Navigating Auditor Turnover:
Early Promotion and Retention in the Audit Profession

Inna Abramova
Accounting Subject Area
London Business School
iabramova@london.edu

Rebecca N. Hann
Robert H. Smith School of Business
University of Maryland
rhann@umd.edu

Wenfeng Wang
College of Business
Southern University of Science and Technology
wangwf@sustech.edu.cn

Jingyu Zhang
Robert H. Smith School of Business
University of Maryland
jingyuz@umd.edu

April 2025

We thank Irem Tuna, Lakshmanan Shivakumar, and the seminar participants at Boston University, Fordham University, London Business School, MIT, University of Miami, University of Toronto, Southern University of Science and Technology, Renmin University of China, and the 2025 Columbia Junior Accounting Conference for their helpful comments. Hann gratefully acknowledges financial support from KPMG.

Navigating Auditor Turnover:
Early Promotion and Retention in the Audit Profession

Abstract

This study examines how audit firms respond to abnormal turnover and the effect of their strategies on retention. Using the Great Resignation (GR) as a quasi-exogenous shock to the audit labor market, we document a sharp rise in exits among junior auditors, confirming that the voluntary turnover observed in other sectors also occurred in the audit profession. In response, audit firms increase early promotions for second-year auditors. Early promotion is associated with reduced short-term turnover; however, the effect is temporary, as early-promoted auditors are more likely to exit their firms in their third year, particularly in more concentrated audit labor markets. To better understand these exits, we examine career transitions among third-year leavers and find that a substantial share move into corporate accounting roles, suggesting that early promotion enhances external career mobility rather than securing long-term retention within public accounting. Importantly, most leavers remain within the broader accounting profession, mitigating concerns about complete talent loss. Taken together, our findings provide new insights into how audit firms adapt to labor market disruptions and highlight the complex, sometimes unintended consequences of strategic responses aimed at addressing abnormal turnover and retaining talent.

"High turnover disrupts client relationships and audit quality, forcing firms to rethink their strategies to keep skilled staff—an essential investment to maintain public trust and meet industry demands. The Great Resignation has spotlighted the need for accounting firms to prioritize talent retention." AICPA, 2023

1. Introduction

The audit profession fundamentally relies on professional judgment and skepticism—qualities inherently rooted in human capital. Yet the industry consistently struggles with retaining talent, particularly at the junior level. High turnover among junior audit staff has long posed a significant challenge for the profession, disrupting client relationships and compromising audit quality. This challenge is exacerbated by rigidities in workforce adjustments due to specialized certification requirements. Recent studies highlight the cost of such turnover, showing that audit offices with higher turnover rates are more likely to miss material weaknesses in internal controls over financial reporting (Ma et al. 2024). Despite the importance of talent retention to audit quality, there is limited empirical evidence examining audit firms' vulnerability to labor disruptions and their strategic responses. Our paper addresses this gap by using the Great Resignation (GR) as a quasi-exogenous labor market shock to examine (1) audit firms' exposure to heightened voluntary turnover, (2) their strategic responses to such disruptions, and (3) the consequences of these responses for retention and career mobility.

The GR offers a particularly attractive setting to study turnover, retention, and promotion strategies within the audit profession for at least two reasons. First, the GR was driven by a mix of social and economic factors—including pandemic-induced re-evaluation of work-life priorities, widespread burnout, changing worker preferences, and strong demand for labor across sectors—that were largely external to the audit industry.[1] These forces contributed to widespread voluntary

[1] Throughout 2021, over 47 million Americans—roughly 23% of the workforce—left their positions, underscoring a historic reevaluation of work expectations across sectors (BLS 2022).

workforce exits, and the audit profession was similarly affected.[2] Second, the public accounting profession, already known for high attrition rates due to demanding work conditions, faced intensified competition for skilled labor as many junior auditors pursued alternative career paths. Although turnover challenges in audit predate the GR, the event created a "perfect storm" that heightened firms' exposure to labor market pressures.

To study these labor dynamics in the audit profession, we use LinkedIn employment data, which includes detailed employment histories, educational backgrounds, office locations, and demographic information. Our sample includes 392,760 auditor-firm-year observations, representing 117,303 unique junior auditors—specifically, audit associates and senior audit associates—employed at the top 25 accounting firms from 2016 to 2024. Following prior research (e.g., Fuller and Kerr 2022; Gittleman 2022), we define the GR as occurring in 2021, a year marked by an unprecedented wave of voluntary job departures across industries. We focus on junior auditors because they represent a particularly vulnerable segment of the audit workforce, with turnover rates among entry-level roles historically being especially high (CPA Journal 2023). Retention at this stage is critical, as junior auditors form the foundation of the future talent pipeline at the mid-level.

We begin by presenting descriptive evidence on labor market trends for junior auditors around the GR. Several observations are worth noting. First, the audit profession has historically experienced high exit rates, averaging around 14.6% annually for junior auditors, highlighting the field's notable retention challenges. Junior auditors with a graduate degree tend to leave their roles more frequently, likely due to their greater external mobility stemming from credentials that make them more attractive to positions outside of public accounting. Second, consistent with broader

[2] According to the 2023 Thomson Reuters Audit Survey, nearly 76% of audit firms struggled to fill open positions during this period.

labor market trends during the GR (BLS 2022), we observe a substantial spike in attrition in 2021. This aligns with industry findings showing that the GR disproportionately affected high-intensity roles, such as those in public accounting (Sull et al. 2022).[3] Third, consistent with the rise in turnover, we observe a significant increase in Glassdoor employee reviews—often an early indicator of planned exits, as employees typically engage with job review sites when considering job changes—which more than doubled in January 2021. In addition, we find that the GR effect on exit rates is more pronounced among male and non-minority auditors, suggesting that these groups may have had a stronger preference to seek career changes or greater external opportunities.

After confirming the severe labor disruptions during the GR, we turn to our main cohort-based analysis. We first construct a sample that covers cohorts of auditors who began their careers between 2016 and 2021 and follow their employment outcomes over time.[4] Two descriptive statistics are worth noting. First, each cohort is initially comprised of approximately 42-44% of female and 16-19% of minority auditors, with little change over the sample period. Second, around 50% of each cohort had left the firm by the end of their third year, confirming the high turnover rate among junior auditors in the profession.

To examine whether audit firms respond to the labor market shock, we test whether they strategically adjusted their promotion practices—specifically, by implementing fast-track promotion—to mitigate the effects of elevated turnover. Prior research highlights expedited

[3] In untabulated analyses, we examined whether the attrition spike in 2021 was merely a correction for the delays in separations during the COVID-19 onset in 2020. After considering auditors' characteristics, along with fixed effects for audit firms and locations, our findings indicate that separation rates in 2020 were actually higher compared to years outside the 2020-2021 range, thus indicating that our findings are more than a mere correction for COVID-19-related separation delays in 2020.

[4] For example, the 2016 cohort includes all new associates starting between July 2016 and June 2017, and we follow their career progression through their fourth year, ending in June 2020. n our main cohort analysis, we restrict the sample to auditors who began their careers between 2016 and 2020, excluding the 2021 cohort because its classification as a treatment versus control group is less clear once firms have already begun adjusting their promotion practices. In supplemental analyses, we find that early promotion rates remained elevated for the 2021 cohort, suggesting that strategic adjustments to workforce management persisted beyond the initial turnover shock.

promotion paths as one of the organizational adjustments observed during periods of elevated voluntary turnover, alongside enhanced compensation packages and flexible work arrangements (Sull et al. 2022). In public accounting, audit associates are typically promoted to senior associates within two to three years. This relatively standardized industry timeline allows us to identify accelerated promotion. Specifically, we define accelerated promotion as being promoted to senior associate in the second year. Consistent with firms adjusting their workforce management practices during this period, we find that the second-year promotion rate for the 2020 "treated" cohort—whose second year coincided with the GR—is significantly higher (by 14.6%) compared to earlier cohorts.[5] This acceleration in promotion is accompanied by a substantial decline in third-year exit rates, with treated cohort auditors 8.6% less likely to leave their firms in their third year, suggesting that strategic adjustments during this period may have helped stabilize staffing in the short term.

Labor market conditions, however, may moderate the intensity of firms' responses. Ex ante, it is unclear whether more concentrated labor markets would amplify or dampen firms' adjustments: while fewer external opportunities might reduce voluntary exits, historical underinvestment in retention mechanisms (Azar et al. 2020; Schmalz 2023) could leave firms in concentrated labor markets more vulnerable to turnover shocks.[6] We therefore examine whether the patterns in promotion and turnover vary systematically with local audit labor market concentration. Using Herfindahl-Hirschman Index (HHI) measures of audit labor market concentration at the MSA level (Aobdia et al. 2024), we find that the increased reliance on early promotions is driven by offices in more concentrated labor markets, yet these offices still

[5] We include firm, MSA, and fiscal quarter fixed effects in our analysis to control for time-invariant firm characteristics (e.g., reputation, historical compensation structures), local labor market attributes (e.g., geographic mobility constraints), and seasonal variations in promotion and turnover decisions.

[6] Prior research suggests that audit offices in concentrated labor markets have historically leveraged their market power to demand higher skill levels and greater effort from staff without proportionately increasing compensation or advancement opportunities (Aobdia et al. 2024). When turnover pressures surge, such underinvestment may prompt firms to respond more aggressively to avoid losing key talent.

experience higher separation rates among early-promoted junior auditors in their third year. These results might indicate that firms facing limited local competition historically underinvested in retention efforts, and were forced to respond more aggressively to labor market disruptions. However, this response does not appear to improve retention.

Having documented broader cohort-level patterns, we next examine the role of early promotion in auditor retention. Specifically, we compare the exit rates between junior auditors who received early promotion and those who did not. We find that while early-promoted auditors are less likely to exit in their second year, they are more likely to exit in their third year compared to non-early-promoted auditors. This pattern is consistent with early promotion delaying turnover in the short term by providing accelerated advancement, but ultimately increasing longer-term turnover by enhancing auditors' external marketability and facilitating career mobility. Moreover, the association between early promotion and third-year exits is more pronounced for the treated cohort than for prior cohorts, suggesting that aggressive use of early promotion during periods of heightened turnover may unintentionally exacerbate longer-term auditor attrition.

To better understand where early-promoted auditors transition after leaving public accounting, we next examine their exit destinations. Specifically, we analyze third-year leavers and compare exit paths between those who received early promotion and those who did not. We find that early-promoted auditors are significantly more likely to move into corporate accounting roles, such as internal audit, controllership, and financial reporting positions. These career paths leverage auditors' specialized skills while offering more predictable work hours, reduced travel demands, and competitive compensation. Taken together, these findings suggest that early promotion not only strengthens external marketability but also channels exiting auditors into career paths closely aligned with their professional training. While early promotions ultimately increase

turnover in public accounting, it is encouraging that most who leave stay within the broader accounting ecosystem, given the ongoing concerns about talent shortages in both public and corporate accounting sectors (AICPA 2022; Accounting Today 2023).

Our study makes the following contributions to the literature. First, we extend the research on labor market dynamics and human capital management in the accounting profession by providing new insights into how audit firms respond to abnormal turnover and the implications of their strategies for talent retention and career mobility. While prior studies have examined the external mobility and career outcomes associated with audit experience (e.g., Choi et al. 2025; Yang 2024) and the importance of human capital for audit quality (e.g., Gao et al. 2023; Ham et al. 2024; Ma et al. 2024), there is limited evidence on how firms strategically adjust workforce management practices amid labor market shocks. We show that audit firms altered traditional promotion practices in response to heightened turnover, with important consequences for both short-term staffing stability and longer-term organizational loyalty.

Second, we contribute to the broader literature on career advancement and workforce management by providing new evidence on the effects of early promotion during periods of heightened labor market disruption. Our setting offers a natural laboratory to study early promotion, as junior auditor promotion timelines are relatively standardized across firms, enabling clean identification of accelerated advancement relative to industry norms. While prior research has examined how early promotion affects wages and status (e.g., Baker et al. 1994; Bidwell et al. 2025) and broader mobility patterns between internal and external labor markets (e.g., DeOrtentiis et al. 2018; Bidwell and Keller 2014), little is known about its effects on external mobility. We find that early promotion temporarily improves retention but ultimately increases external career

moves, particularly into corporate accounting roles—highlighting the trade-offs firms face when adjusting traditional career progression practices under labor market pressure.

Third, our study contributes to the emerging literature on labor market disruptions during the Great Resignation by examining how firms adapt their promotion practices amid heightened voluntary turnover. While prior research has documented broad patterns of increased job switching and wage growth across various sectors (Sull et al. 2022; Bagga et al. 2023; Faccini et al. 2022), we focus on the audit profession, where human capital is highly specialized and retention is particularly critical. Our findings suggest that while firms accelerated promotions in response to the GR, such traditional tools may be insufficient to retain talent amid incresed external opportunities and shifting worker preferences. Major workforce disruptions may thus highlight the need for more fundamental changes to career development models beyond simply adjusting promotion timelines.

Lastly, our findings offer new perspectives on the ongoing debate about accountant shortages. While concerns have largely focused on the declining pipeline of accounting graduates and CPA candidates (AICPA 2023; Burke and Polimeni 2023), our evidence points to challenges not just in supply but in retention. Although early promotion ultimately increases exits from public accounting firms, we find that many auditors transition into corporate accounting roles that continue to leverage their audit expertise. Thus, while audit firms may face greater staffing pressures, much of the talent remains within the broader accounting ecosystem—an encouraging outcome for the profession as a whole.

The remainder of the paper proceeds as follows. Section 2 provides background information on the GR and summarizes related literature. Section 3 presents the hypotheses.

Section 4 describes the sample, data, and research design. Section 5 presents our empirical results. Finally, Section 6 concludes.

2. Background and Related Literature

2.1 Labor Market Disruptions and the Audit Profession

The Job Openings and Labor Turnover Survey (JOLTS) reported a significant increase in job openings and quit rates throughout 2021, with the quit rate—representing the percentage of nonfarm employees voluntarily leaving their jobs—rising steadily from pre-pandemic levels. By December 2021, job openings reached a record high of 11.4 million, while over 4.5 million employees voluntarily quit their jobs, marking the highest level in two decades. In contrast, layoffs and discharges declined to a record low of 1.3 million in December (Penn and Nezamis 2022), underscoring the voluntary nature of these departures.

