

# The Factors that Affect Accountants' Decisions to Seek Careers with Big 4 versus Non-Big 4 Accounting Firms

Penelope L. Bagley, Derek Dalton, and Marc Ortegren

**SYNOPSIS:** Finding qualified accounting staff has consistently been a top issue facing CPA firms. However, little is known about the factors that influence accountants' decisions to seek careers with different types of firms. In our paper, we use [Ajzen's \(1991\)](#) theory of planned behavior to examine the reasons why some accountants seek careers at Big 4 firms, while other accountants seek careers at non-Big 4 firms. We survey accounting students and find that attitudes, subjective norms, and perceived behavioral control each influence firm-choice decisions. To provide additional insight into our results, we survey accounting professionals from Big 4 and non-Big 4 accounting firms. We find that, overall, students' perceptions, while more limited, are similar to those of accounting professionals. Further, we find that accounting professionals provide a number of insightful comments that offer several important implications for accounting firms. Finally, we assess whether accounting professionals perceive that certain types of accounting students are more likely to succeed at Big 4 versus non-Big 4 firms, and whether recruiting efforts are consistent with these perceptions.

**Keywords:** theory of planned behavior; firm selection; career decision; Big 4 firms.

**Data Availability:** Data are available upon request.

## INTRODUCTION

Since its inception in 1998, the CPA Firm Top Issues Survey, administered by the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA), has frequently reported that finding qualified staff is either the number one or number two issue facing CPA firms. Further, the most recent CPA Firm Top Issues

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Survey indicates that finding qualified staff remains a top-five issue (AICPA 2009).<sup>1</sup> Recruiting qualified accounting staff is a challenging process for most firms (Gladden and Beed 2007). In particular, recruiting the best and brightest accounting students who are qualified to pursue careers at either Big 4 or non-Big 4 accounting firms is an intensely competitive endeavor (Kimmell et al. 2008; Violette and Chene 2008). Yet, despite the importance of recruiting to accounting professionals, little academic research has examined this issue from the students' perspective. In our paper, we examine the reasons why some accounting students seek careers at Big 4 firms, while other accounting students seek careers at non-Big 4 firms, defined as large national and smaller regional/local firms.

We employ two experiments to address our research question. In Experiment One, we use Ajzen's (1991) theory of planned behavior (TPB) to examine the underlying factors that distinguish accounting students who plan to pursue careers with Big 4 firms from those who plan to pursue careers with non-Big 4 firms. Similar to other studies that have relied upon the TPB (Bobek and Hatfield 2003; Bobek et al. 2007; Cohen et al. 2010), Experiment One is completed in two phases. In the first phase, the belief elicitation phase, accounting students identify a number of different beliefs regarding the advantages and disadvantages of working for Big 4 versus non-Big 4 accounting firms. The beliefs are then incorporated into a questionnaire that measures the components of the TPB. In the second phase of the experiment, we administer the questionnaire to an additional group of accounting students. We use structural equation modeling to analyze the questionnaire responses and assess the ability of the TPB to predict the decision to pursue careers with Big 4 and non-Big 4 firms.

For Experiment Two, we survey accounting professionals to provide additional insight into our Experiment One results. In particular, we examine whether professionals' beliefs regarding the advantages and disadvantages of Big 4 and non-Big 4 firms coincide with the students' perceptions. We also assess the primary reasons why accounting professionals select their respective firms. Finally, we assess whether accounting professionals perceive certain types of accounting students as more likely to succeed or fit in at Big 4 versus non-Big 4 firms, and whether recruiting efforts are consistent with these perceptions.

Our Experiment One results indicate that, consistent with the TPB, attitudes, subjective norms, and perceived behavioral control each influence the decision to seek careers at Big 4 versus non-Big 4 firms. More specifically, students who plan to pursue careers with Big 4 firms (i.e., Big 4 job seekers), relative to those who plan to pursue careers with non-Big 4 firms (i.e., non-Big 4 job seekers), believe Big 4 firms are more prestigious and offer better training, resulting in more favorable attitudes toward Big 4 firms. Big 4 job seekers also report greater levels of social pressure (i.e., subjective norms) to pursue careers with Big 4 firms. In addition, Big 4 job seekers believe they are more capable (i.e., have higher perceived behavioral control) to pursue careers at Big 4 firms. Further, because some students may not be qualified to pursue careers with Big 4 firms, we control for student grade point average (GPA) and find that our results are robust for academically qualified students. Finally, we find that Big 4 and non-Big 4 job seekers weight the importance of job characteristics differently. In particular, Big 4 job seekers place more importance on firm prestige relative to non-Big 4 job seekers, who place more emphasis on firm atmosphere (stress), firm tone (serious or casual), and work-life balance. In total, the results of our first experiment help answer the question of why some accountants seek careers with Big 4 firms, while other accountants seek careers with non-Big 4 firms.

<sup>1</sup> The PCPS CPA Firm Top Issues Survey, administered biannually, gathers information from a variety of professionals in an effort to identify the most critical issues facing CPA firms (AICPA 2009).

In Experiment Two, we find that accounting professionals identify many of the same advantages and disadvantages of Big 4 and non-Big 4 accounting firms as do accounting students; however, professionals report several additional advantages and disadvantages not mentioned by students. Further, consistent with student respondents, when making the initial decision to pursue a career with an accounting firm, Big 4 respondents indicate they placed more emphasis on prestige, while non-Big 4 respondents indicate they placed more emphasis on firm atmosphere and work-life balance. We also find that the importance of certain job characteristics changes over time for accounting professionals. For example, professionals from Big 4 and non-Big 4 accounting firms indicate that prestige and firm recognition are significantly less important now than they were initially in their careers; in contrast, firm atmosphere and work-life balance are currently more important.

Finally, we also assess whether accounting professionals believe that students who place a higher priority on prestige (work-life balance) would be more likely to succeed and fit in at Big 4 (non-Big 4) accounting firms. We find that both Big 4 and non-Big 4 professionals believe that individuals who place more emphasis on prestige (work-life balance) are more likely to succeed and fit in at Big 4 (non-Big 4) accounting firms. Correspondingly, professionals at Big 4 firms and national non-Big 4 firms indicate they are more likely to recruit students who place more emphasis on prestige, whereas professionals at local firms indicate they are more likely to recruit students who place more emphasis on work-life balance. Professionals at regional firms are equally likely to recruit both types of students.

The remainder of the paper is organized as follows. The second section of the paper discusses prior research, provides a discussion of the TPB, and develops the hypotheses. The third section describes the methodology for the first experiment. The fourth section discusses the Experiment One results. The fifth section describes the methodology for the second experiment. The sixth section presents the results for Experiment Two. The final section discusses the implications and limitations of our findings.

## HYPOTHESES DEVELOPMENT

### Factors that Influence the Employment Decision

According to the CPA Firm Top Issues Survey, finding qualified staff has consistently been identified as one of the top issues facing accounting firms (AICPA 2009). Prior research offers some insight into this issue by investigating the most important factors that accountants consider when making employment decisions (e.g., Carpenter and Strawser 1970; Stolle 1977; Kochanek and Norgaard 1985). For example, Kimmell et al. (2008) find that employment choices are most affected by firm reputation, firm size, genuine concern for employees, and a friendly work atmosphere. Prior research has not, however, examined why some accountants seek employment with Big 4 firms and other accountants seek employment with non-Big 4 firms.

Work-life balance may be a particularly important factor involved in firm-choice decisions, as research indicates that younger accountants place a higher priority on work-life balance than previous generations (Lewison 2006; Gold 2010). Prior accounting research has examined a wide range of work-life balance issues (Almer et al. 2003; Almer and Kaplan 2002; Pasewark and Viator 2006; Cohen and Single 2001; Almer et al. 2004; Johnson et al. 2008); however, prior research has not examined the impact of work-life balance on employees' firm-choice decisions. As noted by Almer and Single (2007, 72), "work-life balance issues" are one of the primary reasons why senior and staff accountants are leaving larger public accounting firms; thus, students may perceive that smaller, non-Big 4 firms have better work-life balance. At the same time, however, many of the Big

4 firms receive positive press for their work-life balance initiatives (e.g., Silverman 2011; Greenhouse 2011; Lewison 2006; *Fortune* 2011). Thus, it is not readily apparent what effect, if any, work-life balance will have on firm-choice decisions. To address this unresolved question, we extend prior research by examining the impact of work-life balance on the initial employment decision. Furthermore, we examine a number of additional factors that may affect firm-choice decisions.

