valuation practitioners who violate professional standards should be judged by their peers.	*4.18*	*3.00*	*0.92*	*< .001*
Valuation practitioners have no reliable way of judging each other's competence.	*3.53*	*3.00*	*1.21*	*< .001*
One centralized organization should have the power to enforce standards.	*2.79*	*3.00*	*1.36*	*.024*
One valuation practitioner is a better judge of another than a non-valuation practitioner would be.	*4.13*	*3.00*	*1.00*	*< .001*
Dedication to the Profession	**15.04**	**12.00**	**2.83**	**< .001**
I am gratified when I see the dedication of my fellow valuation practitioners.	*4.10*	*3.00*	*0.91*	*< .001*
It is encouraging to see a valuation practitioner who is idealistic about his or her work.	*4.09*	*3.00*	*0.89*	*< .001*
It is difficult to be enthusiastic about the kind of work that I do.	*3.68*	*3.00*	*1.35*	*< .001*
I would stay in valuation even if I had to take a slight pay cut in order to do so.	*3.16*	*3.00*	*1.17*	*.041*
Demands for Autonomy	**11.96**	**12.00**	**2.52**	**.811**
Valuation practitioners should be given the opportunity to make decisions about policies that affect their work with both management and auditors.	*3.97*	*3.00*	*0.90*	*< .001*
The judgment of experienced valuation professionals should not normally be 2nd guessed by a supervisor.	*2.42*	*3.00*	*1.08*	*< .001*
The conclusions made by valuation professionals are rightly subject to review by their supervisor.	*2.22*	*3.00*	*1.25*	*< .001*
Valuation professionals should be allowed to make significant valuation-related decisions without the intervention of those outside the department.	*3.34*	*3.00*	*1.14*	*< .001*

**Unreported t-Statistic was used to test the difference of the mean from the scale midpoint (one-tailed p-value).*

TABLE 2: DESCRIPTIVE CHARACTERISTICS OF LATENT and INDICATOR VARIABLES, continued

PANEL B: Organizational Commitment Measure	**Mean**	**Midpoint**	**Std. Dev.**	***p-Value****
Organizational Commitment [OC]	**33.93**	**28.00**	**6.69**	**< .001**
I do not feel a strong sense of belonging to my organization.	*5.76*	*4.00*	*1.74*	*< .001*
I do not feel "emotionally attached" to this organization.	*5.64*	*4.00*	*1.79*	*< .001*
This organization has a great deal of personal meaning to me.	*5.41*	*4.00*	*1.75*	*< .001*
I do not feel like "part of the family" at this organization.	*2.25*	*4.00*	*1.61*	*< .001*
I really feel as if this organization's problems are my own.	*4.60*	*4.00*	*2.01*	*< .001*
I could easily become as attached to another organization as I am to this one.	*4.60*	*4.00*	*1.77*	*< .001*
I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.	*5.68*	*4.00*	*1.46*	*< .001*

PANEL C: Institutional Interaction Measure	**Mean**	**Midpoint**	**Std. Dev.**	***p-Value****
Organizational-Professional Conflict [OPC]	**5.64**	**12.00**	**3.31**	**< .001**
My current employment situation gives me the opportunity to express myself fully as a professional.	*2.05*	*4.00*	*1.45*	*< .001*
In my organization, there is a conflict between the work standards and procedures of the organization and my ability to act according to my professional judgment.	*1.88*	*4.00*	*1.48*	*< .001*
I often have to choose between following professional standards and what is best for my organization.	*1.72*	*4.00*	*1.26*	*< .001*

