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## Who Rises to the Top: An Investigation of the Essential Skills Necessary for Partners of Non-Big 4 Public Accounting Firms

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Who Rises to the Top: An Investigation of the Essential Skills Necessary for Partners of  
Non-Big 4 Public Accounting Firms

by

Amanda K. Thompson-Abbott

A dissertation submitted in partial fulfillment  
of the requirements for the degree of  
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University of South Florida

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## **DEDICATION**

I want to dedicate this dissertation to two special individuals. The first individual is my former boss, Dr. Loren Wenzel. He planted the seeds several years ago and told me that I belonged in higher education and needed to get my doctorate. Although it has taken me over 12 years, I have finally taken his advice. He also provided me with my first teaching job, where I found my passion and calling in life. I want to thank him for the impact he has had on my life. The second individual is my daughter, Emily Abbott. Always know that you can do anything if you believe in yourself and are willing to work hard. I know you are going to make a huge difference in this world, and I cannot wait to watch you make that difference!

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## TABLE OF CONTENTS

List of Tables .....	iii
List of Figures .....	iv
Abstract .....	v
Chapter One: Introduction .....	1
Big 4 vs. Non-Big 4 Public Accounting Firms .....	2
Massive Retirements and Turnover .....	5
Rapid Technological Change .....	6
The Audit Industry: A Good Starting Point .....	7
Research Motivation Summation .....	8
Chapter Two: Literature Review .....	10
Pathway to Partner in U.S. Firms .....	10
Pathway to Partner in Other Countries .....	12
Chapter Three: Research Methods .....	14
Research Design .....	14
Data Collection .....	15
Data Collection: Student Group .....	16
Data Collection: Audit Senior and Manager Group .....	18
Data Collection: Audit Partner Group .....	21
Sampling Size .....	23
Data Analysis Process .....	24
Chapter Four: Research Findings .....	25
Student Findings .....	25
Theme One: To Rise or Not to Rise .....	25
Theme Two: The Gold Standard .....	27
Theme Three: Generalize or Specialize .....	28
Theme Four: Learning Never Ends .....	29
Theme Five: Communication, Communication, Communication! .....	30
Theme Six: Be Able to Read a Room .....	32
Theme Seven: Be Willing to Play Ball .....	32
Theme Eight: Planning is Key .....	33
Theme Nine: Lead by Example .....	34
Theme Ten: Build a Strong Foundation .....	35
Manager Findings .....	36

Theme One: Keep on Keeping On.....	36
Theme Two: All That Glitters is Not Gold.....	38
Theme Three: Generalize or Specialize.....	39
Theme Four: Learning Never Ends.....	40
Theme Five: Communication, Communication, Communication!.....	41
Theme Six: If You Build It, They Will Come .....	42
Theme Seven: Build Your Bench .....	43
Theme Eight: Tone at the Top .....	44
Theme Nine: Show Me the Money .....	45
Theme Ten: Big Picture .....	45
Theme Eleven: Plan for the Unexpected .....	46
Theme Twelve: A Strong Foundation Never Crumbles .....	47
Partner Findings .....	48
Theme One: Up or Out No Longer Applies.....	48
Theme Two: Gateway to the Profession.....	49
Theme Three: Specialize, Specialize, Specialize.....	50
Theme Four: Love to Learn .....	51
Theme Five: Communication is Not Optional.....	52
Theme Six: Making Connections.....	53
Theme Seven: Salesmanship.....	54
Theme Eight: Lead vs. Manage .....	55
Theme Nine: Be an Initiator .....	55
Theme Ten: Work Hard, Play by the Rules, and Stand-out.....	56
Theme Eleven: Adaptability is Not the New Normal.....	57
Findings Summary .....	58
Chapter Five: Discussion and Analysis .....	60
Student Group Discussion and Analysis.....	60
Manager Group Discussion and Analysis.....	62
Partner Group Discussion and Analysis .....	65
All Groups Discussion and Analysis .....	66
Limitations of the Research Study.....	68
Contributions to Higher Education and Areas for Future Research .....	69
Contributions to the Profession and Areas for Future Research.....	70
References.....	71

## LIST OF TABLES

Table 1: Relevant Literature on Making Partner in U.S. Firms .....	10
Table 2: Descriptive Data for Student Interviewees .....	17
Table 3: Descriptive Data of IPA Ranked Firms of Manager Interviewees .....	19
Table 4: Descriptive Data for Audit Managers Interviewees.....	20
Table 5: Descriptive Data for Audit Partner Interviewees.....	22
Table 6: Comparison of Essential Soft Skills Across All Groups .....	58
Table 7: Comparison of Essential Technical Skills Across All Groups .....	59
Table 8: Reservations about Becoming a Partner Across All Groups .....	59



## **LIST OF FIGURES**

Figure 1: Student Desire to be a Partner.....	62
Figure 2: Audit Manager Desire to be a Partner.....	65

## **ABSTRACT**

The public accounting industry will face several challenges in the upcoming years. One challenge is an aging workforce that will be retiring in large numbers. This shift will result in a shortage of partner-ready candidates. The second challenge involves rapid technological disruption that is predicted to change the skill sets needed for success. Both issues underscore the need to recruit and retain talent in the public accounting profession. Academic research has focused primarily on Big 4 firms, so this paper focused on non-Big 4 firms. This study used exploratory research to examine two questions: “What skills does it take to ‘make’ partner at non-Big 4 firms?” and “What reservations exist about making the leap to partner?” Semi-structured interviews explored the differences and similarities in perceptions between audit partners, audit managers, and junior and senior accounting majors. The study compared perceptions across all three groups.

## **CHAPTER ONE:**

### **INTRODUCTION**

In the next several years, the public accounting industry will face several challenges that have the potential to reshape the profession. One challenge is the stress caused by an aging workforce and massive retirements. Another challenge involves rapid technological change that is projected to alter the skillsets needed by public accountants. A common denominator of both issues is the need to recruit and retain talent in the public accounting profession. The Rosenberg National 21<sup>st</sup> Annual Practice Management Survey indicated that there will be a shortage of experienced, partner-ready staff (CPAJ Staff, 2019). The survey also indicated that firms do not have a viable solution for this problem (CPAJ Staff, 2019). Examining the essential skills needed to “make” partner is a good first step. Consideration of the reasons some choose not to pursue a partner position is a key second step.

Exploratory research examined the following themes: “What skills does it take to ‘make’ partner at non-Big 4 firms?” and “What reservations exist about making the leap to partner?” Semi-structured interviews explored the differences in perceptions that might exist between partners and other key groups, such as rising managers and junior and senior accounting majors. The partners’ perspective is important because these individuals have gone through the promotion process. Rising managers are a critical group because they represent current partner-ready prospects at firms and have at least six or more years of experience in a supervisory role (AICPA, 2020). Junior and senior accounting majors who have completed a public accounting

internship are another key group because they have been exposed to partners during their internships and represent future partner-ready prospects. The researcher compared similarities and differences across all these groups to provide greater insights as to who rises to the top.

The paper begins with a discussion of the differences between Big 4 and non-Big 4 firms. The next discussion reviews the massive retirements and rapid technological changes that are occurring in the public accounting industry. A brief examination follows that explains the choice of the auditing sector of the accounting profession as a good starting point. An in-depth discussion of applicable literature regarding making partner comes next, followed by methods used, findings, and a discussion and analysis.

#### **Big 4 vs. Non-Big 4 Public Accounting Firms**

According to the AICPA (2020), there are approximately 46,000 public accounting firms in the United States. Deloitte, PwC, EY, and KPMG are classified as the Big 4 public accounting firms. This group of firms includes the four largest accounting firms in the world. All other public accounting firms are collectively referred to as non-Big 4 firms. Several key differences exist between these two groups. These differences include factors such as international presence, gross revenues, size, culture, work-life balance, and prestige.

One fundamental difference between the Big 4 and non-Big 4 is global reach. Big 4 firms have offices in every major financial district in more than 150 countries worldwide (Accounting Verse, 2019). Shore and Wright (2018) argued that the Big 4 should not be viewed as single firms but instead as “a network of independently owned and managed companies that share a common brand, name and quality standards” (p. 306). Becoming a partner at the Big 4 means an individual must embody the brand and everything the brand represents. Although

exceptions exist, most non-Big 4 firms have a limited international reach and tend to focus on domestic markets.

Another important difference is gross revenue and size of the workforce. From a gross revenue standpoint, the Big 4 collectively secured \$154.9 billion in 2019 and employed a workforce of approximately one million people worldwide (Accounting Verse, 2019). A large portion of those revenues were earned in markets other than the traditional audit market (Shore & Wright, 2018). In fact, Carter and Spence (2014) argued that the Big 4 were essentially becoming global professional service firms that derived less revenues from traditional accounting services such as audits and taxes. Partner status at a Big 4 firm comes with an enormous amount of pressure to market the firm and develop new business. Non-Big 4 firms earn a significant portion of revenues from providing traditional accounting services. Except for RSM, Grant Thornton, and BDO, non-Big 4 accounting firms do not record gross revenues in the billions and have significantly smaller workforces. (Accounting Verse, 2019). Non-Big 4 firms also serve different types of clients than the Big 4 firms, which primarily focus on large, publicly traded companies.

Other key differences worthy of discussion involve culture, work-life balance, and prestige. Researchers in the field of public accounting have fully explored work-life balance. In fact, Almer and Kaplan (2002), Almer and Single (2004), Almer et al. (2003), Buccheit, et al. (2016), Jeffrey and Louise (2001), Kornberger et al. (2010), and Pasewark and Viator (2006) all have explored different work-life balance issues in the field of public accounting. Buccheit et al. (2016) considered work-life balance issues with respect to different sizes of public accounting firms and found that “[B]ig-4 professionals experience higher levels of work-family conflict and burnout compared to professionals in smaller public accounting firms” (p. 42). Becoming a

partner in a Big 4 firm implies a willingness to sacrifice one's personal life or, at the very least, defer it. Work is equally important at non-Big 4 firms, but there is room for a personal life beyond work.

In addition to work-life balance, culture creates a significant difference. A study by Carter and Spence (2014) pointed out that the market for accounting services has undergone significant changes over the last 30 years. They emphasized that the roles of accountants have changed and that the culture in public accounting has shifted from professionalism to commercialism. Professionalism can be defined as a willingness to consider the greater good, whereas commercialism places greater emphasis on the pursuit of profits. Additionally, Carter and Spence (2014) argued that "the Big 4 have accrued such power that they have arguably outgrown the profession from which they originated" (p. 949).

Suddaby et al. (2007) contended that commercialism was more profound in the Big 4 firms. A commercialism culture creates a stressful work environment and perpetuates the "look out for number one" mantra. The focus of commercialism is often at odds with providing audit services because consulting services tend to result in greater profits. Not surprisingly, the news is full of audit failures that involve Big 4 firms. In their study, Carter and Spence (2014) summarized this attitude best by quoting a retired Big 4 managing partner: "To be a partner in a [B]ig 4 firm these days, you have to be a hunter, a killer and a skinner." Clearly, making partner at Big 4 firms is a high-stakes game with lots of pressure. Conversely, Margheim et al. (2010) observed that employees who work for non-Big 4 firms cited the following advantages: closer personal relationships with clients, a more personal work environment, less stress, less travel, and more flexibility. Such advantages imply a much different culture.

A final difference that should be noted is the prestige associated with Big 4 firms. A study by Bagley, Dalton, and Ortegren (2012), suggested that entry-level job seekers perceive that working at a Big 4 firm carries higher prestige and better training opportunities. The McKinsey Consulting Group stated that acceptance rates average between 5-7% at these organizations (IGotAnOffer, 2019). Thus, entry-level job seekers must consider other career paths at non-Big 4 firms, industry, or higher education. Bagley et al. (2012) also found that this prestige was less important to more seasoned professionals in the public accounting profession.

Clearly, substantial differences exist between Big 4 and non-Big 4 firms. Many non-Big 4 firms in the public accounting industry provide significant employment opportunities for individuals who wish to enter the public accounting profession. The perception of working for a non-Big 4 firm is fundamentally different than the perception of working for a Big 4 firm in terms of culture, work-life balance, stress, and prestige.

### **Massive Retirements and Turnover**

Another important factor is the massive retirements impacting the public accounting profession over the next several years. The Baby Boomer generation will exit the workforce in record numbers. Both the Pew Research Center and the Social Security Administration have estimated that approximately 10,000 Baby Boomers are retiring daily. These substantial retirement rates are projected to impact many different industries, including the accounting industry.

According to the American Institute of Certified Public Accountants (AICPA), 75% of Certified Public Accountants (CPAs) are projected to retire in the next 15 years (Simeone, 2018). Attracting and retaining talent in public accounting firms will become increasingly more important (Simeone, 2018). Developing the next generation of partners will be crucial to the

long-term success and viability of non-Big 4 public accounting firms. As previously noted, the Rosenberg National 21<sup>st</sup> Annual Practice Management Survey indicated that there will be a shortage of experienced, partner-ready staff (CPAJ Staff, 2019). Johnson and Pike (2018) further stated: “One of the most challenging issues facing leaders in the public accounting profession is the high rate of employee turnover” (p. 64). A recent article in the CPA Journal, “The State of the Profession: Analyzing the Results of the 2019 Practice Management Survey,” pointed out that turnover in public accounting is hovering at around 16-17%. Mitchell, Holtom, and Lee (2001) claimed that the direct costs associated with replacing a professional staff member can be as much as 50%–60%, so keeping talent is important.

