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HOW TO IMPROVE STAFF MEMBER MOTIVATION

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MAP 20

HOW TO IMPROVE STAFF MEMBER MOTIVATION

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FOREWORD

American industry today, as never before, is searching for new ways to increase the productivity of its work force.

In the past ten years increasing attention has been given to the *motivation to work*. Studies conducted by the University of Michigan of high producing versus low producing units repeatedly correlated style of leadership with productivity as a key characteristic of the difference.

How may these findings be applied to the management of public accounting firms? Surely in public accounting organizations, where the work force is the crucial factor in being successful, anything which can increase staff accountants' productivity should be welcome.

"But our kind of work is *different*" is often the response to new approaches to management which threaten traditional practices. There is truth in this comment, of course, but the growing body of research on motivation can no longer be dismissed with this response. Yet, neither should the new theories be "bought" and applied without serious consideration as to their applicability in specific situations.

With these reservations in mind, the following materials on motivation have been prepared.

First, a review of the most recent and, it is believed most valid and applicable theory of *The Motivation to Work* for use by public accounting firms.

Second, a statement of *Six Objectives In Application* of this motivation theory in an accounting practice. These lay a foundation for considering the implications of

Third, A Review of Motivational Factors in the Staff Management Practices of the CPA Firm. This is an application of the theory to a review of current practices with suggestions as to how practices might be improved to increase motivation.

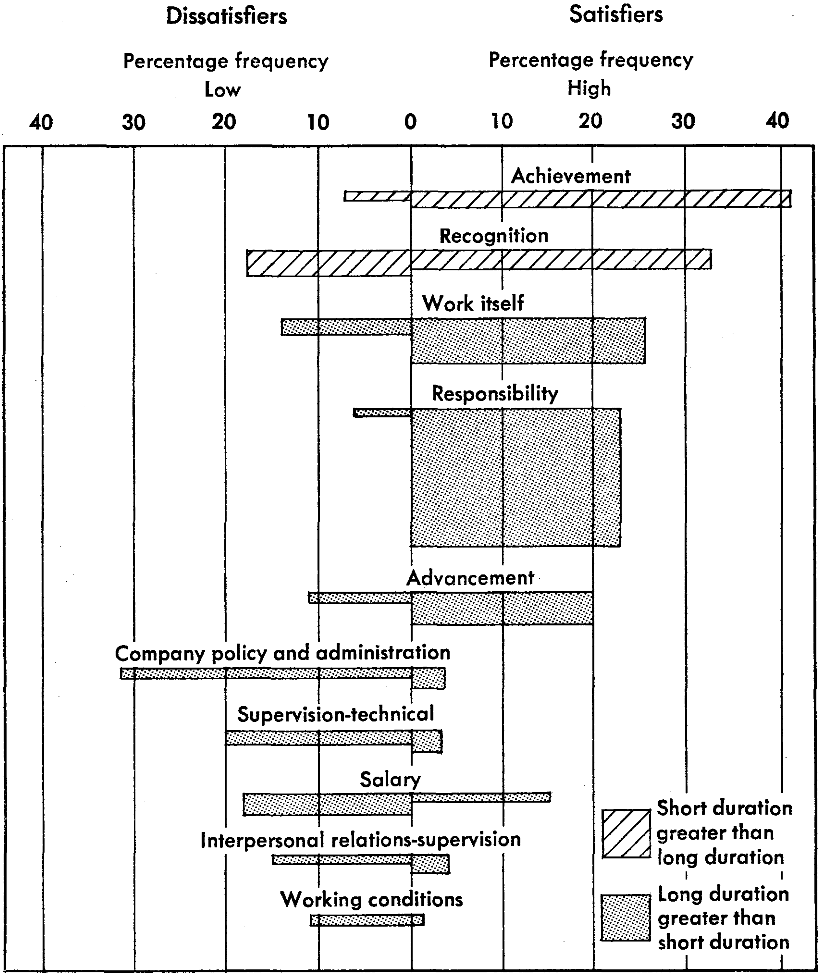
THE MOTIVATION TO WORK

RESEARCHERS HAVE FOUND, in studying the job attitudes and productivity of more than two hundred engineers and accountants in fifteen manufacturing plants, that the factors on which management has traditionally tended to rely for motivating people—such as wages, salaries, working conditions, benefit programs, even when the supervisor is "nice" to his people—caused dissatisfaction if they were handled poorly or inequitably. If they were administered fairly and equitably, they tended to prompt a reasonable level of "get-by" performance. But for managers who want "more," who are looking for excellence, who wish to promote outstanding performance, the study has particular significance. It strongly suggests that they would do well to investigate quite a different set of factors—ones that, in general, organizations have ignored in the past.

What are these factors which will produce more? The findings are reported in a book entitled "The Motivation to Work" by Herzberg, Mausner and Snyderman. This book reports on the findings of the above study of the job motivation of engineers and accountants. The authors collected experiences, judgments, and observations by using principles of sampling, directed observations, and detailed reports. The data in each case included not only the specific attitudes in the job situation but the factors associated with these attitudes and also the effects of the job attitudes on work performance.

The chart on the opposite page shows the results of distinctions between "satisfiers" and "dissatisfiers," as revealed by the study. As indicated in the legend of this figure, the distance from the neutral area shows the percentage frequency with which each factor occurred. The width of the boxes represents the ratio of long-range to short-range attitude effects; the wider the box, the more frequently this factor led to a long-range job-attitude change. Considering both frequency and duration of attitude effects, *the three factors of work itself, responsibility, and advancement stand out strongly as the major factors involved in producing high job attitudes.* Their role in producing poor job attitudes is by contrast extremely small. Contrariwise, *company policy and administration, interpersonal relationships, and working conditions represent the major job dissatisfiers with little potency to affect job attitudes in a positive direction.*

The differences shown in the chart indicate another very basic distinction between the factors found in job attitudes of a high level and those found in job attitudes of a low level. Job factors such as company policy and administration, supervision (technical and human relations), and working conditions appear as the job dissatisfiers. Or stated another way, job satisfiers deal with the factors involved in doing the job, whereas the job dissatisfiers deal with the factors that surround the doing of the job. Good company policies, good administration, good supervision, and good working conditions will not lead to positive job attitudes. In opposition to this, recognition of achievement, interesting work, responsibility, and advancement all lead to positive job attitudes. Their absence will much less frequently lead to job


Dissatisfiers
Satisfiers
Percentage frequency
Low
Percentage frequency
High
40
30
20
10
0
10
20
30
40
Achievement
Recognition
Work itself
Responsibility
Advancement
Company policy and administration
Supervision-technical
Salary
Interpersonal relations-supervision
Working conditions
Short duration greater than long duration
Long duration greater than short duration

dissatisfaction. When the factor of salary is examined, it appears that it has more potency as a job dissatisfier than as a job satisfier.

When respondents reported feeling happy with their jobs, they most frequently described factors related to their tasks, to events that indicated to them that they were successful in the performance of their work, and to the possibility of professional growth.

Conversely, when feelings of unhappiness were reported, they were not associated with the job itself but with conditions that surrounded the doing of the job.

Improvements in the following factors will serve to remove the impediments to positive job attitudes; supervision, interpersonal relations, physical working conditions, salary, company policy and administrative practices, benefits, and job security. When these factors deteriorate to a level below which the employee considers acceptable, then job dissatisfaction ensues. However, the reverse does not hold true. When the job context can be characterized as optimal, we will not get dissatisfaction, but neither will we get much in the way of positive attitudes.

The factors that lead to positive job attitudes do so because they satisfy the individual's needs for self-actualization in his work. Man tends to actualize himself in every area of his life, and his job is one of the most important areas. The conditions that surround the doing of the job cannot give him this basic satisfaction; they do not have the potentiality. It is only from the performance of a task that the individual can get the rewards *that will reinforce his aspirations.*

It is clear that although the factors related to the doing of the job and the factors surrounding the job serve as goals for the employee, the nature of the motivating qualities of the two kinds of factors are essentially different. The former factors reward the needs of the individual to reach his aspirations. In contrast to this, the latter factors meet the needs of the individual for avoiding unpleasant situations.

