



## **Lost in valuation: micro-insight analysis of the decision-making process of auditors' promotion in Big 4 Firms.**

### **Résumé :**

Nous analysons le processus d'évaluation de la performance des auditeurs dans les cabinets d'audit Big 4 et son lien avec les décisions de promotion. Notre étude cherche à observer les attitudes et les valeurs mises en avant pour favoriser certaines décisions plus que d'autres. Il nous semble que les pratiques sociales impliquées dans la décision d'évaluation sont peu étudiées dans la littérature en audit pour rendre compte du processus de promotion, et, en particulier, peu de choses sont écrites sur la conduite des comités de promotion, où les décisions finales de promotion sont prises. Des entretiens avec 41 auditeurs ou anciens auditeurs et une observation non participante de deux comités de promotion annuels dans un cabinet Big 4 nous permettent d'obtenir une microanalyse du processus de décision. En utilisant le cadre émergent de la sociologie de l'évaluation (Lamont 2012), nous mettons en avant la construction politique et les luttes de pouvoir qui influencent la définition de la valeur des auditeurs et comment, in fine, les décisions de promotion sont moins un jugement de la performance de l'évalué qu'un jugement du jugement de l'évaluateur.

**Mots-clés :** : évaluation, audit, Big Four, sociologie de l'évaluation, processus d'évaluation



# **Lost in valuation: micro-insight analysis of the decision-making process of auditors' promotion in Big 4 Firms**

## **INTRODUCTION**

The auditor's career is structured according to the up-or-out system: once a year, "good" auditors are promoted to the next rank, while others, deemed unsatisfactory, are asked to leave the firm (Morris and Pinnington 1998; Greenwood and Empson 2003). The up-or-out system thus relies on a performance evaluation process that rates auditors, level by level; and the annual decision to promote or "bump" them. This evaluation and promotion process plays a very important role in the daily life of auditors. Indeed, the rating takes place after each engagement, and the promotion committee is annual and determines the promotions and the fixed and variable compensation. This process is essential for the firm in its management of turnover and with a view to selecting the best auditors to ultimately become partners. Admittedly, the up-or-out model has become more flexible, since now, with the appearance of levels such as director, associate director, non-equity partners, etc.; the firm reserves the right to keep certain profiles, particularly technical ones, without promoting them to partner (Carter and Spence 2014; Malhotra et al. 2010) On the other hand, the up-or-out system and its annual promotions continue to apply for the lower levels, as well as for promotion to partnership, making performance evaluation a major issue.

Our study seeks to observe the attitudes and values put forth to promote certain decisions more than others. To understand an evaluation decision, one can rely on promotion criteria and try to determine them precisely to explain the decision. However, these criteria are often vague and, above all, inconsistent from one decision to the next. The formal criteria, for example, determined by the evaluation forms, do not make it possible to fully explain an evaluation decision. It seems to us that the social practices involved in the evaluation decision are not studied in the audit literature to account for the promotion process. In particular, little is written about the conduct of promotion committees, where the final promotion decisions are taken.



Studying the promotion process within these committees means analyzing the making of the promotion decision, and these “situated practices” (Garfinkel 1967) are rich in meaning and make it possible to account for evaluation as a social process.

Based on a non-participant observation of two evaluation committees in the Parisian office of a Big 4 Firm, as well as on interviews with the evaluated and the evaluators, this paper gives micro-sociological insights on the decision-making processes of evaluation committees, the final phase of the evaluation process of auditors' performance. It allows to deconstruct the decision-making process of promotion, by observing the making of a decision. In addition, it reflects on the evaluation process as such: are we judging the performance of the auditors or the judgment of their superiors on their performance? Does the evaluation judge the quality of its object or the quality of the judgment on the object?

The promotion decision does not only take place in the mind of the evaluator or the HR partner. It is also made publicly, in the evaluation committees, in the arguments exchanged and in the interactions between managers at the time of these committees. Describing, evaluating or judging auditors' performance is a form of social practice that needs to be studied to better understand the process of promoting. It is by placing assessing decisions in the context of discussions among evaluators that the promotion process can be truly accounted for.

## **1. THE AUDITOR'S PERFORMANCE EVALUATION PROCESS**

Big 4 Audit firms are locus of intense and fierce competition (Durocher et al. 2016; Stenger 2017), where getting promoted is a yearly challenge and a major stake for auditors' careers. This competition is orchestrated through the promotion system, the up-or-out (Greenwood and Empson 2003; Malos and Campion 2000; Morris and Pinnington 1998), which formally shapes hierarchy as a pyramid. Each year, at the end of the season, for each level, auditors are either promoted “up” to the next level, or are asked “out” of the firm. Previous literature on the topic has shown that this organizational system favored an elitist and competitive culture (Beau 2018; Guénin-Paracini and Gendron 2010; Stenger 2017; Gendron and Suddaby 2004; Gendron and Spira 2010).

This competitive culture generates overwork among Big 4 auditors (Jerman and Bourgoignie 2018; Stenger 2017; Lupu and Empson 2015) and contributes to convey negative emotions, such as fear (Guénin-Paracini et al. 2014), stress (Stenger 2017; Brivot and Gendron 2011) and even burn out (Beau 2018). It favors equally a strong relational activity for auditors to create professional links and networks inside the firm (Anderson-Gough et al. 2006; Garnier 2020;



Carter and Spence 2014) and fosters challenge and emulation among auditors (Durocher et al. 2016; Laillier and Stenger 2017; Daoust 2020). All in all, this overwork and these relational efforts are made to obtain good marks on their engagement reviews to secure a promotion to the next level at the end of the season.

