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The Future of the AICPA Peer Review Program: The Impact of Age

by

Henry Okwuchukwu Onwumbiko

A Dissertation Submitted in Partial Fulfillment of the Requirement for the Degree

Of

Executive Doctorate in Business

In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY

ROBINSON COLLEGE OF BUSINESS

2020

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DISSERTATION ACCEPTANCE

This dissertation was prepared under the direction of the HENRY OKWUCHUKWU ONWUMBIKO Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

Richard Phillips, Dean

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ABSTRACT

The future of the AICPA Peer Review Program: The Impact of Age

By

Henry Okwuchukwu Onwumbiko

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Committee Chair: Dr. Danny Bellenger

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The American Institute of Certified Public Accountants (AICPA) and its state accounting boards across the United States of America are aware of practitioners' difficulty in recruiting and retaining young and qualified certified public accountants (CPAs), but researchers have not examined the reasons why or the effects or recruitment issues on the peer review program (PRP; aicpa.org, (2019)). Some literature has addressed reasons why college students choose accounting as their major discipline, but no research has ventured to examine the choices community CPAs make on joining the Peer Review Program (PRP).

In this study, I argue that younger CPAs choose whether to join the PRP differently from their older counterparts. This addresses the dwindling enrollment in the AICPA's PRP by looking at the rewards that motivate CPAs, especially CPAs born after 1964, to join the PRP. Primary data used for analysis were collected using surveys completed by CPAs from the Georgia Society of Public Accountants (GSCPA; $N = 185$). The survey results were quantitatively analyzed. SEM and SPSS (ver. 26) were used for the analysis and to test the hypothesis. To determine whether increased engagement fees, prestige, recognition, retention of clients, peer review process, growth from professional feedback, sense of accomplishment, increased client base, and enhanced knowledge and competency significantly affected CPAs' decisions to join the PRP, using SPSS ver. 26.

My findings show that age has no significant effect on the decision to join the PRP, contrary to my hypothesis. However, I found that CPAs perceived a low level of involvement: PRP activities negatively affect their perceived worth of the program, as shown by the negative words and rankings of attributes they returned.

The academic contribution of this study is the pioneering empirical application of expectancy theory on CPAs' perception of the PRP. The practical contribution of this study is that the PRP's worth to CPAs is better understood through the eyes of CPAs, and this information can be used to modify the program to better serve CPAs.

This increase in the body of knowledge and understanding on the rewards CPAs value most will help to incentivize their participation, involvement in the design and valuation of the outcomes, and the worth of those outcomes and their effects in joining the PRP. Future research is needed to explain how best to meet the needs and implications of the findings.

Age may not be an effective variable to determine why a particular CPA chooses to join the PRP; however, race is a significant predictor of the choices CPAs make in joining the PRP. It is my recommendation that efforts be intensified as early as high school to improve diversity in membership and to show CPAs the clear benefits of the PRP—that is, to effectively address the dwindling enrollment numbers currently witnessed in many areas of the accounting profession. Accountants must be encouraged to speak for themselves, to fully participate in the profession, and must be driven to create and see value in membership. The PRP should be effectively re-marketed to large employers of accounting professionals, demonstrating the real value of the PRP to them and to CPAs.

INDEX WORDS: Certified Public Accountant, Peer Review, Reward, American Institute of Certified Public Accountants, National Association of State Board of Accountants, Georgia Society of Certified Public Accountants

I CHAPTER I: INTRODUCTION

Accounting literature has shown a steady decline in the number of students choosing accounting majors, and the accounting profession is at a loss for a solution to curb the negative trend (American Institute of Certified Public Accountants [AICPA], 2019). Many studies have submitted numerous reasons for the trend: that the accounting profession is less valuable, that the rigor needed to obtain the certification is overstated, that accounting education as it is currently structured cannot sustain future demands on the accounting profession. Albrecht, W.S., & Sack, R.J., (2001). This issue is of great concern to the profession, such that state accounting boards (SABs) are expending some energy to address it. Certified public accountants (CPAs) have earned the confidence of the business world and the public by providing solutions to complex management problems. In this, the accounting profession has done well in its obligation to the public, but it is still unknown whether its obligation to individual professionals is being met (Williams, 1964). The confidence that the accounting profession has enjoyed arose solely through auditing work, and such work is championed by the peer review program (PRP). The PRP is a program of the AICPA that monitors qualifications, maintenance of members' certification, and helps control the quality of work produced by CPAs in its membership. Being a CPA in the US means serving as the primary protector, the eyes and ears of an investor's interest (Laschenski, 2002). The PRP monitors and helps the CPA to uniformly deliver and maintain that public trust as the public eye of the investor and users of the financial statements. More importantly, after the 2008 global financial crisis, investors expect their auditors to protect them even more than before. The tension is to understand how to remain relevant in the public interest even in a changing environment such as the tight job market. The strong U.S. economy, with its high-paying jobs, is a double-edged sword for the accounting profession. The accounting

industry is in competition with other professions to get the best candidates in an environment that features more professionals seeking better pay, better working conditions, and many more rights and accommodations. (Frecka & Reckers, 2010).

The importance of PRP to the accounting profession cannot be overemphasized. The accounting profession relies on the PRP to show investors that CPAs are there to protect their interests. To sustain the PRP, younger CPAs must be ready to step into this crucial program in record numbers, but that is not happening. The Georgia Society of Certified Public Accountants (GSCPA) lists over 700 entities in the PRP, but only 20 peer reviewers to attend to that need (GSCPA, 2019). The financial world, businesses, and governments rely on financial statements in much of their decision-making. From management seeking to balance its activities with investors and employees, to governments awarding contracts, to individuals seeking relationships with and loans from financial institutions, all parties need financial statements—especially audited financial statements prepared by CPAs. CPAs play an important role in providing these financial statements under the guidelines of the AICPA, which is under pressure to ensure that qualified personnel continue to join the profession and make the necessary commitments to the standards required to provide these services.

AICPA in general is struggling to maintain the interest of those born after 1964, who are choosing other interesting professions. Those who become CPAs rarely reach the flagship program of the institute, the PRP. This program maintains and monitors the proper provision of financial statements, especially those audited under AICPA guidelines.

A great deal of research has been conducted on the guidelines, requirements, and regulations in the provision of attestation engagements, but little or no literature is available on the motivating factors affecting the people who are required to maintain or provide these

services. This study adds to the understanding of the human factors motivating accountants to enter the PRP, using the framework of expectancy theory for the first time to this author's knowledge. I give practitioners effective tools for hiring and retaining CPAs and create openings for future research that will identify how best to meet those reward attributes. I explored the motivation of younger versus older age cohorts for joining the core PRP of the AICPA in the state of Georgia.

I.1 The Concept of the AICPA's Peer Review Program

I.1.1 AICPA Mission and History

Founded in 1887, the American Institute of Certified Public Accountants (AICPA) represents the Certified Public Accountants (CPA) profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations. . . . The AICPA develops standards for audits of private companies and other services by CPAs; provides educational guidance materials to its members; develops and grades the Uniform CPA Examination; and monitors and enforces compliance with the profession's technical and ethical standards. The AICPA's founding established accountancy as a profession distinguished by rigorous educational requirements, high professional standards, a strict code of professional ethics, a licensing status and a commitment to serving the public interest. (AICPA, 2019, p.1)

The U.S. Bureau of Labor Statistics (2018) estimated that there were around 1.4 million accountants in the United States in 2018. The National Association of State Boards of Accountancy (NASBA, 2018) claims it has licensed about 650,000 CPAs among its 55 jurisdictions. Among those licensed 650,000, the AICPA has over 429,000 CPA members (AICPA, 2019). An accountant is a bachelor's degree holder with at least 150 semester hours of education. An accountant becomes a CPA by passing the Uniform CPA Examination and obtaining minimum practice hours required by their state. Georgia has a requirement of one year of continuous qualifying experience (minimum of 2,000 hrs; GSCPA, 2019). The CPA on their own decides what type of practice or business they want to engage in by choice of employment or by services they provide to the public. Accountants who passed the examination and qualified

to apply were among the 650,000 licensed by the AICPA. However, only 429,000 members pledged to maintain that certification by adhering to continuing education requirements as well as paying dues to the AICPA. Out of this 429,000, 30,000, or about 7%, are in the PRP. This select group of 30,000 CPAs has voluntarily chosen to adhere to the requirements of the PRP, which are designed to monitor the quality of financial reports—reviews and audits—provided by its members to the public.

AICPA has the sole responsibility of managing, monitoring, and setting standards for maintaining the public trust in the financial services provided by its members.

One service provided by members of this association is the provision of financial statements to the public. The AICPA monitors this section of its responsibility through its PRP under the peer review board. As part of its licensing process, the AICPA requires members to join the PRP in order to provide select services in attestation engagements. This requirement is very effective across the US, as 53 state boards of accountancy (SBAs) have adopted mandatory peer review requirements, requiring their members to submit certain peer review documents as a condition of licensure (AICPA, 2018a). Enforcement of the peer review requirement is administered by states with the capabilities to monitor and administer it:

There are 41 state CPA societies or groups of state societies. . . referred to as ‘administering entities’ (AEs), approved by the AICPA Peer Review Board (PRB) to administer the AICPA Peer Review Program for 55 licensing jurisdictions. As part of the PRB’s oversight of the Program, each administering entity is visited by a member of the AICPA’s Peer Review Board Oversight Task Force (OTF) ordinarily at least once every other year. The objective of the visits is to determine if the administering entity is following the administrative and report acceptance procedures established by the PRB. (AICPA, 2014, p. 1)

Figure (1) details author's adaptation of the AICPA and PRP relationship with other organizations in the accounting profession.

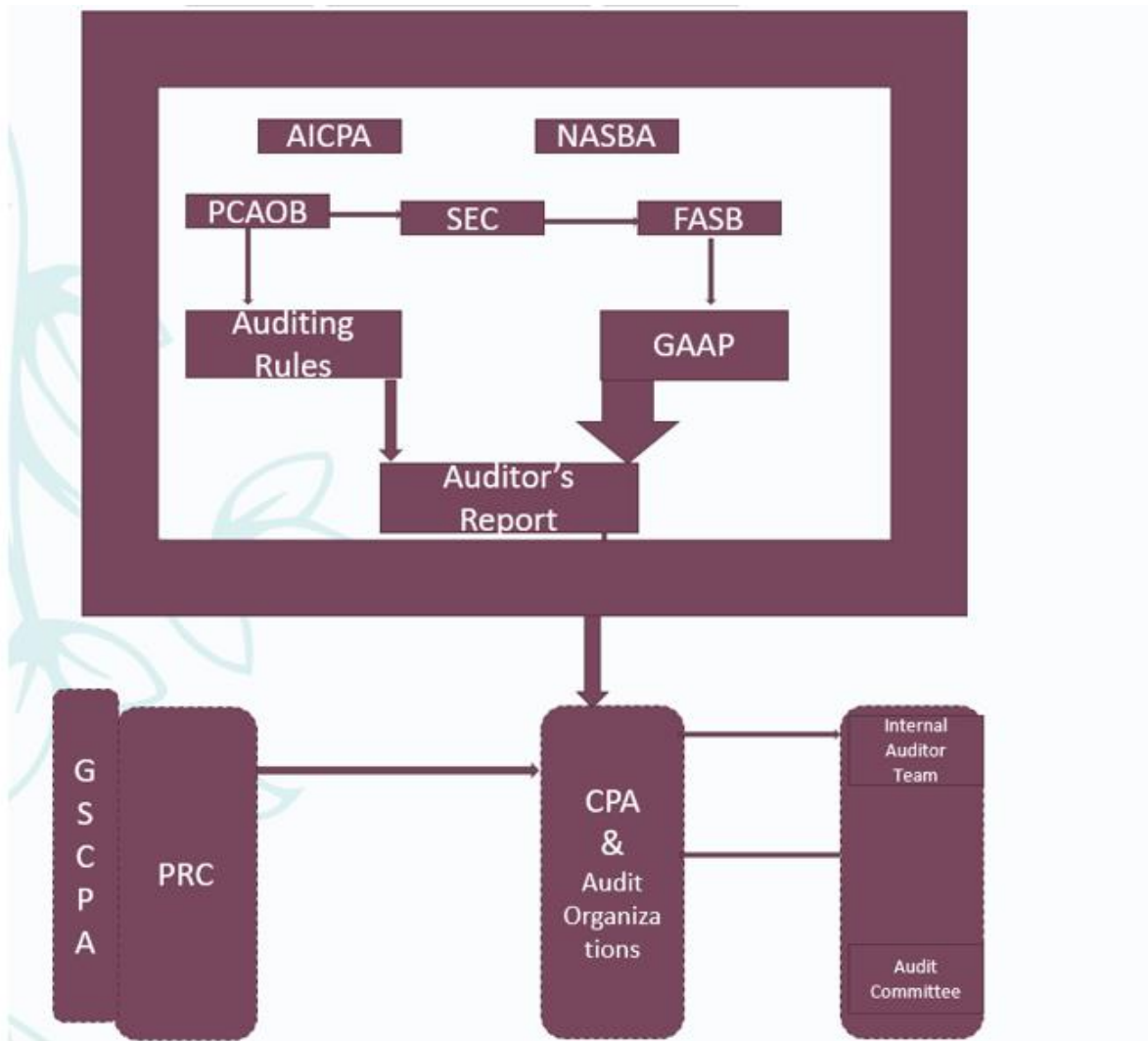


Figure 1: Oversight of CPAs in Georgia State

Joining the PRP is optional for CPAs, except CPAs who perform services that fall within the jurisdiction of the program.

In order to be admitted to or retain their membership in the AICPA, members of the AICPA who are engaged in the practice of public accounting in the United States or its territories are required to be practicing as partners or employees of firms enrolled in an approved practice-monitoring program or, if practicing in firms not eligible to enroll, are themselves enrolled in such a program. (AICPA, 2014, p. 1)

Williams (1964) explained that auditing remains the vehicle by which the CPA gains all investor and public confidence. Other tax and consulting services provided by CPAs are not guided as much, even where they bring accounting firms higher revenues than their audit work. Many accounting firms market themselves as anything but audit firms in their publications and websites. The goal of peer review practice monitoring is to promote and enhance quality in the accounting and auditing services provided by the CPA firms and individual CPAs subject to the program. This program serves the public interest and enhances the significance of AICPA membership. Firms and individual CPAs enrolled in the program are required to undergo a peer review of their accounting and auditing practices once every 3 years (AICPA, 2014). Review is conducted by an independent evaluator, a CPA known as a peer reviewer. The AICPA oversees the program, and the review is administered by an entity approved by the AICPA to perform that role. There are two types of peer reviews: system reviews and engagement reviews. System reviews focus on a firm's system of quality control, and engagement reviews focus on work performed on selected engagements (AICPA, 2014).