Surveys conducted during this period highlight key drivers of the wave of resignations. A Pew Research Center study finds that the primary reasons for employee resignations are low pay (63%), limited opportunities for career advancement (63%), and feeling disrespected at work (57%) (Parker and Horowitz 2022). Other studies identify shifting worker preferences toward greater flexibility and wellbeing, with evidence suggesting that toxic corporate cultures and lack of telework opportunities were strong predictors of turnover during this period (Sull et al. 2022; Bagga et al. 2023). Together, these factors triggered what has been dubbed the Great Resignation (GR)—an unprecedented wave of voluntary exits across a wide range of industries.[7]

While much of the existing research has focused on the broader labor market consequences of the GR—such as its impact on wage inflation (Faccini et al. 2022) and career mobility (Woods

[7] Consistently, the Pew Research Center survey shows that "childcare issues" and "not enough flexibility to choose when to put in hours" are the fourth and fifth top-ranked reasons for employees quitting their jobs.

et al. 2024)—the audit profession presents a particularly compelling setting in which to examine the effects of this shock. Even before the GR, public accounting faced persistent challenges in retaining talent, especially at the junior level, where heavy workloads, limited career progression, and relatively lower compensation compared to other professional services fields contributed to high voluntary turnover rates.

Thus, although turnover has long been a feature of the audit labor market, the GR introduced an unusually sharp external shock, heightening competition for talent and prompting audit firms to rethink their workforce management strategies. In this study, we leverage the GR as a quasi-exogenous shock to investigate how audit firms responded to heightened turnover pressures and the consequences of their responses for talent retention and career mobility.

2.2 Human Capital and Talent Retention in the Audit Profession

The audit profession fundamentally relies on human capital, particularly the professional judgment and skepticism exercised by auditors. Human capital expenses are the largest cost component for audit firms (Conway 2015), and a robust body of research highlights the importance of audit talent in sustaining audit quality. Studies show that higher auditor salaries are associated with higher audit quality (Hoopes et al. 2018), and that local labor market characteristics, such as education levels, influence the effectiveness of audit engagements (Beck et al. 2018). Recent evidence using detailed PCAOB data further highlights the critical role of middle-level auditors, such as senior associates and managers, in delivering high-quality audits (Aobdia et al. 2024; Ma et al. 2024).

Several factors have been fueling turnover in the audit profession. The profession faces a traditional "up or out" business model—where relatively few reach the partner level while most employees exit within three to five years (Johnson and Pike 2018; Nouri and Parker 2020; Downar

et al. 2021). Recent pressures, including the increasing reliance of firms on corporate software investment (Friedman et al. 2019), have made public accounting less competitive. Salaries for auditors have stagnated relative to careers in finance, consulting, and technology sectors (Ellis 2022; Ellis and Overberg 2023; Maurer 2023). Moreover, routine work tasks, high burnout, and perceptions of limited career growth have deterred potential entrants and pushed current professionals to leave (Trapnell et al. 2023).

These pressures are reflected in declining interest in the profession: the number of CPA exam candidates fell to a record low of 67,000 in 2022, compared to over 100,000 in 2016 (AICPA 2023). In parallel, accounting employment shrank by 17% between 2019 and 2022, with over 300,000 accountants and auditors leaving the workforce (Maurer 2023). Emerging evidence also links the decline in accounting graduates and prolonged accounting vacancy duration to deteriorations in audit and financial reporting quality (Ahn et al. 2024; Hann et al. 2024).

Importantly, labor supply declines are reshaping the structure of the audit market itself. Abramova (2024) finds that reductions in accountant supply increase merger and acquisition (M&A) activity among audit firms and result in more concentrated audit labor markets. Thus, the availability of accounting talent has implications not only for audit quality but also for the long-term competitiveness and structure of the audit industry.

Given these trends, understanding how audit firms manage and respond to talent challenges—particularly under periods of heightened turnover—is increasingly critical. Our study contributes to this growing body of work by examining how firms adapt their retention strategies amid labor market disruptions and the consequences of these adaptations for the future supply of audit talent.

3. Hypotheses Development

Building on prior evidence of heightened turnover pressures and evolving labor market dynamics, we develop hypotheses examining how audit firms strategically adjust promotion practices and the implications for talent retention and career mobility during the periods of abnormal turnover. We focus on early promotion as a primary strategic lever, given its potential to both delay turnover and reshape auditors' external opportunities. Additionally, we consider how local labor market concentration moderates firms' responses and explore the consequences of early promotion for auditors' career trajectories.

3.1 Strategic Use of Early Promotion

Retention of junior auditors has long been a challenge for audit firms due to the demanding nature of public accounting work, relatively lower pay compared to alternative business careers, and the traditional "up or out" promotion structure (Johnson and Pike 2018; Nouri and Parker 2020; Downar et al. 2021). These challenges intensified during the Great Resignation (GR), when widespread re-evaluation of work-life priorities and heightened labor demand contributed to a spike in voluntary turnover across sectors (BLS 2022; Sull et al. 2022; Bagga et al. 2023). The audit profession, with its historically high attrition rates (CPA Journal 2023), was no exception.

The critical question is how audit firms can quickly adapt to labor disruptions without undermining their economic models. Labor costs represent a predominant expense for audit firms (Jensen and Meckling 1979; Banker et al. 2003; Huddart and Liang 2003), and given the downward-sloping demand curve they face (Gerakos and Syverson 2017), fully passing labor cost increases onto clients through higher fees is generally not feasible. This constraint limits firms' flexibility in using broad-based wage increases to retain talent and forces them to seek alternative strategies.

One such strategy is fast-track promotion. Promotions offer a mechanism to recognize and incentivize employees without broadly inflating salary structures (Sull et al. 2022). Moreover, the literature shows that promotion opportunities to be negatively associated with employee turnover (Allen et al. 2010). Accelerated advancement can boost retention by enhancing perceived career progression opportunities, especially in professional partnerships where internal equity norms discourage selective salary increases. Surveys of the accounting profession highlight the growing gap between junior staff and partners (Rosenberg 2016), making career acceleration a potentially effective lever to reduce turnover pressures among junior auditors. The audit industry's relatively standardized promotion structures—where associates typically advance to senior associates within two to three years—offer the industry a chance to use accelerated promotions as an incentive for employee retention. Thus, while promotion is traditionally awarded for performance, firms facing abnormal turnover pressures may adjust promotion timing more broadly as a strategic retention response.

However, fast-track promotion may also have unintended consequences. Because outside employers cannot directly observe employee productivity, they often rely on observable signals such as promotions and job titles (Milgrom and Oster 1987; Costa 1988; Bernhardt and Scoones 1993). Promotion indicates that employees may be seen as valuable managers by other companies, which can lead to increased turnover. This is particularly important in environments characterized by up-or-out contracts in that the retention decision can serve as a signal of productivity (Waldman 1990). This incentivizes the employer to strategically time the worker's promotion to exploit (Bernhardt 1995). As a result, early promotion may inadvertently strengthen auditors' external marketability, making promoted employees more attractive to other employers, which is very costly during the periods of heightened turnover.

Given these considerations, we predict that audit firms strategically accelerated promotions to retain junior auditors during periods of heightened turnover risk. Accordingly, we state our first hypothesis (in alternative form) as follows:

H1: *Audit firms increase the use of early promotion as a strategic response to heightened turnover.*

3.2 Cross-Sectional Variation: Labor Market Concentration

The intensity of firms' responses to turnover shocks is likely to vary across local labor market conditions. In particular, labor market concentration—measured by the dominance of a few employers in a given geographic area—may moderate firms' incentives and ability to adjust promotion strategies. Prior research shows that audit offices operating in more concentrated labor markets historically faced less external pressure to retain employees. Limited outside employment options allowed firms to leverage their market power by demanding greater effort and skill from auditors without proportionately increasing compensation (Aobdia et al. 2024; Azar et al. 2020; Schmalz 2023). This underinvestment in retention mechanisms made economic sense when employee mobility was constrained.

However, periods of increased turnover, marked by shifting worker preferences towards flexibility, work-life balance, and broader career mobility, may diminish the protective effects of labor market concentration. Even firms that previously relied on limited external competition may be forced to rethink their retention strategies, including the more aggressive use of early promotion. Moreover, firms operating in concentrated markets may be especially vulnerable to turnover shocks precisely because they have historically underinvested in workforce retention. When turnover pressures surge, these firms have greater "catching up" to do relative to peers in more competitive markets who have already adapted to higher mobility risks.

Thus, ex ante, the role of market concentration is theoretically ambiguous: it could either dampen the need for strategic adjustments (due to reduced external options) or amplify them (due to historical underinvestment making firms more exposed to shocks). Accordingly, we test the following hypothesis:

H2: *The increase in early promotion during the periods of heightened labor turnover is more pronounced in concentrated audit labor markets.*

3.3 Early Promotion and Auditor Retention

While accelerated promotion may stabilize staffing in the short term, its longer-term effects are less clear. Ex ante, early promotion could either deepen internal organizational loyalty by reinforcing career advancement opportunities, or facilitate external mobility by strengthening perceived market value. Promotions serve as a salient credential in professional labor markets, and prior research suggests that early career advancement often signals higher ability to outside employers (Bernhardt and Scoones 1993; Benson et al. 2020; Bidwell and Keller 2014).

This tension is particularly salient in the audit profession. Public accounting experience—especially at the senior associate level—is highly valued in corporate accounting and finance roles, which offer attractive alternatives in terms of compensation, work-life balance, and career progression (Journal of Accountancy 2022; AICPA 2022). Thus, early promotion not only improves auditors' internal standing but may also amplify their attractiveness in external labor markets. Given the dual role of early promotion—as both a retention incentive and a marketability signal—we expect that while early promotion may temporarily delay exits, it ultimately increases longer-term turnover by facilitating external career moves.

Thus, we state our third hypothesis as follows:

H3: *Early-promoted junior auditors delay separation initially but are more likely to leave in the long term.*

4. Data, Measures, and Research Design

4.1 Data and Sample

We obtain data on auditors' employment history from Revelio Labs. Revelio Labs is an information technology company that collects and analyzes detailed workforce information from public employee profiles. The dataset provides individual-level information, including complete self-reported employment histories, job titles, tenure, demographics, educational background, and professional skills. This comprehensive data allows us to gain insights into auditors' career trajectories and the labor dynamics within the auditing profession.

Our sample contains the top 25 CPA firms based on year 2022's audit fees from Audit Analytics. This includes all the Big 4 and second-tier accounting firms, which comprise most of the public audit market. We start with all users and positions associated with the accounting firms in our sample from Revelio Labs. To identify audit roles, we analyze the job titles and apply the following criteria. The job titles (1) contain common audit-related terms, like "associate," "senior associate," "manager," "senior manager," "director," and "partner"; (2) are unrelated to other core functions, such as tax and consulting; (3) do not include terms related to other supporting roles, like law, compliance, administration, recruiting, marketing, or technology; (4) indicate full-time roles—titles indicating interns, temporary and seasonal workers, part-time employees, incoming hires, and retirees are excluded. Appendix B details the auditor identification process. We then classify each audit position based on job titles into six levels of seniority: associate, senior associate, manager, senior manager, director, and partner. Although Revelio Labs provides a general variable for job levels across professions, it is not specific to auditors and often combines multiple levels into one category. Therefore, we do not use their classification for job seniority. Appendix C outlines our ranking classification process.

We construct two samples for our analyses. To validate the GR's impact on auditor turnover, we use auditor-year sample of junior auditors (audit associates and senior audit associates) from Jan 2016 to June 2024. This sample comprises 392,760 auditor-year observations, representing 117,303 unique junior auditors. We focus on junior auditors due to their typically high turnover rates (Ma et al. 2024; Chen et al. 2024) and their critical role as initial contributors to accounting firms' talent pools. We start our sample in 2016 because LinkedIn's 2016 acquisition by Microsoft markedly expanded the platform's coverage.

In our baseline analysis of the GR's impact on auditor turnover, we use cohort-based sample of junior auditors. This sample includes auditors who began their careers between 2016 and 2021.[8] We track each cohort for up to four years from their entry into the profession. Aligning with accounting firms' hiring cycles, each cohort includes auditors who joined the public accounting profession as associates from July 1 of one year to June 30 of the following year. For instance, the 2020 cohort consists of auditors who began their public accounting careers between July 1, 2020, and June 30, 2021. This approach aligns the "years-of-service" clock within each group and lets us measure promotion timing on a common scale. We end our sample in 2021 to ensure that we can track the 2021 cohort for three years. Cohort sizes are relatively stable across this period, with approximately 9,700 unique auditors entering each year.

4.2 Validating the Setting: Junior Auditor Turnover around the Great Resignation

To study the relationship between the GR and junior auditors' attrition, we estimate the following OLS model:

$$Leave_{i,j,t} = \beta_0 + \beta_1 GR_t + \lambda Controls_{i,t} + Firm\ FE + MSA\ FE + e_{i,j,t}, \quad (1)$$

[8] Since our focus is on junior auditors, we require employees to have no prior work experience when joining a company.

where $Leave_{i,j,t}$ is an indicator variable equal to 1 if auditor i leaves audit firm j in year t; *GR* is an indicator variable equal to 1 for year 2021, representing the Great Resignation year. Our control variables include *Sr Associate*, an indicator variable equal to 1 if auditor i is a senior associate and 0 otherwise; *Grad Degree*, an indicator for whether an auditor holds a master's degree or higher; *Acct Degree*, an indicator for whether an auditor has an accounting degree at either the bachelor's or master's level; *Miss Acct Degree*, an indicator equal to 1 if an auditor does not disclose whether she holds a bachelor's or master's degree in accounting; *Female*, an indicator variable for women auditors; *Minority*, an indicator equal to 1 if an auditor is of Black, African American, or Hispanic descent; and *Unemp*, the annual Metropolitan Statistical Area (MSA)-level seasonally adjusted unemployment rates. To control for time-invariant firm and region-specific factors, we include both firm fixed effects and MSA fixed effects (given that firms in our sample have multiple offices, we can incorporate these fixed effects simultaneously).

4.3 Strategic Response to Abnormal Turnover: Early Promotion and Subsequent Turnover

We adopt a cohort-based analysis to examine whether audit firms use early promotion to retain junior auditors in response to the labor market disruption. Most junior auditors in our sample take at least one year to be promoted to the senior associate level. In our sample, on average, 32.5% of all newly joined auditors were promoted to the senior associate level by the end of their second year. Rarely, about 3%, were promoted by the end of their first year.[9] As a result, we consider a promotion that occurs by the end of the second year after an auditor joins the audit profession as an early promotion. We use the following OLS model to test whether accounting firms adopted an early promotion strategy to retain talent because of the disruption caused by the GR (corresponding to our second hypothesis):

[9] In untabulated tests, we exclude auditors who are promoted within their first year, and our results remain robust.

$$Promote\_Yr2_{i,c} = \beta_0 + \beta_1 Cohort\ 2020 + \lambda\ Controls + Firm\ FE + MSA\ FE + FQtr\ FE + e_{i,c}, \quad (2)$$

where the dependent variable $Promo\_Yr2_{i,c}$ takes the value of 1 if auditor *i* of cohort *c* is promoted from the associate position to the senior associate position in her second year and 0 otherwise. The indicator variable *Cohort 2020* equals 1 if auditor *i* belongs to the 2020 cohort and 0 otherwise. We include the same set of control variables as in Equation (1) except *Sr Associate*, as we now focus on junior associates. We also control for audit firm fixed effects, MSA fixed effects, and fiscal quarter fixed effects.

