

Economy-Driven Changes in Recruiting Practices

Essential Recommendations for Accounting Firms

By Lisa A. Owens-Jackson, Gwendolyn Highsmith-Quick, and Diana R. Robinson

In mid-2008, accounting ranked as one of the top five most recession-proof professions in a Jobfox report (“Top 20 Most Recession-Proof Professions,” <http://www.reuters.com/article/2008/07/14/idUS102886+14-Jul-2008+PRN20080714>). But between June 2008 and June 2009, the number of accounting jobs fell by more than 2%, according to the Bureau of Labor Statistics (<http://www.bls.gov/oes/2009/may/oes132011.htm>). The authors’ own interviews with national recruiters revealed that, on many college campuses, accounting firms cut recruiting numbers by as much as 50% over that period. Many large public accounting firms dropped permanent and intern recruiting by 10% to 15%. One firm reported having to rescind offers that had already been extended to and accepted by candidates.

As the economic climate improved in 2010, hiring numbers improved. In 2011, accounting firms placed among the top 10 entry-level employers: PricewaterhouseCoopers ranked fifth, KPMG placed sixth, and Ernst & Young ranked eighth (http://www.collegegrad.com/topemployers/2011_entry_level.php). In 2013, accounting firms and businesses plan to hire additional entry-level accounting, information systems, computer science, and business administration professionals.

During the economic downturn, the recruiting and hiring process was characterized by multiple qualified candidates vying for every open position. These recruiting challenges led large and small CPA firms to change their hiring practices; many firms have continued to rely on these modified practices because they improved hiring and firmwide productivity.

This article’s authors discussed hiring practices with three national recruiting



managers at three Big Four accounting firms, six Big Four regional recruiters, recruiting directors at two large national firms and three regional firms in the United States (two in the Southeast and one in the Northeast), and recruiters from several *Fortune* 500 companies (e.g., Abbott Laboratories, Caterpillar, GE, John Deere). Their insights can provide public accounting firms, corporations, and governmental agencies with advice on how to improve the recruiting pro-

cess. Each of the following four recommendations was supported by at least 25% of the individuals interviewed.

Use Assessment Measures to Direct Recruiting Efforts

Employers have adopted new measures to assess recruiting success and to strategically direct future recruiting efforts. They have long evaluated campuses and direct efforts based upon the number of

recruits that accept offers; however, they have changed their focus from short-term returns to long-term returns by establishing databases and monitoring the medium- to long-term performance of recruits. In addition, employers are concentrating more on long-term retention rates, rather than on hiring rates; they are examining their recruits' certification timetables, readiness for promotions, ability to adjust to change, and willingness to move to key markets. Furthermore, they are evaluating both universities and recruiting efforts based upon economic measures, such as costs per hire or costs per contact (which is calculated by dividing the total cost of a campus event by the number of attendees or resumes collected).

If colleges and universities are unable to generate a large pool of qualified accounting candidates, firms remove those universities from their recruiting lists. The definition of a qualified accounting candidate has also changed: firms are looking beyond initial technical qualifications and want candidates who can obtain certification quickly, who are willing to move to key markets rather than major cities, or who yield long-term return on hiring and training dollars. One regional firm indicated that it has stopped recruiting at two universities included in top 125 accounting programs because the hiring and retention rates dropped over multiple years.

Another regional firm, Dixon Hughes Goodman, expects two to five qualified candidates from a lead school each recruiting season. This firm has chosen lead schools primarily based upon location footprints—that is, the students have traditionally been willing to move to key office locations. All of the firms interviewed by the authors indicated that the demographics of an accounting program and a university's student population are of significant importance, because firms seek programs and universities that have expansive, diverse student bodies. The firms analyze the performance of college recruiting each year; their target school lists are constantly subject to change or reevaluation.

Use Internship Programs to Feed Permanent Hires

Another resounding theme among all firms is an effort to get serious as early in the recruiting process as possible. Career

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fairs—once considered unimportant—now represent a useful recruitment tool. Firms are paying attention to students' appearance and soft skills (e.g., initiating and maintaining a conversation) during such career fairs or other social events. Opportunities to see students in a more relaxed situation are invaluable because such preliminary observations enable firms to narrow their list of on-campus interviews, to limit the number of office visits, and to focus on internship and permanent recruiting efforts.

Internships have been considered fertile ground for hiring in the past. Many firms use interns to fill in key staffing holes. The large international firms surveyed indicated that they outsource repetitive tasks to overseas labor markets. This allows them to create more challenging internships and provocative initial assignments for new hires. Need and desire have caused regional firms to develop and provide rich internship experiences and responsibility-filled initial assignments. Decreased staffing resources prohibit them from indulging entry-level employees; all firms want their employees to hit the ground running and exhibit leadership and initiative.

The applicant-to-job ratio continues to represent one key problem for many employers. To address this, some have narrowed their hiring primarily to the intern pool. Considering the necessary qualifications, businesses identify viable candidates as early as the end of the students' freshman year. In addition, companies are directing students into case competitions, as well as encouraging them to take leadership or volunteer positions in various organizations. Companies reward students with financial incentives, ranging from a few hundred

dollars for textbooks to thousands of dollars in scholarship funding.

