

Employee Engagement in Public Accounting Firms

Getting Millennial Staff Excited about the Work Environment

By Hilda Carrillo, Joseph F. Castellano, and Timothy M. Keune

IN BRIEF

In a client-focused profession such as public accounting, it is critical to have engaged employees who represent the firm well and meet client needs. The authors present the results of a survey of CPAs to help understand the level of engagement in public accounting as well as potential drivers of low engagement.

Employee engagement is an important issue for leaders of organizations looking to foster a healthy and positive work environment. Engaged employees are excited and enthusiastic about their work, are strongly committed to the organization's mission and vision, and willing to go above and beyond their assigned duties (Lyndsey Havill, "A New Type of Engagement," *The CPA Journal*, July 2010, <http://bit.ly/2A5k9fu>). Employees who are not engaged simply show up and put in their time, exhibiting little in the way

of extra effort and not going out of their way to meet customers' needs. Actively disengaged employees go one step further and attempt to undermine the efforts of more engaged employees.

Engagement has been linked to such outcomes as lower turnover (Brad Shuck, Devon Twyford, Thomas G. Reio Jr., and Angie Shuck, "Human Resource Deployment Practices and Employee Engagement: Examining the Connection with Employee Turnover Intentions," *Human Resource Development Quarterly*, Summer 2014, <http://bit.ly/2xHBfhX>) and higher returns (Kevin Kruse, "What is Employee Engagement," *Forbes*, June 22, 2012, <http://bit.ly/2A3zEEx>). Engagement issues are also important in light of a *Gallup Business Journal* report which indicates that the levels of employee engagement in the United States have been stagnant in recent years (Amy Adkins, "Employee Engagement in U.S. Stagnant in 2015," January 13, 2016, <http://bit.ly/2z1Wz0y>). According to Gallup's report, only 32% of employees were engaged in 2015, while 51% were not engaged and 17% were actively disengaged.



Partners of public accounting firms clearly understand the importance of engaged employees, having spent much time and resources over the years to improve the workplace environment (e.g., see Bob Moritz, “The U.S. Chairman of PwC on Keeping Millennials Engaged,” *Harvard Business Review*, November 2014, <http://bit.ly/2A3UrYu>). There is surprisingly little research, however, on engagement levels among accountants within public accounting firms. This article presents the results of a survey on engagement in public accounting, with important implications for partners and managers.

Survey and Respondents

With the support of the Ohio Society

of CPAs, the authors collected 353 survey responses. Of the respondents, 18% were staff accountants, 17% were senior accountants, 18% were managers, and 47% were partners. Approximately 64% of respondents were male, and respondents were spread among international firms (26%), regional firms (26%), and local firms (48%). Most of the respondents were in audit service (38%), tax service (44%), or a combination the two (12%).

The survey included a set of 12 engagement questions, as well as 16 demographic and background questions. Respondents answered each of the 12 engagement questions on a five-point scale, ranging from “strongly disagree” to “strongly agree.” The

engagement questions were acquired from SurveyMonkey’s Employee Engagement Survey, which are very similar to questions used by the Society for Human Resource Management (“Employee Job Satisfaction and Engagement: Revitalizing a Changing Workforce,” 2016, <http://bit.ly/2gQvozN>). The additional questions asked respondents about time pressures they faced and the emotions they experienced at work, in order to further understand drivers of overall employee engagement.