To examine whether there is any specific turnover pattern of the 2020 cohort, we run the following OLS regression:

$$Leave_{Yr3_{i,c}} = \beta_0 + \beta_1 Cohort2020 + \lambda\ Controls + Firm\ FE + MSA\ FE + FQtr\ FE + e_{i,c}, \quad (3)$$

where the dependent variable $Leave\_Yr3_{i,c}$ takes the value of 1 if auditor *i* of cohort *c* leaves the audit firm in her third year and 0 otherwise. We use the same set of controls as in Equaltion (2).

4.4 The Impact of Early Promotion on Retention

To study the connection between promotion and subsequent auditor turnover, we estimate the model below:

$$Y_{i,c} = \beta_0 + \beta_1 Promote\_Yr2_{i,c} + \beta_2 Promote\_Yr3_{i,c} + \lambda\ Controls + Firm\ FE + MSA\ FE + FQtr\ FE + e_{i,c}, \quad (4)$$

where the dependent variable $Y_{i,c}$ represents one of the three turnover measures: $Tenure_{i,c}$, $Leave\_Yr2_{i,c}$, $Leave\_Yr3_{i,c}$. Specially, $Tenure_{i,c}$ is defined as auditor *i*'s years of employment with her employer. $Leave\_Yr2_{i,c}$ is an indicator equal to 1 if auditor *i* of cohort *c* leaves the audit firm in her second year, and 0 otherwise. Similarly, $Leave\_Yr3_{i,c}$ equals 1 if auditor *i* of cohort *c* leaves the audit firm in her third year, and 0 otherwise. $Promote\_Yr2_{i,c}$ ($Promote\_Yr3_{i,c}$) quals

1 if auditor *i* of cohort *c* is promoted from the associate position to the senior associate position in her second (third) year, and 0 otherwise. We include the same set of control variables as in the previous models. Additionally, we control for firm fixed effects, MSA fixed effects, and fiscal quarter fixed effects to account for unobserved heterogeneity across firms, geographic regions, and time periods, respectively.

5. Empirical Results

5.1 Descriptive Statistics

Table 1, Panel A presents the descriptive statistics for the variables in our auditor-year sample used in Equation (1). Approximately 14.6% of junior auditors (associates and senior associates) left their firms each year. Senior associates represent about half (48%) of the auditor-year observations. Female junior auditors represent 42.8%, while minority junior auditors represent 17% of the auditor-year observations. The proportion of auditor-year observations represented by junior auditors with a graduate degree is 48.5%, consistent with prior studies (Ma et al. 2024).

Table 1, Panel B displays the correlation matrix, with Pearson (Spearman) correlations reported in the lower (upper) diagonal, respectively. A positive correlation between *GR* (an indicator for the Great Resignation) and *Leave* suggests a higher likelihood of auditor turnover during the GR period. The negative correlation between *Female* and *Leave* implies that female auditors are less likely to exit the profession than their male counterparts. In Table 1, Panel C, we report the junior auditors' exit rate for each accounting firm in our sample during 2021, the year marked by the Great Resignation. For instance, PricewaterhouseCoopers (PwC) had 15,828 junior auditors at the beginning of 2021, of whom 2,811 exited the firm by year-end, resulting in an 18% exit rate.

Before we turn to our main analyses, we validate that the audit profession was subject to the same, well-documented wave of quits that swept the broader U.S. labor market in 2021—the GR period (e.g., Sull et al. 2022; Fuller and Kerr 2022). We begin with descriptive evidence to visualize the impact of the GR on the audit profession. Figure 1 depicts the total annual count of auditor exits from 2016 to 2023, along with the counts for associates and senior associates. All three groups exhibit broadly similar trends over time. The number of auditor exits jumps sharply in 2021, the GR period (BLS 2022), relative to the prior years, and reverses back in 2022.

In Figure 2, we show the number of Glassdoor reviews posted by our sample firms' employees from 2016 to 2023.[10] As Glassdoor requires users to submit their reviews before accessing others' information, the volume of reviews serves as a useful proxy for planned and active job-seeking behavior. Review counts are flat until mid-2020 and climb steeply, peaking in early 2021. The timing of the peak is consistent with the exit spike shown in Figure 1, suggesting that auditors—like workers in other industries—were actively reassessing their employment options during the GR.

The clear patterns in Figure 1 and Figure 2 suggest that public accounting was not immune to the broader shock in the labor market during the GR. In the following sections, we focus on junior auditors in our analyses.

5.2 Junior Auditor Turnover around the Great Resignation

In Table 2, Panel A, we further validate the GR as a period of increased turnover in the audit profession. We present the regression results for Equation (1), which explores the link between the GR and the exits of junior auditors. Columns (1) and (2) present the results without and with the controlling variables, respectively. The coefficient for *GR* is positive and statistically

[10] For Glassdoor reviews, we cannot differentiate employees' ranks. As a result, we report the number of reviews by all employees.

significant at the 1% level in both columns, indicating a higher turnover rate of junior auditors during the GR period. Based on the results of Column (2), junior auditors are 6.7% more likely to leave during the GR period than other periods. Given the sample average exit rate of 14.6% (Table 1, Panel A), this represents a 45% increase. The estimated coefficients on the control variables are consistent with expectations. The positive, highly significant coefficient of *Sr Associate* indicates that senior associates are more likely to exit than associates. Junior auditors with graduate education or accounting degrees are more likely to leave their audit firms, suggesting that advanced qualifications may bring more external opportunities and broader career options. Female junior auditors exhibit a lower likelihood of exiting than their male counterparts, consistent with the finding of Chen et al. (2023).

In Table 2, Panel B, we explore whether the impact of GR varies with auditor demographics. We observe that female and minority auditors also have a significantly higher turnover rate during the GR. The sum of the coefficient of *GR* and the interaction term is positive and statistically significant for both Column (1) and Column (2). However, the negative and significant coefficients on the interaction terms *GR* × *Female* and *GR* × *Minority* suggest that these auditors are less likely to leave their employer than other junior auditors. [11]

Taken together, consistent with Figure 1, the regression results show that public-accounting firms experienced an abnormal spike in junior auditor turnover rate during the GR. This closely mirrors the increase in quit rates documented in manufacturing, technology, healthcare, and other sectors (Fuller and Kerr 2022; Sull et al. 2022; Gittleman 2022). This confirms that our empirical setting captures a bona-fide labor-market shock, which we explore to investigate how accounting

[11] Consistent with our finding, Chen et al. (2024) show that female auditors are more likely to stay with their employers during the post-2010 period. Different from the post-2010 period, Chen et al. find a higher turnover rate of female auditors for the pre-2010 period in their sample.

firms respond to an exogenous shock in labor market conditions and the effectiveness of their talent retention strategy.

5.3 Audit Firms' Strategic Responses to Junior Auditor Turnover and Consequences

5.3.1 Descriptive Statistics of the Cohort Sample

Table 3 reports the descriptive statistics for each cohort (2016 – 2021) of our cohort-based sample. We track each cohort for four years, except for the 2021 cohort, for which we can only track three years due to data limitations. Column (4) reports the number of junior auditors at the beginning of each year that we track for each cohort. The beginning size of the five cohorts range from 9,132 to 10,766. Columns (5) and (6) report the share of junior auditors that are female and minority, respectively. Across all six cohorts, there are initially more male than female auditors. The proportion of female auditors starts at 42% to 44% and gradually increases over time. By the end of the fourth year, this proportion rises to 43% to 46%, suggesting that female junior auditors have a relatively lower turnover rate compared to their male counterparts. Columns (7) to (16) report annual promotion rates (from associate to senior associate), annual exit rates, and cumulative exit rates, with additional breakdowns by gender and ethnicity.

A few key patterns to note. First, junior auditor turnover remains persistently high: nearly 10% of new auditors exit by the end of their first year, and about 50% leave their firms by the end of their third year. Second, most promotions to senior associate occur during the second and third years, while the rate is low during the first year (ranging from 2% to 6% across cohorts). Of particular importance for our paper, the second-year promotion rate for the 2020 cohort is significantly higher than in previous cohorts, reaching 43%. This supports our conjecture that accounting firms increased their reliance on early promotions to address the increased turnover rate of junior auditors.

5.3.2 Strategic Early Promotion and Subsequent Turnover

Table 4 displays the regression results from estimating Equation (2) for all junior auditors from the 2016 to 2020 cohorts (i.e., those entering the profession from 2016 to 2020).[12] The positive and significant coefficient on *Cohort 2020* indicates that auditors in this cohort experience a significantly higher chance of early promotion than those in other cohorts. Specifically, Column (2) suggests that auditors in the 2020 cohort were 14.6% more likely to be promoted in their second year than auditors in other cohorts. This finding is in line with our conjecture that audit firms strategically accelerated promotions of junior auditors to counter the heightened turnover rate of junior auditors during the GR. Notably, the results indicate that female auditors and those with a graduate or accounting degree are more likely to be promoted in their second year, whereas junior auditors from minority backgrounds are less likely to receive early promotion.

We then examine the third-year exit rate of the 2020 cohort relative to those of the control cohorts. We estimate Equation (2) for a sample covering all the junior auditors from cohorts 2016 - 2020 who have not exited their employer by the end of the second year. Table 5 presents the results with an estimated coefficient of -0.086 for *Cohort 2020* (Column 2), statistically significant at the 1% level. This coefficient indicates that cohort 2020's third-year attrition rate was 8.6% lower than that of other cohorts, potentially due to early promotion or other retention strategies effectively reducing turnover among junior auditors. We do not attribute the lower third-year turnover rate to the early promotion strategy changes, as we cannot observe and measure the full range of retention strategies audit firms employed during the GR, nor account for potential economic changes in 2022. In later sections, we conduct tests that contextualize the third-year exit

[12] We end the sample with cohort 2020 as including the 2021 cohort in the control group could affect the results if the effects of heightened turnover persist beyond one period. Table 6 incorporates the 2021 cohort and provides separate estimates for 2020 and 2021 cohorts.

rate and offer further interpretation.

To assess whether the adjustment in the audit firms' early promotion strategy is temporary or a more structural shift, we extend the sample by including cohort 2021 (i.e., auditors who entered the profession in the fiscal year 2021). Table 6 presents the results of the early promotion and their-year exit tests using the extended sample, including indicators for the 2020 and 2021 cohorts separately. Column (1) shows that while the 2021 cohort also experienced an increase in the early promotion rate, the magnitude is much lower than that of the 2020 cohort, suggesting that audit firms have at least scaled back this strategy. Column (2) reports a negative and statistically significant coefficient for *Cohort 2020* regarding third-year separation. However, we find no evidence that the 2021 cohort experienced a lower third-year exit rate than cohorts 2016-2019.

5.3.3 Strategic Early Promotion and Labor Market Concentration

Local labor market structure may influence how audit firms respond to heightened turnover during GR. It is unclear how audit offices operating in concentrated labor markets would react to the disruption during GR. On one hand, audit offices in concentrated markets, where auditors have fewer job options, may invest less in retention mechanisms, instead relying on limited worker mobility to maintain staffing (Aobdia et al. 2024; Azar et al. 2020). However, on the other hand, firms in concentrated markets may be forced to adopt more aggressive retention strategies during heightened voluntary turnover due to prior underinvestment in employee retention. For example, Abodia et al. (2024) provide evidence that audit offices in more concentrated labor markets demand higher skill requirements and more effort from audit employees, but do not provide higher salaries.

To examine whether labor market concentration moderates the use of early promotion strategies, we construct several measures of local market concentration based on auditor job

postings. For each MSA and year, we calculate a Herfindahl-Hirschman Index (HHI), defined as the sum of the squared market shares of audit offices, where market share is measured by the proportion of auditor job postings in a given MSA-year. For the ease of interpretation, we take the decile ranks of the original HHI value and further scale it between 0 and 1, with higher values indicating greater labor market concentration. We construct four HHI measures: (1) *HHI_A* is based on the full set of job postings by all audit firms; (2) *HHI4_A* only focuses on the market shares of the top 4 audit firms' offices relative to the full set of auditor job postings in a given MSA-year; (3) *HHI_S* restricts the MSA-year market to the offices of the 25 firms in our sample and calculates job posting shares relative to this market of 25 firms; and (4) *HHI4_S* centers on the market shares of the top 4 audit firms' offices compared to the MSA-year job postings from our sample firms. Using both sample-based and full-market measures ensures that our results are not driven by sample coverage and that they capture broader labor market dynamics. At the same time, HHI versions based on the top 4 firms allow us to capture both the concentration among dominant firms and broader market concentration across all employers.

We first re-estimate Equation (2), adding an interaction term between the indicator *Cohort2020* and a labor market concentration measure[13]. Table 7, Panel A presents the results. Across all four measures of HHI, we find that audit offices in more concentrated labor markets are more likely to adopt early promotion strategies during labor market disruptions. The positive and significant interaction coefficients suggest that offices in high-concentration markets, despite historically enjoying higher labor market power, implemented early promotion practices more intensively during the period of heightened junior auditor turnover.

[13] We restrict the analysis to audit offices with at least 30 job postings and check in untabulated tests the robustness of the results when lowering the cutoff to 20 or 10 postings per audit office.

Similarly, we estimate the moderating role of labor market concentration in third-year exit rate by adding HHI interaction terms to Equation (3). Table 7, Panel B shows higher third-year separation rate for cohort 2020 in more concentrated labor markets. This might indicate that audit offices that were historically less reliant on retention efforts were particularly vulnerable to the increased workers' separation during the GR, prompting more aggressive strategic adjustments yet experiencing higher attrition rate of the junior auditors (at least in the short term).

5.4 Early Promotion and Auditor Retention

Having documented broader cohort-level trends in promotion and turnover, we next examine the association between early promotion and auditors' exit by comparing the exit patterns between early-promoted (i.e., promoted in year two) and non-early-promoted junior auditors. If early promotion helps retain junior auditors, early promoted junior auditors should have a lower turnover rate than those who did not get early promotion.

