How to Become an Ex-auditor

The road from the Big Four to private industry

Bertrand Malsch and Laurence Daoust on identity work in public accounting

The Essentials

Aspiring CPAs are drawn to the transformative power of the Big Four experience to endow them with a unique, coveted professional identity. Where half of all entry level auditors leave public accounting after just three years, we ask how auditors grapple with their identities as auditors when they transition from the Big Four to private industry. In interviews with 37 former auditors, we see the identity conflicts they experience at the Big Four, including value mis-match and meaninglessness of their work, which eventually cause them to leave their firms. But we also see how CPAs work to preserve their elite auditor identities once they are on the other side of the fence in spite of their negative past experiences and new roles. Their common experiences throughout this transition suggest the need for firms on both sides of the exit to revisit their human resource management practices in order to retain talent and preserve the value of the auditing profession.

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Ambitious young accountants know the drill when it comes to the Big Four: put in your time, get your CPA, then get out. These firms promise transformation with their ability to re-shape young accountants into auditors with new social and professional status—that's why they come. Less clear is why, exactly, they leave—half of all entry-level accountants leave public accounting after three years. While frequent career-jumps and short working stints have become increasingly normalized across other industries, the brief tenures of auditors at the Big Four still stand in a class of their own—a symbol of the rigor and intensity that come with the transformation.

We know part of the reason why auditors leave for greener pastures because Big Four firms are also in on the game. "Whenever you join, however long you stay, the exceptional experience lasts a lifetime." Most firms offer some variation on this Big Four slogan to their auditors at some point to send the message loud and clear: few will survive the pressures at work, all will benefit from it. High turnover rates are therefore to be expected, we are to understand, and are in fact to the benefit of the entire accounting ecosystem. Private industry gets access to a steady supply of pedigreed CPAs, seasoned CPAs enjoy lucrative post-Big Four careers, a few dedicated auditors go on to climb the corporate ladder within their firms, and the firms themselves maintain their elite professional status. At first glance, it appears, everyone wins.

There may be aspects of this cycle, however, that are not ideal for the profession in the long-term, and the clues to understanding why may be embedded in the identity transformation auditors experience as they exit their Big Four firms for private industry. The CPA Centre for Governance & Accountability has therefore undertaken a study to examine this transition from the perspective of auditors themselves. We conducted interviews with 37 ex-auditors who went on to occupy accounting or finance positions in private industry in which we discussed their memories of the accounting firm experience and their exit process. All our participants left their firms voluntarily after completing their CPAs, with an average of three years spent at their firms and an average two-year period since their exit at the time of interviewing.

In exploring the identities of these auditors as they developed professionally within the context of an accounting firm, made the decision to leave the firm, and eventually entered into a new professional context, we have gained important insights about the auditing and accounting professions that have implications for companies on both sides of the exit decision.

Our findings shed light on the identity conflicts auditors experience at their firms that become the seeds of their exit decision. We further observed the different ways in which auditors come to their exit decision—some gradually as frustrations accumulated over time, others very quickly with a single eye-opening experience, and a few with the dispassionate calculation of their career prospects.

However they decide to leave, we find that once ex-auditors enter private industry, they seek to preserve, rather than forget, their identities as Big Four auditors. They actively identify with the networks, the elite status, and the professional reputation of the auditor even as they remember the pain of the past—the overwork, the burnout, the disillusionment.

This pattern of knowledge worker turnover may seem familiar, intuitive, even acceptable. After all, accounting firms don't seem to be complaining. But certain elements of the experiences surrounding the exit decision uncovered in this study suggest that firms are not fully aware of the extent of the issues or that there may be adverse consequences for both firms and the profession as a whole.

Specifically, the value conflicts and meaninglessness of auditing work that surfaced in our interviews highlight shortcomings in the human resource management practices of firms and a possible threat to the commitment ex-auditors feel toward to their new organizations, their practices, and the auditing profession itself.

For auditors, the road to firm exit is paved with distinct experiences of identity dissonance: a conflict between the individual self and professional attachments to the firm and auditing practice

The auditor identity

The significance of identity in the accounting profession, and hence this study, has to do with the nature of Big Four firms and the employment patterns that arise within the greater professional field. That the Big Four are "reinventive institutions" is well documented by researchers, CPAs, and the firms themselves. Their key selling points to recruits are the steep learning curve, the opportunities for advancement, the increasing pay and responsibilities, and continual development of marketable skills, which accountants can parlay into work in other corners of the field. This marks a distinction for the careers of CPAs compared to other professionals.

