



Advancement to partnership in public accounting firms in Hong Kong

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Abstract

Purpose – Although the prior literature has examined gender in analysing the factors underlying departures from and career progression in public accounting practices, the inconclusive results that have been obtained and the evolution of the situation over time bring about opportunities for further research. The paper reported herein differs significantly from earlier studies in that it uses both qualitative methods and quantitative analysis to explore the underlying factors (including gender) behind advancement to partnership in certified public accountant (CPA) firms in Hong Kong. This paper aims to address these issues.

Design/methodology/approach – Six variables are identified from the literature and used to develop a survey that is carried out amongst 241 CPAs in Hong Kong. The quantitative data collected are then supplemented by semi-structured, face-to-face interviews with ten partners of CPA firms. Finally, logistic regression is employed to analyse the survey data and examine the associations between the six variables and advancement to partnership in CPA practices.

Findings – The results of this paper refute those of the prior literature that have found “years of service in the firm”, “analytical ability” and “physical appearance” to have an influence on career progression or advancement to partnership in CPA practices. Instead, it is found that “social networking” and the “internal locus of control” have a positive influence on such advancement. Gender also plays a role, with males being the predominate partners of CPA practices in Hong Kong.

Originality/value – The findings of this paper contribute to the accounting literature and enhance the understanding of the factors underlying advancement to partnership in CPA practices in Hong Kong. Future research is recommended to determine whether these findings can be replicated.

Keywords Public sector accounting, Partners, Career development, Gender, Hong Kong

Paper type Research paper

Introduction

Prior research has examined the reasons for the high level of turnover amongst female accountants (Reed *et al.*, 1994; Dalton *et al.*, 1997; O'Neill *et al.*, 1998; Morley *et al.*, 2002; Herbohn, 2005) and the factors underlying career progression in public accounting practice (Anderson *et al.*, 1994; Lowe *et al.*, 2001; Fasci and Valdez, 2004). All of the relevant studies published to date have been conducted in non-Asian countries using a survey instrument to collect data. For example, the results of the US study conducted by Lowe *et al.* (2001) are subject to certain inherent limitations, such as the use of audit seniors as subjects and a single international public accounting firm as the data pool.

The role played by gender is a complex issue, and although prior research has examined it in analysing the factors underlying departure from and career progression in public accounting practice (Reed *et al.*, 1994; Anderson *et al.*, 1994; Dalton *et al.*, 1997; O'Neill *et al.*, 1998; Herbohn, 2005; Lowe *et al.*, 2001; Fasci and Valdez, 2004; Windsor and Auyeung, 2006), the significance of these findings is open to question, and the situation



may have evolved over time (Lowe *et al.*, 2001). For example, Windsor and Auyeung's (2006) study is subject to the limitation that the data were collected in 1995. Lowe *et al.* (2001) suggest that examining a single factor without considering the interactions of a variety of factors may lead to incorrect conclusions; they recommend that future research on diversity strive to incorporate the multifaceted nature of the issue. Hence, the current research differs significantly from prior studies by using both qualitative research methods and quantitative analysis to explore the factors at play, including gender, in advancement to partnership in certified public accountant (CPA) firms in Hong Kong. In view of the inadequate results presented in earlier research and the lack of such studies in Hong Kong, the study represents the first to use both qualitative methods (semi-structured interviews) and quantitative analysis (logistic regression) to examine the underlying factors behind advancement to partnership in CPA practices in Hong Kong. It also addresses whether an accountant who possesses certain qualities is more likely to be promoted to partner.

Hong Kong is an international financial centre with an active stock exchange that has attracted the funds of numerous investors and multinational companies. As the Hong Kong Stock Exchange requires that all listed companies be audited by public accounting firms, a better understanding of the attributes of the partners in these firms will contribute to bridging the current gap in the existing accounting literature. In addition, as no prior research has used both qualitative and quantitative study methods to analyse the advancement to partnership in CPA practices, by doing so, this study further bridges this literature gap and explores the complex issue of the factors underlying that advancement as they have evolved over time (Lowe *et al.*, 2001). As this study is carried out in Hong Kong, a Special Administrative Region of China, its results will also make a valuable contribution to the literature on accounting practice in the Asia-Pacific Region.

