

Retention and Intentions of Professional Accountants

Linda. Twiname, Helen. Samujh, and Nils. Van Lamoen

Abstract— This paper enhances understanding of factors underlying professional accountants' high turnover rates. Various researchers, institutions and government bodies have identified accountants' retention is of concern. However, traditional explanations, such as job satisfaction and organizational commitment, do not sufficiently account for the turnover rates observed in the accounting profession. A New Zealand (NZ) sample of professional accountants enabled us to identify a range of factor. Intentions to stay were very low, 50% of accountants expected to leave their current employer within 3 years of the survey date. Satisfaction with two core job characteristics, feedback and skill variety, in addition to work life balance (WLB) accounted for 65% of the variance of overall job satisfaction. WLB, or at least a lack of access to flexible work arrangements was strongly indicated as the primary consideration when choosing to remain with the present employer.

Keywords— Job design, staff intentions to stay, staff retention.

I. INTRODUCTION

STAFF retention in the accounting profession has become an issue of increasing concern. Turnover rates have been reported to be disproportionately high and have been increasing since the late 1980's [1]. The turnover rate of professional accountants in NZ has been placed between 17 and 18 percent a year [2]. While loyalty and long-term organizational commitment has been demonstrated to be low, recent studies found professional commitment among accountants is above average [3], [4]. It appears therefore, that the majority of accountants wish to remain within the accounting profession, but not with their present employer. Intentions to remain with the employing organization are cause concern for employers given the costs associated with employing new accountants. Further, accounting has relatively high costs associated with staff turnover [5]. The average first year costs associated with replacing a junior accountant has been estimated to be in the vicinity of 240% of the annual salary [6].

Linda. Twiname is a Senior Lecture in the Department of Strategy & HRM, Waikato Management School, The University of Waikato, New Zealand phone:+64 7 838 4694; fax: +64 7 838 4356; e-mail: lindat@waikato.ac.nz.

Helen. Samujh, is a Senior Lecture in the Department of Accounting, Waikato Management School, New Zealand e-mail: hsamujh@waikato.ac.nz.

Nils. Van Lamoen is a research assistant in the Department of Strategy & HRM, Waikato Management School, e-mail: nkv1@waikato.ac.nz.

Two antecedents of accounting staff turnover were established in previous research. However they do not identify the disproportionately high turnover rates among accountants. Organizational commitment and job satisfaction [7], [8], [9], [10] were shown to predict a proportion of staff turnover rates, and intentions to quit. According to Law [1] accountants' job satisfaction and commitment to their employing organization are above average, yet turnover rates are identified as comparatively high. Similarly Gendron et al. [11] determined accountants' professional commitment is higher than organizational commitment. Thus research suggests accountants' have an underlying issue, not intrinsic in the work itself. The trend of high professional commitment, and low organizational commitment, could mean that accountants expect to attain above average job satisfaction and that the reality of their work generally does not meet these expectations. Accordingly, our study identifies some of the issues underlying accountants' high turnover rates.

II. THE ACCOUNTING EXPERIENCE

A. New Zealand Context

New Zealand is a South Pacific nation and part of the British Commonwealth with a working population of 2.2 million [12]. A large proportion of businesses in NZ, are small to medium sized enterprises (SMEs), and the average accounting enterprise in NZ has 3-4 employees [13]. NZ has a single accounting membership body the NZ Institute of Chartered Accountants (NZICA), which has an accredited membership of over 35,000 accounting professionals [14]. A 2011 financial employment survey reported a shortage of accounting professionals in NZ, which was estimated to be almost twice that of the global average [15]. "In NZ, accountancy professionals appear to be in highest demand, with more than a third (41%) of employers indicating that accounting positions are the most difficult to fill, compared to just 22 per cent of employers globally" [15, p. 1]. Further, the 2011 NZICA remuneration survey reported that staff retention was among the top 10 issues facing accounting organizations [14]. Recruitment and retention are recognised concerns for accounting firms.

B. Accountant Job Turnover

The literature identifies turnover among professional accountants is an area of concern. However, there seems to be a lack of clarity as to why high turnover is an issue

particularly affecting accountants. Chatzoglau et al. [16] found strong negative associations with both job satisfaction and organizational commitment affecting accountant turnover intentions. Consequently, turnover intentions have in turn been shown to be the single best predictor of job turnover [17].