### **Rapid Technological Change**

Along with high turnover, rapid technological disruption is a significant factor in the public accounting industry. Many argue that the world is on the brink of the Fourth Industrial Revolution. This change indicates that the way business is conducted will drastically change; consequently, accounting is not immune to this revolution (Intuit, 2020). Disruptive technologies such as artificial intelligence (AI), blockchain, robotic process automation (RPA), and advanced analytics are predicted to revolutionize the public accounting profession. In fact, Zhang et al. (2018) emphasized that “disruptive technologies such as robotic process automation (RPA), artificial intelligence (AI), blockchain, smart contracts, and advanced analytics have reshaped existing business models and facilitated the emergence of new ones wherein repetitive and mundane tasks are becoming less important and the need for high-level skills is increasing” (p. 22).

According to a 2012 White Paper published by the AICPA Assurance Services Executive Committee’s Emerging Assurance Technologies Task Force, the audit field is at a “critical



juncture” (Zhang, Dai, & Vasarhelyi, 2018). This white paper stated that “advances in information technology in conjunction with real-time approaches to conducting business are challenging the auditing profession.” Given the rapidly changing auditing environment, this research study targeted only audit partners and managers with the intent of exploring how making partner might be evolving with emerging technologies.

### **The Audit Industry: A Good Starting Point**

Most audit firms around the world are organized as partnerships (Lennox & Wu, 2018). Balachandran and Ramakrishnan (1987) posited that this form of organization was desirable when human capital played a huge role in service quality and customers were not able to easily observe and monitor the quality of services received. The literature revealed that, as a result, the relationship between auditors and their clients was plagued by significant information asymmetries (Causholli & Knechel, 2012). Lennox and Wu (2018) asserted that partnerships overcome information asymmetries because they must be more selective with respect to hiring and maintaining high-quality human capital. Thus, research has found that the partnership form of organization makes sense for audit firms (Jonathan & Steven, 2005).

Post-Enron regulations in the United States and worldwide prompted researchers to focus on audit partners (Lennox & Wu, 2018). In 2009, the Public Company Accounting Oversight Board [PCAOB] proposed new rules that required firms that audit publicly traded companies to identify the names of the engagement partners that were involved in each audit. The PCAOB argued that the mandate would improve partner accountability and transparency (PCAOB, 2015a; PCAOB, 2015b). The agency further claimed that this rule would result in greater effort on the part of the auditor, which would translate into a higher quality audit (PCAOB, 2015a; PCAOB, 2015b).

Such regulatory changes have prompted increased interest in research on the characteristics of audit partners such as partner incentives, age, gender, educational background, and area of expertise; however, the actual process of making partner is largely untouched by academic researchers. In a study on Big 4 partners, Kornberger et al. (2011) argued, “relatively little is known about the identity of partners” (p. 515). Carter and Spence (2014), who researched becoming a successful Big 4 partner, supported this claim by indicating that it was imperative to look at specific skills, characteristics, and behaviors. Only one previous study has attempted to consider this information at non-Big 4 firms.

In addition to the gap in academic literature, there is a shift in skillsets needed to become an auditor. A recent report by the McKinsey Global Institute estimated that around 50% of the work performed by accountants and other professionals can be automated and that an additional 15% will be automated as a result of forthcoming technologies (IGotAnOffer, 2019). Disruptive technology is changing the nature of work and type of skills required. Auditors will need to adapt by learning skills such as advanced data analysis, statistics, and modeling. These changes impacting the public accounting industry in the auditing services realm highlight the need to explore what it takes to become an audit partner, both now and in the future.

### **Research Motivation Summation**

To conclude, the Rosenberg Survey noted that a shortage of partner-ready candidates already exists. With Baby Boomers retiring in record numbers, non-Big 4 public accounting firms must start charting a path towards partner succession sooner rather than later. In addition, rapid technological disruption is predicted to alter the public accounting industry, and its impact is unclear. Significant differences exist between Big-4 and non-Big 4 firms, and little research has been conducted on making partner at non-Big 4 firms.

This research is important because non-Big 4 firms represent significant employment opportunities. A determination of the essential skills needed to “rise to the top” has implications for curricula in higher education and training programs at non-Big 4 firms. A consideration of the perceptions of junior and senior accounting students, audit managers, and audit partners regarding making partner at non-Big 4 firms fills a gap and adds to the academic literature. To that end, the research study contemplates the following four research questions:

1. RQ1: What skills do junior and senior accounting students, audit managers, and audit partners consider essential to performing the role of partner at non-Big 4 public accounting firms?
2. RQ2: What reservations do junior and senior accounting students, audit managers, and partners feel hinder individuals from becoming a partner in a non-Big 4 public accounting firm?
3. RQ3: What types of gaps exist between partner perception and manager and student perceptions of essential skills needed to become partner at non-Big 4 public accounting firms?
4. RQ4: How will technological disruption impact perceptions of the essential skill sets needed to become partner at non-Big 4 public accounting firms?

The paper provides a summary of applicable literature next. Following this summary are sections that describe the research methodology and research findings. The paper ends with a discussion and analysis of the results.

**CHAPTER TWO:  
LITERATURE REVIEW**

**Pathway to Partner in U.S. Firms**

The pathway to becoming a partner in public accounting firms is a dynamic and complex process; unfortunately, little if any academic research has been performed on the topic. The academic research that exists focuses on Big 4 firms. Based on the extant literature, there are substantive differences between Big 4 and non-Big 4 firms. Despite these differences and vast employment opportunities, there has been only one study that examined making partner at non-Big 4 firms. Table One, “Relative Literature on Making Partner in U.S. Firms,” below highlights this fact.

**Table 1.** Relevant Literature on Making Partner in U.S. Firms.

<b>Research Studies on Making Partner in U.S. Big 4 Firms</b>
<ul style="list-style-type: none"> <li>○ Bhamornsiri, S., &amp; Guinn, R. E. (1991). The road to partnership in the 'Big Six' firms: Implications for accounting education. <i>Issues in Accounting Education</i>, 6(1), 9-24.</li> <li>○ Guin, R. E., &amp; Bhamornsiri, S. (2000). The road to partnership in the “Big Five” firms-a revisit. <i>American Accounting Association Annual Meeting</i>.</li> <li>○ Guinn, R. E., Bhamornsiri, S., &amp; Blanthorne, C. (2004). Promotion to partner in big firms: Truths and trends. <i>New York State Society of Certified Public Accountants</i>, 54.</li> </ul>
<b>Research Studies on Making Partner in U.S. Non-Big 4 Firms</b>
<ul style="list-style-type: none"> <li>○ Margheim, L., Hora, J. A., &amp; Pattison, D. (2010). Educational competencies that mid-sized big firms value in their professional accounting staff. <i>American Journal of Business Education</i>, 3(6), 69-80.</li> </ul>

A review of the academic literature revealed several items that influenced promotion to partner at both Big-4 and non-Big 4 firms. For instance, becoming a certified public accountant (CPA) was a crucial step in the pathway process, but further research indicated that other factors also influenced promotion decisions (Bhamornsiri & Guinn, 1991; Guin and Bhamornsiri, 2000; Guinn, et al., 2004; Margheim et al., 2010). Besides certification, research indicated that

age, gender, prior work experience, and education all played a role in obtaining partner status (Bhamornsiri & Guinn, 1991; Guin and Bhamornsiri, 2000; Guinn et al., 2004; Margheim et al, 2010). As an example, the average age to make partner was between 30 and 36 Bhamornsiri & Guinn, 1991; Guin and Bhamornsiri, 2000; Guinn et al., 2004; Margheim et al., 2010). Additionally, firms tended to promote men to partner more often than women (Bhamornsiri & Guinn, 1991; Guin and Bhamornsiri, 2000; Guinn et al., 2004; Margheim et al, 2010). Margheim et al. (2010) found that non-Big 4 public accounting firms placed greater emphasis on prior work experience.

Although minimal research studies exist for non-Big 4 firms, several studies conducted on Big 6 firms (now Big 4) considered the competencies thought to pave the way to partner status. Bhamornsiri and Guinn (1991) and Guin and Bhamornsiri (2000) surveyed newly promoted partners in Big 6 public accounting firms to ascertain what helped them make partner. They found the following competencies and ranked them accordingly: communication skills (1), interpersonal skills (2), practice development (3), technical competence (4), and administrative skills (5). Margeheim et. al (2010) revisited this study using the survey instruments from Bhamornsiri and Guinn (1991) amd Guin and Bhamornsiri (2000) to see what competencies were important in the pathway process at mid-sized accounting firms. Their study found the following competencies and ranked them accordingly: communication skills (1), leadership skills (2), interpersonal skills (3), practice development (4), technical competence (5), and administrative skills (6).

Besides ranking the overall importance of the competencies, both studies considered whether the qualities needed to progress to the partnership level changed based upon service area within the firm (Bhamornsiri & Guinn, 1991; Guin and Bhamornsiri, 2000; Guinn et al.,

2004; Margheim et al, 2010). Three basic service areas within firms were identified: assurance, consulting, and tax (Bhamornsiri & Guinn, 1991; Guin and Bhamornsiri, 2000; Guinn et al., 2004; Margheim et al., 2010). discovered that all service areas in the Big 6 (Big 4) firms ranked communication skills as the most important, followed by interpersonal skills and technical skills. Margheim et al. (2010) concluded that communication, interpersonal, and leadership skills were the top three competencies desired in a partner at medium-sized firms.

### **Pathway to Partner in Other Countries**

Curiosity about the pathway to partnership is a concern not limited to the United States. Several studies tackled this issue from the perspective of other countries and cultures. Research conducted by Philip (2009) studied the characteristics important for advancement to partnership in public accounting firms in Hong Kong. In his mixed method study, Philip (2009) first surveyed Hong Kong CPAs and then supplemented the survey with semi-structured face-to-face interviews. This research revealed that social networking and internal locus of control positively influenced promotion to partner (Philip, 2009).

Waked and Yusof (2016) studied lived experiences of partners in the Kingdom of Saudi Arabia (KSA). Their study was qualitative in nature and involved interviewing 15 partners from various firms in KSA about their lived experiences as partners. The results of their study indicated that the following items were important: experience, certification, gender, work environment, interpersonal skills, proficiency in English, and computer skills.

Pan et al. (2018) conducted a similar qualitative study in Singapore where they interviewed 24 partners at Big 4 public accounting firms about the skill sets necessary to make partner. They found the following attributes were essential to becoming partners: technical expertise, strong client relationships, solid leadership skills, team management skills, a strong

sense of integrity and ethics, and good business sense.

Carter and Spence (2014) conducted a qualitative study that explored what it meant to be a successful professional or partner at Big 4 firms in both Canada and the United Kingdom. They conducted a total of 32 interviews that spanned both countries and included partners, directors, and senior managers. Carter and Spence (2014) found that business development, relationship management, and overall technical competence were the most important skills for making it to the partner level.

## **CHAPTER THREE:**

### **RESEARCH METHODS**

#### **Research Design**

A qualitative research methodology approach was employed to gather information about the perceptions of making partner at non-Big 4 public accounting firms from three different groups: audit partners, audit managers at firms, and junior and senior accounting majors. This section reviews the appropriateness of the research philosophy and is followed by a discussion of the participant recruitment and selection process, data collection, and data analysis.

A review of the literature indicated that a qualitative approach has been utilized by accounting researchers in other countries to study the process of making partner at Big 4 public accounting firms. For instance, Philip (2009) used a mixed method approach in which he administered a survey that was followed up by semi-structured interviews to investigate partnership decisions at Hong Kong Big 4 public accounting firms. Additionally, Waked and Yusof (2016) employed semi-structured interviews via a phenomenological study to examine the lived experiences of partners in the Kingdom of Saudi Arabia. Carter and Spence (2014) also took a qualitative approach to study the process of making partner in Big 4 firms in Canada and the United Kingdom by interviewing partners, directors, and senior managers. These approaches provided a stark contrast to the solely quantitative studies that have been conducted in the United States by Bhamornsiri and Guinn (1991), Guin and Bhamornsiri (2000), Guinn et al. (2004), and Margheim et al., (2010). Kaplan and Maxwell (2005) argued against using only data



quantification because they felt this method failed to capture the social or cultural context upon which the research is built. Radcliffe (2010) argued that “quantitative approaches, for all their value in detecting patterns and trends in large populations, seldom succeed in representing the nuances and complexities of the real world.”

Previous research studies conducted by Bhamornsiri and Guinn (1991), Guin and Bhamornsiri (2000), Guinn et al. (2004), Philip (2009), Margheim et al. (2010), Waked and Yusof (2016), and Pan et al. (2018) only considered pathway to partner decisions from the viewpoint of the partners. These previous studies did not consider the perspectives of employees aspiring to become partners or accounting students entering the profession. Making partner at a non-Big 4 public accounting firm is a process that happens over time and requires a specific skill set; therefore, a qualitative approach provides a means to study this unique process from several vantage points.

### **Data Collection**

Information about the process of making partner at non-Big 4 public accounting firms was collected from three different groups: partners, managers at firms, and junior and senior accounting majors. The data collection process involved conducting face-to-face semi-structured interviews with each of the participant groups. Such interviews were based upon a common format but were unstructured enough to allow for the investigation of new ideas and themes. The appendix contains a basic set of baseline questions that were posed to each group of participants.

Purposeful sampling methods were employed to select potential participants from each group, and each participant was required to meet the established selection criteria in order to be included in the study (Patton, 1990). Recruitment emails were sent to potential participants that described the nature of the study. All interviewees who expressed interest in participating in the

study were sent follow-up emails that contained a copy of the consent form for review and details about scheduling an interview.