### Factors that Influence the Hiring Decision

Prior research has also investigated employment issues from the firm's perspective. In particular, prior research has examined factors that influence the hiring decision and subsequent success in the profession. GPA, communication skills, professional appearance, extracurricular activities, and work experience each affect the hiring decision (Lewis et al. 1983; Dinius and Rogow 1988; Ahadiat and Smith 1994). Further, while gender does not appear to influence the hiring process (Almer et al. 1998; Almer and Christensen 2008), age has been shown to affect the hiring decision, as older students are judged less favorably than younger students across several dimensions (Almer and Christensen 2008).<sup>2</sup>

Other research has examined factors that influence perceived success in public accounting. Kirsch et al. (1993) find that both students and recruiters identify interpersonal skills and the ability to perform routine tasks as important factors for success. Students, however, place more importance on communication skills, while recruiters place more importance on the ability to aggressively seek responsibility. Anderson et al. (1994) examine the influence of several demographic variables on perceived success in public accounting, and find that accounting professionals who are female, in poor physical health, or married with children are perceived as less likely to succeed in public accounting. We add to this line of literature by assessing whether accounting professionals perceive that students who place more of an emphasis on certain job characteristics (e.g., work-life balance, prestige, etc.) are more likely to succeed at Big 4 or non-Big 4 accounting firms, and whether recruiting efforts are consistent with these perceptions.

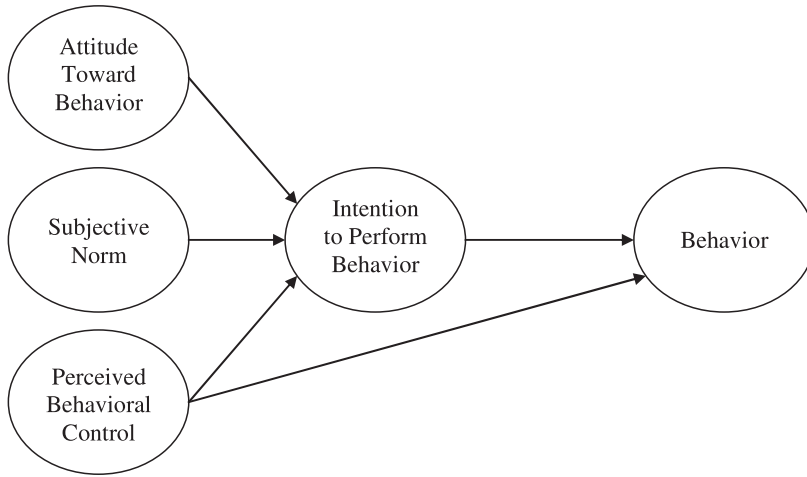
### The Theory of Planned Behavior

We use the TPB to examine why some accountants seek careers at Big 4 versus non-Big 4 accounting firms. The TPB is a social psychology model commonly used to predict behavior (Ajzen and Madden 1986). Within accounting research, the TPB has been used to predict the selection of accounting as a major (Cohen and Hanno 1993), ethical decision making of public accountants (Buchan 2005), tax return compliance (Bobek and Hatfield 2003; Hanno and Violette 1996), decisions to violate GAAP (Carpenter and Reimers 2005), CFO intentions of fraudulent financial reporting (Gillett and Uddin 2005), reasons why taxpayers prefer refunds (Bobek et al. 2007), and managers' unethical behavior in corporate fraud cases (Cohen et al. 2010).

According to the TPB, behavior is a function of perceived behavioral control and behavioral intentions (Ajzen 1991; Ajzen and Madden 1986). The stronger the intention to engage in a behavior, the more likely an individual will actually engage in that particular behavior. Behavioral intentions, then, are contingent on three factors: (1) attitudes toward the behavior, (2) subjective

<sup>2</sup> The factors that influence the hiring decision collectively capture the perceived fit between firms and students. In our study, we capture perceived fit in an overarching manner by asking accounting students to assess whether they have the academic credentials to gain employment with different accounting firms.

**FIGURE 1**  
**The Theory of Planned Behavior**



Source: Ajzen (1991).

norms, and (3) perceived behavioral control. See Figure 1 for a graphical representation of the TPB. Each of the TPB constructs is discussed in more detail below.

### *Attitude*

Ajzen (1991, 188) characterizes an attitude as the “degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question.” The attitude measure is calculated as follows:

$$A \propto \sum b_i e_i.$$

Attitude toward a behavior ( $A$ ) is a function of the product of belief likelihoods ( $b$ ) and outcome evaluations ( $e$ ). Belief likelihoods refer to the perception regarding the likelihood that a specific outcome will occur if the behavior under question is performed. For example, some accounting students may perceive a high likelihood that they would have a better work-life balance if they worked for a non-Big 4 accounting firm. Outcome evaluations refer to the extent that particular outcomes are evaluated either positively or negatively. For instance, some may judge the outcome “having a job which has nice work-life balance” as very important, while others may place less emphasis on the benefits of work-life balance. The product of a particular belief likelihood and its associated outcome evaluation represents an individual attitude.

As recommended by prior research, we use a belief elicitation procedure to identify attitudinal beliefs that explain accountants' decisions to seek employment at Big 4 and non-Big 4 accounting firms (Ajzen and Fishbein 1980; Bobek and Hatfield 2003; Bobek et al. 2007). Overall, we expect that the attitudinal beliefs will influence the decision to seek employment with Big 4 and non-Big 4 accounting firms, leading to the following hypothesis:

**H1:** Attitudes will affect accountants' decisions to pursue careers with Big 4 and non-Big 4 accounting firms.

### *Subjective Norms*

Subjective norms refer to an individual's perception of social pressure to perform or not perform a behavior (Ajzen 1991). Friends, family members, coworkers, and other individuals can all influence an individual's choice to engage or not engage in a particular behavior. The TPB posits that when an individual believes that important others support or advise a particular behavior, the individual is more likely to engage in that behavior. Consistent with the TPB, we anticipate that accountants' decisions to pursue careers with Big 4 and non-Big 4 firms will be influenced by the perceived social pressure of important others (e.g., professors, fellow students, family members, etc.). Therefore, we propose the following hypothesis:

**H2:** Subjective norms will affect accountants' decisions to pursue careers with Big 4 and non-Big 4 accounting firms.

### *Perceived Behavioral Control*

Perceived behavioral control (PBC) refers to an individual's belief regarding the degree of difficulty required to perform the behavior of interest (Ajzen 1991). In the belief elicitation procedure discussed below, accounting students reported beliefs that Big 4 firms require long hours and have stressful working environments. Therefore, some accountants may feel incapable of working for a Big 4 firm due to the long hours or stressful conditions. Further, some accountants may feel that they lack the academic credentials necessary to gain employment at Big 4 firms. Consequently, these accountants might choose to pursue careers with non-Big 4 firms due to a lack of PBC. Consistent with the TPB, we propose the following hypothesis:

**H3:** Perceived behavioral control will affect accountants' decisions to pursue careers with Big 4 and non-Big 4 accounting firms.

The preceding hypotheses predict that overall attitudes, subjective norms, and perceived behavioral control will each affect firm-choice decisions. However, it is important to note that each of the three TPB factors (i.e., attitudes, subjective norms, and perceived behavioral control) comprises several individual beliefs. For example, even though attitudes are measured by one overall measure, accounting students will likely have multiple individual beliefs regarding the advantages and disadvantages of Big 4 and non-Big 4 accounting firms. To assess which of the individual beliefs differentiate Big 4 job seekers from non-Big 4 job seekers, we compare Big 4 job seekers' individual beliefs with those of non-Big 4 job seekers and add the following research question:

**RQ:** What individual beliefs will differentiate Big 4 job seekers from non-Big 4 job seekers?

## RESEARCH METHODOLOGY: EXPERIMENT ONE

### **Belief Elicitation Procedure**

To form our measures of attitudes and perceived behavioral control, we identify beliefs regarding the advantages and disadvantages of Big 4 and non-Big 4 accounting firms by completing a belief elicitation procedure similar to those performed in prior research (Bobek et al. 2007; Bobek and Hatfield 2003; Cohen et al. 1994; Cohen and Hanno 1993; Ajzen and Fishbein 1980). Specifically, we ask participants to identify advantages and disadvantages of working for Big 4 versus non-Big 4 firms. We next categorize these responses and incorporate



the most commonly reported answers into a questionnaire that is later used to measure the TPB factors.