Research design

A two-stage design was adopted to address the research objectives (Yin, 2003). First, an extensive survey that incorporated six variables identified from the literature was carried out amongst 241 CPAs in Hong Kong. Second, ten semi-structured, face-to-face interviews with partners were conducted to provide rich empirical evidence to support the quantitative analysis and supplement the survey results.

Literature review and hypotheses development

Social networking. Ensvick and Langford (1998) find that networking qualities are important attributes for the partners or entrepreneurs within a firm. Kirkham (1997) further argues that personal networking skills can help CPAs to bring new clients to the firm. In business, social networking is often viewed as a useful way to achieve company goals (Neergard *et al.*, 2005; Groen *et al.*, 2008); that is, an individual firm or accounting practice is unable to achieve its goals in isolation, but must rely on social networking to build relationships with others (Kao, 1993; Groen *et al.*, 2008). Research has identified individuals with good interpersonal skills who are able to motivate and mentor others as having leadership or entrepreneurial qualities (Taormina and Lao, 2007) and found that the ability to socialise and empower others is essential in business (Kao, 1993). Moreover, entrepreneurs and the partners in CPA practices in Chinese cultures often rely on *guanxi* (personal relationships) or social networking to obtain

business information and advice and to solve problems (Taormina and Lao, 2007). Barker *et al.* (1999) find that mentoring relationships are perceived as critical to promotion in public accounting firms and that those who have received strong social support and good career development in the mentoring process are more likely to have a lower degree of turnover intention. A lack of participation in networking activities or few social connections may have a negative impact on an individual's chances of promotion to a senior management position (Anderson-Gough *et al.*, 2005). Hence, social networking qualities appear to be a major factor in advancement to partnership amongst CPA practices in Hong Kong, which leads us to our *H1*, as follows:

H1. CPAs with good social networking are more likely to advance to partnership in public accounting firms in Hong Kong.

Internal locus of control. The concept of the internal *locus* of control was originally developed by Rotter (1966). A psychological construct that refers to whether individuals believe that their behaviour is under their own control (internal *locus* of control) or is controlled by external forces (external *locus* of control). This perception of the nature of the world, which Rotter labelled the "*locus* of control", is developed over an individual's lifetime by the repeated reinforcement of expectations, and it is thus considered to be an important aspect of personality. Individuals' *locus* of control orientation is dependent on whether they believe the outcome of their actions is contingent on what they do (internal control orientation) or on events that are outside their personal control (external control orientation). Thus, the *locus* of control is conceptualised as a uni-dimensional continuum that ranges from external to internal, as shown in Figure 1.

Research has found that a greater internal *locus* of control is generally seen as desirable in business (Mamlin *et al.*, 2001). In a US study carried out by Reed *et al.* (1994), for example, accountants with an internal *locus* of control were found to be more satisfied with their work and with the organisation. An internal *locus* of control is also referred to as "self-agency", "personal control" and "self-determination". Psychology research has found that people with a greater internal *locus* of control tend to be more achievement oriented (Hattie *et al.*, 1997; Hans, 2000; Collins *et al.*, 2004). Hence, a number of researchers (Hattie *et al.*, 1997; Hans, 2000) have found that shifts in an individual's internal *locus* of control produce shifts in leadership behaviour.

Since internal *locus* of control is a personality construct referring to an individual's perception of the *locus* of events as determined internally by his/her own behavior or efforts, those CPAs who tend to advance to partner level in the firm are believed by researchers (Rotter, 1966; Reed *et al.*, 1994; Collins *et al.*, 2004) to exhibit an essential characteristic – high-achievement motivation. The desire to achieve is a powerful factor in motivating CPAs to advance along the career path to partner level (Collins *et al.*, 2004). Those who become partners tend to attribute the outcome of events to factors within

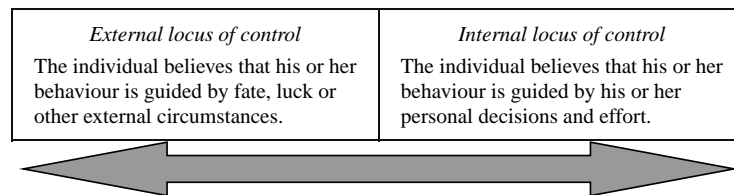


Figure 1.

their own control. Therefore, based on the prevalence of the internal *locus* of control personality type amongst successful CPAs, we hypothesise the following:

H2. CPAs with a strong internal *locus* of control are more likely to advance to partnership in public accounting firms in Hong Kong.