It should be understood that both kinds of factors meet the needs of the employee; but it is *primarily* the "motivators" that serve to bring about the kind of job satisfaction and *the kind of improvement in performance every type of organization is seeking from its work force.*

SIX OBJECTIVES IN APPLICATION

In light of a theory of motivation to work, this booklet reviews current practices and suggests approaches for application in any public accounting firm. It assumes that the following six purposes or objectives should be served when attempting to apply this theory.

1. To *get, keep and train*
2. and *foster the growth* of staff accountants
3. whose *productivity*
4. will *continuously mature technically*
5. and *managerially*
6. *throughout a career* with the firm.

Contained within this statement are six premises which underlie each of the six parts of the objective. These represent the "starting places" for the conclusions which are to follow.

1. *"To get, keep, train."* The objective is stated so as to be as inclusive as possible of all the steps in the motivation and development of staff accountants. Partial approaches, such as "How to Motivate," "How to Develop" or "How to Reward" are useful when they are viewed in a framework of the "whole man" but may produce distortions when treated alone.

A whole series of forces affect a man's motivation and thus his productivity. These should be viewed as in a "field" which, when altered, can effect changes in the man's behavior.

2. In order to motivate the man, the accounting firm must "*create conditions which foster growth*" by means of a "way of life," a practicing philosophy expressed in terms of policy and implemented in the day-to-day activity of management and staff.

Our tendency is toward "do as I *say*" instead of "do as I *do*." But the major influence on any "personnel development program" is bound to be more that of the way the firm lives and works than the more formal programs it creates.

3. The criteria for measurement of any such program to motivate and develop staff people can only be results, i.e., *productivity*. Units of measurement may be difficult to come by. Nevertheless "process criteria" alone (how many and how good incentive programs, profit sharing, training, etc.) cannot be viewed as reliable indicators for measurement.

4. "*Continuously maturing technically*" implies that the accountant must be encouraged to develop a professional self-development motivation which will stay with him. As the profession changes and the state of the art develops, the CPA must keep pace.

5. "*And managerially*" underlines another crucial set of assumptions: These have to do with an entirely different (and often opposing) set of skills and knowledges required of the supervisor. These skills and knowledges (dealing primarily with people rather than the technical) change again at the executive level (dealing primarily with plans, ideas, organizational problems instead of dealing primarily with individual people).

Too often the firm's entire emphasis has been on technical development to the exclusion of managerial development. The lack of managerial development may have been based on a fairly common belief that "leaders are born, not made," and that little can be done in this area. But management training is now proving its value in industry and has shown its value for many who have attended the Institute's Professional Development Seminars:

"Building an Accounting Practice," "How to Manage" and "Improving Client and Public Relations."

6. *"Throughout a career with the firm"* implies that the firm must be prepared to consider the man's lifetime work goals in conjunction with the firm's goals—and probably in a much more specific and explicit way than has been done in the past. When a maturing man's career goals extend in time beyond those expressed for him by his employer, that firm is in danger of losing the man.

A REVIEW OF MOTIVATIONAL FACTORS IN STAFF MANAGEMENT

INTRODUCTION

THE FOLLOWING SECTIONS review the practices of CPA firms today and interpret them from the point of view of those motivations of staff men which most affect their potential productivity for the firm.

The first section deals with the "Dissatisfiers":

Financial Compensation
Possibility of Growth
Interpersonal Relations
Status
Working Conditions
Personal Life
Job Security

The second section deals with the "Satisfiers":

Achievement
Recognition
The Work Itself
Responsibility
Advancement

It is important to keep in mind the theory which explains how these needs affect a man. All are important to him in varying degrees. Each may be of central importance at any one time. They are organized by the man (often unconsciously) in a hierarchy of values. This hierarchy will change as his career progresses.

For example, this might be the rank or order of importance of some of the key needs of a newly hired staff man:

- Interpersonal relations (he wants to get accepted)
- Job security (he's not sure he'll succeed)
- Possibility of growth (he wants to get ahead)
- Financial compensation (he recently got married, has new demands for money)

This might be the order of importance for a senior staff man:

- Advancement (he wants to get into supervision)
- Recognition (he feels he is not getting credit for his work)
- Responsibility (he feels he can take on more)
- Possibility of growth (he wonders if he'll get opportunities in this firm)

A partner of the firm might be motivated by this order of importance:

- The work itself (he enjoys running the business)
- Achievement (he has ambitions for expansion and growth of the business)
- Personal life (his children are graduating from college)

One set of factors are "dissatisfiers." That is, if they are not met, they will produce dissatisfaction in a man and *decrease* his energies. The other set of factors are "satisfiers." That is, their presence can bring an *increase* in energy, produce a "multiplier" in terms of attitude and performance.

Starting with the dissatisfiers, each factor is reviewed in terms of current practices in CPA firms, discussed in terms of the theory, and suggestions are made for possible improvements in staff motivation.

The data on present-day practices are based on a series of informal interviews, review of literature of the profession and discussions with AICPA personnel and members of the committee on management of an accounting practice.

THE DISSATISFIERS

THE FOLLOWING SIX "Dissatisfier" factors are reviewed below:

Financial Compensation
Possibility of Growth
Interpersonal Relations
Status
Working Conditions and Personal Life
Job Security

When these factors are at a level below which the employee considers acceptable, job dissatisfaction ensues.

FINANCIAL COMPENSATION

SOME COMMON DILEMMAS. *Starting salary* represents a dilemma for most accounting firms, especially the smaller firms.

The salary offered must be reasonably competitive—in terms of cash offered and fringe benefits. But salaries differ currently in a considerable range, the higher salaries going to the top 10 per cent of the graduating college class and lower salaries to the lower ranking students.

It is generally believed that those firms which can afford to pay higher salaries are attracting the better men, the top 10 per cent. However, many firms question whether they can afford to carry such "superior" men—who will not become real income producers for the firm for several years.

How to adjust salary, how to reward staff men for merit and increased earning ability, is a second salary dilemma of the accounting firm. Most firms declare that salary increases are based on merit; yet raises of some amount are almost automatic over the first few years. This is because:

1. A differential must be maintained between experienced men and the rising salaries of new men.
2. Salaries must be adjusted to remain competitive with other firms and private industry.
3. Some tangible evidence of progress must be shown to newer men.

Most firms give semiannual increases until a man has had three or four years' experience. Further increases generally occur on an annual basis. A possible tendency to "level a man off" financially, who is still in his twenties, represents a major problem in many firms in retaining men of five or six years' experience. The following various kinds of financial incentives, and nonfinancial ones are used to help bridge this gap.

OTHER FINANCIAL INCENTIVES. *Overtime Pay.* The "peak season" nature of accounting work demands some form of overtime pay. Most juniors receive pay for overtime. Policy varies at higher levels, but payment for overtime tends to be the rule for seniors, too. At the partner level, overtime pay ceases. Many advocate overtime pay for all staff below partner, yet others say that this penalizes the outstanding performer who is better organized to complete work on time, delegate responsibility, etc., especially where supervisory work is involved.

Bonus. This form of incentive seems to be an unresolved problem for many firms. Some firms provide a "discretionary bonus," implying that this is a merit reward to the man willing to put out, take on more demanding assignments, etc. But bonus for most seems to mean a traditional annual gift. It is felt that staff men cannot exercise much control over firm profits, so larger amounts would be unrealistic and could take money away from what can be offered competitively as straight salary. Also, once a bonus has been paid for a few years, it gets to be built-in and it is given even in a bad year. Therefore, it shouldn't represent too large an amount.

Sharing of profit. This practice seems to be rare below the partner level, although frequently mentioned in the literature of the profession. The size of a share would be based upon such factors as: Engagements covered; payment for new clients or new engagements; nature and value of services; and training, experience, and seniority. Some firms designate a few managers or principals who are slated for partner status. They may each receive a percentage of net profits per quarter which may be deposited with the firm at interest. This will aid them in developing capital with which to enter the partnership.

Incidentally, participation by staff men in profits from business brought to the firm tends to be frowned on by many as not a legitimate concern of staff men. In fact, many firms prefer that staff men not promote business for the firm but leave this matter to the partners.

Fringe benefits. These benefits are considered by many to be essentially compensation. Health, life and accident insurance, graduated vacations, etc., were once offered on the volition of the employer, but are now taken for granted. This is felt to be a part of the price one pays to do business in a competitive situation which provides these extras. The controversy in public accounting seems to be, "How far do you go in providing fringe benefits to employees?"

