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## **Recruitment and Retention: Could Emotional Intelligence be the Answer**

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### **Abstract**

**Purpose** – The purpose of this study is to investigate the inability of accounting firms to retain adequate numbers of accountants by examining the relationship between emotional intelligence (EI) and job satisfaction among public accounting professionals.

**Design/methodology/approach** – The research Participants completed two self-report survey instruments: the Bar-On short version of the Emotional Quotient Inventory (EQ-i:S) to measure total emotional intelligence (EI), and the Job In General (JIG) to measure job satisfaction.

**Findings** – The results indicate that leaders of public accounting firms might consider using emotional intelligence and the EQ-i:S as a tool in the recruitment and selection process of accounting professionals to address the problem of accounting firms retaining adequate number of accounting professionals to meet current and future demand. Further study is recommended for examining the relationship between EI, a relatively new construct, and job satisfaction more thoroughly to provide a better understanding of the relationship.

**Keywords:** Accounting recruitment; emotional intelligence; job satisfaction

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**PsycINFO Classifications:** 3650

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## Introduction

Since the 1970s, organizations in the United States have struggled to recruit and retain employees within the accounting profession. The recruiting problem, specifically the challenge to fill the demand for accountants and auditors, continues to worsen (AICPA, 2013; Bloom & Myring, 2008; Bureau of Labour Statistics, 2012; Jinkens & Camillo, 2011). Projections indicate that the demand for accountants is likely to increase by 16% between 2010 and 2020 (AICPA, 2013; Jinkens, & Camillo, 2011). Business leaders expect the demand for accountants and auditors to increase due to the International Financial Reporting Standards and corporate compliance initiatives, such as and the Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act). The number of new accountants needed may be higher than projected unless current rates of accountant turnover are curtailed. The turnover at large firms was 17% in 2004 and 9% at smaller firms (Steadman, 2008), and higher in public accounting than in other fields (Moyes, Shao, & Newsome, 2008).

Turnover at public accounting firms has created a staffing crisis (Steadman, 2008). The staffing crisis is a significant challenge encountered within the accounting profession between 2002 and 2012 and will continue to be an area of concern.

The number one problem for CPA firms surveyed between 2001 and 2006 was staffing concerns, including recruitment and retention, according to the AICPA report, Management of an Accounting Practice. The staffing crisis will undermine the viability of accounting firms and will pose challenges to the ingenuity, resolve, and creativity of the profession (AICPA, 2008). Addressing the recruitment and retention problems will occur through increased hiring of accounting professionals and organizations satisfying the needs of the employees to retain the most qualified professionals. To address the challenge and ensure the success of accounting firms, leaders need to identify additional methods for retaining accountants to offset some of the demand for new employees in the profession.

## Background

The discussion how nontechnical and emotional skills relate to careers of accounting professionals is relatively new. Few research studies have been conducted regarding accountants' emotional skills, also sometimes referred to as interpersonal skills (Akers & Porter, 2003), soft skills (AICPA, 2008), or generic skills. In one study, 20% of the success in a career was attributable to intelligence: the capacity to reason, understand, and learn. The remaining 80% of career success was attributable to the capacity to be aware of oneself and interact with others (Kirch, Tucker, & Kirch, 2001).

Job satisfaction is related to numerous important work outcomes, including productivity and retention. Because job satisfaction contributes to job retention, understanding factors contributing to accountants' job satisfaction may help address the retention problems.

As part of the solution to meet the increasing demand for accountants, accounting firm leaders and internal audit departments need to hire quality workers who show the best potential to fit the job positions to maximize retaining accounting professionals (Bloom & Myring, 2008; Brundage & Koziel, 2010). Workers who match the position will have increased likelihood to be committed to the organization, thereby having increased job satisfaction and job performance, decreased employee turnover, and decreased intention to leave.