We employ 34 graduate students enrolled in a Master's of Science in Accounting (MSA) program at a large public university<sup>3</sup> to complete the belief elicitation procedure.<sup>4</sup> To complete the procedure, participants were first asked to list the perceived advantages and disadvantages of working for Big 4 firms. Next, participants were asked to list the advantages and disadvantages of working for non-Big 4 firms.<sup>5</sup> Once all of the responses were compiled, two coders independently categorized the responses into Big 4 advantages, Big 4 disadvantages, non-Big 4 advantages, and non-Big 4 disadvantages. Inter-rater agreement was 91.61 percent, and all differences were mutually resolved.<sup>6</sup>

The results from the belief elicitation procedure are reported in Table 1. Our results indicate that the most commonly reported disadvantages of Big 4 firms are similar to the most commonly reported advantages of non-Big 4 firms, and *vice versa*. For example, commonly reported disadvantages of Big 4 firms include "more stress," "problems with work-life balance," and "a highly competitive working environment," which are similar to the following commonly reported advantages of working for non-Big 4 accounting firms: "less stress," "a better work-life balance," and "a better working environment." Consequently, to avoid overlapping responses, Table 1 reports only the advantages and disadvantages of Big 4 firms.

The most commonly reported advantages of working for Big 4 firms include prestige (52.94 percent), compensation and benefits (50.00 percent), and networking/future job opportunities (47.06 percent). In contrast, the most commonly reported disadvantages of working for Big 4 firms include too many hours (64.71 percent), stressful/too competitive (58.82 percent), and working environment (i.e., less personal or friendly, 41.18 percent). We use the results from the belief

<sup>3</sup> Participants in both the belief elicitation procedure and Experiment One are from the same large public university. The university has an enrollment of over 30,000 students, with 175 undergraduate accounting students and over 100 graduate accounting students. Based on recruiting information from 2008–2010, 81.6 percent of the students who go through the formal recruiting process receive internship offers, which typically lead to full-time employment offers. Of those receiving internship offers, approximately 60 percent of the internship offers are with Big 4 firms, and the remaining 40 percent are with regional and local firms. In total, our student participants represent a broad range of accounting firm job seekers, thus, supporting the generalizability of our results.

<sup>4</sup> This study uses 34 participants to complete the belief elicitation procedure, which is comparable with prior research that uses 32 participants (Bobek et al. 2007) and 43 participants (Bobek and Hatfield 2003) to complete the belief elicitation procedure. The MSA students were given extra credit for completing the belief elicitation procedure. To avoid any priming effects, none of the MSA students completed the actual experiment in this study. Compared with undergraduate accounting students, MSA students are potentially more cognizant or familiar with the advantages and disadvantages of accounting firms given that they have had increased exposure to the firms through the recruiting process. Consequently, MSA students are ideal participants for the belief elicitation procedure.

<sup>5</sup> Originally, MSA participants were asked to separately list the advantages and disadvantages for both national non-Big 4 firms (i.e., RSM McGladrey, Grant Thornton, etc.) and local/regional firms. The reported advantages and disadvantages of national non-Big 4 firms were consistent with the reported advantages and disadvantages of local/regional firms. Further, these responses were distinctly different from the reported advantages and disadvantages of Big 4 firms. Therefore, we combined the responses for national non-Big 4 firms and local/regional firms under the category of non-Big 4 firms.

<sup>6</sup> All coding for Experiment One and Experiment Two was done independently by two of the three authors. The coding process was as follows. For each question requiring coding, one author completed the coding and created approximately 30 categories of responses. The second author then independently coded responses into the same 30 categories. Upon completion, both authors discussed the coding categories and further condensed the categories into those provided in Tables 1, 7, and 8. Then, each coder updated his or her independent coding to reflect the condensed categories. Finally, inter-rater agreement was calculated and the coders mutually resolved all differences.

**TABLE 1**  
**Belief Elicitation Results**

	Responses <sup>a</sup>	
	Number <sup>b</sup>	Percentage <sup>b</sup>
Big 4 Advantages		
Prestige	18	52.94%
Compensation and benefits	17	50.00%
Networking/future job opportunities	16	47.06%
Larger clients	13	38.24%
Better training	10	29.41%
Experience in variety of industries	8	23.53%
Opportunity for international business experience	7	20.59%
Better resources	6	17.65%
Big 4 Disadvantages		
Too many hours	22	64.71%
Stressful/too competitive	20	58.82%
Working environment (i.e., less personal or friendly)	14	41.18%
Less exposure to the full audit	7	20.59%
Too much travel	6	17.65%
Large offices	6	17.65%
Fewer opportunities for advancement	3	8.82%

<sup>a</sup> Belief elicitation procedure was completed by 34 MSA students. Participants were asked to provide advantages and disadvantages of working for Big 4 versus non-Big 4 accounting firms. The reported advantages of Big 4 firms were similar to the reported disadvantages of non-Big 4 firms, and *vice versa*. Therefore, only Big 4 advantages and disadvantages are reported.

<sup>b</sup> Participants were asked to list more than one advantage and disadvantage. As a result, the number and percentage of people that listed each advantage and disadvantage are presented.

elicitation procedure to compose both the attitude and perceived behavioral control measures applied in the main experiment described next.

## Participants

One hundred fifty-five upper-level undergraduate accounting students from a large public university participated in our main experiment.<sup>7</sup> The participants were enrolled in either an undergraduate auditing course and/or an intermediate II accounting course. None of the students had yet accepted an internship or job offer with an accounting firm. Consequently, by using these students as participants, we limit any initial biases that students may have toward particular accounting firms. Demographic data for the participants are presented in Table 2.<sup>8</sup>

<sup>7</sup> There were 167 participants in our original participant pool. Ten participants were removed for failing to respond to the dependent variable. Further, two participants were removed because they had already been through recruiting and accepted employment offers, thus, resulting in a final sample size of 155.

<sup>8</sup> Four participants failed to complete the debriefing questionnaire; therefore, demographic data presented in Table 2 are based on responses from 151 participants.



**TABLE 2**  
**Student Participant Demographics<sup>a</sup>**

Gender	
Male	53.0%
Female	47.0%
Age	
<20	4.0%
20–22	80.1%
>22	15.9%
Interested in Public Accounting	
Yes	78.1%
No	21.9%
Interested in Big 4 Firms <sup>b</sup>	
Yes	45.0%
No	55.0%

<sup>a</sup> Demographic percentages are based on responses from 151 participants. Of the 155 participants in our final sample, four failed to complete the debriefing questionnaire which included questions about demographic information. Age is based on 150 participant responses.

<sup>b</sup> All participants were asked to respond to the question regarding interest in Big 4 firms, regardless of their response to the question regarding interest in public accounting.

### Instrument

The questionnaire used in this study asks participants to compare Big 4 firms with non-Big 4 firms using the following scenario:<sup>9</sup>

Tim is a senior accounting major. After completing several interviews with different accounting firms, Tim recently received two internship offers. One of the offers is from a Big 4 firm, and the other offer is from a national non-Big 4 firm. Tim must make a decision about which of the two firms to select. If you had to make a decision between working for a Big 4 firm or a national non-Big 4 firm, what would you do?

Immediately following the scenario description, participants are asked to respond on a seven-point Likert scale to the following question that serves as our dependent variable: “What is the likelihood that you would accept the offer with the Big 4 firm?,” where 1 = unlikely and 7 = likely.<sup>10</sup> Participants then answer questions that serve as our measures of attitudes, subjective norms, and perceived behavioral control.

<sup>9</sup> In the scenario included in the text, accounting students are asked to make a decision between a Big 4 firm and a national non-Big 4 firm. We also had accounting students make a decision between a Big 4 firm and a local firm. In untabulated results, the results remain consistent. In the interest of brevity, we did not ask participants to make a decision between a Big 4 firm and a regional firm.

<sup>10</sup> The dependent variable was phrased from the perspective of a Big 4 firm. To avoid redundancy, we did not include a second dependent variable phrased from the perspective of a non-Big 4 firm, but instead assume that a small response for the dependent variable is indicative of a participant wanting to pursue a career with a non-Big 4 firm. Alternatively, a small response for the dependent variable could be indicative of someone who simply does not wish to pursue a career in public accounting. To account for this alternative explanation, we reran the analysis excluding any participant who does not plan on pursuing a career in public accounting. The results remain unchanged.

