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Characteristics of Accounting Firm Alumni Who Benefit Their Former Firm

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SYNOPSIS: Alumni (i.e., past employees) of accounting firms can play an important role in the marketing strategy of firms. The purpose of this study is to identify the characteristics that distinguish alumni who benefit the firm (benefiters) from alumni who do not (non-benefiters).

Data were collected from 203 alumni of Big 6 firms through responses to a questionnaire survey. Eight variables were identified as potential discriminants based on prior research. Multiple Discriminant Analysis (MDA) was used to classify the alumni into benefiters and non-benefiters, using these variables.

Participation of alumni in alumni relations activities, strength of mentor relationship, and length of employment with the firm were the significant discriminators between benefiters and non-benefiters. Additional analyses show that alumni's title at the time of leaving and alumni's current occupation can also be used to classify the alumni.

This study provides a new perspective on staff turnover in accounting firms by recognizing that turnover may result in alumni who are valuable for their marketing potential. It also presents a useful and practical approach to segmenting the alumni into benefiters and non-benefiters.

Data Availability: Data used in this study can be obtained from the author upon request.

Practice development is an ongoing concern for most accounting firms. Firms spend considerable time and resources to improve their success in acquiring new clients, as well as in selling new services to existing clients. Alumni (i.e., past employees) of these firms can play an important role in this regard. Accounting firms,

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especially Big 6 firms, have a large number of alumni due to high levels of staff turnover (Istwan and Wollman 1976; Tyra 1980). While employed by the firm, an alumnus has an opportunity to develop a sense of loyalty to the firm (Mahon 1978) and personal relationship with colleagues and supervisors. In addition, an alumnus becomes knowledgeable about the firm's services and its reliability. These factors make the alumni valuable marketing contacts for the firms (Denney 1983). Accounting firms recognize the marketing potential associated with their alumni and expend time and resources to develop and nurture their alumni base. For example, firms emphasize job placement services for departing employees and maintain contact with alumni through alumni directories, annual social events, newsletters and periodic technical programs.

Though most alumni have positive feelings toward their former firm (Marxen 1996), the ability to benefit the firm may vary among alumni. For example, a small proportion of alumni leave the labor force altogether while others simply change occupations by entering jobs in private industry, other accounting firms, other consulting firms, universities, not-for-profit organizations or government. The potential demand for accounting firm services almost certainly varies across these occupations. Moreover, alumni occupy different types of positions in their new organizations. These positions will vary with respect to their role in the selection of an accounting firm. Although available anecdotal evidence suggests that alumni favor their former employer when they are in a position to choose or recommend a CPA firm (Kotler and Bloom 1984), very few studies have examined this alumni-firm relationship. The purpose of this study is to identify the characteristics that distinguish an alumnus who benefits the firm (benefiters) from one who does not (non-benefiters). This study is of interest because it provides an alternative perspective on staff turnover in accounting firms by recognizing that turnover results in alumni and these alumni are valuable resources for the firms. Knowledge of benefiters' characteristics would enable the firms to segment their alumni and tailor their marketing efforts accordingly.

The remainder of this paper is organized as follows. The following section discusses prior research on alumni of accounting firms. The next section describes the factors that may distinguish benefiters from non-benefiters. Data collection and research method are presented in the third section. Section four provides the results of data analyses. The paper concludes with a discussion of findings and limitations of the research.

PRIOR RESEARCH

Marxen (1996) studied the professional value of Big 6 accounting experience using structured interviews of 121 alumni from six different U.S. cities. He found that a majority of alumni had positive expectations before joining the firm and viewed the Big 6 experience as an interim step in a career path. Most of the alumni obtained employment in private industry when they left the firm. According to the alumni, the Big 6 experience had provided them with valuable knowledge, skills, contacts and attitudes. Moreover, an overwhelming majority reported that they would go into the Big 6 again if they could do it over. More than half of the alumni had positive relationship with their former firm at the time of this interview.

While his research provides direct evidence that alumni value Big 6 experience, Marxen (1996) does not discuss how CPA firms could benefit from these alumni relationships. In this respect, the current study is an extension of Marxen (1996) and shows how CPA firms can use the information on alumni to effectively segment them and maximize the value of this alumni asset.