Job fit for accounting professionals may require more than technical accounting skills. Studies conducted by accounting associations indicate that besides technical skills, other abilities such as communication, problem-solving, critical thinking, and negotiation are

equally important in job success (AICPA, 2008). Accounting professionals looking to grow and progress in their careers will continue to need strong technical skills, but increasingly need soft skills, which include interpersonal skills, verbal, written, and presentation capabilities.

Interpersonal skills are important for accounting professionals because an accountant needs to interact with people while performing his or her job (Akers & Porter, 2003). Accountants must be able to interact with potential clients to sell their services, and to communicate with both government and nongovernment officials with whom the accountants have to contend as part of the job. Accordingly, accountants who do not have strong interpersonal skills may feel uncomfortable with the daily duties, and thus, experience low satisfaction with the job.

The ability to manage stress may be another soft skill contributing to job satisfaction among public accountants. The accounting profession is a stressful profession (Collins & Killough, 1992; Sweeney & Summers 2002). Accountants need to be able manage complex and stressful situations through effective planning, organizing, leading, and controlling. As part of managing complex situations, accounting professionals have to respond effectively to various stakeholders, both inside and outside the institutions.

The demanding work environment, including long hours of work, has caused accountants excessive stress, especially during completion of month-end reports and during tax return season. The effects of excessive stress include reduced job satisfaction, job tension, increased desire to leave the organization, and turnover (Collins & Killough, 1992).

Reuben Bar-On defined emotional intelligence (EI) as a range of competencies, noncognitive capabilities, and skills that influence an individual's ability to be successful in coping with environmental pressures and demands. Emotional intelligence is a set of skills important to personal development that employers value. Stress management, an EI skill, plays a large role in organizational life that may allow accountants to improve performance in areas including decision-making, leadership, and client relations as well as the integrity to gather and maintain accurate financial records. Stress management and interpersonal skills are vital for successful careers as professional accountants, as recognized by the Institute of Management Accountants and the AICPA (Akers & Porter, 2003; Esmond-Kiger, Tucker, & Yost, 2006). Accountants who lack emotional skills, such as interpersonal and stress management skills, may be at an increased risk for low job satisfaction. Emotional intelligence encompasses both interpersonal skills and stress management.

## Research

This research is motivated by the staffing crisis which is a significant challenge within the accounting profession and how it will undermine the viability of accounting firms and will pose challenges to the ingenuity, resolve, and creativity of the profession.

Research indicates job satisfaction is related to retention, and a link exists between EI and job satisfaction in jobs that require higher levels of emotional functioning. The accountant's role requires higher levels of emotional functioning (Akers & Porter, 2003), yet evidence that EI relates to job satisfaction among accounting professionals did not exist. One potential solution to the inability of accounting firms to retain adequate numbers of accountants is to consider building EI measures into the accountant selection process.

The research question addressed in the study: To what extent, if any, does a relationship exist between total EI and job satisfaction among accounting professionals?"

## Methodology

To address the research question, the author used two survey instruments and demographic questions. All data collection occurred through quantitative responses to self-report instruments. Emotional intelligence was measured using the Bar-On short version of the Emotional Quotient Inventory (EQ-i:S). The EQ-i:S is a 51-item self-assessment instrument designed to measure an individual's EI behaviour (see Table 1 for examples of EQ-i:S survey questions). The EQ-i:S has a Likert-style response scale ranging from 1, very seldom or not true of me, to 5, very often true of me or true of me. Calculating the total EI score consists of summing scores on the five composite scales: Intrapersonal, Interpersonal, Adaptability, Stress Management, and General Mood. Each scale consists of sub-scales, for a total of 15 sub-scales. A high total score or a high score on any individual scale indicates a high level of emotional and social competency.

The sampling frame, provided by the New York State Society of CPAs (NYSSCPA), consisted of CPAs and accounting professionals employed in CPA firms. The NYSSCPA selected only accounting professionals who were employed in CPA firms from among their 28,000 members. The NYSSCPA emailed the subset of 5,129 CPAs and accounting professionals employed in CPA firms. The survey was performed and the sample information was received in the spring 2013.

