

**Examining Mentoring in Public Accounting Organizations**

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### **ABSTRACT**

This study explores the literature regarding the components, costs and benefits of implementing mentorship programs within professional organizations. Using a public accounting firm as a general template, we highlight mentoring's contributions in developing employees, minimizing unwanted turnover and providing other organizational benefits. It examines personal and organizational costs and benefits and discusses areas of further research, such as mentoring's developmental and psychosocial components and measurable performance enhancement for the organization as a whole—applied especially for CPA firms.

Keywords: Mentoring; Public Accounting

### **Examining Mentoring in Public Accounting Organizations**

While many studies discuss the general importance of mentoring, few focus on its application for CPA practitioners, which have well-defined hierarchies of occupational advancement. The need for mentorship within public accounting firms is apparent due to the intermittent supervision of engagements and staff visibility and to the variety of different clients and supervisors that is unique to the this profession. Public accounting firms face similar diversity and talent retention issues as other industries. Evaluating a CPA firm's mentoring costs and benefits also provides a general canvas to understand the mentoring process of a variety of professional service organizations. This study summarizes the relevant mentoring literature, focusing on how accounting practitioners can apply many of its suggestions.

Originating in ancient Greece, mentorship denotes a primarily educational relationship between two people in an organization (Garvey 1994). More recently, mentorship has become a business strategy and semi-permanent structure for many types of entities, including industrial corporations, professional service firms and academic institutions. In mentorship a senior, more experienced individual (the mentor) provides advice, counsel, or guidance to a junior, less seasoned person (the protégé). This relationship helps to develop and further protégés' skills and careers, while producing essential benefits to the employing organization by yielding a sustainable supply of human capital.

Mentorship differs greatly from supervision. Supervisors can directly control what work is done and how it is performed, and are often critical of those they supervise. Supervisors must create uniform broad behavioral parameters and provide formative and evaluative feedback. Mentors, however, occupy "non-judgmental" positions vis-à-vis the protégé (McDermott et al. 2007). Mentors tend not to be proximate to the protégés performance of specific task duties or job functions (Renwick, 2007), and instead, will likely learn about these acts from protégés or collateral sources after-the-fact. Moreover, while those subject to supervision are likely motivated to engage in self-

serving communications with their bosses, dialogues with mentors should be predicated on the absence of immediate gain possibilities (Fagenson, 1994).

The mentoring process also differs from training. While training and mentoring both focus on learning, training typically implies a formal time, usually early in employment, for employees to learn their job requisites and the organization's culture. Training tends to be more standardized, specific to current positions, task-oriented, and with little view toward long-term career development. Mentoring tends to be customized, focused on the protégé's career and oriented toward intangible attributes useful in the long- and short-term. While training aims to produce predictable results, mentorship seeks the independence of thought that might deliver extraordinary success. Training tends to have quite explicit, measurable costs, while mentoring's costs are generally implicit, especially the time that mentors and protégés spend together. Differences also arise in coverage: few employees escape training for their jobs but mentoring is purposefully more selective (Allen et al. 2006).

Unlike mentoring, coaching tends to be more transactionally specific, as when firms provide coaches to smooth the transition for a unique work assignment (Black et. al. 1992). Coaches generally provide specifically requested support rather than a long-term investment in the protégé's future (Gibson 2005). Renwick (2007) adds that coaches typically possess line management evaluation duties that disqualify them from mentoring's confidential relationships.

Two types of mentoring relationships exist: formal and informal. Formal mentoring programs involve assignment of a mentor to a protégé and are typically shorter lived than informal ones. Alternatively, informal mentoring works best when it is at least partially clandestine, involving little or no organized effort. Informal protégé and mentor relationships usually develop on their own but lack the organizational assistance of formal mentoring programs (Ragins and Cotton 1999).

Both formal and informal mentoring relationships have drawbacks. When mentors and protégés are assigned to one another as in a formal mentoring relationship, they might not work well together. But informal mentoring can lack the structure that provides positive feedback mechanisms for the protégé and mentor, causing a lack of recognition or sense of appreciation. Some organizations have thus developed hybrid programs, allowing individuals to find their own mentors, but providing organizational support after the relationship is formed.

### **Mentor Perspectives**

A successful mentoring relationship can enhance the mentor's job satisfaction and organizational commitment (Waters 2002). Mentors also learn in the process of teaching, perhaps becoming more effective outside of the relationship (Gregg 1999). Successful mentors tend to have an increased sense of their own achievements (Bozionelos 2004). And even without official recognition, the knowledge of helping another person's career is intrinsically rewarding. While mentors may not get as much credit for their advice as protégés get for implementation, the mentor is also shielded from much of the risk if the advice does not work well (Gregg 1999).

Some organizations provide meaningful tangible benefits to mentors. Incorporating the mentors' activities into their annual performance appraisal or providing them some year-end incentives foster interest in some who are reluctant to serve as mentors.