Interviews were scheduled and conducted remotely through Zoom videoconferencing because of the limitations imposed by the COVID-19 pandemic. Each interviewee was assigned a unique code in Zoom to protect their privacy and identity. All interviewees were required to provide verbal consent prior to the start of their interview. Interviews were initially recorded and saved to the Zoom Cloud. Each recorded interview was sent to Rev.com where it was transcribed and scrubbed of all personally identifiable information. A description of the data collection process for each respective participant group follows.

#### **Data Collection: Student Group**

This section summarizes the data collection process as it was applied to junior and senior accounting majors by outlining the recruitment, selection criteria, and overall data collection process. Students interviewees were recruited from a public research institution located in the Mid-Atlantic Southeast region of the United States. The institution grants undergraduate and graduate degrees with an annual total student enrollment of approximately 13,000. Total student enrollment breaks down into roughly 70% undergraduate and 20% graduate. Approximately 60% of the student population is female, while males account for nearly 40%. Minority students and international students comprise 11% and 4% of total student enrollment.

The researcher targeted the College of Business, specifically the Accounting Program at the public research institution previously described. The College of Business and the Accounting Program at the institution are accredited by the Association to Advance Collegiate Schools of Business (AACSB). Enrollment in the College of Business averages roughly 1,200 – 1,300

students. The Accounting Program accounts for 200 - 250 undergraduate students and 20 - 25 graduate students.

Potential student interviewees were recruited by soliciting students who participated in the local Beta Alpha Psi (BAP) chapter at the institution. Beta Alpha Psi is an international honor society for accounting, finance, and information system students. During a given semester, the local BAP chapter has around 15-20 students attend its weekly events. Members of this group tend to be upper-level accounting students who have completed accounting internships or who are actively applying for accounting internships. Recruitment emails were sent to students who met the selection criteria. The following selection criteria were used to determine eligibility to participate in the research study:

- Undergraduate accounting major
- Junior or senior status
- Participation in a public accounting internship

**Table 2.** Descriptive Data for Student Interviewees.

Interviewee Code	Gender	Class Rank	Student Type	Approximate Duration of Interview
S1-FCS	Female	Senior	Traditional	48 minutes
S2-FAS	Female	Senior	Non-Traditional	43 minutes
S3-MBM	Male	Senior	Traditional	41 minutes
S4-FAM	Female	Senior	Traditional	42 minutes
S5-MMB	Male	Senior	Traditional	25 minutes
S6-FKC	Female	Senior	Traditional	31 minutes
S7-MTT	Male	Senior	Non-Traditional	41 minutes
S8-FOF	Female	Senior	Traditional	25 minutes
S9-FKS	Female	Senior	Traditional	39 minutes
S10-MEL	Male	Junior	Traditional	31 minutes

Junior accounting majors were defined as students who had completed 60 – 89 credit hours, and senior accounting majors were defined as students who had completed 90 plus credit hours.

Twelve emails that described the nature and purpose of the study were sent to potential student interviewees. All potential interviewees who expressed interest in participating in the study were sent follow-up emails that contained a copy of the consent form for them to review and details about scheduling an interview. In total, the researcher received eleven positive responses with one student not sending any response. A total of eleven interviews were conducted; however, one interview was excluded because the student interviewee indicated during the interview that his internship was not in public accounting. A breakdown of the remaining ten student interviewees is provided in Table 2: Descriptive Data for Student Interviewees.

Student interviews were scheduled and conducted remotely using Zoom videoconferencing. Verbal consent was obtained from all student interviewees prior to the start of the interview. Interviews ranged from 25 to 48 minutes in length and were recorded using the Zoom Cloud. A set of baseline questions was used to guide each student interview and helped the researcher explore perceptions of desirable partner qualities through the lens of each student interviewee's public accounting internship experience.

### **Data Collection: Audit Senior and Manager Group**

Public accounting firms provide a range of services to clients including accounting, auditing, taxation, and consulting. These firms are fundamentally different from other accounting service providers because public accounting firms are regulated by the states. Every public accounting firm is required to obtain a firm license in each state the firm conducts a substantial

amount of business. A majority of the owners at these firms must also be certified public accountants, or CPAs. A CPA is an individual who has passed a national licensing exam, obtained the appropriate amount of experience, adheres to ethical standards, and is licensed in a state or states. In addition, quality control standards must be met if the public accounting firm is engaged in assurance services.

This section summarizes the data collection process with respect to audit managers at non-Big 4 public accounting firms by outlining the recruitment, selection criteria, and overall data collection process. The following selection criteria was used to determine the eligibility of audit managers at non-Big 4 public accounting firms to participate in the research study:

- Employee of ranked non-Big 4 public accounting firm
- Manager status
- Expertise in audit

The researcher targeted audit managers of non-Big 4 public accounting firms that were ranked by Inside Public Accounting (IPA) because only the Margheim et al. (2010) study considered what it takes to make partner at non-Big 4 public accounting firms. Each year the IPA recognizes the top 400 accounting firms based upon its annual practice management survey and analysis of firms. A firm that makes this list is the “Best of the Best.” The researcher relied upon her extensive contacts with alumni and LinkedIn to access audit managers working at IPA-ranked firms. A breakdown of the firms that each audit manager worked for is provided below in Table 3.

**Table 3.** Descriptive Data of IPA Ranked Firms of Manager Interviewees.

Firm	IPA Ranking	Approx. Revenue Ranges	# of Offices	# of Partners	Total Employees	# of Research Participants
Firm 1	Top 100	\$40,000,000	11 - 30	200 - 230	1,000 – 2,000	2
Firm 2	Top 100	\$40,000,000	11 - 30	100 - 140	500 – 1,000	2
Firm 3	Top 100	\$40,000,000	1 - 10	30-40	300 - 330	1
Firm 4	Top 200	\$19,000,000	1 - 10	20 -30	200 - 275	2
Firm 5	Top 300	\$11,000,000	1 - 10	1 - 20	75 - 100	3

This study relied upon the AICPA’s basic definition when recruiting audit managers to participate. The AICPA considers an audit manager to be an individual with six or greater years of experience who is responsible for staffing, reviewing, and conducting the audit. Audit services are services provided in connection with the process of providing reasonable assurance about whether a company’s financial statements and note disclosures conform and comply with all applicable standards. To be included in the research study, all audit managers had to meet each of the three criteria.

Fourteen emails were sent to potential audit managers that appeared to meet the selection criteria. The emails described the nature and purpose of the study. All potential interviewees who expressed interest in participating in the study were sent follow-up emails that contained a copy of the consent form for them to review and details about scheduling an interview. In total, the researcher received thirteen positive responses with one potential audit manager interviewee not sending any response. A total of thirteen interviews were conducted; however, three interviews were excluded because the interviewees indicated that their employee rank was either below or above the desired rank of audit manager. This confusion was primarily the result of the evaluation and promotion procedures conducted at the excluded interviewees’ firms after the researcher had already scheduled the interview and was discovered during the interview process. A breakdown of the remaining ten audit manager interviewees is provided in Table 4.

**Table 4.** Descriptive Data for Audit Managers Interviewees.

Interviewee Code	Gender	Approximate Years of Experience in Public Accounting	Employee Rank	Firm Type	Approximate Duration of Interview
M1-MIG	Male	6 yrs	Audit Manager	Top 200	60 minutes
M2-MBR	Male	6 yrs	Audit Manager	Top 200	41 minutes
M3-FJB	Female	18 yrs	Audit Senior Manager	Top 100	50 minutes
M4-MHG	Male	6 yrs	Audit Manager	Top 100	51 minutes
M5-FFM	Female	15 yrs	Audit Senior Manager	Top 100	38 minutes
M6-FKM	Female	15 yrs	Audit Manager	Top 300	60 minutes
M7-FLK	Female	6 yrs	Audit Manager	Top 100	47 minutes
M8-FJL	Female	15 yrs	Senior Audit Manager	Top 100	60 minutes
M9-FSC	Female	8 yrs	Audit Manager	Top 300	120 minutes
M10-NL	Female	13 yrs	Senior Audit Manager	Top 300	100 minutes

In addition to the data collected in Table 4, all the audit managers were asked about their educational background and licensure. Approximately 70% of the managers possessed a master's degree while 30% just had their bachelor's degree. All the audit managers had obtained their CPA license, and half had obtained additional certifications.

Audit manager interviews were scheduled and conducted remotely using Zoom videoconferencing. Verbal consent was obtained from all audit manager interviewees prior to the start of the interview. Interviews ranged anywhere from 40 to 120 minutes in length and were recorded using the Zoom Cloud. A set of baseline questions was used to guide each audit manager interview and helped the researcher explore perceptions of desirable partner qualities through the lens of each audit manager interviewee's public accounting experience.

#### **Data Collection: Audit Partner Group**

This final data collection section summarizes the recruitment, selection, and overall data collection process as it relates to audit partners at non-Big 4 public accounting firms. The following selection criteria was used to determine the eligibility of audit partners at non-Big 4 public accounting firms to participate in the research study:

- Partner at a ranked non-Big 4 public accounting firm
- Reached partner level
- Expertise in audit and assurance services

Similar to the audit manager criteria, partners were recruited from IPA ranked firms. The researcher used her extensive alumni connections and LinkedIn to recruit potential audit partners to interview. Each potential interviewee had to have obtained partner level status at one of the IPA-ranked firms and possess extensive expertise in the field of audit and assurance services, as defined in the previous section.

Ten emails were sent to potential audit partners that appeared to meet the selection criteria. The emails described the nature and purpose of the study. All potential interviewees who expressed interest in participating in the study were sent follow-up emails that contained a copy of the consent form for them to review and details about scheduling an interview. In total, the researcher received ten positive responses, but one potential audit partner interviewee failed to schedule an interview. A total of nine interviews were conducted.

Audit partner interviews were scheduled and conducted remotely using Zoom videoconferencing. Verbal consent was obtained from all audit partner interviewees prior to the start of the interview. Interviews ranged from thirty-eight to one hundred six minutes in length and were recorded using the Zoom Cloud. A set of baseline questions was used to guide each audit partner interview and helped the researcher explore perceptions of desirable partner qualities through the lens of each audit partner interviewee’s public accounting experience. A breakdown of the nine audit partner interviewees is provided in Table 5 below.

**Table 5.** Descriptive Data for Audit Partner Interviewees.

Interviewee Code	Gender	Approximate Years of Experience in Public Accounting	Firm Type	Approximate Duration of Interview
P1-FJS	Female	10 yrs	Top 100	46 minutes
P2-MLE	Male	42 yrs	Top 200	54 minutes
P3-MHE	Male	42 yrs	Top 300	84 minutes
P4-MJS	Male	41 yrs	Top 100	106 minutes
P5-FKS	Female	16 yrs	Top 300	38 minutes
P6-FMP	Female	22 yrs	Top 100	39 minutes
P7-FVE	Female	30 yrs	Top 100	42 minutes
P8-MRA	Male	26 yrs	Top 100	48 minutes
P9-MDH	Male	40 yrs	Top 200	81 minutes

In addition to the data collected in Table 5, all the audit partners were asked about their educational background and licensure. Approximately 40% of the partners possessed a master’s



degree, while 60% just had their bachelor's degree. All the audit partners had obtained their CPA license and half had obtained additional certifications.

### **Sampling Size**

According to Corbin and Strauss (2008), the appropriate sample size is determined when theoretical saturation is achieved. Theoretical saturation is reached when the analysis of each subsequent interview does not yield additional new information. For purposes of this research study, a baseline of nine to ten interviewees was established for each group: junior and senior accounting majors, audit managers, and audit partners. In some cases, more interviews were conducted than the baseline amount, and some interviews had to be excluded because the interviewees did not fully meet the selection criteria. The following number of interviews were conducted: 11 student group interviews, 13 audit manager interviews, and 9 partner interviews. The researcher had to exclude one student interview and three audit manager interviews that did not meet the selection criteria.

The average length of the student interviews was around 36 minutes. Theoretical saturation for the student interviewees was reached around the fifth interview as little new information emerged from the six remaining interviews. The length of the audit manager interviews averaged around 50 to 60 minutes which created a lot of depth in the data. Theoretical saturation for the audit managers was not reached until the seventh interview. The audit partner interviews averaged around 60 minutes in length and provided a great deal of depth and insights. Even with this richness in data, theoretical saturation of the audit partner interviews was reached by the fifth interview.

## **Data Analysis Process**

The research study applied the basic principles of qualitative research that were proposed by Corbin and Strauss (2008). All interviews were recorded and backed up to the Zoom Cloud. Transcriptions of recorded interviews were generated using Rev.com. The researcher double checked all transcriptions to ensure that no personally identifiable information remained and then uploaded the documents to Nvivo. Instead of letting the software code the interviews, the researcher opted to manually code the interviews in Nvivo. Open coding was conducted first to develop general categories (Corbin & Strauss, 2008). This coding was followed by axial coding, which allowed the researcher to determine interconnections of the categories (Corbin & Strauss, 2008). The final step involved “building a story” from selective coding about the data (Corbin & Strauss, 2008).

## **CHAPTER FOUR: RESEARCH FINDINGS**

This section presents the research findings for each of the three groups: junior and senior accounting majors, audit managers, and audit partners. The findings from the interviews are grouped into similar themes. The first part presents the findings with respect to partner aspirations. The next part describes the key technical skills identified, such as certification, specialization, life-long learning, and research. The key soft skills part immediately follows and considers skills like communication, collaboration, business development, flexibility, planning, and work ethics. The section concludes with the findings regarding technology and partner skills within the profession.