Gender. Prior research carried out in the USA and Australia has examined the career progression of male and female accountants and revealed that the latter lag behind the former with respect to salary and career progression (Stroh *et al.*, 1992; Dalton *et al.*, 1997; Herbohn, 2005). The factors identified to explain the departure of female accountants from public accounting practices consist of a low level of job satisfaction (Herbohn, 2005), stress associated with the heavy workload (Collins, 1993) and better professional development or promotion opportunities outside of the CPA firms (Trapp *et al.*, 1989). However, recent research conducted by Lowe *et al.* (2001) has revealed that women are more likely than men to be promoted and less likely to be counselled out. Their results are consistent with other studies (Almer *et al.*, 1998; Hull and Umansky, 1997) demonstrating that female accountants are rated no lower, and in some cases higher, than their male counterparts. Lowe *et al.* (2001) also indicate that women fare better than men for normal promotion in large offices. They suggest that, because this gender issue is complex and may evolve over time, future research be carried out to determine whether their results can be replicated. As no research into the issue has previously been conducted in the Hong Kong public accounting profession, and in light of the conflicting findings of earlier studies, an examination of the gender variable was deemed beneficial in the current study, and the following hypothesis is proposed:

H3. Male CPAs are more likely to advance to partnership in public accounting firms in Hong Kong.

Physical appearance. The effects of physical appearance have been largely overlooked in the academic literature (Anderson *et al.*, 1994). In the context of job performance, attractive, physically fit and well-dressed workers tend to be viewed as more competent, and such factors may thus influence career success (Rosch, 1988; Riordan, 1989). Feingold (1992) finds that attractive people are viewed by others as possessing more positive personal characteristics than unattractive people. Empirical studies of appearance in performance evaluations in the work setting are relatively few and have reported mixed results. Chung and Leung (1988), for example, find that an attractive facial appearance enhances the likelihood of managerial promotion only when performance is mediocre. In contrast, Spencer and Taylor (1988) find that an attractive facial appearance amongst female ratees negatively influences raters' attributions of good performance. The results of a US study carried out by Anderson *et al.* (1994) indicate that public accountants with an unattractive physical appearance are generally perceived as less likely to succeed in their careers. Based on this discussion, and the general lack of investigation into this variable in the academic literature since 1994 (Anderson *et al.*, 1994), the following hypothesis is proposed:

H4. Physically attractive CPAs are more likely to advance to partnership in public accounting firms in Hong Kong.

Years in the firm and profession. From the review of literature, this factor has attracted little attention for influencing the advancement to partnership in CPA practices. McNair (1991) found that the amount of time that can be committed to work is critical in the competitive organizational culture of accounting firms. The intensive work commitments are likely to exert considerable pressures on many CPAs to achieve promotion in the firm for the amount of time they have devoted to the firm (Carcello *et al.*, 1991). If an accountant has not progressed to a certain level within the hierarchy by a certain age and after a certain amount of time, then he or she will probably be counselled to start looking for employment elsewhere (Windsor and Auyeung, 2006). Fagan (2001) thus suggests that there is pressure on CPAs in public accounting firms to achieve promotion within an accepted timeframe in compensation for the sacrifices they have made for the firm in terms of long working hours. According to Windsor and Auyeung (2006), the longer that a CPA has been in a firm and the profession, the more likely he or she is to advance to partner level, which leads us to the following hypothesis:

H5. A CPA with many years of service in a firm is more likely to advance to partnership in Hong Kong.