Iyer et al. (1997) studied the organizational identification of accounting firm alumni with their former firm. Organizational identification is defined as the perceptual cognitive connection that organizational members create with their organization. They hypothesized that organizational identification of alumni is related to a set of individual (personal) and organizational variables. These variables were identified from organizational, education and accounting literature. Based on a questionnaire survey of alumni of Big 6 firms, they found that organizational identification is related to individual variables of time elapsed, mentor relationship and sentimentality, and firm-related variables of organizational prestige, socialization process and personnel recruiting. Moreover, organizational identification was shown to be the antecedent of alumni's inclination to benefit the firm. They used structural equation modeling (LISREL) to test their hypotheses.

The main focus of Iyer et al. (1997) was to develop a theory concerning organizational identification of accounting firm alumni. Their choice of variables and methodology reflects this motivation. Many of the variables used in their study cannot be obtained except through a survey. They don't distinguish between alumni who *actually* benefited the firm and alumni who did not. On the other hand, the current study uses easily available characteristics of alumni to segment them into benefiters and non-benefiters.

FACTORS THAT MAY DISTINGUISH BENEFITERS FROM NON-BENEFITERS

Effectiveness of alumni as potential marketing contacts will depend on their ability as well as their willingness to benefit.[1] Ability is affected by accounting services needs of the alumni's current employer, the alumni's current position in the organization, and their circle of contacts. The alumni's experience while employed with the firm may affect their willingness or inclination to benefit. In their study involving accounting firm alumni, Iyer et al. (1997) show that the alumni's inclination to benefit the firm is related to the following factors either directly or indirectly: (1) organizational prestige, (2) socialization process within the firm, (3) personnel policies of the firms in the areas of counseling, evaluation and outplacement, (4) alumni-relations efforts of the firms, (5) mentor relationship, and (6) sentimentality of alumni. Based on this and other studies in organizational behavior and on alumni of educational institutions, factors that may distinguish alumni benefiters from non-benefiters were identified. However, only those factors that are easily measurable or manageable by the firms were included to achieve practical relevance. These are described in the following paragraphs.

Length of Employment with the Firm

During the time of employment with the firm, an alumnus develops personal relationships with other employees and also becomes acquainted with various types and quality of services provided by the firm. Furthermore, alumnus's future job, and hence the capacity to contract with the firm, may depend on the number of years of

[1] This model was originally proposed by Paton (1986) in the context of alumni giving behavior in educational institutions.

experience with the accounting firm. Due to its impact on both inclination and capacity to benefit the firm, benefiters are likely to be those with longer tenure with the firm. Research in education has also identified length of residence to be an indicator of alumni who contribute funds to their alma mater (Martin 1981; Mael and Ashforth 1992).

Time Elapsed Since Leaving the Firm

The inclination to benefit the former firm may decline as time elapses because alumni may identify less with the institution (Connolly and Blanchette 1986), but capacity should increase as alumni develop their careers. Hence, it would be interesting to see the net effect of these two offsetting forces on alumni behavior.

Strength of Mentor Relationship

Mentorship implies the existence of a conscious relationship between specific individuals. The mentor provides information, advice, encouragement and support to the protégé (Fogarty 1992). Mentorship is central to the socialization of new accountants in public accounting firms (Dirsmith and Covaleski 1985). Dirsmith et al. (1997) found mentoring to be diffused throughout the firms, although only some of the professionals participated in mentoring relationships. The mentor relationship might continue even after the protégé leaves the firm and could be weakened if the mentor is no longer with the firm. The strength of relationship between an alumnus and his mentor could have an impact on the alumni-firm relationship (Iyer et al. 1997) and could be an important consideration for selecting a new auditing firm or making a referral (Adams and Davis 1992).

Personnel Policies

In an accounting firm, personnel policies in the areas of recruitment, orientation, training, evaluation, counseling and outplacement may constitute part of the *formal* socialization process. These policies can influence a person's commitment toward the organization (Caldwell et al. 1990) and his or her behavior after leaving. For example, counseling and outplacement for departing employees affect the ease of transition from the accounting firm to new employment. Hence, alumni's ratings of firm personnel policies could be one of the possible distinguishing factors between benefiters and non-benefiters.