### **Student Findings**

#### **Theme One: To Rise or Not to Rise?**

All good stories start at the beginning. Asking student interviewees if they have a desire to “rise to the top” represents the starting point of this story, so the junior and senior accounting majors interviewed were asked about their future career goals. Specifically, students were asked if they were interested in rising to the partner level at non-Big 4 firms. The results indicated that around 40% of the students were unsure about becoming a partner, 20% of the students surveyed were a firm no, and 40% indicated that making partner was a personal goal.

During the interviews, the students were asked to describe what areas gave them concern regarding rising to the partner level at non-Big 4 firms. Only two students indicated that they

had no concerns. The rest of the students provided reasons for not wanting to make partner. An analysis of their interviews showed three types of concerns: work life balance, responsibility, and stress.

The first concern involved work life balance. There are different cycles of busy seasons in public accounting firms. Tax season runs from January to April 15 while audit busy season depends on the type of audit work performed. Since the students were employed at their internships during the busy season, they witnessed partners working lengthy hours. Many worried that the number of hours worked would not change significantly after the busy season. Student interviewees suggested that the lines were blurred between a partner's work life and personal life. The student interviewees witnessed partners arriving early and leaving late. Several shared the concern that a partner's workday never truly ended because there was an expectation that they take the work home. Interviewee S4 – FAM summarized the student concerns best by sharing the following observation:

Yeah. One of the partners had a couch in their office and there would be times where they would just sleep, wake up, continue, and never leave the space of the office, and that is horrifying to me. It is absolutely horrifying. Yeah. And at the beginning of the internship there was a memo sent out to the whole firm and it was titled "Minimum hour requirements during tax session." And it started off like 40 hours, and then it went to 50. And it's like, "Okay, it's tax season, I get it." And then it went up to 60, and I'm thinking like, "Man, there's not a lot of hours in the week. That's crazy." And then it went from 60 to just whatever it takes, whatever it takes, whatever it takes. And I mean, I still hear those words, "Whatever it takes" The idea of that just terrifies me.

Although the student interviewees considered work life balance a big factor, 60% said it was probably not a complete obstacle. Most acknowledged that in busy season everyone is required to work long hours, but busy season eventually ends. A couple of students indicated that it was important to establish boundaries early in the career and to take some personal responsibility for time management. They pointed out that there was always going to be some

give and take between a person's work and personal life. Interviewee S5 – MMB shared the following thought:

I can see how some people would let it become an issue and how it can overtake the life part of it. I think the important thing is to make sure you set the boundaries for yourself.

Besides work life balance, two other concerns involved the level of responsibility that partners were required to assume and the amount of stress that goes along with such responsibility. The student interviewees had concerns about managing people within the firm and dealing with clients. Many were worried about assuming responsibility for an audit report or a tax return. They indicated that partners were ultimately responsible for the work and must suffer the consequences if the work was not completed correctly. Interviewee S8 – FOF surmised:

The only thing that scares me about being a partner is being liable for stuff because it's pretty scary. If you get something wrong, I mean, that's pretty scary.

### **Theme Two: The Gold Standard**

Although promotion requirements vary from firm to firm, certification is still regarded as the “gold standard.” Given that fact, all the junior and senior accounting majors were asked if they felt certification was specifically important to making partner at non-Big 4 firms and whether they planned to get a CPA certification. The results showed that 100% of the student interviewees agreed that certification was important to making partner and planned to get their certification.

The students cited a couple of reasons why they felt certification was important to making partner. One reason cited was that the CPA credential was the “gold standard.” Interviewees indicated that it was recognized across the business community as sign of excellence. The students pointed out that partners represent the firm and that clients felt more confident knowing a CPA was doing the work. The consensus was that the credential would help

a person's career in the public accounting industry and that it was required for "rising to the top." A second reason mentioned was that the credential garnered respect. The students emphasized that the CPA exam was difficult to pass and required a great deal of effort. The interviewees felt that passing the exam represented a major milestone and proved that an individual was an expert.

Interviewee S6 – FKC summarized the student feelings best by stating:

I think that it's one of the biggest qualifications that people get in order to say, yeah, I'm in the accounting field and I have my CPA, meaning that I'm a certified public accountant. And I think that without that, you just, it's not real yet, I guess. I don't know. I think the CPA just makes it real.

### **Theme Three: Generalize or Specialize**

The student interviewees identified passing the CPA exam as a key step on the path to making partner, but public accounting operates in a dynamic environment where the rules are constantly changing. This dynamic is complicated by the fact that public accounting firms serve clients in a variety of different industries. Typically, student internships only provide exposure to one area of accounting: taxation or audit. In this study, 40% of the student interviewees had more than one internship to gain exposure in multiple areas. The researcher noted that a common theme in the interviews was consideration about whether making partner meant being a technical generalist or a technical specialist. Student interviewees had mixed feelings. Around 20% of the student interviewees thought being a technical generalist was important, while 30% favored technical specialization. Lastly, 50% of student interviewees stated, "it depends."

Student interviewees who thought that being a technical generalist was more important provided a couple of key insights as to why they felt this choice was best. One main reason for this answer was the fact that partners were responsible for reviewing the work of others and accepting responsibility for that work. Interviewees felt that this responsibility required general knowledge from a lot of different areas. A second reason cited was the fact that running a firm

meant understanding everything that the firm was involved with, and that understanding started with general knowledge about the firm's key industries and services provided.

Other interviewees favored specialization and surmised that having experts across the firm might be beneficial versus a partner having to know everything. They reasoned that accounting standards were constantly changing and that it would be impossible to keep up with all the standards in every industry and service area. The student interviewees felt that having experts made sense and that the experts were more likely to recognize and correct deficiencies in the work that they reviewed.

Finally, some students felt that the issue of technical generalist or specialist depended on size of the firm. They pointed out that larger firms have more resources and are able to specialize; conversely, smaller firms have fewer resources, making specialization more difficult. They also stated that another consideration was the make-up of the current partners in a firm. The student interviewees reasoned that if a firm was made up of primarily generalists, then perhaps specialists were needed to help that firm grow in other areas.

#### **Theme Four: Learning Never Ends**

Although the student interviewees could not agree on whether a technical generalist or specialist was best for aspiring partners, 70% of them identified life-long learning as an important skill. A common theme among the interviews was the notion that "learning never ends." They emphasized that making partner means being the best; furthermore, they pointed out that being the best means a willingness to constantly learn. Many stressed that the rules and regulations were ever changing and that partners needed to stay current or run the risk of relying on obsolete information. In addition, one interviewee mentioned that CPAs are required to complete a certain amount of Continuing Professional Education (CPE) each year. Another

student stressed the importance of having great research skills. Interviewee S2 – FAS provided the following observation:

Yeah. I think to become a partner, you have to keep on top of everything. You have to know what's going on with the ever-changing accounting world. So, to be on top of that and to love to learn, that just goes together.

Additionally, the student interviewees felt that a willingness to learn entailed more than just keeping up with rules, regulations, and standards. They emphasized the importance of software. Student interviewees claimed it was vital for partners to be able to understand how the software works, be able to use the software, and make key decisions regarding what software is best. A few pointed out that generational differences might play a role in a partner's ability to navigate software and indicated that younger partners would have a different mindset. This skillset was stressed by 100% of the student interviewees as critical.

#### **Theme Five: Communication, Communication, Communication!**

Although technical skills were considered important, the student interviewees identified several key soft skills that they deemed necessary to move up the ladder. The most identified soft skill from the student perspective was communication, and it was mentioned in every single student interview. A common theme that ran through all the student interviews was the fact that communication is not optional at the partner level. Many highlighted the fact that partners must be highly articulate as they are required to communicate with a variety of different stakeholders such as employees, regulators, and clients. Interviewee S3 – MBM articulated these points best:

Communication's big. Really, in public accounting, it's important, but it really just goes up. The farther up you go in the ranks, the more important communication becomes.

Since communication was identified as a critical skill, all the student interviewees were asked a follow-up question regarding which types of partner communications were best. Each student was asked to identify whether written or oral communication skills were more important



for aspiring partners. Around 50% of the student interviewees stated that verbal communication was the most important type of communication at the partner level. They indicated that verbal communication was especially important when dealing with clients because it helps build strong relationships. In addition, they felt that verbal communication was the best communication method within a team because it fosters a sense of camaraderie. Interviewee S5 -MMB provided the following key observation:

I would almost want to say verbal would be a little bit more important just because I feel that partners have a lot more face to face interaction with clients and the outside community. They really are the face of the firms.

Around 40% of the students interviewed could not decide whether verbal or written communication was more important. Those students indicated that it depended on the situation. They stressed that no two employees or clients are identical and that partners must determine everyone's preferred method of communication. The student interviewees claimed that partners also needed to consider the type of information being relayed because some messages are better communicated in writing, while others merit face-to-face interaction. Interviewee S4 – FAM summarized that a blend was best:

You need to be able to speak. But if you can't write a coherent email or letter, then also that's a huge problem. I feel like they're both really important.

Lastly, 10% of the student interviewees felt that written communication was the most important form of communication for a partner.

Another area of communication that was mentioned during many of the student interviews was listening. This was an interesting point because listening is not something that most people think about with respect to the communication process; however, the students felt that it was an important and often overlooked area. Interviewee S8 – FOF made that point clear

Yeah, because I mean listening, they always say you have two ears and one mouth for a reason. So you need to be able to hear what everybody else is saying, as well as hearing your own voice too.

### **Theme Six: Be Able to Read a Room**

Besides communication skills, all the student interviewees cited emotional intelligence skills as imperative for aspiring partners. In fact, a common theme that emerged from all the student interviews was the fact that partners must be able to “read a room.” Analysis of the interviews revealed that emotional intelligence was broadly defined by the student interviewees as “people skills” or the ability to read people. Several students indicated that there were many areas where reading people was important, such as dealing with clients, employees, and even other partners. The student interviewees also intimated that knowing how to respond to different groups was another part of emotional intelligence and linked this skill to relationship building.

Interviewee S10 – MEL shared the following observation:

And when you build a relationship, it makes a big difference! For example, COVID is really affecting a lot of people right now, but you can understand what they're going through by looking at them, by understanding, talking to them face to face. You can put yourself in the shoes of other people and try to get on a level playing field.

### **Theme Seven: Be Willing to Play Ball**

One extension of good communication and emotional intelligence is teamwork and collaboration. Not surprisingly, another common theme identified by the students was the ability to “play ball” or be a key part of the team. Around 90% of all student interviewees stressed the importance of being a team player or fostering collaboration as an important skill for aspiring partners. They respected the partners who “rolled up their sleeves” and helped get the job done. Many student interviewees experienced this type of collaboration firsthand during their internships when they were assigned to teams to complete certain jobs. Several students shared

that collaboration across the firm and in other locations was an important aspect of collaboration at the partner level. Interviewee S8 - FOF reflected these feelings:

You're going to need to collaborate with the other partners, as well as collaborate with clients to make sure everything is going as it's supposed to.

### **Theme Eight: Planning is Key**

The student interviewees suggested that effective teamwork required managing people, expectations, deadlines, and multiple projects. The idea that “planning is key” was another main theme among the interviews. Collectively, this process could be referred to as project management or time management. In the professional services field, “time is money.” The student interviewees were fully acclimated to that way of thinking as they tracked all their time for billing purposes. Approximately 90% of the student interviewees stressed that successful partners needed project management skills. Interviewee S7 – MTT emphasized the following point:

You have to know how to do time management and you have to be able to prioritize.

In addition to project management, strategic planning was another skill set that student interviewees felt that partners must possess. Students emphasized that this involved decisions such as whether to expand or what markets were appropriate. The results indicated that around 60% of student interviewees considered creating a road map for the future of the firm essential because without such a vision the health and vitality of the firm was at risk. Interviewee S6 – FKC made this point best:

Partners have to be able to have a vision for the firm and say, "This is where the firm is going." If there's no vision for the future, then eventually that firm's going to die.

### **Theme Nine: Lead by Example**

Besides having a vision, a common item brought up in the student interviews was “leading by example.” Around 50% of the student interviewees talked about the importance of being a great leader. The students pointed out that partners set the tone at the top and were the face of the firm. They surmised that employees look to the partners for guidance about what is acceptable behavior, and they emulate those behaviors. Interviewee S4 – FAM made the following observation:

I mean, part of being a leader is getting your team to follow you because you're head honcho. I mean, you're on top, everyone's going to look to you for guidance. You're the model for everybody else. If you're doing really stupid things, then the others will follow.

Several student interviewees went on to point out that great leaders must be likable people with charismatic personalities and strong work ethics. In fact, approximately 50% of the student interviewees described one of these qualities. Interviewee S3 – MBM explained the importance of likeability:

I think being personable is probably the biggest, or one of the most important things that they have to offer, because they have to get clients and retain them, so if they're a likable person and able to be easily talked to, I think that's a huge, important thing.

A few of the student interviewees pointed out that leadership also involved networking and firm promotion. Around 40% identified these additional leadership skills. Networking was viewed as critical to obtain clients and firm talent. Interviewee S2 – FAS made the following key point:

I think, in a way, you have to be a salesman. To get the clients in the door, you have to sell your firm. You have to sell yourself.

