

## ***A Cross-Cultural Examination of Auditors' Willingness to Relocate in Public Accounting: Evidence from Hong Kong and the United States***

Philip Law, Desmond Yuen and Adrian Lei  
*University of Macau, Macau*

This empirical study examines the determinants of factors influencing auditors' willingness to relocate nationally and internationally in public accounting on two cultural dimensions. This is the first study in the cross-cultural literature to examine this under-researched issue. A theoretical model is developed from family systems theory and social role theory. Logistic regression models (Models 1–16) are performed. While a cultural difference between auditors in the United States (US) and in Hong Kong (HK) might have been expected, we find similar results for both groups of auditors. Spouse willingness has the highest explanatory power among the family factor variables. Other family variables are also found to be significant. Male auditors are more willing to relocate nationally and internationally than female auditors. Furthermore, auditors' career plateau has the highest explanatory power among the organizational variables, followed by perceived organizational support and auditors' compensation. Our results support family systems theory and social role theory. A series of sensitivity analyses validate our main results and indicate the robustness of the findings. This study provides important implications for human asset accounting and the cross-cultural accounting literature.

*Key words:* Auditors' relocation, family systems theory, social role theory, human asset accounting

### 1. INTRODUCTION

The relocation of skilled employees across national borders has become a key business issue (Dupuis, Haines & Saba, 2008). Relocation in this study is defined as auditors moving to a different location within the same firm, or switching to other public accounting firms. In today's competitive environment, it is common for public accounting firms to relocate their employees nationally or internationally for several reasons. First, with the presence of clients located both locally and overseas, accounting firms try to fully utilize their human assets so as to sustain competitive advantage in the market. This can serve client needs and help them to cope with firms' expansions (HKICPA, 2009, 2010a, 2010b).

Second, globalization means that cross-border transactions have become commonplace in many countries. Economies in Eastern Europe and Latin America have been growing, and more international business transactions have come to be conducted with other Western countries. The promising economic growth in Asia-Pacific regions such as China, Hong Kong (HK), Japan, Korea and Australia brings greater volumes of trade and creates more global job opportunities for accounting professionals. The economic success for the Asian 'five dragons' may be attributed to the cultural heritage of Confucianism and the cash value of Confucian values (Hofstede & Bond, 1988; Bond & Hofstede, 1989; Hofstede, 2001). According to a corporate relocation survey conducted by the US Atlas Van Lines Incorporation (Atlas Van Lines, 2012), among firms relocating employees between the US and another country, the most frequent destinations of transfer in 2011 were Asian (41 per cent) and Western European (35 per cent) locations. With the continuation of international

businesses, many accountants or auditors may explore options relating to relocations in their careers.

Third, adoptions of International Financial Reporting Standards (IFRSs) by many countries also facilitate auditors' job mobility. For example, the IASB and the US Financial Accounting Standards Board (FASB) have signed a memorandum of understanding to agree to the convergence of US Generally Accepted Accounting Principles (US GAAP) and IFRSs. Many countries, such as HK and Australia, as well as some European countries, also support the use of IFRSs in preparing financial statements. Accountants and auditors who are conversant with the reporting requirements of IFRSs are highly sought after by multinational corporations. This will thus enhance the job mobility and international relocation opportunities of accounting professionals. In addition, the global use of IFRSs will significantly reduce the costs of doing business in the long run. Hence, the future prospects for relocation for accounting professionals are promising (Economist, 2006; HKICPA, 2011).

However, cultural concerns may be a factor in decisions to relocate (Hofstede, 1980a). In many companies, employee relocation is a primary method of human resource development (Lé, Tissington & Budhwar, 2010). The management literature indicates that understanding employees' attitudes towards relocation is important for at least three reasons: (1) employers use employee transfers as a strategy for staffing organizations and developing managers (Moore, 2002); (2) employees use transfers as a strategy for personal career enhancement (Mignonac, 2002; Konopaske, Robie & Ivancevich, 2005); and (3) evidence indicates that many employees are becoming less willing to relocate geographically and cross-culturally (Harvey & Buckley, 1998; Moore, 2002; Baldrige, Eddleston & Veiga, 2006; Konopaske, Robie & Ivancevich, 2009; Lé *et al.*, 2010). Refusal to relocate will have a great impact on the many organizations that are already facing acute shortages of trained and qualified staff (Tang, 2000; Hall & Smith, 2009). This is particularly true for auditors in public accounting (Bullen & Flamholtz, 1985; Hall & Smith,

Correspondence to: Philip Law, Assistant Professor of Accounting, Room 3067, Department of Accounting, Faculty of Business Administration, FBA, University of Macau, E22, Avenida da Universidade, Taipa, Macau, China. Email: PLaw@umac.mo

2009; Law, 2009, 2010a) and in organizations' executive ranks (Moore, 2002). Dual-career couples will be more resistant to relocating internationally due to family concerns, the spouse's career and the stress associated with the relocation (Harvey & Buckley, 1998). This stress is heightened when the trailing spouse cannot find employment during the overseas assignment. According to preference theory (Hakim, 2006), the heterogeneity of women's preferences creates different interests between groups of women. If the expatriate is a work-centred woman and the trailing spouse is the husband, the man's role in the family unit would be altered dramatically. For example, if the work-centred woman is pregnant, there may be difficulties encountered by auditor mothers in their hierarchical progression within the Big 4 firms, particularly regarding childcare and pregnancy (Dambrin & Lambert, 2008). That might create additional tension and stress for the family (Harvey & Buckley, 1998). In addition, it is particularly predominant in HK culture that men are more likely to be the primary breadwinners for families and hold most of the senior positions in the accounting profession (Law & Hung, 2009; Law, 2010a). Given the normative nature of gender roles, women are more likely to be influenced by their family role (Komori, 2008; Whiting, 2008; Kornberger, Carter & Ross-Smith, 2010; Law, 2010a).

In this study, we find similar results for both groups of auditors. Spouse willingness has the highest explanatory power among the family factor variables. Other family variables are also found to be significant. Male auditors are more willing to relocate nationally and internationally than female auditors. Furthermore, auditors' career plateau has the highest explanatory power among the organizational variables, followed by perceived organizational support and auditors' compensation. Our results support family systems theory and social role theory.

### 1.1. Motivations for this study

Though prior research has examined employees' willingness to relocate (Brett & Reilly, 1988; Landau, Shamir & Arthur, 1992; Brett & Stroh, 1995; Mignonac, 2002; Moore, 2002; Challiol & Mignonac, 2005; Konopaske & Werner, 2005; Baldrige *et al.*, 2006; Dupuis *et al.*, 2008; Konopaske *et al.*, 2009; Lé *et al.*, 2010), such studies have primarily been conducted in Western environments. Hofstede *et al.* (1990) and Hofstede (2001) found that there are significant differences in organizational cultures, practices, ways of thinking and attitudes between the West and the East (see Section 2.2). His research indicated that there are individual value differences between nations (Hofstede, 1998). Given the same research questions, Hofstede (2003) further indicates that the type of respondents within a given cultural group can affect the results. Moreover, there are cultural constraints in management theories and practices across nations (Hofstede, 1994b). Konopaske *et al.* (2005) suggest that their US findings may not be generalizable to global managers living in other countries, and thus future studies in other settings are recommended.

Do American theories or practices apply abroad (Hofstede, 1980b)? The US is a country with high individualism, small power distance, weak uncertainty avoidance, low long-term orientation and a masculine culture, whereas HK is a Special Administrative Region of China with a collectivist society, large power distance,

weak uncertainty avoidance, high long-term orientation and a masculine culture (Hofstede, 1980a, 2001). Hofstede (1980b) indicates that differences among cultures in the five dimensions of his study may have very different effects in different countries. Hofstede (1994a) found that differences in culture show set limits to the validity of management theories across borders. Management practices in a country are culturally dependent, and what works in one country does not necessarily work in another (Hofstede, 1994a). For example, Hofstede (1980b) indicates that identical personnel policies may have very different effects in different countries and even within countries for different subgroups of employees. However, it has taken much longer for US researchers to accept that not only management practices but also the validity of theories may stop at national borders (Hofstede, 1994b). As a result, Hofstede (1980b, 1994a, 1994b) reveals that the US ways of thinking, as well as practices, theories and findings, may not be applicable to other countries.

In addition, Hofstede (2001) and Minkov and Hofstede (2012) examined in-country regions and cultural indicators and found that even in regions sharing common languages, religions, ethnic groups, historical experiences and various traditions, the results provided strong evidence that they had quite different scores on the cultural dimensions and were consequently distinguishable. Liao and Bond (2010) indicate that culture influences how people perceive stimuli and behave under various circumstances. Therefore, Hofstede recommends and encourages more replications and for quantitative research to be done in other countries in the future direction of cross-cultural studies (Hofstede & McCrae, 2004; Hofstede, Hofstede & Minkov, 2010). Researchers indicate that there are differences between Western and Eastern minds (Hofstede & Bond, 1988; Hofstede, 1994a, 1998, 2001; Hofstede *et al.*, 2010).

Long-term orientation (LTO) stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift (Hofstede, 2001, p. 359). The US has a low LTO score (29), whereas HK has the highest LTO score (96), which may be partly attributable to the cultural heritage of Confucianism in the East (Bond & Hofstede, 1989; Hofstede, 1994c, 2001). Furthermore, Hofstede, Bond and Luk (1993) found that individuals' values and perceptions are related to various demographic characteristics and the cultural backgrounds of the respondents. Therefore, it will be worth exploring and interesting to know whether the prior Western study results can be applied to the East, and this has motivated us to carry out this research to capture survey responses regarding auditors' attitudes on relocation nationally and internationally in two cultural settings. A report by the US Advisory Committee on the Auditing Profession (ACAP, 2008) revealed that given the rise of dual-career couples in the audit profession and coupled with family requirements, relocation is an important consideration in an audit career path. With the emergence of dual-career couples in the audit/accounting profession, this research provides a timely and better understanding of this under-researched area in today's contemporary accounting climate. With the growing internationalization of business and promising economic growth in the Asia-Pacific region, auditors could explore more overseas options or consider relocations in their career paths. Though some prior cross-cultural research in accounting has been carried out

(Gray, 1988; Cohen, Pant & Sharp, 1996; Baskerville, 2003; Chand, Cummings & Patel, 2012), no comparative studies of auditors' relocation have been conducted, especially between the US and HK. In addition, Hay (2014) comments that many current auditing issues are international issues and there are still many national differences. As corporations operate on a worldwide basis, it would be much more useful if comparisons could be made around the world. As a result, these issues provide opportunities for research in auditing (Hay, 2014). Hence, this study justifies the investigation for the sample of HK and US auditors and endeavours to make an incremental contribution to the literature.

## 2. RESEARCH DESIGN

In HK, there are a total of 7,436 auditors working in public accounting firms, with the majority working in Big 4 firms (Law, 2010b; HKICPA, 2014). The gender breakdown of auditors is 51 per cent male and 49 per cent female (HKICPA, 2014). The rationale for using Big 4 auditors in our study is that Big 4 auditors can more easily relocate within the same firm or to other accounting firms in other countries. Big 4 accounting firms have been expanding their practices to include a wide array of audit and non-audit services in their businesses (Law, 2008b, 2010c, 2010d). In addition, Big 4 auditors audit most of the large multinational companies (Shafer, Morris & Ketchand, 2001), so the opportunity to relocate for Big 4 auditors is higher (Law, 2010c). For example, the booming gaming industry in Macau provides abundant opportunities for Big 4 auditors to relocate to this Far East region (Law, 2010c).

In HK, Big 4 accounting firms employ the largest number of certified public accountants (CPAs) in the market, with large client numbers and a diverse

multinational client base (Law, 2010b). All of the reporting auditors of the HK blue-chip companies listed on the Hong Kong Stock Exchange are from the Big 4 audit firms (HKEX, 2013). The situation in the US is similar. In the US, there are around 158,533 auditors working in public accounting firms, with the majority of auditors working in Big 4 firms (AICPA, 2011). The major corporations listed on the New York Stock Exchange are audited by the Big 4 audit firms (Bloomberg, 2013).