Evidence also indicates that accountants' role expectations might be 'unrealistically high' or at least their expectations are often not met when they enter new employment [18], [19], [20]. In particular, accounting students' expectations of their future employment have been shown to be unrealistically inflated [20]. Dean et al. [19] showed that accountants' unmet employment expectations brought about a reality shock that induced negatively associated organizational commitment.

It can be argued that changes in job demands and workload are expected and fundamental to the accounting profession. Ang et al. [21] found that accountants who accept changes to job-demands as a necessary part of their job, reported lower work-to-life conflict. Further, they were less likely to leave their employer. However, Ang et al. found the changing face of accounting is associated with a proportion of the accounting profession's high staff turnover. In addition, a study by Viator [22] found that role conflict and role ambiguity – components of job design and potentially inherent with changing job-demands - could predict accountants' turnover intentions. Thus, it seems that job design is a corroborating factor to accountants' high turnover rates.

Law [23] identified role conflict as the best predictor of accounting turnover decisions. This issue may be exacerbated by high expectations and job demands in the accounting profession. Greenhaus et al. [24] indicated that, on average, accountants spent in excess of 47 hours a week at work and their work-family conflict is high.

Job design issues, expounded by high role ambiguity, role conflict, unmet role expectations and job demands may be examined in the light of Hackman and Oldham's [25] job characteristics model. This model suggests that five core job dimensions influence three critical psychological states in workers, which in turn lead to personal and work outcomes (including turnover).

The 2009 NZ Randstand survey reported that WLB was accountants' most pressing concern. In addition, the 2011 NZICA remuneration survey found that a majority 63% of respondents (n = 4608) reported WLB to be the most important consideration when changing jobs [14]. This contrasts with a minority (5%) of accounting firms placing a focus on WLB to retain staff [26]. WLB and job design, including flexible work initiatives, are areas of immediate concern for NZ accountants and organizations experiencing high turnover rates [27]. Additionally, WLB was reported to be the most important work factor (79%) for NZ accountants [28]. These findings suggest there is considerable mismatch between how organizations attempt to attract and retain accounting staff and what accountants are looking for; especially given the difficulty faced by employers to attract and retain high performing accountants [15].

The turnover rate of professional accountants has become an issue of increasing concern, especially among larger accounting firms [1]. Indeed, Hall and Smith [29] reported a high average turnover intention rate among public accountants. Retaining accounting staff is also a particularly relevant issue for many of NZ's SMEs, which often rely on a single internal accountant for business and financial advice and managing relationships with clients [30]. Losing an accountant in an SME could be extremely damaging to accounting firms' operational abilities. Generally such accountants understand their business and will have built relationships with clients. Their loss will be significant [1], [15]. Positioning organizations to enhance retention of qualified and high performing accounting staff presently appear pressing issues.

III. METHOD

The participants for this study (N = 154) were drawn from 39 small (N <10) to large (N > 500) organizations. 70% of respondents worked for an organization of fewer than 25 employees. These organizations included accounting firms and small businesses and organizations from the private and public sector. Participants were recruited by means of an article published in an accounting practice journal inviting accountants to respond to our online questionnaire.

Accountants' employment experiences and views on the hiring/recruitment process. Job satisfaction, with seven components of work (as per Hackman and Oldham's job characteristics model), were gathered and measured on a five-point scale (dissatisfied – satisfied), in addition to a global measure of satisfaction with the job as a whole.

The components were:

- Autonomy: 'freedom to choose own method of working';
- Feedback: 'recognition received for work';
- Task significance: 'amount of responsibility given';
- Task identify: 'opportunities to use abilities';
- Chance of promotion: 'chances of being promoted';
- Work-life balance : 'hours of work';
- Skill variety: 'amount of variety in job', and
- Job satisfaction: 'the job as a whole'.

To assess how long participants were intending to remain within the accounting profession and with their current employer, two items measuring planned employment time in years were also included.

A demographic analysis revealed that 64.4% of respondents were female. 41% of respondents had less than 6 years of experience in the accounting profession, 30% had 7-15 years of experience, and the remaining 29% had over 16 years of experience in accounting, 25% were junior accountants, 29% chartered accountants and 46% were in managerial or senior accounting positions.