Overall Engagement

For the purposes of this survey, an engaged respondent is defined as one who, on average, agrees or strongly agrees with the 12 engagement ques-

Exhibit 1
Engagement Responses by Question and Age Group

	30 and Under	Over 30
Q1: I am inspired to meet my goals at work.	85%	87%
Q2: I feel completely involved in my work.	82%	91%
Q3: I get excited about going to work.	34%	70%
Q4: I am often so involved in my work that the day goes by very quickly.	76%	91%
Q5: I am determined to give my best effort at work each day.	76%	92%
Q6: When at work, I am completely focused on my job duties.	50%	72%
Q7: In my organization, employees adapt quickly to difficult situations.	71%	65%
Q8: Employees here always keep going when the going gets tough.	73%	80%
Q9: Employees proactively identify future challenges and opportunities.	64%	56%
Q10: Employees in my organization take the initiative to help other employees when the need arises.	82%	82%
Q11: Employees here are willing to take on new tasks as needed.	84%	81%
Q12: Employees in my organization willingly accept change.	55%	60%

Note: Percentages represent the percentage of respondents who answered "agree" or "strongly agree."

tions; the findings indicate that 50.1% of all respondents are engaged. While this percentage of engagement for public accountants is higher than what Gallup reported in its survey of all industries, there are also warning signs. When analyzing engagement levels separately for respondents over and under age 30, the results indicate that only 39% of the younger group are engaged, compared to 55% of older respondents. The younger group roughly approximates the millennial generation, which Gallup found is less engaged at work than previous generations (Gallup, Inc., "How Millennials Want to Work and Live," 2016, <http://bit.ly/2xFXwvp>). Of the 12 engagement questions in the survey, the first six measure personal perceptions, while the remaining six measure perceptions of other employees within

the organization. Overall, for the six questions related to personal perceptions, millennials perceive themselves as much less engaged (41% engaged) than other respondents (71% engaged).

Exhibit 1 presents, by age group, the percentage of respondents who agreed or strongly agreed with each of the 12 engagement questions. The low engagement level related to personal perceptions among millennial respondents appears to be primarily driven by two questions: "I get excited about going to work," (Q3) and "When at work, I am completely focused on my job duties" (Q6). For Q3, only 34% of millennial respondents either agreed or strongly agreed, compared to 70% for older respondents. For Q6, only 50% of millennials agreed or strongly agreed, compared to 72% for older respondents. Another troubling result

is that nearly one-quarter (24%) of millennial respondents did *not* agree that they are determined to give their best effort at work each day (Q5). The percentages for each of the other engagement questions were similar for all respondents.

Overall, *Exhibit 1* suggests that millennials in public accounting want to perform well, but lack energy and enthusiasm for their jobs. In a client-centered profession, a lack of energy and enthusiasm can negatively affect attentiveness to the job and client needs.

When asked about their perceptions of others, the responses from millennials and older professionals were nearly identical (50% engaged overall for millennials versus 48% for other respondents). This is particularly interesting because the millennial respon-

dents not only appear to know that they lack excitement and focus for their jobs, but they also appear to believe that their colleagues are more engaged. Furthermore, older employees appear to know that they are motivated and engaged in their own jobs but do not perceive the same level of engagement from their millennial colleagues.

While the results suggest that many millennials in public accounting struggle with excitement about and focus on their jobs, it is important to understand the underlying reasons for the results. To provide more insight, the survey also included questions to determine whether time pressure is a potential driver for low employee engagement, since it is a frequent complaint in public accounting (Kenneth M. Hildebeitel, Bruce A. Leaby, and Joseph M. Larkin, "Job Satisfaction

Among Entry-Level Accountants,” *The CPA Journal*, May 2000, <http://bit.ly/2lBr10D>). In particular, participants were asked about their views on deadlines and billable hours, as well as the effects of time pressures on their emotions.

Time Pressure and Engagement

Time pressure is known to create stress. Research suggests that the biggest drivers of time pressure in public accounting are deadlines and time budgets (Loren Margheim, Tim Kelley, and Diane Pattison, “An Empirical Analysis of the Effects of Auditor Time Budget Pressure and Time Deadline Pressure,” *The Journal of Applied Business Research*, January 2011, <http://bit.ly/2iiKuhU>). Deadlines to complete audit reports or tax filings, for example, cause CPAs to work long hours in order to produce a deliverable by an agreed upon date. Time budgets add pressure by allotting a defined amount of time in which to complete tasks that are often complex. The stress created by deadlines and time budgets can lead to lower employee engagement due to their emotionally draining effect.

