

PRACTITIONER SUMMARY

Auditors' Relationship with Their Accounting Firm and Its Effect on Burnout, Turnover Intention, and Post-Employment Citizenship

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SUMMARY: This summary discusses two related papers (one focusing on auditors currently employed by their firm and the other on firm alumni) that examine the relationship between auditors and their firm; both papers address auditors' commitment to their firm and how it affects important organizational outcomes including burnout, turnover intention, and post-employment citizenship. [Herda and Lavelle's \(2012\)](#) paper, "The Auditor-Audit Firm Relationship and Its Effect on Burnout and Turnover Intention," suggests that stronger relationships between auditors and their firms can reduce burnout and turnover intention. [Herda and Lavelle's \(2011\)](#) paper, "The Effects of Organizational Fairness and Commitment on the Extent of Benefits Big Four Alumni Provide Their Former Firm," investigates how these relationships continue to provide benefits to the firm after the auditor's employment with the firm has ended. The results of both papers underscore the importance of fair treatment in building high-quality relationships between auditors and their firm. If audit firms use fair procedures when making organizational decisions (e.g., performance evaluations, scheduling, paid time-off), then current auditors are less likely to burn out and leave the firm, and former auditors are more likely to send the firm business.

Keywords: commitment; fairness; burnout; turnover; post-employment citizenship.

INTRODUCTION

This article summarizes the findings, conclusions, and practical implications of two recently published articles concerning the auditor-audit firm relationship. [Herda and Lavelle \(2012; hereafter, HL 2012\)](#) examine how higher quality relationships between auditors and their firm can

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yield reduced levels of burnout and turnover intention. [Herda and Lavelle \(2011; hereafter, HL 2011\)](#) examine how these relationships can affect the extent of benefits that accounting firm alumni provide their former firm (e.g., recommending the firm to potential clients) after their employment with the firm has ended (i.e., post-employment citizenship).

Burnout and turnover intention are important issues in auditing. The demanding nature of the profession can result in auditor burnout and high turnover rates. Alumni citizenship behavior also is an important issue for auditors—firms devote substantial resources to alumni relations activities (e.g., alumni websites, networking events) in an effort to secure more business. Both HL studies point to the importance of high-quality auditor-audit firm relationships and identify various predictors of and outcomes from these relationships. Particularly, the results highlight the central role that organizational fairness (i.e., how fairly firms treat auditors) plays in producing high-quality relationships between auditors and their firm, which in turn yields reduced levels of burnout and turnover intention and even improved post-employment citizenship.

The remainder of this paper is structured as follows. The first section summarizes relevant research on social exchange relationships between employees and organizations. The next section discusses the surveys used in the two studies, and the third section summarizes the results. Finally, the paper concludes with an overview of the findings and a discussion of the studies' practical implications for public accounting firms.

SOCIAL EXCHANGE THEORY AND STUDIES' PREDICTIONS

The focus of both [HL 2012](#) and [HL 2011](#) is on perceived employer fairness and how it may contribute to the development of social exchange relationships between auditors and firms that lead to favorable outcomes for the firm. Accordingly, social exchange theory provides the theoretical basis for the research. Social exchange relationships often are described as subjective, relationship-oriented contracts between employees and organizations characterized by mutual trust and commitment, a long-term focus, and unspecified open-ended commitments ([Lavelle et al. 2007](#)). Social exchange relationships can develop through positive interactions with others and tend to generate relational obligations to the exchange partners.

Auditors routinely interact with their accounting firm on numerous organizational issues, including those relating to performance evaluations, promotions, paid time-off, mentoring, goal setting, scheduling, and training. In the course of these interactions, auditors are likely to form perceptions concerning how fairly they are being treated by the firm. For example, a firm's friendly interpersonal communication, availability, and the use of transparent and just procedures when making organizational decisions represent fair treatment. Audit firms that are short and abrupt when interacting with auditors, that are unwilling to listen to the concerns and input of auditors, and that use questionable or inconsistent procedures when making and implementing decisions are unlikely to be perceived as fair. Extending the above social exchange logic to the context of auditor-firm relations suggests that when auditors perceive their firm as fair, it will yield stronger social exchange relationships with the firm.