Table 8 presents the regression results for Equation (4). Columns (1) to (3) present the results when the dependent variable is *Tenure*—the number of years a junior auditor remains with her employer within three years of joining the firm. Since only auditors with tenure greater than one year can be promoted in year two, the sample used for the results in Columns (1) to (3) includes all junior auditors who remained with their employer by the end of their first year. The results show a positive and significant association between promotion and tenure for both second-year and third-year promotions. Column (4) reports the regression results of regressing *Leave_Yr2* on *Promote_Yr2*. Consistent with the results in Columns (1) and (3), the coefficient on *Promote_Yr2* is negative and significant at the 1% level (−0.308), indicating that auditors promoted in the second year are about 31% less likely to exit by the end of year two than those who do not get promoted

in that year. Across the first four specifications, we find that early promotion (promotion in year two) is positively associated with junior auditor retention.

To understand whether early promotion, in addition to causing a short-term delay in auditor separations, is associated with a lower separation rate in the third year, we regress *Leave_Yr3* on *Promote_Yr2* and report the results in Column (5). Since we focus on junior auditors' turnover in the third year, we restrict the sample to all junior auditors who remained with their employer through the end of their second year. The results show that early promotion is associated with a significantly higher likelihood of exit in the third year, implying that while early promotion may initially delay turnover, it ultimately enhances auditors' external marketability, resulting in a higher turnover rate in year three. Therefore, firms face a trade-off in using promotion during. While early promotion helps retention in the short term, it delays but does not prevent junior auditors' turnover even in the short term (within two years). This finding is consistent with the literature in labor economics on job assignment with asymmetric learning (Milgrom and Oster 1987; Costa 1988; Bernhardt and Scoones 1993). This literature provides theoretical evidence that promotions, visible through workers' CVs, signal to other firms that the workers are potentially valuable managers, thereby increasing turnover.

We then test whether increased turnover poses additional challenges in this trade-off related to early promotion, given our findings of greater reliance on the early promotion strategy by audit firms during this period. The results in Table 9 include the interactions between *Promote_Yr2* and *Promote_Yr3* with an indicator for cohort 2020, *Cohort2020*. Two key points are worth noting. First, we consistently observe a positive effect of promotion on tenure and a negative effect on turnover in the second year, indicated by the positive coefficients on Promote_Yr2 in Columns (1) and (3), and the negative coefficient on *Promote_Yr2* in Column (4).

Second, and more interestingly, we find that the coefficient on the interaction term between *Promote_Yr2* and *Cohort2020* is negative and statistically significant in Column (3) and is positive and statistically significant in Column (5), suggesting that early promotions incrementally facilitate junior auditors' exit in year three during the GR. Moreover, the short-term effect of delaying junior auditors' exits is reduced for the GR cohort.

5.5 Early Promotion and Destination Industries

We next turn to the career trajectories of junior auditors who exit their employer. In particular, we focus on how early promotion affects junior auditors' choice of a career transition into corporate accounting. Transitions from public accounting into corporate accounting roles are a well-established career path for auditors, particularly after gaining two to three years of experience. These moves typically involve auditors shifting into internal audit, controllership, or financial reporting roles within corporations, leveraging their expertise in financial statement preparation, compliance, and internal controls (e.g., Choi et al. 2025; Yang 2024). Corporate accounting positions are often perceived to offer attractive benefits compared to public accounting, including more predictable work hours, reduced travel, and competitive compensation. As the demand for qualified accountants and internal auditors has intensified in recent years (AICPA 2023; Comunale et al. 2023), such roles have become increasingly appealing exit options for junior auditors seeking better work-life balance without leaving the profession entirely.

Exit destinations are categorized into public accounting (Big 4 and Non-Big 4 firms), corporate accounting, financial consulting, technology, and other fields, following the classification in Choi et al. (2025).[14] We first describe the exit patterns across different destination

[14] We define each industry destination as follows: (1) Big 4 includes the top four accounting firms; (2) Non-Big 4 includes public accounting firms with NAICS codes beginning with 5412, excluding the Big 4; (3) Corporate Accounting includes roles with SOC codes 13-2011.00 (Accountants and Auditors), 13-2082.00 (Tax Preparers), 43-3031.00 (Bookkeeping, Accounting, and Auditing Clerks), and 43-4141.00 (New Accounts Clerks), outside of public

industries based on third-year leavers in Figure 3. Several trends are worth noting. First, corporate accounting emerges as the dominant exit path during the GR, particularly among early-promoted leavers, with around 50% of the 2020 and 2021 cohorts transitioning into corporate roles. Second, we observe a steady decline in exits into the technology sector over the sample period, suggesting a shift away from tech opportunities that were more prevalent earlier in the decade. Third, lateral moves into Non-Big 4 public accounting firms remain relatively low and stable across cohorts, with moves to Big 4 firms experiencing more pronounced fluctuation. Collectively, these patterns broadly suggest that while some auditors continue within public accounting, the majority of mobility trends involve transitioning into corporate roles rather than into consulting or technology sectors.

To examine how early promotion is associated with junior auditors' choice of a career transition into corporate accounting, we use the following OLS model:

$$\begin{aligned} CorpAcct_{i,c} &= \beta_0 + \beta_1 Promote\_Yr2_{i,c} + \beta_2 Cohort\ 20\&21 \\ &+ \beta_3 Promote\_Yr2_{i,c} \times Cohort\ 20\&21 \\ &+ \lambda\, Controls + Firm\ FE + e_{i,c}, \end{aligned} \quad (5)$$

where the dependent variable $CorpAcct_{i,c}$ equals 1 if auditor i of cohort c takes a corporate accounting job after leaving her audit job in the third year, and 0 otherwise. The indicator variable *Cohort 20&21* equals 1 if auditor *i* belongs to the 2020 or 2021 cohort, and 0 otherwise. We include the same set of control variables as before and control for audit firm fixed effects.[15]

accounting; (4) Financial Consulting includes non-auditing roles in industries with NAICS codes starting with 52 (Finance and Insurance) or 5416 (Management, Scientific, and Technical Consulting Services); (5) Tech includes non-auditing roles in industries with NAICS codes 51 (Information), 5415 (Computer Systems Design and Related Services), or 5417 (Scientific Research and Development Services); and (6) all remaining exits are classified under Other.

[15] Because this analysis focuses only on Year 3 leavers—a more selected and substantially smaller sample relative to our main analyses—we limit fixed effects to the firm level to preserve statistical power.

Table 10 reports the results. We find that early-promoted junior auditors who exited in the third year were significantly more likely to move into corporate accounting roles—the coefficient on *Promote_Yr2* is positive and significant. Moreover, the interaction term for *Promote_Yr2* and *Cohort 20&21* is positive and significant, indicating an increased movement of junior auditors to the corporate accounting industry during the heightened turnover period marked by the GR.

These results suggest that while early promotion can enhance auditors' external mobility—particularly into corporate accounting roles—as audit-trained talent becomes increasingly attractive to corporate employers in tight labor markets. Importantly, although early promotion appears to increase exits from public accounting, our findings suggest that the majority of these auditors remain within the accounting profession.

5.6 Additional Descriptive Evidence: Early Promotion Patterns

To provide additional context for our main findings, we extend our descriptive analysis to earlier cohorts of junior auditors, tracking promotion and exit patterns beginning with the 2010 cohort. While our main analyses focus on cohorts entering from 2016 onward—when LinkedIn coverage became substantially more representative following Microsoft's acquisition—we use these earlier cohorts to visually explore the association between early promotion and exit rates more generally (outside the context of the GR).[18]

Figure 4 plots second-year promotion rates and third-year exit rates for auditor cohorts from 2010 to 2021. Several patterns are worth noting. First, although the sample size is smaller for earlier cohorts, we observe that cohorts with increases in second-year promotion rates also have

[18] As noted earlier, we focus on post-2016 cohorts for the main analyses due to data quality considerations. Representative coverage is particularly important because our outcomes—promotions and exits—require capturing dynamic career transitions rather than static employment characteristics. Restricting the analysis to these cohorts minimizes concerns about sample size fluctuations resulting from changes in data coverage. Extending the analysis to earlier cohorts could also introduce confounding factors, as turnover patterns may reflect broader shifts in labor markets, economic cycles, or industry practices. Accordingly, we base our main tests on post-2016 cohorts, treating earlier patterns as descriptive and interpreting them with caution.

lower third-year exits. This pattern suggests that audit firms may have historically used accelerated promotion as a tool to stabilize staffing, even outside of major labor market shocks like the GR.

Second, while the spike in turnover during the GR period is notably larger than prior fluctuations, the descriptive trends are broadly consistent with our main findings: early promotion is associated with lower third-year exit. This might indicate that audit firms rely on this strategy to manage workforce stability. However, we caution that LinkedIn coverage is thinner for cohorts prior to 2016, thus our descriptive evidence should be interpreted with caution.

Finally, it is important to note that voluntary turnover has historically accounted for the majority of junior auditor exits, consistent with industry patterns of high attrition at the associate and senior associate levels. Thus, even though we cannot directly distinguish voluntary exits from involuntary ones in earlier cohorts, it is reasonable to view the exit patterns we observe as largely reflecting voluntary career moves.

6. Conclusion

Retention of human capital is fundamental to the audit profession, where professional judgment and skepticism are crucial to audit quality and the integrity of financial reporting. Despite this critical dependency, there is limited empirical evidence on how audit firms respond to heightened turnover pressures and the consequences of their strategic responses for talent retention and career mobility.

Using the Great Resignation as a quasi-exogenous shock to audit labor markets, we document a significant spike in turnover among junior auditors. In response, audit firms accelerated promotion timelines, particularly in more concentrated audit labor markets where historical underinvestment in retention mechanisms may have left firms especially vulnerable. Although these strategies provided some short-term stability, our findings reveal that early

promotion ultimately delays but does not prevent auditor turnover, likely by strengthening external marketability. Importantly, however, many early-promoted auditors who left public accounting transitioned into corporate accounting roles, preserving their specialized skills within the broader profession. Thus, while audit firms face continued staffing pressures, much of the talent remains within the accounting ecosystem, offering a somewhat encouraging outcome for the sustainability of the accounting workforce.

Overall, our results highlight the complex and sometimes unintended consequences of workforce strategies adopted during periods of labor market disruption. Traditional tools like accelerated promotion may provide short-term retention gains but ultimately facilitate greater external mobility, underscoring the need for audit firms to rethink talent management models when responding to labor market shocks. Ensuring a sustainable talent pipeline remains a central challenge for the profession—and one that may require more fundamental shifts beyond simply adjusting promotion timelines.

References

Abramova, I., 2024. Labor Supply and M&A in the Audit Market. *Journal of Accounting and Economics*, p.101700.

Advisory Committee on the Auditing Profession (ACAP). 2008. Final Report. Available at: tacap/docs/final-report.pdf.

Ahn, J., Hoitash, R., Hoitash, U. and Krause, E., 2024. Labor Supply Drought: The Case of Accountant Talent Shortage and Audit Outcomes. *Available at SSRN 4792026*.

AICPA. 2023. *2023 Trends: A Report on Accounting Education, the CPA Exam and Public Accounting Firms' Hiring of Recent Graduates*. American Institute of CPAs. Available at: https://www.aicpa-cima.com/resources/download/2023-trends-report.

AICPA 2023. Pool of Accounting Graduates Continues to Shrink in U.S., AICPA Report Finds. (October 12) Available at: https://www.aicpa-cima.com/news/article/pool-of-accounting-graduates-continues-to-shrink-in-u-s-aicpa-report-finds.

Allen, P., Bryant, C., Vardaman, J.M., 2010. Retaining Talent: Replacing Misconceptions With Evidence-Based Strategies. Academy of Management Perspectives 24 (2), 48-64

Akerlof, G.A., Rose, A.K., Yellen, J.L., Ball, L., Hall, R.E., 1988. Job Switching and Job Satisfaction in the U.S. *Labor Market. Brookings Papers on Economic Activity* 2, 495-594.

Aobdia, D., Choudhary, P. and Newberger, N., 2024. The economics of audit production: What matters for audit quality? An empirical analysis of the role of midlevel managers within the audit firm. *The Accounting Review*, *99*(2), pp.1-29.

Armitage, J., 2014. The experience requirements for CPA licensure. The CPA Journal, [online] February, pp.61–67. Available at: https://www.nysscpa.org/news/publications/the-cpa-journal/article-preview?ArticleID=11448#sthash.8RhoYjA9.dpbs [Accessed 7 December 2024].

Azar, J., Marinescu, I., Steinbaum, M. 2019. Measuring Labor Market Power Two Ways. AEA Papers and Proceedings 109, 317–21.

Azar, J., Marinescu, I., Steinbaum, M. and Taska, B., 2020. Concentration in US labor markets: Evidence from online vacancy data. *Labour Economics*, *66*, p.101886.

Bagga, S., Mann, L., Sahin, A. and Violante, G.L., 2023. Job amenity shocks and labor reallocation. *Working paper*, 23 November.

Baker, G., Gibbs, M. and Holmstrom, B., 1994. The internal economics of the firm: Evidence from personnel data. *The Quarterly Journal of Economics*, *109*(4), pp.881-919.

Beck MJ, Francis JR, Gunn JL (2018). Public company audits and city-specific labor characteristics. *Contemporary Accounting Res*earch, 35(1):394–433.

Benmelech, E., Bergman, N.K. and Kim, H., 2022. Strong employers and weak employees: How does employer concentration affect wages?. *Journal of Human Resources*, *57*(S), pp.S200-S250.

Berger, David, Kyle Herkenhoff, and Simon Mongey. "Labor market power." *American Economic Review* 112, no. 4 (2022): 1147-1193.

Bernhardt, D., 1995. Strategic Promotion and Compensation. Review of Economic Studies 62, 315-339.

Bidwell, M. and Keller, J.R., 2014. Within or without? How firms combine internal and external labor markets to fill jobs. *Academy of Management Journal*, *57*(4), pp.1035-1055.

Bidwell, M. and Keller, J.R., 2025. Stepping sideways to step up: Lateral mobility and career advancement inside organizations. *Management Science*, *71*(1), pp.240-261.

BLS, 2022. The employment situation – December 2021. *Available at: https://www.bls.gov/news.release/archives/empsit_01072022.pdf*.

Boal, W.M. and Ransom, M.R., 1997. Monopsony in the labor market. *Journal of economic literature*, *35*(1), pp.86-112.