HOW MONEY AFFECTS MOTIVATION. Financial compensation, viewed as to its power to affect a man's motivation, becomes a changing, shifting thing. It means different things to different people at different stages of their careers. In a sense, it is seldom a "motivator" in itself—but it may have an important bearing, often symbolic, on a person's other needs for recognition, for status, etc.

Salary starts as an economic necessity, to meet a young man's hunger, safety and security needs. But even at the start, status plays an important part, when students begin to compare the bids they get. Unless the hiring firm can satisfy the candidate's status needs with other compelling features of the job besides salary, money will dominate.

In their early years with a firm, men need a sense of security and some view of the possibilities for growth with the firm. The automatic nature of early salary progressions helps provide some security. But the fact of the salary increase, by itself, is insufficient to provide either security or incentive to the man.

Too frequently the raise is not accompanied with a discussion of how the man is doing—perhaps because of a fear that this might encourage a potential drop-out and thereby commit the firm to keeping him. Thus the opportunity to tie in tangible rewards with security and incentive is lost on both high- and low-level performers.

Already in this early stage of a man's career it may be assumed that superiority and inferiority are "inherent" and will show themselves without the firm's management having much effect on the course of events. This is a "survival of the fittest" philosophy. Yet many studies of the human personality in the formal organization make it clear that organization philosophy and practice may vitally affect a man's behavior within that organization and that one must not confuse the behavior itself with its causes, which may lie within the organization itself.

The leveling off of salaries for men still in their twenties may be a primary reason why public accounting loses so many men with five to six years' experience. Of course, this is a "weeding out" process. But how much "wheat" is uprooted with the "tares" due to lack of continuing cultivation of the crop?

The use of job enlargement, rotation and various status enhancing devices will be discussed below as ways of filling this gap, but money (or lack of it) will continue to represent success or failure to the man. The form in which money is provided may have to be related to new needs now developing in the staff man. Financial compensation should begin to be related more to growth considerations:

1. Does he have an ability to affect the profit situation of the firm?
2. Is he willing to take a risk?
3. How important is security to him versus opportunity?

As the man's ability to produce profit for the firm grows, his security becomes less of a factor, opportunity and independence become increasingly important to him. If the man's goals move past the goals the firm has set for him, *as he perceives them,* the good man will probably leave.

Financial incentives have been applied in two different ways in industry. One approach has been to the work group and the other to the management group.

At the production level the focus has been on getting the individual or small work group to turn out units of production through the use of various individual and group incentive systems.

Financial incentives for the management group usually have taken the form of payments directly related to the performance of the entire organization rather than to the performance of individual executives. Such motivational devices as profit sharing, stock ownership, etc., have been used.

In recent years there has been a trend toward extending the coverage of these incentive programs below the top group to cover all supervisory employees—and in a growing number of cases to encompass every member of the organization. Even though total group incentive systems have been extended to a considerable extent, there has been little systematic research as to the motivational effects of such programs. For this reason it is doubtful that many companies have been obtaining the full motivational values possible from such devices as productivity sharing, profit sharing and employee stock ownership.

Until reliable measurements of their effects have been fully reported, their potential value, if any, to public accounting firms cannot be determined.

Suggestions on Use of Monetary Reward. There is an extremely common misconception to the effect that psychologists and others are saying that "money is not important to motivation" or is of less importance than other needs. This seems to run contrary to common experience that motivational theories tend to get rejected out-of-hand by practical people.

A survey of the literature of the accounting profession and of contemporary literature on motivation in organization life shows that such a statement is oversimplified and probably misses a major point having to do with both money and motivation in the public accounting field. This point may be stated as follows:

1. Hardly anyone who has had to make a living and support a family will question the fact that financial reward is a primary incentive to work.
2. But a more pertinent consideration has to do with how we use monetary rewards as motivators of behavior, especially as a man moves up the line.

What does this research imply? Should we downgrade the importance of financial incentives? Not at all, and for two reasons:

1. Dissatisfaction is very dangerous for any accounting firm. No firm can afford *not* to be concerned about the money aspect, and in a major way.
2. Salary and other financial incentives can be used in such a way as to promote the "Satisfier" motivations of achievement, recognition, responsibility, opportunity, and the work itself.

On the basis of this theory the following suggestions on compensation are made:

1. Establish starting salaries at levels which compare favorably with competition and develop a recruiting campaign to hire the highest calibre students.
2. Establish and make clear to each man the various titles, responsibilities and levels of each job.
3. Establish a series of salary levels, comparable to competition, which allow some flexibility for merit increases within each range.

4. Explain each raise to each man to gain maximum motivational value from the "reward."
5. Tie salary increases as closely as possible to any systems of performance review which are used.
6. Eliminate meaningless Christmas gifts and bonuses which may weaken the motivational value of financial incentives.
7. Be competitive as to so-called fringe benefits such as health, life, accident insurance, etc.
8. Stress organization aims and goals and members' stake in the firm's success. This places emphasis on members' achievement motivations.
9. Do not allow money incentives to be seen as the only rewards available. Grant challenging assignments and advertise them as "rewards," and use various status awards as incentives.
10. Study the use of profit sharing with several potential partners. This may yet prove to be a valuable type of financial incentive.

POSSIBILITY OF GROWTH

There seems to be a deep conviction of the importance of training and development and the fostering of professional self-development in public accounting. No college can do the whole job, nor can another outside agency or competitor—although all may help. Organizational strength, development of an organizational personality and character, unity in teamwork, consistency of practices, and continuity are all seen as depending upon developmental activities going on continually within the firm.

Previous surveys conclude that "despite the evident need for more and better accountants, staff training appears to be largely a hit-or-miss proposition." It is reported that little attempt is made to guide the development of the junior or to set standards by which progress can be measured. Training tends to be seen as a "series of courses." Yet smaller firms contend, with some justification, that the organization of special courses is beyond their resources. A "survival of the fittest" philosophy again often operates to justify inaction here.

On-the-Job Training. If formal courses are beyond their means, this puts a heavy burden upon the day-to-day on-the-job training which the senior must give the junior accountant. What is the condition of this on-the-job training? Many firms are unhappy with their current practices in this area. They give the following reasons:

1. The training is poor because the senior, who may perform an excellent audit, is often a poor instructor.
2. Training time is figured into the length of the engagement. If the senior is rushed to conclude the job, he can't be expected to train. Of course, such training could quickly help improve efficiency, but the natural tendency is to do it yourself and get it done versus take the time to instruct someone else.
3. Training is not planned. It is expected that it will occur "naturally." Yet, an audit is carefully planned, the training is not. Implicit in this point is a common belief that, like leaders, "good teachers are born and not made."

Off-the-Job Training. An alternative to depending upon the senior to train on the job is to bring staff men together for formal class instruction. This form of training, of course, also supplements on-the-job and, in a growing number of cases, replaces the informal method (for example, in training on new subjects such as electronic data processing).

Larger firms are using the formalized approach as a substitute for on-the-job training for another reason: The need to move a man toward full senior status at a more rapid rate than experience alone will allow.

Larger firms offer a variety of classroom training opportunities inside the firm.

1. Month-long training programs in policies, procedures, working papers, audit programs, report writing, etc.
2. Tax seminars, basic and advanced

3. Senior audit conferences
4. Seminars for managerial personnel
5. Special projects of many kinds such as research studies and local staff training by supervisors and managers, etc.
6. Periodic staff meetings to discuss current developments (twenty-five hours per year are spent by staff in such meetings in one firm)

Smaller firms seem to use few of these more formal methods of training, but instead may rely more on outside courses, especially those offered by AICPA, state societies and other groups in the accounting profession.

Early Professional Development. This term is used to cover all of the activities which a man may take to further his professional career during the early years with the firm—either on his own or under firm sponsorship.

Opinion among accounting firms seems to vary widely on the issue of how much help the firm should give the man. Many object to a traditional attitude of: "We pay them pretty good salaries and expect them to manage their own affairs. Nobody paid those items for *me* thirty years ago." This attitude is considered unrealistic, because a man starting in the public accounting field finds it very difficult to pay the professional expenses of the CPA, e.g., membership in societies, costs of monthly meetings, special courses, entertainment expenses, etc. An opposing point of view draws a distinction between a man's personal responsibility to become academically qualified, which they feel rests with him, and the firm's responsibility to train him as a skilled practicing public accountant.