To stimulate a high response rate, the introductory email included a letter explaining the importance of the research and the steps for participation. A follow up email would have also been sent, if necessary, to increase the response rate. The NYSSCPA would have sent a second email, if necessary, one week after the initial invitation as a reminder requesting participation if the initial email did not yield the minimum required number of participants. The matching and exclusion of missing values resulted in a sample size of 78 from the 85 total participants. Data collection closed after the number of participants reached the desired sample size, which limited the response rate to 1.7% of the 5,129 accounting professionals surveyed.

Study participants were asked seven demographic questions about their age, gender, current employment as a public accountant, ethnicity, time employed in current position, time employed in public accounting, and type of work performed. Exhibit 1 includes a summary of the sample demographics. The results indicate that more than half of the participants were less than 40 years old. Slightly less than one-third of the participants (30.8%) were between 20 and 29 years. A little over one-quarter were between 30 and 39 years (28.2%). Only 6.4% participants were over 60 years. With more than half of the participants (59.0%) being 39 years old or less, indicates the sample was dominated by younger participants. The NYSSCPA could not provide demographic information to determine if each age category of the participants was accurately represented in the current study. The Trends Report (AICPA, 2011) provided access to demographics of the population for gender, race, and type of work performed.

In the current study, the number of male participants (52.6%) was slightly higher than the number of female participants (47.4%). In the Trends Report (AICPA, 2011), the demographics for gender were 55% male and 45% female which was consistent with the results of the current study. The overwhelming majority of participants (89.7%) in the current study were White or Caucasian. The percentage of White or Caucasian participants in the current study was higher than the percentage (79%) reported in Trends Report (AICPA, 2011) for the similar category. The percentages of Blacks or African Americans and Hispanics or Latinos in the study were consistent with the Trends Report. The proportion of minorities (10.3%) in the study sample were underrepresented in the current study. The Asian (1.3%) category was the most underrepresented category compared to the Trends

Reports (11%). There is no reason to believe minorities would be unrepresented in NYSSCPA. The unrepresentation of minorities in the sample appears to be an artifact of purposive sampling among NYSSCPA.

More than half of the participants (52.6%) were employed in their current position for 2-5 years, 16.7% were employed in current position for 6-10 years, and 16.7% were employed in their position for over 15 years. A little less than one-third of participants (32.1%) were employed in public accounting for over 15 years, 28.2% for 2-5 years, 24.4% for 6-10 years, and 14.1% for 11-15 years.

In the current study, most participants (47.4%) performed audit work. The next most frequent work type was taxation, reported by 32.1% participants. The demographics reported by assignment in the Trend Report (AICPA, 2011) for auditing and assurance services (52%) and taxation (25%) was somewhat consistent with the results of the current study.

**Table 1:**  
*Sample Characteristics*

Characteristic	Percent
<b>Age</b>	
20-29 years	30.8
30-39 years	28.2
40-49 years	16.7
50-59 years	17.9
Over 60 years	6.4
<b>Gender</b>	
Male	52.6
Female	47.4
<b>Ethnicity</b>	
Hispanic or Latino	2.6
White or Caucasian	89.7
Black or African American	2.6
Asian	1.3
Other	3.8
<b>Time employed in current position</b>	
Less than 1 Year	9.0
2-5 Years	52.6
6-10 Years	16.7
11-15 Years	5.0
Over 15 Years	16.7
<b>Time employed in public accounting</b>	
Less than 1 Year	1.2
2-5 years	28.2
6-10 years	24.4
11-15 years	14.1
Over 15 years	32.1
<b>Type of work perform in firm</b>	
Taxation	32.1
Audit	47.4
Forensic accounting	5.1
Consulting	9.0
Other	6.4