Brignall, M., 2021. The Great Resignation': almost one in four UK workers planning job change. *The Guardian* (November1). Available at: https://www.theguardian.com/money/2021/nov/01/the-great-resignation-almost-one-in-four-workers-planning-job-change

Buchheit, S., Dalton, D.W., Harp, N.L., Hollingsworth, C.W., 2016. A Contemporary Analysis of Accounting Professionals' Work-Life Balance. *Accounting Horizons*, 30 (1), 41–62. https://doi.org/10.2308/acch-51262

Burke, J.A. and Polimeni, R.S., 2023. The Accounting Profession Is in Crisis. *CPA Journal*, *93*.

Chan, M., Slgado, S., Xu, M., 2023. Heterogeneous passthrough from tfp to wages. *SSRN Working paper*.

Chen, J., Hallman, N. and Sunder, J., 2023. The Retention and Promotion of Female Auditors at Big-4 Accounting Firms. *Available at SSRN 4678211*.

Choi, B.-G., Choi, J.H., McNichols, M. and Zhou, F. (2025). The Market for Accountants. *Working paper*.

Comunale, C. L., Irving, J. H., and Trainor, J. E. 2023. The accounting pipeline. *The CPA Journal*, November, 22–25. Available at: https://www.cpajournal.com/2023/11/22/the-accounting-pipeline/ [Accessed 26 April 2025].

Conway, R., 2015. *Robert Conway's Supplemental Response to the PCAOB's Request for Public Comment on the PCAOB's Concept Release on Audit Quality Indicators* [online].

Dai, R.D., Tan, Q., Martin, X. and Li, Y., 2024. The Economic Implications of Accounting Pipeline Shortages on Audit Market. *Available at SSRN 4890523*.

DeOrtentiis, P.S., Van Iddekinge, C.H., Ployhart, R.E. and Heetderks, T.D., 2018. Build or buy? The individual and unit-level performance of internally versus externally selected managers over time. *Journal of Applied Psychology*, *103*(8), p.916.

Depew, B. and Sørensen, T.A., 2013. The elasticity of labor supply to the firm over the business cycle. *Labour Economics*, *24*, pp.196-204.

De Smet, A., Dowling, B., Hancock, B. and Schaninger, B., 2022. The Great Attrition is making hiring harder. Are you searching the right talent pools. *McKinsey Quarterly*, *58*, pp.1-13.

Downar, B., J. Ernstberger, and C. Koch. 2021. Who makes partner in Big 4 audit firms? – Evidence from Germany. *Accounting, Organizations and Society*, 91: 1-19.

Ellis, L. 2022. Why So Many Accountants Are Quitting. *The Wall Street Journal*.

Ellis, L., Overberg, P. 2023. Why No One's Going Into Accounting. *The Wall Street Journal*.

Eshleman, J. D., and P. Guo. 2014. Do Big 4 auditors provide higher audit quality after controlling for the endogenous choice of auditor? *Auditing: A Journal of Practice & Theory*, 33 (4): 197- 219.

Faccini, R., Melosi, L. and Miles, R., 2022. The effects of the "Great Resignation" on labor market slack and inflation. *Chicago Fed Letter*, *465*, pp.1-7.

Fuller, J. and Kerr, W., 2022. The Great Resignation Didn't Start with the Pandemic. 2022. *Harvard Business Review*.

Gao, J., Merkley, KJ, Pacelli, J., & Schroeder, JH (2023). Do internal control weaknesses affect firms' demand for accounting skills? Evidence from US job postings. *The Accounting Review*, 98 (3) , 203 -228.

Gerakos, J. and Syverson, C., 2015. Competition in the audit market: Policy implications. *Journal of Accounting Research*, *53*(4), pp.725-775.

Gittleman, M., 2022. The "great resignation" in perspective. *Monthly Labor Review*.

Ham, C., Hann, R.N., Rabier, M. and Wang, W., 2024. Auditor skill demands and audit quality: Evidence from job postings. *Management Science, Forthcoming.*

Hann, R.N., Yang, J. and Zheng, Y., 2024. The Price of an Accountant Shortage: Evidence from Job Vacancy Duration and Internal Control Weaknesses. *Available at SSRN 4695588*.

Hay, D. C., and W. R. Knechel. 2017. Meta-regression in auditing research: Evaluating the evidence on the Big 4 audit firm premium. *Auditing: A Journal of Practice and Theory*, 36 (2): 133-159.

Hoopes, J.L., Merkley, K.J., Pacelli, J. and Schroeder, J.H., 2018. Audit personnel salaries and audit quality. *Review of Accounting Studies*, 23, pp.1096-1136.

Johnson, S. and B. Pike. 2018. Employee retention: The state of engagement in public accounting firms and why it matters. *The CPA Journal*, 88(12):64-66.

Kali, R., Liu, A.Y., 2024. Labor market power and worker turnover. *European Economic Review* 163, 104701.

Kim, P. & Horowitz, J.M., 2022. *Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected.* Pew Research Center. Available at: https://www.pewresearch.org/short-reads/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/ (Accessed: 26 October 2024).

Lee, G., Naiker, V. and Stewart, C.R., 2022. Audit office labor market proximity and audit quality. *The Accounting Review*, *97*(2), pp.317-347.

Lilley, A. Poll Results: Retention Effectiveness Strategies for CPA Firms (May 2, 2023). Availabe at: https://rosenbergassoc.com/poll-results-retention-effectiveness-strategies-for-cpa-firms.

Macaluso, C., Hershbein, B. and Yeh, C., 2019. Concentration in US local labor markets: evidence from vacancy and employment data. In *2019 Meeting Papers* (No. 1336). Society for Economic Dynamics.

Maestas, N., Mullen, K.J., Powell, D., Von Wachter, T. and Wenger, J.B., 2023. The value of working conditions in the United States and implications for the structure of wages. *American Economic Review*, *113*(7), pp.2007-2047.

Manning, A., 2003. Monopsony in Motion: Imperfect Competition in Labor Markets. Princeton University Press.

Marcellus, S. 2021. War for talent has never 'been more intense': PwC. *Yahoo! Finance*.

Ma, T., Wan, C., Wang, Y. and Zhao, Y., 2024. Individual Auditor Turnover and Audit Quality–Large Sample Evidence from US Audit Offices. *The Accounting Review, Forthcoming.*

Maurer, M., 2023. Job Security Isn't Enough to Keep Many Accountants From Quitting. *The Wall Street Journal.*

Meiselbach, M. and Eisenberg, M.D., 2023. Labor Market Concentration and Employee Health Benefits. *Available at SSRN 4499203*.

Moritz, B., 2014. The U.S. Chairman of PwC on keeping millennials engaged. *Harvard Business Review*, [online] 1 November. Available at: https://hbr.org/2014/11/the-us-chairman-of-pwc-on-keeping-millennials-engaged [Accessed 7 December 2024].

Moscarini, G. and Postel-Vinay, F., 2017. The relative power of employment-to-employment reallocation and unemployment exits in predicting wage growth. *American Economic Review*, *107*(5), pp.364-368.

Nouri H. and R. J. Parker. 2020. Turnover in public accounting firms: A literature review. *Managerial Auditing Journal* 35(2): 294-321.

Penn, R. and Nezamis, E., 2022, Job openings and quits reach record highs in 2021, layoffs and discharges fall to record lows, Monthly Labor Review, U.S. Bureau of Labor Statistics, https://doi.org/10.21916/mlr.2022.17.

Robinson, J., 1969. *The economics of imperfect competition*. Springer.

Rosenberg, M., 2016. CPA firm staff: managing your #1 asset. The Rosenberg Associates Ltd. Available at: https://rosenbergassoc.com/shop/cpa-firm-staff-managing-your-1-asset/

Schmalz, Martin C., Talent "Pipeline," Audit Quality, and Other Research Topics of Interest (October 6, 2023). Available at SSRN: https://ssrn.com/abstract=4754836 or http://dx.doi.org/10.2139/ssrn.4754836.

Sull, D., Sull, C. and Zweig, B., 2022. Toxic culture is driving the great resignation. *MIT Sloan Management Review*.

The CPA Journal. (2020) 'ICYMI | Employee Retention: The State of Engagement in Public Accounting Firms and Why It Matters'. *The CPA Journal*, 16 January. Available at: https://www.cpajournal.com/2020/01/16/employee-retention-the-state-of-engagement-in-public-accounting-firms-and-why-it-matters/ (Accessed: 26 October 2024).

Trapnell, J., Mezzio, S., Dugan, M., Dawkins, M. 2023. Accounting Education Disrupted: Transforming to Face a Challenging Future. *The CPA Journal*.

Yang, J., 2024. Labor Market Returns to Audit Experience: Leaps and Bounds or Snail's Pace. *Working paper*.

U.S. Bureau of Labor Statistics (2022) "Job Openings and Labor Turnover - January 2022". *Monthly Labor Review*, January.

Waldman, M., 1990. Up-or-Out Contracts: A Signaling Perspective. Journal of Labor Economics 8 (2).

Woods, T., Nguyen, D., Schneider, D. and Harknett, K., 2024. Labor market pathways to job quality mobility in the service sector: Evidence from the "Great Resignation". Research in Social Stratification *and Mobility*, *92*, p.100962.

Appendix A: Variable Definitions

Outcome Variables	
Leave	An indicator variable equal to 1 if an auditor leaves the firm, otherwise 0.
Auditor No. (Year Start)	The total number of auditors of the cohort at the beginning of the year.
Female (%)	The proportion of females within a cohort in a given year.
Minority (%)	The proportion of individuals from minority groups within a cohort in a given year, where minorities are defined as those of Black, African American, or Hispanic descent.
Ann. Exit	The number of exits from a cohort each year.
Promotion (%)	The promotion rate of a cohort in the year.
Annual Exit (%)	The exit rate of a cohort in the year.
Cumulative Exit (%)	The cumulative exit rate of a cohort up to a year.
Promote_Yr2	An indicator variable equal to 1 if an associate auditor is promoted to senior associate in his/her second year, otherwise 0.
Leave_Yr2	An indicator variable equal to 1 if a junior auditor leaves the firm in her second year, otherwise 0.
Leave_Yr3	An indicator variable equal to 1 if a junior auditor leaves the firm in her third year, otherwise 0.
Tenure	Auditors' years of service at the current audit firm, coded as 1 if the auditor leaves in Year 2, 2 if the auditor leaves in Year 3, and 3 if the auditor remains through the end of Year 3.
CorpAcct	An indicator variable equal to 1 if the auditor's next role is in corporate accounting, defined as positions with SOC codes 13-2011.00 (Accountants and Auditors), 13-2082.00 (Tax Preparers), 43-3031.00 (Bookkeeping, Accounting, and Auditing Clerks), or 43-4141.00 (New Accounts Clerks), outside the public accounting industry; 0 otherwise.
Independent Variables	
Cohort2020	An indicator variable equal to 1 if an auditor joins the firm in the fiscal year 2020 (2020 July 1 to 2021 June 30), otherwise 0. We align audit firms' fiscal years to be consistent with their typical hiring cycle.
Cohort2021	An indicator variable equal to 1 if an auditor joins the firm in the fiscal year 2021 (2021 July 1 to 2022 June 30), otherwise 0. We align audit firms' fiscal years to be consistent with their typical hiring cycle.
Cohort20&21	An indicator variable equal to 1 if an auditor joins the firm in the fiscal year 2020 and 2021 (2020 July 1 to 2022 June 30), otherwise 0. We align audit firms' fiscal years to be consistent with their typical hiring cycle.
Promote_Yr3	An indicator variable equal to 1 if a junior auditor is promoted from Associate to Senior Associate in her third year, otherwise 0.
Control Variables and Cross-Sectional Variables	
GR	An indicator variable equal to 1 if it is the Great Resignation year 2021, otherwise 0.
Sr Associate	An indicator variable equal to 1 if an auditor is a senior associate, otherwise 0.
Grad Degree	An indicator variable equal to 1 if an auditor holds a master's degree or above, otherwise 0.

Acct Degree	An indicator variable equal to 1 if an auditor holds a bachelor's or master's degree in accounting, and 0 otherwise.
Miss Acct Degree	An indicator variable equal to 1 if an auditor does not disclose whether she holds a bachelor's or master's degree in accounting, and 0 otherwise.
Female	An indicator variable equal to 1 if the auditor is female, and 0 otherwise.
Minority	An indicator variable equal to 1 if an auditor is of Black, African American, or Hispanic descent, and 0 otherwise.
Unemp	Annual MSA-level seasonally adjusted unemployment rates (U.S. Bureau of Labor Statistics).
Trend	An integer to indicate the starting year of an auditor.
Cohort Dummy	An integer to indicate the cohort number.
HHI_A	The decile ranking of an audit office's labor market concentration in a given year, based on the Herfindahl-Hirschman Index (HHI), scaled from 0 to 1. The HHI is calculated at the MSA-year level based on the distribution of audit job postings (associate, senior associate, and manager positions) among all accounting firms operating in the MSA, not limited to the 25 firms in our sample.
HHI4_A	The decile ranking of an audit office's labor market concentration in a given year, based on the Herfindahl-Hirschman Index (HHI), scaled from 0 to 1. The HHI is calculated at the MSA-year level using only the top four firms (by audit job posting share for associate, senior associate, and manager positions) among all accounting firms operating in the MSA, not limited to the 25 firms in our sample.
HHI_S	The decile ranking of an audit office's labor market concentration in a given year, based on the Herfindahl-Hirschman Index (HHI), scaled from 0 to 1. The HHI is calculated at the MSA-year level based on the distribution of audit-related job postings (associate, senior associate, and manager positions) among the 25 accounting firms included in our sample. A higher value indicates greater concentration of hiring activity among the sampled firms.
HHI4_S	The decile ranking of an audit office's labor market concentration in a given year, based on its standardized Herfindahl-Hirschman Index (HHI), scaled from 0 to 1. The HHI is calculated at the MSA-year level using only the top four firms (by audit-related job posting share for associate, senior associate, and manager positions) among the 25 sample firms.

Appendix B: Methodology for Identifying Audit Positions

This appendix outlines the methodology used to identify audit positions based on the raw job titles reported by employees for each of their employments from Revelio.

Step 1: Exclusion of Temporary Positions

First, we excluded all temporary positions. These positions were identified using specific keywords, as detailed in the table below:

Keywords	Example Job Titles
summer, winter, intern	Audit Intern, Deloitte Summer Program, Summer Associate, Winter Analyst
temporary, temp_	Temporary Associate
seasonal	Seasonal Tax Associate
contract	Contractor, Independent Contractor
part-time, part time	Part-time Assistant, Part Time Assistant
co-op, co op, coop, cooperative	Audit Co-op, Co Op
incoming	Incoming Audit Associate
retire	Retired Partner

Step 2: Screening for Potential Audit Positions

After excluding temporary positions, we identified potential audit positions using the following keywords: *audit*, *assur*, and *attest*.

