

**A good match between certified public accountants as individual personalities and the size of firm in which they work can enhance efficiency.**

# Characteristics of Professionals in Public Accounting Firms

Janet L. Colbert, Kevin W. Mossholder and Arthur G. Bedeian

Certified public accountants (CPAs) realise that there are fundamental differences between "large" and "small" public accounting firms. Large firms are located in large metropolitan areas and the professionals at the firms tend to specialise by client industry. Also, within the firm, the CPAs typically specialise by department: audit, tax, MAS, and compilation and review. There are several staff levels in large public accounting firms and the environment for advancement is competitive. The clients often have sophisticated accounting systems and personnel trained in accounting. Continuing professional education is actively encouraged and may even be done in-house. In contrast, small public accounting firms are located in smaller population centres and typically have clients with smaller volumes of business. The clients' accounting systems are likely to be less sophisticated and their personnel may be less experienced. Responsibilities generally come faster for CPAs in small firms; professionals with only one or two years' experience may be in charge of an engagement. Employees may also perform a range of services, from informal consultation to tax work, and have frequent contact with the client. Starting salaries are typically lower at small firms.

The differences between large and small public accounting firms may vary in ways that could affect the employees as well as those managing them. It is beneficial for both employees and employers to recognise basic differences in large and small CPA firms and in employees of firms of both sizes. Knowledge of disparities in attitudes and personality characteristics of current employees in large and small firms can be used to achieve a better match of individual CPAs with firm size. The purpose of this article is to explore possible differences between the attitudes and personalities

of CPAs employed by large and small public accounting firms. Employers will find attitude and personality information useful when recruiting. Also, public accountants can utilise the results when interviewing and selecting the size of firm best matched to their personality.

The results of a survey which examines differences between employees of large and small public accounting firms are reported and discussed. Differences between employees of the two sizes of firms are explored at three levels: the individual (personality characteristics and reactions to one's job); the organisation (one's perceived work environment); and the interaction between the individual and the organisation (work-family conflict).

The participants in the survey were 324 CPAs from a national survey of accounting professionals. The respondents had worked exclusively in public accounting throughout their careers. The average tenure was five and a half years.

## The Individual Personality Characteristics

Because the work and the environment at large and small CPAs are different, it may be that the personalities of professionals at the two types of firms differ. Individuals with one set of personality characteristics may gravitate towards one size firm while people with the other set may tend to the other. For example, one may believe that more assertive and competitive individuals work at large firms. People who have a strong entrepreneurial drive may tend towards small firms, where one's chances of moving up and becoming a partner or founding one's own firm may appear to be greater.

Personality characteristics of CPAs were measured using the California Psychological Inventory Personality Scales[1]. The CPI contains 18 scales that are categorised into four content divisions:

- Poise, self-assurance and interpersonal adequacy;
- Socialisation, responsibility and maturity;
- Achievement potential and intellectual efficiency;
- Intellectual and interest modes.

The findings showed significant differences between personalities of employees at large and small firms. Professionals at large CPA firms are comparatively more confident and ambitious, more venturesome, and more sceptical than those at small firms. These qualities are well-suited to the needs of large CPA firms. Confidence and an ambitious nature are important in dealing with large, sophisticated clients and in securing new clients. Being venturesome in advising clients on how to structure business transactions is helpful when operating in the world of high finance where stakes are high and where the tax effects of the transactions must be considered. Certainly being sceptical has merit for an auditor, particularly in the current litigious environment in which large public accounting firms find themselves. CPAs dealing with clients who have many shareholders and debtholders face a higher risk of litigation. It is to a CPA's benefit to utilise a healthy measure of scepticism in auditing such clients.