I.1.2 *System Reviews*

A system review is a more detailed review of the activities of a CPA.

A system Review is a type of peer review that is a study and appraisal by an independent evaluator(s), known as a peer reviewer, of a CPA firm's system of quality control to perform accounting and auditing work. The system represents the policies and procedures that the CPA firm has designed, and is expected to follow, when performing its work. The peer reviewer's objective is to determine whether the system is designed to ensure conformity with professional standards and whether the firm is complying with its system appropriately. (AICPA, 2019, p. 59)

Under this guideline, each firm is allowed to create its own program or pathway to meet the professional standards established by the AICPA. The firm, its staff, and its agents are responsible for following the pathway it created to meet the standards.

I.1.3 *Engagement Reviews*

An Engagement Review is a type of peer review that is a study and appraisal by an independent evaluator(s), known as a peer reviewer, of a sample of a CPA firm's actual accounting work, including accounting reports issued and documentation prepared by the CPA firm, as well as other procedures that the firm performed. By definition, CPA firms undergoing Engagement Reviews do not perform audits or other similar engagements but do perform other accounting work including reviews and compilations, which are a lower level of service than audits. The peer reviewer's objective is to evaluate whether the CPA firm's reports are issued and procedures performed appropriately in accordance with applicable professional standards. Therefore, the objective of an Engagement Review is different from the objectives of a System Review, which is more system oriented and involves determining whether the system is designed in conformity with applicable professional standards and whether the firm is complying with its system appropriately. (AICPA, 2019, p.61).

The peer review committee (PRC) under each state's society of CPAs has the responsibility of managing standards for attestation engagements by reviewing services provided by its members. Each PRC signs off on each peer review audit report prepared by an independent CPA (reviewer) for it to be accepted.

The Georgia Society of CPAs (GSCPA) is the premier professional organization for CPAs in the state of Georgia. With almost 14,000 members throughout the state, the purpose of

GSCPA is to achieve excellence by providing superior advocacy, leadership, service, lifelong learning and personal and professional development opportunities. (GSCPA, 2019, p. 1)

Out of 14,000 GSCPA members, only about 700 firms are enrolled in the PRP, because they chose to provide services covered by the program such as compilations, reviews, audits of financial statements, and some agreed-upon engagements. Each participating member makes a choice based on their perceived benefits for joining the program. Many have speculated that increased engagement fees, prestige, and sense of accomplishment are some of the benefits of joining the program. For others, joining the program is unnecessary because the services they provide do not meet the requirements. Some wonder what CPAs gain from membership. Author sees that professional associations can learn to compete for members, as many other professional bodies seeking members from the same pool of professionals considering personal and professional gain before accepting membership. The makeup of the membership organization must not be a forced membership, but one in which members see clear benefits.

The consideration may not only be financial but can include other benefits that the associations provide for their members.

I.1.4 AR-C Section 70: Preparation of Financial Statements

AR-C is a code used and generated by the AICPA's Accounting and Review Service Committee to identify its statements to the public. AR-C Section 70 is an exception provision made available for CPAs to still provide financial statements to their clients without joining the PRP. Under this AR-C 70 exception, all financial statements by qualifying CPAs should have a disclaimer stating that no assurance on the referenced financial statement is provided "These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them". (AICPA, 2019a, P2614) "For purposes of complying

with AICPA membership requirements, a firm that only performs engagements to prepare financial statements under AR-C section 70 is not required to enroll in a peer review program” (AICPA, 2019a, p. 2614).

To fully comprehend the choices confronting CPAs in making this choice, there needs to be overwhelming evidence of better benefits to them professionally and personally. Other professions can provide similar or better benefits with lesser demands on one’s person or profession. In practice, a CPA can choose to only provide financial statements under AR-C section 70 without joining the PRP (see Figure 2). This means providing only financial statements without company opinion pages or a signature page, and a requires a disclaimer that no assurance is provided. CPAs need to harness the prestige of PRP association membership to provide high quality services and obtain higher fees from clients.

Bills et al. (2008) described accounting firm associations as

Autonomous organizations in which all audit firm members are independent in legal name and legal structure. Thus, their opinions carry their individual audit firms’ names, rather than the association name, and their legal liability does not extend to other members of the associations. The association membership is subject to peer approval process, peer recommendation, client service, quality control. Members pay annual fees, members can access resources provided by the association itself and by other association members. Technical training, joint training opportunities, recommendation to best practices, and benchmarking, outsource with other members, recognition for belonging to associations. Bills et al. (2008)

Bills et al. (2008)’ findings suggest that association membership assists small audit firms in overcoming barriers to auditing larger audit clients. They found that audit fees are higher for clients of members firms than for clients of non-member firms, suggesting that clients are willing to pay an audit fee premium to engage association member audit firms. They also found that member firms’ audits are similar quality to a size-matched sample of Big 4 audits, but member firms’ clients pay lower fee premiums than do Big 4 clients. Bills et al. (2008, p. 768)

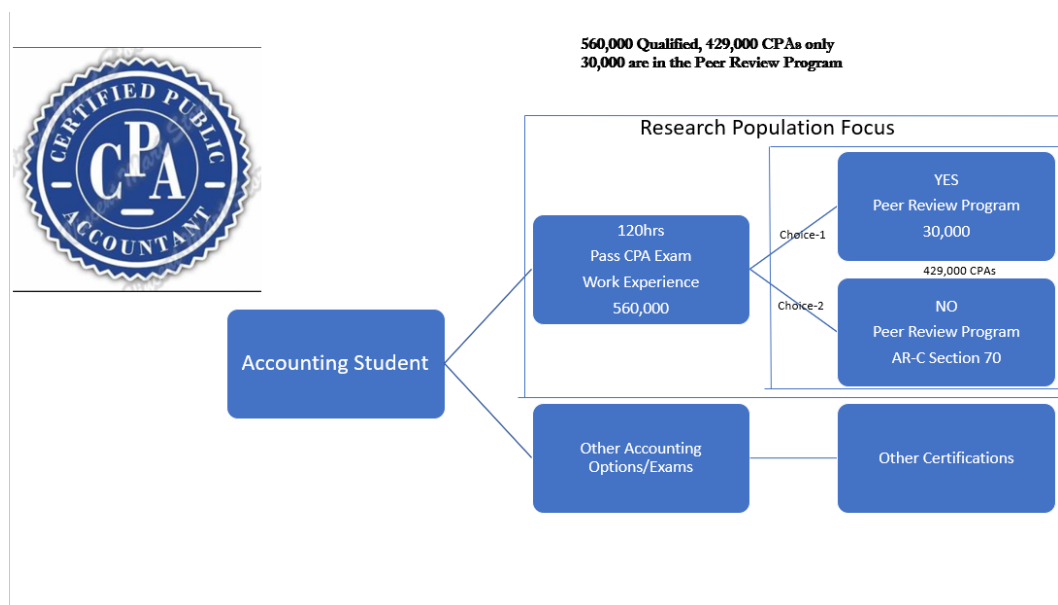


Figure 2: General Overview

The history of the AICPA is not properly represented in the boardrooms and classrooms as it is not glamorous. The boards of AICPA and other large accounting firms have been called out for not protecting the interests of the profession or its flagship program, but instead promoting their own consulting interests. Laschenski (2002) asked who speaks for the accounting profession. He explained that the role of the CPA as the protector of an investor is constantly under attack in the press and in Congress, and there is no one at the leadership level of the profession who is able to craft a vision of what the accounting profession should be. “The profession’s leadership desperately needs to restate the vision that auditing and its implied knowledge of accounting is at the profession’s heart, and constitutes the core competences without which nothing matters” (Laschenski, 2002). Laschenski claims that the state societies are silent while the AICPA competes with its members instead of creating value for its membership. One must then ask whether CPAs’ PRP membership is forced or conscripted.

Do CPAs feel conscripted into the PRP of the AICPA? Who then can inform students of the program’s importance to them and the accounting profession? Upon graduation, accounting

students choose to either be certified as CPAs by passing the CPA examination or to pursue other accounting interests. Those who become CPAs must further choose whether to participate in the PRP or under the AR-C70 practice without PRP services. This study covers CPAs in the state of Georgia using the medium of the GSCPA to determine what motivates the CPAs' choices in joining the PRP. This information can help recruiters and the AICPA develop better recruitment and retention programs to meet the public demand for better accountability and CPA products.

The PRP is well known for managing and monitoring the auditing part of CPAs' work. Audit work is the reason for high investor confidence in CPAs.

John P Laschenski observed that "Governments license accountants to practice auditing (just as they license doctors to practice medicine) because a public interest is a stake. For capital markets to work, investors, including lenders, must know what happens to the money they entrust to an enterprise. Financial statements tell investors how their money has fared, and governments have decided that the best way for investors to be protected is for an independent accountant to attest that these statements tell the truth. To be a CPA is to be primarily a protector of investors' interests. There is no other reason for the license." Laschenski John P. (2002)

Audits play a crucial role in the activities of business owners, investors and customers.

And they're even more important in today's increasingly complex business environment.

Businesses rely on audited information for decision-making, so the CPA profession is committed to performing high-quality audits. (AICPA, 2018a, p. 2)

"The PRP is integral to achieving the profession's audit quality goals. Nearly all firms that perform audit engagements are required to undergo a peer review, which puts peer reviewers in a unique position to drive quality enhancement." (AICPA, 2018a, p. 5)

One of the important roles peer reviewers play is helping firms identify their quality

issues and giving the AICPA the opportunity to address those issues through new training

requirements, communications efforts, and oversight programs to help them perform their best.

The AICPA claimed that peer reviewers detected 62% of nonconforming engagements in 2017—up from 18% in 2014 (AICPA, 2018a). These nonconforming engagements received remediation

and subsequently showed close to 90% improvement on their subsequent reviews” (AICPA, 2018a).

AICPA understands the importance of upholding the public trust in CPAs. To that end, the PRP is the evidence that it is doing something to maintain that trust.

In the interim, the AICPA must increase the interest of qualified candidates in joining the profession. The AICPA is making efforts to address what it sees as a monumental and existential problem. It is throwing education, more inspections and reviews, and improved training at its membership, but it has not reached out to the people performing the audit work on what could make the environment better for all stakeholders, from college enrollment to retaining peer reviewers.

The public accounting industry is currently experiencing a decline in the number of new graduates taking the CPA examination. According to the AICPA (2019), the numbers of new CPA examination candidates were 48,004 in 2016, 39,630 in 2017, and 36,827 in 2018. The same publication showed the numbers of CPA candidates who passed the fourth section of their CPA examinations were 27,889 in 2016, 25,514 in 2017, and 23,941 in 2018. At my recent meeting with the senior management team of GSCPA on February 12, 2020, they stated that not only is the number of new entrants in decline, the number of reviewers has become lower as many are withdrawing their participation and no research has been carried out to find out why or what needs to be done to curb the decline. The requirement for graduating accounting students to have completed 150 college credit hours, pass the infamous four-part CPA examination, and accumulate several hundred hours of experience may be some of the causes. Because the rate of accounting graduates venturing into public accounting with CPA designations is slowing, enrollment in the PRP has stagnated. There are thoughts that CPA firms will get rid of their CPA

designations because being a CPA firm is too costly and burdensome for employers. Thus, some firms are making themselves accounting firms without the CPA designation, especially where state CPA boards are slow to change, forgetting that investor confidence in CPAs is built on audit work. This decline in the number of new entrants and lack of diversity in the accounting industry is concerning. Lloyd et al. (2018) stated, “As firm diversity and collaboration increase, managers must utilize various criteria to motivate workers across numerous sectors and cultures continually” Lloyd et al. (2018) (p. 28). In their 2005 paper, Padgett et al. (2005) talked about the high rate of turnover in public accounting firms, such turnover is costly to firms in both training costs and in the loss of competitive advantage associated with employees’ knowledge and experience. Padgett et al. (2005)

If employees leave firms within the first few years of being hired, the firms do not recover the cost of recruiting and training, and their clients may be served less effectively by the new staff assigned to the engagement (Barton, 1994; Waller, 1985). If employees leave after they have developed knowledge and experience, the firm loses talented individuals from whom it could have drawn to select future firm managers and partners Hill et al., (1994). In a study investigating the impact of met and unmet expectations on the length of time employees remained in public accounting, Padgett et al. (2005) concluded that lack of work–family balance is a significant contributor to the high turnover of public accounting professionals, particularly women. Studies also highlighted the role of differences in individual expectation to the extent that “actual experiences differ from initial expectation. Employees experience unmet expectation, ‘occupational reality shock’” (Porter & Steers, 1973, p. 21).

When employee expectations are met, employees exhibit more positive job attitudes and behavior, including low turnover (Padgett et al., 2005). Simply offering flexible working

arrangements does not guarantee that employees will feel free to utilize them. The intention to utilize work arrangements is based upon both organizational and personal considerations.

Despite the availability of flexible work arrangements in public accounting, it is quite possible that employees' expectations with respect to their ability to achieve work–family balance may not be met if the accounting firms' cultures do not support their use (Padgett et al., 2005). The tension in recruitment and retention is real and seems fundamental to the accounting industry. It causes the AICPA to form committees to review and provide policies to help them increase enrollment into the public accounting industry. Some of the suggestions brought forward included recruiting nonaccountants as members of the AICPA.

The Pathways Commission on Accounting Higher Education (2012) recognized this shortage of accounting students when it stated,

Many students beginning in accounting gain the impression that it is a narrow vocational field and professional practice is almost exclusively about auditing and taxation. The result is too many high-quality students who might otherwise be interested in pursuing accounting are not attracted to it. Promoting the utility of accounting to the broader society, and moreover, ensuring diversity among those who enter the profession is critical.