Analytical ability. MacCallum (1997) comments that career success in an accounting firm depends on some specific skills that new accountants will need to equip themselves with, if they hope to reach the top in the next century, including analytical skills. Therefore, accounting firms will try to look for this quality in the recruitment of new staff. As a measure of analytical ability for the CPAs, their university results or grade point average results are a good estimation of ones' analytical abilities (Krzystofik and Fein, 1988). Lowe *et al.* (2001) found that analytical ability is a very important characteristic in determining whether an accounting staff member would be successful or not. The research reveals that individuals with low-analytical skills are much more likely to be counseled out and less likely to be promoted than individuals with high-analytical ability. Hambly (2000) comments that accounting firms are looking for people with three key specialist skills. These include broad general business understanding, process skills, and technical and analytical skills, which are all considered in the recruitment process.

Other researchers also found that an overall grade point average or university results are important criteria for the firm in assessing an individual's analytical ability (Jiambalvo *et al.*, 1983; Krzystofik and Fein, 1988). Therefore, most people would regard the university results or grade point average results of an individual are the good estimation of ones' analytical abilities, in the recruitment or promotion process (Jiambalvo *et al.*, 1983; Krzystofik and Fein, 1988; MacCallum, 1997). Given the importance of this factor, one would propose the following hypothesis:

H6. CPAs with a good honours degree classification are more likely to advance to partner level in public accounting firms in Hong Kong.

Stage 1 – survey method

A total of 300 CPAs in Hong Kong were randomly selected from a publicly accessible CPA directory (Tsui, 1996; Umar and Anandarajan, 2004) without matching individuals' names with their organisations. Dijk (2000) suggests that to increase the survey response rate, potential respondents be contacted first by telephone to see whether they will agree to participate. Accordingly, questionnaires were sent only to

those CPAs who had agreed by telephone to participate, along with an information sheet explaining the details of the research. The respondents were asked to return the questionnaires with a recent photo attached to allow measurement of their physical appearance (Marshall *et al.*, 1998). Prior studies carried out in Australia and The Netherlands in which respondents were contacted before questionnaires were sent out report a response rate of 76 and 80 per cent, respectively, (Roberts, 1999; Dijk, 2000). The response rate of 80 per cent (241 out of 300 questionnaires returned) achieved in the current study is thus highly satisfactory.

The questionnaire comprises two major sections. The first captures the six main independent variables that influence advancement to partnership in CPA practices, as well as a dichotomous dependent variable that takes a value of 1 if the respondent is a partner in his or her public accounting firm and 0 otherwise. Participants are asked to complete Rotter's (1966) *locus* of control scale, which is modified in this study with a Likert scale that ranges from 1 – strongly disagree to 5 – strongly agree. This instrument is used because it is the measure of *locus* of control that is cited widely in the literature (Beckham *et al.*, 2007). The items are averaged to create a single measure of *locus* of control (Cronbach alpha = 0.93). Social networking is measured using questions which are modified from the social network ties survey (Manev and Stevenson, 2001), with a Likert scale that ranges from 1 – strongly disagree to 5 – strongly agree. The items are averaged to create a single measure of social networking (Cronbach alpha = 0.94). Physical appearance variable, i.e. the photo of each CPA, was judged and rated independently by a panel of six business people, mixed in age and gender, to achieve an objective measurement for the attractiveness (Perlini *et al.*, 1999; Perlini and Lippe, 2006). The questionnaire and accompanying photo received from each CPA were assigned the same number. The pre-numbered photos were then given to the panel, which was asked to judge the physical appearance of each CPA, with a Likert scale that ranges from 1 – least attractive to 5 – most attractive. The scores given by the six panel members were averaged (Perlini and Lippe, 2006), with the result noted on the pre-numbered questionnaire (Cronbach alpha = 0.92). This approach was considered more likely to produce an objective measure of the variable than would asking the CPAs to self-rate their physical appearance (Martin and Gentry, 1997; Jonason, 2009). Had they been asked to do so, they would have been likely to subjectively rank themselves in comparison with the other accountants in the firm, rather than make an objective judgment of their own appearance. Years of service with current public accounting firm is based on a category scale of from 1 – less than five years to 5 – more than 20 years. Analytical ability takes a value of 1 for an upper second-class honours degree or above, and 0 otherwise. Gender takes a value of 1 if the respondent is female and 0 if male.