We develop our measure of attitudes from the eight most commonly reported advantages of working for Big 4 firms (see Table 1). For each of these eight attitudinal beliefs, the participant responds to two statements: a belief likelihood statement and an outcome evaluation statement. For example, a commonly reported advantage of a Big 4 firm is prestige. The belief likelihood for prestige is measured by the following statement: "Big 4 firms are more prestigious than national non-Big 4 firms," where 1 = strongly disagree and 7 = strongly agree. The associated outcome evaluation is measured by the following statement: "Having a job which has a high amount of prestige is . . .," where -3 = very bad and 3 = very good. The product of a particular belief likelihood and its associated outcome evaluation represents an individual attitude. A larger product indicates a more favorable attitude toward Big 4 firms.<sup>11</sup>

Subjective norms are measured by asking participants to respond to four statements, anchored by 1 = strongly disagree and 7 = strongly agree: (1) my family would recommend that I work for the Big 4 firm, (2) my friends would recommend that I work for the Big 4 firm, (3) most people I know would recommend that I work for the Big 4 firm, and (4) the important people in my life would recommend that I work for the Big 4 firm. Higher assessed values indicate more social pressure to pursue careers with Big 4 firms.

Our measure of perceived behavioral control is based primarily on the most commonly reported disadvantages of Big 4 firms. As reported in Table 1, the three most commonly reported disadvantages of working for Big 4 firms include too many hours, stressful/too competitive, and working environment (i.e., less friendly or personal). Each of these disadvantages could make it difficult for an individual to pursue a career at a Big 4 firm, thus, limiting perceived behavioral control. Further, some students may feel that their lack of a graduate degree or a sufficient GPA would preclude them from working at a Big 4 firm, thus, also affecting perceived behavioral control. Consequently, perceived behavioral control is measured by the following five statements, measured on a seven-point Likert scale, where 1 = strongly disagree and 7 = strongly agree: (1) the stress of a Big 4 firm would make it difficult for me to work at a Big 4 firm, (2) a Big 4 firm would require too many hours, (3) I might not have the credentials (i.e., GPA and graduate degree) necessary to gain employment at a Big 4 firm, (4) a non-Big 4 firm would provide a better working atmosphere, and (5) the long hours of a Big 4 firm would require too much effort. Higher values for these questions indicate less perceived behavioral control to pursue employment with a Big 4 firm.<sup>12</sup>

## RESULTS: EXPERIMENT ONE

### Structural Equation Model

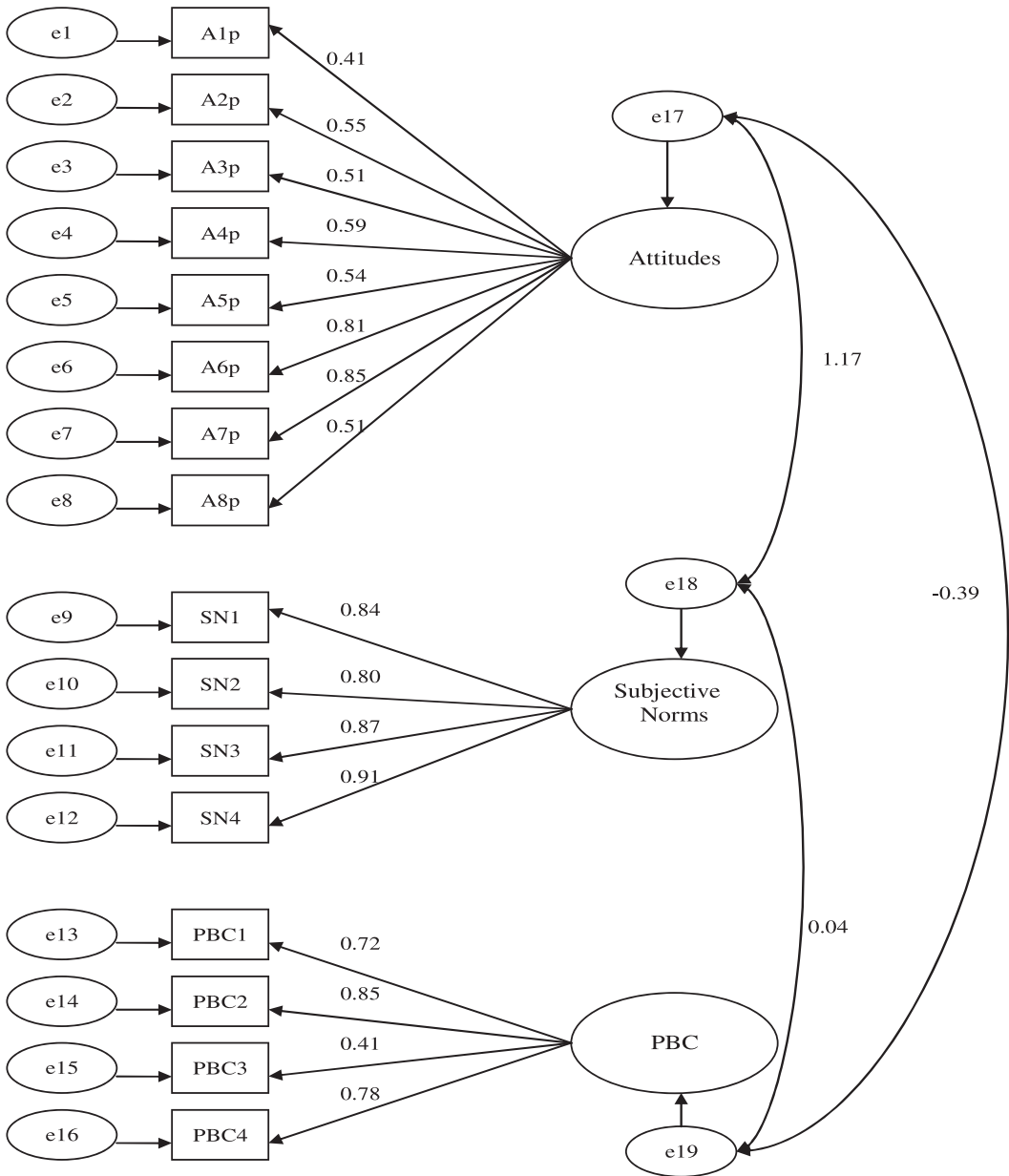
To evaluate the hypotheses, we employ a structural equation model (SEM), as modeled by AMOS, a SEM-based software program. We use confirmatory factor analysis to estimate our measurement model in the first phase of our analysis. Our final measurement model and its fit indices are presented in Figure 2. We deleted PBC5 (i.e., a non-Big 4 firm would provide a better working environment) from the initial model because of a low item reliability and a low standardized loading (standardized path coefficient = -0.17,  $p = 0.05$ ). The removal of PBC5 resulted in a revised Cronbach's  $\alpha$  for the perceived behavioral control measure of 0.76. No items

<sup>11</sup> Similar to our study, prior research has also measured attitudes as the product of participant responses to belief likelihood statements and outcome evaluation statements (Cohen and Hanno 1993; Cohen et al. 1994; Hanno and Violette 1996; Bobek and Hatfield 2003).

<sup>12</sup> PBC measures whether an individual perceives that he or she is capable of pursuing a career at a Big 4 firm; however, there are also minimum GPA requirements an individual must obtain in order to pursue a career at a Big 4 firm. Therefore, we control for GPA in the robustness analysis presented later in the paper.

**FIGURE 2**

**Final Measurement Model and Standardized Loadings**



Cov(e18, e19):  $p = 0.83$ ; Cov(e17, e19):  $p = 0.06$ ; all other paths significant at  $p < 0.01$  level.

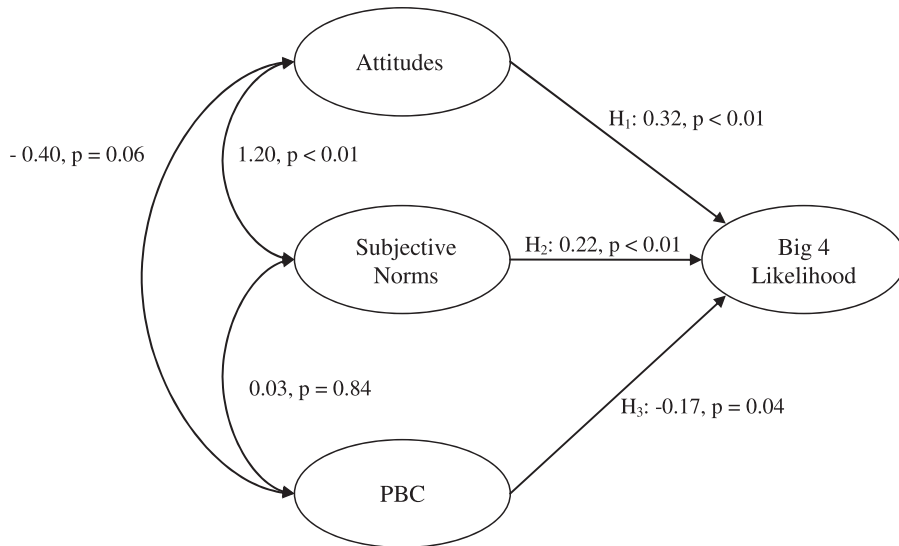
Model Chi-square = 201.73 (df = 101,  $p < 0.01$ ).