Efforts of the Firm to Maintain Contact with Alumni

Efforts of the firms to stay in touch with their alumni may include sending them alumni directories and newsletters, inviting them for annual gatherings and picnics, and having a former colleague or supervisor informally meet with the alumni. These efforts could have a significant impact on alumni behavior.

Participation in Alumni Relations Activities

Benefiters and non-benefiters may differ in their participation in firm's alumni-related activities. Alumni's participation in firm-sponsored alumni relations activities indicates their desire to associate themselves with the firm and other alumni of the firm.

Current Occupation of the Alumnus

Alumnus's current occupation could impact her ability to benefit. For example, an alumnus who is employed in private industry will have more opportunities to benefit her former firm compared to an alumnus who is in an accounting firm or government organization. In Marxen's (1996) sample of Big 6 alumni, almost one-third went to private industry when they left the firm.

Title of the Alumnus at the Time of Leaving

Alumnus's job title at the time of leaving can affect her ability as well as her willingness to benefit. For example, an alumnus who leaves as a senior manager may be more familiar with the firm and have a closer relationship with partners compared to someone who leaves as a junior. This familiarity and relationship could affect her willingness to help.[2] Moreover, she may join a new organization at a higher level with ability to benefit the firm immediately.

RESEARCH METHOD

Sample

Data were collected from the alumni through responses to a questionnaire survey. Survey instruments were mailed to alumni selected randomly from the alumni directories of three offices of Big 6 firms in Atlanta and two in Kansas City (a total of five offices). This instrument contained questions designed to measure factors hypothesized to be related to alumni's inclination and capacity to benefit the firm.

The survey instrument was mailed to 757 subjects, accompanied by a cover letter explaining the purpose of the survey and assuring confidentiality. A postage-paid return envelope was also enclosed. A second request along with a copy of the survey instrument was mailed to alumni in Atlanta who did not respond to the first request. The survey instrument did not reach 80 subjects because of incorrect addresses in the alumni directory. A total of 236 responses were received for a 35 percent response rate out of which 203 (30 percent) were usable for this research. Usable responses ranged from 21 percent to 35 percent among the firms.[3]

Measures

The majority of the measures included in the survey instrument were adapted from prior research (in organizational behavior and social psychology) while some measures were developed for this study. Furthermore, a draft of the survey instrument was distributed to 15 alumni from various accounting firms and their detailed comments were obtained. The final questionnaire incorporated their comments and suggestions.

The length of employment with the firm was measured in number of months. Alumni's date of departure was used to calculate the time elapsed since leaving the firm. This was also measured in months. Alumni's title and specialization were also obtained from their responses.

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[2] In services marketing, the relationship between the seller and the buyer assumes great importance. Berry (1983) has coined the term "relationship marketing" to emphasize this aspect. Relationship marketing has been recommended for "credence" services, that is, services that are difficult for customers to evaluate even after purchase and use (Zeithaml 1981). Accounting services typically fall in this category.

[3] Non-response bias is a concern in mail surveys. Oppenheim (1966) suggests that non-response bias can be assessed by comparing the responses of prompt and late respondents as late respondents often proxy for non-respondents. There were 27 alumni who did not respond to the first but responded to the second request. Multivariate analysis of variance did not reveal any significant differences between early and late respondents (Wilk's Lambda = 0.941; $F_{12, 176} = 0.916$; $p = 0.53$). But this result has to be interpreted with caution because of the large difference in group size.

The strength of mentor relationship was measured by a series of questions adapted from Mael (1988). These questions were designed to determine if the alumnus had a close, mentor-like relationship with a manager or a partner at the accounting firm, and, if so, whether the mentor was still at the firm. Further, the frequency of contact with the mentor was also obtained. These questions were structured in such a way that a composite measure of the strength of mentor relationship could be obtained. A scale of 1 (high frequency of contact with the mentor) to 6 (no mentor) was used for this purpose.