There is a gap in linkage between research and practice, practice and education, and education and research. Unlike other professions (medicine, law, etc.) where more research is clinical—deliberately directed toward problems faced by practicing professionals—accounting professionals are not significant consumers of academic accounting research. Most accountants are not educated in universities on how to read or understand academic research. Accounting researchers have difficulty gaining access to requisite data to address problems facing the business community, and academic research is often not directed toward addressing the issues most pressing to the profession. (p. 13)

The Pathways Commission's findings still ring true now, as a great amount of accounting research is concentrated on financial and accounting policies and effects, and not on the people who provide such services. More important in their findings is the difficulty in getting access to requisite data for research, even in moments when the economy is doing well and accounting professionals are in high demand.

“High demand for services is a great situation for CPAs as a whole,” said Carl Peterson, the AICPA’s vice president of small firms “From a firm management perspective, however, it poses some significant challenges” (AICPA, 2017a, p. 1).

“For the first time, respondents were asked to rank eight issues expected to have the greatest impact on how their practice operates over the next five years. Staffing was the top answer for all segments but sole practitioners” (AICPA, 2017a, p. 2).

While the importance of a peer review committee in enforcing guidelines to maintain high standards cannot be overemphasized, the need to maintain a constant flow of qualified professionals in the program is equally great. The high standards and processes put in place by the AICPA will only mean something if it finds enough qualified professionals ready to perform services.

This study shows why CPAs join or do not join the AICPA’s flagship program, and the steps necessary to address the issues with appropriate policies to stem the scarcity of qualified professionals.

What can the accounting community do to reduce the loss of employees, knowing that younger CPAs are looking elsewhere for professional satisfaction? College accounting enrollment totaled 226,108 in 2010, 253,082 in 2015, and 253,084 in 2016 (AICPA, 2019), a very stagnant number for the profession. Many years ago, employers required new accountants to obtain their CPA certification within a given period of time to maintain employment and seniority. That is no longer the case because many audit assignments are now performed by nonaccountants using improved technology. The rising cost of college tuition may also compel students to seek lower-cost alternatives to reach their states’ hourly requirements for CPA licensure.

1.2 Research Component

To fully examine this issue, in this study, I used the guidelines provided in Table 1 as the research component details.

Table 1: Research Component

Engaged Scholarship Component	Research Component Description
Area of Concern (A)	The AICPA peer review program is affected by the shortage of fresh entrants into the accounting profession. This paper attempted to address an issue facing the accounting community with regards to the younger CPAs in consideration of age, gender and race.
Problem Setting (P)	Why is the pipeline into the AICPA's Peer Review Program declining?
Framework (F)	Expectancy Theory
Research Method (M)	Quantitative survey with a expected response of 300 CPAs in Georgia
Research Question(s) RQ	<p>What perceived rewards motivate the Younger CPA to join the Peer Review Program?</p> <p>Do Younger CPAs view the perceived reward differently than older age cohorts?</p> <p>Do they see less value in the program, why?</p>
Contribution (C)	<p>Contribution to Theory The application of the Expectancy Theory to the Peer Review Program in the accounting industry is a fresh empirical attempt and an addition to knowledge.</p> <p>Contribution to Practice This paper contributes to the tool of recruitment managers in managing their human resources using updated knowledge and for the AICPA administration to address the issue of dwindling number of enrolment to the Peer Review Program.</p>

1.2.1 The Project's Value to the Peer Review Program and the Accounting Industry

The main objective of this study was to address the issue facing the accounting community of filling the pipeline to the PRP. To achieve this objective, I examined the likely rewards and values that CPAs apportion to the services they receive from the program and sought appropriate solutions to address the drying up of the program pipeline. The AICPA PRP serves as the defense for the profession whether things are good or bad. It serves as the eyes and ears of the association by holding and administering the role of overseer to all public accountants who subscribe to its policies to be able to provide prime services. The efforts and submission to the PRP can be painstaking for midsized and small operations in terms of cost and staff

experience needed to complete the reviews. The AICPA uses the PRP as the baseline to assure the public that its checks and balances are working well while it in turn imposes extraneous policies on its reviewers and the reviewed.

Today, the AICPA claims a membership strength of 429,000. About 160,000 own CPA firms or are in private practices, but only 30,000 are enrolled in PRPs across the United States, the majority of whom are older white males. Figure 2 shows the demographics of CPAs at CPA firms in 2016, with 60% males and 40% females. Of that population, 88% were white, 1% were Black/African American, 3% were Hispanic/Latino, and 8% were other. In the same year, the demographics of partners in CPA firms were as follows: 77% male and 23% female. Of that population, 95% were white, 0.3% were Black/African American, 2% were Hispanic/Latino, and 2.7% were other. According to the 2019 “Trend Report,” the demographics of professional staff in accounting/finance functions in U.S. CPA firms in 2018 were as follows: 53% male and 47% female. Of that population, 71% were white, 4% were Black/African American, 6% were Hispanic/Latino, and 19% were other.

In 2018, the demographics of partners in CPA firms showed no change from 2016, with 77% males and 23% females. Of that population, 91% were white, 1% were Black/African American, 2% were Hispanic/Latino, and 6% were other. (AICPA, 2019). The low participation of younger CPAs, females, and minorities in the program has received little interest in the industry, and prior research has not examined the perception of younger, female, and minority CPAs in relation to their efforts and the PRP, which this study was designed to address from the perspective of the expectancy theory. Hence, in this study, I focused on the PRP with the goal of exploring—in consideration of age, gender, and race—the importance of rewards to CPAs’ satisfaction and willingness to join the program. I empirically tested the conceptualized model of

the hypothesis. I explain the practice and theoretical implications of the findings and suggest areas for further research to help change the trend.

II CHAPTER 2: LITERATURE REVIEW

II.1 Area of Concern

The demand for accounting professionals is increasing because of the high-performing economy and high potential for fluctuation in investment returns. On the other hand, GSCPA has over 10,000 members, only 700 of whom are in the PRP, which is usually the arm of the AICPA that is committed to protecting the interests of the investor. One of the factors that the PRP would use to reassure the investors is the availability of qualified professionals to produce high-quality reports. It is important to note that the AICPA's concern that it might not be able to fill its pipeline to the PRP is real, and the literature review shows that why the downward trend has not reversed is not well understood. This study provides new insight into the trend from the CPA perspective by focusing on the value and rewards that remain important to CPAs.

Over the past few years, the U.S. economy has enjoyed unprecedented growth and moments of excess, calling for forensic checks to avoid financial lax that affected the economy in the past. Lail et al. (2017) explained that there is a need for vigilance in the accounting profession to curb the past financial reporting failures that led to the consequences of Enron, WorldCom, HealthSouth, Tyco, Lehman Brothers, MF Global, and others that resulted in incredible lost wealth, damaged public trust, and a worldwide recession. The authors proposed the argument the "fraud triangle" that when opportunity, incentives, and rationalism come together, the tendency for fraud and reporting failures increases (Lail et al., 2017).

This trend can be mitigated when staffing and human resources is no longer a major concern in the accounting profession. The AICPA's formation of the commission to find a solution to the problem is good, but emphasis should be placed more on understanding young professionals, as the aging accounting professionals making the policies are on their way out. What, then, is the future of the PRP in the hands of younger CPAs?

II.1.1 *Accounting Industry Recruitment and Retention Project*

Accountants are trained to have desirable skills that include reading, writing, analytical skills, and skills needed to solve a wide range of organizational problems, planned and unplanned. The simple fact that accountants graduate from college with technical knowledge that equips them with the capacity for enquiry, critical thinking, and logical and historical consciousness makes them important in the business world, so that numerous business publications pay attention to the trends. Siva Nathan et al. (1997) argued that these business press articles can serve as a great resource to develop these skills in students in the accounting curriculum to make them desirable to firms.

Liu et al. (2018) examined factors that affect students' career decisions to work for Big Four accounting firms, suggesting that mindset plays an important role in students' aspirations to work for Big Four firms, but such aspiration does not necessarily translate to better exam performance. They recognized that "the recruiting market for young accountancy professionals is highly competitive and challenging" (Liu et al. (2018) p. 93). "Thus, recruiting qualified staff has consistently been a major issue for accounting firms." Liu et al. (2018, p.93). They noted that "contemporaneously, prospective professional accountants find it difficult and stressful to choose a career path and to find their first job" Liu et al. (2018, p.93) Could this be a reason the accounting profession is still struggling to attract young, female, and African American students to major in accounting, and how can we improve the existing efforts? These students' relationship with and first impression of the accounting profession is such that they feel that accounting is too hard and time consuming to learn, so that they do not enjoy working with numbers. A good introductory accounting course can improve the enjoyment of learning accounting, according to Violette and Cain (2018).

How one is introduced to an activity can influence one's perception of that or other activities. The AICPA commission concluded that the accounting profession is not properly introduced to students early on and proposed an intervention to re-introduce to the public that accounting is not just about auditing and tax activities. This intervention is needed in the corporate world, and more so in an organization that monitors what the profession presents to the public. He et al. (2017) stated that "the liaison between the company's management and its external auditor, the audit committee (AC) plays a major role in overseeing the financial reporting process" (p. 83). The goal here is to see if the Report Acceptance Body (RAB) affects CPAs' decision to participate in the PRP. Of the respondents, 35% indicated that their experience with the RAB had something to do with gender, race, or relationship status. Of the respondents, 15% are no longer participating in or are considering withdrawing from the program. This subset's perception caused them to change the services offered to consider modifying services rendered to the public and remain in compliance. The decline in recruitment is further worsened when diversity even in partners and boards is not overtly encouraged. Khlif et al. (2012) criticized and informed policymakers about the negative effect of underrepresentation of women in management and audit professions, as represented in some accounting literature, and suggested that future research avenues are necessary.

Lai et al.'s (2017) findings suggest that boards (audit committees) with female directors (members) are likely to demand higher audit quality, *ceteris paribus*. Much literature on the accounting community has centered on the involvement of females and minorities, but no one has studied the effect of policies on those responsible for managing them, such as younger, female, and minority CPAs.

The shortage of new entrants into the accounting profession compounded by the new and different expectations of younger entrants requires further investigation. It is obvious that the face of the workforce is changing as younger CPAs enter the profession with employment expectations and motivational forces that make them behave in certain ways.

II.2 Younger CPAs in the Workplace

The younger generation was born between 1965 and 2004. Many publications suggest that they are not career oriented and lack the normal “work hard” mentality of the older generation; others assert that they are very career oriented and expect recognition and rapid advancement. Sandeen (2008) argued that this generation is experienced and success oriented and expects to be recognized because they are status conscious. Ng (2010) obtained similar findings and added that their top priority is the opportunity for advancement. It is generally accepted now that promotions and pay increases rank quite high on this generation’s work-related expectations. They are identified as ambitious and impatient, expecting promotion to be quick and frequent. The accounting industry offers prestige, success, technology, opportunities for advancement, and much more, but it is still not attracting this young generation. It is now common knowledge that this younger generation values technology. Eisner (2005) stated, “Gen Y was socialized in a digital world” (p. 3). Kaifi et al. (2012) claimed that this younger generation has greater familiarity with communication, media, and digital technologies. This suggests that they are more connected and transient than are other generations, which would ordinarily fit the AICPA’s operational models of increased technical sophistication. Every generation is influenced by its own historical events and demographics. Hershatter et al. (2010) referred to this generation as “digital natives,” whereas the rest of us, who lived prior to the development of the Internet, feel like “digital immigrants.” Being born in a highly networked

environment means they have higher expectations and appear to be more open-minded (Fernandez, 2009). These characteristics could affect preferences in a multitude of organizational settings. According to Dubinsky et al. (1986), realism and congruence are important antecedents to several desirable job-related outcomes. Hershatter et al. (2010) acknowledged that young people have been so over-indulged that they are incapable of handling the most mundane tasks without guidance or handholding, deeming this group “Generation Whine.” Demanding more choices and selectivity is one of the 16 behaviors, Sweeney (2006) proposed this younger generation possesses. They also have group interactions that affect their choices and behavior. Fernandez (2009) stated that a team-based approach “attempts to neutralize the hierarchical structure and permit individuals of different age groups to interact as peers” (p. 7). Consequently, they tend to be more trustworthy to organizations and systems, even where loyalty has been found to be questionable in the research results. They want control and more flexibility. In his article titled, Schwantes (2017) organized flexibility into four categories relating to what this generation wants from employers: flexible time, flexible recruitment, flexible role, and flexible location.

Flexibility offers a better work–life balance and lends itself as part of organizational culture. Flexibility breeds innovation. Charles Robinson-Huiel, born in 1993, stated, “I want to make a difference,” indicating that Generation Y might be less focused on money-making ventures than on making a difference in the world. Even with all these conflicting conclusions, one would expect that many of the attributes highlighted would be found in the accounting industry to motivate this younger generation to join the membership, and if not, why? Could it be that their expectations on auditor opinions of financial stability differ from those of their older

cohorts, especially because this younger generation is also involved in the capital markets as the American public?

The AICPA internally recognized the issues and made some changes, including considering non-accountants CPAs and increasing the penalties for noncompliance, but such steps did not increase the number of new entrants, especially younger CPAs. The AICPA board's actions are not yielding the intended results of increasing the number of graduates interested in public accounting, nor are they increasing diversity and finding more ways to motivate graduates to enroll into the PRP. I have attended many AICPA local chapter meetings, where I recorded the average attendees to be 60-year-old white males, which clearly shows that younger CPAs were nowhere close to the mix. Without an increased number of young and enthusiastic CPAs, the PRP might be headed toward a natural death.

The public perception of auditors has a significant effect on the capital markets around the world. Findings indicate that the less sophisticated financial public rates the exemplary behavior of auditors higher than the more sophisticated public does. "Nonetheless, the American public continues to expect the auditor's opinion to be a guarantee of financial stability" (Brown, P. A., et al (2007). p. 40). To effectively address image perception differences between auditors and their public, the public perception of auditors, as well as the profession's self-image, must be determined. The AICPA has employed a variety of strategies including advertisements and lobbying to address how the public perceives its image and sometimes imposing tasks such as increased requirements from auditors including SAS 82, SAS 99, and the Sarbanes-Oxley Acts of 2002, which many think overburden the auditors they were intended to help. This high public image of the CPA needs to be sustained with increased interest of younger CPAs in the profession. Sugahara and Boland (2006) recorded a negative perception of accounting

professionals as affecting and limiting the “best and brightest” student from enrolling in the accounting programs or profession, even in Japan, but this author noted no credible research focused on this. The study further supports the idea that CPAs should make themselves more accessible to the young population, as their opinion is well regarded in their communities.