### **Protégé Perspectives**

Hezlett and Gibson (2007) suggest that mentoring relationships work as social capital for protégés, providing them with increased information and influence; in a competitive managerial field, mentorship buttresses their visibility in the organization (Dreher and Cox 1996). Mentors help form protégé aspirations and identify specific career opportunities (Cunningham 1993). Without some clarity as to career trajectory, work-conducive attitudes will rarely develop (Dreher and Ash 1990, Kram 1985). Mentors also help protégés avoid the mistakes or transgressions that would create negative reputations (O'Reilly 2001).

### **Benefits of Mentoring**

The benefits derived from mentorship ultimately depend on the mentoring relationship's dynamics. Developmental mentoring aims to extend protégés' skill set to help them become more seasoned professionals. Psychosocial mentoring seeks to develop the protégé's social capital within the workplace to provide positive feedback mechanisms. Mentors can make salient contributions to the protégés important psycho-social needs—especially early in their careers (Allen et al.1997).

Evidence suggests that mentoring has interpersonal and psychological benefits to the mentor and the protégé to benefit both parties and the organization. The literature generally agrees that mentored protégés tend to be more satisfied than non-mentored employees (Ensher et al.2001). More satisfied employees should be more committed to the organization's objectives, and thus less likely to voluntarily terminate their employment (Sketch 2001).

But job satisfaction is not a strong outcome in its own right. Mentoring defends against the departure of promising employees to create a positive organizational recruiting advantage. Hidenberger and Watson (2008) suggest that such programs can convert a “stepping stone” employment opportunity into a “destination” choice for young talent. This reward is particularly important for organizations within traditionally high turnover industries such as public accounting. CPAs with large firm work experience are highly marketable, creating a voluntary turnover problem for accounting organizations.

### **How Mentoring Can Improve Diversity within Organizations**

While accounting has long sought to compete for every generation's “best and brightest,” it has struggled to draw adequate talent from women and minority groups (Ragins, 2007; Viator, 1999). While more women than men now earn accounting degrees and are correspondingly well-represented in the ranks of newly hired staff, identifying appropriate mentors can be difficult. Since females are still underrepresented in the ranks of senior management, the number of female mentors is

often inadequate. Evidence that gender differences challenge the mentor-protégé relationship (Iyer et al. 2005) is difficult to ignore.

Women often underestimate their true workplace capabilities, perhaps due to a negative self-image fostered by inadequate feedback. Mentorship can be more corrective for women than for men. Women thrust suddenly into a male-centric environment may also face an improperly perceived steeper learning curve regarding technical matters than for men, which can be compounded by the common misconception that women lack competence or commitment to the organization (Parker et al. 1998). Mentors could be instrumental in designing strategies to overcome this resistance and help women develop successful careers.

Mentoring has been equated with such other programs as flexible scheduling and low-cost daycare (Hayes and Hollman 1996) despite their fundamental differences. Compared with their male counterparts, female accountants seem more receptive to using mentoring (Kaplan et al. 2001). Unlike males, who seem to believe that they need to be self-sufficient in career management matters, women seem to pursue both emotional support and informed consultation. Providing emotional and professional support that women pursue under mentoring programs could mitigate negative effects of their inter-role conflicts (Hooks and Cheramy, 1994).

Minority group members in CPA firms face even lower rates of inclusion than do women. Mentors may be less willing to enter into relationships with people that do not resemble themselves (McDonald and Hite, 2005). Despite good intentions and specific incentives, many non-whites have not taken entry level positions, causing few of them to move up to the ranks of management to be considered viable mentors (Weisenfeld and Robinson-Backmon, 2001).

Mentoring minorities creates special organizational problems and benefits. Schwiebert (2000) shows that mentoring minority group members can overcome some major hurdles in the psycho-social support arena. The organization's dominant culture may

seem alien to talented people from some ethnic and racial groups. Mentoring can help integrate a minority group manager into a still predominantly white organization. Sheldon (1982) shows that, controlling for variations in the process, protégés from minority groups obtain benefit in similar measure to those obtained by their non-minority protégé counterparts. Carlozzi (1999) shows that mentorship and other programs that integrate women and minorities into CPA firms' management ranks provide increased the employees' and employers' earnings.

### **Mentor Influences on the Protégé**

Mentors convey knowledge about organizational routines and systems. In larger organizations, the “big picture” is not always available through more official channels. Public accounting firms, like other entities, are marked by political behavior. Mentors can provide information to help protégés navigate a confusing political environment. This type of mentoring role is sometimes labeled “sage on the stage” (Poulsen, 2006) since it treats the mentor as a bank of job-related and organization-specific knowledge (Swap et al. 2001).

Mentoring should also convey institutional knowledge to new employees who have garnered experience from other organizations. A mentor can advise the experienced protégé on how their new work environment may differ from their prior place of employment to help them acclimate to the new organization.