Chi-square/df = 2.00.

Comparative Fit Index = 0.91.

Root Mean Square Error of Approximation = 0.08.

**FIGURE 3**  
**Standardized Path Coefficients of Structural Model**



Model Chi-square = 232.06 (df = 114,  $p < 0.01$ ).

Chi-square/df = 2.04.

Comparative Fit Index = 0.90.

Root Mean Square Error of Approximation = 0.08.

were removed from the attitudes or subjective norms measures. Cronbach's  $\alpha$  for the attitudes and subjective norms measures are 0.82 and 0.91, respectively.

The fit indices for our measurement model indicate a satisfactory fit. Our root mean square error of approximation (RMSEA = 0.08) and comparative fit index (CFI = 0.91) each fall within acceptable threshold levels (Browne and Cudeck 1993; Hu and Bentler 1999). Further, our Chi-square to degrees of freedom ratio of 2.00 achieves the 2-to-1 ratio, as recommended by Carmines and McIver (1981).

### Structural Model

We estimate the structural model in the second stage of analysis. Results for the SEM model are presented in Figure 3. Like the measurement model, the structural model has adequate fit statistics. In particular, the RMSEA (0.08) and the CFI (0.90) meet the recommended threshold levels (Browne and Cudeck 1993; Bentler 1990; Hu and Bentler 1999).

As predicted by H1, attitudes significantly influence accountants' decisions to pursue careers with Big 4 and non-Big 4 accounting firms. In particular, attitudes have a positive effect on the likelihood of accepting a job offer from a Big 4 firm (standardized coefficient = 0.32,  $p < 0.01$ ). Implicit in this result is that individuals consider such things as salary and benefits, networking opportunities, and the quality of training and professional experience in arriving at a decision when choosing between Big 4 and non-Big 4 accounting firms.

Consistent with H2, subjective norms also significantly affect accountants' decisions whether to pursue careers with Big 4 versus non-Big 4 firms. Subjective norms are positively related to the

likelihood that an individual would accept a job offer from a Big 4 firm (standardized coefficient = 0.22,  $p < 0.01$ ). More specifically, individuals who feel that others (e.g., family members, friends, important people, etc.) would recommend a Big 4 firm were more likely to accept a job offer from a Big 4 firm, indicating that social pressure influences firm-choice decisions.

We find that perceived behavioral control is negatively related to the likelihood of accepting an offer from a Big 4 firm (standardized coefficient =  $-0.17$ ,  $p = 0.04$ ). This finding supports H3, which predicts that perceived behavioral control will affect the decision to pursue careers at Big 4 and non-Big 4 accounting firms. Our results indicate that the stress level and long hours associated with Big 4 firms, as well as the additional academic credentials necessary to gain employment with Big 4 firms, decrease the likelihood of working for Big 4 firms.

### Robustness of Findings

We validate the robustness of our SEM-based findings using a linear regression model. To assess whether gender or age affects firm-choice decisions, we include both variables in the analysis. Further, given that GPA may limit an individual's decision to pursue a career at a Big 4 firm, we also control for participant GPA in the following model:

$$\text{Big4Likelihood} = \beta_0 + \beta_1 \text{Attitudes} + \beta_2 \text{SubNorms} + \beta_3 \text{PBC} + \beta_4 \text{Age} + \beta_5 \text{GPA} + \beta_6 \text{Gender} + \varepsilon,$$

where:

*Big4Likelihood* = participants' self-reported likelihood of accepting a job offer from a Big 4 accounting firm;

*Attitudes* = attitudes toward Big 4 accounting firms (sum of attitude beliefs);

*SubNorms* = subjective norms (sum of subjective norm beliefs);

*PBC* = perceived behavioral control (sum of perceived behavioral control beliefs);

*Age* = age of participants;

*GPA* = self-reported grade point average; and

*Gender* = gender of participants, coded such that 1 equals female and 0 equals male.

Our regression results are presented in Table 3. When only the TPB variables are included in the analysis, we find that both *Attitudes* and *SubNorms* are positively related to participants' likelihood of accepting an offer from a Big 4 accounting firm ( $p < 0.01$  and  $p = 0.01$ , respectively). Further, *PBC* is negatively related to participants' likelihood of accepting an offer from a Big 4 accounting firm ( $p = 0.03$ ). These results corroborate the results of our SEM analysis. When *Age*, *GPA*, and *Gender* are added to the model, *Attitudes* and *SubNorms* remain significant at the 0.05 level, and *PBC* becomes marginally significant ( $p = 0.08$ ). Further, *Age* is marginally significant ( $p = 0.08$ ), indicating that older students may be less likely to pursue careers at Big 4 public accounting firms.<sup>13</sup>

### Additional Analyses

Our research question addresses the individual beliefs that differentiate Big 4 job seekers from non-Big 4 job seekers. To evaluate the research question, Table 4 reports separate variable

<sup>13</sup> Our regression analysis includes all 151 participants; however, we also performed our analysis using only students academically qualified to pursue a career with a Big 4 firm. Based on conversations with partners and senior managers at several Big 4 firms, we use a 3.3 GPA as the cutoff to classify academically qualified accounting students. We note that 107 of the 151 participants met the 3.3 GPA threshold. In untabulated results, the results for this subsample of academically qualified students remain consistent with the full sample.

**TABLE 3**  
**Regression Analysis Results**

**Panel A: TPB Variables Only**

$$Big4Likelihood = \beta_0 + \beta_1 Attitudes + \beta_2 SubNorms + \beta_3 PBC + \varepsilon.$$

Variable	Estimate	t	p-value
Constant	4.08	8.37	<0.01
<i>Attitudes</i>	0.02	4.41	<0.01
<i>SubNorms</i>	0.05	2.82	0.01
<i>PBC</i>	-0.05	-2.18	0.03
Adjusted R <sup>2</sup>		0.25	

**Panel B: TPB and Control Variables**

$$Big4Likelihood = \beta_0 + \beta_1 Attitudes + \beta_2 SubNorms + \beta_3 PBC + \beta_4 Age + \beta_5 GPA + \beta_6 Gender + \varepsilon.$$

Variable	Estimate	t	p-value
Constant	4.79	3.40	<0.01
<i>Attitudes</i>	0.02	4.45	<0.01
<i>SubNorms</i>	0.05	2.42	0.02
<i>PBC</i>	-0.04	-1.77	0.08
<i>Age</i>	-0.05	-1.84	0.08
<i>GPA</i>	0.09	0.25	0.80
<i>Gender</i>	0.003	0.01	0.99
Adjusted R <sup>2</sup>		0.25	

responses for Big 4 job seekers and non-Big 4 job seekers<sup>14</sup> across each of the indicants used to measure the TPB variables (i.e., attitudes, subjective norms, and perceived behavioral control). Big 4 job seekers, relative to non-Big 4 job seekers, believe that Big 4 firms are more prestigious ( $p = 0.02$ ) and that Big 4 firms provide better training ( $p < 0.01$ ). Further, non-Big 4 job seekers agreed more strongly with each of the perceived behavioral control items. Specifically, non-Big 4 job seekers were more likely to believe that Big 4 firms require too many hours, are too stressful, and offer a less desirable working atmosphere. Also, non-Big 4 job seekers were less confident that they would have the credentials (i.e., graduate degree and GPA) necessary to pursue a career with a Big 4 firm. Finally, Big 4 job seekers reported larger responses for each of the subjective norms items, indicating that Big 4 job seekers perceive greater levels of social pressure to pursue careers with Big 4 firms.

To further address our research question, we assess whether Big 4 job seekers systematically weight certain job characteristics more (or less) heavily than non-Big 4 job seekers. Specifically, we

<sup>14</sup> Participants are grouped based on their answer to the following yes/no question, which is asked in the debriefing questionnaire: "Are you planning on going to work for a Big 4 firm?" For additional analysis, we also split the non-Big 4 job seekers group into the following two groups: national non-Big 4 job seekers and local job seekers. In untabulated results, there were no significant differences between these two groups. Consequently, Table 4 groups national non-Big 4 job seekers with local job seekers under the category non-Big 4 job seekers.