Although businesses used such tools in the past, they are now specifically directing these efforts and funds to preselected candidates; this helps create a good reputation among these students at lower cost. After nurturing this smaller pool of candidates, companies hire students during their sophomore year for administrative internships and during their junior year for technical and service assignments. The human resources departments of the medium-sized firms surveyed indicated that 80% to 90% of interns return as better permanent employees. Recruiters from three

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large firms revealed that more than 60% of the hiring is from intern pools and that 90% of interns will return with greater short-term productivity.

Build Long-Term Relationships with Universities

One of the resounding themes that arose in interviews with recruiters and human resources personnel was the need to recruit on key campuses that offer opportunities for recruiting success; however, each employer has its own definition of recruiting success. Every firm has a talent pipeline that

Firms depend upon faculty to make endorsements in the classroom and to give recruiting advice behind the scenes. They nurture relationships with faculty through periodic contact and resource assistance. For example, Deloitte builds faculty relationships in part by developing its “Trueblood” case series for faculty use and sponsoring conferences to update faculty on current regulations and events. KPMG sponsors faculty internships and fellowships in order to give faculty hands-on experience with current technology and modern auditing and tax procedures.

there to see our commitment, they cannot trumpet it to the students. This affects the campuses we recruit on.”

Increase Minimum Interview Standards and Apply Consistently

Finally, companies and firms have distinguished their starting candidate pool by increasing the minimum interview standards. For several years, positions in commercial banking and investment banking had all but dried up; finance, marketing, economics, and other business majors started taking accounting courses and applying for accounting positions. One corporate recruiter stated—

In large markets, we have an excess number of accounting applicants and also finance and economics applicants that could not find positions in once booming commercial and investment banking markets. The students in these other fields have taken or are willing to take additional accounting courses as electives to qualify for our positions.

This was a common theme heard among all the Big Four firms and several regional firms, with offices in Atlanta, Charlotte, Chicago, and New York. This signifies the increased competition within the profession.

According to national recruiters, many firms have raised the minimum GPA to 3.3 (from 3.0), and even to 3.5 (from 3.3) in competitive urban markets. In addition, firms are requesting transcripts prior to on-campus interviews and are examining students’ performance in accounting and business courses to discover any grade replacements or multiple attempts. Work experience, even if not professional experience, is a requirement.

For example, Ernst & Young indicated that 98% of its interns and permanent hires had work experience. Volunteer and non-professional experiences that provide many leadership opportunities and develop workplace skills are considered valuable. Candidates must exhibit true leadership; one of the primary indicators of leadership is holding a position as an officer in student organizations, rather than simply being a member.

Furthermore, many firms are looking for indicators of good ethics, such as membership in honors fraternities like Beta Alpha Psi and Beta Gamma Sigma. Some firms are checking applicants’ background, credit, and

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needs to be continually filled for the business to remain strategically and financially successful. Some firms nurture campus relationships by attending career fairs and volunteering to attend and support university events, even when they cannot afford to hire students. For example, Katie Tibbits of Johnson Lambert LLP indicated that staying visible on campus is key:

We have been more strategic and we are doing more planning earlier. We are talking to professors and asking the organizations to plan events around career fairs and scheduled on-campus visits. This limits travel cost, which is one of our biggest expenses. We send alumni to make presentations at events sponsored by Beta Alpha Psi, Accounting Societies, and the National Association of Black Accountants.

Other firms assign partners to key schools and make recruiting performance a part of the partner’s performance evaluation.

KPMG also gives faculty member access to their online continuing professional education (CPE) training. On a smaller scale, Dixon Hughes, a regional firm, invites faculty to firm-sponsored CPE sessions and appreciation events. Kim Bullard of Dixon Hughes Goodman stated, “We try to maintain our relationships in order to convince faculty and university placement officials—the front line for recruiting—to recommend and endorse us to top-tier students.”

All firms interviewed agreed that a key to maintaining faculty and administrative relationships is providing honest appraisals of the firm’s situation and future plans. Faculty members offer value to firms and credibility with the students only as long as their advice has validity. Firms also pay attention to faculty involvement on campus. One recruiter said, “At the banquets and meetings, faculty attendance and involvement is obvious. If the faculty members are not


even driving records. They are paying attention to and verifying claims made on resumes. For example, one recruiter said, "If a student indicates an expertise with Microsoft Word and Microsoft Excel, then we examine the formatting of the resume for the use of tabs and other Microsoft Word tools." Firms are starting early and doing up-front work in order to minimize failed hiring and improve the return on their recruiting dollars.

Achieving Strategic Success

As organizations continue to do more with less, pressure to hire and retain the best and the brightest in an efficient and cost-effective manner grows. In many accounting firms and companies, hiring practices have been revised or changed completely to improve the long-term strategic success of recruiting. Employers are seeing improvements in recruitment, while simultaneously reducing cost. Based on the authors' interviews with national and regional recruiters and with human resources managers, accounting firms and other organizations should consider implementing the four best practices detailed above in order to improve recruiting.

These changes in recruiting practices might lead faculty and university administrators to change their strategies for student placement. Employers want students to recognize the significant financial commitments necessary to support internships and hiring programs. Employers want to build sustainable relationships with universities that reflect a long-term exchange of economic resources for intellectual resources. If the employer-university relationship becomes one-sided, however, employers are committed to immediate and potentially permanent change. Universities and students need to anticipate and accommodate recruitment changes driven by the economy. □

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