## **Theme Ten: Build a Strong Foundation**

Finally, the last student theme identified was “building a strong foundation” regarding technology. As stated previously, the accounting profession is starting to face many different types of technological disruption, and these disruptions are predicted to create a lot of changes in the profession. Given these facts, all the junior and senior accounting majors interviewed were asked to consider what impact disruptive technologies might have on the skills needed by aspiring partners. Overall, the findings suggested that 90% of the interviewees did not feel that the core skills needed to make partner will change; however, they felt that the skills needed to enter the profession would change. The students emphasized that aspiring partners should work on building a strong foundation of key skills such as communication, emotional intelligence, leadership, collaboration, and planning. Several student interviewees felt that the foundational skills would be enhanced by technology. Interviewee S2 – FAS stated this fact best:

I think some of them may change, but I think at the core, being the big communicator, having those soft skills, knowing the technology, keeping up with learning ... It's still going to be there. You're still going to have to do it as a partner.

As a follow-up question, the student interviewees were also asked if they thought the accounting profession was going to look drastically different in ten years as a result of emerging technologies. Once again, emerging technologies were defined as things like blockchain, artificial intelligence (AI), robotic process automation (RPA), and big data. Most of the interviewees suggested that the accounting profession would probably be different in the future, but there was disagreement as to the timeframe and about how radically different the profession might look. Several interviewees felt like the lower level work tasks would be automated and a higher level of analysis skills would become more important.

## **Manager Findings**

### **Theme One: Keep on Keeping On**

The Rosenberg Survey stated that there is currently a shortage of partner-ready candidates. Managers in non-public accounting firms are essentially a firm's partner-ready candidates, so this research study decided to explore this phenomenon from the perspective of the managers. As part of the interview process, each audit manager was asked to describe future career goals. All the audit managers were specifically asked if making partner was important to them. The results showed that 30% wanted to make partner, 60% were unsure, and 10% responded with a firm "no." Since only 30% wished to make partner, the audit managers were asked a follow-up question regarding their reservations about rising to the partner level. The following three concerns about making partner were cited in most interviews: increased responsibility, work-life balance, and business development.

Increased responsibility was a concern for around 30% of the managers. They indicated that moving to the partner level meant taking on a lot of additional risks such as accepting responsibility for the audit reports, managing the team, billing and collecting revenue, dealing with problematic clients, and ensuring the overall success of the firm. As managers, they acknowledged that they currently helped partners with many of these tasks, but they just were not ready to accept total responsibility. Interviewee M8 – FJL articulated these concerns best:

Taking partner is a lot more responsibility. I mean, it's all on you. I mean, it's your job to make sure the audit is done right. The team is doing what they're doing. You're billing, you're collecting. Not that I don't do that stuff for the partners, but it's your ultimate responsibility for the success of the larger firm or the office. So, it is a big step. It will be a lot more responsibility.

Another concern involved work-life balance, which dominated around 90% of the discussions. The managers pointed out that partners were required to work longer hours than all

other individuals at the firm; furthermore, the managers stressed that some of these hours extended beyond the normal workday. Several of the audit managers mentioned that they had commitments outside of work and were uncertain how they could take on partner-level obligations. Many of the interviewees worried about balancing a family life. Finally, some managers emphasized that they just had other priorities that were more important at this stage of their lives. Interviewee M3 – FJB summed work-life balance up by sharing the following:

For me, I feel it is more of a work-life balance issue. Like I said, I have a four-year-old; I have a one year old. I've had a lot of older generations passing. We've been at their funerals and stuff like that. You never see at somebody's funeral them talking about what a great job they did at work and how they were a great partner at their firm. I want to be there for my kids. I want to be here to kiss the boo-boos and then make dinner and have family dinners every night, and then read them their books, and tuck them into bed.

Lack of work-life balance at the partner level can be a complicated by a firm's expectations that partners attend after-hours events for business development purposes. Not surprisingly, another concern of audit managers involved business development requirements or the requirement to bring in a certain amount of business. Approximately 50% cited business development as a concern. Lastly, all three areas cited were enough to make 60% of the managers unsure about moving to the partner level. Several indicated that at this point in their lives they would prefer to remain a manager. In fact, many were content to "keep on keeping on!" Interviewee M2 – MBR stated that point best:

And there's different expectations as far as being a partner, as far as marketing and networking and things like that. No one goes into accounting because they just absolutely love the idea of networking. I think that's definitely something that no one ever really talks about in school or even, when you first started at your firm, that eventually you are going to have to take on some of those roles. I think most people are just perfectly content to sit in their little corner and do their little accounting work. So to me it's just a different set of skills and different job requirements that come with being a partner.

## **Theme Two: All That Glitters is Not Gold**

Becoming a CPA, or a certified public accountant, is often considered to be the “gold standard” in the public accounting profession; however, disruptive technology is predicted to change the value of this credential. State laws currently require audit professionals who issue reports to have the CPA designation. Additionally, most state laws specify that a certain number of partners in a licensed public accounting firm must be CPAs. Given these regulations, certification is considered a key technical credential. From an audit standpoint, all audit partners must have their CPA in order to sign off on reports.

Every audit manager who was interviewed was a CPA. As part of the interview process, each audit manager was asked to consider whether certification was still important for making partner in their respective firms. Approximately 50% of the audit managers shared the opinion that being certified was very important to making partner and indicated that an individual in their firm could not be promoted to partner without being a CPA. These managers also felt that having the designation was important to clients and would make a person stand out in the firm.

Interviewee M8 – FJL declared:

I can tell you, in my firm, it's 100% required. I think even if it wasn't required, I would say it's a must have. I think anybody in public accounting that wants to make it to that partner level needs it. I mean, not having it is just like a lawyer without a law degree.

Approximately 50% of the audit managers who were interviewed indicated that certification was not necessarily a limiting factor for making partner. They highlighted the fact that whether certification was required to make partner depended upon the types of services that a potential partner provided. In other words, being a CPA was not necessarily a requirement for partners in the consulting services area who were not signing audit reports or tax returns. Other audit managers contended that while certification was important to making partner now, that this



criterion might change as the accounting profession evolves. Interviewee M10 – FNL shared the following interesting observations:

The firms that are doing the best, say the big four, they're not CPA firms; they're professional services or consultants. And that's what a lot of people are calling themselves now, and so the majority of the partners are not CPAs. We push to get more consulting work. And we know that that requires other certifications that aren't CPA, but we are still stuck on being CPA. And honestly, I would say 99% of what I do has nothing to do with being a CPA. I wouldn't need it, technically. It's not the reason I won the work I got. It's not the reason people work with me. So it's kind of weird to hold onto it, because the profession's changing.

### **Theme Three: Generalize or Specialize**

The previous discussion on certification underscored the importance for different types of specialists in the accounting profession. As a result of those findings, audit managers were asked to consider whether it was more important to be a technical generalist or a technical specialist with respect to making partner. The findings were mixed. About 50% of the audit managers were in favor of specialization. They felt that the changing regulatory environment made it critical to become an expert in a niche area. The managers indicated that specialization allows a person to become extremely proficient in one area versus trying to keep up with everything, which can seem like an impossible task. The general feeling was that specialization would create economies of scale and competitive advantages for the firm. The audit managers emphasized that individuals needed to be “the go to person” within a firm for a niche and that having a specialty was beneficial to business development. Interviewee M3 – FJB summed up the importance of being a specialist:

In my thoughts, I would say it's probably more beneficial to be specialized just because to be a generalist in a lot of different areas, you're not going to actually be focused in one area. So, you're not going to necessarily bring that level of expertise. It's more or less to be specialized in a major and a minor basically is what you would call it. I would say most of the partners in our firm have one strong specialization.

Not all audit managers favored specialization. In fact, approximately 20% argued in favor of being a technical generalist. These managers felt that partners must have a broad base of knowledge to be able to navigate all the issues that arise in a firm. Finally, 30% of the audit managers suggested that perhaps being a technical generalist or technical specialist was dependent upon factors such as type of services provided, size of firm, and geographic region. Those interviewees felt that having a blend of both types of partners was better for the firm.

Interviewee M5 – FFM made the following observation:

I think it could go either way. Certain industries are very seasonal, like employee benefit plans are very busy during the summer months. So it is good to have a lot of different backgrounds. Also with changing standards and everything, it's nice to narrow your focus a little bit and not have to be all knowing. So I think it could go either way. I think the older mentality was you kind of know everything, but in today's world, you have to start narrowing to an extent. But I don't think they would frown upon either one, if you have the right traits to become a partner.

#### **Theme Four: Learning Never Ends**

The accounting profession operates in a complex and ever-changing environment. Keeping up to date with current rules, regulations, and standards is paramount to providing high quality services. In addition, certain licensure requirements demand a set amount of continuing professional education. As a result, not surprisingly, 50% of the audit managers identified lifelong learning and research skills as important technical skills for those aspiring to be partners. The audit managers emphasized that partners were responsible for reviewing and signing off on all the workpapers. They pointed out that keeping up to date was imperative for the review process. Additionally, the managers indicated that changing standards could provide both opportunities and threats for a firm, so life-long learning helped partners be proactive versus reactive. Interviewee M6 – FKM summarized this best:

I think you always have to stay up to date on stuff. Accounting is one of those professions that's changing constantly.

Lastly, lifelong learning and the research process can be enhanced by expertise in emerging technologies. The interviewees intimated that audit partners must be familiar with emerging technology or risk putting the firm at a disadvantage. Being able to increase firm efficiency on jobs and market new technology to clients was also mentioned as something important at the partner level.

### **Theme Five: Communication, Communication, Communication!**

Besides technical skills, the audit managers were also asked what types of soft skills were essential for individuals desiring to make partner in non-Big 4 public accounting firms. For purposes of this research, soft skills were identified as non-technical skills. All the audit managers identified communication skills as an important soft skill. The managers stressed that partners were required to communicate with a variety of different people such as clients, team members, and regulators. They emphasized that there was more to working in public accounting and pointed out that the ability to speak to people was crucial in the relationship-building process. In fact, Interviewee M5 – FFM emphasized how vital communication was:

Public accounting isn't sitting behind a desk. You're out there talking to people, whether it be a board group or if it's just a client one-on-one and you have to kind of know your people and be able to talk to them differently. And then of course we have management letters to write or audit work papers where you have to write formally, in our verbiage, what you need to say. So communication is probably one of the top skills.

Given the importance of communication, each interviewee was asked if they thought one type of communication skill was more important at the partner level. Responses from the audit managers differed. Approximately 40% of the audit managers felt verbal communication was more important at the partner level. The audit managers stressed that partners were more engaged in giving presentations to boards and clients. There was also the perception that networking and business development was better accomplished via verbal communication

channels. Additionally, they pointed out that verbal communication provided non-verbal clues as to how a person was feeling; furthermore, they stated that written communication was a lot more subjective and open to interpretation. Interviewee M4 – MHG made the following key point:

Sometimes it can get lost in translation just via email. And, a lot of people struggle with, I know I do myself, reading an email saying, "Man, are they mad? Or are they happy? I can't tell through the email." So, I can't tell. I can't get the vibe of what the message they're really trying to tell me is.

Around 60% of the audit managers felt that partners needed a blend of communication skills, depending upon the task at hand and the audience. For instance, several audit managers spoke about the importance of understanding how other people preferred to communicate and the need to cater to those preferences. The type of message being sent was another consideration, such as the question of whether bad news was better conveyed in person or via phone.

Interviewee M2 – MBR made the following strong point:

I think they're about the same, they're different for audiences. As far as clients go, I know I have clients that some respond really well to emails, some don't and only want to pick up the phone or meet face to face. Staff are the same way. So I think being able to have all, having strong communication, both oral and written, and then being able to decipher what works best with which people, is sort of an overwhelming set of qualities that you need to have, not only the communication skills, but determining what works best with whom.

### **Theme Six: If You Build It, They Will Come**

While the importance of being a great communicator was stressed by all the audit managers, relationship building was another key soft skill linked with communication. Around 60% of the audit managers interviewed highlighted the importance of building and maintaining relationships. This skill was considered crucial for business development purposes, but also extended to relationships within the firm. They indicated that being personable was an important element of client acquisition, but that the process did not stop with just creating the initial relationship. The audit managers emphasized that nurturing the relationship was probably more

important and resulted in greater retention. For instance, Interviewee M10 – FNL explained relationship building as:

I think the ability to create a relationship. Because I don't think everybody is even capable of that, but you have to create these relationships and keep them, and nurture them for years. Sometimes price is the reason you're getting a job, but it's usually the relationship. So you have to, especially as a partner, you have to be able to nurture those relationships, create those relationships, and keep them.

While communication was touted by audit managers as necessary for building and maintaining relationships, many indicated that people skills and emotional intelligence were additional contributing factors. Audit managers stressed that understanding, knowing, and determining how to respond to an audience was critical to relationship management. They felt emotional intelligence enabled partners to have “crucial conversations” with clients. Audit managers added that relationship management was not only about serving clients, but also extended to managing the talent inside the firm. Interviewee M8 – FJL extended this point:

Yes. I think every industry is a little different, every client is different. Being there for 13 years, I've had a lot of clients since day one. You have to know how to communicate with each one. You have to adapt and understand your audience a little bit about what your client's expectations are from you. Some clients want their hand held, other clients just want you to come in, do the work, they know what they've done. In addition, you have to build your bench. You need a good team behind you. So, the partners need to be able to read everyone's emotions and everyone's abilities too.

### **Theme Seven: Build Your Bench**

Clearly, most audit managers felt that building and maintaining relationships within their firms was extremely important. Another soft skill that complemented this finding was the idea that partners needed to facilitate collaboration. About 40% of the audit managers interviewed mentioned the importance of collaboration. Many felt that being able to work with a lot of different groups was extremely important, such as in the audit team, across the firm, or even when dealing with clients. Audit managers also claimed that a partner’s willingness to “get their

hands dirty” and work hard alongside the audit team garnered the respect of the team.