Jenkins and Krawczyk (2001) comment that examining the perceptions of Big 4 auditors is important, as they audit the majority of companies in the markets. The study of their willingness regarding relocation can provide feedback to the public accounting firms to assist in human resource planning and audit policy decisions. Hence, this study analyses Big 4 auditors from both HK and US samples in the regressions.

Family systems theory (Minuchin, 1974) and social role theory (Eagly, 1987) are used to form a theoretical model (Figure 1) and examine the issue in question. Through a review of the existing literature, it can be seen that family systems theory consists of the influence of family factors (inside factors) and organizational factors (outside factors). Social role theory consists of the influence of the gender factor. Family factors include: married auditors with children at home; spouse willingness; and auditors living near elderly relatives. Organizational factors include: auditors' career plateau; perceived organizational support; auditors' compensation; and auditors' years of experience. Social role theory consists of gender and its interactions. These are: gender; gender\*spouse willingness; gender\*children at home; gender\*living near elderly relatives; gender\*auditors' career plateau; gender\*perceived organizational support; gender\*auditors' compensation; and gender\*auditors' years of experience.

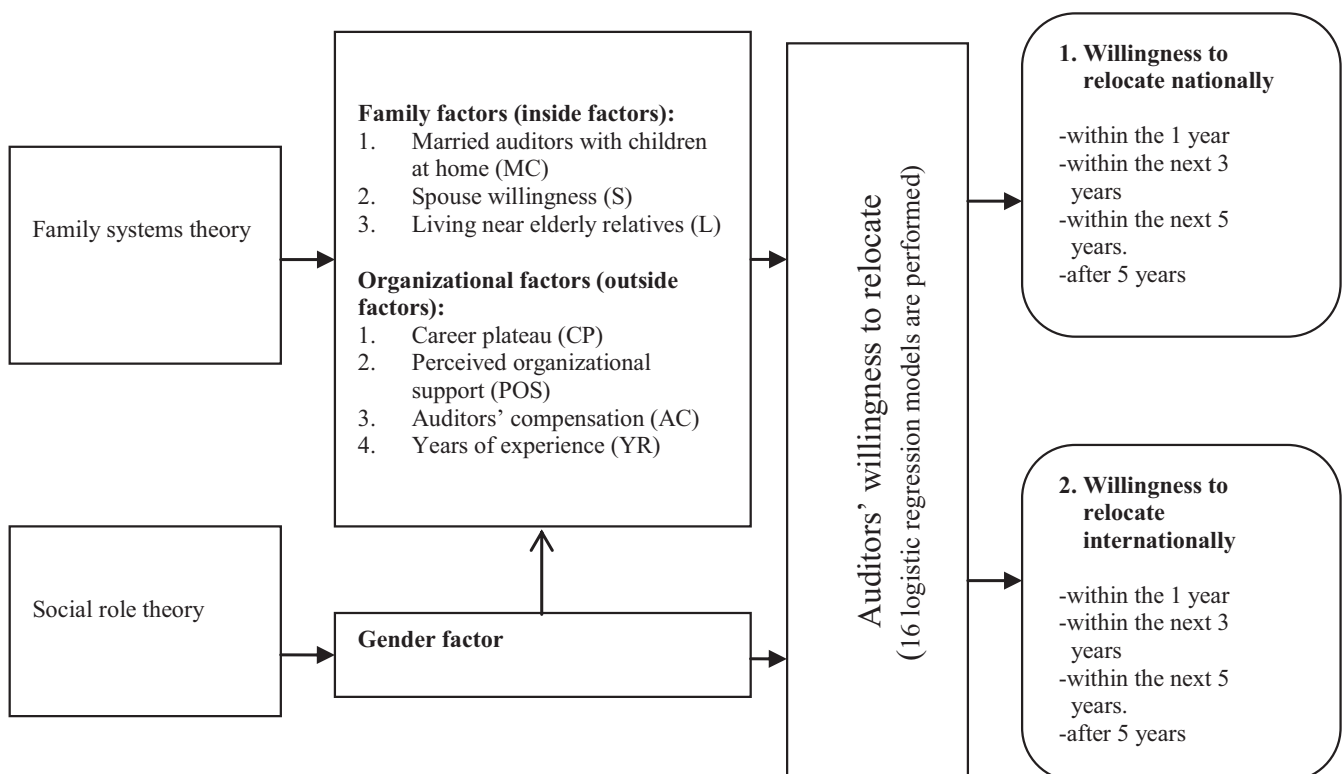


Figure 1: A model of auditors' willingness to relocate (HKUS)



In order to create a more parsimonious model, we focus mainly on family systems theory and social role theory in our main model. Gender variables that interact with organizational and family factors are analysed as control variables in our model, with the exception of the gender\**spouse* willingness variable that is hypothesized in H4b, as discussed in Section 3 of the literature review. Two dependent variables are analysed in this study: (1) willingness to relocate nationally, and (2) willingness to relocate internationally. The dependent variables are then regressed by logistic regressions in four different time horizons, namely, within the first year, within the next three years, within the next five years, and after five years, for the Big 4 HK and US auditors. Our research design is consistent with Hofstede's IBM study (Hofstede, 2001, p. 149). Two surveys are conducted at different times to examine any differences in our results (Hofstede, 2001, 2002). Finally, sensitivity analysis is conducted to indicate the robustness of our findings.

### 2.1. Contributions

This research differs from previous research on relocation in a number of ways, and it aims to provide incremental contributions to the accounting literature. First, previous research has mostly focused on willingness to relocate, using non-auditors as samples (Brett & Reilly, 1988; Landau *et al.*, 1992; Brett & Stroh, 1995; Moore, 2002; Challiol & Mignonac, 2005; Baldrige *et al.*, 2006; Dupuis *et al.*, 2008; Konopaske *et al.*, 2009; Lé *et al.*, 2010). This comparative study uses auditors as respondents. The US Center for Audit Quality (2008) comments that audit partners in audit firms will likely have at least one relocation in their careers due to the enactment of the Sarbanes–Oxley Act of 2002 (SOX), which has regulations on audit partner mandatory rotation requirements (US House of Representatives, 2002). Though the SOX partner rotation requirement focuses mainly on audit partners, it may also indirectly impact high-performance auditors who have the potential to advance to partnership level (Law, 2009). In addition, Hay (2014) comments that new regulations and globalization provide many opportunities for auditing research. The convergence of the IFRSs in many countries nowadays will greatly facilitate the mobility of auditors across nations. Auditors who are conversant with the reporting requirements of IFRSs and the International Standards on Auditing (ISAs) are highly sought after by multinational corporations, thus enhancing their job mobility and international relocation opportunities. Hence, the use of auditor samples is worthy of investigation in its own right. Our study contributes to the literature by revealing that spouse willingness has the highest explanatory power among the family factor variables in influencing auditors' willingness to relocate nationally and internationally for Hong Kong and United States auditors, respectively. The results provide important implications for the cross-cultural human resource policies of public accounting firms for planning their staff resources and global strategies. Public accounting firms should carefully devise relocation plans that can accommodate spouses' employment and cultural concerns in the relocation process.

Second, prior research has examined willingness to relocate according to only one dimension (either nationally or internationally) or in a single time horizon (Brett & Reilly, 1988; Landau *et al.*, 1992; Brett & Stroh, 1995; Moore, 2002; Challiol & Mignonac, 2005; Baldrige *et al.*, 2006; Dupuis *et al.*, 2008; Konopaske *et al.*, 2009; Lé

*et al.*, 2010). Hofstede (2001) found that the extent of the cultural dimensions of different societies varies, and time change is a factor associated with it. Hay (2014) comments that many current auditing issues are international issues and there are still many national differences. In view of the literature gap, this comparative study examines willingness to relocate according to two dimensions (both nationally and internationally) and employs four different time horizons to examine the extent of auditors' willingness to relocate in the US and HK settings. Although Hofstede (2001) finds that the five cultural dimensions for HK are different from the US, our results contribute to the extant literature. Our findings indicate that both groups of auditors share similar cross-cultural social concerns and would consider the family factor variables as important determinants of willingness to relocate for both groups. Given that relocation is an important concern for individuals' psychological decisions and organizations' operational functioning, our results provide fruitful information for human resource personnel in public accounting firms. We also extend the literature not only to the cross-cultural accounting literature but also to the literature on international auditing (Hay, 2014) and contemporary accounting trends (e.g., IFRS adoption).

### 2.2. Hong Kong versus the US setting

Hofstede (2001) and Hofstede *et al.* (2010) distinguish cultures according to five dimensions: (1) individualism versus collectivism; (2) power distance; (3) uncertainty avoidance; (4) masculinity versus femininity; and (5) long- or short-term orientation. Hofstede (1984) makes the following interpretations of the five dimensions. Individualist cultures assume individuals look primarily after their own interests and the interests of their immediate family. Collectivist cultures assume that individuals belong to one or more close 'in-groups' from which they cannot detach themselves. Power distance defines the extent to which the less powerful person in a society accepts inequality in power and considers it as normal. Uncertainty avoidance defines the extent to which people within a culture are made nervous by situations that they consider to be unstructured or unpredictable, as well as the extent to which they try to avoid such situations by adopting strict codes of behaviour and a belief in absolute truths. A masculine culture expects men to be assertive, ambitious and competitive and to strive for material success. They expect women to serve and care for the non-material quality of life, for children and for the weak. A feminine culture expects neither men nor women to be ambitious or competitive. Both sexes may opt for a different quality of life than material success (Hofstede, 1984). The long-term orientation dimension is closely related to the teachings of Confucius and can be interpreted as dealing with society's search for virtue, as well as the extent to which a society shows a pragmatic, future-orientated perspective rather than a conventional, historical, short-term point of view (Hofstede, 2001).

Based on his research results, Hofstede (2001) calculated index values for 50 countries for each dimension. The index values of HK versus the US for individualism (IDV) are 25 and 91, for power distance (PDI) are 68 and 40, for uncertainty avoidance (UAI) are 29 and 46, for masculinity (MAS) are 57 and 62, and for long-term orientation (LTO) are 96 and 29. Though the research data of Hofstede (2001) and Hofstede *et al.* (2010)

are not the most up to date, many replications of Hofstede's study on different samples and nations have acknowledged that his data are still valid (Hofstede & McCrae, 2004; Mooij & Hofstede, 2010; Minkov & Hofstede, 2012; Chand *et al.*, 2012).

HK was a British colony before 1997. Sovereignty was returned to China in 1997, and HK is now a Special Administrative Region (SAR) of China. HK was ranked third on the list of global financial centres after London and New York in 2009 (ACCA, 2009), and it has a distinctly mixed culture from the East and the West. The business climate and employment for the accounting sector in the Chinese regions and HK are strong. As of December 2013, there were approximately 99,000 practising CPAs and 8,100 accounting firms in China. The profession served a nation of over 1.3 billion people. This equals one CPA for about every 13,000 people, and one accounting firm for every 160,000 people (Jui & Wong, 2015). A survey conducted by Michael Page International shows that 61 per cent of employers in HK intend to increase their number of employees within the next 12 months (SCMP, 2008). In addition, the most frequent destinations selected for international assignments and relocations are the US (20 per cent) and China (14 per cent), according to the 2012 Global Relocation Trends Survey (Brookfield, 2012). Therefore, the recruitment trend has been strengthened by employers in the Chinese regions recruiting qualified accounting professionals at all levels from HK. The rapid growth of the gaming industry in Macau has also enriched the job market in these regions. In addition, the city's stock-market capitalization has been increasing over the past 20 years. In 1994, the stock-market capitalization was around HK\$2 trillion, but it soared to over HK\$17 trillion in 2009 (ACCA, 2009). HK's success as an international financial centre can be attributed to the fact that it has a stable economic and legal system and a listing regime that has International Accounting Standards, which serve to attract multinational companies to apply for listings in the HK stock market. Hofstede (1994c, 2001) and Hofstede and Minkov (2010) found that high scores for countries with a long-term orientation (e.g., HK) are strongly correlated with the country's economic growth. Therefore, the prospects of accounting professionals who are willing to relocate are promising, as most multinational companies conduct business activities globally.