The organizational behavior literature indicates that positive social exchange relationships between employees and organizations motivate employees to behave in a manner that produces favorable outcomes for the organization because employees feel relationally obligated to support the organization ([Cropanzano and Mitchell 2005](#)). Organizational (affective) commitment is defined as emotional attachment to, identification with, and involvement in the organization ([Mowday et al. 1979; Allen and Meyer 1990](#)). Commitment can be viewed as an attitudinal indicator of the extent to which an employee perceives him- or herself to be in a high-quality social

exchange relationship with an organization (Meyer 1997; Cropanzano and Mitchell 2005; Lavelle et al. 2009). Both HL 2012 and HL 2011 use organizational commitment to measure the quality of the social exchange relationship between auditors and firms and predict that firm fairness and commitment result in favorable organizational outcomes. Specifically, HL 2012 predicts that higher firm fairness and commitment result in less burnout and turnover intention, and that burnout yields greater turnover intention. HL 2011 predicts that higher firm fairness and commitment result in more post-employment citizenship.

METHOD

HL 2012 reports results of surveys from 204 practicing auditors at two public accounting firms in the U.S. (a large national firm and a large regional firm) to test their predictions. The sample consisted of 70 staff auditors, 62 seniors, 40 managers, 23 senior managers, and 9 partners. HL 2011 reported results of surveys from 303 former auditors of a Big 4 firm to test their predictions. Of these respondents, 81 percent left the firm voluntarily and the average tenure with the firm was 4.5 years. Among the alumni surveyed, 50 percent had referred the firm to those seeking professional services and 30 percent actually had purchased professional services from their former firm.

Respondents to both studies answered similar questions related to the predictors of organizational commitment, which represent perceived organizational fairness (i.e., how fairly firms are perceived to treat auditors) and perceived organizational support (i.e., the extent to which firms are perceived to care about auditors' well-being). In HL 2011, respondents were asked to put themselves back in time and answer the questions concerning fairness, support, and commitment with regard to how they felt while with the firm. Consequently, the items assessing the predictor variables in HL 2011 were phrased in the past tense.

In both studies, items for the constructs were based on widely used seven-point scales (e.g., 1 = strongly disagree, 7 = strongly agree). An example of an item measuring fairness is "In general, I can (could) count on the firm to be fair." An example of an item measuring perceived support is "This firm strongly considers (considered) my goals and values." An example of an item measuring commitment is "This firm has (had) a great deal of personal meaning for me."

In HL 2012, respondents also answered questions relating to their level of burnout (measured in terms of emotional exhaustion) and turnover intention on seven-point scales. An example of an item measuring burnout is "I feel emotionally drained from my work," and an example of an item measuring turnover intention is "It is likely that I will leave my accounting firm in the next 12 months to take a new job." In HL 2011, respondents also answered three questions regarding the extent of post-employment citizenship that they provide to their former firm. An example of an item is "Since I have left the firm, I have tried to help the firm get more business" (1 = to a small extent, 5 = to a large extent).

RESULTS

Consistent with predictions, both HL 2012 and HL 2011 find that high-quality social exchange relationships between auditors and their firm (as measured by organizational commitment) develop in response to auditor perceptions of fair treatment and support received from the audit firm. HL 2012 finds that higher perceived organizational fairness and organizational commitment result in less auditor burnout and lower turnover intention. The authors also find burnout to yield greater turnover intentions. HL 2011 finds higher perceived organizational fairness and organizational commitment to yield superior post-employment citizenship.

