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Who Are We Hiring? Characteristics of Entrants to the Profession

By *Heather M. Hermanson, Mary C. Hill, and Susan H. Ivancevich*

The changing face of public accounting has been the subject of considerable discussion in recent years. Flextime, teaming, signing bonuses, and quality of life have become common issues. Unemployment has been low, and employers face stiff competition in recruiting top students into the workforce, especially in states where the 150-hour rule has been implemented.

So what have all of these changes meant to workforce demographics? Is the quality of new accounting hires declining in such a competitive environment, or is the profession still attracting the best and brightest? What characteristics do accounting recruits possess? What are their career aspirations and job expectations? These questions are important to a profession whose major asset is its people.

Because public accounting is where most accounting professionals start their careers, trends evident for new hires in public accounting could have wide-scale implications for public accounting firms and for private and government accounting employers as well. In addition, with fewer students opting to major in accounting and fewer available recruits, understanding the factors that drive accounting employment decisions and the work expectations of new hires becomes critical to the success of any firm.

The Survey

In conjunction with a facilitation grant through the Women and Family Issues Executive Committee of the AICPA, the authors surveyed 325 new audit hires from a large international accounting firm. The new hires were randomly selected from a list provided by the firm; 185 responses (a 57% response rate) were received. The respondents came from large, medium, and small offices across the United States. The questions included in the survey centered around three key areas: 1) the demographic characteristics of new hires, 2) the factors important to new hires in selecting their employer, and 3) new hires' initial job expectations.

Characteristics of New Hires

Personal characteristics. [Exhibit 1](#) shows that recent new hires in auditing are typically young, white, female accounting majors that live in an apartment. When compared to the 2000 AICPA study on the supply of accounting graduates, and to the 2000 figures from the U.S. Census Bureau, the racial diversity of new hires found in this survey (80% white versus 20% minorities) is similar to white students graduating with degrees in accounting (78%), and the white population in the United States (82%). The gender of new hires (57% female) is also consistent with collegiate national averages; 56% of accounting graduates in 1998/99 were female. The good news is that firms appear to be hiring students in ethnic and gender ratios consistent with the supply of students and the overall population. Finally, over 87% of new hires possess Type A personality profiles, suggesting that they are competitive, high achievers.

Educational background. It is evident from the data that new hires continue to be high performers. [Exhibit 1](#) shows that new hires have an average cumulative grade point average (GPA) of 3.5, a 3.6 accounting GPA, and an average SAT score of 1200. They were on average moderately active in outside college activities, meaning membership in three campus organizations or a leadership role in one. Despite the reduction in accounting enrollments, it appears that the quality of new entrants into the accounting profession has remained intact.

There are two interesting trends in the educational background of new hires. First, the majority are undergraduates (only 9% hold graduate degrees). Given the proliferation of the 150-hour requirement throughout the country, one might expect to find more students with graduate degrees. The most likely explanation for this finding is that either the 150-hour rule has not fully phased in for those surveyed or they met the 150-hour rule through additional undergraduate coursework. Second, almost 80% are accounting majors. Although it has been predicted that firms will be hiring higher and higher percentages of nonaccounting majors to fit in with the diverse career options of a modern professional service firm, these predictions do not appear to be true yet.

Professional qualifications. CPA certification and internships are generally prized by employers. [Exhibit 1](#) provides the professional qualifications of new hires. While the sample new hires were predominantly (93%) interested in becoming CPAs, only 10% had already passed the exam (14% were waiting for results). Thus, most new hires will need time off and other support from the firm to obtain their CPA certification.

Prior internships appear to be a common method of attracting new hires. Nearly 70% of new hires were in an internship program. Approximately 43% of the new hires had previously interned for their current employer. Few had prior relevant work experience outside of an internship. Clearly internships are important to a firm's hiring process, as almost half of the new hires come from its internship program.

With internships so prevalent, early identification of top recruits is critical. Many firms are speeding up their hiring process in order to avoid losing good job candidates who may opt to take a different path. Firms that want to recruit the best and brightest should offer attractive internship opportunities and begin targeting students at an early date.

Selecting an Employer

To evaluate the employment decision, the survey listed 13 factors and asked the new hires to rate the importance of each factor when making their overall job decision. The mean rating for each factor is listed in [Exhibit 2](#). Firm culture was the leading factor considered when selecting a firm, followed by firm reputation, salary, and job advancement. Benefits and flexible scheduling ranked a distant eighth. This is somewhat surprising. An article in the February 2000 *Journal of Accountancy*, "Hiring Generation X," suggested that life-style issues (e.g.,

flexible schedules) were critically important to Generation X employees. Perhaps the finding in the present survey is due to the younger average age of the recruits and their single marital status. Benefits and flexible scheduling may become more important in employee retention as these young employees establish families.

Initial Job Expectations

Overall, new hires were optimistic in their initial job expectations. As shown in [Exhibit 3](#), the new hires expected to work an average of 60 hours or less per week during busy season, and slightly more than 40 hours per week the rest of the year. They also expected a limited amount of out-of-town travel (20%).

[Exhibit 4](#) shows work environment expectations. In this part of the survey, new hires were asked to rate each statement on a scale of 1 to 7 (1 being strongly disagree and 7 being strongly agree). The highest expectations were associated with being able to take time off for the CPA exam, friendly coworkers, a challenging work environment, and pay and promotions based on performance. The only areas where the respondents expressed relative indifference were flextime opportunities and the ability to work at home. For all other questions, respondents generally agreed that these job characteristics should be present in the work environment.

With such high job expectations, one might expect that many new hires anticipate remaining with their firm. [Exhibit 5](#), however, suggests the opposite. Most recruits (73%) appear to enter the accounting profession intending to use it as a stepping stone toward other opportunities. Only 27% of recruits intend to stay with their firm long enough to earn partner status.

Implications

Several important conclusions can be drawn from this survey. First, firms appear to be hiring students in ethnic and gender ratios consistent with the supply of recruits. Thus, if the profession is to increase diversity in the accounting workforce, it needs to increase diversity among those students choosing accounting as a major.

Second, the quality of new hires appears to be quite strong, as shown by their grade point averages and SAT scores. Based on these new hires, it does not appear that there has been any dramatic decline in the quality of entrants into the accounting profession.

Third, internships appear to be a key strategy used in identifying new employment candidates. Firms can use internships to interest bright, active students early in their academic careers. In addition, university accounting departments may want to require internships as part of their programs.

Fourth, the individuals now entering the profession appear to value firm culture and reputation in addition to money. Recruiters should take care to appropriately sell the positive aspects of the firm's environment.

Finally, new recruits have high initial job expectations. These high expectations are a significant challenge to the accounting employer. Differences between initial expectations and the actual work environment can cause declining job satisfaction and increased turnover. The key to managing turnover issues is to either manage initial expectations or to work harder to deliver what is expected. Given the strides that many firms have made to improve the quality of life for their employees, it appears that the accounting profession is truly headed in the right direction.

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