## Results

Accounting professionals working in public accounting took the EQ-i:S to measure their EI. Scores were calculated for interpersonal EI factor, stress management EI factor, and total EI. Multi-Health Systems, Inc. calculated the total EI score by converting raw scores to standard scores. Individuals whose standard scores are between 85 and 115 is within average range and represents effective EI skills (Bar-On, 2002). Participants whose standard scores are above 115 have enhanced emotional and social intelligent behaviours. The scoring for the EQ-i:S is similar to IQ tests. Results revealed public accounting professionals scored somewhat below average ( $M = 100$ ) on interpersonal EI factor ( $M = 96.96$ ). The participants scored somewhat above the average ( $M = 100$ ) on stress management EI factor ( $M = 104.69$ ). The participants' mean total EI score ( $M = 96.56$ ) was almost the same as the average.

The results indicated a positive and significant effect of total EI on job satisfaction indicating that increased total EI brings more job satisfaction. The results indicated that as total EI increases, job satisfaction increases as well. As expected, emotional intelligence was found to be positively associated with and a significant predictor of job satisfaction. Furthermore, participants' scores indicate that EI employees experience greater job satisfaction.

The results of the study indicated a positive and significant relationship between interpersonal EI factor and job satisfaction. The results indicated that as interpersonal EI factor increases, job satisfaction increases as well. While the current study could not establish causality, a positive and significant relationship exists between the interpersonal EI factor and job satisfaction. The correlations imply that individuals who managed and understood emotions well were more satisfied with the job than individuals who did not manage and understand his or her emotions.

The results of the study whether a relationship exists between stress management EI factor and job satisfaction among accounting professionals yielded mixed results. The lack of relationship between stress management EI and job satisfaction in the current study is surprising due to a majority of the participants indicating they worked in taxation or auditing which both have pressures and stress to complete assignments by deadlines.

In the current study, a positive and significant relationship between total EI and job satisfaction and between the interpersonal EI factor and job satisfaction among public accountants working in certified public accounting firms limited to New York who are members of the NYSSCPA, a homogeneous sample. The relationship between EI and job satisfaction might only be significant to the homogeneous sample of public accountants working in CPA firms limited to New York who are members of the NYSSCPA.

Perhaps the relationship between EI and job satisfaction may, at least to some extent, depend on the participants' occupation. The current study is the first study that measured the relationship between EI and job satisfaction among accounting professionals working in public accounting. The assumption in the current study was job satisfaction is a function of an individual's disposition (such as EI); thus, in the current study, accounting professionals have the predisposition to having more satisfaction with their job regardless of job environment or working conditions.

## Practical Applications

Job satisfaction is a contributing factor in job retention. An accountant's intent to remain in the industry was directly related to job satisfaction; thus, factors that contribute to job

satisfaction have implications for job retention (Rahim & Afsa, 2001,). Firm leaders' need to identify factors associated with job satisfaction in order to understand how to retain employees.

Employees who have emotional skills are more apt to experience job satisfaction than those without the emotional skills. Since a relationship exists between EI and job satisfaction, employers could use EI measures in pre-employment screenings to identify individuals with high EI, who consequently, may have increased likelihood to be satisfied with the job and remain in the accounting profession. Job satisfaction is one contributing factor in job retention. Understanding factors contributing to job satisfaction may facilitate understanding of how to retain individuals.

Job satisfaction is important to retain and meet the demand for accountants. It is important for leaders of accounting firms to continue to identify factors that contribute to job satisfaction and retention of their employees. Leaders at accounting firms need to know how to identify candidates who are likely to be satisfied with their positions and how to increase the satisfaction of currently employed accountants to increase the retention of accountants. The current study has practical applications for the steps leaders at public accounting firms might take to meet the demand for accounting professionals. Given the positive and significant relationship between total EI and job satisfaction, leaders of accounting firms should consider building EI measures into the accountant selection process in order to better retain public accountants. The results of the current study could be significant by providing the necessary foundation to assist accounting leaders and human resource personnel to address the problem of accounting firms retaining adequate number of accounting professionals to meet current and future demand.

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