In considering what choices and benefits CPAs consider in joining a PRP, it is equally important that the socialization of these CPAs prior to and during work be considered important. Dubinsky et al. (1986) quoted Van Maan and Schien’s (1979) organizational socialization as the “process by which an individual acquires the social knowledge and skills necessary to assume an organizational role” (p. 193). They also quoted Louis (1980), who described it as a “process by which an individual comes to appreciate the values, abilities, expected behavior and social knowledge essential for assuming an organizational role and participating as an organization member” (p. 193). These processes could occur through interpersonal and/or intrapersonal interactions such as training, internship, and education, or during regular business activities.

Communication among younger generations is dominated by technology; Internet access has become commonly available, making it highly possible for employees to work from home. Employers have enough cybersecurity for their employees to work from anywhere around the world at minimal costs. People no longer have need to meet face to face because social media has reduced the distance between employers, employees, and coworkers, reducing the need for associations. The socialization from their youth means that membership in associations might not be a necessary route to success. Accreditations such as CPA might not be necessary, as organizations do not see the CPA as a differentiating symbol because employers no longer require it for retention. Many researchers, including Feldman (1976b), have proposed descriptive models of organizational socialization stages, such as anticipatory, accommodation, and role

management, with outcomes that include general satisfaction, mutual influence, internal work motivation, and job involvement, which I considered in this research regarding why and how CPAs consider joining the PRP.

Hence, I hypothesized that younger CPAs would gravitate toward PRP membership if they believed their efforts would lead to successful performance, which in turn would bring certain outcomes with the desired value. In this study, I explored prospective members' perception of the PRP.

II.3 Study Significance

This research offers practitioners a novel explanation of the motivational variables in the recruitment of members to the PRP. Additionally, the application of the expectancy theory to semi-voluntary organization membership is new in the empirical sphere, and this paper filled that gap.

Existing researchers have spent time studying what the accounting industry has done to attract new entrants, but no emphasis has been placed on the efforts and perceptions of younger CPAs with regard to their rewards from the AICPA PRP. This is why understanding how younger CPAs perceive their efforts and the rewards they receive from the program will explain their motivational force. In practice, this study contributes by offering suggestions regarding designing recruitment tools and retention techniques for younger CPAs. Studying the PRP's effectiveness in a new light among peers is new in the literature.

Reviewing various theories such as organizational learning, exploration and exploitation, socialization, willingness, ambidexterity, and network action theory gave me confidence that expectancy theory holds the greatest promise to explain this tension in the relationship between younger CPAs and PRP membership. CPAs are not employed or paid directly by the AICPA, but

the relationship in the PRP feels like an employer/employee relationship because the main product of the CPA is the “financial report,” which is constantly reviewed and approved by AICPA representatives. Only in an employer/employee relationship would a firm submit its activity to another firm for approval and not get paid for it. Younger CPAs will gravitate toward PRP membership if they believe their efforts will lead to successful performance, which in turn will bring certain outcomes with the desired value. Because my understanding that the expectancy theory explains the motivation from the perspective of the performer and not the judge, I have confidence that it explains the membership direction from the perspective of the CPA. In my model, the expectancy theory addressed how members see the effects for which they worked. The instrumentality explained how members viewed the potential reward of the efforts employed, and valence explained the value members place on the rewards (Figure 3).

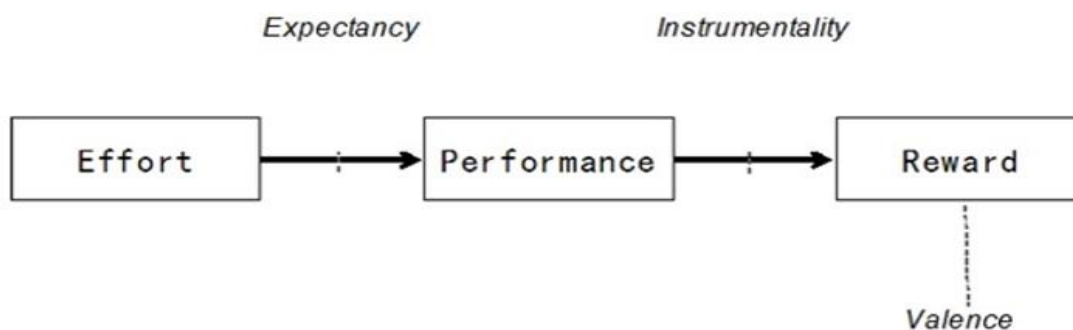


Figure 3: Expectancy Theory Model

III CHAPTER 3: Theoretical Background and Framework

III.1 Expectancy Theory

In 1964, Victor Vroom postulated that the theory known as the “expectancy theory of motivation” described motivation as a product of expectancy, instrumentality, and valence. Vroom (1964) defined motivation as a “process governing choice made by persons or lower organisms among alternative forms of voluntary activities” (p. 107). According to Lloyd et al (2018), expectancy theory is based on the understanding that individuals have choices, and that they make decisions based on which choice they perceive will lead to the best personal outcome (Figure 3). This supposition is based on three premises: expectancy, instrumentality, and valence. These three variables equal the motivation to act. Thus, the motivational force that drives behavior is a product of the three variables, as represented in the following equation: **Motivation = F (expectancy*instrumentality*valence.)**



Figure 4: Vroom's Expectancy Theory

Individually, the variables can be understood as follows: Expectancy is the anticipation that a certain effort on one's part will lead to a specific performance. The anticipation is the

degree (between no chance and 100% certainty) to which an individual believes his or her effort will lead to goal achievement. Vroom (1964) described it as ‘an action-outcome association’. Instrumentality is the perceived likelihood that a given performance outcome on one’s part will lead to receiving an anticipated reward. Vroom described this as ‘a performance-outcome association’ which can range from no chance to 100% certainty. Valence is an individual’s perceived value of a given outcome. Vroom assigned it a value range of -1 to 1, ‘effective orientations toward particular outcomes’ (Lloyd et al. 2018).

Valence can be positive when a desired reward is attained or negative when the attained reward is something the individual intended to avoid. Valence is the perceived, anticipated satisfaction, whereas the assigned value is the actual satisfaction or utility received after attaining the reward (Lloyd et al., 2018).

Baumann and Bonner (2017) described expectancy theory as follows:

at any given time, a person (chooser) has a set of potential behaviors he or she could attempt. The chooser evaluates each of these behaviors on three characteristics; the desirability of the outcomes associated with each behavior (valence), the impact of each behavior on those outcomes, (instrumentality), and the likelihood that attempting the balance will result in successful execution of the behavior (expectancy).

They claimed that the chooser combines these evaluations multiplicatively to form an overall assessment of each behavior, referred to as the behavior motive force, then executes whichever behavior has the greatest force. They agreed that the choices are inherently within-person because the chooser selects from the set of behaviors available to him or her.

This theory is interesting because it is based on the chooser. How does the chooser see the choices available to him or her? What does the reward mean in relation to the efforts? Does the chooser feel that he or she is a part of the process by having some input and responsibility for the actions and outcomes?

The expectancy theory also applies to group interactions, where choices interplay with certain behaviors. The action of an individual might be affected by the group; members might discuss their actions or expectations with group members, even when those discussions are not evident to others. In group settings, members learn about other people and cultures, and in considering others, they identify their areas of expertise or comfort within the group to enable them to operate freely. Members can each access expectancy, instrumentality, and valence based on their beliefs about the task, about themselves, and about other members. People often coordinate their actions even without first discussing or agreeing to it. Group members try to gain information within their own area of expertise while avoiding other members' areas (Baumann & Bonner, 2017).

Baumann and Bonner (2017) explained the simplicity and flexibility of the expectancy theory, believing that Vroom (1964) treated the three expectancy theory characteristics as equal and allowed them to be considered in any order. Baumann and Bonner (2017) also theorized that the evaluation and selection process is typically nonconscious but allowed for conscious deliberation as well. To apply the expectancy theory, one must first specify the outcomes and behavioral options for which valence, instrumentality, and expectancy are being evaluated. This evaluation involves three variables: trust, control, and policies—trust in who decides on the reward and its receiver, control of the decision-making process in case there is no trust, and policies that clearly state how performance will lead to reward.

The player buys into the process, owns the process, becomes responsible for the process, and ultimately believes in the process.

In this study, I investigated the level of buy-in the younger CPAs have in the PRP. Do they view their efforts as contributing to the rewards expected? Are those rewards worth the efforts?

What is the opportunity cost of the efforts put forward in maintaining or obtaining membership? Do the variables have positive implications sufficient to motivate CPAs to join or maintain their membership?

The literature suggests that a reward has the greatest impact when the chooser consciously understands each variable. To understand these choices, consideration should be given to the chooser's beliefs, expectations, trust in the process, trust in who decides on the reward and receiver, and trust in the process and policies. How would one be confident to participate in a process if he or she did not have any control or input in the process or result? This is especially true when a person is expected to make commitments that involve cost prior to seeing any result. The AICPA developed the PRP, where the committee is the policy proponent, the monitor, and the final judge of what is good or bad. To understand interest or lack of interest in the program, evaluations by the prospective participants needs to be considered.

Nimri et al. (2015) used expectancy theory to explain the motivation of public sector employees in Jordan and espoused that despite the numerous steps by the government to increase production, not many changes were found. In Jordan, the government workforce was about 40% of the entire national workforce, costing the government much financially due to over hiring, leading to decline in the quality of service. The researchers argued that it is necessary to see how employees perceive the rewards to understand where their motivation stems from, "to consider the personal motivation of public sector employees, and how they see their own personal and professional development in their public sector careers" (Nimri et al., 2015, p. 71).

In granular terms, the meaning of the three motivational elements can be understood if broken down for the common observer: expectancy addresses how employees see the effort they put into their job affecting their performance, how employees view the potential rewards for their performance, and the value employees place on those rewards.

In this, Nimri et al. (2015) attempted to explain the reason behind employees' motivation through understanding their perception of the effort put in to work toward the reward they receive in return. In general, the expectancy theory suggests that people will be motivated to exert more effort if they believe their effort will result in good outcomes and that the outcomes will lead to valuables that are worth the effort. Expectancy refers to people's perception of the role of effort in improving performance and the value of rewards. Expectancy can be determined by self-efficacy, goal difficulty, and perceived control (Nimri et al., 2015). Thus, the theory depends on perception—perception of the effort and performance linkage, the performance and reward linkage, and the value of the reward. The researchers concluded that employees are motivated through extrinsic rewards (rewards provided by others, such as salaries or promotions) and intrinsic rewards (rewards that stem from the individuals, such as satisfaction, feeling of accomplishment, and public sector motivation, a feeling of responsibility and duty toward society). There is a general belief that public sector employees are motivated more intrinsically than extrinsically (Nimri et al., 2015).

Manolova et al. (2012) supported the individual responsibility in choice making proposed by this theory, where the expectancy theory perspective was used to understand differences in growth expectations of men and women entrepreneurs. The researchers suggested that the decision to grow is usually the choice of the entrepreneur, whose expectations for the size and scope of the business startup ultimately affect the growth of the business over time.

Manolova et al. (2012) proposed that new entrepreneurs expend efforts toward the creation of a new venture because they believe that this will lead to desired outcomes. In their view, expectancy theory assumes that an individual will take action when he or she believes that his or her efforts will lead to successful performance, which in turn will bring certain outcomes with direct positive values or lead to other valued outcomes (Manolova et al., 2012). In application, it posits three relationships: (a) that exerting a certain amount of effort can result in achievement of a particular level of performance (the relationship between effort and performance); (b) that a particular performance level will result in a specific desired outcome (instrumentality); and (c) that the reward or desired outcome is sufficiently attractive for people to be motivated to attain it (valence–personal goals relationship; Manolova et al., 2012; see Appendix 2).

In the same view, Gatewood et al. (2002) found that entrepreneurs who believed in their skills and ability were motivated to exert necessary efforts toward new venture formation (Manolova et al., 2012). They also said that in expectancy terms, the first-level outcome, starting the new venture, leads to second-level outcomes, conceptualized as the individual goals to be achieved through venture creation. In their model, the individual goals include self-realization, financial success, recognition, roles, innovation, and independence.

Prior research using expectancy theory in other fields suggests that it can be useful in explaining motivation from the perspective of younger CPAs with regard to their efforts and rewards in the PRP. CPAs commonly believe in their skills and exert efforts toward ventures and activities that will yield their expected results if (a) the effort is reasonable given the reward, (b) the effort is likely to produce the desired outcome, (c) the outcome is likely to yield the desired rewards, and (d) the rewards are valuable.

3.2 Expectancy Theory in the Peer Review Program

The common belief regarding CPAs' ability to exert efforts toward ventures is displayed in the discretion of the CPA to provide attestation engagement that requires enrollment in the PRP. CPAs understand that extra effort is needed to achieve this venture of joining the PRP. Many accounting consulting firms such as Resources Connections LLC and Accenture employ thousands of CPAs who provide a wide array of services but are not covered in the PRP, just as some CPAs prefer to provide non-attest engagements (Non-attest engagements are engagements where the CPA is not required to state if he/she agrees with reports represented or the work performed). CPAs who join the PRP must expend extra effort in the form of extra CPE hours and CPE hours in specific areas of practice to meet the program requirements. In expectancy terms, joining the prestigious program will lead to achieving individual goals such as increased sales, financial success, prestige, self-satisfaction, and more. Here, the applicability of expectancy for the CPA is that a certain amount of effort in CPE hours, membership cost, specialized line of service, and performance will lead to a mostly positive reward or outcome. Sacrificing necessary funds, acquiring CPEs, and engagement time will guarantee leverage to join and stay in the PRP. The extra effort should be sufficient to be accepted into the program, knowing that many CPAs have unsuccessfully attempted to join or sustain membership for one reason or another.