CPAs in small firms tend to be more enterprising and sociable, less adventuresome, more deliberate, and more

persevering and optimistic than their counterparts at larger firms. Intuitively, one can understand how these qualities fit in well in a small firm. Being sociable is important since the accountant probably deals with all the client's office personnel and relies heavily upon them for understanding the accounting system and gathering evidence. A CPA who is not particularly adventuresome fits well with a small business which is less likely to be enthusiastic about, say, accounting for transactions in unusual ways, than a large firm might be. Finally, CPAs working with small clients who may not have the controls and audit traits of their larger counterparts have to be more persevering in gathering evidence.

### **Reactions to One's Job**

An employee's reaction to a job is likely to be influenced by many factors. Certainly, job satisfaction bears on one's reaction to a job. Job satisfaction may affect the employee's performance and how committed an employee is to the firm. In turn, absenteeism may be related to job satisfaction. Also, intended and actual turnover could be linked to job satisfaction and vary by firm size. Factors which prompt turnover may include extensive overtime, management's indifference to employees, and favourable employment alternatives.

Job stress is another factor which affects an employee's reaction to a job. With sufficient stress, the employee may perform poorly, may become apathetic, and may even encounter psychological problems, including depression. Only those employees able to handle the stress levels at their particular type of firm will remain.

In this survey, job satisfaction was measured by the Minnesota Satisfaction Questionnaire, Short Form[2]. Job-related tension, an indicator of stress, was measured by a nine-item instrument used by Lyons[3].

Significant differences between employees' reactions to their jobs at large and small public accounting firms were found. Job satisfaction was higher in smaller firms. Employees at large firms displayed higher rates of intention to leave the firm than those at smaller firms. Also, job stress was higher for employees at large firms. Factors such as travel and location may influence stress levels. Also, competitive demands, heightened time pressure, and job requirements may increase stress for those at large firms. Employees of large firms typically travel more, perhaps for weeks at a time, and are located in large population centres, where commuting distances are longer than those at small firms. This may help explain their higher stress levels.

### **Organisational Level**

An individual's perception of the work environment may affect the performance and attitudes of the employee. Factors at the organisational level bear on an employee's perception of the work environment. For example, the number of people in a firm's office may affect how a CPA perceives the warmth of work relationships. Also, the perceived warmth of work relationships may be influenced by the number of people which a CPA encounters at a client's office.

Another factor which may bear on an employee's perception of the work environment is pressure. Deadlines can increase the pressure one feels. In large firms, there

may be more pressure to meet client-imposed deadlines (for example, a large client may want to announce earnings in late January), while smaller clients are more relaxed about the date of the conclusion of the audit, compilation, or review. On the other hand, large and small firms both have to deal with tax deadlines. In small firms, where all professional employees are typically involved in tax work, the entire staff may feel the pressure, while in large firms only those in the tax department might be affected.

Other factors which may influence an employee's perception of the work environment are the use of time budgets, overlapping assignments, volume of business, and the diversification of the clients' industries. Large firms use time budgets extensively and there can be great pressure to meet the budget. Overlapping assignments, more common in large firms than small, occur when professionals are attempting to wrap up one job while beginning another. Overlapping assignments may make the accountants feel pressured. The volume of business can also affect the employees. While a large firm might have a greater volume of business, any one employee may be assigned to only a few jobs per year. Professionals at small firms are likely to be involved in many more engagements in a period. Also, employees of small firms may encounter a broad cross-section of industries while those at large firms probably specialise in one or two industries. Thus, the volume and diversity of clients may pressure personnel at small firms more so than those at large public accounting firms.

Work environment perceptions were assessed through the Litwin and Stringer Organisational Climate Questionnaire[4]. Several factors were measured:

- *Structure*: "jobs in this organisation are clearly defined and logically structured";
- *Responsibility*: "our philosophy emphasises that people should solve their problems by themselves";
- *Warmth*: "a friendly atmosphere prevails among the people in this organisation";
- *Reward*: "in this organisation, people are rewarded in proportion to the excellence of their work";
- *Pressures/standards*: "around here there is a feeling of pressure continually to improve our personal and group performance";
- *Risk*: "our management is willing to take a chance on a good idea";
- *Accommodation*: "to get ahead in this organisation, it's more important to get along than it is to be a high producer".