It may be that the situation is significantly different between the larger firms and the smaller ones. One educator in the field stated it this way: "When it comes to passing the CPA exam the attitude of the larger firm can be, 'He has to do it!' But these are the high-calibre candidates who will have little trouble anyway. The staff man in the small firm needs discipline. If left on his own he may not carry through. He not only needs assistance, he needs prodding. Not just the threat: 'If you don't make it you're out.' He needs sitting down with every March in voluntary study sessions."

There is reported an increasing tendency of firms to pay the dues and some of the expenses of staff men in state and national professional organizations. These have been called part of the "fringe benefits" which must be provided, in any case, if public accounting is to compete with private industry, where such benefits are commonplace.

Continuing Development in the Firm. Certain problems seem to exist in public accounting firms which may seriously inhibit the healthy long-range growth and development of staff men.

Virtually all firms claim that partnership opportunities are available. Some declare that, to the best of their ability, "We hire partner potential only."

It is made clear to staff men in some accounting firms that if they "level off" after five years they are likely to be terminated. Other firms are less positive about this policy of "progress or move out" but, in general, tend in this direction. What is the effect of such a policy upon personnel development and, particularly, upon a man's need to know that there are reasonable growth opportunities for him in the firm? If he is to fail, "that's the way the ball bounces"—but what about the attention needed by the man who will succeed?

Another barrier to healthy continuing development seems to lie in the organizational structure of the public accounting firm as it exists today. Longer term development, over many assignments, poses difficulties for a staff man.

1. If a man is rotated among seniors he may or may not get variety in his assignments and there will be diffusion of effort and responsibility on the part of senior-trainers.
2. If he is assigned to a specific senior, the incentive to bring the man along is strengthened but his experience is limited.

In none of these cases does the opportunity exist for the establishment of a sound, continuing superior-subordinate relationship such as is developed in private industry.

Each man may have many "straw" bosses but no one he looks up to as being interested and concerned with his career. For example:

1. Often the man who might fill this function is the partner on the account if the man receives continuing assignments under him. But the man often will move from one account to another. Often the partner will see this coaching responsibility, if he recognizes it at all, as near the bottom of a list of tasks headed by "client concerns." If the man moves from one account to another, it is likely that none of the partners will see a responsibility.
2. The senior partner of the firm may serve this function, but his time to exercise it will be extremely limited.
3. The function may be delegated to a partner who heads "personnel." But whether the other partners really delegate such a function as far as to expect a true superior-subordinate relationship to be developed by this particular partner with all of the staff is doubtful. It is in the nature of partnerships that every partner shares authorities and responsibilities with other partners. In this case the result may be that responsibility "falls between the chairs."

Major Steps to Plan Training. The problems of providing formal opportunities for growth plainly are greater with the smaller firm than with the larger. Yet the staff man in the smaller firm, like the general practitioner, may be called upon to do many things which may not be required of the staff man in the large firm.

On-the-job training seems to be an unsolved problem in firms large and small. It will remain so unless firms place greater emphasis on training seniors in how to train—and grant rewards for successful training. There is ample evidence that this can be done successfully.

If the smaller firms believe in training, as they say they do, they will take greater advantage of the opportunities to provide such training by use of the services offered on the outside. Partners themselves often go for such training. To send supervisors and staff men more often would represent a monetary risk. However, a movement toward mutual confidence with the staff has reasonable probability of being profitable for the firm.

The problem of continuing development of the man by means of sound superior-subordinate relationships cannot be left up to chance. Under present circumstances chance isn't doing the job.

As one part of the total process of organization development, training should be planned systematically and in terms of total organization objectives and needs, if this important motivational need is to be met. While it may not always occur in this sequence, nor be stated in a formal manner, the following major steps in planning training should not be overlooked by any firm, even the smaller one.

1. Setting training objectives in terms of firm objectives
2. Assessing the needs for training
    a. Individual needs
    b. Firm needs
3. Developing an annual program of activities
4. Planning and conducting each specific activity

Setting Training Objectives in Terms of Firm Objectives. A little deeper thought on the part of partners who are planning firm growth or expansion of services, will often turn up a need for new knowledges and skills not presently available in the firm. Such a finding should take its place along with a series of training objectives which are developed reciprocally out of the second step of assessing the needs for training.

Assessing the Needs for Training. One way of assessing needs for training is through an assessment of the individual staff man's needs by examining his work and educational history, appraisal, etc. A whole "field of forces" may affect an individual's growth potential. All of these forces should be considered in assessing needs. But these needs should always be measured against the firm's objectives.

What do we *really* need? There is a strong tendency for people to learn more and more about their favorite technical specialty. All very well, but is this what the *firm* needs? Is the man neglecting an important skill area to the detriment of himself and the firm? (For example, he becomes highly competent in tax matters, but can't write a good report, or run a meeting, or train a subordinate, etc.)

Another way to assess needs is to study the firm-as-a-whole in relation to such factors as: Quality of services, mix of services, cost factors, systems and procedures (internal), organization development, research, innovation, etc.

Often, in this manner, it will become apparent that the whole firm has certain common needs such as, improving its skills in managing time. This would suggest a time study which would require everyone to participate. Such a need might not have emerged from an assessment made on an individual staff man basis.

Developing an Annual Program of Activities. Assessment of needs in terms of objectives may turn up a host of different training possibilities such as:

1. Partners who should attend AICPA's SEC or EDP courses, etc.
2. Several who should study and report on state tax law developments
3. Possibility of sessions on auditing for the juniors by one of the partners
4. Possibility of periodic meetings of partners to discuss new services for clients, etc.

All possibilities should first be considered, then the list should be pared down to "what we can afford this year." The value of an annual program is that it helps assure that something gets done and can be checked up on. Too often these projects may stay in the "good idea" category for years on end.

Planning and Conducting Each Separate Activity. Whether this is to be on-the-job training by a senior or a classroom series by a partner, there are certain basic principles of planning and conducting which apply. The following are check-lists for use in planning and conducting most kinds of on-the-job and classroom training.

Planning of Training. Make a plan. More of the training can be planned beforehand than we usually suppose.

1. What specific outcomes do we expect from each session?

2. What previous knowledge and expectation do trainees bring?
3. What is each one's developmental starting place? Learning ability? Motivation and goal for learning?
4. What is the best method of training to use—group discussion, lecture, or individual assignments?

Notify and involve trainees. Explain purpose of the training beforehand. If possible interview trainees as to their interests and needs beforehand.

1. Give notice of dates and length of sessions.
2. Use brief memos to maintain interest between sessions.

Set up physical facility.

1. Is space sufficient?
2. Is there privacy?
3. Are interruptions minimized?

Conducting Training. Whether dealing with a classroom group or with an individual on the job the following pointers are suggested:

Prepare the man for learning. (To hand the new man a briefcase and tell him, "Go start the audit," without any other briefing sounds extreme, but it has happened.)

Make full use of natural opportunities. When a man comes with a question or problem, he is ready to learn, and usually remembers what he learns at that time. If you are too busy to talk with him, or put it off until you are ready to talk, he may cool off in his interest and confirm himself in a wrong procedure.

Don't attempt too much at one time. When you give a man more than he can digest at one time, it usually results in poor learning. It is embarrassing for him when you do, but he is not likely to correct you.

Stress the importance of important things. The trainee has no way of knowing which of the steps in a process are the key or important ones, unless they are pointed out to him. A little advance thinking and planning on your part can easily correct this.

Give reasons and explain why. This is especially important when an assignment is unusual or difficult to understand. Meaningless things are much harder to learn than things the trainee can understand the reasons for doing. For example, the key reasons why the taking of physical inventories are observed.

Never assume that one learning experience is sufficient. Follow-up and repetition are vitally important to learning. "I told you that last week" is not a fair criticism of a man who makes a mistake a second time.

Take advantage of natural opportunities for praise and reward. The new staff man especially needs this reinforcement.

Never assume that you are understood, without checking. The more technical your field, the more likely it is that you will have trouble. Many new areas of specialty must be dealt with today. What is second nature to the "pro" may be meaningless to the inexperienced person. You cannot have him parrot back everything you tell him to be sure he has understood. More realistically, encourage him to come back with questions that he might have; let him know that you expect him to ask questions. You can also check back with him as often as you can to see how he is doing when you know that he is new and the job he is learning is difficult.