**TABLE 4**  
**Descriptive Statistics for Measures of TPB**

Question Description <sup>a</sup>	Variable Name	Mean	(S.D.)	Planning on Big 4? <sup>b</sup>		
				Yes	No	p-value
How likely to accept Big 4 offer?	Dependent	5.43	(1.49)	6.19	4.81	<0.01
Better long-term earnings potential at a Big 4 firm.	A1	4.70	(1.26)	4.76	4.64	0.54
Big 4 firms are more prestigious than non-Big 4 firms.	A2	5.01	(1.37)	5.29	4.78	0.02
Big 4 firms would provide more networking opportunities.	A3	5.13	(1.44)	5.26	5.01	0.29
Big 4 firms would provide better training.	A4	3.97	(1.52)	4.51	3.52	0.00
Big 4 firms would provide better resources.	A5	4.81	(1.28)	4.78	4.84	0.76
Big 4 firms would provide greater opportunity to work on large clients.	A6	5.27	(1.46)	5.34	5.22	0.61
Big 4 firms would provide greater opportunity to work on clients in different industries.	A7	4.51	(1.52)	4.56	4.47	0.72
Big 4 firms would provide greater opportunity for international business experience.	A8	5.40	(1.27)	5.19	5.58	0.06
My family would recommend that I work for the Big 4 firm instead of the non-Big 4 firm.	SN1	3.81	(1.96)	4.26	3.43	0.01
My friends would recommend that I work for the Big 4 firm instead of the non-Big 4 firm.	SN2	3.90	(1.81)	4.21	3.65	0.06
Most people I know would recommend that I work for the Big 4 firm instead of the non-Big 4 firm.	SN3	4.14	(1.74)	4.44	3.89	0.05
The important people in my life would recommend that I work for the Big 4 firm instead of the non-Big 4 firm.	SN4	3.87	(1.66)	4.25	3.57	0.01
The stress of a Big 4 firm would make it difficult to work at a Big 4 firm.	PBC1	3.84	(1.51)	3.32	4.27	<0.01
Big 4 firms would require too many hours.	PBC2	4.03	(1.46)	3.59	4.39	<0.01
The long hours of a Big 4 firm would require too much effort.	PBC3	3.42	(1.37)	3.18	3.61	0.05
I might not have the credentials necessary to gain employment at a Big 4 firm.	PBC4	3.62	(1.88)	3.27	3.92	0.04
A non-Big 4 firm would provide a better working atmosphere.	PBC5	3.38	(1.32)	3.69	3.13	0.01

<sup>a</sup> All variables were measured on a seven-point Likert scale, where 1 = unlikely (strongly disagree) and 7 = likely (strongly agree).

<sup>b</sup> These columns report the means of the variables for a total of 151 participants who answered Yes (n = 68) or No (n = 83) to the following question included in the debriefing questionnaire: "Are you planning on going to work for a Big 4 firm?"

asked participants to rate the importance of the following six job characteristics<sup>15</sup> on a seven-point Likert scale, where -3 = very unimportant and 3 = very important: salary and compensation, firm prestige, recognition of working for a prestigious firm, firm atmosphere (i.e., high stress or low stress), tone (i.e., serious or casual), and work-life balance. Table 5 presents the job characteristics and importance levels for Big 4 and non-Big 4 job seekers.

<sup>15</sup> These job characteristics represent the most commonly reported advantages and disadvantages of Big 4 firms, as reported in Table 1.

**TABLE 5**  
**Importance of Job Characteristics**

Characteristic	Average Likert Scale Responses <sup>a</sup>			
	Yes <sup>b</sup>	No <sup>b</sup>	t	p-value
Salary and compensation	2.04	2.05	-0.03	0.98
Firm prestige	1.63	0.64	4.80	<0.01
Recognition of working for prestigious firm	1.44	0.60	3.53	<0.01
Firm atmosphere/stress level	1.71	2.08	-1.96	0.05
Tone of firm	1.35	1.77	-1.96	0.05
Work-life balance	1.99	2.30	-1.80	0.08

<sup>a</sup> Characteristics were rated using a seven-point Likert scale, where -3 = very unimportant and 3 = very important.

<sup>b</sup> These columns report the means of the variables for a total of 151 participants who answered Yes (n = 68) or No (n = 83) to the following question included in the debriefing questionnaire: "Are you planning on going to work for a Big 4 firm?"

The mean scale response, in both groups, for each of the job characteristics is significantly greater than the scale midpoint, indicating that participants in both groups believe, on average, that each of the six job characteristics is an important factor in selecting potential accounting firms. Our analysis indicates that Big 4 job seekers weight certain job characteristics differently from non-Big 4 job seekers. Specifically, Big 4 job seekers place more importance on firm prestige ( $p < 0.01$ ) and recognition of working for a prestigious firm ( $p < 0.01$ ), while non-Big 4 job seekers place more weight on firm atmosphere ( $p = 0.05$ ) and firm tone ( $p = 0.05$ ).

## RESEARCH METHODOLOGY: EXPERIMENT TWO

### Participants

To administer the survey in Experiment Two, we used personal and university contacts to solicit participation from a wide range of accounting firms. Most of the firm contacts indicated that they would distribute the survey to several of their coworkers.<sup>16</sup> Two hundred sixty-two accounting professionals participated in our survey, including 48 from Big 4 firms, 39 from national firms, 88 from regional firms, and 87 from local firms. Geographically, the respondents were employed in a wide range of states, including Georgia, Illinois, Missouri, North Carolina, Pennsylvania, South Carolina, Texas, and Virginia.<sup>17</sup> The surveys were administered online using Qualtrics, a survey-based software package. Additional demographic data for the accounting professionals are presented in Table 6.

### Instrument

The survey in Experiment Two first asks participants to provide beliefs regarding the advantages and disadvantages of working for Big 4 accounting firms. Once all of the responses

<sup>16</sup> We used a snowball sampling technique in which firm contacts were asked to complete the survey and then distribute the survey to other accounting professionals in their respective offices. As a result, we are unable to determine how many surveys were actually distributed. Thus, similar to other studies that use snowball sampling techniques (Schneider and Church 2008), we are unable to calculate a response rate.

<sup>17</sup> South Carolina respondents completed 118 surveys; North Carolina respondents completed 77 surveys; Pennsylvania respondents completed 35 surveys; Georgia respondents completed 22 surveys; and the remainder of the surveys was completed by respondents from Illinois, Missouri, Virginia, and Texas. Further, no more than 20 surveys were completed by any one particular office, thus, enhancing the overall generalizability of our findings.

**TABLE 6**  
**Accounting Professional Demographics**

	<u>Frequency<sup>a</sup></u>	<u>Mean or Percent (Std. Dev.)</u>
Gender		
Male	131	52.2%
Female	120	47.8%
Age		33.0 (11.3)
Years of Accounting Experience		8.3 (10.0)
Firm Size		
Big 4	48	18.3%
National	39	14.9%
Regional	88	33.6%
Local	87	33.2%
Rank		
Associate	70	28.3%
Senior	77	31.2%
Manager	40	16.2%
Senior Manager	38	15.4%
Partner	22	8.9%
Department		
Audit	127	50.8%
Tax	97	38.8%
Other	26	10.4%

<sup>a</sup> The final sample consisted of 263 participants. One or more participants did not answer each question.

were compiled, two coders independently categorized the responses into Big 4 advantages and disadvantages. Inter-rater agreement was 85.37 percent, and all differences were mutually resolved. Next, the survey asks accounting professionals to assess the importance of several job characteristics currently, as well as initially in their careers. Participants also assess whether accounting students who prioritize certain job characteristics (e.g., prestige versus work-life balance) are more likely to succeed or fit in at Big 4 versus non-Big 4 firms, and whether their firm recruiting efforts are consistent with these perceptions. Finally, the survey asks accounting professionals to indicate why they selected their current firm of employment. Two coders independently categorized the firm selection responses; inter-rater agreement was 96.54 percent, and all differences were mutually resolved.

## RESULTS: EXPERIMENT TWO

### Perceived Advantages and Disadvantages of Big 4 Accounting Firms

As discussed above, we ask accounting professionals to provide their beliefs regarding the advantages and disadvantages of Big 4 accounting firms. The results are presented in Table 7.