Alumni were asked to rate the personnel programs of their former firm on a scale of 1 to 5 where 1 = excellent, 2 = above average, 3 = average, 4 = below average and 5 = poor. These programs were recruitment, orientation, training, personnel evaluation, counseling and outplacement. Out of these, an employee usually undergoes orientation and training shortly after recruitment.[4] In contrast, evaluation and counseling takes place periodically throughout employment and the firm's policy on outplacement affects an employee toward the end of his or her employment. Therefore, it was decided to combine the responses to first three items (recruitment, orientation and training) into one variable called "recruitment" and the other three (evaluation, counseling and outplacement) into another variable called "counseling."[5]

Efforts of the firm to keep in touch with the alumni were measured by a series of questions on (a) how contacts were made and (b) the frequency of contact.[6] The scale used had a range of 2 (high frequency of personal contact) to 10 (no contact).

Participation in alumni-relations activities is measured by alumni's responses to questions on how often they read the newsletters, participate in picnics, and visit with someone in the firm. They responded on a five-point scale where 1 = always and 5 = never.

The survey instrument included a series of questions on actual benefits provided by the alumni to their former firm. These benefits are in the nature of purchasing services from their former firm, making referrals, informing the firm of opportunities, and helping the firm receive timely payments.

Methodology

Multiple Discriminant Analysis (MDA) was used to classify the alumni into benefiters and non-benefiters using the variables described earlier except categorical variables such as title and occupation. Chi-square tests were used in respect of these variables.

MDA is most appropriate if the objectives of the study are to "(1) determine if statistically significant differences exist between the average score profiles of the groups, (2) establish procedures for classifying subjects into these groups based on

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4 "Training" in this context does not refer to continuing professional education (CPE) which continues throughout one's career.

5 This grouping was confirmed by Principal Component analysis. Varimax rotation resulted in two factors. They explained 66 percent of the total variance with ratings on three programs (recruitment, orientation and training) converging in one factor and the remaining three items (personnel evaluation, counseling and outplacement) converging in the other. Internal reliability (coefficient alpha) of these two measures were 0.75 and 0.73, respectively.

6 Arbitrary numerical reduction method (Caplovitz 1985, 206), a method of combining indicators into an index, was used to obtain the ratings for strength of mentor relationship and efforts of the firm to contact the alumni. Similar method has been employed by Mael (1988) as well as Iyer et al. (1997) to obtain scores on strength of mentor relationship and alumni relations. A description of how this method has been used in this study is available from the author.

their scores on several variables, and (3) determine which of the independent variables account most for the differences in the average score profiles of the groups" (Hair et al. 1987, 79).

MDA has been used in other accounting studies related to bankruptcy (Altman 1968), tax cases and regulations (Madeo 1979), accounting principles (Deakin 1979), and admission of students to accounting programs (Clark and Sweeney 1985). Moreover, studies on alumni of educational institutions have also used MDA to classify alumni into donors and non-donors (for a review see Martin 1981).

RESULTS

Demographic Characteristics

In the original sample of 757 alumni, 74.2 percent were males and 25.8 percent were females. The proportion of males and females among the 203 respondents was very similar: 150 males (73.9 percent) and 53 females (26.1 percent). The average age of the respondents was 41.3 years with a range of 25 to 77 years. The average tenure of the respondents with the accounting firm was 63 months (median = 48) with a range of 10 to 424 months. The average time elapsed since they left the firm was 134 months with a range of 8 to 485 months.

The respondents indicated their specialization and title at the time of leaving the firm. Of the total 203 respondents, 123 (60.6 percent) specialized in Audit, 42 (20.7 percent) in Tax, 27 (13.3 percent) in Management Advisory Services (MAS), and 11 (5.4 percent) in other areas. The classification by title indicates that 34 (16.8 percent) were juniors, 99 (48.8 percent) were seniors, 40 (19.7 percent) were managers, 19 (9.3 percent) were senior managers, and 11 (5.4 percent) were partners at the time of leaving.