**Unreported t-Statistic was used to test the difference of the mean from the scale midpoint (one-tailed p-value).*

TABLE 2: DESCRIPTIVE CHARACTERISTICS OF LATENT and INDICATOR VARIABLES, continued

PANEL D: Work Behavior Measures	**Mean**	**Midpoint**	**Std. Dev.**	***p-Value****
Job Satisfaction [JS]	**39.86**	**28.00**	**7.43**	**< .001**
It seems that my friends are more interested in their jobs than I am.	*5.52*	*4.00*	*1.58*	*< .001*
I feel fairly well satisfied with my present job.	*5.70*	*4.00*	*1.31*	*< .001*
I definitely dislike my work.	*6.20*	*4.00*	*1.44*	*< .001*
I feel that I am happier in my work than most other people.	*5.37*	*4.00*	*1.32*	*< .001*
Most days, I am enthusiastic about my work.	*5.63*	*4.00*	*1.18*	*< .001*
I like my job better than the average worker does.	*5.70*	*4.00*	*1.19*	*< .001*
I find real enjoyment in my work.	*5.73*	*4.00*	*1.20*	*< .001*
Turnover Intentions [TOI]	**5.58**	**8.00**	**3.56**	**< .001**
I will voluntarily leave this organization within the next three years.	*2.51*	*4.00*	*1.81*	*< .001*
I will voluntarily leave this organization within the next six years.	*3.06*	*4.00*	*2.06*	*< .001*
Client Identification [CID]	**14.95**	**16.00**	**5.94**	**.009**
When someone praises this client, it feels like a personal compliment.	*4.22*	*4.00*	*1.60*	*.040*
When I talk about this client, I usually say, "We" rather than "they."	*3.54*	*4.00*	*1.89*	*< .001*
This client's successes are my successes.	*3.85*	*4.00*	*1.86*	*.234*
When someone criticizes this client, it feels like a personal insult.	*3.34*	*4.00*	*1.70*	*< .001*
Client Image [CIM]	**12.03**	**12.00**	**2.39**	*.867*
This client does not have a good reputation in the business community.	*1.96*	*4.00*	*1.31*	*< .001*
The public thinks highly of this client.	*5.26*	*4.00*	*1.41*	*< .001*
This client is considered one of the best companies to work for.	*4.80*	*4.00*	*1.39*	*< .001*

**Unreported t-Statistic was used to test the difference of the mean from the scale midpoint (one-tailed p-value).*

TABLE 3
Professionalism, Organizational Commitment, and Organizational-Professional Conflict

Panel A: Cell Means (Std. Err) [Sample Size] for Organizational-Professional Conflict

Organizational Commitment *[OC]*	**Professionalism** *[PROF]*		**Total**
	Lower	*Higher*	
Lower	**7.38** (0.48) [64]	**6.18** (0.57) [44]	**6.89** (0.37) [108]
Higher	**4.67** (0.30) [43]	**4.32** (0.27) [71]	**4.46** (0.20) [114]
Total	**6.29** (0.34) [107]	**5.03** (0.29) [115]	**5.63** (0.22) [222]

Panel B: Correlations

	1	2	3
1. Professionalism (*PROF*)	**1**		
2. Organizational Commitment (*OC*)	.215***	**1**	
3. *PROF* x *OC* (Interaction)	.661***	.667***	**1**
4. Organizational-Professional Conflict (*OPC*)	-.225***	-.232***	-.243***

Panel C: Tests of Hypotheses

VARIABLES			**Work Setting**		
		Overall	*Accounting Firm Specialists*	*Independent Firm Specialists*	*In-House Specialists*
CONSTANT		7.08***	4.56**	8.89***	9.16***
		(7.21)	(2.66)	(7.64)	(7.82)
PROF_BINARY	**[H1]**	-0.22***	0.06	-0.26**	-0.32**
		(-2.37)	(0.33)	(-1.88)	(-2.00)
ORG_COMM_BINARY	**[H2]**	-0.38***	-0.17	-0.40***	-0.38***
		(-4.12)	(-0.87)	(-2.80)	(-2.29)
PROF x ORG_COMM	**[H3]**	0.19**	-0.17**	0.28**	1.29*
		(1.99)	(-2.13)	(1.69)	(1.47)
EMPL_TYPE		0.11**			
		(1.76)			
FI_SPECIALISTS		0.17***	0.13*	0.06	0.39***
		(2.55)	(1.36)	(0.56)	(2.92)
RANK		-0.22***	0.03	-0.28***	-0.34***
		(-3.26)	(0.22)	(-2.56)	(-3.25)
GENDER		-0.02	0.11	-0.06	-0.11
		(-0.36)	(0.77)	(-0.56)	(-0.94)
Observations		222	63	100	59
Adjusted R^2		0.34	0.20	0.28	0.47