However, the business climate in the US is not as promising as it is in the Asia-Pacific region. Gross domestic product (GDP) growth slowed to 1.5 per cent from 3 per cent at the end of 2011. The current high unemployment rate, the budget deficit and the sluggish US economy have stimulated US people to speak out about President Obama's economic policy (Relocate, 2012). As mentioned, Hofstede (2001) found that there are strong correlations between high LTO scores (e.g., in HK) and fast economic growth, which is backed by statistical evidence (Hofstede & Bond, 1988; Hofstede, 1994c; Hofstede & Minkov, 2010). It comes as no surprise that East Asian countries outperform Western countries (Hofstede, 1994c; Hofstede *et al.*, 2010). This has implications and could motivate US accounting professionals who are considering relocation possibilities in the pursuit of better job opportunities in other countries, especially in the Asia-Pacific region. In addition, US auditors who perceive themselves as having reached a career plateau might consider international

relocation to undertake personal and professional development.

The US is a typical individualist and egalitarian society, whereas HK is a collectivist and hierarchical society (Hofstede, 2001; Liao & Bond, 2010). This justifies choosing samples from these two societies. The literature and practice indicate, however, that it is becoming increasingly difficult to induce employees to become domestically or cross-culturally mobile (Harvey & Buckley, 1998; Mignonac, 2002). The situation is even more difficult for female employees with family-work conflicts (Moore, 2002; Law, 2010a), for work-centred women (according to preference theory) (Hakim, 2006) and for the trailing spouses of dual-career couples (Harvey & Buckley, 1998). In view of the present setting, a theoretical model is developed in Figure 1, which is derived from family systems theory (Minuchin, 1974) and social role theory (Eagly, 1987). For the purpose of this study, 'nationally' is defined as referring to HK, Macau and Chinese regions for the HK respondents. For the US respondents, 'nationally' is defined as referring to the states within the US. Similarly, 'internationally' is defined as outside HK, Macau and Chinese regions for the HK respondents. For the US respondents, 'internationally' is defined as outside the US.

### 3. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

#### 3.1. Family systems theory

Family systems theory (Minuchin, 1974) proposes that an individual's actions are affected by the actions of other primary actors in the family system, such as children, spouses, elderly relatives, etc. Family systems theory suggests that individuals cannot be understood in isolation from one another but rather must be seen as a part of their families, as the family is an emotional unit. Families are systems of interconnected and interdependent individuals, none of whom can be understood in isolation from the system. According to Bowen (1990), a family is a system in which each member has a role to play and rules to respect. Members of the system are expected to respond to each other in a certain way according to their roles. Within the boundaries of the system, patterns develop, as family members' behaviour is caused by and causes other family members' behaviour in predictable ways. Maintaining the same pattern of behaviour within a system may lead to balance in the family system. Family systems theory suggests that the family equilibrium could be affected by pressures *within* the family system itself, as well as from *outside* the family system (Brett & Stroh, 1995). Applying family systems theory in this study's context, therefore, suggests that additional factors may exert pressure on auditors' willingness to relocate. Inside factors include spouse willingness, presence of children, and living with the elderly, while outside factors are primarily organizational (Figure 1). In view of the relevance of this theory to human resource management, family systems theory provides a good basis for understanding auditors' willingness to relocate in public accounting, nationally and internationally. The following section will discuss the literature in relation to family systems theory in the development of the hypotheses. The management literature and the accounting literature relating to auditors or accounting professionals are used to assist

us in the development of the hypotheses, where appropriate.

At the most fundamental level, marital status is used to define family boundaries (Baldrige *et al.*, 2006). The management literature indicates that married professionals are less willing to relocate (Markham *et al.*, 1983; Moore, 2002; Konopaske *et al.*, 2009). Landau *et al.* (1992) comment that married individuals are likely to take the needs of their spouses into consideration when making a decision, thus their willingness to relocate might be lower than that of single individuals. Similarly, Brett and Reilly (1988) found that being part of a couple and having children at home are negatively related to willingness to relocate; the relocation may involve altered childcare and educational arrangements, the disruption of the children's community ties and moving costs for the family (Landau *et al.*, 1992; Baldrige *et al.*, 2006; Lé *et al.*, 2010). Brett and Reilly (1988) suggested that children limited their parents' mobility due to the direct care pre-schoolers require. Another important consideration for families is the socio-emotional ties that children develop to their particular community. For example, relocating children to new schools and communities can be expected to become more difficult when children have developed strong ties to schools, teachers, peers and friends (Sagie, Krausz & Weinstain, 2001). In terms of the market model of family migration, Baldrige *et al.* (2006) indicated that parents' assessment of the strength of children's ties represented an important socio-emotional cost of relocation that might offset other anticipated gains in overall family well-being. Moreover, the burdens experienced by the parents due to relocation and the potential psychosocial costs to the children are particularly salient (Sagie *et al.*, 2001; Baldrige *et al.*, 2006). Martins, Eddleston and Veiga (2002) found that the burden of child care was often greatest while children were in their preschool years and that the demands on caregivers during this stage significantly affected work-family conflict, thereby reducing the parents' propensity to relocate. Later research has also indicated similar findings (Konopaske *et al.*, 2005, 2009; Lé *et al.*, 2010).

The accounting literature indicates that married auditors are less willing to relocate, particularly for dual-career couples (Daugherty *et al.*, 2012). A US study conducted by Daugherty *et al.* (2012) using audit partners as samples found that married audit partners generally opt to avoid relocation due to quality-of-life issues, family members and children considerations. Audit partners perceive that relocation may impact their quality of life, their spouses' careers and their children's schooling. An earlier US accounting study found that auditors who were married with children were generally perceived as less likely to succeed in a public accounting career (Anderson, Johnson & Reckers, 1994). There is some literature that suggests that mothers are less likely to succeed in public accounting (Friedman & Greenhaus, 2000; Dambrin & Lambert, 2008). Whiting (2008) indicates that the timing of advancement to positions of seniority typically coincides with the child-bearing and child-rearing years when many women assume the primary care-giving role for children. Consequently, these women's careers are interrupted (Anderson-Gough, Grey & Robson, 2005). Likewise, a report by the US Department of the Treasury's Advisory Committee on the Auditing Profession (ACAP, 2008) revealed that, given the rise of dual-career couples in the audit profession and coupled with family

requirements, relocation is an important and difficult consideration in an audit career path. In addition, the US CAQ (2008) discusses partners' quality-of-life issues, suggesting that 'more frequent rotation of partners poses significant logistical and human capital challenges for firms, and will likely result in at least one more relocation in the typical partner's career.' However, relocation will necessarily increase due to SOX regulations on audit partner mandatory rotation requirements. Daugherty *et al.* (2012) interviewed audit partners, who voiced the opinion that an average audit partner's career will have at least one relocation and that relocations will necessarily increase. However, due to quality-of-life considerations, married audit partners report being more likely to opt to retrain rather than relocate and generally show unwillingness regarding relocation. The CAQ also indicates that smaller firms may be affected more, given the potential for a limited number of partners with sufficient industry expertise and the same level of skills. Both Daugherty *et al.* (2012) and the CAQ (2008) focused on audit partners as their study samples. Daugherty *et al.* (2012) suggest that further research could be conducted both within and outside of the US.

The convergence of the IFRSs in many countries nowadays will greatly facilitate the mobility of auditors across nations. In view of the literature gap, whereby prior literature has been dominated by Westernized studies and the growing adoption of IFRSs by many countries, this study uses auditors, which are worthy of investigation in their own right. Consistent with prior Western literature, we theorize a negative relationship between married auditors with children and auditors' willingness to relocate for US auditors. In view of the cultural differences between HK and the US in the five dimensions found by Hofstede (2001) and national differences (Hay, 2014), as well as the fact that the US findings may not be generalizable to respondents living in other countries, we formulate a null hypothesis for HK auditors. Hence, in applying family systems theory to auditors' willingness to relocate, the following hypotheses are proposed:

**H1a:** *Married auditors with children are negatively associated with auditors' willingness to relocate nationally and internationally for Big 4 US respondents.*

**H1b:** *Married auditors with children have no association with auditors' willingness to relocate nationally and internationally for Big 4 HK respondents.*

The management literature indicates that spouses tend to play an influential role regarding relocation adjustment and success (Moore, 2002; Baldrige *et al.*, 2006; Konopaske *et al.*, 2009; Lé *et al.*, 2010). Spousal reluctance to relocate internationally creates pressures in the family, according to family systems theory (Minuchin, 1974). Dupuis *et al.* (2008) found that perceived spouse willingness to relocate internationally is an important family consideration shaping behavioural intentions in regard to international mobility. Prior management research also indicates a positive relationship between spouses' willingness to relocate internationally and employees' willingness to relocate (Brett & Stroh, 1995; Konopaske *et al.*, 2005, 2009).

The accounting literature and government auditing reports indicate that spouse willingness plays an important role in relocation decisions (Daugherty *et al.*, 2012; ACAP, 2008). A US study conducted by Daugherty *et al.* (2012) indicated that the interviewed partners were



generally not willing to relocate, particularly for the current generation of newer partners, who emphasized quality-of-life issues. The interviewed partners indicated a need to consider spouse willingness. This was particularly true for dual-career couples, where relocation may not have been economically necessary. Indeed, the married audit partners reported being more likely to opt to retrain rather than relocate to preserve their perceived quality of life. Some of the interviewed audit partners even mentioned the possibility of forgoing a career in public accounting to avoid relocation for reasons of spouse unwillingness, spouse employment after relocation and children-related issues. Consistent with prior Western literature, we theorize a positive relationship between spouse willingness to relocate and auditors' willingness to relocate for US auditors. In view of the cultural differences between HK and the US in the five dimensions found by Hofstede (2001) and national differences (Hay, 2014), as well as the fact that prior Western literature may not be generalizable to respondents living in other countries, we make a null hypothesis for HK auditors. With reference to family systems theory and extending these prior findings to auditors' willingness to relocate, the following hypotheses are proposed:

**H2a:** *Spouse willingness to relocate is positively associated with auditors' willingness to relocate nationally and internationally for Big 4 US respondents.*

**H2b:** *Spouse willingness to relocate has no association with auditors' willingness to relocate nationally and internationally for Big 4 HK respondents.*

Management research indicates that the elderly sometimes serve as surrogate parents and help working parents look after their children, playing the role of family history elder (Gladstone, 1988; Oliver & Vincent, 2005). Grandparents also provide more direct forms of help to grandchildren through childcare activities such as babysitting, providing transportation to and from school, and caring for sick children (Isaacs & Leon, 1986). Hence, elderly relatives are also an important element of the family, according to family systems theory (Minuchin, 1974). The need to care for elderly relatives (e.g., parents) has been found to be an important determinant of managerial willingness to accept international assignments (Landau *et al.*, 1992; Konopaske *et al.*, 2009). However, Landau *et al.* (1992) comment that elderly relatives may be even more difficult to relocate than children. The elderly may need nursing homes or assisted care facilities. The applications for visas in many countries may make it difficult for aging parents as they may be seen as a burden on the countries' health systems. Minkler and Thomson (1999) found that caregiving grandparents may exhibit poor health issues, and some even suffer elevated depressive symptoms when a grandchild is in residence (Blustein, Chan & Guanais, 2004).