Out of the 203 respondents, 95 (46.8 percent) indicated that they benefited the firm in one way or the other and 108 (53.2 percent) indicated no benefits. Table 1 presents the descriptive statistics of the variables used in the study for the entire

TABLE 1
Descriptive Characteristics of Variables

Variables	Overall (n = 203) Mean	(Std. Dev.)	Benefiters (n = 95) Mean	(Std. Dev.)	Non-Benefiters (n = 108) Mean	(Std. Dev.)
Length of employment	62.89	(56.67)	75.86	(66.11)	51.48	(44.06)
Time elapsed	134.37	(93.89)	133.59	(89.57)	135.07	(98.01)
Mentor relationship	4.1	(1.49)	3.87	(1.47)	4.3	(1.49)
Ratings of recruitment, training and orientation	1.95	(0.76)	1.87	(0.69)	2.02	(0.81)
Ratings of counseling, evaluation and outplacement	3.00	(0.85)	2.90	(0.85)	3.09	(0.83)
Efforts of the firm to contact	6.75	(1.72)	6.61	(1.78)	6.89	(1.66)
Alumni participation in alumni-relations activities	2.7	(0.97)	2.38	(0.87)	2.97	(0.96)

group of respondents, as well as for the two groups of benefiters and non-benefiters separately. In general, compared to non-benefiters, alumni who benefited the firm stayed longer with the firm (75.9 months compared to 51.5 months). Except for time elapsed since leaving the firm, benefiters scored higher or better in all the remaining variables.[7]

Data Analysis

The objective of this analysis was to determine which variables are most efficient in discriminating between the two groups of benefiters and non-benefiters. For this reason, a stepwise method of MDA was used to derive the discriminant function.[8] This procedure begins with all the variables excluded from the model and selects the variables that maximize the Mahalanobis distance between the groups. Stepwise method includes only the best discriminating variables in the discriminant function. Stepwise method is useful when there are a relatively large number of independent variables (Hair et al. 1987, 84). Variables that are excluded from the function are considered as not contributing significantly to discrimination.

A *split-sample approach* was used to validate the discriminant function. This involved dividing the total sample randomly into two groups and then using one group to develop the discriminant function (referred to as the analysis sample) and the other group (referred to as the holdout sample) to test the function. Thus, the 203 responses were divided into analysis sample (n = 105) and holdout sample (n = 98). Table 2 presents the overall discriminant analysis results for the two-group model based on benefiters and non-benefiters.

Table 2 shows that the discriminant function is highly significant with F (3,98) = 6.9 ($p < 0.01$). Three variables, (1) alumnus' participation in alumni-relations activities, (2) strength of mentor relationship, and (3) length of employment with the firm, entered the model and these three were significant discriminators based on Wilk's Lambda and Minimum D-squared. A loading matrix of correlations between the

[7] Since the scale used ranged from 1 = strongly agree to 5 = strongly disagree, lower scores signify favorable attitudes.

[8] A test for homogeneity of variance-covariance matrices performed produced Box's M = 11.71 ($p > 0.05$), showing no statistically significant deviation from homogeneity of variance-covariance matrices.

TABLE 2
Results of Discriminant Function Analysis

Predictor Variable	Correlations of Predictor Variables with Discriminant Functions	Standardized Coefficients	Univariate F (df = 1,100)
Alumni participation in alumni-relations activities	0.684	0.602	9.81 ($p < 0.01$)
Mentor relationship	0.631	0.519	8.35 ($p < 0.01$)
Length of employment with the firm	–0.508	–0.513	5.42 ($p < 0.05$)

Eigenvalue = 0.210
Canonical R = 0.42
Wilk's Lambda = 0.82
F (3, 98) = 6.85 ($p < 0.01$)

predictor variables and the discriminant function, also shown in table 2, suggests that the primary variable in distinguishing between benefiters and non-benefiters was the alumnus' participation in alumni-relations activities. This is followed by the other two variables, strength of mentor relationship and tenure.

The second stage in a discriminant analysis is validation of the function. For this purpose, classification matrices were developed for both the analysis and holdout samples.[9] The results are presented in table 3.