IV. RESULTS

The findings are presented in the following order: (a) frequencies and descriptive statistics, (b) correlations, (c)

regression analyses.

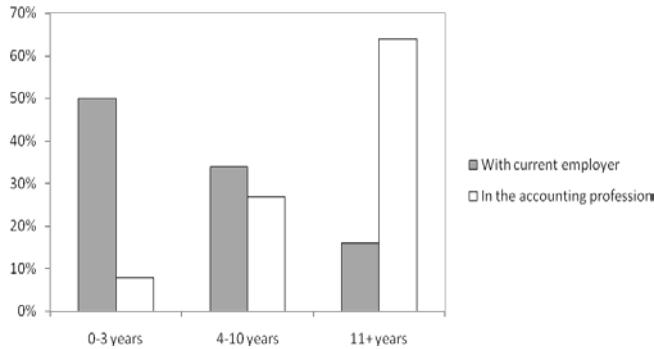


Figure 1. Intentions to stay with the current organisation and the accounting profession.

Respondents typically intend to remain within the accounting profession rather than sidestepping to a different career path. Only 8% expect to leave accounting within three years, while 64% intend to spend 11 years or more in accounting. Conversely half of all respondents intend to leave their current place of work within 3 years and only 11% intend to remain with their current employing organization. These figures include partners of the firms, i.e. the highest paid employees with the most significant portfolio of clients.

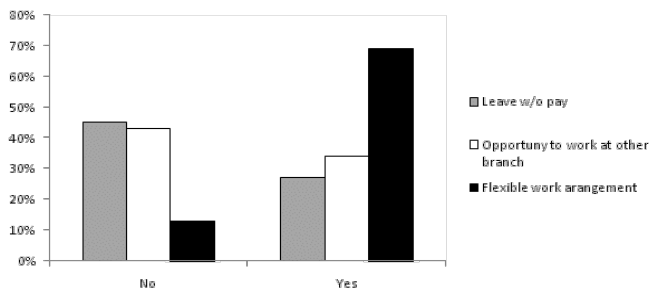


Figure 2. If staff were to leave, what would attract them back?

The majority (69%) of respondents would consider returning to their present place of employment, if their current employer were to provide more flexible work arrangements (our focus was upon hours of work, i.e. options for flexitime, working from home, compressed work week...). By contrast only 13% of respondents indicated that more flexible work arrangements would provide an incentive for them to return to work for their current employer if they were to leave. The remaining 18% were undecided. The other two options that we offered (as per Figure 2), were less relevant to respondents. However, 7.6% of respondents indicated that increased pay or a promotion would re-attract them to their current employer.

A one-way ANOVA did not return significant differences for the level of seniority (junior accountant, CA, partner/senior manager) and intentions to remain within the profession or with the current employer. Participants' years of experience in accounting was not relevant in determining how long they planned to stay in their employing organisation or the profession.

Table I contains descriptive information of the measures. The reported values for Skew and kurtosis are within acceptable levels for analysis [31].

TABLE I. SATISFACTION MEASURES.

Satisfaction with:	Mean	SD	Skew	Kurtosis
Autonomy	4.01	.94	-.50	-.82
Feedback	3.56	1.05	-.42	-.43
Task Significance	3.91	1.00	-.76	.24
Task Identity	3.82	1.16	-.93	.04
Chance of Promotion	3.37	1.24	-.33	-.70
Work-life Balance	4.06	1.03	-.94	.12
Skill Variety	3.94	1.05	-.83	.01
Job Satisfaction	3.79	1.06	-.81	.25

Table II shows the relationships between respondents' satisfaction with different aspects of their work and their intentions to remain working within the field of accounting and to remain with their current employer. Higher values indicate stronger relationships, while smaller p-values indicate the level of certainty that the relationship is a trend in the data and not standard error. In our research, Hackman and Oldham's core job dimensions indicated strong relationships to 'planned employment with the current employing organization'. That is these dimensions impact upon intentions to stay.

TABLE II. CORRELATIONS FOR SATISFACTION WITH JOB DESIGN ASPECTS AND PLANNED FUTURE EMPLOYMENT.