Since organizational attitudes and expectations often change as protégés accept promotions or new positions, protégés may need to change mentors to access the requisite knowledge and perspective. Further, since some young professionals in public accounting firms may have multi-dimensional duties (e.g., responsibilities for compilations, tax work, and audit engagements) there may be a need for multiple mentors with knowledge and perspectives in each of the areas of responsibility.



### **Benefits of Mentoring to Public Accounting**

The CPA profession can especially apply many of mentorships' benefits to help them retain their "best and brightest" talent, especially given the large costs of recruiting and training their employees; their frequent "up or out" promotion practices; and explaining to their clients why they often must retrain new employees on company operations. Given its high turnover and shortage of competent, experienced professionals, CPA firms should foster mentoring programs to maximize their resources and to help meet the challenge of inter-generational succession,

Moreover, as a pure service provider, people and their skills represent the only material generator of CPA firms' income, and should thus be concerned with their staff's development. These organizations represent the purest and most prestigious form of practice for the accounting profession, making the pre-entry experiences (e.g., education, licensure) homogenous. This similarity should reduce the variability usually found in the ranks. Professional status also means that behavioral norms from outside the employing organization work as strong elements for members. That public accounting organizations are organized as partnerships is important as are the prospects for upward mobility in joining the ranks of the firm's equity owners.

### **Further Benefits of Mentoring for the CPA Profession**

Given the value of the experience provided and their organizational design, public accounting firms experience high levels of turnover. They thus seek to avoid turning over their best professional staff and facilitate the turnover of the rest. Because out-placed staff often takes key management positions with existing or potential client organizations, they are sometimes referred to as "alumni" and looked at as a business development resource (Iyer et al. 1997).

Mentorship seems to nicely fit these human capital aspirations. CPA firms provide all new staff with mentors to help impart firm values and goals and to reduce turnover

(Kleinman et al. 2001). Viator and Scandura (1991) add that firm partner mentors further reduce CPA staff turnover. The better able firms can identify protégé talent, the more effectively they can apply mentor resources. Yet, mentorship may also increase the very market skills that make accountants valuable to other employees, possibly increasing turnover (Hall and Smith, 2009).

Public accounting is often deemed as a high stress environment (e.g., Senatra, 1980). Staff accountants face heavy workloads, and pressures intensify during “busy season” (Sweeney and Summers, 2002). Staff members recognize the need to signal their competence by not complaining about the work and sometimes underreport their actual hours (McNair, 1991). Such high stress levels can lead to such undesirable consequences as burnout (Fogarty et al. 2000), unprofessional behavior (Margheim and Pany, 1985), and deteriorated health (Heian, 1985).

Many who leave public accounting cite work-life balance concerns relating to such pressures (Scheuermann et al. 1998). This costly turnover (Manning et al. 1996; Laws, 1996) leads many CPA to counsel staff about managing sources of stress. Kleinman et al. (2001) show that effective mentoring can ameliorate stress in public accounting. Staff with mentors reported lower levels of role ambiguity and job burnout, which confirms the general expectations that mentoring becomes critical when role-related stress becomes extreme (Brockner et al. 1992).

Siegel et al. (2001) report that mentoring in public accounting is more pronounced at mid-career, reflecting CPA firms’ particular career ladders. Entry level-staff (juniors) often are not mentored, as the large numbers at this rank could over-tax mentoring resources. Firms often await the sorting process to unfold, and the strongest candidates to emerge from an essentially laissez-faire environment. Few resources are devoted to partner mentoring, perhaps in the mistaken belief that all partners are fully formed, self-sufficient professionals. Partners also form a pyramidal structure, testifying to the need to progress from the low to the high ranks. Historically, firms devote mentoring attention to the passage from senior staff to junior partner.

The concentration of mentoring in public accounting also reflects sub-disciplinary assumptions of a bygone era. Historically, staff self-sorted into one of three specialties (audit, tax, consulting) and worked wholly within that specialty. More recently, much more track shifting has occurred, perhaps influenced by client demands. More people now enter firms at mid-career to respond to sudden changes in demand. The consultancy track has also splintered and created the need for many more unpredictable personnel changes. The classic grooming-for-partner mentoring model should become more flexible to accommodate lateral movement. With much less preordained career paths, career mentoring in public accounting has to become more customized and more available on a just-in-time basis.

### **Summary and Conclusion**

Mentoring provides an excellent method to motivate staff, increase productivity, reduce unwanted turnover and otherwise enhance the protégés and mentors' self-worth. While the general management literature has long explored the mentoring process, many CPA firms do not optimally use this tool. CPA firms often use mentoring primarily as a means to work closely with the "best and the brightest" to cultivate the next cohort of partners, placing less focus on the needs of lower level staff, perhaps aggravating turnover in those ranks. Today's competitive environment should cause CPA firms to review the management and other literature to find methods to capitalize on this resource to benefit themselves, their staff, and their clients.

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