III.2 Limitations/Criticisms of Expectation Theory

The popularity and over 50 years of use of the expectancy theory have not eased the criticism that it has a very simple model because it fails to recognize that people have both intrinsic and extrinsic motivation. This criticism led to the expansion of the theory by researchers such as Porter and Lawler (1968) and Lloyd et al. (2018; see Appendix 3). Such researchers expanded the theory to account for the role of personal abilities and skills, to include the relationship between satisfaction and performance, and to recognize the influence of past

relationships on expectancy. One of the extensions to the original expectancy theory came from Lloyd et al. (2018), who argued that the theory falls short in explaining the complete picture of workers' motivation because it needs a social element. They said that social interaction is the link between each worker's personal motivational force. "Expectancy theory should account for the correction with the inclusion of the social variable into the equation" (Lloyd et al., 2018, p. 25). They insisted that the interrelationship of the workers should be represented as a valid premise in determining workplace motivation, as the full context of motivation could not be understood or explained without its inclusion. This shortcoming of the initial formulation of the expectancy theory is now compensated by intrinsic valence, to which I subscribe in this paper.

III.3 Theoretical Importance

The research has both theoretical and practical importance. Theoretically, it was extended to accommodate the social input of human activities, making the application possible in this study. It is important for CPAs to know that other CPAs are members of the PRP with similar PRP experiences. On the practice level, the theory was applied to the study of city workers' motivation to change and improve efficiency and production by their involvement in the development and operation of the process. This empirical study contributes to the body of knowledge on the application of expectancy theory by answering the following questions: What perceived rewards motivate younger CPAs to join the PRP? Do younger CPAs view the perceived reward differently than older age cohorts do? Do they see less value in the program, and if so, why?

IV CHAPTER 4: RESEARCH FRAMING

IV.1 Framework

In this study, I focused on CPAs in the state of Georgia who maintain membership with GSCPA and examined motivational valences that affect their choices in joining the GSCPA PRP. I used Vroom's expectancy theory and its modifications that included Porter and Lawler's (1968) and Lloyd et al.'s (2018) social consideration; the three key elements of the theory—instrumentality, effort (performance), and valence—were pivotal in the conceptual framework.

Thus, in this research, I considered the application of several modifications of the theory, such as by Gatewood et al. (2002), who considered entrepreneurs who pursue a course of action for the benefits, and by Manolova et al. (2012), who supported the new venture efforts for the expected outcomes. I applied these elements, as well as the social consideration of peer expectation, in the framework for this research.

In this paper, I looked at CPA participants' perception of the PRP. Sugahara and Boland (2006) researched the public and student perception of CPAs, which differed from how CPAs perceive themselves, and the high confidence bestowed in CPAs by the public. However, no researchers have empirically looked at the perception of the subsection of the AICPA, the PRP, from the viewpoint of the CPAs. The research respondents were active CPAs who were members of the GSCPA and AICPA. Many were not in the PRP but could be if they so chose, and a select few were in the program. I evaluated the rewards that motivate CPAs to join and maintain membership in the PRP.

IV.2 Research Model

The structural model in Figure 5 is the foundation for the empirical test performed considering the value assigned to each valence by CPAs in Georgia. Each of the reward items served as a variable in the mix of values observed. The age group, gender, and race were

identified as the independent components that impacted reward choices, the dependent variables. People from different age groups and with different socialization types might see rewards differently and assign values based on their experiences. The selected dependent variables are the various rewards: increased engagement fee, prestige, recognition, client retention, peer review process, growth in professional feedback, sense of accomplishment, increased client base, enhanced knowledge, and competency, positive attributes in the survey (see Appendix A).

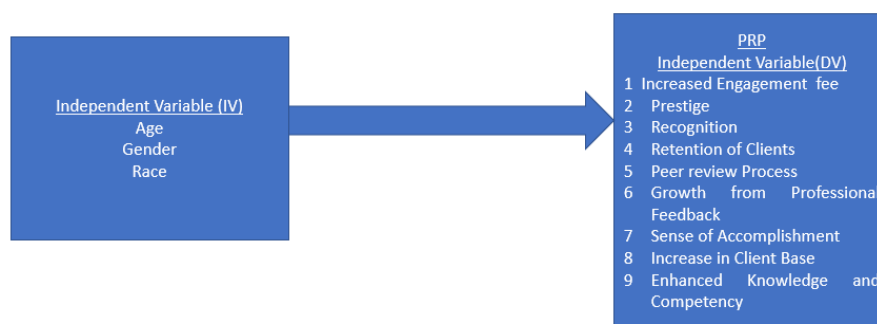


Figure 5: Impact of Age in Peer Review Program

The age cohorts represent the independent variables in two groups:

Older generation (born before 1965)

Younger generation (born 1965–2004)

In analyzing the data collected, I considered several additional options, including multiple regression, one-way ANOVA, and two-way ANOVA. Identifying which benefit the majority of the age groups would prefer required the choice of each age group (independent variable) to be compared against the choice for each dependent variable. Two-way ANOVA allows for the use of two or more dependent and independent variables, as well as interaction effect, and provides descriptive and analytical details in less time. I used two-way ANOVA to

simultaneously test for the effect of each independent variable on the dependent variable, as well as to rate the effects of any interaction (Pallant, 2016). I used Levene's test of equality of error variances to test the assumptions underlying the variances in the analysis (Pallant, 2016).

V CHAPTER 5: METHODOLOGY

V.1 Research Approach & Hypotheses

V.2 Research Questions

What perceived rewards motivate the younger CPA to join the PRP?

Do younger CPAs view the perceived reward differently from older cohorts? Do they see less value in the program, and why?

V.3 Hypotheses

H 1 – A CPA's age/gender and race influence the CPA's perception of the importance of an **increased engagement fee** as a benefit of joining the PRP.

H 2 – A CPA's age/gender and race influence the CPA's perception of the importance of **prestige** as a benefit of joining the PRP.

H 3 – A CPA's age/gender and race influence the CPA's perception of the importance of **recognition** as a benefit of joining the PRP.

H 4 – A CPA's age/gender and race influence the CPA's perception of the importance of the **retention of clients** as a benefit of joining the PRP.

H 5 – A CPA's age/gender and race influence the CPA's perception of the importance of the **peer review process** as a benefit of joining the PRP.

H 6 – A CPA’s age/gender and race influence the CPA’s perception of the importance of **growth from professional feedback** as a benefit of joining the PRP.

H 7 – A CPA’s age/gender and race influence the CPA’s perception of the importance of a **sense of accomplishment** as a benefit of joining the PRP.

H 8 – A CPA’s age/gender and race influence the CPA’s perception of the importance of an **increase in the client base** as a benefit of joining the PRP.

H 9 – A CPA’s age/gender and race influence the CPA’s perception of the importance of **enhanced knowledge and competency** as a benefit of joining the PRP.

The nine hypotheses were designed to identify the main effect of the relationship between the independent and the dependent variables. The interactions of the independent variables, which were controlled for in the process, were taken into consideration. The study was designed to explore the effects of the independent variables of age, gender, and race on the CPA’s expectation of joining the PRP (see Figure 5). A survey was used to measure the expectation of Georgia CPAs related to the program, along with their ages and gender. The survey was formulated in Qualtrics, which allowed for the creation of multiple questions segmented by description, as well as the ability to receive the responses for analysis. The design of the survey used a Likert format with a seven-point scale (see Appendix A).

The questions were broken into sections to accommodate all of the variables for analysis. Ingram et al. (1983) designed a series of reward items that were modified for this study. Ingram et al. (1983) used seven reward items to measure reward preferences and related those

preferences to the respondents' personal characteristics. They hypothesized that a relationship exists between personal characteristics (age, job, tenure, income level) and the values of self-esteem, the compensation plan base, the recognition/promotion rate, and the opportunity rate. Age was found to be related to a number of the reward valances. This approach was extended to test the CPA environment so as to determine the relationships that exist, as well as the directions of these relationships. The survey was conducted with the assistance of the GSCPA. The chief executive officer (CEO) and the chief financial officer at the GSCPA worked with me from their Atlanta office to conduct the survey process with its 800 members. I only received the respondents' responses. I included a survey on the peer reviewers, as they expressed that they wanted a deeper study on the reviewers, who are also showing a great decline in number. This will be a part of the future research suggested.

V.4 Method of Analysis

The study method used here is quantitative, and an SPSS analysis tool was used to analyze the data received from the respondents. Multiple regression was also conducted on the dependent variables. Tests of normal distributions and correlations on the independent and dependent variables were run as part of the analysis.

The responses were put through several regression techniques of SPSS tools to test the reliability of my data and hypotheses, as well as Smart PLS techniques used to analyze the model. The tools required that the data be cleaned, sorted, and prepared for use. The analysis of the collected data helped with answering the research question in light of the research hypothesis.

V.4.1 Data Collection

Most of the participants were members of the GSCPA. The population also included CPAs from the Georgia Board of Accountancy. The state of Georgia is a large state with an extensive number of counties and many large cities, such as Atlanta, Savannah, Macon, and Augusta. Thus, the state has a good population of CPAs from all gender and age ranges. The 14,000 CPAs, who were of various races, came from multiple counties across the state. Thus, the size of the population was large enough to draw a large sample from and still be representative of the entire population. In addition, the large population covered a diverse mixture of members from the millennial group as well as other age groups. The survey was sent out to about 800 CPAs from the list. However, because COVID-19 caused business closures, this forced me to use Qualtrics tools to extend the survey outside of the GSCPA to try to gather more responses. The survey was sent mostly to CPAs, and I added a discontinuance that ended the survey the moment a prospective candidate indicated that he or she was not a CPA.

The list from the GSCPA included active and non-active members of the society and the PRP. The CEO of the GSCPA worked to further facilitate the survey to his membership. The target list from the society included members of the Georgia society—both participating and non-participating program members. As such, the target respondents fit the research intent. To avoid any sensitive data issues, I worked with society's management to control the data and to facilitate the dispatch of the survey. I received only the survey responses (Figure 6).

The survey was emailed to 800 targeted emails from the society's list with an expected response rate of about 35%. A stratified sample was used to ensure a mixture of CPAs who were in the program and those who were not. The turnaround time was 14 days considering the COVID-19 pandemic, which basically shut down most business operations around the world.

The survey had a disclaimer (“Respondent information and responses will not be shared with any other person(s)/firms except for those involved with the study”). I sought additional respondents because the expectation of responses from one source was scary considering that the COVID-19 pandemic was devastating families and businesses.

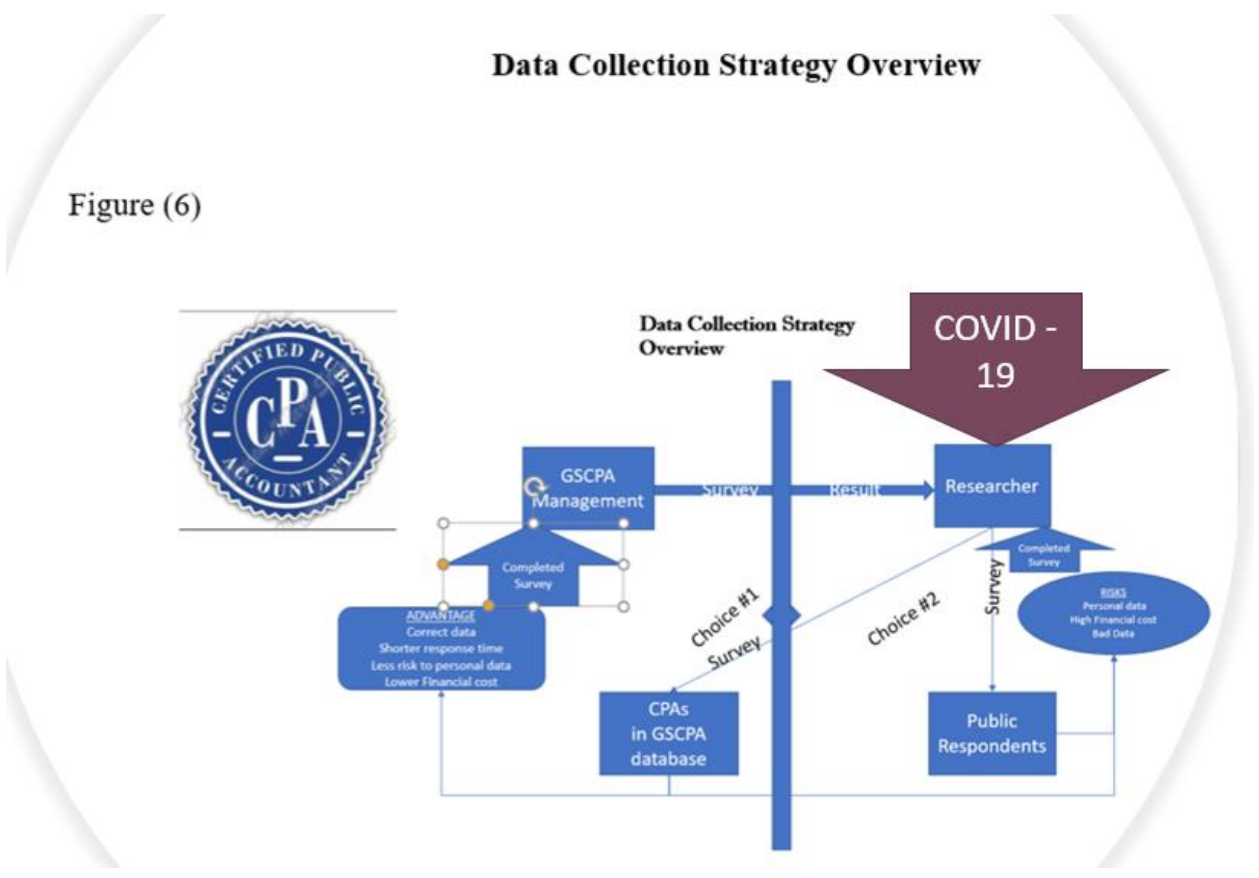


Figure (6)

Figure 6. Data collection strategy overview.

VI CHAPTER 6: ANALYSIS AND RESULTS

VI.1 Measurements

The questionnaire was formulated from interviews with CPAs who were in the practice of public accounting, as well as many in corporate management, to find out their preferred reasons for joining the PRP. The questionnaire used a seven-point Likert scale survey format where the respondents could choose their satisfaction on a scale ranging from strongly agree (7) to strongly disagree (1). The responses were used to test the research model.