*Standardized regression coefficients and *t*-statistics (in parentheses) presented for each independent variable.
*Binary measures derived by separating participants into lower (higher) for a score below (at or above) the median.
**p*-values calculated using one-tailed tests for all variables except *EMPL_TYPE*, and *GENDER*. Levels of significance include *** p <0.01, ** p <0.05, and * p <0.1.

TABLE 3, continued
Professionalism, Organizational Commitment, and Organizational-Professional Conflict

Panel D: Planned Contrasts (*Test of H3*) – Overall

Comparison	Predicted OPC	Value of Contrast	Std. Error	*t-stat*	*p-value*
I > All else (II, III, IV)	High	6.94	1.38	5.05	**<.001**
IV < All else (I, II, III)	Low	-5.26	1.33	-3.94	**<.001**
(II, III) > IV	??	2.21	0.09	2.247	**<.001**
I > (II, III)	??	3.89	1.01	3.85	**<.001**
II < I	Moderate	-2.70	0.61	-4.46	**<.001**
II > IV	Moderate	0.35	0.59	0.59	.556
III < I	Moderate	-1.19	0.60	-1.98	**.025**
III > IV	Moderate	1.86	0.59	3.15	**<.001**
II = III	??	-1.51	0.66	-2.29	**.017**

*All comparisons are one-tailed tests and results are qualitatively similar when we assume unequal variances.
**Contrasts groups:

- Low *PROF* – Low *OC* [**I**];
- Low *PROF* – High *OC* [**II**];
- High *PROF* – Low *OC* [**III**]; and
- High *PROF* – High *OC* [**IV**]

Variable Definitions:
OPC_BINARY = DV, participants' Organizational-Professional Conflict score divided into lower and higher;
PROF_BINARY = participants' overall Professionalism Score divided into lower and higher;
ORG_COMM = participants' Organizational Commitment score divided into lower and higher;
EMPL_TYPE = 1 if employed by an accounting firm, 2 if employed by an independent firm, and 3 otherwise.
FI_SPECIALISTS = 1 if the participant is a financial instrument (FI) specialist and 0 otherwise;
RANK = 1 if participant self-reported current positions at or above the Senior Manager level and 0 otherwise; and
GENDER = 1 if the participant is male and 2 if female.

FIGURE 1

ORGANIZATIONAL COMMITMENT	PROFESSIONALISM: *Lower*	PROFESSIONALISM: *Higher*
Lower	**High OPC**	**Moderate OPC**
Higher	**Moderate OPC**	**Low OPC**

Note: Higher (Lower) Professionalism = More positive (negative) attitudes about professionalism.