For users whose job titles do not contain these keywords, we applied an additional screening criterion. Specifically, if a job title includes one of the following designations—*associate*, *supervisor*, *manager*, *director*, *principal*, or *partner*—and the corresponding *role_k1500* classification (Revelio's proprietary job classification system) falls under one of the following categories: *audit*, *tax*, *gm*, *md*, *director*, *account*, *financial*, *finance*, or *analyst*, the individual is also classified as an auditor.

Step 3: Refining the Sample to Remove False Positives

To enhance the precision of the audit position classification, we implemented a two-step refinement process to exclude false positives from the initial screening.

3.1 Exclusion of Non-Audit Roles

This step removed non-audit roles that, while part of CPA firms' core functions, do not involve auditing responsibilities, such as positions in tax or consulting. Relevant keywords and example job titles used for exclusion are summarized below.

This step further refines the identification process by excluding non-audit roles that are part of CPA firms' core functions, such as tax and consulting positions. The keywords and example job titles for these roles are shown below:

Keywords	Example Job Titles
tax	Tax Associate, Senior Tax Associate
consultant, consulting, advisor	Associate Consultant, Business Consulting Manager, Advisory Associate

3.2 Exclusion of Supporting Roles

In this step, we excluded supporting positions within CPA firms that do not involve direct auditing responsibilities. These roles typically include legal professionals, IT specialists, and administrative staff.

Step 4: Manual Validation

To ensure the robustness of our classification, we conducted a final round of manual validation. Specifically, we reviewed over 80% of the auditors, prioritizing job titles by frequency in descending order. This manual review ensured adherence to our predefined classification criteria.

Acknowledgment of Limitations

We acknowledge that our methodology has inherent limitations, particularly in cases where job titles provide insufficient information (e.g., generic titles such as *manager*, *partner*, or *specialist*). In such instances, it is challenging to determine with certainty whether the individual is an auditor. However, these less specific job titles are more common at senior ranks, while our research primarily focuses on junior auditors. Therefore, the potential impact of these limitations on our findings is expected to be minimal.

Appendix C: Auditors Ranking Classifications

Revelio's algorithm provides a global seniority classification for positions; however, it is not specifically tailored to auditors in audit firms and often merges multiple levels into a single category. To address this limitation, we developed a customized ranking system based on the typical hierarchy used by audit firms.

Our ranking framework assigns each identified audit position to a specific seniority level, ranging from 1 to 6, corresponding to associates, senior associates, managers, senior managers, directors, and partners. While this classification system is effective for most levels, we acknowledge that its precision declines for senior positions such as managers and above. This is due to the general nature of job titles at higher levels, which tend to be less specific.

It is important to note that our primary focus is on junior auditors—specifically associates and senior associates—making the decreased accuracy at senior levels less critical. Below, we present the seniority levels and examples of job titles that fall into each category:

Ranking	Example of Job Titles
1	Audit Associate, Experienced Associate, Auditor
2	Senior Associate, Audit Senior, Audit Supervisor
3	Manager, Audit Manager, Assurance Manager
4	Audit Senior Manager, Sr. Manager
5	Director, Managing Director, Principal
6	Partner, Audit Partner

This ranking system ensures clarity and consistency when identifying auditors at varying levels of seniority within audit firms.

Figure 1. Junior Auditor Exit: 2016-2023

Figure 1 displays the total number of auditor departures from our sample audit firms over the period 2016–2023.

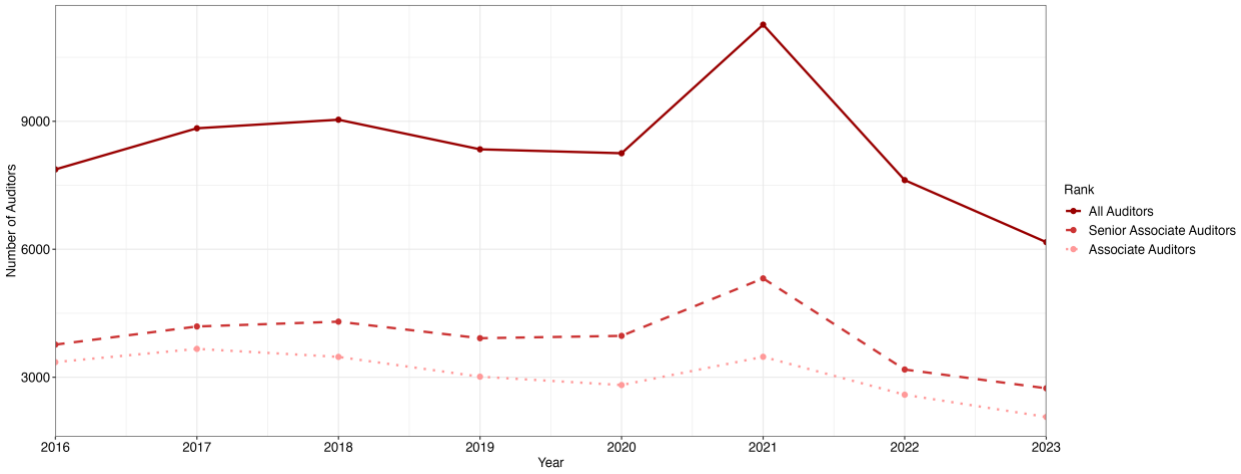


Figure 2. Glassdoor Reviews: 2016-2023

Figure 2 presents the monthly Glassdoor review counts submitted by employees of our sample audit firms from 2016 to 2023.

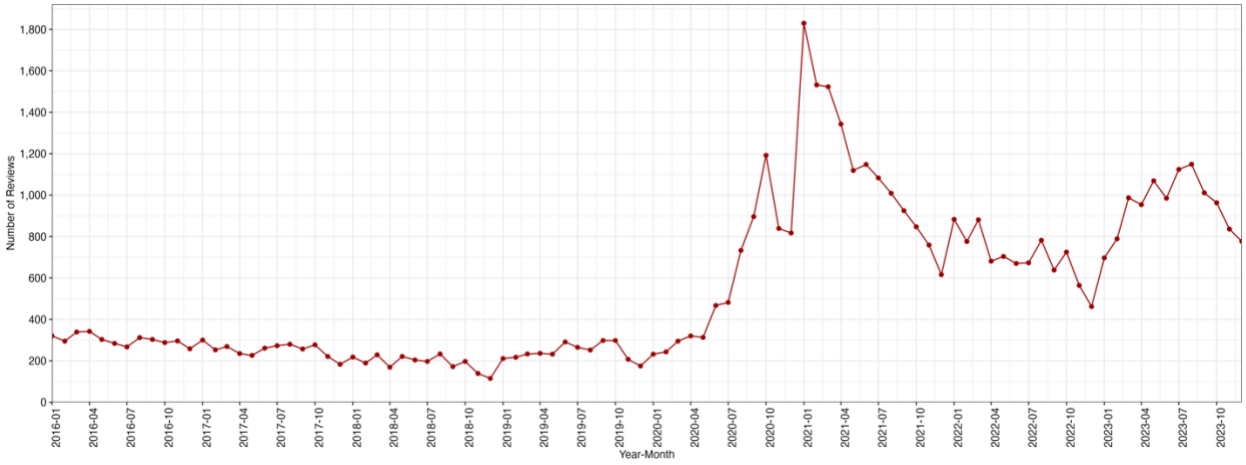
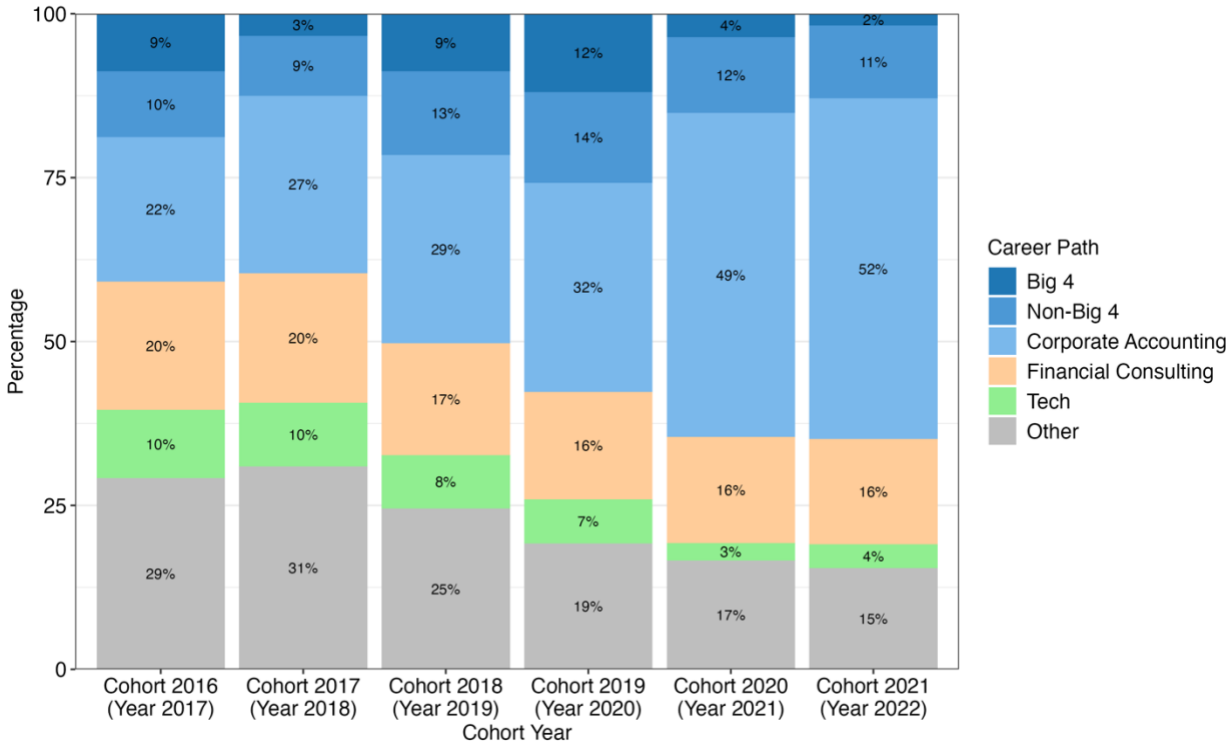


Figure 3. Exit Destinations of Junior Auditors by Cohort and Industry

Figure 3 plots the industry destinations of junior auditors who leave their firms in their third year. Panel A reports the destinations for auditors who received early promotion and Panel B does so for those who did not get an early promotion. Exit destinations are categorized into Big 4 firms, non-Big 4 firms, corporate accounting, financial consulting, technology, and other fields, following the classification in Choi et al. (2024).

Panel A: Destination Industries for Early-Promoted Senior Associates in Year 3



Panel B: Destination Industries for Non-Early-Promoted Senior Associates in Year 3

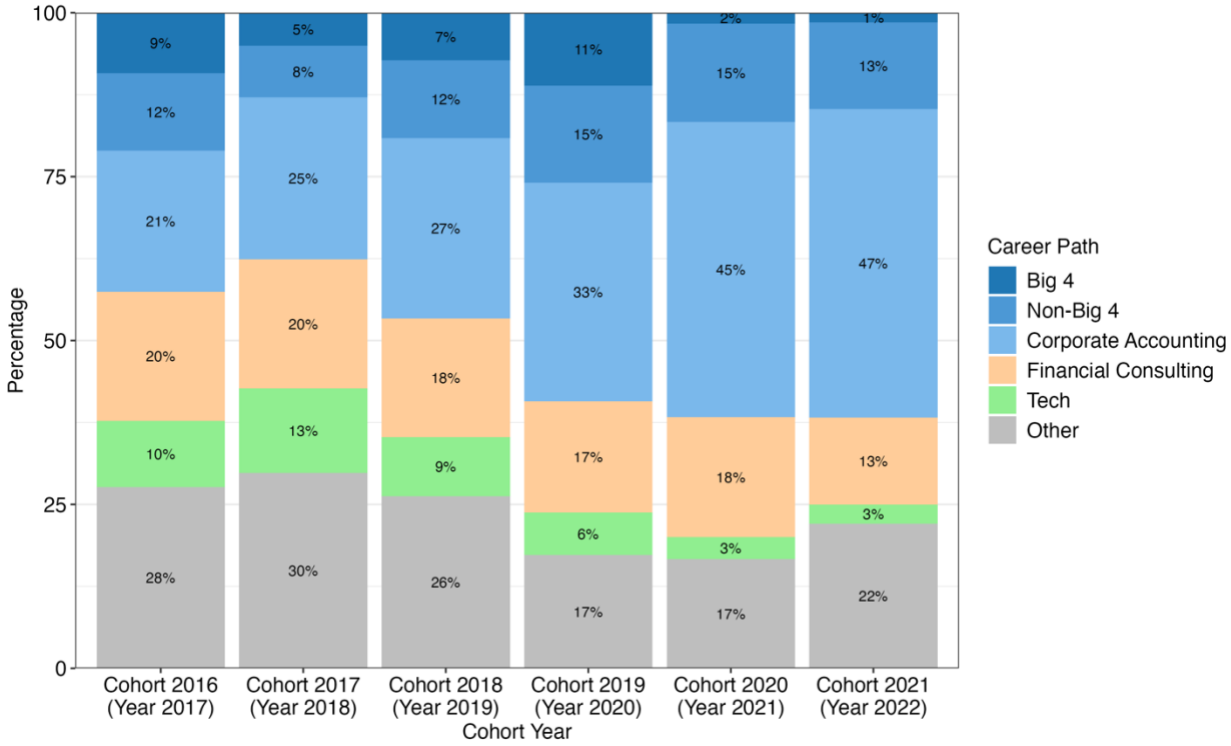
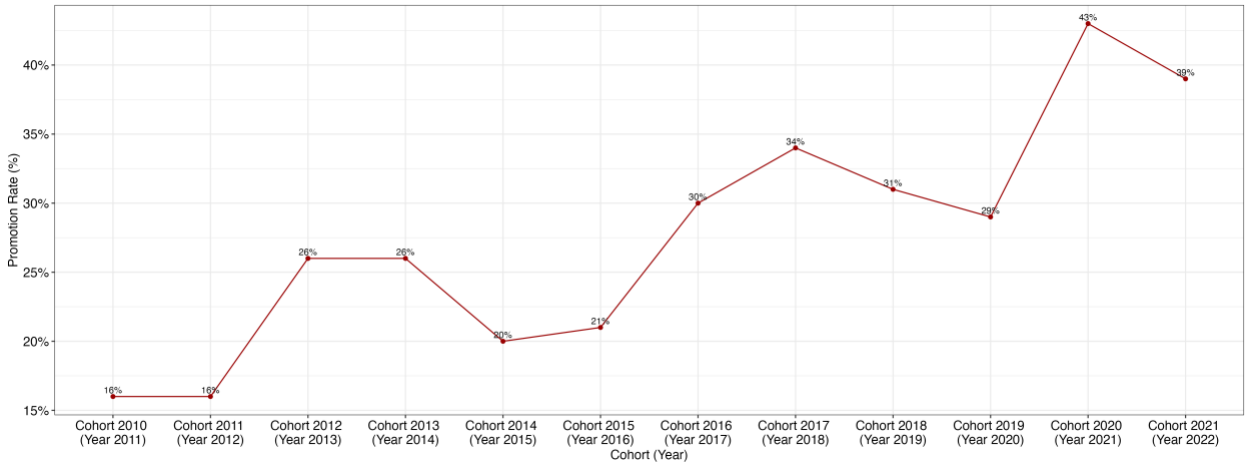


Figure 4. Promotion and Exit Rates of Junior Auditors by Cohorts

Figure 4 illustrates junior auditors' second-year promotion rate (promoted from associate to senior associate in the second year) and the third-year exit rate for the 2010-2021 cohorts. We define each cohort as individuals who enter the public accounting profession between July and the following June as associate auditors. Specifically, Panel A reports the second-year promotion rate, and Panel B shows the third-year exit rates for each cohort.