Additionally, the managers talked about the significance of knowing how to “build a bench” or team based upon each person’s strengths and weaknesses. Interviewee M8 – FJL emphasized that point:

As a partner, you need to know who's your technical person, who's your people person? Who's your hard worker? And you need to be able to put them together to have a good team.

### **Theme Eight: Tone at the Top**

Besides collaboration, leadership was another essential partner skill identified by about 50% of the audit managers who were interviewed. Interviewee M1 – MIG pointed out the obvious:

I do think leadership's very important, especially as you move past whether it be manager, senior manager, partner. I think if you don't have a desire to lead, then you're probably not going to make it to these levels.

Several of the other interviewees stressed that an important aspect of leadership was establishing the tone at the top. They contended that partners must set a good example and be role models because people within the firm look to them for guidance. The audit managers mentioned that great leaders communicate well and work to establish strong relationships with their team and clients. Additionally, the audit managers alluded to the fact that having passion and drive was vital. Leaders must be willing to take action. Interviewee M8 – FJL summarized these points best:

So if you want to make partner, nobody's going to hand it to you. And if you want it, you've got to step up and say, "Hey, I want to make partner, tell me what that roadmap looks like, how do I get there, what do I need to start doing? I think having the passion and acting on it, a lot of people want these things and they know what they want in their career, but you've got to push for it yourself. I mean, most of the time with passion, there's action out of that. So I think that having the passion and being driven will make you successful.

### **Theme Nine: Show Me the Money**

Another common soft skill that was mentioned by 60% of the audit managers was networking or business development. They indicated that generating business was an important factor in achieving partner status. For instance, Interviewee M2 – MBR provided the following observation:

I think having some form of networking skills is definitely something to work towards, that doesn't necessarily mean becoming a used car salesman, but finding some way that you can get yourself out there and promote the firm and the services that we provide. Networking is key. It's important for business development. We're not going to get many jobs from people who don't know we exist.

The audit managers went on to describe the key elements of this soft skill as: networking in order to promote the firm, secure new business, and grow. Networking was defined as important for selling the firm externally to both new and existing clients. Several audit managers pointed out that while getting new business was extremely important, cross-selling other services to existing clients was equally important. Managers stated that networking within the firm played a big role in cross-selling.

### **Theme Ten: Big Picture**

Networking and business development were tied to another important soft skill, strategic planning. Around 70% of the audit managers interviewed felt that “seeing the big picture,” or strategic planning, was a key skill for aspiring partners. Interviewee M8 – FJL stated:

I think seeing the bigger picture is, honestly, it's a term we use all the time with everybody, you've got to see the bigger picture. If you're not seeing that big picture of where the industry is heading, where technology is heading, you're not going to be successful. You're not going to grow.

They pointed out that strategic planning was about being proactive versus reactive to steer the firm in the right direction. Audit managers emphasized that “seeing the bigger picture” involved following trends in the accounting industry as well as in the industries of clients their

firm served and seizing opportunities for growth. A few managers noted that sometimes strategic planning was accomplished through acquisitions.

Another planning type of skill mentioned by many audit managers was project management. Many of those interviewed pointed out that a public accounting firm is essentially selling its services and expertise, a task that is heavily time driven. They stressed that partners were tasked with managing multiple projects simultaneously and ensuring that everything got done. Interviewees indicated that project management skills helped ensure that deadlines were met, key details were not missed, and that every engagement had what was necessary to complete the job. Interviewee M6 – FKM summed up this point:

I think you have to be good at project management because you always have, and even as a manager, you have so many different things going on. You have to keep all the balls in the air. That's not to say that everyone doesn't drop one every once in a while.

#### **Theme Eleven: Plan for the Unexpected**

Although the audit managers emphasized the importance of seeing the “bigger picture,” they were also realistic and noted that sometimes plans go awry in the complex world of the accounting profession. Around 50% of the managers emphasized that “planning for the unexpected” was a key skill for those wishing to make partner.

In fact, several audit managers pointed out that the accounting profession has faced complicated new standards, economic whims, public scandals, and unforeseen crises like the COVID-19 pandemic. The audit managers underscored the fact that partners needed to be adaptable. Interviewee M2 – MBR made a key observation:

I think that it's becoming increasingly important to have flexibility. There's always going to be some client or some scenario or some global pandemic that puts a wrench into what your outlined goal was. So being able to adapt when faced with new challenges or new opportunities is important.



Many audit managers felt that adaptability was only going to become more important as disruptive technologies like blockchain, artificial intelligence (AI), robotic process automation, and big data permeate the accounting profession.

### **Theme Twelve: A Strong Foundation Never Crumbles**

The audit managers were asked to consider the impact that disruptive technology might have on the skills needed to make partner at non-Big 4 public accounting firms in the future. The interviewer described disruptive technology as things like artificial intelligence (AI), robotic process automation (RPA), and big data. Around 90% of the audit managers interviewed agreed that disruptive technology will not drastically change the core foundational skills that the interviewees identified as necessary for aspiring partners. M4 – MHG surmised:

So, I think that the attributes themselves, meaning business development, being technically sound, communications, project management, are not going to change.

The audit managers provided many interesting insights as to why they felt this was the case. One reason cited was the fact that developing client relationships and promoting the firm requires human interaction. Interviewee M8 – FJL made a key observation:

I think people are so relationship driven and I think there's a lot of studies now, even with everyone on quarantine from COVID-19, that's why there's Zoom. Relationships are what drive human nature, and what drives our profession is the relationships we build with the clients, the trust we build with them. And though artificial intelligence is going to be a source to help us get the work done, it's not going to change it. It's not going to define us.

Several interviewees pointed out that the COVID-19 pandemic further illustrated the importance of relationship development. Another reason mentioned was the fact that not all clients served by non-Big 4 public accounting firms embrace new technology. Finally, besides client sophistication, another reason cited for why essential partner skills will remain the same involved understanding, interpreting, and explaining data.

The audit managers did not perceive significant differences to the essential skills needed for aspiring partners in non-Big 4 public accounting firms; however, there was not consensus on how disruptive technology might impact the overall accounting profession. The audit managers implied that the impact was going to be greater for those entering the profession. Many of the interviewees felt like the changes in entry and mid-level skills were not going to be drastic, but instead would provide them with different tools to perform their jobs. Along those same lines, some interviewees stressed that the new skills required were just going to result in greater efficiencies. Overall, opinions on the degree of change and the rate at which change will occur to the accounting profession were mixed.

## **Partner Findings**

### **Theme One: Up or Out No Longer Applies**

Given the predicted shortage of partner-ready candidates, the researcher wanted to gain insight into why an individual might not want to rise to the partner level. During the interview process, partners were asked why certain managers in their firms did not have a desire to become a partner. Although the answers varied, the most common reasons were lack of work-life balance, business development, and amount of responsibility.

Around 60% felt that work-life balance was still an issue even though their firms have been working to improve the situation. A few partners indicated that work-life balance issues were particularly problematic for women and articulated that they felt this was a barrier to becoming partner. Several partners stressed that work-life balance was not only a gender issue, but also a generational issue. They stated that older generations have a different perspective. For instance, Interviewee P2-MJS described work-life balance when he entered the field 40 years ago:

Basically the deal back then was, we'll give you Sunday morning off. You can go to church on Sunday morning. The saying was, after the preachers finished with you on Sunday, then we get you Sunday afternoon during tax season, at least.

Beyond work-life balance, around 30% of the partners believed that business development or marketing was an issue. They pointed out that at the partner level there was an expectation to bring in a certain amount of new business. When asked if there was a prescribed dollar amount of new business, their answers varied. Many of the partners argued that their firms needed to achieve balance among the partner group. They described “balance” as having a mixture of partners with different strengths. They implied that not every partner had to be the ultimate rainmaker, but that each partner should at least try to grow and sell the firm.

Finally, approximately 45% of the partners thought that taking on additional responsibility hindered managers from aspiring to be partner. They stated that partners assumed all the risks and that this was a deal breaker for managers who were risk averse. Interviewee P2-MJS made the following key point:

There's a lot of stuff to running a CPA firm that is not the most pleasant thing to do. It's like running any business. When you get up in the morning, you don't think, "Oh my gosh, this is going to be a great day. I'm going to have to let somebody go today." You don't really think that at all. Some people just want to work on accounting all day and help clients do things with their account.

This point was echoed by many of the other partners. They stressed that there was always a place for quality employees who did not want to make partner and that their firms no longer operated under the philosophy of “up or out.”

### **Theme Two: Gateway to the Profession**

The partners who participated in this study were CPAs, and 50% held additional credentials. This dynamic underscored the importance of licensure in the public accounting industry. In fact, CPA certification is often touted as the “gateway” or “a requirement” for

upward mobility in non-Big 4 public accounting firms; however, the profession is changing. Disruptive technology is creating opportunities for information technology professionals in the public accounting industry. Given these changes, the partners were asked to consider if being licensed as a CPA was important for making partner in their firms.

Approximately, 65% of the partners indicated that being a CPA was a requirement for making partner, while 35% stated it was not a requirement. A few partners pointed out that state law dictates the number of CPA owners required in a public accounting firm; however, they suggested that firms might organize differently in the future. Additionally, all the partners stressed that audit partners needed to be licensed because certification was legally required to issue audit reports. They explained further that certification was not necessarily important for other types of partners, such as partners in the consulting field. Interviewee P2-MLE made the following key observation regarding non-licensed partners:

We have people in our firm who are specialists that can become partners but they're not CPAs, but they have specialized knowledge that really help the accounting function.

One partner indicated that Big 4 firms were already starting to actively welcome non-licensed individuals into their firms as partners because they possessed the requisite specialized knowledge. Finally, although certification was still considered the “gateway” into the profession, about 70% admitted that the profession was changing and that there might be additional “gateways” in the future.

### **Theme Three: Specialize, Specialize, Specialize**

Discussions on certification highlighted the growing importance of specialists in the public accounting industry. During the interviews, partners were asked to consider whether it was easier to make partner by operating as a technical generalist or as a technical specialist. The

results favored becoming a technical specialist, with 65% of the partners emphasizing the value of specialization. Partners who supported specialization argued that the body of accounting knowledge was extremely complex and that firms operated in several different industries. They felt that it was no longer possible to be a generalist and that better client service would result from specialization. Being a technical specialist was also seen as a way that aspiring partners could set themselves apart, generate their book of business, and grow the firm. Interviewee P7-FVE summarized that point best:

I think the day of the generalist is behind us. That's the way it was when I started in the profession, and it's just too complex now. Aspiring partners are not really on anybody's radar unless they have distinguished themselves as an authority in the field.

In addition, around 35% of the partners interviewed stated that being a technical specialist or technical generalist depended on the individual's career aspirations and size of the firm. For instance, one partner stressed those wishing to be partners in a small firm might need to be more of a generalist.

#### **Theme Four: Love to Learn**

The partners identified another essential skill that complemented specialization: lifelong learning. In fact, 65% of the partners felt that “loving to learn” was important for aspiring partners because partners were often called upon to serve as experts in their field. The partners emphasized that accounting standards and rules were always changing; consequently, partners must keep current. They stressed that CPAs were mandated to get a certain amount of continuing professional education each year; however, being a partner meant going above and beyond that standard. There was generally a feeling that partners did not need to know absolutely everything; but instead, they should be teachable. Interviewee P8-MRA captured this sentiment best:

You have to be willing to always continuously learn. I don't think anybody that makes partner feels like they've totally arrived.

One crucial area that approximately 75% of partners cited as important for life-long learning was the ability to conduct research. They surmised that the answer to any question was not always obvious. Interviewee P10-MDH made the following point:

I always said if it was black and white, a monkey could do what we do. What we do is we live in the gray. We get paid to live in the gray and figure out how can we help the client take advantage of whatever gray there is with legal constraints obviously and moral constraints.

Many partners argued that developing the ability to exercise professional judgement was a fundamental part of the research process. They also cited the need to be skeptical and follow gut instincts in areas of uncertainty.

#### **Theme Five: Communication is Not Optional**

Besides technical skills, the partners interviewed remarked on the value of soft skills. One important soft skill that was mentioned by 90% of the partners was communication skills. Such skills were not considered optional at the partner level. Interviewee P5-FKS pointed out:

It's funny because accountants have a reputation, which is wrong in my opinion, that they sit in their cubicle and don't talk to anybody all day and are antisocial. It's a lot of dealing with people and reading people, whether they're employees or clients. I think that's definitely a misconception that a lot of people have about us because you definitely have to have those skills to be successful at your job.

The partners stressed that at their level they were required to communicate with a variety of different people both inside and outside the organization. They intimated that a key part of the communication process was knowing their audience and adapting their communication styles to meet the needs of each audience. As a follow-up question, the partners were asked if there was a stronger preference for verbal or written communication skills at the partner level. The partners overwhelmingly expressed the opinion that a blend of both verbal and written communication

skills was required and that it really depended on the situation. Additionally, they added that communication preferences often varied by generation.

### **Theme Six: Making Connections**

In addition to communication skills, another key soft skill was relationship building. All the partners interviewed indicated that the ability to build and maintain relationships was a crucial skill for aspiring partners. Making connections through relationship building was deemed essential for recruiting, serving, and retaining clients. Interviewee P7-FVE summarized this point:

Your primary role at the partner level, is building the relationship connection with all of your clients, and the model that we operate under from an economic standpoint. A partner's time is better spent building relationships and ensuring to each client that they're the most important thing on their calendar that day.