FIGURE 2

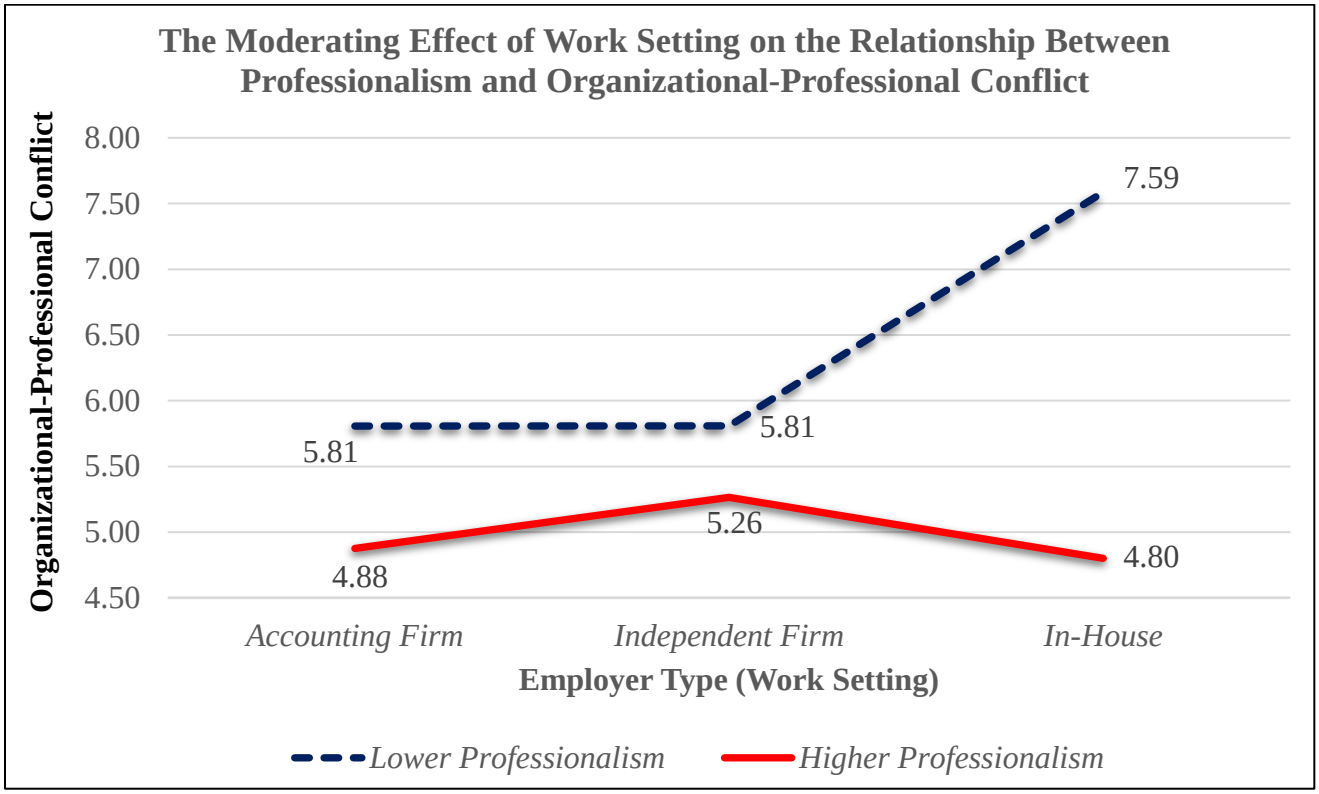

FIGURE 3

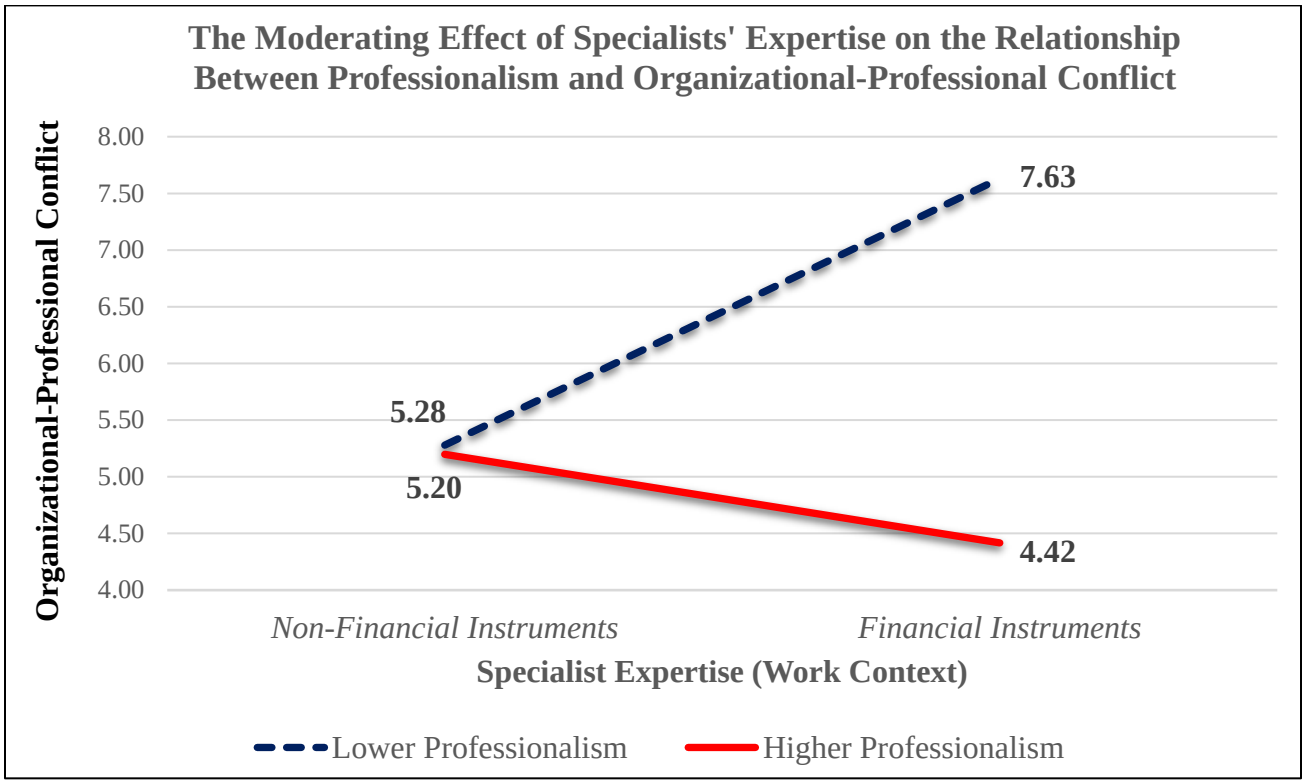
The Moderating Effect of Specialists' Expertise on the Relationship Between Professionalism and Organizational-Professional Conflict
Organizational-Professional Conflict
8.00
7.50
7.00
6.50
6.00
5.50
5.00
4.50
4.00
7.63
5.28
5.20
4.42
Non-Financial Instruments
Financial Instruments
Specialist Expertise (Work Context)
Lower Professionalism
Higher Professionalism

TABLE 4
The Effect of Organizational-Professional Conflict on Work Behaviors

	Work Behaviors		
VARIABLES*	*Job Satisfaction*	*Turnover Intentions*	*Client Identification*
CONSTANT	42.40***	6.87***	14.63***
	(23.78)	(7.30)	(8.71)
OPC_BINARY	-0.43***	0.20***	-0.05
	(-6.55)	(2.78)	(-0.67)
EMPL_TYPE	0.19	-0.12**	-0.02
	(0.29)	(-1.70)	(-0.28)
FI_SPECIALISTS	-0.08**	-0.07	0.11*
	(-1.63)	(-0.89)	(1.47)
RANK	0.16***	-0.17***	-0.12*
	(2.45)	(-2.33)	(-1.52)
CIM			0.17***
			(2.36)
Observations	222	222	222
Adjusted R^2	0.26	0.24	0.18

*Dependent variables for each model appear in each column.
*To derive all binary variables, we separate participants into lower (higher) by splitting participant responses below (at or above) the median.
*Regression coefficients and t-*statistics* (in parentheses) presented for each independent variable.
**p*-values calculated using one-tailed tests for all variables except *EMPL_TYPE*. Levels of significance include *** p <0.01, ** p <0.05, and * p <0.1.

Variable Definitions:
OPC_BINARY = participants' total Organizational-Professional Conflict (OPC) Score divided into lower and higher;
EMPL_TYPE = 1 if employed by an accounting firm, 2 if employed by an independent firm, and 3 otherwise;
FI_SPECIALISTS = 1 if the participant is a financial instrument (FI) specialist and 0 otherwise;
RANK = 1 if participant self-reported current positions at or above the Senior Manager level and 0 otherwise;
CIM = participants' Client Image Score.