In contrast to knowledge workers in other fields, CPAs tend to occupy distinct and well-defined roles throughout the financial ecosystem at different points in their career. This sometimes results in a revolving door between firms: almost 40% of our participants were recruited by a client of their former firm. The complexity of networks, relationships, goals, and practices that form and change over time leads to the question of how CPAs identify themselves as they transition between different roles. As we found, the transition out of a major firm into a new context can be a particularly turbulent period for auditors in which they actively question their identity in light of their past experiences and professional futures.

Identity dissonance
For auditors, the road to firm exit is paved with distinct experiences of identity dissonance: a conflict between the individual self and professional attachments to the firm and auditing practice. Our participants experienced four different forms of identity dissonance that sit at the core of their decision to exit.

Almost all participants described a form of *opportunism:* as they enter the firm with the intent to only stay for a short period of time, they have already resolved that they will not fully identify with the firm and its culture. Once they start working, most experience some degree of *value conflicts:* fundamental differences between the overwhelming firm demands and the work-life balance employees want for themselves. These conflicts can be amplified by *feelings of depreciation:* a sense that for all the work auditors do for the firm, it is not appreciated and never enough. Finally, almost all auditors find *meaninglessness in their work*: indicators from clients, colleagues, and the firm that their tasks are redundant, their opinions fragile, and the audit itself a mere box to check.

Each form demonstrates the different ways in which auditors feel detached from the firm at one stage or another, as the words of one participant embodying the opportunism form show. "I have never lied to myself. When I started, it was clear to me that I wouldn't be a partner. My objective was to be a manager only because it would make it easier to jump in the industry and to get a more prestigious position."

Other participants demonstrated how their negative experiences at the firm drove them away from the identity of the loyal auditor who, as one participant put it, would "give their heart and soul to the firm." For instance, one participant, citing feelings of depreciation as a source of frustration, told us, "You work a lot, you work hard, you work late and you're never thanked for your work. It's just what they expect. I know it's part of the job, but still."

One way or another, these identity conflicts lead auditors to a breaking point where they decide to reject their identities as auditors and leave. Most of our participants did so under a cloud of negative experiences, describing the environment at the firm as toxic and harmful. “I had no time to rest. Usually summers are supposed to be calmer. But I had clients during the summer, fall, and winter,” one participant said. “I was doing 60 hours a week all year. After one of my last engagements, I was assigned to another client. I didn’t want that. It went really badly. It was the last straw.”

Identity reconstruction
Once auditors actually leave their firms, they are forced to confront their personal identities in light of their present professional context. They must ask themselves, “Who am I? What do I like? What do I want?” We find that when former auditors enter new organizations, they answer these questions by reconstructing their auditor identities. Using a process of restorative memory, they reinterpret key elements of their past experiences at their firms as they recognize certain aspects of their working experience have clung to their professional selves, often in a positive way. “The firm molds you to do many things, including how to work or interact with others,” one ex-auditor said. “This mold follows you around, and you can apply the skills you learned in other contexts. This is what makes accountants valuable in other contexts.”

From a longer-term perspective, the identity transformation we have laid out reveals two phenomena that may be of high concern for the firms’ future

Once on the other side of the fence, ex-auditors engage in heritage activities where they try to stay socially connected to their former colleagues through informal social gatherings or more formal alumni events. They cultivate an identity of professionalism within their new organizations, drawing on the auditing expertise and intense work ethics they acquired at their previous firms. When talking about their identities at their new firms, ex-auditors pictured themselves, as well as other Big Four alumni, as particularly efficient professionals. They cited the unique sense of rigor, critical thinking, scepticism, and soft skills that they associated with public accountants as being critical to their efficiency in their new position.

Beyond this, they embrace their elite status as alumni of a prestigious organization. As one ex-auditor told us, “All of us at the firm have the same expertise. Yet, in industry, we become a unique reference. Our expertise is deeply respected.” In this way, they feel professionally superior to their new, non-CPA colleagues. And so ultimately, ex-auditors reflect positively on their Big Four experiences. As one interviewee told us with pride: “that’s why we come to appreciate the big firms: we learn so much. We learn it the hard way. But you look back and you realize, yeah, I learned a lot, and I met incredible people.”

It may seem that because ex-auditors maintain productive professional connections, support the elite identity of the profession, and diffuse their firms’ work methods that they are ideal ambassadors of the Big Four brand. That their use of restorative memory is proof that the approach these firms take to human resource management eventually works out for everyone in the end. However, from a longer-term perspective, the identity transformation we have laid out reveals two phenomena that may be of high concern for the firms’ future.