The US is an individualist society, whereas HK is a collectivist society (Hofstede, 2001). American families used to be independent from their extended families (Johnson, 1983; Libby, 2011), but research indicates that more Americans are now living in the same households as their extended families because of the poor US economy and changing social factors (Reuters, 2010). The situation is similar in HK society, with more HK grandparents living with or near their children so as to help with the grandchildren in the daytime. This is

especially applicable to dual-career couples who are in full-time work (Harvey & Buckley, 1998). A New Zealand accounting study conducted by Whiting (2008) indicated that the interviewed chartered accountants agreed that the help from grandparents could bring a very stable and positive influence on working couples' children. Indeed, an accounting report by the US ACAP (2008) revealed that given the rise of dual-career couples in the audit profession and coupled with family requirements, relocation is an important consideration in an audit career path. The importance of living near elderly relatives for married auditors plays a significant role in relocation. Nevertheless, it is recognized as a growing human resource management problem in the accounting and management literature (Moffett, 2003; Konopaske *et al.*, 2005, 2009; Daugherty *et al.*, 2012). Consistent with prior Western literature, we theorize a negative relationship between the importance of living near elderly relatives and auditors' willingness to relocate for US auditors. In view of the cultural differences between HK and the US in the five dimensions found by Hofstede (2001) and national differences (Hay, 2014), as well as the fact that prior Western literature may not be generalizable to respondents living in other countries, we make a null hypothesis for HK auditors. With reference to family systems theory and extending these prior findings to auditors' willingness to relocate, the following hypotheses are proposed:

**H3a:** *The importance of living near elderly relatives is negatively associated with auditors' willingness to relocate nationally and internationally for Big 4 US respondents.*

**H3b:** *The importance of living near elderly relatives has no association with auditors' willingness to relocate nationally and internationally for Big 4 HK respondents.*

### 3.2. Social role theory

Social role theory is based on the notion that men and women behave differently in social situations and take different roles because of the expectations that society puts upon them (including gender stereotyping) (Eagly, 1987). The salience of each role explains the choices that the individual makes (Stryker & Serpe, 1994). Management and accounting studies on social role theory explain that women are more likely than men to regard their family role as salient (Gutek, Searle & Klepa, 1991; Komori, 2008; Whiting, 2008). The social role explains why 'women are perceived to be better suited to the role of primary caretakers of children than are men; whereas men are seen as well matched to the competitive and goal directed role of worker' (Desmarais & Alksnis, 2005, p. 458). A management study conducted by Noor (2004) found that even when employed, 'women are still primarily responsible for the home and family'. Western management studies have found that women are less willing to accept international assignments than men are (Dupuis *et al.*, 2008), as international relocation challenges both work and family roles.

Similarly, the accounting literature indicates that given the normative nature of gender roles, women are more likely to be influenced by their family role (Komori, 2008; Whiting, 2008; Kornberger *et al.*, 2010; Law, 2010a), whereas men are more influenced by their work role (Law, 2009; Law & Hung 2009). In addition, accounting has traditionally been described as a gendered profession (Kornberger *et al.*, 2010; Jeacle, 2011). UK research has identified a gendered hierarchy in Big 4 firms

(Anderson-Gough *et al.*, 2005), with a lack of women at managerial levels, especially at partner level. A French accounting study conducted by Dambrin and Lambert (2008) indicated that the expectations of public accounting firms confront female auditors with a dilemma: how can a female auditor be a good mother and have a bright career? This often leads female auditors to decide to leave audit firms when this dilemma persists, and this partly accounts for the scarcity of women in the upper management levels. A UK accounting study from Jeacle (2011) also found that gender bias is present within the accounting profession. Female gender is often viewed as a negative characteristic to achieving career success within the discriminatory environment of accounting firms.

Similarly, the HK accounting literature indicates that when female auditors perceive their family–work role being intensified, it may influence their actual turnover decisions in public accounting (Law, 2010a). HK research further indicates that men are more likely to be the primary breadwinners for families and hold most of the senior positions in the accounting profession (Law & Hung, 2009; Law, 2010a). Hofstede (2001) indicates that men are assertive and ambitious and strive for material success in masculine cultures, whereas women are expected to serve and care for the non-material quality of life and for children. Preference theory predicts that men will retain their dominance in the labour market, politics and other competitive activities, because only a minority of women are prepared to prioritize their jobs (or other activities in the public sphere) in the same way as men (Hakim, 2006). Given that both the US and HK are in the masculine dimension, and as prior Western and HK research has indicated that female respondents are more orientated to their family role, while male respondents are more influenced by their work role and are more willing to consider relocation, the gender variable might be considered as an important determinant of auditors' willingness to relocate. As a result, we also examine the interactions of gender with spouse willingness in this study. Therefore, consistent with prior HK and US literature, we theorize that male auditors are more likely to be associated with a willingness to relocate than female auditors for both groups. In view of the expectations of social role theory, therefore, the following hypotheses are proposed:

**H4a:** *Male auditors are more likely to be associated with a willingness to relocate nationally and internationally than female auditors for both Big 4 HK and US respondents.*

**H4b:** *The positive association between spouse willingness and willingness to relocate is stronger for male auditors than it is for female auditors for both Big 4 HK and US respondents.*

### 3.3. Organizational factors

#### 3.3.1. Auditors' career plateau

Several management and accounting studies have focused on the issue of a career plateau because of reduced promotion opportunities within companies (Appelbaum & Santiago, 1997; Heilmann, Holt & Rilovick, 2008; Ruig, 2009). Prior studies indicate the impact of a career plateau on work attitudes, managers' behaviours and work dissatisfaction (Tremblay, Roger & Toulouse, 1995; Heilmann *et al.*, 2008; Ruig, 2009). Research has found that the vast majority of those taking up work–life balance (WLB) initiatives are women

(Kugelberg, 2006; Ball & Brewis, 2008). Women in 'developed' countries seek to balance work and life by engaging professional childcare (Hochschild, 2003). As Everingham, Stevenson and Warner-Smith (2007, p. 433) indicate, it is more incumbent on women to 'organize their paid work around the perceived needs of their children' than it is on men. Tang and Cousins (2005) make much the same argument regarding Britain and the Netherlands.

Most studies found that reaching a career plateau was regarded as undesirable and stressful, and was associated with negative work attitudes, such as decreased job and career satisfaction, which progressed to reduced job performance, absenteeism and voluntary turnover (Near, 1985; Chao, 1990; Lee, 2003; Allen, Weeks & Moffitt, 2005; Armstrong-Stassen, 2008; Hofstetter & Cohen, 2014). Moreover, the experience of a career plateau may lead to withdrawal intentions independently of other organizational-context dissatisfactions (Hofstetter & Cohen, 2014). Mignonac (2002) comments that cross-cultural mobility may stimulate managers who perceive themselves as having reached a career plateau in their organizations to consider relocation and ignite their careers elsewhere. Accounting research shows that accounting professionals regard a career plateau as a negative indication of their career path and success (Ruig, 2009), especially when they have served for a long time in the company. Consistent with prior Western literature, we theorize a positive relationship between perceptions of having reached a career plateau and auditors' willingness to relocate for US auditors. In view of the cultural differences between HK and US in the five dimensions found by Hofstede (2001) and national differences (Hay, 2014), as well as the fact that prior Western literature may not be generalizable to respondents living in other countries, we make a null hypothesis for HK auditors. The following hypotheses are proposed:

**H5a:** *Perceptions of having reached a career plateau are positively associated with auditors' willingness to relocate nationally and internationally for Big 4 US respondents.*

**H5b:** *Perceptions of having reached a career plateau has no association with auditors' willingness to relocate nationally and internationally for Big 4 HK respondents.*

Accounting research from McNair (1991) found that the amount of time that can be committed to work is critical in the competitive organizational culture of accounting firms. The intensive work commitments are likely to exert considerable pressures on many auditors to achieve promotion in their firms for the amount of time they have devoted to the firms (Carcello, Copeland & Hermanson, 1991). Another accounting study from Windsor and Auyeung (2006) indicated that if an auditor has not progressed to a certain level within the hierarchy within a certain amount of time, then he or she will probably be counselled to start looking for employment elsewhere. The research further indicated that the longer an auditor has been in a firm and the profession, the more he or she expects to achieve advancement. Fagan (2001) thus suggests that there is pressure on auditors in public accounting firms to achieve promotion within an accepted timeframe in compensation for the sacrifices they have made for the firm in terms of long working hours. Similarly, HK research indicates that once an auditor perceives the prospects for promotion to partnership to be weak, despite many years of service, he



or she may seek external business opportunities (Law, 2009). This finding provides a partial explanation for the high level of turnover in CPA firms in Hong Kong. Therefore, consistent with prior HK and Western literature, we theorize a positive relationship between more years of service in public accounting and auditors' willingness to relocate for both HK and US groups. The following hypothesis is proposed:

**H6:** *More years of service in public accounting is positively associated with willingness to relocate nationally and internationally for both Big 4 HK and US respondents.*

### 3.3.2. Perceived organizational support

Perceived organizational support (POS) refers to people's beliefs about whether their organizations appreciate employees' contributions and efforts (Eisenberger *et al.*, 1986). The management literature indicates that perceived organizational support is positively associated with work performance (Lynch, Eisenberger & Armeli, 1999) and negatively related to absenteeism (Su, Baird & Blair, 2009). The accounting literature indicates that perceived organizational support is negatively associated with turnover intentions in public accounting (Hall & Smith, 2009). Accounting research also shows that employees greatly appreciate their organizations providing more support in the area of continuous learning and career development (Ruig, 2009). Ostroff and Clark (2001) also found that perceived organizational support is positively correlated with relocation willingness. Eisenberger *et al.* (2001) explain that this may be based on the notion of reciprocity and exchange and that given such support, employees will be more willing to relocate. However, it is also possible that auditors may be unwilling to relocate when they perceive that the organizational supports in their home offices are strong. There may be concerns of uncertainty and cultural differences in relocation (Hofstede, 2001). Eby and DeMatteo (2000) indicate that relocation situations that do not lead to fair exchanges may lead to perceptions of psychological contract violations (Rousseau, 1989), which in turn may affect relocation attitudes and intentions. In view of the conflicting results from prior literature, we theorize a null hypothesis for both HK and US auditors. The following hypothesis is proposed:

**H7:** *Perceived organizational support has no association with auditors' willingness to relocate nationally and internationally for both Big 4 HK and US respondents.*

### 3.3.3. Compensatory rewards and benefits

Prior research indicates that compensation and benefits are an important issue to individuals considering international relocation (Konopaske & Werner, 2005; Konopaske *et al.*, 2009). Similarly, this variable is found to be an important consideration from the organization's perspective, as the organization will incur high costs when relocating its employees (Briscoe & Schuler, 2004). Organizations are willing to offer employees attractive relocation packages and resettlement plans as compensation for relocation (Moore, 2005). Research also indicates that high-salary employees are more likely to consider relocation opportunities, compared to those with low salaries (Gould & Penley, 1985; Moore, 2005; Konopaske *et al.*, 2009). Consistent with prior Western literature, we theorize a positive relationship between attractive compensation rewards and auditors'

willingness to relocate for US auditors. In view of the cultural differences between HK and the US in the five dimensions found by Hofstede (2001), we make a null hypothesis for HK auditors. The following hypotheses are proposed:

**H8a:** *Attractive compensation rewards and benefits are positively associated with auditors' willingness to relocate nationally and internationally for Big 4 US respondents.*

**H8b:** *Attractive compensation rewards and benefits have no association with auditors' willingness to relocate nationally and internationally for Big 4 HK respondents.*

## 4. METHODOLOGY

### 4.1. Survey One – method

This study consists of two surveys. Survey One aimed to capture HK and US auditors' willingness to relocate, either nationally or internationally. Auditors who had already relocated were excluded from the survey, as their willingness to relocate may have been higher compared to those auditors who had not relocated. Potential respondents were randomly selected from a publicly accessible Directory of HK Certified Public Accountants (HKCPAs) booklet and the online Directory of US Certified Public Accountants (USCPAs), without matching individuals' names with their organizations (Umar & Anandarajan, 2004; Law, 2008a). They were contacted initially by telephone to find out whether they were working as auditors and had never been relocated before. If both conditions were met, they were included in the survey. If not, they were excluded from the selection and another respondent was drawn. Therefore, all respondents in the survey were auditors who had not relocated before. For the HK sample, 87 potential participants were drawn again as they were not auditors and 46 potential participants were drawn again as they had relocated before. For the US sample, 74 potential participants were drawn again as they were not auditors and 29 potential participants were drawn again as they had relocated before. Therefore, this gives the sample size of 350 eligible participants for each group.