The variables totaled nine for positive options and 10 for negative options or reasons for joining the program. The survey was designed to allow respondents to consider both the positive and the negative aspects of their decisions to join. The survey contained about 12 questions in total (see Appendix A); three questions involved demographics, one was to disqualify non-CPAs and thus end the survey for them, one confirmed their CPA certifications, and two questions inquired of the respondents' lengths of experience and tenure with their firms. Another question inquired of the respondents' happiness or commitment to the profession. Questions 9 and 10 asked about the respondents' positive items of satisfaction or reasons for joining the program, and the others asked about the negative aspects of joining the program. Questions 9 and 10 asked the responding CPAs to rate their agreement or disagreement with joining the PRP on a scale of 7 to 1, with "strongly agree" as 7, and "strongly disagree" as 1. The variables included an increased engagement fee, prestige, recognition, a sense of accomplishment, the retention of the client, the peer review process, growth from professional feedback, an increase in the client base, enhanced knowledge, and competency.

Question 10 asked respondents to rate "your agreement with the following" negative attributes of the PRP: the committee acceptance process, increasing regulatory requirements, increased punitive and corrective actions, a subjective evaluation of a review, increased

documentation requirements, CPE hour requirements, the cost of a peer review, limited access, a low number of reviewers, knowledge about the peer reviewers, and knowledge about the review committee.

VI.2 Question Mapping

Table 2 shows the relationship between the survey question and the areas of the theory explored in the research. The expectancy theory proposes that the investments by participations have a profound effect on the positive or negative perceived value of the instrumentality/outcomes. Note that CPAs process how long they have maintained their certification, which requires annual membership enrollment, continuing education, and renewal payments to the organization as reflected in Questions 6 and 7. Each certification expires at intervals, and non-active involvement leads to the expiration of the certification. The tenure of a CPA in a firm also leads to active participation even in an environment where CPAs are highly sought after and expected to perform at high-quality levels.

When asked “How do you feel about the PRP,” the CPAs involved in the PRP provided some information about the program and/or indicated that they tried to be involved in the program. These actions showed direct or indirect participation, either willingly or unwillingly. Participation happened willingly when the CPAs had reviewed the program process and determined that it was fit to join based on the perceived value of the instrumentality/outcomes. Meanwhile, it happened unwillingly when the CPAs determined that they had no choice but to join due to the job position demands, or project security also forced this on them. Non-compliance could have meant the loss of a job or project.

Table 2: Question Mapping to Participation

Question Number	Details	Attributes	Theory Dimension
Question (Q6)	How long have you been a CPA?	n/a	Expectancy/ Instrumentality/ Participation
Question (Q 7)	How long have you been with your firm?	n/a	Expectancy/ Instrumentality/ Participation
Question (Q 11)	Do You believe Peer Review Program benefits out weight the cost an effort?	n/a	Expectancy/ Instrumentality/ Participation
Question (Q 12)	Please provide four (4) words that best describe how you feel about the Peer Review Program	n/a	Expectancy/ Instrumentality/ Participation
Question (Q 9)	As a CPA, please rate your agreement to the following as POSITIVE attributes of Peer Review Program	Increased Engagement Fees, Prestige, Recognition, Retention of Clients, Peer Review Process, Growth from Professional Feedback, Sense of Accomplishment, Increase in Client Base, Enhanced Knowledge and Competency	Valence Outcome
Question (Q 10)	As a CPA, please rate your agreement to the following as NEGATIVE attributes of Peer Review Program	Committee Acceptance Process, Increasing Regulatory Requirement, Increased Punitive & Corrective Action, Subjective Evaluation on Review, Increased Documentation Requirement, CPE Hours Requirements, Cost of Peer Review, Limited Access and Low Number of Reviewers, Knowledge about Peer Reviewers, Knowledge About The Review Committee	Valence Outcome

VI.3 Perceived Value of Instrumentality/Outcome

The perceived value of the outcome of program participation was described as one of the attributes listed in Table 2 such as increased engagement fees, prestige, recognition, the retention of clients, the peer review process, growth from professional feedback, a sense of accomplishment, an increase in the client base, enhanced knowledge and competency, and the committee acceptance process, increasing regulatory requirements, increased punitive and corrective actions, a subjective evaluation of a review, increased documentation requirements, CPE hour requirements, the cost of a peer review, limited access, a low number of reviewers, knowledge about peer reviewers, and knowledge about the review committee. The values assigned and returned to the cafeteria of choices ranged from 7 (strongly satisfied) to 1 (strongly dissatisfied). The cafeteria was extensive for capturing a description from both extremes to accommodate the feeling and mood of the CPA. The measurement of the returns from Questions 10 and 11 extended the perceived value that the respondents attached to the variables.

VI.4 Statistical Methods

VI.4.1 *Ordinal Regression*

When one is using ordinal regression in the process of data analysis, certain assumptions must be considered.

Assumption #1: The dependent variables should not be string values. This assumption was met because all of the dependent variables were designed and measured on the seven-point Likert scale.

Assumption #2: One or more of the independent variables were measured as either continuous or ordinal variables: age and gender.

Assumption #3. With the goal of conforming to the need for no multicollinearity, a dummy variable was created with independent variable “ethnicity,” which decreased the previous category from 5 to 2. Thus, this assumption was met.

Assumption #4. A local model fit was used to measure the proportional odds to determine if each independent variable had an identical effect at each cumulative split of the ordinal dependent variable.

VI.4.2 *Significance and Relevance Testing*

Meeting the assumption threshold when using ordinal regression is important because it helps one to understand what variances have contributed to the model, and it enables one to measure its significant effect on the entire model or on a limited aspect of the model.

Recognizing the certainty that Crosstab provided on the frequency of the cases spread across the variable, I also determined whether any significance in the output existed.

To determine if any significance existed, I used the chi-square test at a 95% acceptance level. The Pearson uni-significance asymptotic significance (two-sided) chi-square test was used to identify significant contributors with a significance level of 5%.

VI.4.3 Methods

Summary statistics are provided for the variables of interest, including the survey respondents' demographics, such as their years of experience as CPAs, their tenure at their current firms, their sense of commitment to the CPA career, and two measures of sentiment toward the AICPA PRP (PRP). For the purpose of summarizing respondents' overall feelings about participation in the PRP, two scales were created: total positive attributes (TPA) and total negative attributes (TNA.) The TPA is calculated as the sum of the Likert-scale responses to the nine survey items that inquire about respondents' positive associations with the AICPA and yields Chronbach's alpha at 0.947, which suggests the excellent reliability of the scale. The TNA is the sum of the 10 negative items and is not quite as reliable with a Chronbach's alpha of 0.885. The TNA and TPA are scaled by the number of items they include to produce the average positive attributes (APA) and average negative attributes (ANA), both of which have a possible range of 1–7. The APA and ANA act as our primary outcomes for assessing attitudes toward the PRP. Categories for several variables/ survey items were collapsed to avoid overly sparse responses. Age was collapsed to include only two levels: younger generations (born 1965–2004) and older generations (born before 1965.) The respondents answering "other" were categorized as missing. Gender was reduced to binary, keeping only the responses of "male" and "female." Experience was collapsed to two levels as well: "10 years or less" and "11-plus years." Finally, "commitment" was collapsed to four levels: "less than satisfied," "somewhat satisfied," "satisfied," and "strongly satisfied."

Demographics and PRP scales were examined for their associations with age, where we looked for differences between Generation Y and others. To test for associations between age and other demographic descriptors, I used chi-square tests where appropriate. I used Fisher's exact test when the assumptions of the chi-square were not met. Differences between the ANA and APA by age group were assessed via two-sample t-tests. Univariate association analyses were performed to evaluate the relationship between demographics and each outcome utilizing ANOVA. For multivariate association analyses, multiple linear regression models were fit for each outcome variable. Covariates were included in the multivariate analysis if their univariate association was significant at a 0.1 level. All data analyses were performed in SPSS. Statistical significance was defined as type I error rate $\alpha = 0.05$.

VI.4.4 *Statistical Results*

A total of 185 AICPA members responded to the survey. The number of missing responses is provided for each survey item, along with the outcome variables, in Table 3, where we provide descriptive statistics. Nine participants provided ages of "other" or did not provide ages. The younger generation comprised 40.9% of the sample with 72 respondents born between 1965 and 2004. The largest cohort of respondents was the baby boomers group (born between 1946 and 1964) with 99 (56.2% of) respondents. Although the younger cohort was more diverse with respect to gender, with women comprising 41.3% as opposed to 24.0% of the older group, the difference was not statistically significant. On the other hand, racial diversity differed significantly between the groups ($p = 0.006$). The differences in the mean APA and ANA were not statistically significant among the age groups.

Table 3: Descriptive Statistics

	Younger Generations (1965-2004) (N = 72)	Older Generations (Before 1965) (N = 104)	Total (N = 176)	p value
RACE				0.006*
N-Miss	7	0	7	
White	38 (58.5%)	83 (79.8%)	121 (71.6%)	
Black or Afr. Amer.	25 (38.5%)	19 (18.3%)	44 (26.0%)	
Asian	2 (3.1%)	2 (1.9%)	4 (2.4%)	
GENDER				0.052
N-Miss	9	0	9	
Male	37 (58.7%)	78 (75.0%)	115 (68.9%)	
Female	26 (41.3%)	25 (24.0%)	51 (30.5%)	
Other	0 (0.0%)	1 (1.0%)	1 (0.6%)	
TENURE				< 0.001
N-Miss	16	11	27	
0–3 Years	8 (14.3%)	0 (0.0%)	8 (5.4%)	
4–6 Years	7 (12.5%)	4 (4.3%)	11 (7.4%)	
7–10 Years	6 (10.7%)	5 (5.4%)	11 (7.4%)	
11-plus Years	35 (62.5%)	84 (90.3%)	119 (79.9%)	
EXPERIENCE				< 0.001
N-Miss	16	11	27	
0–3 Years	7 (12.5%)	0 (0.0%)	7 (4.7%)	
4–6 Years	2 (3.6%)	0 (0.0%)	2 (1.3%)	
7–10 Years	5 (8.9%)	1 (1.1%)	6 (4.0%)	
11-plus Years	42 (75.0%)	92 (98.9%)	134 (89.9%)	
COMMITMENT				0.030*
N-Miss	16	11	27	
Strongly Dissat.	0 (0.0%)	2 (2.2%)	2 (1.3%)	
Dissat.	0 (0.0%)	0 (0.0%)	0 (0.0%)	
Somewhat Dissat.	1 (1.8%)	4 (4.3%)	5 (3.4%)	
Neither Sat. or Dissat.	4 (7.1%)	0 (0.0%)	4 (2.7%)	
Somewhat Satisfied	8 (14.3%)	7 (7.5%)	15 (10.1%)	

Satisfied	18 (32.1%)	16 (17.2%)	34 (22.8%)	
Strongly Satisfied	25 (44.6%)	64 (68.8%)	89 (59.7%)	
APA				0.322
N-Miss	16	13	29	
Mean (SD)	4.431 (1.525)	4.177 (1.490)	4.274 (1.503)	
Range	1.000 - 7.000	1.000 - 7.000	1.000 - 7.000	
ANA				0.983
N-Miss	16	13	29	
Mean (SD)	5.070 (0.963)	5.066 (1.035)	5.067 (1.004)	
Range	2.600 - 7.000	2.000 - 7.000	2.000 - 7.000	

The results of the univariate association analyses in Table 4 show that the APA was significantly associated with race ($p < 0.001$), experience ($p = 0.014$), and tenure ($p < 0.001$). Black respondents generally endorsed APA scores that were 1.7 points higher than those of their white counterparts. Asian participants scored 2.5 points higher than their white counterparts did, on average. However, only four respondents identified as Asian. Tenure and experience were both negatively associated with the APA. The APA scores for respondents with at least 11 years of experience were, on average, 1.9 points lower than other respondents'. When compared with the APA of the respondents with 0–3 years of experience at their current firms, those with 4–6 years of experience had an APA that was one point less, the APA of those with 7–10 years of experience was 2.3 points less, and the APA of those with 11 or more years of experience was 1.9 points less. On the other hand, demographic variables or survey items were associated with the ANA (Table 5).

As no statistically significant univariate associations between the ANA and other variables were discovered, we did not examine multivariate associations with the ANA.

Although age is not a significant predictor of the APA, race and tenure remain statistically significant when adjusting for other factors. Black and Asian respondents again rated the positive attributes of the PRP more highly than their white respondents did. Meanwhile, the main difference in tenure was between those with 7–10 years of experience and everyone else, with the group endorsing the positive aspects of the PRP having a rate that was 1.4 points lower than that of those with 0–3 years of experience.