Value conflicts and the mystical power of the Big Four

Putting the exit-inducing identity dissonance of value conflict into the context of the greater profession requires examining the perspective of both the auditors and the firms.

Our participants almost unanimously reported value conflicts to explain their exit decision. From day one, auditors are induced to align their self-images with the values, commitment, distinctiveness, and work orientations that define the firm’s identity. And yet, the most powerful trigger for auditors’ decision to exit is the experience of a profound mis-match between their values and the firm’s work culture.

Participants described how fierce internal competition, heavy workloads, and lack of personal time within the firm threatened their desire for a normal, balanced life. As one participant explained, “I am not a competitive girl. I had zero quality of life. I was just a number, and I could be replaced anytime. If it’s not you, it’s someone else.”

If auditors did not find value conflicts at their firms—if their concerns were heard and addressed, and they decided to stay with their firms long-term—the Big Four could no longer deliver the career benefits they advertise to recruits

This suggests that firms' numerous efforts and initiatives to humanize their working culture and support a work-life balance have been largely unsuccessful. High stress, humiliating forms of accountability, and extreme fatigue are still the downside of a demanding training aimed at transforming auditors into efficient and disciplined professionals. This gap between the ideal and reality may be underestimated by firms' top management.

After realizing that she could not identify with the different models and mentors that were offered to her as examples of successful "career women," one participant told us, "No, I didn't want this, I wasn't like them."

Even for those who can identify with model employees, from a cost-benefit analysis, "working like a maniac for ten years" with the hope of becoming partner one day was a risk that many of them were not willing to take.

Several participants told us that complaining or voicing their concerns was inconceivable within their firms because it would show their unwillingness to work. In order to protect their professional reputation, some of them also deliberately toned down their grievances during their exit interview with human resources.

Of course, if auditors did not find value conflicts at their firms—if their concerns were heard and addressed, and they decided to stay with their firms long-term—the Big Four could no longer deliver the career benefits they advertise to recruits. If no one leaves, no one moves up the ladder, both in industry and in the firms themselves.

In this way, firms' efforts to adapt to their employees and promote work-life balance seem relatively schizophrenic. The long hours, low morale, demands placed on employees, and relatively low pay if calculated on an hourly basis—arguably conditions essential for firms to remain competitive in the market—also seem to achieve the desired high level of turnover, which allows firms to maintain an optimal equilibrium down their organizational pyramid. Accordingly, the "exceptional" audit experience that attracts recruits is likely to also be an exceptionally difficult time for most auditors experiencing a high level of value conflicts and self-depreciation.

What's more, the real benefit these firms offer may not be exceptional professional experience, but rather a strong type of social and cultural capital in an objective and almost universally recognized form. Although most of our participants rationalized that their success on the job market reflected their great on-the-job training—essentially using restorative memory to recast a positive light on their dark time as auditors—their narratives also signaled the existence of a strong mechanism of social reproduction at work. More than 55% of our participants indicated that they were hired by former CPAs, many of them being former colleagues who "graduated" from the same accounting firm.

In fact, the Big Four experience may be more important than having an audit background, as one participant explained. "When you have a Deloitte, a Price, or an Ernst and Young tag on your resume—it doesn't matter which one—people know you work a certain way, that you have rigor and that you must have gotten good grades at some point. There is a process at work," she said. In practice, the "Big Four experience" seems to carry a mystical power that some human resources departments in industry seem unable to unpack and define.

Consequently, the success ex-auditors find in the job market is in many ways over-determined. Organizational, cognitive, and affective processes reinforce each other to create an ideal "audit firm experience" that has less to do with technical expertise and more to do with status. It's a mysterious black box—a magic label—that allows them to mirror the accounting and finance departments' top managers in cultural signals and lifestyle markers. Ironically, this cultural domination only becomes available to auditors when they leave the firm, get recognized by their peers, and trace their legitimacy back, not to birth or wealth, but to their intelligence. It is perhaps this sense of ownership that ex-auditors feel toward their own technical knowledge and intelligence that makes our other key form of identity dissonance so affecting.

Meaningless work and the auditing profession

Many of our participants described the rude awakening they felt when they discovered that their auditing work was perceived as having no value, as being a necessary evil—nothing more than a stamp, a fragile opinion on financial statements

Perhaps more worrisome for the profession as a whole is the prospect of losing experienced, intelligent employees, either in presence or in commitment, because they perceive that the work they do as auditors lacks value.