Satisfaction with:	Planned Empl Accountant	Planned Empl Organization
Autonomy	.07	.31**
Feedback	.14	.36***
Task Significance	.17	.27**
Task Identity	.19*	.35***
Chance of Promotion	.22*	.35***
Work-Life Balance	.07	.18
Skill Variety	.15	.35***
Job as a whole	.26**	.47***

* p < .05, ** p < .01, *** p < .001

Table III shows the supported regression model for job satisfaction. Components of satisfaction with work and job design (Table I) were regressed on job satisfaction using the 'forward' method based on the amount of additional variance explained. Feedback, skill variety and WLB could predict satisfaction with the job as a whole by 65%. This indicates a strong relationship.

TABLE III. REGRESSION ANALYSIS JOB SATISFACTION.

Criterion Variables	Predictor Variables	Beta	t	R ²	F
Job Satisfaction	Feedback	.47***	7.14	.65	69.56***
	Skill variety	.37***	5.89		
	WLB	.23***	3.80		

* p < .05, ** p < .01, *** p < .001

Note. R2 and F values are for the model as a whole. Recognition received = Satisfaction with the recognition received for work; Amount of variety = satisfaction with the amount of variety in your job; Hours of work = satisfaction with the hours of work.

Table III displays the supported regression model for planned years of employment with the current employer. The levels of satisfaction with aspects of work were regressed on respondents' planned employment with the current organization and removed with the 'forward' method based on the amount of additional variance explained. Only job satisfaction could predict planned employment with the current employer while allowing for the other predictors. The R-squared value indicates that job satisfaction could predict planned employment intentions with the current employer by 22%.

Several t-tests and ANOVAs were carried out to assess gender differences. No significant gender differences were found for years of experience, seniority of position, satisfaction measures, intentions to remain with the organization and profession, and re-attraction.

TABLE III. REGRESSION ANALYSIS FOR PLANNED ON-GOING EMPLOYMENT WITH CURRENT EMPLOYER

Criterion Variables	Predictor Variables	Beta	t	R ²	F
Planned Empl In Organization	Job Satisfaction	.48***	5.29	.22	28.00***

* p < .05, ** p < .01, *** p < .001

Note. R2 and F values are for the model as a whole.

V. DISCUSSION

This section discusses our findings in terms of accountant retention and employment intentions. Initially, we sought to gain insight into motivations for accountants' recruitment and turnover decisions. We explored general employment experiences, including retention. However, our data focused our attention on accountants' turnover and retention, when we discovered that 50% of respondents indicated they expected to leave their present employer in 0-3 years (Figure 1). Further 65% would be 'enticed to stay' if appropriate flexible work arrangements were available (Figure 2).

In addition to WLB, satisfaction with two core job characteristics, feedback and skill variety, were able to account for 65% of the variance of overall job satisfaction (Table III). This indicates that these three items strongly related to accountants' job satisfaction. It appears, however, that more respondents intend to remaining in the accounting profession (64% plan to remain within accounting for over 11 years) than with their employing organization (50% plan to leave between 0-3 years). This is consistent with previous research which also indicated low tenure among accountants [1] and a high level of commitment to the accounting profession [3], [4]. The relationship between organizational and career commitment can be tricky to establish, as one does not necessitate—and may preclude—the other [11]. Chang [32] found that increased career commitment was associated with higher intentions to leave if employees' career needs were not met in their current employment. Our research appears to support such a finding.

There appeared to be an inconsistency in respondents'

satisfaction with their hours of work, which was the highest mean at 4.06 out of 5 (Table I); and desire for employment flexibility (Figure 2). Respondents indicated an overwhelming interest in flexibility in their employment agreements, yet on average they did not consistently report dissatisfaction with WLB. Perhaps this can be taken to indicate that accountants are overall satisfied with the amount of hours in the workweek, but require more flexibility to reduce conflicts with personal commitments and individual worker preferences (Table II). Alternatively accountants desire more flexibility in their job to increase their work satisfaction and meaningfulness in work, indicating this is an issue relating to work design.

Along similar lines a notable contradiction is present between the 2009 Randstad employment trend survey results [33] and the 2011 NZICA report [27]. The Randstad survey indicated that 67% of employers in accounting offered flexible hours, consequently, a significant 33% of accountants do not have access to flexibility in their work hours. In contrast the 2011 NZICA report [27] found WLB was most appealing to accounting employees. Our research results fit the 2011 NZICA findings, as 69% of our respondents indicated that more appropriate flexible workplace arrangements would increase their intentions to stay with their current employer. The 2009 Randstad results could indicate a mismatch between what is 'officially' available in terms of WLB initiatives, and their suitability/ availability. Our suggestion resonates with NACEW [34], which suggests the "traditional culture and values" in the NZ accounting sector works against flexibility (p. 14).