Delegate as many tasks as possible. You do too much yourselves that your people could do and would learn from doing, if you let them try. You take the short-range view of saving time right now by doing it yourselves rather than taking the extra time now to train a man so he can do it himself next time.

Don't ignore the natural inertia in most human beings which shows up as resistance to change. Retraining is one of the most difficult of training assignments. If you recognize this fact and try to deal with it, you will get better results. You can build a man's ego some by admitting the change you want him to make is tough, but that is why you picked him to get it started right the first time.

Take the opportunity to go over completed things to use them as learning experiences. You are more likely to do this well with a brand new man, but it is still a worthwhile technique with an experienced man. Knowledge of results improves learning, and you lose this effect if you do not take your natural opportunities for it.

Communicate definite training goals and objectives to the learner and define standards clearly. You are much more likely to achieve a goal or objective if you know what it is.

INTERPERSONAL RELATIONS

INTERPERSONAL RELATIONSHIPS in the public accounting firm often seem to conform to what is often considered the stereotype of the accountant: Cool, formal and uncommunicative.

This state of affairs is legitimized by one small firm as a necessary way of doing business: "This is a tough, hard, competitive world in which many will not survive as members. The men travel a great deal, are infrequently in the office, hardly ever all at one time. There are very few staff meetings, no annual meetings, seldom partners' meetings, because they're too busy to get together. Communication is mostly through written memoranda, mostly to do with changes in accounting regulations, state tax changes, etc."

A larger firm reports they plan a meeting of the seniors once per month to talk about developments in the firm, planned changes, etc., in which everyone is encouraged to speak freely. "But everyone got so busy—we haven't had any for a while."

Only a limited number of firms seem to be engaged in any conscientious effort to make staff members feel they are professional colleagues—an integral part of the firm—rather than "hired hands." But these efforts are seldom made in the work situation, in terms of more active participation in the business affairs. This spirit is more likely to be sought through informal relationships and friendly treatment by means of occasional parties and luncheons at holiday times.

Some Research Implications. It is difficult to obtain much useful information about interpersonal relationships in the public accounting firm. This may be due to a notable absence of interest in the subject or awareness of its importance as related to the motivation and productivity of staff men. With some firms there may even be a resistance to "interpersonal relations" as being a subject worthy of their consideration. This infers a feeling that "it may be all right for private industry who can afford that sort of thing." Yet an accounting firm is an organization of people, performing in different roles, with certain common objectives. As such, it is affected by all of the forces inherent in any kind of "social organism."

Twenty years of research on effective and ineffective organizations has revealed that the patterns and quality of interpersonal relations within an organization can have direct effect on its performance.

What would such research have to say about accounting firms?

Rensis Likert and his group at the Institute for Social Research at the University of Michigan have made empirical studies of high-producing and low-producing companies and subunits in many fields of work. They have arrived at significant conclusions as to the nature of effective work groups. Recently their studies and findings have been applied in district sales groups in sales organizations and it seems likely that these forms of organization come close enough to paralleling the accounting firm that they become applicable.

What do their findings reveal? The following is quoted from a recent report issued by The Foundation for Research on Human Behavior:

> A fairly fundamental force is the individual's desire for a sense of personal worth and importance. Based on this desire, a general principle may be stated which can be used as *a guide in devising new and appropriate standard operating procedures in matters of selection, training, supervision, communication, compensation and other managerial functions.* This general principle is the *Principle of Supportive Relationships:*
>
> The leadership and other processes of the organization must be such as to ensure a maximum probability that in all interactions and all relationships with the organization each member will, in the light of his background values and expectations, view the experience as supportive and one which builds and maintains his sense of personal worth and importance. (Italics added.)

Likert's research shows that *one of the big losses in management comes from the waste of human abilities and effort arising* *from anxieties and unnecessary tensions resulting from having people in a nonsupportive climate of personal relationships.* A subordinate will not give his best to the work, nor take pleasure in doing it, unless he has confidence and trust in others around him, and feels that his superior is trying to understand his views, ideas, and so forth. *If a manager is applying this principle of supportive relationships well,* his subordinates will answer such questions as the following in a manner favorable to the manager:

1. To what extent does your superior try to understand your problems and do something about them?
2. How much is your superior really interested in helping you with your personal and family problems?
3. How much help do you get from your superior in doing your work?
   a. How much is he interested in training you and helping you learn better ways of doing your work?
   b. How much does he help you solve your problems constructively—not tell you the answers, but help you think through your problems?
4. To what extent is he interested in helping you get the training which will assist you in being promoted?
5. To what extent does your superior try to keep you informed about matters related to your job?
6. How fully does your superior share information with you about the company, its financial condition, earnings, etc., or does he keep such information close to himself?
7. How much confidence and trust do you have in your superior? How much do you feel he has in you?
8. Does your superior ask your opinion when a problem comes up which involves your work? Does he value your ideas and seek them and endeavor to use them?
9. Does he hold meetings of his subordinates and are they worthwhile?
   a. Does he help the group develop its skills in effective interaction, in becoming a well-knit team rather than hostile subfactions?

b. Does he help the group develop its skill in reaching sound solutions?
c. Does he use the ideas and solutions which emerge and does he also help the group to apply its solutions?

10. To what extent does your superior convey to you a feeling of confidence that you can do your job successfully—he expects the impossible and fully believes that you can and will do it?
11. To what extent is he interested in helping you to achieve and maintain a good income?
12. Is he friendly and easily approached?
13. Does he give evidence that he knows that it is not what you say, but what you do, that counts?

To some extent one's sense of personal worth and importance is enhanced by the extent to which he lives up to an image of himself that he has developed over the years. Much more important for his self-esteem, however, according to this research, are the current opinions of groups of which he is a member and, particularly, the people with whom he works. These opinions will have an impact and, if the best possible use is to be made of available manpower, *it is extremely important that each individual belong to and be highly attracted to a face-to-face work group which is contributing to the success of the firm and has high performance goals.*

STATUS

IF A STAFF MAN feels a lack of status and a need for more, this may affect his attitude, his work, and may even cause him to leave the firm. Once the status need is satisfied, then "status," as a motivating factor, becomes much less important.

The ultimate status goal for the staff member is usually partner status, and many firms do not encourage any lesser goal. But for the newer staff men this ultimate goal is too far away to have much immediate effect. The intermediate goals which he must reach are expressed, in terms of various symbols of position: (1) Titles, (2) financial arrangements, and (3) working conditions.

Titles. Typical titles for members of a large accounting firm might be:

Staff Accountant—B
Staff Accountant—A
Senior Accountant
Supervisor
Manager
Partner

Below the senior accountant level there has been a recognition of the need for status differentiations. The term "junior" is being omitted by some for status reasons but "semisenior" seems almost equally awkward in its symbolism: The use of numbered classifications helps clarify the differences but produces no title for the man to use, for example on a business card.

New problems of status symbols in titles arise as firms set up specialized tax and management services departments. The title "staff accountant" often stays with the rising tax expert and frequently the higher priced specialists in management services are known only as "members of Management Services." Titles are important as status symbols not only in relation to other members of the firm, but they may affect how a man presents himself to clients and to colleagues on the outside.

Financial Arrangements. When the various forms of salary and financial incentive are considered in terms of their status implications, certain observations seem worthwhile aside from the other factors which may be present:

1. Overtime payment is symbolic of lower status in most organizations.
2. Small, automatic bonuses may easily become a negative factor in status terms.
3. Any form of profit sharing, if selective, holds positive status implications.

Working Conditions. Working conditions are described in greater detail in the next section. Here they are considered in terms of their effect on status.

A common condition in smaller firms seems to be: "Only partners have private offices. Everybody else works out in the same room." Entirely aside from consideration of utilization of office space in a situation where only a few men are in the office at one time, the "bull pen" layout may have important negative effect on status feelings. Title, desk, rug, telephone—all these may be important symbols for staff men early in their careers.

To a partner such items often seem trivial and the inclination is to condemn the man who needs them. Yet little things often do make a difference. One firm reports improved efficiency when seniors were given private offices and a separate staff room for semiseniors was provided. Another firm reports that as men advance the group automatically relinquishes the better desks to them.