**TABLE 7**  
**Belief Elicitation Results**  
**Professional Participants**

	Responses <sup>a</sup>	
	Number <sup>b</sup>	Percentage <sup>b</sup>
<b>Big 4 Advantages</b>		
Prestige	196	74.52%
Larger clients	114	43.35%
Networking/future job opportunities	100	38.02%
Compensation and benefits	90	34.22%
Better resources	65	24.71%
Better training	65	24.71%
More diverse experience	53	20.15%
Opportunity for international business experience	45	17.11%
Mobility/more offices	33	12.55%
Travel opportunities	33	12.55%
Specialization opportunities	15	5.70%
<b>Big 4 Disadvantages</b>		
Too many hours	161	61.22%
Less diverse experience	100	38.02%
Too much travel	81	30.80%
Stressful/too competitive	73	27.76%
Working environment (i.e., less personal or friendly)	70	26.62%
Fewer opportunities for advancement	50	19.01%
Large offices	39	14.83%
Large clients	29	11.03%
Compensation and benefits	15	5.70%
Fewer offices	11	4.18%

<sup>a</sup> The belief elicitation procedure was completed by 263 practicing accountants. Participants were asked to provide advantages and disadvantages of working for Big 4 versus non-Big 4 accounting firms. The reported advantages of Big 4 firms were similar to the reported disadvantages of non-Big 4 firms, and *vice versa*. Therefore, only Big 4 advantages and disadvantages are reported.

<sup>b</sup> Participants were asked to list more than one advantage and disadvantage. As a result, the number and percentage of people that listed each advantage and disadvantage are presented.

Overall, professionals' perceptions of the advantages and disadvantages of Big 4 accounting firms are largely consistent with the accounting students' perceptions reported earlier. For both professionals and students, prestige, larger clients, networking/future job opportunities, and compensation/benefits are the most frequently reported advantages of working for Big 4 firms. Likewise, for both professionals and students, work environment, the time commitment (i.e., too many hours), and the stressful/competitive atmosphere are the most commonly reported disadvantages of working for Big 4 firms. While professionals and students identified many of the same advantages and disadvantages, the professionals provided several unique perceptions not reported by the students. Specifically, only the professionals reported advantages such as "SOX 404 exposure" and "highly qualified peers," and disadvantages such as "you feel expendable and average at a Big 4," "you may only get to work on a couple clients each year at a Big 4 firm," and "you can gain more of the skills necessary for self-

**TABLE 8**  
**Participants' Reasons for Selecting Current Firm**

	Responses <sup>a</sup>	
	Number <sup>b</sup>	Percentage <sup>b</sup>
<b>Big 4 Participants</b>		
Recruiting experience	21	43.75%
Prestige	16	33.33%
Networking/future job opportunities	13	27.08%
Compensation and benefits	6	12.50%
Location	5	10.42%
Working environment	5	10.42%
Larger clients	4	8.33%
Market leader	1	2.08%
Opportunity for international business experience	1	2.08%
Private company services at large firm	1	2.08%
Unsure	1	2.08%
<b>Non-Big 4 Participants</b>		
Working environment	85	39.72%
Fewer or more flexible hours	60	28.04%
Recruiting experience	46	21.50%
Location	25	11.68%
Compensation and benefits	24	11.21%
Diversity of experience	23	10.75%
Opportunities for advancement	14	6.54%
Reputation and prestige	18	8.41%
Client size and quality	10	4.67%
Prior experience with firm	10	4.67%
Less travel	8	3.74%
Resources and training	3	1.40%
More involved role at work	4	1.87%

<sup>a</sup> Survey instruments were completed by 48 Big 4 accountants and 214 non-Big 4 accountants.

<sup>b</sup> Participants were asked to list at least one reason that they chose to work for their current firm. Some participants did not answer this question at all. The number and percentage of people that listed each reason are presented.

employment at a non-Big 4 firm.” Given that the students never mentioned these advantages and disadvantages, accounting students may be less aware of them. Consequently, accounting firms may benefit from noting some of the lesser-known advantages during the recruiting process.

### Reasons for Choosing CPA Firms

To provide additional insight into why some accountants seek careers at Big 4 firms while others seek careers at non-Big 4 firms, we ask professionals to list reasons why they chose to pursue careers at their respective firms. As reported in Table 8, both Big 4 and non-Big 4 respondents frequently report the recruiting experience as an important reason for firm selection. However, other frequently mentioned factors differ between Big 4 and non-Big 4 respondents. In particular, Big 4 respondents list prestige and firm recognition as the primary factors for firm selection, whereas non-

Big 4 respondents list working environment and fewer hours (i.e., better work-life balance) as the primary factors in firm selection.<sup>18</sup> These results are largely consistent with the student responses reported earlier.<sup>19</sup>

### Importance of Job Characteristics

As with student participants, we asked professionals to rate the importance of the following six job characteristics on a seven-point Likert scale, where  $-3 =$  very unimportant and  $3 =$  very important: salary and compensation, firm prestige, recognition of working for a prestigious firm, firm atmosphere (i.e., high stress or low stress), tone (i.e., serious or casual), and work-life balance. Panel A of Table 9 compares the students' responses with the professionals' responses. In Column 1 of Panel A, we compare Big 4 professionals with Big 4 job seekers; in Column 2 of Panel A, we compare non-Big 4 professionals with non-Big 4 job seekers. We find no significant differences between the student importance ratings and those of professionals, indicating that students' responses are largely consistent with the professionals' responses. Panel B of Table 9 compares importance ratings among professionals. Column 1 of Panel B compares Big 4 with non-Big 4 accounting professionals. Big 4 professionals rate prestige and firm recognition as significantly more important than non-Big 4 professionals.

To assess whether the importance of different job characteristics changes over time, we also asked professionals to rate the importance of each of the job characteristics when they were initially going through the recruiting process. The results are presented in Column 2 of Panel B. Professionals indicate that firm prestige and firm recognition become less important, while firm atmosphere, firm tone, and work-life balance become more important over time. In untabulated results, we find that these results hold when we compare importance ratings for each firm type individually.

### Occupational Fit, Occupational Success, and Recruiting Perceptions

As previously discussed, Big 4 job seekers place more importance on prestige and firm recognition, while non-Big 4 job seekers place more emphasis on firm atmosphere and work-life balance. Given this finding, we assess whether accounting professionals believe that students who place a higher priority on prestige (work-life balance) would be more likely to succeed and fit in at Big 4 (non-Big 4) accounting firms. Further, we assess whether these perceptions are consistent with firm recruiting efforts.

To measure these perceptions, we designed the scenario shown in Table 10. The scenario describes two accounting students who have similar grades and personalities. However, one of the students places more priority on prestige, while the other student places more priority on work-life balance. As reported in Panel A of Table 10, respondents at each of the firms felt that an accounting student who places more priority on prestige is more likely to succeed and fit in at a Big 4 firm compared with a non-Big 4 firm. Further, respondents at each of the firms felt that an accountant who places more priority on work-life balance is more likely to succeed and fit in at a non-Big 4 accounting firm.

<sup>18</sup> An individual's GPA may have also affected firm-choice decisions for some accounting professionals; however, we did not collect GPA information from the accounting professionals. We note, however, that none of the respondents indicated that academic credentials affected their firm-choice decisions.

<sup>19</sup> As reported in Table 5, Big 4 job seekers rate firm prestige as significantly more important than non-Big 4 job seekers ( $p < 0.01$ ); further, non-Big 4 job seekers rate firm atmosphere/stress level as significantly more important ( $p = 0.05$ ).



**TABLE 9**

**Importance of Job Characteristics for Professionals and Students**

**Panel A: Comparisons of Professionals and Students**

Characteristic <sup>a</sup>	Column 1			Column 2		
	Big 4 Professionals	Big 4 Job Seekers	p-value	Non-Big 4 Professionals	Non-Big 4 Job Seekers	p-value
Salary and compensation	1.67	2.04	0.15	1.94	2.05	0.42
Firm prestige	1.39	1.63	0.30	0.94	0.64	0.09
Recognition of working for a prestigious firm	1.28	1.44	0.55	0.39	0.60	0.31
Firm atmosphere/stress	1.63	1.71	0.76	1.93	2.08	0.32
Tone of firm	1.48	1.35	0.55	1.82	1.77	0.76
Work-life balance	2.15	1.99	0.51	2.20	2.30	0.49

**Panel B: Comparisons among Professionals**

Characteristic <sup>a</sup>	Column 1			Column 2		
	Big 4 Professionals	Non-Big 4 Professionals	p-value	Current Perceptions	Initial Perceptions	p-value
Salary and compensation	1.67	1.94	0.17	1.89	1.49	<0.01
Firm prestige	1.39	0.94	0.03	1.02	1.41	<0.01
Recognition of working for a prestigious firm	1.28	0.39	0.01	0.54	1.15	<0.01
Firm atmosphere/stress	1.63	1.93	0.20	1.88	0.72	<0.01
Tone of firm	1.48	1.82	0.13	1.75	0.84	<0.01
Work-life balance	2.15	2.20	0.84	2.20	0.90	<0.01

<sup>a</sup> The characteristics were rated using a seven-point Likert scale, where -3 = "very unimportant," 0 = "neutral," and 3 = "very important."