TABLE 5: SUPPLEMENTAL ANALYSES

PANEL A: Scale Scores across Employer Types [*Work Setting* – *Examining Aranya and Ferris (1984)*]

Source of Employment *(Sample Size)*	**Professional Service Firms*** *(n = 163)*		**Non-Professional Service Firms** *(n = 59)*		**Difference in Means**	
VARIABLE	***Mean***	***Std. Dev.***	***Mean***	***Std. Dev.***	***t-Stat****	***p-value***
Professionalism Score [*PROF*]	71.66	8.85	70.22	9.37	1.05	.296
Organizational Commitment [*OC*]	34.39	6.69	32.64	6.60	1.73	.086
Organization-Professional Conflict [*OPC*]	5.45	3.35	6.17	3.17	-1.94	.054
Job Satisfaction [*JS*]	40.17	7.40	39.00	7.50	1.03	.303
Turnover Intentions [*TOI*]	5.63	3.73	5.42	3.05	0.38	.701
Client Identification [*CID*]	14.51	5.94	16.15	5.83	-1.83	.069
Client Image [*CIM*]	11.92	2.40	12.32	2.37	-1.10	.270

**Professional Service Firms include accounting and independent valuation firms. All other firms are considered non-professional service firms (e.g., in-house).*
***t-Statistic tests the difference of the mean between types.*

PANEL B: Scale Scores by Primary Valuation Focus [*Work Context*]

Type of Specialist (Sample Size)	**FI Specialists (n = 70)**		**Non-FI Specialists (n = 152)**		**Difference in Means**	
VARIABLE	***Mean***	***Std. Dev.***	***Mean***	***Std. Dev.***	***t-Stat****	***p-value***
Professionalism Score [*PROF*]	68.20	10.38	72.70	8.03	-1.61	*.090*
Organizational Commitment [*OC*]	33.21	6.85	34.26	6.62	-1.08	.282
Organization-Professional Conflict [*OPC*]	6.53	3.83	5.23	2.97	2.75	**.006**
Job Satisfaction [*JS*]	38.61	8.49	40.43	6.84	-1.70	*.091*
Turnover Intentions [*TOI*]	5.46	3.62	5.63	3.54	-0.34	.735
Client Identification [*CID*]	15.74	5.47	14.58	6.13	1.36	.175
Client Image [*CIM*]	11.66	2.63	12.20	2.27	-1.57	.118

TABLE 5: SUPPLEMENTAL ANALYSES, *continued*

PANEL C: Scale Scores by Lower vs. Higher Level Positions within the Firm [*Experience Level*]

Rank within the Firm* **(Sample Size)**	**Lower (n = 59)**		**Higher (n = 135)**		**Difference in Means**	
VARIABLE	***Mean***	***Std. Dev.***	***Mean***	***Std. Dev.***	***t-Stat****	***p-value***
Professionalism Score [*PROF*]	69.27	9.56	71.55	8.86	-1.61	.110
Organizational Commitment [*OC*]	30.78	6.83	35.23	6.32	-4.40	**< .001**
Organization-Professional Conflict [*OPC*]	7.07	3.60	5.06	2.77	4.23	**< .001**
Job Satisfaction [*JS*]	36.90	8.59	40.94	6.53	-3.59	**< .001**
Turnover Intentions [*TOI*]	6.68	3.77	5.22	3.36	2.67	**.008**
Client Identification [*CID*]	15.63	6.18	14.29	5.66	1.47	.142

**Dichotomous variable equal to 0 (1) if specialists reported current positions below (at or above) the Senior Manager level.*
**t-Statistic tests the difference of the mean between type.*

APPENDIX I: SURVEY QUESTIONS

PROFESSIONALISM *[based on Hall (1968)]*

Professional community affiliation:

- I subscribe to, and systematically read, valuation-related and other accounting, scientific, and other professional publications
- I regularly attend and participate in meetings of local, regional, and/or international professional organizations and conferences such as the IVSC, AICPA, CFA Institute, CFA Society, ASA, and the Valuation of Financial Instruments (V-FI).
- I often engage in the interchange of ideas with valuation professionals from other organizations.
- I believe that more valuation professionals should support the IVSC, AICPA, CFA Institute, and other professional organizations' initiatives related to the valuation.