It Deserves Review. Status is an important means of distinguishing between levels of value in the organization. It cannot be eliminated but should not be allowed to assume proportions which interfere with the work. On the contrary, the judicious awarding of status, to go along with the position, may take care of an important need of the staff man. Accordingly, titles, payment plans, and working conditions should be carefully examined in terms of their status meanings.

When he reviews the status needs of his staff, the partner should be warned that he may be seeing this whole picture through glasses tinted by his own thoroughly established status position. He should strive to remember what it was like when he was in *their* shoes.

WORKING CONDITIONS AND PERSONAL LIFE

Compared to the large majority of salaried employees in our industrial society, the staff man in public accounting probably has substandard working conditions—but this seems to be largely in the nature of the work.

1. He works thirty-five to forty hours per week and usually may work nights and Saturdays during the tax season (although the overtime load seems to be decreasing).
2. According to one survey, on the average, annually assistants work 150 hours overtime, seniors work 275 hours overtime, and managers work 195 hours overtime.
3. He averages approximately 20 per cent of his time in travel. He gets two weeks' vacation, perhaps three weeks', after five years with the firm.
4. Physical conditions for work while on the job in client locations are rarely ideal, often inadequate for doing the work efficiently. In the office he is usually given a temporary desk in a room shared by other staff men. Seniors and managers sometimes gain a private or semiprivate office.

What do these conditions mean as far as motivation to work is concerned? If the research findings apply, working conditions, unless unusually worse than those of competition, will, in themselves, probably have little effect on motivation and productivity of staff men. The experience of private industry in providing superior working conditions has been disappointing in this respect.

The personal lives of staff members, while undoubtedly having a major effect on their performance, at times, has apparently seldom been made an official concern of the management. Excessive travel is occasionally the cause of complaints from home, but generally the staff member's personal life is not brought up in terms of its relationship to the business.

Some years ago a strong emphasis was put on "human relations" in industry. The boss was supposed to get closer to his men, get to know their personal problems, ask about the wife and children. More recent and more systematic research seems to reverse this idea: The man wants to know more about the boss, and "What's going on upstairs?" However, he is suspicious of having the boss pry into his private affairs. There now seems to be a need for a certain distance between the two which preserves the man's freedom and privacy.

JOB SECURITY

To assure a staff man that his job is secure when no such guarantee is possible would be to provide a false sense of security. Yet some degree of job security is important for everyone, if he is to do his best work. The following benefits provided by many accounting firms offer a measure of security to the staff man:

Group Life Insurance—most firms pay premiums on group insurance. Some make plans optional, supplementing a contribution by the man.

Health and Accident Insurance is rare.

Hospitalization is available in the majority of firms on a voluntary basis. Either the staff member pays premiums or the firm pays premiums on "major medical" policies.

Retirement—in general, the firms expect their better men to become partners and are not generally interested in "career" staff members who would reach retirement. Some firms have planned programs, a few make informal provisions to take care of individuals when necessary. (A new plan is being prepared and will be forthcoming from the Institute.)

"Dead End Seniors." Few subjects to do with personnel policy get as much discussion as the so-called "dead end senior" dilemma. With the possible exception of the few large firms who seem to be able to absorb them better, most firms appear to be strongly against retaining accountants beyond the age of forty or forty-five who will not ultimately become partners (or the equivalent as a specialist). They believe that such a man declines in value to them beyond this age, loses initiative, adversely affects the image of a "young" firm and ultimately may become a problem at retirement time.

An informal system seems to have worked successfully by which many men enter public accounting, learn their trade and staff the technical positions during their early years. Then those who are to succeed (partnership) move up and the rest move out to private industry or government (or into another accounting firm). Many firms make special efforts when releasing men to place them in client firms and often seem to be successful with this.

As the ups and downs of seasonal activity level off and as staff accountants become more realistic about their career possibilities, these problems of turnover may tend to diminish.

Take Emphasis off "Security." The average young member of a public accounting firm requires some feeling of job security. But for the man who enters this kind of profession there are other, more important drives which should predominate—achievement, recognition, responsibility, the work itself.

Having come up this route, the partner recognizes that security is a lesser requirement for the younger man. But does he take for granted that the man knows this himself? Perhaps he needs to do more to combat the prevalent propaganda which places an undue emphasis on security.

But what of the older accountant who has leveled off in his job? These "deadly" words of description have been used here purposely to suggest that the whole issue is blurred by a negative overgeneralization about the older person—and a curious lack of creativity in attempting to solve this problem. The question arises: Would the older accountant respond differently if he were treated differently?

People do not "go downhill" very rapidly as middle age approaches and old dogs can learn new tricks. Some firms have placed these men in useful new positions, for example: (1) In charge of a group of small accounts, (2) department of special services (write-up work, estates and trusts, etc.), (3) proofreading department, and (4) acquisitions and mergers.

Undoubtedly for the smaller firm only a base minimum of seniors could be retained in this way. Survival of the firm must come first.

THE "SATISFIERS"

THE FOLLOWING FIVE "SATISFIER" factors are reviewed below:

Achievement
Recognition
Responsibility
The Work Itself
Advancement

These are the "multiplier" factors which lead to positive job attitudes. They are "multipliers" in the sense that the meeting of these needs will stretch a man beyond his present level of performance.

ACHIEVEMENT

ACHIEVEMENT has been found to be a major element in the motivation of the successful manager in any kind of organization; thus the partners of public accounting firms would appear to be well endowed with this drive.

There is every reason to suppose that newcomers to the accounting firm will bring this same drive to their work and retain it throughout their careers. But, on the other hand, there is impressive evidence now accumulating in the research on organizations which shows how the organization itself may inhibit creativity, produce conformity and stunt what should be the normal growth of a man toward maturity.

What might accounting firms be doing, or not doing, which would inhibit the fulfillment of this important motivation in the staff man?

1. Failure to bring a man along rapidly enough to suit his ambitions (and, realistically, his abilities) might be an inhibitor.
2. Overspecialization of task might work against this need.
3. Failure to make clear to the man his opportunities in the firm, to help him set clear goals.
4. Failure to give him clear indication as to how he is doing.

This would appear to be one area in which the smaller accounting office may have an important potential advantage over the larger office for the following reasons:

1. Easier to recognize ability where it exists in a staff man.
2. Exposure to greater number and variety of assignments in shorter period of time.
3. Less likelihood of becoming a specialist in one area of accounting work.
4. Opportunity to play important part in building the firm.

The large firm may be able to provide these opportunities, but organization size and complexity may tend to work against it.

How to Exploit the Achievement Need. "The achievement motivation" in managers has been the subject of intensive study in recent years, as psychologists, sociologists and others have turned their attention away from the subnormal or crippled personality to analyze, type and predict the behavior of the superior and healthy personality.

If the successful staff man is one who ultimately reaches manager and partner level he may be assumed to be similar to the type of personality typified in the research as "the successful manager."

Such a person is oriented towards achievement, recognition, responsibility and the work itself, rather than towards salary, working conditions, personal life, etc.

Such people, according to the research, have these key characteristics:

1. They welcome challenges.
2. They like to work on and solve problems.
3. They like to set reasonable goals and take a certain amount of risk (not excessive risk) to meet them.
4. They like to get fast "feedback" on their performance, i.e., find out if they are approaching their goals.

Studies show that people like this probably got this way early in life. Their parents typically set high achievement goals for them, gave them warm support and encouragement toward reaching goals—but did not dominate them.

What can the management of an accounting practice do to control and develop this achievement motivation in staff men? Again, the research suggests certain steps:

1. Select high achievement people.
   a. What can you do to assure that you are hiring this type?
   b. Does their background tell you anything?
   c. What can you tell from the way they talk about themselves?
2. Talk about and stress aims and goals.
   a. Is management clear as to the precise directions in which the firm is moving?
   b. Are staff men clear as to the goals and opportunities open to them?
3. Help them set realizable goals.
   a. Are staff men's goals short-range, realistic and obtainable so they can be reached and reset?
4. Give men fast, accurate feedback.
   a. Does management take the time, periodically, and on a systematic basis, to tell staff men how they are doing?
   b. Is this done in a clear, unambiguous way?
   c. Is it related to his goals?