Panel A: Second-Year Promotion Rate by Cohort



Panel B: Third-Year Exit Rate by Cohort

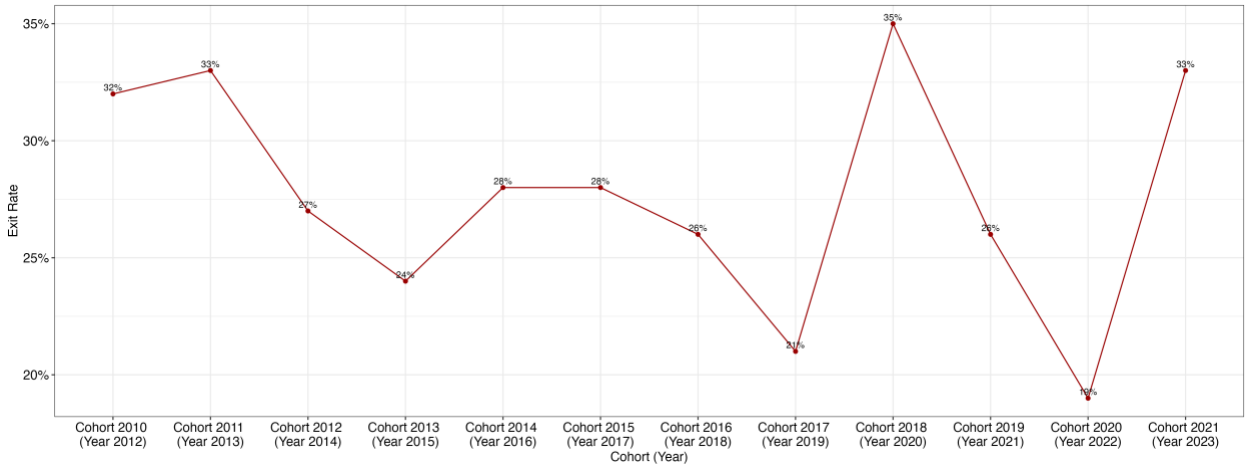


Table 1. Descriptive Statistics

This table describes our sample of junior auditors—defined as audit associates and senior audit associates—from the top 25 audit firms, spanning January 2016 to June 2024. Panel A reports the descriptive statistics for the variables used in our main analyses. Panel B presents the Pearson correlations (lower diagonal) and Spearman correlations (upper diagonal) among these variables. Panel C provides firm-level exit rates for 2021, corresponding to the Great Resignation period.

Panel A: Descriptive Statistics

	N	Mean	Std. Dev	p.25	p.50	p.75
Leave	392,760	0.146	0.353	0	0	0
GR	392,760	0.116	0.320	0	0	0
Sr Associate	392,760	0.480	0.500	0	0	1
Grad. Degree	392,760	0.485	0.500	0	0	1
Acct Degree	392,760	0.472	0.499	0	0	1
Miss Acct Degree	392,760	0.103	0.304	0	0	0
Female	392,760	0.428	0.495	0	0	1
Minority	392,760	0.170	0.376	0	0	0
Unemp	392,760	0.046	0.018	0.034	0.042	0.049
HHI_A	363,885	0.247	0.268	0.000	0.111	0.444
HHI4_A	362,577	0.370	0.280	0.111	0.333	0.556
HHI_S	353,837	0.260	0.275	0.000	0.222	0.444
HHI4_S	352,930	0.362	0.290	0.111	0.333	0.556

Table 1, continued

Panel B: Correlations

	Leave	*GR*	*Sr Associate*	*Grad. Degree*	*Acct Degree*	*Miss Acct Degree*	*Female*	*Minority*	*Unemp*	*HHI_A*	*HHI4_A*	*HHI_S*	*HHI4_S*
Leave	1	0.050	0.068	0.024	0.008	0.007	-0.021	-0.005	0.026	-0.015	0.010	-0.009	0.006
GR	0.048	1	0.001	-0.005	0.003	-0.005	0.002	0.001	0.310	-0.060	0.044	-0.013	0.085
Sr Associate	0.067	0.001	1	-0.008	-0.037	0.026	0.009	-0.009	0.005	-0.013	-0.002	-0.015	-0.004
Grad. Degree	0.025	-0.004	-0.007	1	0.376	0.099	-0.008	-0.012	-0.018	0.015	-0.004	0.045	0.012
Acct Degree	0.008	0.000	-0.034	0.378	1	-0.320	0.015	-0.005	-0.013	0.032	-0.002	0.044	0.014
Miss Acct Degree	0.008	-0.003	0.024	0.101	-0.320	1	0.013	-0.008	0.005	-0.009	0.006	-0.009	0.003
Female	-0.020	0.002	0.010	-0.007	0.015	0.014	1	0.027	-0.006	-0.001	-0.002	0.001	0.000
Minority	-0.004	0.004	-0.009	-0.010	-0.005	-0.006	0.027	1	0.028	-0.018	-0.002	-0.009	-0.001
Unemp	0.024	0.204	0.009	-0.019	-0.009	0.002	-0.002	0.023	1	-0.166	-0.050	-0.198	-0.092
HHI_A	-0.009	-0.057	-0.013	0.017	0.033	-0.013	-0.002	-0.023	-0.145	1	0.620	0.901	0.650
HHI4_A	0.009	0.033	-0.003	-0.001	0.000	0.004	-0.002	-0.004	-0.104	0.689	1	0.614	0.917
HHI_S	-0.006	-0.011	-0.014	0.038	0.040	-0.010	0.002	-0.015	-0.184	0.918	0.675	1	0.679
HHI4_S	0.007	0.069	-0.004	0.014	0.014	0.003	0.001	-0.001	-0.132	0.711	0.923	0.738	1

Table 1, continued

Panel C: Junior Auditor Turnover Rate in 2021

Firm	**Junior Auditor Count** (Beginning of 2021)	**Junior Auditor Exit** (By the End of 2021)	**Exit Rate**
PricewaterhouseCoopers LLP	15,828	2,811	18%
KPMG LLP	11,365	2,015	18%
Ernst & Young Global Ltd.	10,695	2,002	19%
Deloitte LLP	8,430	1,301	15%
RSM US LLP	3,762	711	19%
Grant Thornton LLP	2,718	549	20%
BDO USA PC	2,582	605	23%
CohnReznick LLP	962	195	20%
Moss Adams LLP	852	134	16%
Plante & Moran PLLC	805	173	21%
Crowe LLP	791	137	17%
Baker Tilly US LLP	776	127	16%
Marcum LLP	407	67	16%
CBIZ MHM LLC	328	66	20%
EisnerAmper LLP	319	73	23%
PKF O'Connor Davies LLP	298	34	11%
Cherry Bekaert LLP	239	53	22%
Armanino LLP	237	48	20%
WithumSmith+Brown PC	180	20	11%
Mazars USA LLP	175	40	23%
Friedman LLP	163	32	20%
Macias Gini & O'Connell LLP	107	26	24%
Cohen & Co.	94	14	15%
UHY Advisors, Inc.	93	15	16%
MaloneBailey LLP	53	17	32%

Table 2. Junior Auditor Turnover During the Great Resignation

Table 2 validates the Great Resignation as a shock to auditor turnover by reporting the regression results for the relationship between the Great Resignation and junior auditors' exit rate. In Panel A, we regress *Leave*, an indicator variable representing whether a junior auditor separates from her employer, on *GR*, an indicator variable for the Great Resignation period. Columns (1) and (2) report the regression results without and with control variables, respectively. Panel B reports the moderating effects of two demographic factors: gender and minority status. All variables are defined in Appendix A. Statistical significance is denoted by *, **, and *** at the 10%, 5%, and 1% levels, respectively. Standard errors are clustered at the firm level, with t-statistics reported in parentheses.

Panel A: Turnover Around the Great Resignation

	Leave	
	(1)	(2)
GR	0.069***	0.067***
	(16.496)	(17.716)
Sr Associate		0.047***
		(7.513)
Grad Degree		0.017***
		(19.124)
Acct Degree		0.001
		(1.145)
Miss Acct Degree		0.003
		(1.346)
Female		-0.014***
		(-6.876)
Minority		-0.001
		(-0.594)
Unemp		0.126**
		(2.086)
Trend	-0.014***	-0.014***
	(-18.378)	(-16.792)
Firm Fixed Effects	Yes	Yes
MSA Fixed Effects	Yes	Yes
Observations	392,755	392,755
Adjusted R-squared	0.0145	0.0198

Table 2, continued

Panel B: Auditor Attributes: Gender and Minority Representation

	Leave	
	(1)	(2)
GR	0.073***	0.070***
	(16.804)	(17.019)
GR × Female	-0.013**	
	(-2.573)	
GR × Minority		-0.016***
		(-3.444)
Sr Associate	0.047***	0.047***
	(7.511)	(7.516)
Grad Degree	0.017***	0.017***
	(19.183)	(19.094)
Acct Degree	0.001	0.001
	(1.145)	(1.151)
Miss Acct Degree	0.003	0.003
	(1.342)	(1.345)
Female	-0.013***	-0.014***
	(-7.887)	(-6.884)
Minority	-0.001	0.001
	(-0.596)	(0.372)
Unemp	0.126**	0.126**
	(2.089)	(2.096)
Trend	-0.014***	-0.014***
	(-16.809)	(-16.805)
Firm Fixed Effects	Yes	Yes
MSA Fixed Effects	Yes	Yes
Observations	392,755	392,755
Adjusted R-squared	0.0198	0.0198

Table 3. Labor Market Dynamics of Junior Auditors: Cohorts 2016-2021

Table 3 reports the descriptive statistics for auditors who began their careers as audit associates in annual cohorts from 2016 to 2021. Each cohort is defined from July of the starting year to June of the following year (e.g., the 2016 cohort spans July 2016 to June 2017). For each cohort, we track and report auditor flows, promotion rates, annual and cumulative exit rates, and provide breakdowns by gender and minority status over a period of up to four years. Cohort sizes are indicated in parentheses in the first column.

Cohort	**Year** (July-June)	**Yr. No.**	**Auditor No.** Count Start)	**Female** (%)	**Minority** (%)	**Promotion (%)** All	Female	Minority	**Annual Exit (%)** Ann. Exit	All	Female	Minority	**Cumulative Exit (%)** All	Female	Minority
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2016 (N=9,188)	2016	1	9,188	42%	16%	2%	2%	2%	938	10%	10%	10%	10%	10%	10%
	2017	2	8,250	42%	16%	30%	33%	28%	2,081	25%	24%	26%	33%	32%	34%
	2018	3	6,169	43%	16%	37%	38%	35%	1,615	26%	26%	27%	50%	50%	51%
	2019	4	4,554	43%	15%	28%	30%	27%	797	18%	16%	19%	59%	58%	61%
2017 (N=9,132)	2017	1	9,132	43%	16%	2%	2%	2%	918	10%	8%	11%	10%	8%	11%
	2018	2	8,214	44%	16%	34%	36%	32%	1,858	23%	21%	24%	30%	27%	32%
	2019	3	6,356	45%	16%	42%	45%	38%	1,310	21%	20%	23%	45%	42%	48%
	2020	4	5,046	46%	15%	26%	29%	23%	1,486	29%	28%	29%	61%	58%	63%
2018 (N=9,613)	2018	1	9,613	43%	17%	3%	3%	3%	939	10%	9%	11%	10%	9%	11%
	2019	2	8,674	43%	17%	31%	32%	28%	1,557	18%	16%	19%	26%	24%	27%
	2020	3	7,117	44%	17%	33%	37%	31%	2,497	35%	32%	34%	52%	49%	52%
	2021	4	4,620	46%	17%	22%	25%	22%	958	21%	19%	19%	62%	59%	61%
2019 (N=10,062)	2019	1	10,062	44%	17%	3%	3%	3%	773	8%	7%	8%	8%	7%	8%
	2020	2	9,289	44%	17%	29%	32%	26%	2,370	26%	23%	26%	31%	28%	32%
	2021	3	6,919	46%	17%	32%	35%	30%	1,770	26%	24%	25%	49%	46%	49%
	2022	4	5,149	46%	17%	24%	27%	23%	727	14%	12%	12%	56%	52%	55%
2020 (N=9,459)	2020	1	9,459	42%	18%	4%	4%	4%	1,102	12%	11%	12%	12%	11%	12%
	2021	2	8,357	42%	18%	43%	47%	41%	1,942	23%	21%	22%	32%	29%	31%
	2022	3	6,415	44%	18%	36%	41%	35%	1,247	19%	18%	19%	45%	42%	44%
	2023	4	5,168	45%	18%	26%	30%	24%	1,425	28%	25%	30%	60%	56%	61%
2021 (N=10,766)	2021	1	10,766	42%	19%	6%	7%	5%	1,177	11%	9%	12%	11%	9%	12%
	2022	2	9,589	43%	19%	39%	43%	34%	1,772	18%	17%	20%	27%	25%	29%
	2023	3	7,817	43%	18%	32%	35%	28%	2,546	33%	30%	34%	51%	48%	54%

Table 4. Strategic Response to Heightened Turnover:
Early Promotion

Table 4 examines the effects of the Great Resignation on second-year promotion outcomes for junior auditors. We regress *Promote_Yr2*, an indicator for promotion from associate to senior associate in the second year, on *Cohort2020*, identifying the treated cohort for which the second year coincides with the Great Resignation. The sample covers all the junior auditors from cohorts 2016 to 2020. All variables are defined in Appendix A. Statistical significance is denoted by *, **, and *** at the 10%, 5%, and 1%. Standard errors are clustered at the firm level, with t-statistics reported in parentheses.