Accordingly, questionnaires, along with an information sheet explaining the details of the research, were sent only to those auditors who had agreed by telephone to participate. In addition, an information sheet was attached to each questionnaire to obtain information on auditors who had elderly parents. Prior studies carried out in Australia, the Netherlands and the US, in which respondents were contacted before questionnaires were sent out, reported response rates of 76, 80 and 45 per cent, respectively (Roberts, 1999; Dijk, 2000; Konopaske *et al.*, 2005).

The questionnaire (Appendix A) comprised two major sections. The first captured the nine independent variables that examined the determinants of factors influencing auditors' willingness to relocate. The dependent variable was measured by eight statements asking about auditors' willingness to relocate nationally and internationally; this took a value of 1 if the auditor was willing to relocate, and 0 otherwise. A sample item from the questionnaire is: 'Are you willing to relocate internationally to other public accounting firms within the next three years?' To assess whether the questions under each of the independent variables in the questionnaire – namely, 'career plateau', 'perceived

organizational support', 'auditors' compensation', 'spouse willingness' and 'living near elderly relatives' – represented empirically distinct constructs, factor analysis with a principal component extraction using varimax rotation was performed (Appendix B). The Kaiser-Meyer-Olkin (KMO) statistic for this study is 0.91. Principal component analysis indicates five factors with eigenvalues greater than 1, and these five factors account for 67.3 per cent of total variances.

*Career plateau* was measured using four questions modified from Tremblay *et al.* (1995), with a Likert scale that ranged from 1 ('strongly disagree') to 5 ('strongly agree'), with sample items such as 'My career has always progressed but I have now reached a plateau' (Cronbach's alpha = 0.92). Factor analysis reveals that all four items load on one dimension (21 per cent of the variance explained), with factor loadings ranging from 0.88 to 0.95.

*Spouse willingness* was measured using four questions modified from Dupuis *et al.* (2008) and Konopaske *et al.* (2005), with a Likert scale that ranged from 1 ('strongly disagree') to 5 ('strongly agree'), with sample items such as 'My spouse's general attitude towards relocation nationally is supportive' (Cronbach's alpha = 0.90). Factor analysis reveals that all four items load on one dimension (16 per cent of the variance explained), with factor loadings ranging from 0.83 to 0.92.

*Perceived organizational support* was measured using six questions modified from Eisenberger *et al.* (1986), with a Likert scale that ranged from 1 ('strongly disagree') to 5 ('strongly agree'), with sample items such as 'My public accounting firm strongly considers my goals and values' (Cronbach's alpha = 0.91). Factor analysis reveals that all six items load on one dimension (13 per cent of the variance explained), with factor loadings ranging from 0.79 to 0.89.

*Compensation rewards and benefits* was measured using six questions modified from Dowling and Welch (2005), with a Likert scale that ranged from 1 ('not at all important') to 5 ('very important'), with sample items such as 'The level of importance of housing and other allowances' (Cronbach's alpha = 0.88). Factor analysis reveals that all six items load on one dimension (10 per cent of the variance explained), with factor loadings ranging from 0.81 to 0.93.

*Living near elderly relatives* was measured using two questions modified from Landau *et al.* (1992), with a Likert scale that ranged from 1 ('not at all important') to 5 ('very important'), with sample items such as 'The level of importance of living near elderly relatives' (Cronbach's alpha = 0.93). Factor analysis reveals that both items load on one dimension (7.24 per cent of the variance explained), with factor loadings ranging from 0.84 to 0.86.

For all the above independent variables, the average score is taken as the measure to be used in the regressions (Law, 2008b; Sugahara, Boland & Cilloni, 2008).

*Children at home* was based on a category scale of 1 ('Yes') and 0 ('No'). *Years of experience* was based on a five-point category scale of 1 ('Less than five years') to 5 ('More than 20 years'). *Marital status* was based on a category scale of 1 ('Married') and 0 ('Single'). *Gender* yielded a value of 1 if the respondent was male and 0 if female. *Types of auditor* was based on a category scale of 1 ('Big 4') and 0 ('Non-Big 4'). The second part of the questionnaire asked for respondents' demographic information. A number of pre-tests for the questionnaire were carried out with Big 4 US and Big 4 HK auditors; as the results were found to be satisfactory, ambiguity is not a concern. Hence, the

questionnaire is considered to have a high degree of content validity (Cavana, Delahaye & Sekaran, 2001).

## 4.2. Results of Survey One

A total of 290 responses were received from the 350 questionnaires sent to the HK auditors. There were 22 responses for auditors who were single and 36 responses for auditors who did not have living parents. Thus the sample was reduced to a total of 232 responses, giving an overall response rate of 66 per cent. For the US auditors group, a total of 274 responses were received from the 350 questionnaires sent to the US auditors. There were 38 responses for auditors who were single and 32 responses for auditors who did not have living parents. Thus the sample was reduced to a total of 204 responses, giving an overall response rate of 58 per cent. The items in the survey show satisfactory levels of reliability, with a Cronbach's alpha of 0.81 and 0.83 for the HK and US auditors, respectively. A test for non-response bias (Oppenheim, 1992) was carried out by comparing the first 30 responses and the last 30 responses of a second request, respectively, for the two groups, but no significant differences were found in the mean scores. The HK sample comprised 128 Big 4 auditors and 104 non-Big-4 auditors. Of these, 49 per cent of the respondents had 11–15 years of experience, and all of the HK auditors were HK nationals. The US sample comprised 114 Big 4 auditors and 90 non-Big-4 auditors, of which 44 per cent of the respondents had 11–15 years of experience and 99 per cent were US nationals.

Since Big 4 firms have large multinational client bases and can provide more relocation opportunities (Shafer *et al.*, 2001; Law, 2010b, 2010c), relocation to other firms tends to be easier for Big 4 auditors. We thus included data of Big 4 auditors in the regressions to examine their willingness. Hence, eight logistic regression models were performed to analyse the data for the dependent variable 'relocate nationally' (Models 1–8) (Table 2) for the Big 4 samples, and eight logistic regression models were performed to analyse the data for the dependent variable 'relocate internationally' (Models 9–16) (Table 3) for the Big 4 sample. The logistic regression is a nonlinear function, and the logit model (relocate nationally) is represented by the following equation (1):

The logistic equation is: Probability( $Y = 1|B$ ) =  $P$

$$\begin{aligned} \log\left[\frac{P}{1-P}\right] = & b_0 + b_1SPOUWILL + b_2AUDCPLAT \\ & + b_3PERORGSU + b_4AUDCOMP + b_5CHILDHOM \\ & + b_6ELDERREL + b_7YEAREXP + b_8GENDER \\ & + b_9GENDER * AUDCPLAT + b_{10}GENDER * AUDCOMP \\ & + b_{11}GENDER * PERORGSU + b_{12}GENDER * YEAREXP \\ & + b_{13}GENDER * SPOUWILL + b_{14}GENDER * CHILDHOM \\ & + b_{15}GENDER * ELDERREL \end{aligned} \quad (1)$$

In Hofstede's IBM study (Hofstede, 2001, p. 149), the questionnaire used four different time horizons to test for the cultural dimensions. Hofstede (2001) found that the extent of cultural dimensions of different societies varies and that time change is a factor associated with it. Similarly, this study employed four different time horizons to examine the extent of auditors' willingness to relocate in the US and HK settings. Hence, the dependent variables in this study (auditors' willingness to relocate) were regressed in four different time horizons: within

the first year; within the next three years; within the next five years; and after five years. As a result, there were four sets of logistic regressions of both groups. Thus, there were eight models for relocation nationally (Table 2) and eight models for relocation internationally (Table 3). The explanatory variables in the logit equation (1) are as follows:

Dependent variable = Auditors' willingness to relocate in public accounting firms, either nationally (Models 1–8) or internationally (Models 9–16)

AUDCPLAT = Auditors' career plateau

PERORGSU = Perceived organizational support

AUDCOMP = Importance of auditors' compensation

CHILDHOME = Married auditors with children at home

SPOUWILL = Spouse willingness

ELDERREL = Importance of living near elderly relatives

YEAREXP = Years of experience

GENDER = Male or female auditors

GENDER\*AUDCPLAT = Interaction effect of gender and auditors' career plateau

GENDER\*PERORGSU = Interaction effect of gender and perceived organizational support

GENDER\*AUDCOMP = Interaction effect of gender and importance of auditors' compensation

GENDER\*YEAREXP = Interaction effect of gender and years of experience

GENDER\*SPOUWILL = Interaction effect of gender and spouse willingness

GENDER\*CHILDHOME = Interaction effect of gender and children at home

GENDER\*ELDERREL = Interaction effect of gender and importance of living near elderly relatives

The values under the odds ratios listed in Tables 2 and 3 are the predicted change in odds for a one-unit increase in one independent variable, holding all other variables constant. The descriptive statistics are shown in Table 1.

#### 4.2.1. Data reliability

Multicollinearity may affect the parameters of a regression model, and thus it is essential to test for any collinearity problems in the logistic regression. Field (2005) states that variance inflation factors (VIF) whose values are greater than 10 are indicative of such problems. From Table 1, it can be seen that the VIF values are all less than 10. In addition, the VIF values for the interaction variables are all less than 10. Hence, it can be concluded that multicollinearity is not an issue of concern. The chi-squared statistics for the models are statistically significant at  $p < 0.05$  (Tables 2 and 3). It can thus be concluded that, overall, the models predicted the determinants of factors influencing auditors' relocation willingness to a higher level of accuracy compared to when only the constant was included. In other words, the highly significant model chi-squared statistics indicate that the models that include the predictors are significantly better than those without predictors (Menard, 2002).

The pseudo  $R^2$  value (Nagelkerke  $R^2$ ) of the models ranges from 63 per cent to 77 per cent (Tables 2 and 3). Long and Freese (2006, p. 104) comment that the pseudo  $R^2$  values can provide a rough 'measures of fit' of a model. Field and Miles (2010, p. 236) indicate that they can provide a gauge of the substantive significance of the model. Thus, these high percentages indicate that the

independent variables are good 'measures of fit' in the logistic regression models.

#### 4.2.2. Model results

As the dependent variable (auditors' willingness) is categorical in nature, binomial logistic regression was conducted (Miles & Shevlin, 2001; Menard, 2002). Binomial logistic regression by default predicts the higher level of two categories of a dependent variable (1 = willing to relocate). Similarly, with the dichotomous gender variable (1 = male auditors; 0 = otherwise), this regression predicts the odds of the higher-level category (i.e., 1 = male auditors).

The logistic regression results (Models 1–16 in Tables 2 and 3) show that auditors' career plateau, perceived organizational support, auditors' compensation, children at home, spouse willingness, living near elderly relatives, years of experience, gender, gender\*auditors' career plateau (only for the HK sample), gender\*years of experience and gender\*spouse willingness have significant influences on auditors' willingness to relocate nationally and internationally. All have  $p$ -values less than 0.01, while the other independent variables – gender\*auditors' compensation, gender\*perceived organizational support, gender\*children at home and gender\*living near elderly relatives – have no significant effect on the dependent variables, with  $p$ -values greater than 0.01. For all models, spouse willingness has the highest explanatory power among the family factor variables. Thus, H2a is supported and H2b is rejected.