Panel B reports the results related to firm recruiting efforts. Respondents at Big 4 and national accounting firms are more likely to recruit a student who places more emphasis on prestige versus a student who places more emphasis on work-life balance and firm atmosphere. Respondents at regional firms are equally likely to recruit both students, and respondents at local firms are more likely to recruit a student with a higher priority for work-life balance. Interestingly, even though respondents at national firms believe that a student who places more priority on work-life balance is more likely to succeed at national, regional, and local firms, they are more likely to recruit a student who places more emphasis on prestige. Further, our results suggest that Big 4 and national non-Big 4 firms may not actively recruit students who signal a high priority on work-life balance.<sup>20</sup>

<sup>20</sup> We note that the accounting professionals' own level of success likely influences their responses to many of the survey questions, including questions regarding occupational fit and success. For example, accounting professionals may use their own level of success with a firm to gauge how well potential recruits would fit in and succeed at the various firm types.

TABLE 10

**Fit, Success, and Recruiting Perceptions**

**Scenario:** Assume that there are two accounting students, Chris and Jon. Both students are applying for jobs at public accounting firms. Chris and Jon are both hard workers who have similar good grades and personalities. However, they differ greatly in their priorities. Jon places more of a priority on prestige. He wants to work at the most prestigious firm. Chris, however, places more of a priority on his work-life balance. In addition, he wants to work for a firm that has a more casual, rather than serious, firm atmosphere.

**Panel A: Occupational Fit and Success Perceptions**

Question Description <sup>a</sup>	Respondent Firm Type				
	Big 4	National	Regional	Local	Overall
For a person who places a high priority on prestige, at what type of firm do you think this person would be more successful?	6.54**	5.71**	5.95**	6.00**	6.04**
For a person who places a high priority on prestige, at what type of firm do you think this person would be a better fit?	5.96**	5.18**	5.21**	5.29**	5.37**
For a person who places a high priority on work-life balance, at what type of firm do you think this person would be more successful?	3.37**	2.08**	2.18**	2.17**	2.38**
For a person who places a high priority on work-life balance, at what type of firm do you think this person would be a better fit?	3.48*	2.32**	2.26**	2.29**	2.50**

**Panel B: Recruiting Perceptions**

Question Description <sup>b</sup>	Respondent Firm Type				
	Big 4	National	Regional	Local	Overall
Given only the information above, to what extent do you think your firm would recruit Chris?	4.17	4.00	5.36**	5.62**	5.02**
Given only the information above, to what extent do you think your firm would recruit Jon?	6.46**	6.11**	5.31**	3.94	5.18
t-statistic	-9.35	-7.83	0.26	6.42	-1.01
(p-value)	(<0.01)	(<0.01)	(0.80)	(<0.01)	(0.32)

\*, \*\* Denote significance at the 0.05 and 0.01 levels, respectively. Results reported are of a one-sample t-test with a test value of 4, which is the neutral point of the scale.

<sup>a</sup> Panel A reports the results of questions scored using a seven-point Likert scale, where 1 = "definitely large non-Big 4 firms," 4 = "neutral," and 7 = "definitely Big 4 firms." We defined large non-Big 4 firms as either regional or national non-Big 4 firms. We also repeated the four questions in Panel A while using a seven-point Likert scale where 1 = "definitely local firms," 4 = "neutral," and 7 = "definitely Big 4 firms." The results were consistent with those reported in Panel A. Therefore, we do not report these results.

<sup>b</sup> Panel B reports the results of questions scored using a seven-point Likert scale, where 1 = "very little," 4 = "neutral," and 7 = "very much."

## DISCUSSION AND CONCLUSION

We rely upon Ajzen's (1991) TPB to examine the underlying factors that distinguish accountants who plan to pursue careers with Big 4 versus non-Big 4 accounting firms. In Experiment One, we find that attitudes, subjective norms, and perceived behavioral control each affect firm-choice decisions. More specifically, Big 4 job seekers, relative to non-Big 4 job seekers, believe that Big 4 firms are more prestigious and offer better training, leading to more favorable attitudes toward Big 4 firms. Further, Big 4 job seekers perceive greater levels of social pressure (i.e., subjective norms) to pursue careers with Big 4 firms. In addition, we find that perceived behavioral control negatively affects the decision to pursue a career with Big 4 firms. In particular, non-Big 4 job seekers are less confident that they have the credentials necessary to pursue careers with Big 4 firms, and are more likely to believe that Big 4 firms require too many hours, are too stressful, and offer a less desirable working atmosphere, thus, leading to lower perceived behavioral control. Finally, our results reveal that older students may be less likely to pursue careers at Big 4 firms. To further investigate this issue, future research could examine whether Big 4 firms are more likely to discriminate against older job applicants, which, in turn, affects the decision to pursue careers at Big 4 firms. Further, given that older students likely have greater family demands and may find busy-season hours less feasible, recruiters and educators may need to make these students more aware of various work-life balance initiatives offered by Big 4 firms.

To provide additional insight into our results, we survey accounting professionals from Big 4, national, regional, and local firms in Experiment Two. The results of this survey provide several unique and useful insights for professionals and educators to use during the recruiting process. Upon comparison, we find that students identify many of the same advantages and disadvantages of the different types of accounting firms as do accounting professionals; however, professionals note several additional advantages and disadvantages not reported by the student respondents. To the extent that accounting students are less aware of these advantages and disadvantages, accounting firms may benefit from emphasizing some of the lesser-known advantages of their particular firms during the recruiting process.

Our survey results also reveal that both Big 4 and non-Big 4 professionals believe that individuals who place more of an emphasis on prestige (work-life balance) are more likely to succeed and fit in at Big 4 (non-Big 4) accounting firms. Correspondingly, professionals at Big 4 firms and national non-Big 4 firms are more likely to recruit students who place more of an emphasis on prestige, and professionals at local firms indicate they are more likely to recruit students who place more of an emphasis on work-life balance. Our results also suggest that Big 4 and national non-Big 4 firms may not actively recruit students who signal a high priority on work-life balance. As noted by Johnson et al. (2008), while large public accounting firms often promote an image of commitment to work-life balance and have received positive press for work-life balance initiatives, there can be biases against those who signal an emphasis on work-life balance. Interestingly, this creates a potential mismatch between the recruiting and marketing recruiting efforts of Big 4 firms. However, despite the marketing efforts of Big 4 firms, both accounting students and professionals perceive that work-life balance remains a disadvantage of working for Big 4 firms. These findings have implications for firms in their future marketing efforts, and for academics to consider when offering recruiting advice to students.

Our survey results also reveal that the importance of certain job characteristics changes over time. Specifically, our results indicate that firm prestige and firm recognition become less important to accounting professionals over time, while firm atmosphere, firm tone, and work-life balance become more important. This finding has implications for both non-Big 4 and Big 4 firms during the recruiting process. Non-Big 4 firms can highlight to potential recruits the increasing importance of work-life balance as they advance in their careers. However, to the extent that individual Big 4

offices offer work-life balance initiatives and positive work environments, Big 4 offices can also highlight the fact that such initiatives are likely to become increasingly important over time.

Finally, we note that our results indicate that one of the most commonly reported advantages of working for Big 4 firms, for both students and professionals, is networking/future job opportunities. These results suggest that some students, as well as professionals, view a Big 4 career as a stepping stone to better employment opportunities. This finding is particularly important for Big 4 firms, as retaining qualified staff has been a major concern for large accounting firms (AICPA 2009).

We note several limitations to our study. First, accounting students from only one university were used as participants. To improve the generalizability of our findings, future research could examine the issues in this paper while using students across a wider range of universities (e.g., small, large, public, private, etc.). Second, to examine the factors that affect firm-choice decisions, we used a scenario involving an internship offer, rather than an employment offer. We used an internship offer because firms often use internship offers before extending employment offers. However, the decision to accept an internship offer may involve different factors than the decision to accept an employment offer. To mitigate this concern, we note that the factors that influenced students' decisions to accept an internship offer are largely consistent with the factors that influenced accounting professionals to accept their respective job offers. Finally, we note that there are several additional factors not examined in our study (e.g., race, personal appearance, etc.) that may also influence the decision to seek a career with a Big 4 versus a non-Big 4 accounting firm.

Aside from these limitations, our study has a number of important implications for academics, recruiters, and accounting professionals. Additionally, our study extends prior research related to the factors that influence the employment decision from the accountant's perspective, as well as the factors that influence the hiring decision from the firm's perspective.

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