The authors found auditor emotional attachment to the firm and the extent to which the auditor felt a sense of belonging to the firm to be the two aspects of the auditor-firm relationship that are most associated with favorable outcomes (i.e., lower levels of burnout and turnover intention and greater post-employment citizenship). The specific items were “I do not feel emotionally attached to the firm” and “I did not feel a strong sense of belonging to the firm.” The “emotional attachment” item was most associated with lower levels of burnout and turnover intention, suggesting that auditors who connect more with their firm emotionally will be less likely to feel emotionally drained from their work and want to quit. The “sense of belonging” item was most associated with the extent of alumni effort in helping their former firm get more business, indicating that auditors who feel a stronger sense of belonging to their firm carry that sense with them when they leave and look for opportunities to send the firm more business.

DISCUSSION AND PRACTICAL IMPLICATIONS

Both studies reviewed in this paper examine auditors’ commitment to their firm and how it affects important organizational outcomes such as burnout, turnover intention, and post-employment citizenship. Burnout is a significant concern among auditors because of their extensive client-service responsibilities. Demanding deadlines, limited time for personal life, and passing the CPA exam are challenges auditors routinely deal with ([PricewaterhouseCoopers 2004](#)), and these pressures can take their toll on auditors and result in feelings of emotional exhaustion. Prior research finds burnout to be associated with several negative outcomes including absenteeism, poor job performance, reduced citizenship behavior, and increased turnover intention ([Saxton et al. 1991](#); [Fogarty et al. 2000](#); [Cropanzano et al. 2003](#); [Jones et al. 2010](#)). High levels of voluntary turnover and employee absences result in significant personnel expenditures for the firm, including additional recruiting and training costs. Given the severe consequences of burnout for both individual auditors and accounting firms, it is essential to learn what can be done to prevent it. [HL 2012](#) emphasizes the importance of the auditor-audit firm relationship and demonstrates that fair treatment and high-quality relationships yield lower levels of auditor burnout and turnover intention.

Regardless of how fairly auditors perceive that they are being treated by their firm, the auditing profession likely will continue to experience relatively high turnover rates. For example, many auditors do not desire to become partners. In addition, many firms adopt an “up or out” business model, and often some degree of turnover is considered desirable. Even if auditors are reasonably happy with their firm, some may leave the firm for family reasons, geographic considerations, or to pursue other career opportunities. Audit firms understand this and devote significant resources to alumni relations to gain more business. [HL 2011](#) highlights the importance of auditor perceptions of fair treatment and high-quality auditor-audit firm relationships by demonstrating that they are significant predictors of post-employment citizenship.

The studies summarized in this paper have important implications for audit firms. So much in the auditing profession is outside the control of the audit firm. For example, firms cannot control a slowing economy and can do little to change the demanding nature of auditing. Auditors often must work long hours—it is the nature of the profession. Auditors also must interact with clients and many client personnel (especially lower level) tend to view auditors as nuisances and, consequently, may treat auditors poorly. The nature of these interactions is inherent in auditing and also mostly outside of the firm’s control.

However, how firms treat their employees *is* within the control of the firm and firms’ efforts in this regard will affect auditors’ fairness perceptions. Firms should use fair procedures when making decisions such as those related to performance evaluations, promotions, paid time off, mentoring,

goal setting, training, scheduling, and other organizational issues. There are three broad drivers of procedural fairness, including (1) whether employees have input in the decision-making process, (2) how decisions are made and implemented, and (3) how managers behave (Brockner 2006). Firms should solicit and sincerely consider the input of those affected by significant organizational decisions so that, when making decisions, firms can ensure that appropriate criteria are used and applied consistently across employees. Finally, firms must provide genuine and adequate explanations for why decisions are made while treating employees respectfully and demonstrating concern for their needs and well-being (Brockner 2006). If audit firms consider and implement the above concepts, they will enhance auditor perceptions of fair treatment. Such perceptions are important because they will yield high-quality relationships between current and former employees and the firm. As shown in both studies summarized, high-quality auditor-audit firm relationships yield benefits for the firm from both current and former auditors.

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