5. Assign more responsibility.
   a. Are staff men being constantly challenged to "stretch themselves" with new responsibility?
   b. Or is there a tendency for management to hold on to more than necessary?

The risks involved in a strong appeal to a staff man to achieve more, and become more independent, are obvious. Those who cannot make the grade will be exposed early. Those who can achieve, and do, and know they do, may be lost to competition or become independent practitioners. But this has often been the bane of the successful organizations. They help develop successful competition!

RECOGNITION

THE PROFESSIONAL MAN needs recognition sooner in his career than other people.

He has had professionalism stressed repeatedly, the importance of standards, and the requirements of professional behavior on his part. He develops an ideal image for himself, what he wants to become, which may suffer an agonizing reappraisal if the reality of the first few years in public accounting turns out to be a lonely, anonymous, routine and largely technical existence. Granted that "somebody has to do the dirty work," what can be done to provide him with tasks whose accomplishment can lead to recognition which has real meaning for him?

One trend, which may be alleviating some of the problems of the "routine, technical years," is the development of management services, tax and other special services departments. These groups do not require the large lower level work force of the audit staff and represent new directions in which audit staff can move, other than "up or out."

Recognition may be granted in many ways: by salary advances, more and different responsibility and by advancements. But none of these will necessarily be seen as recognition unless specifically used as a means for filling this important need. For example, salary increases tend to become so automatic that the man may not interpret the advance as recognition at all. Again, this calls for explanation by his superiors, to make it clear that they are aware of this progress.

One of the most important areas in which recognition may be shown is in the client situation. How he is presented to the client by his supervisors may be an important means of granting recognition. If he is viewed as "hired help" by his own firm, the client will see him the same way.

The smaller firm would appear to have important advantages over the larger ones when it comes to recognition, for the same reasons that achievement may be more easily obtained. In addition the small firm offers an opportunity for staff men to have closer, more personal relationships with the partners. For example, use of a first name basis, almost universal in private industry, should be an aid toward personal recognition of employees as people—unless this proves awkward for an older generation of partners. One wonders at the explanation given by a senior partner of a smaller firm: "It's easier to fire a man if you've used the last name basis."

How to Recognize Performance. Chris Argyris, while studying the motivation of workers in the automobile industry, reports an interview with a man who had the job of tightening bolts on the bumper of an automobile. Thinking to grant a little recognition to the man, he commented that this was a rather important job, since it made the bumper secure and assured that a vital safety factor was intact, etc. The man coolly replied: "I may be stupid, Mister, but I'm not *that* stupid!"

To grant recognition for the performance of work which a man considers to be beneath him is an insult. Recognition must be deserved and must serve to enhance a man's view of himself.

What can be done for the staff man, to assure him of greater recognition?

1. Awards for good ideas and suggestions
2. Greeting men by name, whether first or last name
3. Keeping men informed of reasons for advancement or lack of it

4. Letting men participate, within limits, in decision-making, for example on office changes, procedures, etc.
5. Improving his opportunities with the client
   a. Introducing him to top client personnel, even the president
   b. Explaining his experience and function to the client
   c. Supporting him when one client complains (until proven guilty)
6. Using various status symbols of title, desk, etc., as a means to grant recognition

Finally, and perhaps most important, is the use of periodic performance review which bases recognition upon systematic evaluation.

Performance Appraisal versus Performance Review. Few will disagree as to the importance to a public accounting firm of a sound knowledge of the abilities, limitations and potentialities of its staff, based upon sound criteria of measurement.

Yet, few firms have established performance standards and reliable means for measurement of the man against the standard. This seems to be the situation in most firms:

1. Most, especially the smaller firms, have a form for appraisal by the senior of the staff man at the conclusion of each assignment. While better than nothing, there are many limitations to this form of appraisal:
   a. It is short-term and is only immediately useful; in most cases it does not develop data for use in longer range planning of a man's career potential.
   b. It is often based on intangible attributes of the staff man such as "maturity," "strength of character," etc.
   c. It is the opinion of a senior, only one step removed from the man, whose objectivity is often strained.
2. Firms do not use any systematic form for appraisal of the more important people, the seniors, supervisors, managers, principals, etc.
3. Where appraisal systems are used there is considerable reluctance on the part of the superior to perform the function

of telling the man how he is doing and what he might do to improve.

4. Reluctance to rate others on the part of superiors, feelings of inadequacy in themselves and in the distortion-prone mechanical nature of rating systems, lack of mutual understanding between the rater and rated man, reluctance to get involved in feedback and development of the subordinate—all of these are symptoms of some basic flaws in the present uses of evaluation.

A continuing examination and re-examination of performance evaluation has gone on for years among industry practitioners and social scientists. While all the dilemmas are by no means resolved, more useful practices seem to be evolving.

A major cause of dissatisfaction has had to do with the "playing God" implication of performance review sessions at which a superior interprets the subordinate's behavior. The firm must make judgments about the man—as to his performance and potential—but feeding back these judgments has been shown to be of little value and in fact may be harmful to both parties!

A suggested practice, now gaining increasing use, is to separate performance appraisal from performance review. This makes it possible in *performance appraisal* to use rating scales of various kinds, results of interviews, group appraisals, even psychological evaluations of the man and of his performance without the necessity to feed back all of the results to the man himself.

Performance review is then based upon "target setting" whereby superior and subordinate agree on annual or semiannual work and personal development targets. These targets are reviewed periodically by both parties together. Thus, the focus is placed on *results* rather than on the man's abilities, traits, etc., and the superior tends to become more "coach" or "consultant" than "boss" or "judge."

As a general rule, studies show, the more secure the subordinate, the more he will improve from receiving critical feedback on his performance. The insecure man will react negatively and his performance will decline.

RESPONSIBILITY

No other motivating factor has a longer duration of effect on a man than responsibility because it will sustain itself throughout the course of an important assignment.

The lack of delegation of responsibility is a universal problem which exists in all organizations. Subordinates often report that they are not being given enough responsibility (or, more often, responsibility without authority). Superiors just as frequently report that subordinates are not "taking the ball" when it is handed to them.

Delegation of responsibility in a public accounting practice appears to be more of a problem than in other organizations because the risks are greater. Mistakes can cause the loss of client goodwill or of the account itself.

The smaller firm may again have an advantage here. The staff man may have responsibility thrust on him through sheer necessity and thus the barriers to delegation may be broken through.

While the most common tendency is not to delegate enough, there is also a hazard in delegating too much, too fast. The young, inexperienced accountant is often awed and confused in certain client situations. He wants help and guidance. If thrown on his own too soon, this may produce a "retreat" reaction, develop more rather than less dependence on the superior, and delay his advance toward greater responsibility.

Obstacles, Attributes and Principles. For more effective delegation of responsibility, it may be useful to consider some of the major obstacles to delegation, the attributes required for proper delegation, and the principles of delegation.

The following are generally accepted as major obstacles to the delegation of responsibility by the superior:

1. Overdeveloped sense of perfection
2. Lack of confidence in ability of others to do the job
3. Reluctance to admit that others could do it
4. Concern about not getting credit
5. Concern that subordinates will move ahead too fast (and edge out the superior)

6. Basic fear of conflict due to mistakes which will be made
7. Fear of loss of good client relations

Some of the personal attributes which need to be fostered and developed in order for effective delegation to take place are:

1. The superior must be receptive to others' ideas
2. Must be able to watch others make mistakes and write off the cost as a worthwhile investment in the development of the subordinate
3. Must be willing to forgo "blowing his top," and limit criticism
4. Must exercise great powers of self-restraint and be content with exercising broad controls of results

Some key principles:

1. Responsibility and authority to be delegated should be clearly defined, preferably in writing
2. Authority should be commensurate with responsibility
3. The subordinate should be accountable only to the delegator of his authority and responsibility
4. The degree of delegation should be proportional to the availability of effective control
    a. Control should be as simple as possible to exercise
    b. It should be systematic
    c. It should be seen as necessary by both superior and subordinate

THE WORK ITSELF

THE WORK ITSELF of the member of a public accounting firm has an important bearing on the man's motivation. And just as his other needs for achievement, recognition, and responsibility change during the course of his career, the work itself changes in important ways.