The second part of the questionnaire asks for the respondents' demographic information. A number of pre-tests of the questionnaire were carried out, and as the results were found to be satisfactory, ambiguity was not a concern. Hence, the questionnaire is considered to have a high degree of content validity (Cavana *et al.*, 2001).

Data analysis

As previously noted, 241 of the 300 CPAs contacted completed the survey, for a response rate of 80 per cent. A test for non-response bias (Bartlett, 1993) was carried

out by comparing the first 30 responses with the first 30 responses to the second request, but no significant differences were found in the mean scores.

A logistic regression model was adopted to analyse the survey data. Although the logistic regression is a nonlinear function, the logit equation (1) contains the term Z , which is a linear function of the independent variables, as follows:

$$\begin{aligned} Z(\text{Partner in a public accounting firm}) \\ = b_0 + b_1\text{SOCIALNE} + b_2\text{APPEARAN} + b_3\text{YEARS} + b_4\text{GENDER} \quad (1) \\ + b_5\text{LOCUSCON} + b_6\text{HONSCLAS} \end{aligned}$$

The explanatory variables in the logit equation (1) are as follows:

| | |
|---|--|
| $Z(\text{Partner in a public accounting firm})$ | = partner in the firm; |
| SOCIALNE | = social networking in the profession; |
| APPEARAN | = physical appearance; |
| YEARS | = years of service in the firm; |
| GENDER | = male or female; |
| LOCUSCON | = internal <i>locus</i> of control; and |
| HONSCLAS | = honours degree (upper second-class or above classification). |

The logistic regression function (2) itself is:

$$p = \frac{\exp(Z)}{1 + \exp(Z)} \quad (2)$$

where p is probability and Z is the function defined in equation (1). The value under the odds ratio listed in Table V is the predicted change in odds for a unit increase in one independent variable, holding all other variables constant.

Multicollinearity may affect the parameters of the regression model, and thus it is essential to test for any collinearity problems in the logistic regression. Field (2005) states that a tolerance value less than 0.1 and a variance inflation factor (VIF) value greater than 10 are indicative of such problems. From Table I, it can be seen that the tolerance values for all of the predictor variables are greater than 0.1 and the VIF values less than 10. Hence, it can be concluded that multicollinearity is not an issue of concern.

Model and data reliability

The value of the model's χ^2 -statistic is 230 and statistically significant at $p < 0.05$ (Table II). It can be concluded that overall the model is predicting advancement to partnership in CPA practices significantly better than it was with only the constant included. In other words, the highly significant model χ^2 -statistic indicates that the model including the predictors is significantly better than without those predictors (Menard, 2002).

Hosmer and Lemeshow's goodness-of-fit test (Table III) is used to test the hypothesis that the observed data are significantly different from the model's predicted values.

| Coefficients | Collinearity statistics | |
|---------------------------|-------------------------|-------|
| | Tolerance | VIF |
| <i>Model 1</i> | | |
| Constant | | |
| Social networking | 0.876 | 1.142 |
| Physical appearance | 0.214 | 4.666 |
| Years in the firm | 0.231 | 4.328 |
| Gender | 0.868 | 1.152 |
| Internal locus of control | 0.633 | 1.580 |
| Honours classification | 0.947 | 1.056 |

Table I.
Test for multicollinearity coefficients

| | χ^2 | df | Sig. |
|---------------|----------|----|-------|
| <i>Step 1</i> | | | |
| Step | 230.118 | 6 | 0.000 |
| Block | 230.118 | 6 | 0.000 |
| Model | 230.118 | 6 | 0.000 |

Table II.
Model summary:
Omnibus tests of model coefficients

| | χ^2 | df | Sig. |
|--------|----------|----|-------|
| Step 1 | 2.245 | 7 | 0.945 |