Billable hours also can be a source of time pressure, although perhaps less obvious than deadlines and time budgets. Many firms focus on billable hours for revenue and productivity purposes, which often leads to minimum requirements for billable hours from employees during busy season. Billable hours create stress and pressure for employees, which can decrease employee morale (Jason L. Ackerman, “How Value-Based Billing Helps Firm Culture,” *The CPA Journal*, February 2017, <http://bit.ly/2xHMvLe>).

The survey results indicate that time pressure is mainly attributable to deadline pressure. Not surprisingly, 90% of respondents feel time pressure from deadlines often or always during busy

Exhibit 2
Time Pressure by Age Group

	30 and Under	Over 30
During Busy Season:		
Feel time pressure from deadlines	45%	26%
Feel time pressure from billable hours	91%	90%
Outside of Busy Season:		
Feel time pressure from deadlines	43%	29%
Feel time pressure from billable hours	51%	59%

Note: Percentage of respondents who answered “often” or “always.”

season, while 57% feel time pressure from deadlines outside of busy season. In contrast, only 32% of respondents feel time pressure from billable hours often or always during busy season, and 33% outside of busy season.

feeling time pressure from billable hours, either during busy season or outside of busy season, had lower employee engagement; only 42% of respondents who felt this pressure are engaged, while 56% of respondents

Millennials feel significantly more time pressure from billable hours than respondents over 30, both during busy season and outside of busy season.

Perceptions also vary by age. As shown in *Exhibit 2*, millennials feel significantly more time pressure from billable hours than respondents over 30, both during busy season (45% versus 26%) and outside of busy season (43% versus 29%). There are no differences in how the age groups perceive time pressure from deadlines, as most respondents report feeling this time pressure at some point during the year.

Overall, respondents who reported

who did not feel this pressure are engaged. It appears that time pressure from billable hours may be at least partly responsible for low engagement, especially for millennials.

Emotions and Engagement

A 2012 study conducted by Dale Carnegie Training found that just five emotions drive engagement: “feeling valued, confident, inspired, enthused, and empowered are the key components that lead to engagement”

Exhibit 3
Frequency of Emotions by Age Group

	30 and Under	Over 30
Valued	51%	65%
Confident	60%	79%
Inspired	41%	49%
Enthusied	37%	56%
Empowered	46%	61%
In Control	35%	58%

Note: Percentage of respondents who answered “often” or “always.”

(“Emotional Drivers of Employee Engagement,” <http://bit.ly/2zmn99X>). In addition to these five emotions, respondents were asked about their feeling of being in control, as prior research found that individuals who feel pressure are more likely to feel

regardless of age, only 33% of respondents were engaged when they did not feel valued (often or always). The engagement percentages were even lower for millennials; for example, only 25% of millennials were engaged when they did not feel valued, and

ings of time pressure, millennial respondents are much less likely to feel positive emotions compared to other respondents; in particular, only 51% of millennial respondents report feeling valued at work often or always. The percentages are even lower for feelings of inspiration, enthusiasm, empowerment, and being in control. Finally, the results indicate that respondents who are less likely to feel at least one of these positive emotions are also less likely to be engaged—for example,

50% of the professional staff at the more than 500 firms surveyed had five years of experience or less, and while firms’ staffing numbers were increasing, the increases were primarily due to younger, less experienced hires (Platt Group/Inside Public Accounting, <http://bit.ly/2zVyutU>). In addition, the average turnover rate for public accounting firms with more than \$75 million in revenue was 17% in 2015; the low engagement levels for millennials highlighted in the survey suggest that turnover rates are likely to stay high unless firms can find ways to better engage millennials.

While the discussion so far has highlighted low engagement results, the survey results also indicate that public accounting firm partners may be able to improve engagement by targeting a few specific areas. If partners can take actions that, for example, help younger staff feel more excited, more valued, and more in control of their work, then younger employees will be more engaged and better able to withstand the stresses that come with time pressures.