The less-than-1 odds ratios for 'children at home' and 'living near elderly relatives' imply that a one-unit increase in this variable decreases the odds of being willing to relocate nationally and internationally, respectively. For example, a one-unit increase in the 'children at home' score is associated with a 63 per cent decrease (0.366–1) in the odds of being willing to relocate nationally (Model 1). Similarly, a one-unit increase in the 'children at home' score is associated with a 87 per cent decrease (0.127–1) in the odds of being willing to relocate internationally (Model 9). Therefore, the significances of the family factor variables (inside factors) support family systems theory (Figure 1). Hence, H1a, H2a and H3a are supported but H1b, H2b and H3b are rejected.

Auditors' career plateau has the highest explanatory power among the organizational variables. The positive odds ratio of career plateau implies that a one-unit increase in this variable increases the odds of being willing to relocate nationally for both the HK and the US respondents. Similarly, for relocating internationally, the positive odds ratio of career plateau implies that a one-unit increase in this variable increases the odds of being willing to relocate internationally for both the HK and the US respondents. Hence, H5a is supported but H5b is rejected. The positive odds ratios for years of experience, perceived organizational support and auditors' compensation imply that a one-unit increase in this variable increases the odds of being willing to relocate nationally and internationally. Thus, H6 and H8a are supported but H7 and H8b are rejected. The levels of significance of these variables (outside factors) support family systems theory (Figure 1).

Gender variables have positive odds ratios, which indicate that male auditors are more willing than females to relocate nationally and internationally. Hence, H4a is supported and is consistent with the expectations of



**Table 1: Descriptive statistics and test for multicollinearity**

<i>Survey One</i>	<i>HK auditors (N = 232)</i>		<i>US auditors (N = 204)</i>		<i>HK auditors</i>	<i>US auditors</i>
	<i>Mean</i>	<i>Standard deviation</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>VIF</i>	<i>VIF</i>
<b>Full sample</b>						
Spouse willingness	3.945	1.130	3.650	1.114	1.124	1.285
Auditors' career plateau	3.642	1.150	3.864	1.257	1.165	1.269
Perceived organizational support	3.560	1.438	3.456	1.542	1.430	1.567
Auditors' compensation	3.452	1.453	3.587	1.493	1.135	1.130
Children at home	0.576	0.360	0.560	0.430	1.353	1.347
Living near with elderly relatives	3.420	1.494	3.540	1.577	1.368	1.084
Years of experience	3.062	1.134	3.123	1.234	1.234	1.276
Gender	0.569	0.495	0.572	0.498	1.338	1.127
<b>Relocate nationally:</b>						
Willingness to relocate nationally to other accounting firms within the first year	0.605	0.495	0.586	0.392		
Willingness to relocate nationally to other accounting firms within the next 3 years	0.695	0.519	0.673	0.421		
Willingness to relocate nationally to other accounting firms within the next 5 years	0.558	0.516	0.531	0.414		
Willingness to relocate nationally to other accounting firms after 5 years	0.525	0.445	0.516	0.452		
<b>Relocate internationally:</b>						
Willingness to relocate internationally to other accounting firms within the first year	0.595	0.455	0.565	0.472		
Willingness to relocate internationally to other accounting firms within the next 3 years	0.635	0.476	0.603	0.523		
Willingness to relocate internationally to other accounting firms within the next 5 years	0.542	0.315	0.524	0.264		
Willingness to relocate internationally to other accounting firms after 5 years	0.517	0.345	0.492	0.473		
<hr/>						
<i>Survey Two</i>	<i>(N = 168)</i>		<i>(N = 157)</i>			
<b>Full sample</b>						
Spouse willingness	4.032	1.240	3.790	1.674	1.167	1.247
Auditors' career plateau	3.743	1.351	3.523	1.287	1.265	1.382
Perceived organizational support	3.665	1.315	3.424	1.244	1.334	1.345
Auditors' compensation	3.567	1.154	3.678	1.453	1.234	1.242
Children at home	0.593	0.430	0.578	0.419	1.152	1.245
Living near with elderly relatives	3.515	1.594	3.620	1.276	1.245	1.152
Years of experience	2.997	1.432	3.113	1.153	1.278	1.239
Gender	0.574	0.465	0.593	0.428	1.217	1.155
<b>Relocate nationally:</b>						
Willingness to relocate nationally to other accounting firms within the first year	0.632	0.352	0.593	0.452		
Willingness to relocate nationally to other accounting firms within the next 3 years	0.673	0.554	0.656	0.572		
Willingness to relocate nationally to other accounting firms within the next 5 years	0.593	0.416	0.582	0.534		
Willingness to relocate nationally to other accounting firms after 5 years	0.549	0.345	0.523	0.252		
<b>Relocate internationally:</b>						
Willingness to relocate internationally to other accounting firms within the first year	0.602	0.395	0.581	0.362		
Willingness to relocate internationally to other accounting firms within the next 3 years	0.639	0.586	0.613	0.572		
Willingness to relocate internationally to other accounting firms within the next 5 years	0.565	0.485	0.538	0.464		
Willingness to relocate internationally to other accounting firms after 5 years	0.523	0.435	0.508	0.494		

Ratings for spouse willingness, career plateau and perceived organizational support: 1 = strongly disagree, 5 = strongly agree. Ratings for living near elderly relatives: 1 = not at all important, 5 = very important.

Table 2: Survey 1 – Logistic regressions for relocation nationally

Big 4 sample	HK		US		HK		US		HK		US	
	Big 4 auditors Model 1	Within 1 year	Big 4 auditors Model 2	Within 1 year	Big 4 auditors Model 3	Within 3 years	Big 4 auditors Model 4	Within 3 years	Big 4 auditors Model 5	Within 5 years	Big 4 auditors Model 6	Within 5 years
Independent variables	Odds ratio		Odds ratio		Odds ratio		Odds ratio		Odds ratio		Odds ratio	
SPOUWILL	8.749*		8.124*		9.532*		7.509*		8.799*		6.844*	
AUDCPLAT	7.430*		7.545*		8.611*		6.941*		7.848*		6.459*	
PERORGSU	6.753*		5.265*		7.553*		6.359*		7.242*		5.907*	
AUDCOMP	5.372*		4.576*		6.818*		6.348*		5.883*		4.834*	
CHILDHOME	0.366*		0.581*		0.653*		0.876*		0.368*		0.587*	
ELDERREL	0.483*		0.652*		0.585*		0.879*		0.372*		0.676*	
YEAREXP	4.432*		4.452*		5.641*		5.433*		4.376*		4.156*	
GENDER	5.491*		4.561*		5.554*		4.868*		4.859*		3.979*	
GENDER*SPOUWILL	4.539*		3.536*		5.433*		4.386*		4.571*		3.783*	
<b>Control variables</b>												
GENDER*AUDCPLAT	4.469*		3.746		5.457*		4.474		4.556*		3.277	
GENDER*AUDCOMP	4.746		2.531		4.392		3.645		3.827		2.728	
GENDER*PERORGSU	3.756		3.586		4.715		2.616		3.769		1.985	
GENDER*YEAREXP	3.465*		3.575*		3.542*		3.947*		3.269*		3.439*	
GENDER*CHILDHOME	0.148		0.342		0.353		0.454		0.389		0.452	
GENDER*ELDERREL	0.457		0.562		0.483		0.288		0.657		0.196	
Constant	0.000*		0.000*		0.000*		0.000*		0.000*		0.000*	
Nagelkerke R <sup>2</sup>	0.71		0.74		0.73		0.77		0.76		0.72	
No. of observations	128		114		128		114		128		114	
Chi-square significance	0.000*		0.000*		0.000*		0.000*		0.000*		0.000*	

Models 1–8 are for dependent variable: relocate nationally.

The logistic equation is: Probability (Y = 1|B) = P

$$\log [P/(1 - P)] = b_0 + b_1SPOUWILL + b_2AUDCPLAT + b_3PERORGSU + b_4AUDCOMP + b_5CHILDHOME + b_6ELDERREL + b_7YEAREXP + b_8GENDER + b_9GENDER * AUDCPLAT + b_{10}GENDER * AUDCOMP + b_{11}GENDER * PERORGSU + b_{12}GENDER * PERORGSU + b_{13}GENDER * YEAREXP + b_{14}GENDER * SPOUWILL + b_{15}GENDER * CHILDHOME + b_{16}GENDER * ELDERREL$$

\* represents statistical significance at the 0.01 level.

Table 3: Survey 1 – Logistic regressions for relocation internationally

Big 4 sample	HK		US		HK		US		HK		US	
	Big 4 auditors Model 9 Within 1 year	Odds ratio	Big 4 auditors Model 10 Within 1 year	Odds ratio	Big 4 auditors Model 11 Within 3 years	Odds ratio	Big 4 auditors Model 12 Within 3 years	Odds ratio	Big 4 auditors Model 13 Within 5 years	Odds ratio	Big 4 auditors Model 14 Within 5 years	Odds ratio
<b>Independent variables</b>												
SPOUWILL	7.633*		6.542*		8.663*		6.721*		6.441*		5.754*	
AUDCPLAT	6.848*		5.761*		7.853*		6.233*		5.866*		5.513*	
PERORGSU	5.955*		4.133*		6.739*		5.231*		5.129*		4.622*	
AUDCOMP	4.412*		3.148*		6.663*		5.165*		4.563*		3.341*	
CHILDHOME	0.127*		0.463*		0.542*		0.567*		0.154*		0.217*	
ELDERREL	0.474*		0.551*		0.369*		0.642*		0.218*		0.544*	
YEAREXP	4.115*		4.027*		4.427*		4.616*		3.939*		3.837*	
GENDER	4.216*		3.632*		4.828*		4.174*		3.728*		2.837*	
GENDER*SPOUWILL	3.646*		2.763*		4.754*		3.540*		3.756*		2.318*	
<b>Control variables</b>												
GENDER*AUDCPLAT	4.082*		3.232		4.442*		3.438		2.854*		2.064	
GENDER*AUDCOMP	4.542		2.136		2.517		2.465		2.533		4.133	
GENDER*PERORGSU	2.554		1.926		2.418		2.184		3.186		1.426	
GENDER*YEAREXP	3.167*		3.182*		3.253*		3.249*		2.573*		3.135*	
GENDER*CHILDHOME	0.117		0.217		0.325		0.328		0.310		0.412	
GENDER*ELDERREL	0.124		0.232		0.414		0.190		0.418		0.153	
Constant	0.000*		0.000*		0.000*		0.000*		0.000*		0.000*	
Nagelkerke R <sup>2</sup>	0.70		0.73		0.71		0.75		0.72		0.69	
No. of observations	128		114		128		114		128		114	
Chi-square significance	0.000*		0.000*		0.000*		0.000*		0.000*		0.000*	

Models 9–16 are for dependent variable: relocate internationally.

The logistic equation is: Probability (Y = 1|B) = P

$$\log [P/(1 - P)] = b_0 + b_1SPOUWILL + b_2AUDCPLAT + b_3PERORGSU + b_4AUDCOMP + b_5CHILDHOME + b_6ELDERREL + b_7YEAREXP + b_8GENDER + b_9GENDER * AUDCPLAT + b_{10}GENDER * AUDCOMP + b_{11}GENDER * PERORGSU + b_{12}GENDER * CHILDHOME + b_{13}GENDER * YEAREXP + b_{14}GENDER * SPOUWILL + b_{15}GENDER * ELDERREL$$

\* represents statistical significance at the 0.01 level.



social role theory (Figure 1). For the interaction of gender with the organizational and family variables, only gender\*spouse willingness, gender\*auditors' career plateau and gender\*years of experience are significant. Hence, H4b is supported. However, gender\*auditors' career plateau is significant only for the HK respondents. Finally, the odds ratios of all national relocation models (i.e., Models 1–8) are higher than those for all international relocation models (i.e., Models 9–16), implying that auditors' willingness to relocate is stronger nationally than internationally. In addition, we also test for similarities and differences on demographics between Big 4 and non-Big 4 auditors. Our results indicate no statistically significant differences on demographics between the two groups.