Table 4: Analysis of Univariate Associations with APA

	Parameter Estimate	Std. Error	P. value	Adj. R^2	N. miss
Age					
<i>Older Generations (Before 1965)</i>	-0.254	0.255	0.322	-0.000	38
Race					
<i>Black or African American</i>	1.730	0.242	< 0.001	0.284	35
<i>Asian</i>	2.480	0.647	< 0.001		
Gender					
<i>Female</i>	-0.265	0.276	0.339	-0.001	36
Tenure					
<i>4–6 Years</i>	-1.102	0.653	0.094	0.094	35
<i>7–10 Years</i>	-2.303	0.665	< 0.001		
<i>11-plus Years</i>	-1.970	0.522	< 0.001		
Experience					
<i>11-plus Years</i>	-0.972	0.391	0.014	0.034	35
Commitment					
<i>Somewhat Satisfied</i>	0.124	0.602	0.837	-0.019	35
<i>Satisfied</i>	0.206	0.526	0.695		
<i>Strongly Satisfied</i>	0.235	0.484	0.628		

Table 5: Analysis of Univariate Associations with ANA

	Parameter Estimate	Std. Error	P. value	Adj. R^2	N. miss
Age					
<i>Older Generations (Before 1965)</i>	-0.004	0.171	0.983	-0.007	38
Race					
<i>Black or African American</i>	-0.052	0.191	0.787	-0.005	35
<i>Asian</i>	0.538	0.511	0.294		
Gender					
<i>Female</i>	0.001	0.184	0.996	-0.007	36
Tenure					
<i>4–6 Years</i>	-0.367	0.460	0.426	-0.012	35
<i>7–10 Years</i>	0.055	0.468	0.907		
<i>11-plus Years</i>	-0.139	0.368	0.705		
Experience					
<i>11-plus Years</i>	-0.292	0.264	0.271	0.001	35
Commitment					
<i>Somewhat Satisfied</i>	-0.147	0.398	0.713	-0.005	35
<i>Satisfied</i>	-0.332	0.348	0.341		
<i>Strongly Satisfied</i>	-0.410	0.320	0.203		

Table 6: Analysis for Multivariate Associations Between APA and Other Survey Items

	Parameter Estimate	Std. Error	P. value	Adj. R^2	N. miss
Age					
<i>Older Generations (Before 1965)</i>	0.184	0.242	0.449	0.277	38
Race					
<i>Black or African American</i>	1.613	0.264	< 0.001		
<i>Asian</i>	1.926	0.712	0.008		
Tenure					
<i>4–6 Years</i>	-0.483	0.659	0.464		
<i>7–10 Years</i>	-1.459	0.644	0.025		
<i>11-plus Years</i>	-0.878	0.613	0.154		
Experience					
<i>11-plus Years</i>	-0.083	0.472	0.861		
<i>11-plus Years</i>	-0.483	0.659	0.464		

Table 7: Chi-Square Tests

Chi-Square Tests
CROSSTABS

	AGE Pearson Chi-Square			RACE Pearson Chi-Square			GENDER Pearson Chi-Square		
	Value	df	Asymptotic Significance (2- sided)	Value	df	Asymptotic Significance (2- sided)	Value	df	Asymptotic Significance (2- sided)
APA									
ENGAGEMENT FEE	32.219	24	0.122	50.023	12	0.000	14.346	12	0.279
PRESTIGE	16.722	24	0.860	34.066	12	0.001	11.817	12	0.461
RECOGNITION	25.086	24	0.401	44.395	12	0.000	10.429	12	0.578
RETENTION OF CLIENT	20.150	24	0.688	51.534	12	0.000	9.297	12	0.677
PEER REVIEW PROCESS	21.375	24	0.617	51.150	12	0.000	7.308	12	0.837
GROWTH PROFESSIONAL FEEDBACK	16.940	24	0.851	36.837	12	0.000	7.015	12	0.857
SENSE OF ACCOMPLISHMENT	19.918	24	0.701	29.345	12	0.004	9.245	12	0.682
INCREASED CLIENT BASE	23.602	24	0.485	61.294	12	0.000	11.909	12	0.453
ENHANCED KNOWLEDGE AND COMPETENCY	13.907	24	0.949	27.289	12	0.007	7.649	12	0.812
ANA									
COMMITTEE ACCEPTANCE PROCESS	12.099	20	0.913	5.729	10	0.837	15.087	10	0.129
INCREASING REGULATORY REQUIREMENT	24.891	24	0.412	13.429	12	0.339	8.791	12	0.721
INCREASING PUNITIVE CORRECTIVE ACTION	31.431	24	0.142	17.748	12	0.124	6.687	12	0.878
SUBJECTIVE EVALUATION ON REVIEW	32.665	24	0.111	13.206	12	0.354	5.314	12	0.947
INCREASED DOCUMENTATION REQUIREMENT	26.030	20	0.165	13.561	10	0.194	5.151	10	0.881
CPE REQUIREMENT	19.298	24	0.736	18.333	12	0.106	15.573	12	0.329
COST OF PEER REVIEW	26.718	24	0.047	9.452	12	0.664	8.813	12	0.719
LIMITED ACCESS AND LOW NUMBER OF REVIEWERS	13.656	24	0.954	8.624	12	0.735	10.722	12	0.553
KNOWLEDGE ABOUT PEER REVIEWERS	21.098	24	0.633	12.436	12	0.411	9.671	12	0.645
KNOWLEDGE ABOUT THE PEER REVIEW COMMITTEE	17.200	20	0.64	14.354	10	0.157	10.037	10	0.437

VI.4.5 Hypothesis Testing

This study's hypothesis test was performed using PLS to produce the t -values for the relationships, as well as the p -values. The area where the p -value is lower than the .05 coefficient significant value is considered to have significance in the relationship and can be explained. With this value, the probability of rejecting a null hypothesis is determined.

The relationship between age/gender/race and the APA attributes showed no significance at a .05 significance level except for in the case of race.

Table 8 shows that the hypothesis test on the 19 variables tested found no significance because significance values came in at values above the .05 level. This shows that the null hypothesis cannot be rejected in the relations for H1 through H9 as stated for the expected outcomes.

The outcome of the high number of variables showing no significance is a testament to the fact that CPA participation in the PRP is low. The low values signify the low importance of the attributes and of the program to the activities of the actors—the CPAs.

The open-ended question that allowed respondents to submit four words to describe their PRP experiences returned word choices that were interesting and informative.

Table 8: Hypotheses and Results

Hypotheses		Supported Claim			Hypothesis Supported?	
		Age	Race	Gender		
H1	A CPA's age/gender and race influence CPA's perception of the importance of Engagement fee as a benefit in joining the Peer Review Program	Increased	No	Yes	No	Not supported
H2	A CPA's age/gender and race influence CPA's perception of the importance of Prestige as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H3	A CPA's age/gender and race influence CPA's perception of the importance of Recognition as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H4	A CPA's age/gender and race influence CPA's perception of the importance of Retention of Clients as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H5	A CPA's age/gender and race influence CPA's perception of the importance of Peer Review Process as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H6	A CPA's age/gender and race influence CPA's perception of the importance of Growth from Professional Feedback as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H7	A CPA's age/gender and race influence CPA's perception of the importance of Sense of Accomplishment as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H8	A CPA's age/gender and race influence CPA's perception of the importance of Increase in Client Base as a benefit in joining the Peer Review Program		No	Yes	No	Not supported
H9	A CPA's age/gender and race influence CPA's perception of the importance of Enhanced Knowledge and Competency as a benefit in joining the Peer Review Program		No	Yes	No	Not supported

VII CHAPTER 7: DISCUSSION AND CONCLUSION

VII.1 Discussion

This research focused on valences that motivated CPAs to join the PRP. I looked more specifically at the involvement of younger CPAs in joining the PRP. The human aspect of the work and the products of CPAs are not found in any empirical study known to the author, but it is important and necessary for the human preferences of CPAs to be examined as much as the financial information they produce. The accounting industry has a variety of options and fields that CPAs serve—forensic, audit, financial, insurance, and management—which have yet to be investigated in an empirical study to find out what drove each to that choice, as well as what kept them there. Specialization and involvement in the PRP bring excitement and pride in the public view, but for the CPA, it has also added stress and responsibility in work, expectations, and continuing education and other costs if they want to maintain that public excitement. The dwindling number of entrants into the accounting profession, as well as efforts to retain them call for the exploration of why CPAs join the PRP, which is the flagship of the accounting profession but is now in uncharted waters of survival. This study explored whether any of the above choices make the program attractive to CPAs, especially younger CPAs.

The study results showed the perception of the CPA to be low when evaluating the outcome of joining the PRP, indicating that efforts need to be directed at increasing the interest of CPAs so that they are good, appreciated users of the program, rather than conscripted members. Note that CPAs do not feel adequately involved in the decisions and operations of the PRP, as they ranked the negative attributes of PRP more extremely than they did the positive attributes of the PRP. The design of the program and the policymaking that takes place in the program should involve younger CPAs to enable them to buy into the program more effectively

(Appendix D and E). The employers of accounting professionals need to buy into the importance of the PRP for their businesses and employees as well.

VII.2 Key Findings and Implications

VII.2.1 *Finding #1 – CPAs do not agree on the reasons to join the PRP.*

CPAs across age, gender, and race join the PRP because they are mandated to join the program. One key finding of this study is that CPAs will not join the PRP because they do not find it to be very attractive or overtly important to the products they offer to the public. The survey offered 19 choices, and none had a significant effect when it came to joining the PRP, including an increased engagement fee, prestige, recognition, increased client retention, enhanced knowledge, and even negative influences. Negative influences such as increased punitive measures, increased regulations, and increased continuing education or knowledge of the peer reviewers or the committee did not mean much to the CPA. Instead, when given the opportunity to offer four words to best describe their experiences with the PRP, CPAs returned a total of 277 words: 188 (68%) were negative, 66 were favorable, and 23 were mild. The 188 words describing the negative experiences included “adversarial,” “antiquated,” “arrogant,” “authoritative,” “broken,” “biased,” “burdensome,” “bureaucratic,” “complicated,” “costly,” “cumbersome,” “disorganized,” “disrespectful,” “unnecessary,” and “useless,” to name a few. Some of the 66 words indicating positive experiences with the PRP were “acceptable,” “accountable,” “achievable,” “competent,” “compliance,” “education,” “efficient,” “encouraging,” “good,” “helpful,” “improving,” “informative,” “knowledge,” “meaningful,” “necessary,” “neutral,” “objective,” “oversight,” “positive,” “regulatory,” “required,” “transparent,” “trustworthy,” “important,” and “information.” The number of negative experiences was three times greater than that of the positive experiences, and the words used to

describe the negative experiences were strong and unequivocal. CPAs' low participation in the formulation, practice, and operations of the program is implicated in this negative result of the study, as according to the expectancy theory, a clear expectation, participation, the trust of the outcome, and the worth of the outcome must exist for the candidate to be interested, and that seems to be lacking here. The reward from the program was not particularly important to the respondents. For CPAs to fulfill the expectancy portion of the expectancy theory, which is the anticipation that certain efforts on their part will lead to specific performance/instrumentality, they must be listened to by a party at the decision table. Vroom's action-outcome association must be true. Here, the result seems to indicate a lack of involvement by CPAs. The CPA survey response rate in this study was under 15%. However, how can 15% of the population make decisions for the remaining 85%? CPAs cannot see value in the valence when they are not involved in defining the value. They perceive negative satisfaction because other parts of the theory realization are also missing.

VII.2.1.1 Implications of Finding #1

Data show that most CPAs do not care much about the benefits of the PRP in most of their business activities. This is contrary to the perception of the public—the users of the financial statements produced by the CPAs. If an organization is to be sustainable, it must attend to the interest of the members, AICPA' PRP should recognize the needs of its members and serve them too. The high public confidence in the accounting profession and its products is based in part on the knowledge that the PRP is a managing tool for the high quality of work in it, which is a perception that many CPAs have not bought into. There is resounding inefficacy among respondents as noted in the research result regarding the non-significance of the attributes and the negative words returned. It is very important that managers and organizers of the AICPA pay

attention to the result of this study to find a way in which to increase the interest of CPAs in the flagship program and to give many more CPAs the opportunity to perform more services that are currently not available to them.

This may mean modifying the inner workings of the PRP by exposing students to the existence of the program and planting a seed of expectation in their minds regarding the importance of the program to them and to society. The PRP program should effectively be marketed to large employers of accounting professionals. In this way, the employees will be reminded of the important value of the PRP to their employers, as well as their growth in multiple directions.

VII.2.2 *Finding #2 – Importance of Race*

Another finding from this study is that a CPA's race has a significant influence on the choices of attributes as determinants for joining the PRP or not. Race significantly influences the CPA's choices when the nine APA attributes are considered to be true. This finding showed that the construct of race alone compared with the other independent variables, such as gender and age, is a better predictor of a CPA's intent to join the program. This result indicates that a CPA's consideration of the APA for joining the PRP is correlated to the race of the CPA.

VII.2.2.1 *Implications of Findings #2*

This study showed that most CPAs can be looked at more closely in terms of their desire to join the PRP, as they are flexible. With a tailored approach, the other races can be attracted to the program in greater numbers. Efforts should be made to attract and incentivize other groups to join the PRP and to reverse the dwindling trend in enrollment.

VII.3 Limitations and Future Research

VII.3.1 *COVID-19 – Low Number of Responses*

During the process of collecting the survey results, the number of responses was smaller than expected. The expected response of at least 300 may have made the findings more robust than the 185 received. The effect of COVID-19 was evident, as most businesses were shut down, families were displaced, and employment and safety were unstable when these responses were sought. The COVID-19 environment may have also affected the states of the minds of the respondents. A greater number of responses would be good for the study, especially without the pandemic. This study should also be expanded to other parts of the country for greater generalization. It is furthermore important to involve other institutions, such as the AICPA, state boards with a greater reach, and a larger population of CPAs to get a larger response. Users of this study should consider the effect of COVID-19 and the number of cases used in this study.

VII.4 Future Research

VII.4.1 *Area of Specialization*

The areas of specialization that are available to accounting professionals is diverse, but not much empirical studies have looked at the reasons why CPAs choose to join the discipline. Understanding the human reasons behind their choices may help to explain some of the reasons for the dwindling number of new entrants into the profession. Future research could identify the areas of attraction for CPAs in discipline and help to bolster the efforts of organizations in need of CPAs to recruit and retain them.

VII.4.2 *Importance of PRP*

Future research should explore the current importance of the PRP to CPAs, not just its importance to the profession of accountancy. Future research should also explore if modifying the makeup of the program is necessary to sustain the program.

Future research should explore the thoughts of CPAs in reforming the program in terms of committee memberships to keep the program as important inside as the public expects it to be. The importance of the PRP to large employers of accounting professionals can be communicated through proper targeted marketing to encourage participation in the program, as well as through research.

VII.4.3 *State of Peer Reviewers in the PRP*

Future research should explore the state of Peer Reviewers in the PRP. The managers observed a decline in the participation of peer reviewers and this survey gathered some data that will be the subject of our future research.

VII.5 Contributions Of The Study

VII.5.1 *Contributions to the Theory*

This study recognized the participatory training and nature of CPAs to determine what they are involved in as well as account for their involvement and the outcomes of their actions. The involvement in the design, process, and operation of the PRP is important to CPAs as detailed in the expectancy theory. This study on the framework of the expectancy theory is the first of its kind; it is a pioneering study aimed at examining the participatory value of CPAs in the design, operation, and assessment of the importance of the outcome of the PRP to CPAs. This study extends the understanding of the rewards that the CPA perceives as important for joining the program, as age, gender, and race are considered.