The partners also suggested that relationship building be extended to employees within the firm by partners playing a prominent role in establishing trust and managing talent. They stated that building a great team provided a strong foundation which resulted in better client service and retention.

Another critical element of relationship building that was mentioned by roughly 80% of the partners was emotional intelligence or "people skills." The partners implied that being able to gauge people and respond in the appropriate manner was a vital part of the relationship-building process. Interviewee P9-MDH made this point by saying:

You have to be a lot of people. When I'm talking to the trucker, I've got my trucker hat on, I'm a trucking guy. When I'm talking to the contractor, I'm a contractor guy. I talked the language. When I'm talking to a banker, though, I put on my nice suit, and I'm a banker guy. You just have to wear a lot of hats, and you may want to just be who you are, but you've got to adapt. You've got to be more of a chameleon.

To the partners, emotional intelligence meant that they must be able empathize with those around them.

## **Theme Seven: Salesmanship**

Making the right connections and building relationships was cited by partners as a fundamental part of business development, and 100% of the partners designated these as essential skills. Partners described business development as the ability to sell the firm and help it grow. They acknowledged that business development occurred on several different levels and discussed those levels during the interviews. Interviewee P9-MDH made this distinction:

Business development is a key thing for partners, and that's on a lot of different levels. People think of marketing as you're going out and lassoing someone, and you're bringing in the next GM or something. And that's not what we're talking about.

One level involved creating brand new services such as using robotic process automation (RPA) to help clients navigate the new leasing standards. A second level of business development promoted the idea of cross-selling services to existing clients, for instance, by offering to help a tax client with financial planning. The third level of business development revolved around entering new markets and was sometimes accomplished via mergers and acquisitions. A fourth level stressed the importance of being a technical expert or go-to person for clients by offering educational seminars. Finally, partners described the last level of business development as “pounding the pavement” by considering every contact as a potential new client.

The partners suggested that business development conversations should not be forced. Many of the partners felt that developing a strong relationship as a trusted adviser was a steppingstone to business development. They emphasized that aspiring partners needed to share their expertise, listen to their clients, and constantly look for opportunities to help their clients improve. Interviewee P8-MRA provided the following key observation:

We want to become trusted advisors. We want to have those conversations very naturally. We want to see areas where we can offer our expertise without making you feel like you're on the used car lot and you've got three guys who have to sell you a car or they're getting fired today.



Additionally, the partners stressed that business development meant not being afraid to be told “no” and pointed out that being refused was a key part of the business development process. Lastly, the partners discussed the fact that not every partner was a great “rainmaker” but that there was an expectation that partners help grow the business.

### **Theme Eight: Lead vs. Manage**

Besides salesmanship, another essential skill revealed in 90% of the partner interviews was leadership. The partners expanded the definition of leadership by illustrating that leadership goes beyond traditional management. Interviewee P6-FMP summarized this sentiment best:

I think the ability to lead people rather than manage them is key because there's a distinct difference. Lots of people are great managers but leaders are visionary. Managing is more like making sure the people are in the seats and getting the right things done.

The partners implied that great leaders see the world differently by seizing opportunities that other people missed. They went on to state that aspiring partners need to have an executive presence and be seen as leaders in the public accounting industry. Additionally, the partners felt that such leaders anticipated problems ahead of time and were always prepared for the unexpected. Around 75% of the partners acknowledged that fostering collaboration among engagement teams and across the firm was another crucial part of leadership, and 30% felt strongly that project management skills were essential.

### **Theme Nine: Be an Initiator**

One essential skill related to leadership that was referred to by roughly 75% of the partners was strategic planning or “coming up with a game plan” for the firm. The partners posited that a well-developed strategic plan enabled the firm to grow and thrive. They further implied that a great strategic plan positioned firms to be proactive versus reactive. While the

partners did not expect aspiring partners to know the ins and outs of strategy, they expected them to be initiators. Interviewee P2-MLE stated this point best:

Some people will say, "Well, I'm not a visionary." Well, you don't have to be a visionary to be able to be an initiator. You have to read more. You have to think more. You have to watch what's happening around the profession.

The consensus was that aspiring partners who were initiators would stand out among their peers and rise more quickly to the partner level.

### **Theme Ten: Work Hard, Play by the Rules, and Stand-out**

To become an initiator, aspiring partners must be willing to work hard. Not surprisingly, about 80% of the partners articulated that being driven or having a strong work ethic was a vital trait. They emphasized that partners were often required to meet key deadlines by staying until the work was completed, which meant occasionally working weekends, late nights, and holidays. The partners contented that accounting is a demanding career which necessitates give and take with the firm to achieve work-life balance.

Besides work ethic, over half of the partners highlighted the need to play by the rules. Such a demanding career can cause individuals to bend under pressure. High ethical standards and personal integrity were touted by the partners as the cornerstone of the profession.

Interviewee P9-MDH made a key observation:

Under pressure, everybody goes back to their base nature, who they are. You have to be a good person. If you're not a good person, you don't have a strong moral compass, you don't have a good, positive attitude, under pressure, you become an asshole, and you get yourself and your people around you in trouble.

The partners pointed out that having a strong moral compass and "doing the right thing was always good business." Lastly, 65% of the partners stressed that personality played a role and that aspiring partners should have a likable personality that made them stand out.

## **Theme Eleven: Adaptability is Not the New Normal**

Given the rapid technological change in the public accounting industry, the partners were asked if they thought the essential skills needed to become a partner would drastically change in the future. Approximately 90% of the partners felt that the basic foundational skills previously mentioned would remain the same. Interviewee P7-FVE summarized the sentiments of the partners best:

Technology can make our jobs easier, technology can't replace the human aspect of what we do. This is a people oriented profession, and these last few months has been a prime example. We're using technology to carry on almost seamlessly, but that technology is only the tool, its the relationships we have with each other, the relationships that we have with our clients that matters, in the end it comes down to all those personal attributes that we talked about, and there's no substitute for that.

In their opinion, the new technologies represented additional tools that would make partners more efficient and able to provide greater client service. They implied that technological disruption was not really anything new in the public accounting industry. A few partners likened the trends to the impact that QuickBooks, Excel, and Tax Software had on the industry. In fact, several of the partners interviewed argued that, over the course of their careers, they had found themselves constantly evolving because change was inevitable in the accounting field.

Interviewee P7-FVE stated:

Adaptability is looking ahead strategically, and saying, "How do I need to evolve?" Also on a day to day basis, a lot of people I know who are very talented have left public accounting because they said, "I'm not cut out for this. Every day is different and it drives me crazy." And, "I want to know what to expect when I get up in the morning and you never know what today's going to hold in public accounting.

They intimated that being adaptable in public accounting was a fundamental requirement and certainly not the new normal.

## Findings Summary

As previously stated, the Rosenberg Survey identified that there is currently a shortage of partner-ready candidates in non-Big 4 public accounting firms. The public accounting industry is also predicted to have massive retirements and rapid technological disruption in the coming years. Non-Big 4 firms are fundamentally different from Big 4 firms in the following ways: international presence, gross revenues, size, culture, work-life balance, and overall prestige. Such firms have received little appropriate attention from a research perspective. Given those facts, the researcher investigated what it takes to “rise to the top” at non-Big 4 public accounting firms. Tables 6, 7, and 8 on the next couple of pages summarize the key findings. A discussion and analysis of the key findings is presented below for each group and is followed by a comparison across the groups. Lastly, areas for future research are considered.

**Table 6.** Comparison of Essential Soft Skills Across All Groups.\*

Essential Soft Skill	Student Group Perceived Importance N=10	Manager Group Perceived Importance N=10	Partner Group Perceived Importance N=9
Adaptable	40%	90%	100%
Business Development	30%	60%	100%
Collaboration	90%	40%	80%
Communication	100%	100%	90%
Emotional Intelligence	90%	100%	80%
<b>Ethics/Integrity</b>	<b>0%</b>	<b>20%</b>	<b>50%</b>
<b>Leadership</b>	<b>50%</b>	<b>50%</b>	<b>90%</b>
<b>Personality</b>	<b>30%</b>	<b>0%</b>	<b>65%</b>
<b>Professional Judgement</b>	<b>0%</b>	<b>0%</b>	<b>30%</b>
Project Management	90%	60%	30%
Relationship Building	0%	60%	100%
Strategic Planning	60%	70%	80%
<b>Work Ethic/Drive</b>	<b>30%</b>	<b>40%</b>	<b>80%</b>

*\*Key differences are indicated in bold type. Percentages are based on the number of interviewees in each group that indicated importance of a specific soft skill during their interviews. For example, 40% or 4 out of 10 students spoke on the importance of being adaptable.*

**Table 7.** Comparison of Essential Technical Skills Across All Groups.\*

Essential Technical Skill	Student Group Perceived Importance N=10	Manager Group Perceived Importance N=10	Partner Group Perceived Importance N=9
<b>CPA Certification</b>	<b>100%</b>	<b>50%</b>	<b>65%</b>
Life-Long Learning	70%	50%	65%
Research	10%	70%	80%
Specialization	30%	50%	65%
Technology Skills	100%	50%	100%

*\*Key differences are indicated in bold type. Percentages are based on the number of interviewees in each group that indicated importance of a specific technical skill during their interviews. For example, 100% or 10 out of 10 students spoke on the importance of being certified.*

**Table 8.** Reservations about Becoming a Partner Across All Groups

Reservation	Student Group Perceived Importance N=10	Audit Manager Group Perceived Importance N=10	Partner Group Perceived Importance N=9
Work-life Balance	100%	90%	60%
Too Much Responsibility	40%	30%	30%
Business Development	0%	50%	30%
Stress	10%	0%	10%

*\*Key differences are indicated in bold type. Percentages are based on the number of interviewees in each group that indicated importance of a specific reservation during their interviews. For example, 100% or 10 out of 10 students spoke on the importance of work-life balance issues.*

## **CHAPTER FIVE:**

### **DISCUSSION AND ANALYSIS**

#### **Student Group Discussion and Analysis**

The researcher started this process at the bottom by asking junior and senior accounting students for their input on what it takes to make partner at non-Big 4 public accounting firms. A literature review revealed that students were never asked about the skills needed to make partner. All the students interviewed were required to have completed a public accounting internship, so they would have exposure to partners. The skills were placed into two groups: soft skills and technical skills. Analysis of the interviews revealed that the student groups perceived the following soft skills to be the most important for aspiring partners: collaboration, communication, emotional intelligence, and project management.

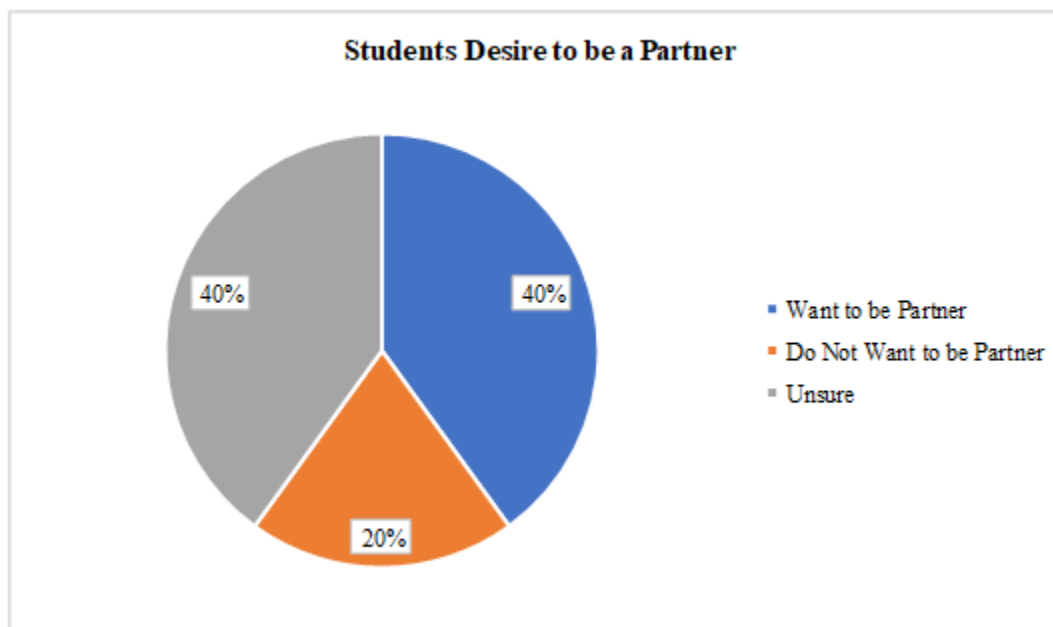
Many of the students interviewed were exposed to auditing services; consequently, it was not unusual to see that they identified collaboration and project management as key. The researcher postulated that this result occurred because auditors tend to work in teams and the audit is essentially a big project. The fact that students deemed communication an essential partner skill was also not surprising because accounting programs and the CPA exam emphasize this skill. One interesting finding with respect to communication was the fact that 50% of the students felt that verbal communication was more important at the partner level. This was fascinating, considering the common stereotype that accountants stay behind a desk, crunch the numbers, and never talk.

The fact that a small number of students identified sales and marketing as an essential skill was remarkable given their limited exposure to the business development process. Ironically, those same students did not identify the importance of building business relationships, which is a part of business development. Additionally, students mentioned adaptability as a key skill, which was not out of the ordinary considering the interviews were conducted during the COVID-19 pandemic.