### 4.3. Survey Two

#### 4.3.1. Method and results

We performed Survey Two after six months as the second phase of this research. The purpose of having a second survey was to confirm the reliability of the first survey results, similar to the Hofstede study (Hofstede, 2001, 2002). The procedures performed in Survey Two were exactly the same as those performed in Survey One. This time, 300 HK auditors and 300 US auditors were randomly selected from a publicly accessible Directory of HKCPAs booklet and the online Directory of USCPAs, respectively, without matching individuals' names with their organizations (Umar & Anandarajan, 2004; Law, 2008a). The logistic regression results for Survey Two show similar results for all variables to those found in Survey One. Therefore, our findings from Survey Two show no significant differences to the first survey and provide additional robustness to our logistic regression models.

## 5. SENSITIVITY ANALYSIS

Our results may be biased by the influence of either the HK or US model in the regressions. To assess the robustness of our main results (Models 1–16), we performed sensitivity analysis by including all auditors in each model to examine the effect of those independent variables on the significance of auditors' relocation willingness for Survey One and Survey Two. The objective of performing sensitivity analysis for Survey One was to test whether there are different results for the total sample. Therefore, we included all the US and HK auditors in the same model for Survey One. This resulted in a total of 436 samples, which included 232 HK auditors and 204 US auditors (Survey One).

The logistic regression model is represented by the following equation (2):

The logistic equation is: Probability ( $Y = 1|B$ ) =  $P$

$$\begin{aligned} \log\left[\frac{P}{(1-P)}\right] = & b_0 + b_1SPOUWILL + b_2AUDCPLAT \\ & + b_3PERORGSU + b_4AUDCOMP + b_5CHILHOME \\ & + b_6ELDERREL + b_7YEAREXP + b_8GENDER \\ & + b_9GENDER * AUDCPLAT + b_{10}GENDER * AUDCOMP \\ & + b_{11}GENDER * PERORGSU + b_{12}GENDER * YEAREXP \\ & + b_{13}GENDER * SPOUWILL + b_{14}GENDER * CHILHOME \\ & + b_{15}GENDER * ELDERREL + b_{16}DUMMYCOUNTRY \end{aligned} \quad (2)$$

All the explanatory variables in logit equation (2) are the same as those in logit equation (1), except there is a dummy variable for country. The sensitivity analyses for the total sample show similar results for all variables as found in Survey One and provide robustness to our findings. The dummy variable for country is not significant. In addition, the sensitivity analysis for Survey Two obtained similar results for all the independent variables as those obtained in the main results of Survey Two (Big 4 sample only). Overall, the sensitivity analyses are consistent with the logistic regression model results reported in Surveys One and Two and provide further robustness to our findings. Therefore, the main results (Models 1–16) do not appear to be driven by the effect of Big 4 samples and confirm the notion of family systems theory and social role theory.

In addition, we run a number of different logistic regressions using different sample sizes for HK auditors and US auditors, respectively. For the HK auditors group, we run the regression with the full sample ( $n = 290$ ) but not include 'spouse willingness' and 'living near elderly relatives/parents'. The sensitivity analyses for the full sample ( $n = 290$ ) show similar results for all variables as found in Survey One. We then run another regression with the sample ( $n = 268$ ) to exclude the 'single auditors' responses but include 'living near elderly relatives/parents'. The sensitivity analyses for this sample ( $n = 268$ ) show similar results for all variables as found in Survey One. In addition, we then run another regression with the sample ( $n = 254$ ) to exclude those without elderly parents and add back the single auditors' responses. The sensitivity analyses for this sample ( $n = 254$ ) show similar results for all variables as found in Survey One and provide robustness to our findings. Similarly, we run a number of different logistic regressions using different sample sizes for the US auditors. The sensitivity analyses show similar results for all variables as found in Survey One and provide robustness to our findings.

## 6. DISCUSSION AND IMPLICATIONS

This study provides important implications for the accounting and cross-cultural literature. It is hoped that the results are generalizable to other organizational settings. Though HK has a low individualism dimension (IDV) compared with the US (Hofstede, 2001), spouse willingness has the highest explanatory power in influencing auditors' willingness to relocate nationally and internationally for both groups for all models, whereas other family variables, such as married auditors, auditors with children and auditors with elderly relatives, are all negatively associated with auditors' willingness to relocate nationally and internationally for all models. Family systems theory asserts that an individual's actions are affected by the actions of other primary actors in the family system (Minuchin, 1974). The significance of these family factor variables (inside factors) supports the notion of family systems theory in our model.

According to Hofstede (2001), the uncertainty avoidance dimensions (UAI) for the US and HK are both in the weak uncertainty avoidance zone (Hofstede, 2001; Hofstede *et al.*, 2010). The general interpretation of weak UAI would suggest that auditors would be willing to relocate. However, our results indicate that both groups of auditors share similar cross-cultural social concerns regarding relocation due to the influence of family factors

and the gender factor. The fact that our results contradict the general interpretation of Hofstede's weak UAI can be explained as follows. According to Hofstede (1980a, pp. 167–8), there is a strong relationship between uncertainty avoidance and the average age of respondents, and anxiety-related behaviours; however, Hofstede's sample covers both married and single respondents, whereas our study includes only married auditors. Single respondents may have weak UAI as they are more adaptable (Hofstede, 2015). Thus, though both groups of auditors in our study are in the weak UAI category, our results indicate that the groups' shared cross-cultural social concerns pertaining to willingness to relocate are explicable, given that our sample only covers married auditors.

Spouse willingness exerts the greatest influence on the partner in the family system in terms of considering relocation to other countries. Spouses may encounter issues regarding relocation, such as employment problems in overseas countries (Harvey & Buckley, 1998), cross-cultural differences (Hofstede, 2001), networking, language barriers and variations in tax and legal regimes (CIMA, 2012). This cross-cultural study indicates that both HK and US auditors share similar concerns with respect to the spouse willingness variable. There are issues for the spouse to consider, particularly for dual-career couples. These include family concerns, the spouse's career, the discontinuance of the trailing spouse's income, etc. Dual-career couples will be more resistant to relocating internationally when the trailing spouse cannot obtain employment during the overseas assignment, creating more stress and tension for the family (Harvey & Buckley, 1998). The results provide important implications for the cross-cultural human resource policies of public accounting firms. Public accounting firms should carefully devise relocation plans that can accommodate spouses' employment and cultural concerns in the relocation process so as to avoid refusals from auditors.

Other family variables, such as 'auditors with children' and 'auditors with elderly relatives', are all negatively associated with auditors' willingness to relocate nationally and internationally for all models and are explainable. The numbers of grandparents living with their children in HK and the US total 28.23 per cent (Hong Kong Population Census, 2011) and 11.2 per cent (US Census Bureau's American Community Surveys, 2012), respectively. Though HK families have a higher percentage than US families, our results indicate that both groups of auditors share similar cross-cultural social concerns and would consider the 'elderly relatives' variable as an important determinant of willingness to relocate for both groups. In addition, the statistics for female participation in auditing/accountancy for HK and the US are 49.5 per cent (HKICPA, 2014) and 62.1 per cent (Bureau of Labor Statistics, 2013), respectively. The statistics indicate that nearly half of auditors/accountants are female in both regions. Again, our results indicate that both groups of auditors share similar cross-cultural social concerns and would consider the 'children at home' variable as an important consideration of willingness to relocate for both groups.

Of the organizational variables, auditors' career plateau has the highest explanatory power for both groups, indicating that HK and US auditors are willing to consider relocation elsewhere when they perceive their careers in public accounting to have reached a plateau. This result can be attributed to the fact that both

the US and HK are in the masculine dimension, implying that auditors in both societies are ambitious, have career aspirations and expect to strive for material success (Hofstede, 1998, 2001; Hofstede *et al.*, 2010). Advancement in public accounting firms is not automatic, particularly to partnership level (Law, 2009). Law (2010a) found that once HK auditors perceive that their opportunities for advancement in the accounting firm have decreased (i.e., they have reached a career plateau), they may formulate plans for relocation or even intentions to leave the accounting firm. This is common in the public accounting profession in HK. Hofstede (2001) found that there is weak loyalty to employers and short average duration of employment for weak UAI countries. For low IDV countries, Hofstede (2001) indicates that employees act in the interests of their in-groups and not necessarily of themselves. The employer–employee relationship is basically like a family link. Though HK has low IDV compared with the US (Hofstede, 2001), Western culture still remains influential in HK after British rule for over 100 years (Law & Hung, 2009). Since both US and HK auditors are in the masculine zone and have weak UAI scores (Hofstede, 2001), the positive association between career plateau and willingness to relocate is significant for both HK and US auditors, consistent with the Hofstede model. However, the gender\*auditors' career plateau influence is significant only for the HK sample. This is interesting and worth considering. A recent survey conducted by recruitment firm Robert Walters revealed that recruiters value accountants more when they are equipped with overseas experience (CIMA, 2012). It is especially common for career-orientated male auditors to accept relocation internationally so as to gain overseas experience. Hofstede (2001) and Hofstede *et al.* (2010) indicate that career ambitions are compulsory for men but optional for women in masculine cultures. Though both the US and HK are in the MAS dimension (Hofstede, 2001), why is the gender\*auditors' career plateau influence significant only for the HK sample? According to the Hofstede study (2001), HK has a high PDI score and the US has a low PDI score. In high PDI cultures, status and privileges for managers are popular. Career success demonstrates one's role in a hierarchy. When male HK auditors consider they have reached a career plateau in their accounting firms, they strive to relocate nationally and internationally so as to increase their competitiveness in the profession. This may partly explain why the gender\*auditors' career plateau influence is significant only for the HK sample.

In addition, perceived organizational support plays an influential role in the relocation decision. Based on reciprocity and exchange (Eisenberger *et al.*, 2001), auditors who perceive that their organizations value their contributions and care about their well-being are more willing to accept relocation assignments. Hofstede (2001) found that employers are relationship orientated for weak UAI countries; hence, the significance of the variable for both groups is in line with prior literature. The auditors' compensation variable was found to be significant in this study and provides support for previous findings in the literature. As relocation provides challenges both to work and family roles, attractive compensation packages are important for inducing auditors to consider relocation to other accounting firms. Both the US and HK are in the masculine dimension and have weak UAI scores; in line with this, attractive

compensation packages provide auditors with material success and achievement (Mooij & Hofstede, 2010), and the results are consistent with the Hofstede model. Family systems theory suggests that the family equilibrium could be affected by pressures from *within* the family system itself, as well as from *outside* it (Brett & Stroh, 1995). Therefore, the significance of these organizational variables (outside factors) supports the family systems theory in our model.

Gender was found to be an influencing factor for both groups, indicating that male auditors are more likely than females to accept relocation nationally and internationally. Though preference theory indicates the heterogeneity of women's preferences, the different interests of women have given a great advantage to men (Hakim, 2006). Our sensitivity analysis (unreported) of a subgroup of males and females who had high experience levels and also high experience with no children further indicates that work-orientated males are more willing than work-centred women to relocate nationally and internationally (Hakim, 2006). There is a difference between the genders for this subgroups comparison. The results further support the notion of social role theory. Social role theory adds that women are more likely to regard the family role as salient and part of their social identities (Guttek *et al.*, 1991; Komori, 2008). Men are more likely to be the primary breadwinners for families and hold most of the senior positions in the accounting profession (Law & Hung, 2009; Law, 2010a). Hofstede and McCrae (2004) indicate that men are assertive and ambitious and strive for material success in masculine cultures, whereas women are expected to serve and care for the non-material quality of life and for children. Since both the US and HK are in the masculine dimension, the significance of the gender variable is understandable in this study. Female auditors are more orientated to their family role and are thus less willing to relocate, while male auditors are more influenced by their work role and are more willing to consider relocation. Prior research indicates that when work-family conflict is perceived by female auditors as intensified, they may decide to leave the public accounting profession (Law, 2010a; Jeacle, 2011). Moreover, the statistically significant results of gender\*auditors' career plateau, gender\*years of experience and gender\*spouse willingness provide further support for social role theory. Our results indicate that male auditors' relocation willingness is stronger than that of female auditors. Hence, our findings are consistent with social role theory and the Hofstede model, supporting prior literature (Kornberger *et al.*, 2010; Law, 2010a; Jeacle, 2011).