	Promote_Yr2	
	(1)	(2)
Cohort2020	0.151***	0.146**
	(3.336)	(2.466)
Grad Degree		0.015**
		(2.066)
Acct Degree		0.038**
		(2.157)
Miss Acct Degree		-0.017*
		(-1.830)
Female		0.038***
		(5.781)
Minority		-0.026***
		(-4.627)
Unemp		0.099
		(0.149)
Trend	-0.012	-0.010
	(-1.090)	(-1.035)
Firm Fixed Effects	Yes	Yes
MSA Fixed Effects	Yes	Yes
Fiscal Quarter Fixed Effects	Yes	Yes
Observations	45,166	43,098
Adjusted R-squared	0.118	0.121

Table 5. Third-Year Turnover of Junior Auditors

Table 5 presents the regression results examining the 2020 cohort's third-year exit rate (the year after the Great Resignation) relative to the prior cohorts. We regress *Leavey_Yr3*, an indicator equal to one if an auditor exits in the third year, on *Cohort2020*, which identifies the treated cohort for auditors starting between 2016 and 2020. The sample covers all the junior auditors from cohorts 2016 - 2020 who have not exited their employer by the end of the second year. All variables are defined in Appendix A. Statistical significance is indicated by *, **, and *** at the 10%, 5%, and 1% levels. Standard errors are clustered at the firm level, with t-statistics reported in parentheses.

	Leave_Yr3	
	(1)	(2)
Cohort2020	-0.111***	-0.086***
	(-8.251)	(-3.322)
Grad Degree		0.012***
		(2.898)
Acct Degree		-0.001
		(-0.234)
Miss Acct Degree		-0.023
		(-1.445)
Female		-0.024***
		(-7.136)
Minority		0.003
		(0.491)
Unemp		-0.491
		(-1.598)
Trend	0.013***	0.012**
	(3.343)	(2.446)
Firm Fixed Effects	Yes	Yes
MSA Fixed Effects	Yes	Yes
Fiscal Quarter Fixed Effects	Yes	Yes
Observations	31,435	30,000
Adjusted R-squared	0.0112	0.0118

Table 6. Persistency of the Strategic Response to Heightened Turnover: Early Promotion and Turnover Dynamics

Table 6 reports the results for the early promotion and third-year exit rate tests reported in Tables 4 and 5 with an expanded sample including cohort 2021 to examine the persistency of accounting firms' response to the Great Resignation. Column (1) reports the regression results for early promotion to Senior Associate in the second year. *Promote_Yr2* is an indicator variable for the promotion from associate to senior associate in the second year. Column (2) reports the regression results for the exit rate in the third year. *Leave_Yr3* is an indicator variable equal to one if an auditor exits in the third year. The sample covers all the junior auditors from cohorts 2016 - 2021 who have not exited their employer by the end of the second year. All variables are defined in Appendix A. Statistical significance is indicated by *, **, and *** at the 10%, 5%, and 1% levels, respectively. Standard errors are clustered by firm, and t-statistics are reported in parentheses.

	Promote_Yr2	Leave_Yr3
	(1)	(2)
Cohort2020	0.148**	-0.090***
	(2.149)	(-2.927)
Cohort2021	0.095*	0.001
	(1.828)	(0.016)
Grad Degree	0.012	0.009*
	(1.688)	(1.916)
Acct Degree	0.037**	0.002
	(2.432)	(0.548)
Miss Acct Degree	-0.018**	-0.011
	(-2.585)	(-0.901)
Female	0.039***	-0.022***
	(6.060)	(-5.101)
Minority	-0.026***	-0.003
	(-5.766)	(-0.418)
Unemp	0.093	-0.550
	(0.113)	(-1.495)
Trend	-0.010	0.011*
	(-1.017)	(1.942)
Firm Fixed Effects	Yes	Yes
MSA Fixed Effects	Yes	Yes
Fiscal Quarter Fixed Effects	Yes	Yes
Observations	52,479	36,810
Adjusted R-squared	0.102	0.0400

Table 7. The Moderating Role of Labor Market Concentration

Table 7 examines the role of labor market concentration in junior auditors' early promotion and exit rate, using two sets of labor market concentration measures. *HHI_A* (*HHI_S*) is the decile ranking of job posting-based Herfindahl-Hirschman Index for an MSA-year based on all the accounting firms (restricted to the top 25 accounting firms in our sample). *HHI4_A* (*HHI4_S*) is based on the shares of top four accounting firms only, relative to the full MSA-year market of auditor postings (the restricted MSA-year market represented by our 25 sample firms). Panel A reports the results for early promotion outcomes of cohort 2020 relative to the prior cohorts. *Promote_Yr2* is an indicator for promotion from Associate to Senior Associate in the second year. Panel B presents the results for the exit rate of cohort 2020 relative to the prior cohorts. *Leave_Yr3* is an indicator equal to one if an auditor exits in the third year. All variables are defined in Appendix A. Statistical significance is denoted by *, **, and *** at the 10%, 5%, and 1% levels. Standard errors are clustered by firm, and t-statistics are reported in parentheses.

Panel A: The Role of Labor Market Concentration in Early Promotion

	Promote_Yr2			
	(1)	(2)	(3)	(4)
HHI_A	-0.005			
	(-0.357)			
Cohort2020 × HHI_A	0.041*			
	(1.987)			
HHI4_A		-0.006		
		(-0.469)		
Cohort2020 × HHI4_A		0.038**		
		(2.065)		
HHI_S			-0.043***	
			(-3.669)	
Cohort2020 × HHI_S			0.075***	
			(4.808)	
HHI4_S				-0.019*
				(-2.017)
Cohort2020 × HHI4_S				0.034**
				(2.134)
Controls	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes
MSA Fixed Effects	Yes	Yes	Yes	Yes
Cohort Fixed Effects	Yes	Yes	Yes	Yes
Observations	39,657	39,408	38,390	38,213
Adjusted R-squared	0.110	0.110	0.108	0.107

Table 7, continued

Panel B: The Role of Labor Market Concentration in Junior Auditor Turnover

	Leave_Yr3			
	(1)	(2)	(3)	(4)
HHI_A	-0.022*			
	(-1.770)			
Cohort2020 × HHI_A	0.134***			
	(3.367)			
HHI4_A		-0.016		
		(-1.125)		
Cohort2020 × HHI4_A		0.106***		
		(3.379)		
HHI_S			-0.003	
			(-0.185)	
Cohort2020 × HHI_S			0.135***	
			(3.358)	
HHI4_S				-0.021
				(-1.659)
Cohort2020 × HHI4_S				0.084**
				(2.403)
Controls	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes
MSA Fixed Effects	Yes	Yes	Yes	Yes
Cohort Fixed Effects	Yes	Yes	Yes	Yes
Observations	27,564	27,395	26,631	26,510
Adjusted R-squared	0.0230	0.0226	0.0222	0.0216

Table 8. Promotion and Subsequent Turnover of Junior Auditors

Table 8 examines the relationship between promotion and turnover among junior auditors using three turnover measures: *Tenure*, *Leave_Yr2*, and *Leave_Yr3*. *Promote_Yr2* (*Promote_Yr3*) is an indicator variable equal to one if an auditor is promoted from Associate to Senior Associate in her second (third) year, otherwise zero. Columns (1) to (3) present the regression results for Tenure—defined as an auditor's years of employment with their employer—using the promotion indicators. This analysis focuses on junior auditors who stayed with their employer through the end of their first year. Column (4) reports the results of regressing the turnover indicator *Leave_Yr2*, which equals one if an auditor leaves in her second year, on the early promotion indicator *Promote_Yr2*, using the sample of junior auditors who remained with their employer by the end of their first year. Column (5) reports the results of regressing the turnover indicators *Leave_Yr3*, which equal one if an auditor leaves in her third year, on the early promotion indicator *Promote_Yr2*, using the sample of junior auditors who remained with their employer by the end of their second year All variables are defined in Appendix A. Statistical significance is indicated by *, **, and *** at the 10%, 5%, and 1% levels. Standard errors are clustered by firm and MSA, with corresponding t-statistics reported in parentheses.

	Tenure	Tenure	Tenure	Leave_Yr2	Leave_Yr3
	(1)	(2)	(3)	(4)	(5)
Promote_Yr2	0.513***		0.712***	-0.308***	0.029**
	(13.068)		(31.700)	(-12.425)	(2.376)
Promote_Yr3		0.666***	0.916***		
		(11.734)	(28.740)		
Grad Degree	-0.055***	-0.037***	-0.047***	0.027***	0.011**
	(-8.509)	(-3.960)	(-5.787)	(7.684)	(2.321)
Acct Degree	-0.003	0.009	-0.018**	0.003	-0.003
	(-0.267)	(0.677)	(-2.513)	(0.369)	(-0.384)
Miss Acct Degree	0.031**	0.031*	0.044**	-0.008	-0.022
	(2.182)	(1.960)	(2.796)	(-1.280)	(-1.310)
Female	0.062***	0.077***	0.049***	-0.024***	-0.025***
	(8.637)	(8.961)	(5.565)	(-9.212)	(-6.387)
Minority	0.011	0.001	0.022*	-0.007	0.003
	(1.108)	(0.073)	(1.902)	(-1.626)	(0.858)
Unemp	-0.533*	2.465***	0.957**	1.151***	-1.952***
	(-1.820)	(3.230)	(2.785)	(5.636)	(-7.796)
Trend	0.001	0.011	0.015***	-0.002	0.005
	(0.062)	(1.331)	(3.309)	(-0.473)	(1.620)
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes
MSA Fixed Effects	Yes	Yes	Yes	Yes	Yes
Fiscal Quarter Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	38,921	38,921	38,921	38,921	30,000
Adjusted R-squared	0.0904	0.0935	0.232	0.118	0.0123

Table 9. Promotions Amid Heightened Turnover and Junior Auditor Turnover

Table 9 examines the effects of the Great Resignation on the relationship between promotion and turnover among junior auditors, using three turnover measures: *Tenure*, *Leave_Yr2*, and *Leave_Yr3*. *Promote_Yr2* (*Promote_Yr3*) is an indicator variable equal to one if an auditor is promoted from Associate to Senior Associate in her second (third) year, otherwise zero. The key explanatory variables are interactions between the 2020 cohort (whose second year aligns with the Great Resignation) and two promotion indicators. Columns (1) to (3) report the results of regressing *Tenure*, defined as an auditor's years of employment with her employer, on the interaction terms, using the sample of junior auditors who remained with their employer by the end of their first year. Column (4) reports the results of regressing the turnover indicator *LeaveYr2*, which equals one if an auditor leaves by the end of her second year, on the interaction term, using the sample of junior auditors who remained with their employer by the end of their first year. Column (5) reports the results of regressing the turnover indicator *LeaveYr3*, which equals one if an auditor leaves by the end of her third year, on the interaction term, using the sample of junior auditors who remained with their employer by the end of their second year. All variables are defined in Appendix A. Statistical significance is indicated by *, **, and *** at the 10%, 5%, and 1% levels. Standard errors are clustered by firm and MSA, with corresponding t-statistics reported in parentheses.

	Tenure	Tenure	Tenure	Leave_Yr2	Leave_Yr3
	(1)	(2)	(3)	(4)	(5)
Cohort2020	0.037	0.191***	0.212***	0.027	-0.133***
	(0.473)	(3.736)	(6.038)	(0.558)	(-3.239)
Promote_Yr2	0.522***		0.759***	-0.310***	0.016
	(10.545)		(35.989)	(-9.673)	(1.243)
Cohort2020 × Promote _Yr2	-0.038		-0.203***	0.007	0.067***
	(-0.634)		(-5.333)	(0.192)	(2.958)
Promote_Yr3		0.674***	0.936***		
		(11.130)	(31.590)		
Cohort2020 × Promote_Yr3		-0.104	-0.145***		
		(-1.632)	(-4.419)		
Controls	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes
MSA Fixed Effects	Yes	Yes	Yes	Yes	Yes
Fiscal Quarter Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	38,921	38,921	38,921	38,921	30,000
Adjusted R-squared	0.0904	0.0940	0.234	0.118	0.0135

Table 10. Early Promotion and Junior Auditor Career Paths

Table 10 examines junior auditors' career progression between 2016 and 2021, focusing on their transitions to corporate accounting roles post-Great Resignation. Columns (1) and (2) report the results of regressing the indicator *CorpAcct*, which equals one if an auditor's next job after leaving her audit job is in corporate accounting, on *Promote_Yr2*, with and without control variables, respectively. Columns (3) and (4) report the results of regressing *CorpAcct* on the interaction term between *Promote_Yr2* and *Cohort20&21,* assessing the moderating effect of accounting firms' early promotion strategy with the 2020 and 2021 cohorts. All variables are defined in Appendix A. Statistical significance is indicated by *, **, and *** at the 10%, 5%, and 1% levels. Standard errors are clustered by firm, with corresponding t-statistics reported in parentheses.

	CorpAcct			
	(1)	(2)	(3)	(4)
Promote_Yr2	0.054**	0.041*	0.028	0.019
	(2.659)	(1.949)	(1.196)	(0.805)
Cohort20&21			0.064***	0.100**
			(3.128)	(2.220)
Cohort20&21 × Promote_Yr2			0.070**	0.081**
			(2.159)	(2.066)
Grad Degree		-0.010		-0.010
		(-0.695)		(-0.698)
Acct Degree		0.031**		0.031**
		(2.754)		(2.738)
Miss Acct Degree		-0.000		-0.000
		(-0.014)		(-0.033)
Female		0.037***		0.037***
		(5.961)		(6.078)
Minority		-0.017*		-0.014
		(-1.866)		(-1.438)
Unemp		1.100***		-0.821
		(3.636)		(-1.336)
Trend	0.053***	0.049***	0.031***	0.027***
	(19.514)	(12.840)	(6.171)	(3.730)
Firm Fixed Effects	Yes	Yes	Yes	Yes
Observations	7,974	7,289	7,974	7,289
Adjusted R-squared	0.0418	0.0422	0.0462	0.0460