A potential mismatch between available and desired WLB initiatives may be traced back to the 2009 Randstad survey, where there appears to be a similar account of mismatch [33]. Although 67% of accountants are reported to have a level of access to WLB initiatives, it was simultaneously reported that "further work is needed when it comes to wellbeing" [33] (p. 5). WLB initiatives have been argued to be extremely important precursors to meaningfulness in work and employee wellbeing [35]. It can be inferred that if 69% of respondents would be motivated to remain with their current employer, or return to work for their current employer, if better flexible work arrangements were available to them; then it is reasonable to conclude that present WLB initiatives are not satisfactory to retain accounting employees. It could additionally be argued that there is a degree of conflict or work life imbalance given the majority desire for more flexible work arrangements.

VI. RECOMMENDATIONS

Our study was designed to explore issues affecting accountants' employment experiences, and their considerations in respect to employment attraction and retention. While the study captured some aspects of job design, as outlined by Hackman and Oldham, 1975 [25] not all were included, such as growth needs, strength and

meaningfulness in work. We recommend further research into the identification of specific flexible work options that accountants most prefer.

VII. CONCLUSIONS

This paper reviewed the antecedents and contextual issues of staff turnover among accountants. We identified some key issues relating to core job dimensions of job design, WLB and flexible work, which were particularly relevant to enhancing accountants' retention and organizational commitment. Our results indicate that job satisfaction has a relatively strong relationship with planned ongoing employment, but also identified a large residual variance not captured by satisfaction. Our study confirmed that intentions to leave are a serious issue in the accounting profession. We further found that satisfaction with two core job characteristics, feedback and skill variety, in addition WLB accounted for 65% of the variance of overall job satisfaction. WLB, or at least a lack of access to flexible work arrangements was strongly indicated as the primary consideration when choosing to remain with the present employer. Further, flexible workplace initiatives are identified as the most relevant area to re-attract accountants who are considering leaving or have already left.

ACKNOWLEDGMENT

We gratefully acknowledge the financial support from the University of Waikato Scholarships Committee.