Though Hofstede (2001) found that people are willing to take unknown risks and are open to change in low UAI countries, our results indicate that auditors' willingness to relocate is stronger when it relates to relocation nationally compared to internationally. The odds ratios of all relocation models in the national context (i.e., Models 1–8 and the sensitivity analysis) are higher than for all relocation models in the international context (i.e., Models 9–16 and the sensitivity analysis). Though the regression results do not provide explanations for this phenomenon, prior research indicates that the greater the cultural distance, the greater the uncertainty involved in international relocation (Dupuis *et al.*, 2008). Auditors may perceive the environment of the new country as being unfamiliar, and network ties might be difficult to establish in culturally distant destinations (Manev &

Stevenson, 2001). In addition, auditors may encounter language barriers and variations in working practices, tax and legal regimes (CIMA, 2012). Harvey and Buckley (1998) indicate that transferring dual-career couples to international assignments is even more difficult, as they have unique needs. The career concerns and conflicts of a trailing spouse accentuate tension for the family. This is likely to foster resistance to international relocation; hence there are lower odds ratios for international relocation for all variables than there are for national relocation. Further research is recommended to better understand these findings. Finally, though HK has a low IDV score and the US has the highest IDV score among the countries researched (Hofstede & Minkov, 2010), our findings *in general* indicate that our samples (Big 4 in the main models and total sample in the sensitivity analysis) of HK and US auditors shared similar perceptions of willingness to relocate nationally and internationally. This provides quite fruitful information with which human resource personnel in public accounting firms can plan their staff resources and global strategies.

### 6.1. Limitations

While this study contributes to the literature by examining this under-researched topic in public accounting, it is not without limitations. It captured only auditors' *willingness* to relocate (i.e., their intentions). Actual relocation decisions were not measured in this study. As our sample excluded auditors who had already relocated, our results may be biased. Second, this study examined only auditors from HK and the US, thus further studies are recommended to explore this issue more and to make comparisons among different countries in the East and the West. This would provide more knowledge to our understanding. In addition, Hofstede's work is not without its critics (McSweeney, 2002; Baskerville, 2003; Busse, 2014). For example, the respondents were exclusively from a single company – IBM, and Hofstede measured culture in five dimensions only. Third, the desirability of the destination when relocating internationally and the proximity of the destination could be a consideration for auditors' relocation willingness. These issues were not measured in this study. Finally, this study included only these variables in the regressions; other variables, such as relationships with colleagues in the firm, separated or divorced auditors who had children, number and age of children, career-orientated couples, and full-time and part-time employees, were not examined. These could be included in future research. Despite these limitations, our sensitivity analysis provides proof of the validation and robustness of the main results of this study.

## 7. CONCLUSION

While a cultural difference between auditors in the US and in HK might have been expected, we find similar results for both groups of auditors. Spouse willingness has the highest explanatory power among the family factor variables. Other family variables are also found to be significant. Male auditors are more willing than female auditors to relocate nationally and internationally. Furthermore, auditors' career plateau has the highest explanatory power among the organizational variables, followed by perceived organizational support and auditors' compensation. Our results support family



systems theory and social role theory. In the competitive business environment, public accounting firms must utilize their human assets so as to meet their strategic plans and development goals. However, relocation professionals may have little or no experience of how mobility issues are managed. International mobility to new countries presents an exciting future for relocation professionals, especially in today's global business environment. This can broaden their horizons and enrich their professional experiences. Public accounting firms should carefully devise relocation plans that can accommodate spouses' employment and cultural concerns in the relocation process. With multinationals operating across many countries, this study provides important implications for human asset accounting in the profession and endeavours to provide generalizations to other organization settings. As the adoption and use of IFRSs will be supported by more countries, international mobility and the relocation of accounting professionals are expected to gain momentum in the future.

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## AUTHOR PROFILES

**Philip Law** is an Assistant Professor of Accounting at the University of Macau. Dr. Law obtained his Doctor of Business Administration degree from the University of Newcastle, Australia. Dr. Law is a CPA, FCCA, ACMA (UK), Certified Fraud Examiner (USA), and Certified Financial Services Auditor (USA). Dr. Law has extensive work experience in several leading organizations, including the Securities and Futures Commission, Hong Kong, and Deloitte and Touche, Ernst and Young, and PricewaterhouseCoopers in Hong Kong. His research has been published in leading journals, such as *Research in Accounting Regulation*, *Managerial Auditing Journal*, *Education and Training*, *Journal of Applied Accounting Research*, *International Journal of Accounting and Information Management*, *Journal of Human Resource Costing and Accounting*, *International Journal of Accounting and Finance*, *Corporate Ownership and Control*, *Corporate Governance*, *Management Research Review*, and *Asian Review of Accounting*.

**Desmond Yuen** is an Associate Professor in Accounting at the University of Macau. He obtained his PhD degree from the University of South Australia.

**Adrian Lei** is an Assistant Professor in Finance at the University of Macau. He obtained his PhD degree from the University of Hong Kong.

## APPENDIX A

## Part A

## Organizational variables

## Career plateau

1. My career has always progressed, but I have now reached a plateau.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

2. I have stayed at this level in my existing firm for far too long.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

3. I am in a dead-end position in my existing firm.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

4. I have been in my current job in the same position for more than five years.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

## Perceived organizational support

1. The public accounting firm strongly considers my goals and values.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

2. The public accounting firm takes pride in my accomplishments at work.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

3. The public accounting firm values my contribution to its well-being.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

4. The public accounting firm appreciates my extra effort very much.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

5. The public accounting firm really cares about my well-being.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

6. The public accounting firm wishes to give me the best possible job for which I am qualified.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

## Compensatory rewards and benefits

Please rate the level of importance of the following compensatory rewards and benefits:

1. Base salary

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

## 2. Tax assistance.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

## 3. Foreign service premium.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

## 4. Housing and other allowances.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

## 5. Travel arrangement allowances.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

## 6. International healthcare plan.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

**Family factors****Living near elderly relatives**

Please rate the level of importance of living near the following elderly relatives:

## 1. Your parents.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

## 2. Spouse's parents.

<i>Not at all important</i>	<i>Somewhat important</i>	<i>Reasonably important</i>	<i>More important</i>	<i>Very important</i>
1	2	3	4	5

**Spouse willingness**

## 1. My spouse is enthusiastic and willing to relocate nationally

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

## 2. My spouse is enthusiastic and willing to relocate internationally

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

## 3. My spouse's general attitude towards relocation nationally is supportive.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

## 4. My spouse's general attitude towards relocation internationally is supportive.

<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
1	2	3	4	5

**Presence of children**

## 1. Do you have children at home to take care of?

1 = Yes

0 = No

**General question:****Relocate nationally**

## 1. Are you willing to relocate nationally to other public accounting firms within the first year?

1 = Yes

0 = No



*For HK respondents, 'nationally' is defined as Hong Kong, Macau and Chinese regions.*

*For US respondents, 'nationally' is defined as the states within the United States.*

2. Are you willing to relocate nationally to other public accounting firms within the next three years?

1 = Yes

0 = No

*For HK respondents, 'nationally' is defined as Hong Kong, Macau and Chinese regions.*

*For US respondents, 'nationally' is defined as the states within the United States.*

3. Are you willing to relocate nationally to other public accounting firms within the next five years?

1 = Yes

0 = No

*For HK respondents, 'nationally' is defined as Hong Kong, Macau and Chinese regions.*

*For US respondents, 'nationally' is defined as the states within the United States.*

4. Are you willing to relocate nationally to other public accounting firms after five years?

1 = Yes

0 = No

*For HK respondents, 'nationally' is defined as Hong Kong, Macau and Chinese regions.*

*For US respondents, 'nationally' is defined as the states within the United States.*

### **Relocate internationally**

1. Are you willing to relocate internationally to other public accounting firms within the first year?

1 = Yes

0 = No

*For HK respondents, 'internationally' is defined as outside Hong Kong, Macau and Chinese regions.*

*For US respondents, 'internationally' is defined as outside the United States.*

2. Are you willing to relocate internationally to other public accounting firms within the next three years?

1 = Yes

0 = No

*For HK respondents, 'internationally' is defined as outside Hong Kong, Macau and Chinese regions.*

*For US respondents, 'internationally' is defined as outside the United States.*

3. Are you willing to relocate internationally to other public accounting firms within the next five years?

1 = Yes

0 = No

*For HK respondents, 'internationally' is defined as outside Hong Kong, Macau and Chinese regions.*

*For US respondents, 'internationally' is defined as outside the United States.*

4. Are you willing to relocate internationally to other public accounting firms after five years?

1 = Yes

0 = No

*For HK respondents, 'internationally' is defined as outside Hong Kong, Macau and Chinese regions.*

*For US respondents, 'internationally' is defined as outside the United States.*

### **Part B**

#### **Personal Data**

1. Your age \_\_\_\_\_

2. Gender

0. Female

1. Male

3. Your marital status

0. Single

1. Married

4. Please rate your years of relevant working experience in public accounting.

1. Less than 5 years

2. 6–10 years

3. 11–15 years

4. 16–20 years

5. More than 20 years

5. Are you a Big 4 auditor?

1 – No

0 –Yes

### **End of Questionnaire**

## APPENDIX B

## Factor Loadings for Survey One\*

## Rotated component matrix-principal component analysis

	<i>Factors</i>				
	<i>1 Career plateau</i>	<i>2 Perceived organizational Support</i>	<i>3 Compensatory rewards and benefits</i>	<i>4 Living near elderly relatives</i>	<i>5 Spouse willingness</i>
My career has always progressed, but I have now reached a plateau.	0.949				
I have stayed at this level in my existing firm for much too long.	0.928				
I am in a dead-end position in my existing firm.	0.917				
I have been in the current job in the same position for more than five years.	0.881				
The public accounting firm strongly considers my goals and values.		0.891			
The public accounting firm takes pride in my accomplishments at work.		0.825			
The public accounting firm values my contribution to its well-being.		0.817			
The public accounting firm appreciates my extra effort very much.		0.811			
The public accounting firm really cares about my well-being.		0.807			
The public accounting firm wishes to give me the best possible job for which I am qualified.		0.793			
Base Salary.			0.930		
Tax assistance.			0.885		
Foreign service premium.			0.874		
Housing and other allowances.			0.865		
Travel arrangement allowances.			0.846		
International healthcare plan.			0.814		
Your parents				0.863	
Spouse's parents				0.841	
My spouse is enthusiastic and willing to relocate nationally.					0.924
My spouse is enthusiastic and willing to relocate internationally.					0.887
My spouse's general attitude towards relocation nationally is supportive.					0.877
My spouse's general attitude towards relocation internationally is supportive.					0.832
Cronbach's alphas	0.92	0.91	0.88	0.93	0.90
Eigenvalues	7.13	2.31	1.97	1.43	2.75
Variance (%)	21.12	13.32	10.15	7.24	16.04

Extraction method: Principal component analysis. Rotation method: Varimax with Kaiser normalization. Factor loadings greater than 0.4 are reported.

\* Factor loadings for Survey Two are similar to Survey One, therefore it is not repeated.