Two areas of concern were ethics and integrity, and the work ethic. The researcher felt that the students did not perceive ethics and integrity as a soft skill, but instead, as more of a character trait. This could explain why they did not mention ethics and integrity as fundamental to being a partner. As for the work ethic, most students completed their internship during the busy season, so it was surprising that they did not perceive the work ethic as being a key part of a partner's success. Many students did mention that they were "turned off" by the number of hours required to get the job done.

Besides soft skills, the student group also identified the following technical skills as critical: CPA certification, life-long learning, and technology skills. The fact that the students referenced CPA certification was not odd because both higher education and employers stress certification. Additionally, the mention of life-long learning was not novel because accounting students have a front row seat to the ever-changing rules and regulations in the public accounting profession during their college careers. Given that fact, the researcher was surprised that more students did not place a higher importance on research skills. Since partners are called upon to make judgement calls in grey areas, research skills are important. Finally, the ability to work software or use technology as an essential skill was also not considered a significant finding.

Identifying key partner skills was an important part of this study, but the researcher also considered why the students might choose not to be a partner. All student interviewees were asked if they had a desire to be promoted to partner. Figure 1 below provides a breakdown of the student responses.



**Figure 1.** Student Desire to be Partner.

The students identified three areas of concern: work-life balance, too much responsibility, and stress. Considering most student internships occurred during busy season, it was not odd that the students had concerns about work-life balance. The researcher was surprised about the student's perceptions regarding the level of responsibility and found it intriguing that they picked up on the increased level of responsibility.

### **Manager Group Discussion and Analysis**

After the student interviews, the researcher then asked audit managers for their input on what it takes to make partner at non-Big 4 public accounting firms. Audit managers were a crucial group of interviewees because they represented partner-ready candidates. Once again, the



skills were placed into two groups: soft skills and technical skills. Analysis of the interviews revealed that the manager group perceived the following soft skills to be the most important for aspiring partners: adaptability, business development, communication, emotional intelligence, project management, relationship building, and strategic planning.

Since the COVID-19 pandemic forced most audit partners to work from home, it was not unusual that the audit managers cited being adaptable as an essential skill. The researcher was surprised that all the audit managers did not cite business development as a key skill because firms start stressing business development expectations at the manager level, and business development and relationship building are interrelated. The audit managers also perceived communication and emotional intelligence as essential. This was not a novel finding because they often described communication and emotional intelligence as the foundation for business development and relationship building. Lastly, the fact that most audit managers cited project management as an essential skill was not surprising because each audit is run as a separate project which the audit managers usually oversee for the partners.

Areas that proved to be noteworthy involved collaboration, ethics and integrity, leadership, personality, professional judgement, and work ethic. Partners ensure coordination with the team, client, and firm during an audit, so the researcher was puzzled that not all audit managers identified collaboration as a key partner skill. Ethics and integrity are the cornerstones of the accounting profession, and CPAs are required to complete continuing professional education on these topics. Given both points, the researcher was perplexed that more of the audit partners did not point out that partners establish the tone at the top and need to exhibit such skills. Leadership was another area that around only half of the audit managers cited as being important at the partner level. This was surprising as audit managers work constantly with audit

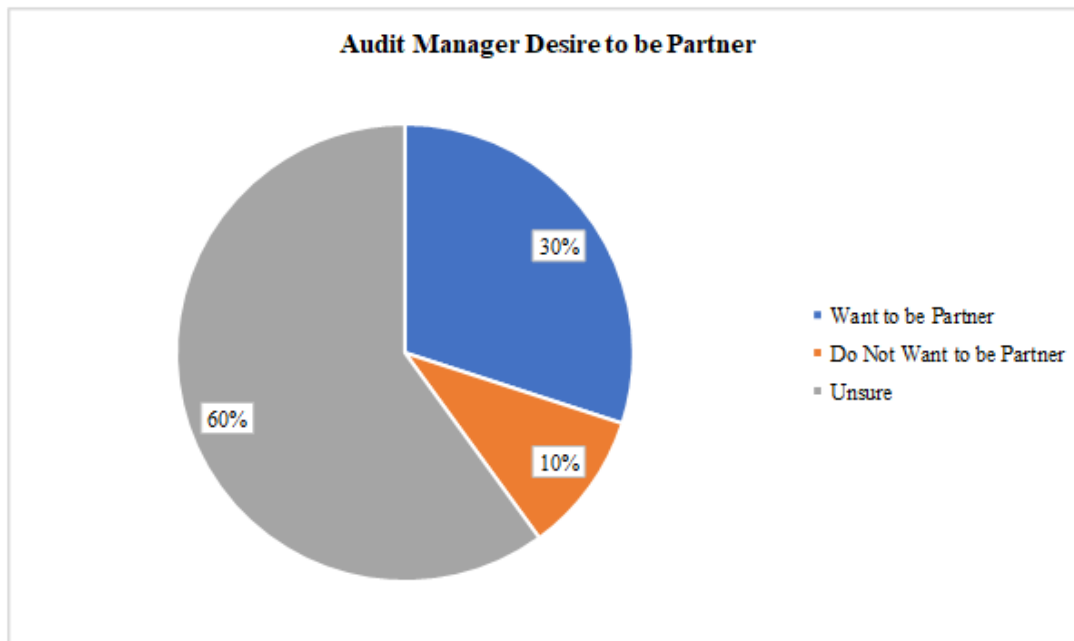
partners who lead both audit jobs and the firm. Auditing is a complex field that requires a certain amount of judgement; however, the researcher noted that none of the audit managers mentioned professional judgment as an essential skill. Finally, public accounting is a demanding career that is deadline driven, but few of the audit managers linked work ethic as a necessary skill to rise to the top.

Besides soft skills, the audit manager group also identified research as an important technical skill. Since managers consult with partners in areas of uncertainty, the researcher was not surprised that the subject came up during interviews. The researcher was intrigued that the audit managers indicated getting the CPA certification was not necessarily essential for all types of aspiring partners. Since the CPA certification is often touted as the “gold standard,” this interesting finding seems to indicate that the public accounting profession is changing. Another novel finding involved the fact that only half of the audit managers identified technology skills as essential for aspiring partners, which is ironic considering the rapid technological disruption predicted in the public accounting industry.

Although determining essential skills needed to make partner was important, the researcher also considered why the audit managers might choose not to be a partner. The researcher specifically asked all auditing managers if making partner was important to them. Figure 2 below summarizes the results.

The audit managers had the following reservations: work-life balance, added responsibility, and business development. The findings were not that surprising, but the researcher had anticipated that a larger percentage of audit managers would be concerned with business development. The researcher also had postulated that, since a larger number of female

managers were interviewed, work-life balance might have been higher because females tend to place a higher priority on family commitments.



**Figure 2.** Audit Manager Desire to be a Partner.

### **Partner Group Discussion and Analysis**

A final group of interviews was conducted with the partners themselves. The researcher wanted their input on what it takes to make partner at non-Big 4 public accounting firms because they had gone through the actual process themselves. The skills were placed into two groups: soft skills and technical skills. Analysis of the interviews revealed that the partner group perceived the following soft skills to be the most important for aspiring partners: adaptability, business development, collaboration, communication, emotional intelligence, leadership, relationship building, and work ethic.

These findings supported previous research conducted by Margheim et al. (2010), which was the only other study that explored essential skills to make partner in non-Big 4 firms. Their study deemed the following broad categories of soft skills essential: communication skills,

leadership skills, interpersonal skills, and practice development. One key contribution of the researcher's study was that actual skills were identified versus the broad categories from Margheim et al. (2010). This specificity adds richness and depth to the body of academic literature and allows for future research on each skill. The researcher argues that knowing the actual skills needed is important if students and audit managers want to rise to the top in non-Big 4 public accounting firms. Giving students and audit managers a list of actual skills versus broad categories allows them to work on and improve those skills.

In addition to soft skills, the audit partner group also identified the following key technical skills: research and technology. Those two skills were not unusual. Margheim et al. (2010) found technical competence but did not elaborate as to what that meant. Once again, the researcher was fascinated that the audit partners indicated getting the CPA certification was not necessary for all types of aspiring partners. The partners stressed that licensure was required for audit partners by law but indicated there was room for other specialists to become partners.

Besides identifying essential skills to make partner, the researcher also considered why an individual might choose not to be a partner. The partners were asked to provide insight into why being promoted to partner might not be their goal. The partners had the following reservations: work-life balance, added responsibility, business development and stress. The findings were not that surprising, but the researcher had anticipated that a larger percentage of partners would be concerned with business development.

### **All Groups Discussion and Analysis**

A second key contribution of this research involved a comparison of the skills needed to make partner among all three groups: students, audit managers, and partners. A review of gaps partners. Ain perceptions for soft skills follows. Five key gaps were found to exist in the

following areas: ethics and integrity, leadership, personality, professional judgment, and work ethic. With respect to ethics and integrity, the researcher wondered if perhaps there was confusion about whether it was a soft skill or a personality trait. This might explain the variation in the findings. The researcher was also puzzled because leadership was not considered an important trait across all groups. Partners run the firm, and both the students and audit managers should have had exposure to partners taking leadership roles. Additionally, the researcher found it interesting that the students and partners picked up on personality as a factor, but the audit managers did not. Audits also involve several grey areas, so the researcher was perplexed that even the audit managers did not mention this essential skill. Lastly, perceptions about the importance of work ethic was particularly concerning as public accounting is a demanding career. The researcher contends that generational differences might exist regarding work ethic.

Next the researcher looked at technical skills across all groups. The most surprising finding in this comparison was the perceptions regarding CPA certification. The audit managers and the partners indicated that there was room for other types of specialists, yet the students did not realize that these other opportunities existed. Lastly, the students did not perceive the importance of research as being significant for promotion.

The final area that the researcher explored involved the perceived impact of technological disruption on the essential skills needed to be a partner. Most students, audit managers, and audit partners interviewed felt that the basic foundational skills needed to be a partner would not change. They indicated that partners would just have different tools in their toolkits. The researcher felt this finding has importance because it can help drive curriculum changes at college and universities. As a result, curriculum can be reevaluated to better align with the skills needed for long-term success.

## **Limitations of the Research Study**

All research studies have limitations. This research study was not an exception to that rule. The main limitations involved the COVID-19 pandemic, geography, diversity, and a focus on only one service line. A brief description of the limitations with respect to the study now follows.

One main limitation imposed on the research study was the COVID-19 pandemic. The pandemic made it necessary to conduct all interviews remotely using video conferencing, which impacts the ability of the interviewer to read body language. The pandemic also could have impacted the responses of the interviewees. For instance, a semi-remote student internship experience is very different from a traditional internship experience. The fact that many interviewees brought up the concept of adaptability as an important skill could also be attributable to the impact of the pandemic on their perceptions.

The fact that most of the interviewees were recruited from a specific geographical region of the United States was another limiting factor that could have influenced their respective attitudes and beliefs. This factor further limited the overall diversity of the actual interviewees. If the same study was repeated in more diverse regions of the country, then the experiences of the interviewees might be different.

Besides geography, a focus on managers and partners in one service area was another limitation. In general, most public accounting firms focus on three main service areas: taxation, audit, and consulting. This research study only interviewed audit managers and audit partners from IPA-ranked non-Big 4 public accounting firms. Interviews of managers and partners in the field of taxation and consulting might have resulted in different responses.

## **Contributions to Higher Education and Areas for Future Research**

In closing, this research provided a comparison of the perceptions of the skills needed to make partner in non-Big 4 firms. The study also looked at the reasons an individual might choose not to become a partner from different points of view. Additionally, the study investigated perceptions regarding the role that technological disruption might play with respect to the essential skills required by aspiring partners. Several key gaps in student perception were revealed that could be addressed by higher education.

One gap implied that ethics and integrity was an area of concern. From a higher education standpoint, educators could provide a solution by incorporating more discussions and assignments that deal with ethics and integrity into the classroom. Another way to elevate the importance of ethical thinking and integrity would be to encourage higher education institutions to develop a Center for the Public Trust. This is a student organization that offers an ethics certification to students and brings in ethical speakers during the academic year. Researchers could measure ethical thinking prior to taking these interventions and compare it with ethical thinking after the intervention.

With respect to the professional judgement and research gaps, educators could incorporate more assignments that do not have a clear-cut answer. This shift would encourage the students to conduct research and provide an opportunity for classroom discussion regarding the best possible solutions when facing uncertainty. Experiential learning could also be used. Researchers could measure professional judgement before and after these interventions.

Other gaps in perceptions involved leadership and personality. Universities could address the leadership perception gap by encouraging students to take leadership roles in student organizations such as Beta Alpha Psi. Participation in student government is another action that

could help students gain experience and a better appreciation for the importance of leadership. In addition, encouraging accounting students to participate in sales and marketing competitions could bolster leadership and assist accounting students in practicing the skills needed to be successful business developers. Finally, taking on leadership roles might enable the students to realize that personality can play a role in being a successful leader. Students could be interviewed before and after participation in these organizations to gain additional understanding.

### **Contributions to the Profession and Areas for Future Research**

This study revealed several key differences in perceptions between audit managers and partners. Understanding that these differences in perceptions exist is an important contribution to the profession and opens up areas for future research. For instance, the study could be repeated to include managers and partners from other service lines such as taxation and consulting. Then a cross comparison could be conducted among all service lines that highlights similarities and differences. Future researchers could also use the IPA list to further divide firms into groups such as only firms in the top 100; then a more detailed comparison of firms in each of those groups could be conducted. Firms could conduct individual case studies to help them identify strengths and weaknesses and come up with best practices.



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