Table III.
Hosmer and Lemeshow's goodness-of-fit test

This value is non-significant at the 0.95 level, which indicates that the model does not differ significantly from the observed data and thus predicts real-world data fairly well (Miles and Shevlin, 2001; Menard, 2002). As approximations to ordinary least squares regression's R^2 , the pseudo R^2 -value (Nagelkerke R^2) indicates the model explains or accounts for 83 per cent of the variance in the dependent variable (advancing to partnership in CPA practices). This high percentage indicates that the predictors are good estimates for the logistic regression model, and the classification table (Table IV) indicates how well the model predicts group membership. This table shows that 91 per cent of the cases can be correctly classified using the six independent variables, a result that is considered to be quite satisfactory (Miles and Shevlin, 2001; Menard, 2002).

| | Observed | | Predicted | | Percentage correct |
|--------|---------------------|-----|---------------------------|-----|--------------------|
| | | | Partner in the firm No | Yes | |
| Step 1 | Partner in the firm | No | 125 | 14 | 89.9 |
| | | Yes | 9 | 93 | 91.2 |
| | Overall percentage | | | | 90.5 |

Note: The cut-off value is 0.500

Table IV.
Classification table

Results

As our dependent variable (CPA partner status) is categorical in nature, binomial logistic regression is conducted (Miles and Shevlin, 2001; Menard, 2002). Binomial logistic regression by default predicts the higher level of two categories of a dependent variable (1 – partner in this study). Similarly, with the dichotomous gender variable (1 – female; 0 – otherwise), this regression predicts the odds of the higher level category, i.e. 1 – female.

The logistic regression results (Table V) show that the social networking, gender and internal *locus* of control variables have a significant influence on advancement to partnership in CPA practices, all with *p* values less than 0.05, whilst the other three independent variables, physical appearance, years of service and honours degree classification have no significant effect on such advancement, with *p* values greater than 0.05.

The odds ratio for social networking is 27 (8.2-88, with a 95 per cent confidence interval), which implies that a one unit increase in this variable increases the odds of advancing to partnership 27 times. The odds ratio for gender is 0.16 (0.04-0.056, with a 95 per cent confidence interval), which implies that fewer women are partners in CPA practices in Hong Kong. As the *p*-value is significant for this variable, cross-tabulation and Pearson χ^2 -statistics are performed to reveal the differences. Cross-tabulations of gender by CPA status supports the finding that more males are partners, and the Pearson χ^2 tests also indicate a significant relationship between these two variables (with a *p*-value less than 0.05). With regard to the internal *locus* of control variable, the odds ratio is 8.1 (2-33, with a 95 per cent confidence interval), thus implying that a one unit increase in this variable increases the odds of advancing to partnership by 8.1 times. Physical appearance, years of service and honours degree classification are found to have no significant influence on the odds of advancement to partnership in CPA practices in Hong Kong.

Stage 2 – qualitative analysis

In the qualitative stage of this study, semi-structured, face-to-face interviews were carried out with ten partners of public accounting practices in Hong Kong between January and April of 2008. These practices range in size from small public accounting firms to large international practices (Big 4 firms). Detailed notes were taken during the interviews and then analysed for key points. The interviewees unanimously agreed on

| Variables in the model | Wald | df | Sig. | Odds ratio | 95.0 percentage of CI for exp(B) | |
|------------------------|--------|----|--------|------------|-------------------------------------|--------|
| | | | | | Lower | Upper |
| <i>Step 1</i> | | | | | | |
| SOCIALNE | 29.470 | 1 | 0.000* | 26.987 | 8.212 | 88.688 |
| APPEARAN | 1.400 | 1 | 0.237 | 0.324 | 0.050 | 2.094 |
| YEARS | 0.123 | 1 | 0.726 | 1.359 | 0.245 | 7.539 |
| GENDER | 40.677 | 1 | 0.000* | 0.016 | 0.004 | 0.056 |
| LOCUSCON | 8.569 | 1 | 0.003* | 8.142 | 2.000 | 33.155 |
| HONSCLAS | 0.317 | 1 | 0.574 | 1.490 | 0.372 | 5.976 |
| Constant | 26.530 | 1 | 0.000 | 0.000 | | |

Table V.
Logistic regression

Notes: **p*-value is significant at the 0.05 level; the survey instrument is available from the author upon request

the two most important attributes that help CPAs to become partners: an internal *locus* of control and social networking. Thus, the results of the semi-structured interviews corroborate the findings of the logistic regression in Stage 1, that is, the two main variables that contribute to advancement to partnership in public accounting practices are an internal *locus* of control and social networking. An indication of the key points raised during these interviews can be gleaned from the comments presented here.