VII.5.2 *Contributions to Practice*

The PRP of the AICPA remains one of the most important control tools that the accounting profession uses to monitor itself and to keep the public happy with its products. The administrators of the accounting profession, as well as users and managers of financial statements still have the maintenance of the flagship PRP at the top of their list of important tools. The result of this study empirically gives managers an understanding of the perceived low value that CPAs have regarding the program, as well as of the need to find actions that can improve that perception.

This low perception and enthusiasm toward the program among CPAs should cause managers to design better tools and options for making the program more important and attractive to its membership. The result of the study empirically expands the practice knowledge that race/ethnicity is a significant predictor of CPAs joining the program. This application of the expectancy theory for the first time brings the importance of membership to the design, operation, and valuation of the outcome. Ignoring the interest of membership in the design of the policies and processes of the PRP is not beneficial to organizations.

VII.6 Conclusion

This study confirms that the expectancy theory is the best framework for viewing the importance of the participatory value that CPAs see in a program that affects the services that they provide to the public. CPAs do not feel that they are part of the design or the valuation of the outcome, and this is the reason why their recognition of the importance of the program remains very low. This finding provides support for the understanding that without proper participation, the value that others assign to outcomes may differ. This study suggests that Nimri

et al. (2015) is true—that the deliberate involvement of members in deciding the outcomes of their activities increases participation and increases the value assigned to the outcome.

This study confirms that irrespective of the number of variables used to describe a reward, it will be significant only when the perceiver has also participated in the valuation. Race is important in this study because it confirms that a CPA's race affects his or her consideration of the PRP, especially if it feels like a "forced" engagement. Users of this study, human resource managers, and administrators of the accounting profession should consider modification in its approach to attracting and retaining qualified candidates, with diversity being a good starting point.

In reference to earlier studies, individuals will work harder if they perceive that their work will produce something of value and that the item of value is trusted to be valuable on arrival. The younger CPA's age is not a good determinant of how and why he or she will decide to join the PRP, but race is.

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APPENDICES

Appendix A: Proposed Research Survey Sample

Below is a sample of the proposed research survey

Q1 Which of the following AGE groups do you belong?

- Traditionalist (Born before 1945) (5)
 - Baby Boomers (Born between 1946 - 1964) (4)
 - Generation X (Born Between 1965 - 1980) (3)
 - Generation Y (Born between 1981 - 2004) (2)
 - Other (1)
-

Q2 How would you describe yourself?

- American Indian or Alaska Native (5)
 - Asian (4)
 - Black or African American (3)
 - Native Hawaiian or Other Pacific Islander (2)
 - White (1)
-

Q3 What Gender do you identify with?

- Male (1)
 - Female (2)
 - Other (3)
-

Q4 I am a (CPA) Certified Public Accountant

- Yes (1)
- No (2)

Skip To: End of Survey If I am a (CPA) Certified Public Accountant = No

Q5 I am or (was once) enrolled in the AICPA (state) Peer Review Program

- Yes (1)
 - No (2)
-

Q6 How long have you been a CPA?

- (0 -3 years) (1)
 - (4 - 6 years) (2)
 - (7 - 10 years) (3)
 - (11+ years) (4)
-

Q7 How long have you been with your firm?

- (0 -3 years) (1)
 - (4 - 6 years) (2)
 - (7 - 10 years) (3)
 - (11+ years) (4)
-

Q8 How happy are you to spend the rest of your career in this profession?

- Strongly satisfied (7)
 - Satisfied (6)
 - Somewhat satisfied (5)
 - Neither satisfied or dissatisfied (4)
 - somewhat dissatisfied (3)
 - Dissatisfied (2)
 - Strongly dissatisfied (1)
-

Q9 As a CPA, please rate your agreement to the following as POSITIVE attributes of Peer Review Program.

	Strongly agree (7)	Agree (6)	Somewhat agree (5)	Neither agree nor disagree (4)	Somewhat disagree (3)	Disagree (2)	Strongly disagree (1)
INCREASED ENGAGEMENT FEES (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PRESTIGE (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
RECOGNITION (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
RETENTION OF CLIENTS (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PEER REVIEW PROCESS (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
GROWTH FROM PROFESSIONAL FEEDBACK (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SENSE OF ACCOMPLISHMENT (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
INCREASE IN CLIENT BASE (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ENHANCED KNOWLEDGE AND COMPETENCY (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11 Do you believe the Peer Review Program benefits out weight the cost and effort?

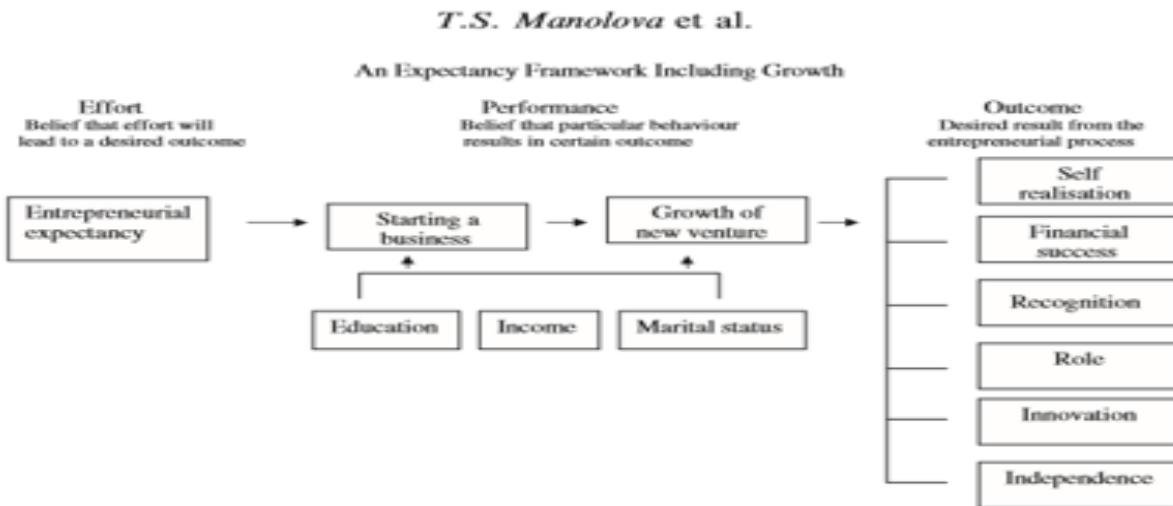
Yes (1)

No (2)

Q12 Please provide four (4) words that best describe how you feel about the Peer Review Program

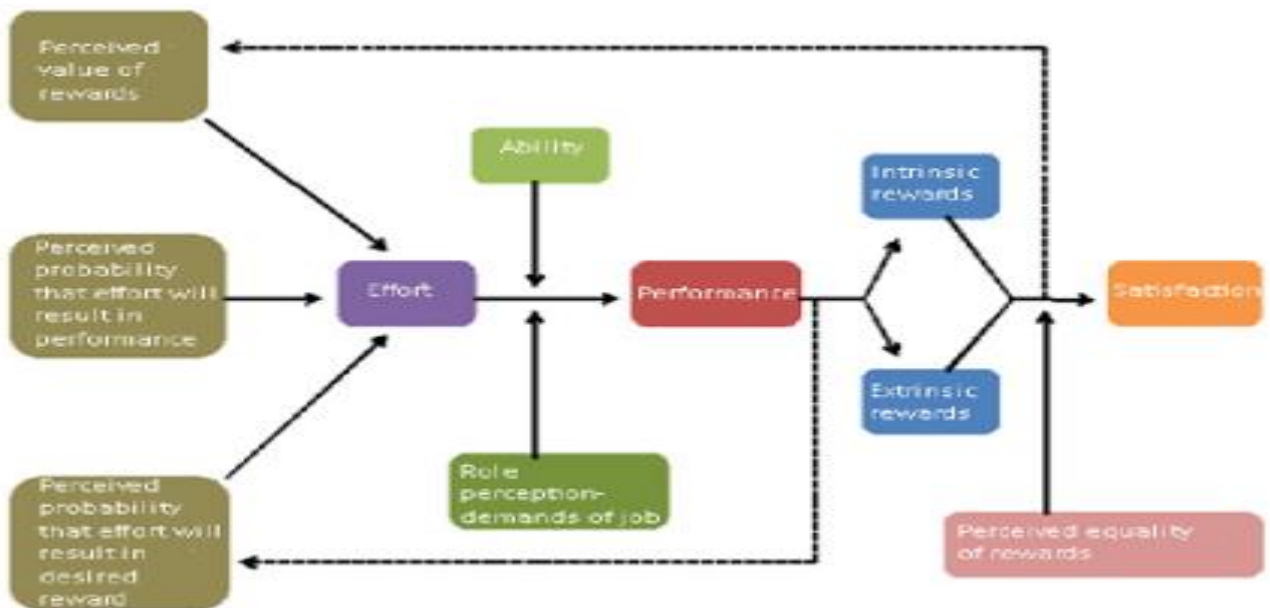
End of Block: Default Question Block

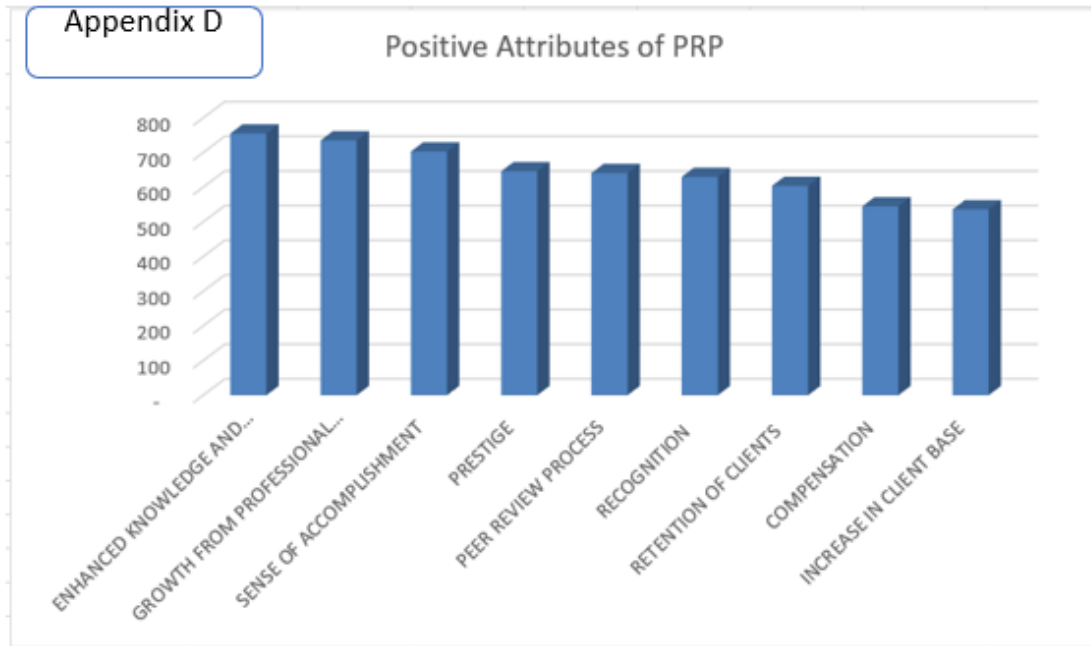
Appendix B: Needs A Title



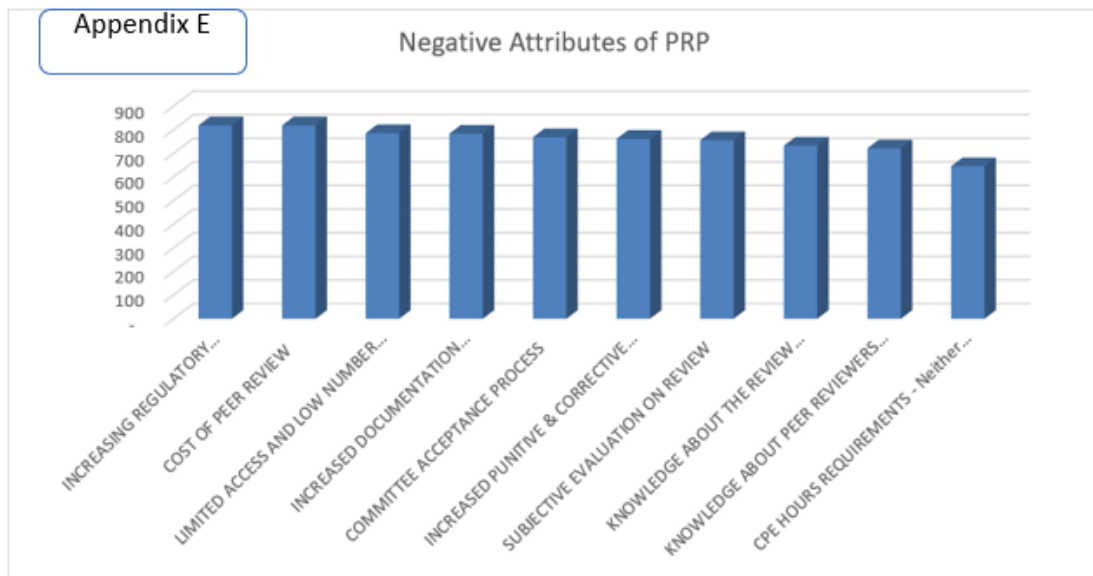
Appendix C: Lawler and Porter's Modified Expectancy Theory

Lawler and Porter's modified expectancy theory, 1967



Appendix D: Positive Attributes of PRP

Appendix E: Negative Attributes of PRP



VITA

Henry Okwuchukwu Onwumbiko, PMP, MBA, CPA is a public accountant with a concentration on building and supporting service organizations with accounting and management services. Over the past 21 years, Onwumbiko's execution of business development campaign has improved market share and shareholder returns.

Onwumbiko is the CEO and founder of Henry Benjamin & Co., CPAs, a regional public accounting firm.

Onwumbiko has his doctorate in business administration, his Master of Business Administration from Georgia State University, and a B.Sc. in Accounting from Salem State University, Massachusetts.

Onwumbiko and his four children—Arinze, Linda, Pearl, and Henry, Jr.—reside in the City of Powder Springs, Georgia.