Allow autonomy. Allowing younger staff to make decisions about their work can help them feel more in control, which is an important element of engagement. Even the authority to make small decisions, such as which of several tasks to work on first, can boost positive feelings. In addition, allowing younger staff members to occasionally work from home or another location provides a feeling of autonomy and control; making such a concession can lead to greater engagement (Gallup, Inc., “State of the American Workplace,” 2017, <http://bit.ly/2gQMvRg>).

Empower through personal development. Encouraging staff to develop knowledge or skills benefits both the firm and the employees. This is particularly true for millennials who, Gallup

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frustrated and that they are not in control (Teresa Amabile, Constance N. Hadley, and Steven J. Kramer, “Creativity Under the Gun,” *Harvard Business Review*, August 2002, <http://bit.ly/2hs3YRJ>). *Exhibit 3* presents the results.

The survey results reveal another potential reason for low engagement among millennials: Regardless of feel-

only 29% of millennials were engaged when they did not feel in control.

Implications

These results present a problem for CPA firms, as millennials make up an increasingly larger share of professionals. The 2015 Inside Public Accounting National Benchmarking Report found that, on average, between 40% and

reports, crave development opportunities (Gallup, “How Millennials Want to Work and Live”). In addition to regular training, periodically giving younger employees a few hours to do what they feel is important can not only ease the burden of time pressure, but also allow them to discover new interests and empower them to better serve clients. For example, time may be used to do in-depth research on a topic they find particularly interesting, engage in skill development, or perform community service that aligns with the firm’s core values.

Staff mentoring. Consider having mentors on each engagement. Mentoring is important for developing younger employees, but it can go beyond periodic one-on-one conversations. For example, occasionally including mentees in meetings and exposing them to client management can help younger staff to feel more confident in future client interactions and more valued overall.

Create support groups. Allowing younger staff to occasionally gather during work hours to share experiences and ask for advice on problems can help them feel supported. Support groups can also help staff members overcome challenges and issues on their own without having to involve upper management. Knowing that others face similar challenges boosts confidence, provides encouragement, and allows younger employees to feel more autonomous. Furthermore, this enables the organic growth of employees who will be future leaders.

Explain the bigger picture. Staff often only view a small slice of a client’s business and may not fully understand or appreciate the larger issues that are important to the client. By bringing younger staff up to speed on a client’s entire situation, managers and partners can help younger employees to feel more valued and better

understand how their work fits into the bigger picture. Providing a sense of purpose can motivate younger staff by helping them understand the macro-level impact of their work.

Create brainstorming opportunities. Whether at the office, department, or engagement level, consider providing staff with opportunities to brainstorm on real issues that the firm or client faces. Millennials are used to working in groups, and, in the authors’ experience, they relish the opportunity to think about real issues outside their normal routine. Such

in very small denominations, go a long way in demonstrating appreciation. Occasionally expressing gratitude publicly through announcements or e-mails to all employees can also improve engagement.

Advocate for corporate social responsibility. Millennials have a deep desire to do work that benefits society and may gain enthusiasm for their work if they appreciate the firm’s larger purpose. Partners and managers should make a point to frequently remind staff members of their role in society; for example,

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simple and short brainstorming sessions give younger staff the opportunity to provide unique perspectives to problems that may not have been previously considered. At a minimum, it gives younger employees a chance to think about an important issue and feel more involved, valued, and engaged.

Recognize effort. Recognition is an important confidence booster for younger employees. Recognizing and rewarding personal outcomes, such as effort and development, rather than firm outcomes, focuses attention on employees and stresses the importance of individual contributions. Partners and managers can get creative in expressing gratitude for hard work; for example, gift cards, even

management should frame the impact of auditors’ work as serving society by protecting the capital markets and ensuring that companies do business fairly. Similarly, management can highlight how tax accountants not only help clients save money that can be put to productive uses in society but also ensure that taxpayers pay their fair share to fund important governmental services. □

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