A partner in a medium-sized accounting practice made the following comments:

It is very important for one to have an achievement-oriented mindset, an internal *locus* of control. It is an internal *locus* of control that drives one to work hard and want to achieve partnership in a CPA practice.

A Big 4 partner commented:

Advancement to partnership will not come unless one has good social network or *guanxi* with others, such as colleagues and clients. Hence, these personal qualities are very important.

A partner in a small public accounting firm concurred:

Social networking qualities can help staff to understand your expectations, which helps them to deliver the right service to clients. Auditing involves two-way communication between staff and clients.

Finally, a partner in a medium-sized practice noted the following:

The process of attracting new clients in this competitive environment involves personal networking skills, organisational affiliation and social connections. An internal *locus* of control is an important personality attribute for a partner in a CPA practice.

Implications and conclusion

The findings of this study make several contributions to the literature. First, *H4*, which posits that physical appearance has an influence on promotion to partner status, is not supported, thus refuting the prior literature which states that an attractive physical appearance enhances an individual's chances of promotion and career success (Rosch, 1988; Riordan, 1989; Anderson *et al.*, 1994). It is found that in Hong Kong, advancement to partnership in CPA practices is not based on an individual's physical appearance, but rather on other factors. The results also refute the prior research that finds years of service in the firm and analytical ability to enhance the odds of such advancement. *H5*, which posits that the longer an individual has worked for a firm, the more likely he or she is to be promoted, is not supported. This finding provides a partial explanation for the high level of turnover in CPA firms. If an accountant perceives the prospects for promotion to partnership to be weak despite many years of service, then he or she may seek external business opportunities. *H6*, which hypothesises that CPAs with good honours degrees are more likely to become partners, is also unsupported, thus refuting the prior literature indicating that analytical ability can enhance an individual's chances of promotion (Jiambalvo *et al.*, 1983; Krzystofik and Fein, 1988; MacCallum, 1997; Lowe *et al.*, 2001), although such ability may be an important selection criteria for the recruitment of junior staff fresh from university.

These findings indicate that career success in Hong Kong's public accounting firms is not merely a matter of exhibiting technical competence. Rather, a wide range of skills, encompassing interpersonal, networking and creative skills, is needed. Both *H1* and *H2*,

which address social network and *locus* of control orientation, are supported, which indicates what these firms are looking for in terms of specific qualities when considering candidates for promotion to partner level, that is, strong social network and an internal *locus* of control. In summary, it can be concluded that advancement to partner level in Hong Kong is not driven by years of service in the firm, analytical ability or physical appearance, but rather by such personality factors as an internal *locus* of control and social network. It is also found, however, that gender plays a role in explaining such advancement, as is posited by *H3*. This hypothesis is supported, as more males than females are found to be promoted to partner level, a finding that is in contrast to the findings of Almer *et al.* (1998), Hull and Umansky (1997) and Lowe *et al.* (2001), who indicate that women are more likely to be promoted in accounting firms. It is left to future research to determine whether these results can be replicated (Lowe *et al.*, 2001).

To conclude, this study represents the first to use both semi-structured interviews with, and a survey of, partners to investigate the associations between the six variables identified herein and advancement to partnership in CPA practices. The results of the logistic regression analysis indicate that the social networking and internal *locus* of control variables have a positive effect on such advancement, whilst the years of service in the firm, analytical ability and physical appearance variables do not. Gender also plays a role, with men accounting for the majority of the partners in the CPA practices surveyed. This Hong Kong study makes a novel contribution to the accounting literature by enhancing our understanding of the factors underlying advancement to partnership in public accounting firms.

Limitations

Kirkham (1997) argues that promotion in large accounting firms is also linked to the amount of client fees that accountants bring in, with larger revenues making promotion more likely. However, most firms consider such information to be sensitive and confidential, and thus it could not be obtained in the survey questionnaires. In addition to this limitation in data availability, the study presented herein is cross-sectional in nature. A future longitudinal study that attempts to extend the results would be beneficial.

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