Social obligation:

- The valuation profession is essential to the welfare of society.
- The importance of valuation is sometimes overstated [1].
- Not enough people realize how vital the valuation profession is.
- Any weakening of the role of the valuation profession would be harmful to the public.

Belief if self-regulation:

- Valuation practitioners who violate professional standards should be judged by their professional peers.
- Valuation practitioners have no reliable way of judging each other's competence [1].
- One centralized organization (such as the AICPA, IVSC, or the CFA Institute) should have the power to enforce standards of valuation professionals.
- One valuation practitioner is a better judge of another valuation practitioner than a non-valuation practitioner would be.

Dedication to the profession:

- I am gratified when I see the dedication of my fellow valuation practitioners.
- It is encouraging to see a valuation practitioner who is idealistic about his or her work.
- It is difficult to be enthusiastic about the kind of work that I do [1].
- I would stay in valuation even if I had to take a slight pay cut in order to do so.

Demands for autonomy:

- Valuation practitioners should be given the opportunity to make decisions about policies that affect their work with both management (as preparers of estimates) and auditors (as evaluators of estimates prepared by management).
- The judgment of an experienced valuation professional should not normally be second-guessed by his or her supervisor.
- The conclusions made by valuation professionals are rightly subject to detailed review by their supervisor [1].
- Valuation professionals should be allowed to make significant valuation-related decisions without the intervention of those outside the department.

[1] = Item was reverse scored.
**All items measured on a 5-point Likert-type scale anchored on whether the statement "very poorly" (1) or "very well" (5) corresponds with the participant's attitudes and or behavior.*

ORGANIZATIONAL COMMITMENT *[based on Meyer & Allen (1984)]*

- I do not feel a strong sense of belonging to my organization [1].
- I do not feel "emotionally attached" to this organization [1].
- This organization has a great deal of personal meaning to me.
- I do not feel like "part of the family" at this organization.
- I really feel as if this organization's problems are my own.
- I could easily become as attached to another organization as I am to this one [1].
- I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.

ORGANIZATIONAL-PROFESSIONAL CONFLICT *[Aranya & Ferris (1984)]*

- My current employer gives me the opportunity to express myself fully as a professional [1].
- In my organization, there is a conflict between the work standards and procedures of the organization and my ability to act according to my professional judgment.
- I often have to choose between the following professional standards and doing what is best for my organization.

JOB SATISFACTION *[Brayfield & Rothe (1951)]*

- It seems that my friends are more interested in their jobs than I am [1].
- I feel fairly well satisfied with my present job.
- I definitely dislike my work [1].
- I feel that I am happier in my work than most other people.
- Most days, I am enthusiastic about my work.
- I like my job better than the average worker does.
- I find real enjoyment in my work.

TURNOVER INTENTIONS *[Kalbers & Fogarty (1995)]*

- I will voluntarily leave this organization within the next three years.
- I will leave this firm voluntarily something within the next six years.

CLIENT IDENTIFICATION *[Bamber & Iyer 2002, 2007]*

- When someone praises this client, it feels like a personal compliment.
- When I talk about this client, I usually say, "We" rather than "they."
- This client's successes are my successes.
- When someone criticizes this client, it feels like a personal insult.

CLIENT IMAGE *[Bamber & Iyer 2002, 2007]*

- This client does not have a good reputation in the business community.
- The public thinks highly of this client.
- This client is considered one of the best companies to work for.

PROFESSIONAL IDENTIFICATION *[Bamber & Iyer 2002, 2007]*

- When someone criticizes my profession, it feels like a personal insult.
- When I talk about my profession, I usually say, "We" rather than "They."
- I am very interested in what others think about my profession.
- My profession's successes are my successes.
- When someone praises my profession, it feels like a personal compliment.

[1] = Item was reverse scored.

**All items measured on a 7-Point Likert-type scale anchored on "strongly disagree" (1) or "strongly agree" (7).*