A large generalization would be to say that the three bases of the work, during three progressions from staff accountant to partner, would be:

Accountant phase—primary concern with *technical*
Supervisory phase—primary concern with *people*
Partner phase—primary concern with *ideas, plans and goals*

This view of three major work orientations may help explain some of the problems inherent in the work of the public accounting firm. When a staff man is hired, even though there are plans for him to progress toward partner status, the first purpose is to have him perform the technical work for which he has been trained. For an achievement oriented college graduate, the technical work may soon become a chore. As is true for most college graduates, he has been oriented toward management, and the rewards all lie in that direction. And yet his years of apprenticeship are important ones.

The firm must be sure that he develops this sound technical base in public accounting and at the same time stimulate his interest in moving out of the strictly technical aspects of the work in the direction of management.

A certain hazard may exist in overemphasis on the movement toward partner level which tends to downgrade the value of technical specialization. Industry has had to face serious repercussions from the deterioration of technical "state of the art," occasioned by the placing of almost all important rewards on the "management" side of the scale. The "parallel ladders" concept which regards technical growth as of almost equal importance to managerial growth is helping to balance these two essential ingredients of work.

Many feel that there is no substitute for planned training and development to meet these requirements for motivation toward work. They cite these factors as especially important:

1. Planning the work so as to minimize waste time and prolonged idleness. This waste time could be filled with training activity.
2. Explaining the "why" of everything that is done—instead of "do it because I told you to."
3. Sharing—withdrawing close guidance in the early stages of work followed by further gradual withdrawal, but never allowing the subordinate too long a period on his own.

ADVANCEMENT

IF THE KIND OF STAFF member who is motivated by "Satisfier" factors has been recruited and trained, then opportunities for advancement must be provided—up to and including partnership.

While many firms make this a clear goal for the junior accountant, too often finding "room at the top" is not easy. (The problem of the "dead end partner" may be more serious than that of the "dead end senior.")

But once there is room for the ambitious staff man, there is much that can be done to enhance his "advancement" motivation.

How to Help Him Advance. At a recent "Conference on Personnel" of the California Society of CPAs, Dr. Maison Haire described several implicit psychological assumptions about the nature of people and how we attempt to help them advance. He suggested that there are three models:

> *The Model for Development.* This is the cream-rises-to-the-top, or sink-or-swim model. It is okay, but can you afford it? If you adopt it, you may drown your best swimmers.
> *The Manufacturing Model.* Adopting it calls for a fixed program. You feed 'em, hand 'em the stuff, get 'em out in identical models —a stamping machine, brainwashing operation.
> *The Agricultural Model.* In this you create the conditions for growth and nurture the plant.

Dr. Haire, a leading educator, seems to favor "The Agricultural Model" and this model is used as the basis for the following suggestions on the longer range development of partner potential. But from the point of view of this booklet all three models have their place.

"Sink or swim" is an inherent aspect of personnel development in the public accounting field. It fosters the important achievement needs of young accountants. Which firm can afford a "keep-everybody-afloat" model or even "keep-everybody-*possible*-afloat"?

"The Manufacturing Model" as the only approach would be unwise—but as pointed out under "Growth" (page 22) there is a need for more systematic and more fixed programs with identifiable classroom activity both inside and outside the firm. A somewhat more identical model could be "turned out" by the firm to its advantage, in many cases, where practically nothing is being done to develop a distinctive "way of doing business."

Finally, however, the "Agricultural Model" does indeed lend itself well to the longer range development of a firm's personnel. Two complementary approaches are suggested below for carrying out this basis of development:

Create a Climate for Growth. One of the most effective ways of getting training and development to occur in a firm is to cultivate a climate in which self-development is encouraged and expected.

The following actions by the head of the firm and by his partners will, over a period of time, create such an atmosphere.

1. Expect self-development activity and let subordinates know that you do.
2. Set a personal example by continually working at your own growth and development, i.e., read and pass along new books, not only on technical subjects but of a broader nature, such as: "Managerial Psychology," "Human Side of Enterprise," "Myopia in Marketing," and "New Patterns of Management," etc.
3. Encourage and, if possible, aid self-development activities, such as outside conferences, night courses, etc.
4. Delegate clearly and thoroughly and then give people room to operate on their own and show what they can do.
5. Don't criticize mistakes unduly but use them as a way to help people learn.
6. Hold staff meetings in which men are encouraged to express disagreement and get their views out in the open.
7. Comment on and reward development activity whenever it occurs.

Develop a Coaching Relationship Between Partner and Man. "The Principle of Supportive Relationships" underlined the importance of a continuing personal set of relationships in maximizing motivation and productivity of staff members.

Yet the findings indicate that such a relationship of members of the firm to their management has seldom been fostered and developed. The organizational setup seems to have worked against the establishment of continuity in a relationship between the partner and his key subordinates.

It is suggested as a practice that such a relationship of one partner to one subordinate be established as a first step in the direction of developing the type of organization indicated as most productive in the University of Michigan research. A further step would be toward greater attention to the development of basic work groups in the firm. Each step represents a movement toward greater recognition of the importance of knitting together a more effective work unit based on increased mutual confidence and improved communication between members.

The following practices are suggested in setting up the relationship:

1. *Formally establish the relationship.* The subordinate may not necessarily report directly to the partner on everyday operational matters such as the conduct of the audit. But it would be established that he reports to one partner on matters of longer range importance and is ultimately accountable to him as to results.
2. *Establish what is expected.* Clear definition, in writing, of the requirements of the job upon which both superior and subordinate agree.
3. *Delegate effectively.* This is, of course, critical to any good working superior-subordinate relationship.
4. *Provide knowledge of progress.* A target-setting procedure as previously discussed is recommended here.
5. *Reward on the basis of performance.* Financial rewards should be tied in directly with performance and the act of rewarding should be administered by this superior to whom the man reports.

Practicing Continuing Coaching. Continuity in the superior-subordinate relationship marked by periodic consultations during which help and guidance may be provided can make the difference between a formal, awkward relationship and one of real meaning and value to both parties.

The following are suggested practices which contribute to such a relationship:

Develop an Understanding of Each Subordinate's Important Needs.

Coaching implies an effort directed toward getting an individual to change, to improve. Consequently, there must be motivation for an individual to change. An individual will respond to a variety of motivations. However, sustained improvement can most readily be built up by satisfaction of an individual's more important needs as they change and vary in importance. The major motivations reviewed previously should be used as a guide toward a better understanding of each man.

Make Contacts Developmental in Nature.

Supervisors have thousands of personal contacts with subordinates. All of them contribute to the experience from which the subordinate learns. Yet what he learns may be *good* or *bad*. It is only when the contact assists the subordinate to learn something helpful to his development that it is coaching.

By the conscious use of the contacts we have with subordinates for developmental purposes we can change routine relationships into coaching.

Establish an Atmosphere of Two-Way Confidence Between Subordinates and Yourself.

"The Principle of Supportive Relationships" depends upon creating the proper atmosphere. This atmosphere is revealed not only by what the superior does, but by the manner in which he does it, and by his underlying attitude toward his subordinates.

Plan a Sequence of Developmental Experiences for each Subordinate.

In assigning tasks and projects, do so at such a pace and in such a manner as to challenge the ability, stimulate the interest and broaden the experience base of the subordinate.

One should not only be willing to *help* a subordinate to succeed, but must, if necessary, *cause* him to succeed, on small things so he can build larger successes on lesser ones.

Each subordinate should be helped to wring the full developmental value out of a current job before pushing on to a bigger job.

Make Effective Use of Both Day-to-Day and Annual Coaching.

Some prefer informal coaching, some prefer the formal approach. Optimum results can best be obtained by utilizing both approaches. The informal coaching process permits timely review and discussion. The annual performance-review process adds several unique benefits not obtainable on a day-to-day basis. Plans made in the formal session provide a basis for subsequent discussions. Similarly, periodic discussions can provide the details for more thorough discussions during an annual performance review.

Utilize Group Sessions for Coaching.

Stress has been placed upon individual coaching. However, considerable value can be gained by use of group sessions such as staff meetings or specially scheduled conferences to achieve coaching objectives. The importance of developing this group as a vital unit cannot be underestimated.

Improve Your Interviewing Skills.

Coaching frequently involves interviews with a subordinate. The coach who can conduct an effective interview will be gaining much greater returns from the time he spends coaching. Interviewing is a skill which can be improved.

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