REFERENCES

- [1] Law, D. W. (2005). Interactive organizational commitment and hardness in public accountants' turnover. *Managerial Auditing Journal*, 20(4), 383-393.
- [2] Ministry of Women's Affairs. (2010). Workplace Flexibility in the Accounting Sector: Case Study Research. <http://www.mwa.govt.nz/news-and-pubs/publications/>.
- [3] Smith, D., & Hall, M. (2008). An empirical examination of a three-component model of professional commitment. *Behavioural Research in Accounting*, 20(1), 75-92.
- [4] Snape, E., Lo, C. W., & Redman, T. (2008). The three-component model of occupational commitment: A comparative study of Chinese and British accountants. *Journal of Cross-Cultural Psychology*, 39(6), 765-781.
- [5] Tracey, B. J., & Hinkin, T. R. (2008). Contextual factors and cost profiles associated with employee turnover. *Cornell Hospitality Quarterly*, 49(12), 12-27.
- [6] Twiname, L., Samujh, H., & Rae, S. (2011). Accounting for the costs of recruiting and training. Paper presented at the Cambridge Business and Economics Conference.
- [7] Dole, C., & Schroeder, R. G. (2001). The impact of various factors on the personality, job satisfaction and turnover intentions of professional accountants. *Managerial Auditing Journal*, 16(4), 234-245.
- [8] Parker, R. J., & Kohlmeyer Iii, J. M. (2005). Organizational justice and turnover in public accounting firms: A research note. *Accounting, Organizations and Society*, 30(4), 357-369.
- [9] Reed, S. A., Kratchman, S. H., & Strawser, R. H. (1994). Job satisfaction, organizational commitment, and turnover intentions of United States accountants: The impact of locus of control and gender. *Accounting, Auditing & Accountability Journal*, 7(1), 31-58.
- [10] Tett, R. P., & Meyer, J. P. (1993). Job satisfaction, organizational commitment, turnover intention, and turnover: Path analyses based on meta-analytic findings. *Personnel Psychology*, 46(2), 259-293.
- [11] Gendron, Y., Suddaby, R., & Qu, S. Q. (2009). Professional-organisational commitment: A study of Canadian professional accountants. *Australian Accounting Review*, 19(3), 231-248.
- [12] Ashley-Jones, C. (2011). Household Labour Force Survey: September 2011 Quarter. Household labour force survey - Information releases. Wellington: Statistics New Zealand.
- [13] Ministry of Economic Development. (2011). SMEs in New Zealand: Structure and Dynamics: Ministry of Economic Development.
- [14] NZICA. (2011b). Remuneration Survey: What are employees looking for. Retrieved from
- [15] Robert Half. (2011a). How New Zealand Stacks Up: Global Financial Monitor Results. Global Financial Monitor. Retrieved from
- [16] Chatzoglau, P. D., Vraimaki, E., Komsiou, E., Polychrou, E., & Diamantidis, A. D. (2011). Factors Affecting Accountants' Job Satisfaction and Turnover Intentions: A Structural Equation Model. Paper presented at the International Conference on Enterprise Systems, Accounting and Logistics, Thassos Island, Greece.
- [17] Griffeth, R. W., Hom, P. W., & Gaertner, S. (2000). A Meta-Analysis of Antecedents and Correlates of Employee Turnover: Update, Moderator Tests, and Research Implications for the Next Millennium. *Journal of Management*, 26(3), 463-488.
- [18] Aichinger, J., & Barnes, L. (2010). Accounting Employee Expectations and the Psychological Contract. *Global Review of Accounting and Finance*, 1(1), 189-202.
- [19] Dean, R. A., Ferris, K. R., & Konstans, C. (1988). Occupational reality shock and organizational commitment: Evidence from the accounting profession. *Accounting, Organizations and Society*, 13(3), 235-250.
- [20] Philips, C. R., & Crain, J. L. (1996). Job duties and responsibilities in public accounting: are student expectations unrealistic? *Education and Training*, 38(9), 21-26.
- [21] Ang, K. B., Goh, C. T., & Koh, H. C. (1994). An employee turnover prediction model: A study of accountants in Singapore. *Asian Review of Accounting*, 2(1), 121-138.
- [22] Viator, R. E. (2001). The association of formal and informal public accounting mentoring with role stress and related job outcomes. *Accounting, Organizations and Society*, 26(1), 73-93.
- [23] Law, P. (2010). Examination of the actual turnover decisions of female auditors in public accounting. *Managerial Auditing Journal*, 25(5), 484-502.
- [24] Greenhaus, J. H., Collins, K. M., & Shaw, J. D. (2003). The relation between work-family balance and quality of life. *Journal of vocational behavior*, 63, 510-531.
- [25] Hackman & Oldham (1975).
- [26] Albion, M., & Chee, M. (2006). Flexible work options within the organisational system. *Australian Journal of Career Development*, 15(2), 42-52.
- [27] NZICA. (2011a). Remuneration survey - Beyond the numbers. Retrieved from
- [28] Robert Half. (2011b). Work-Life Balance Keeps Employees Happy. Retrieved from
- [29] Hall, M., & Smith, D. (2009). Mentoring and turnover intentions in public accounting firms: A research note. *Accounting, Organizations and Society*, 34, 695-704.
- [30] Gooderham, P. N., Tobiassen, A., Erik, D., & Nordhaug, O. (2004). Accountants as sources of business advice for small firms. *International small business journal*, 22(1), 5-22.
- [31] Kline, 2005
- [32] Chang, E. (1999). Career commitment as a complex moderator of organizational commitment and turnover intention. *Human Relations*, 52(10), 1257-1278.
- [33] NZICA. (2009). Randstad remuneration survey. Retrieved from
- [34] NACEW. (2010). Flexible Work Arrangements Literature Review. www.nacew.govt.nz/publications: NACEW.
- [35] Grawitch, M. J., Gottschalk, M., & Munz, D. C. (2006). The path to a healthy workplace a critical review linking healthy workplace practices, employee well-being, and organizational improvements. *Consulting Psychology Journal: Practice and Research*, 58(3), 129-147.