Of these seven factors, two were found to be significantly different for employees of large and small firms: warmth and pressure. Professionals at small firms perceived their work environments as warmer than their counterparts at large firms. The opportunity to interact and become friendly with the smaller number of people which employees of small firms encounter may explain this finding. Small firm professionals also felt less pressure than those at larger organisations. Apparently the structure of the work environment and the tasks cause accountants at large firms to be more pressured than those at small firms.

## Work-Family Conflict

To one degree or another, all jobs impact on the home life of the employee and the employee's family. Public accounting is no exception. CPA firms typically require extensive overtime, especially during the "busy season". Also, the hours may be irregular and inflexible. Though time commitments may strain employees of smaller CPA firms, over a year's time, large firms can be expected to demand more overtime and have more irregular and less flexible hours. Some employees will be asked to travel extensively, which reduces time available for family activities. Large firms are more likely to assign travel to their personnel than are small firms. As noted previously, levels of stress may also be higher in larger firms. Conflict-producing work environments increase the source of tension between work and family. Given the evidence that there is spill-over between work and life roles and activities, these conditions should translate to greater work-family conflict for CPAs employed by large firms.

Three facets of work-family conflict were measured using scales developed by Burke *et al.*[5] and Quinn and Shepard[6]:

- Impact on home and family;
- Marital adjustment;
- Life satisfaction.

The results showed significant differences between employees of large and small firms for the two factors "Impact on home and family" and "Life satisfaction". Employees of large firms displayed a more negative impact on home and family than their counterparts at small firms. Large firm employees also showed lower life satisfaction than CPAs at small firms. Perhaps extensive overtime, structured schedules, and travel requirements of large CPA firms are responsible for these findings. No significant difference was found for the factor "Marital adjustment" between the two groups.

## Conclusion

A key point in considering attitude and personality differences between CPAs at large and small firms is to be aware that the right match between a CPA and a firm is essential. In a broad sense, individual CPAs could use the findings of the present study when selecting or changing firms. Likewise, CPA firms might benefit by such information in their recruiting efforts.

Accountants who prefer a warm work environment should seek employment opportunities with small firms. Also, those who particularly value home and family life should look at small public accounting firms. If pressure at work is a problem, small firms appear to be the best choice. Finally, it appears that CPAs who consider themselves enterprising, sociable, deliberate, persevering, and optimistic seek a smaller size employer.

Large public accounting firms attract professionals who perform well under stress. Also, those who are more

venturesome, confident and ambitious tended towards larger firms. Further, the more confident CPAs were employed by large firms. The firms should consider these results and use them when interviewing prospective employees, in order to achieve a good match between employer and employee.

The problems and intricacies of matching individual personality characteristics and firm type should be explored. It is recognised that, although large firms fared less well in some ways than small firms, large firms have some obvious attractions: higher starting salary, opportunity to specialise, extensive continuing education, training for jobs outside public accounting, fewer job assignments (because each job is lengthy), sophisticated clientele, the prestige of a large firm, and experience with the latest technologies and audit techniques. Also, large CPA firms would better suit individuals who thrive on working under pressure.

CPAs who are enterprising and sociable as well as deliberate, persevering and optimistic should seek employment at small firms. If an individual succumbs easily to job stress and pressure, a small public accounting firm is probably the correct choice. Finally, if satisfaction with life and the quality of one's home and family life are important to an individual, a career with a small firm is probably going to be able to accommodate these desires better.

It is important to keep in mind that the survey results given here do not rate one type of firm or one set of attitudes and personality characteristics as better than another set. Rather, the findings are important because they can aid CPAs as well as public accounting firms. Individual accountants can use the results when deciding the size of public accounting firm for which to work. Also, firms can use the findings in hiring decisions; potential employees can be screened along the dimensions discussed here. In the final analysis, what the CPAs and the firms both want is good match between firm type and attitudes and personality characteristics of employees. The results reported here can help achieve this goal.

## References

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