It was a relatively common perception among our participants that auditing was a meaningless job, was not particularly intellectually stimulating, and provided little economic or social utility. Many of our participants described the rude awakening they felt when they discovered that their auditing work was perceived as having no value, as being a necessary evil—nothing more than a stamp, a fragile opinion on financial statements. As one interviewee told us, "it was shocking for me to realize that I would never be a knight in shining armour fighting for financial information users."

One ex-auditor's experience with a brutally honest client illustrated to him how little his work was valued. She asked him, "'Do you want to know what I do with your audited statements?' She then opened a drawer and said, 'Here I have the 2005, 6, 7, 8, 9. I open this drawer once a year. I put the new statement in there. And I lock it!'" The auditor left his firm shortly after this interaction.

These feelings of disillusion strongly mirror Alvesson and Spicer's analysis[1] of the disenchanted young professional generation that realize that their unique form of knowledge is not needed in the course of day-to-day operations. As they come to find, it is the flexible use of disciplined and hardworking young people who can be plugged into any project or mandate, rather than the mobilization of their knowledge base, that gives large management consultancy or accounting firms an edge.

Persuading young recruits that firms are knowledge intensive environments can arguably yield large payoffs. It also creates a sense of community among members of the firm. To belong to an elite firm is much more appealing than being part of an "average" firm operating in the old economy. However, the initial payoffs may backfire if employees realize that instead of exercising their intellectual muscles, to borrow from Alvesson and Spicer, "the only muscle they got to exercise are in their legs as they walk down the block to fetch the boss another latte." Of course, auditors flex many muscles other than those in their legs. Yet, based on our study, most of them only discover this after leaving the firm and working in a more "conventional" workplace.

The common experience our participants describe recalls a trend that has been building for the last 50 years with the rise of the knowledge worker. As the general level of education has risen, so too have expectations. At a moment where the practice of auditing is increasingly regulated and auditors' professional judgements are progressively subdued under bureaucratic procedures, there is a real risk that the public accounting industry loses its best talents and that creative minds are turned off by the high amount of "functional stupidity" required in the routine accomplishment of auditing tasks.

[1] Alvesson, M., & Spicer, A. (2012). A stupidity-based theory of organizations. *Journal of Management Studies*, *49*(7), 1194–1220.
Alvesson, M., & Spicer, A. (2016). The stupidity paradox: The power and pitfalls of functional stupidity at work. London, UK: Profile Books.

The cost of transformation

Even as the transformative power of accounting firms seems to be benefiting individual and organizational stakeholders across the profession, both economically and professionally, our research suggests that there remains a question about the real cost of this identity transformation for auditors. Our observations do not merely highlight the challenges faced by auditors when transitioning and adapting to their new environment, but also underline firms' responsibility in promoting a work culture that may result in psychological damage to their auditors. Guilt, anxiety, and stress trigger a need in ex-auditors to continually work on their contrived and fickle identities. In the words of one ex-auditor, "You leave, but don't really walk away. It's as if we can't fully detach ourselves."

Further research is needed to understand the full scope of the strategies accounting firms employ to manage their alumni and utilize accountants throughout their entire career lifecycle, from recruitment, to auditing work, to exit into industry or regulatory bodies. Absent this research, our findings still demonstrate that, as with hiring departments who head-hunt Big Four CPAs, the profession as a whole has prioritized the elevation of professional identity and elite status over the substance of auditing performance and ability.

As such, it may be time for the accounting industry to address more efficiently the costs of their managerial practices and the long-lasting consequences of the working pressures placed on auditors. The firms that employ CPAs at all stages of their careers might start this process by critically evaluating the roles, functions, and practices of accountants within their organizations to facilitate a more honest conversation with CPAs at the point of entry and exit about their purpose, knowledge, and value.

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CHARTERED PROFESSIONAL ACCOUNTANTS

The CPA Centre for Governance and Accountability is an initiative funded by Chartered Professional Accountants of Ontario. The goal is to improve corporate governance in Canada through a variety of research and teaching programs. The Centre is the first in Canada to have as its primary mission research in the area of governance.

Betrand Malsch is an associate professor of accounting at Smith School of Business. His research is informed by sociological and organizational perspectives and aims to develop a better understanding of regulation and control, corporate governance, corporate social responsibility, financial auditing and professional expertise. Bertrand's work is published in top accounting and business journals, including *Accounting, Organizations and Society*, *Journal of Management Studies* and *Organization Studies*.

Laurence Daoust is an assistant professor at HEC Montréal, in the Department of Accounting Studies. She is a CPA auditor, CA, and she did her PhD in Accounting at the Smith School of Business. Her research focuses on auditor-client relationships, the accounting profession, auditors' social identity, and the recruitment process in public accounting.

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