According to table 3, overall classification accuracy for the analysis sample was 69 percent and the holdout sample was 63 percent. More importantly, the function correctly classified 68.2 percent of benefiters in the holdout sample. The predictive accuracy of this model as given by these hit ratios can be evaluated using *chance* criteria. According to maximum chance criterion, one could obtain a hit rate equal to the percentage of the total sample represented by the largest of the two groups just by assigning all subjects to the largest group. A maximum chance criterion for the present study was 53 percent being the percentage of non-benefiters in the sample.

However, if the purpose is to correctly identify members of both groups, then proportional chance criterion should be used (Hair et al. 1987, 89). The formula for this criteria is:

$$C \text{ proportional} = p^2 + (1 - p)^2$$

where:

p = proportion of individuals in group one, and

$1 - p$ = proportion of individuals in group two.

[9] To set prior probability for classification purposes, sample proportions of two groups were used. If the sample is selected in an unbiased manner, the best estimate of population proportions is the sample proportions (Hair et al. 1987, 94).

TABLE 3
Classification Results

Actual Group	No. of Cases	Predicted Group Membership: 0 Non-Benefiters	Predicted Group Membership: 1 Benefiters
Analysis Sample			
Group 0 Non-Benefiters	54	38 70.4%	16 29.6%
Group 1 Benefiters	51	17 33.3%	34 66.7%
Percent of cases correctly classified = 69%			
Holdout Sample[a]			
Group 0 Non-Benefiters	53	31 58.5%	22 41.5%
Group 1 Benefiters	44	14 31.8%	30 68.2%
Percent of cases correctly classified = 63%			

[a] One case had to be excluded due to a missing discriminating variable.

Using the group sizes from this study, the proportional chance criteria would be 50.2 percent. According to Hair et al. (1987, 90), the classification accuracy should be at least 25 percent greater than that achieved by chance. The present model satisfies this criteria also, but only marginally, with its overall classification accuracy of 63 percent.

Chi-Square Tests

The two groups were also analyzed with respect to alumni's title at the time of leaving and their occupation.[10] The description of title used were (1) Junior, (2) Senior, (3) Manager, (4) Senior Manager and (5) Partner. Occupation classifications were (1) Accounting firm, (2) Private Industry and (3) Others.

A classification of benefiters and non-benefiters with respect to their title is given in table 4. The significant Chi-square value ($p < 0.01$) suggests that these two groupings were not independent. In general, the classification shows that alumni who left the firm as seniors or in a higher category are more likely to benefit the firm. Although seniors were the largest group to provide benefits, best density of benefits came from former senior managers and partners.

Classification of alumni with respect to occupation showed that most were either employed in private industry ($n = 142$) or in other accounting firms ($n = 44$).[11] Again, a Chi-square test indicated that alumni who are employed in private industry are more likely to benefit their former firms than alumni who are with accounting firms ($p < 0.05$). Table 5 shows this classification.

An analysis of 142 alumni employed in industry shows that 76 of them benefited the firm. Benefiters included 13 at the level of CEOs or presidents, ten CFOs, 14 vice presidents, and seven controllers. The rest of them were in lower level managerial

[10] Alumni's specialization (i.e., Audit, Tax, Management Advisory Services, and other specializations) was also used in an analysis. Chi-square test indicated that specialization was not related to alumni's behavior to benefit the firm ($p > 0.05$)

[11] Remaining respondents were either retired or in other occupations, such as government and universities.

TABLE 4
Classification with Respect to Title of Alumni

	Junior	Senior	Manager	Senior Manager	Partner
Benefit	5	49	20	14	7
No Benefit	29	50	20	5	4

Overall Chi-square = 21.29; $p < 0.01$.

TABLE 5
Classification with Respect to Current Occupation of Alumni

	CPA Firm	Industry
Benefit	15	76
No Benefit	29	66

Overall Chi-square = 5.08; $p < 0.05$.

positions. Among the non-benefiters, there were seven CEOs and presidents, one CFO, ten vice presidents, and nine controllers. Moreover, 25 of these alumni received audit services and 41 received other types of services from their former accounting firms.

DISCUSSION

MDA shows that (1) alumnus' participation in alumni-relations activities, (2) strength of mentor relationship and (3) length of employment with the firm were, in that order, the most significant discriminators between benefiters and non-benefiters. Compared to non-benefiters, benefiters participate more in alumni-relations activities such as reading alumni newsletters, attending alumni gatherings, and visiting with someone in the firm. Interestingly, in Marxen's (1996) study, only 24 percent of alumni stated that they were on the mailing list of their former firm and 23 percent had social contact. Therefore, there is scope for improvement in alumni-relations activities, especially because in the same study, 50 percent of the subjects reported having a positive relationship with their former firm. Alumni's length of employment with the firm might affect their inclination as well as the capacity to benefit the firm. Thus, the accounting firm's marketing efforts targeted toward alumni who have been with the firm longer and those who participate more in alumni-relations activities could result in greater return or benefit.

One of the factors considered to be important to firm success, mentor relationship (Dirsmith and Covaleski 1985), also distinguishes benefiters from non-benefiters. This suggests that a firm's efforts to facilitate this process benefit them not only during the employee's stay with the firm but even after they leave the firm. For example, Dirsmith and Covaleski (1985) report that while mentorship is prevalent in accounting firms, not all supervisors and staff are involved in this process. This study shows that the mentor should keep in touch with the protégé even after he or she leaves the firm. Also from the relationship marketing perspective, the mentor relationship would prove to be useful. Though firms' efforts to keep in touch with the alumni do not seem to have any impact on alumni behavior, the study finds that benefiters participate more in alumni-relations programs. This suggests that alumni behavior is established by the time employee leaves the firm. This is supported by the finding that time elapsed was not a significant discriminator between the two groups.

The usefulness of this model stems from the fact that firms can easily measure these variables and identify benefiters and non-benefiters. Alumni segmentation can then be used for targeting benefiters for marketing purposes. Moreover, firms can, through their policies, influence the behavior of alumni. For example, firms can encourage better participation by alumni in alumni-relations activities by suitably designing such activities.

This study also finds alumni's title at the time of leaving to be related to alumni behavior. Alternatively, this could be the result of length of stay with the firm. Still, the classification of alumni provides some valuable information. For example, only four out of 30 alumni who left as juniors benefited the firm. Hence, an alumnus's title at the time of leaving may also be used for segmenting the alumni and designing alumni relations programs. Similarly, classification of alumni based on their current occupation and job title would be very useful for the accounting firms.

CONCLUSIONS AND LIMITATIONS

It is important to recognize that many of the firms' policies toward their employees affect their behavior even after they leave the firm. From the marketing perspective, employees of the accounting firms should be viewed as prospective future customers. This would provide the firms with incentives to institute policies and procedures conducive to enhancing the identification of their employees and alumni. Firms can benefit from greater awareness of their alumni's potential as marketing contacts. This article emphasizes the various ways in which firms can improve their success in marketing directed toward their alumni. This study is an important addition to an area of research that has generally been neglected but is of great importance to firms during these times of increased competition.

This study illustrates the effectiveness of MDA to classify alumni into benefiters and non-benefiters. Using easily obtainable data, such as the length of stay with the firm, the model correctly classified 68 percent of the benefiters. Firms can attain much greater success in classification because they possess more information about their employees and alumni.

This study is subject to limitations inherent in survey methods of collecting data. There is a potential non-response bias. The data are self-reported and hence are not easily verifiable. It is possible that some important factors are omitted. For example, terms of departure, i.e., resignation or termination, may be an important variable. This type of information is available within the firms and can be used to segment the alumni more effectively. Similarly, there could be unmeasured indicators of benefit that are not captured. Future research could study other factors that may impact alumni's potential to benefit the firm, such as authority to contract with accounting firms and social status. We know very little about the effectiveness of various types of alumni-relations programs. Accounting firms can benefit from further research in this area. In addition, future research could collect data directly from the accounting firms on their personnel policies and study firm differences and their impact on employee as well as alumni behavior. Finally, very little research has been done on alumni of regional and local firms. It would be interesting to study such firms' practices with respect to alumni relations because alumni could be valuable to these firms, too.

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