These efforts and emotions say much about the importance of the evaluation and promotion system, which is central in an auditor's everyday life at the firm (Tan and Libby 1997; Brierley and Gwilliam 2003).

The evaluation system is structured around three yearly milestones (Beau 2018, 109):

- a first step, self-evaluation, at the beginning of the season when the auditor sets the objectives to be achieved for the year (Jerman and Bourgoïn 2018),
- a second step, engagement reviews, at the end of each engagement, when the superior evaluates his/her subordinates' performance; these evaluations provide grades, that measure the auditor's performance for each engagement;
- a third and final step, the promotion committee, at the end of the season, when auditors are ranked inside each cohort; these committees occur once or twice a year, depending on the firm and on the auditor's level, and provide each auditor, at each level, with a promotion decision (or not) and a compensation rise or a bonus attribution (or not.)

Previous literature has been interested in the evaluation process, questioning both the legitimacy of the evaluation process (Durocher et al. 2016), the justice of the decision (Beau 2018), and also the disciplinary or political mechanisms linked to the process (Stenger 2017; Jerman and Bourgoïn 2018; Bourguignon and Chiapello 2005; Covalleski et al. 1998). In particular, there have been many studies exploring the audit review process and the difficulty to deliver "tough messages" to auditors (Andiola and Bedard 2018): providing criticism to subordinates can be a factor for reducing staff motivation or involvement in the firm, leading to counterproductive behaviors or turnover intentions (Westermann et al. 2015; Kornberger et al. 2011; Dalton et al. 2015; Andiola et al. 2019). Andiola and Bedard dig into the engagement review process, to show that there are more negative emotions associated to this type of reviews, due to the fact that they are directly linked to the promotion decision. While auditors face multiple reviews of their work, they are better able to withstand criticism when it is about workpaper reviews than when it is about engagement reviews. And the explanation given by the authors directly points to the evaluative purpose of the review : *"engagement reviews typically result in a numerical performance rating that is considered during annual compensation and promotion/retention*



*decisions, more directly linking them to performance and pressure.” (Andiola and Bedard 2018, 56).*

Hence, there are tensions and emotions around the evaluation process. Auditors struggle to get good grades to their engagement reviews. These grades are collected by auditors’ mentors, before the evaluation committee. This committee, that occurs once or twice a year, puts an end to the evaluation process (and to the audit season). It is the moment when promotion and compensation (or bonuses) are attributed to auditors, by cohort. It can be considered as the climax of the evaluation and promotion process. However, and surprisingly enough, there are almost no empirical knowledge about the actual working of this evaluation committees. Beau (2018) underlines all the informal and tacit side of these committees, but without going into the details of their functioning. Still, it would be very interesting to open the black-box of the decision-making process that explains how firms get to a promotion decision from the multiple engagement reviews produced by multiple supervisors on multiple subordinates. It is what this paper aims to: unveiling the micro-sociological insights of the decision making process inside the promotion committees.

## **2. VALUATION AND EVALUATION SOCIOLOGY: EVALUATION AS A SOCIAL PROCESS**

This paper is located within the emerging Sociology of Valuation and Evaluation (SVE) (Lamont 2012; Fourcade 2011; Rivera 2012), which is used to analyze the construction of the decision-making process inside promotion committees. We try to understand to what extent this decision-making process connects to processes of assessment and appraisal of auditors as they seek career advancement. For that purpose, we propose to “clear the brush” (Lamont 2012) around the promotion committees and the decision-making process leading to promotion and compensation rises and bonuses attribution.

In Big 4 audit firms, as we have just seen before, auditors are evaluated constantly. Through the sociology of evaluation lens, we consider evaluation as socially constructed and seek to understand what it tells us on the cultural or organizational dimensions of these evaluative processes. As Lamont recalls, in any organizations, there is a coexistence of multiple matrixes of evaluation, standing for the existence of multiple systems of evaluation and multiple hierarchies of worth (Lamont 2012). To understand the dominant definition of worth, and what



is exactly taken into account when auditors are evaluated and promoted could help us understand the organization and its social processes.

According to SVE, evaluation as a social and cultural process implies that there is an agreement on common benchmarks for comparison to judge entities (comparison against established criteria); an understanding of who is a legitimate judge to assess (often involving conflicts and power struggles); and a relational process involving the distinction and comparison of entities with each other (Lamont 2012, 214). This framework is particularly salient in our study. In Big 4 audit firms, auditors are both rated and ranked: they are either rated, through the engagement review process, where supervisors attribute a grade according to set criteria; or they are ranked, during promotion committees, where they are compared to each other, inside the same cohort, to determine promotion and compensation.

According to the sociology of evaluation, digging into the way individuals are appraised and promoted in the organization can allow us to bring out value systems or power struggles.

Lamont, and other SVE scholars, also urge us not to neglect the part of emotions, interactions, subjectivity and conflicts of interest contained in the evaluation and promotion process: evaluating involves a relational process (Hans and Mallard 2013).

The sociology of evaluation precisely questions the practices of valuation and evaluation in order to highlight the processes of attribution of value to things, people, ideas, companies ... The main project of this emerging sociology is to make visible the multiplicity of values that are included in the determination of value. The distinction between value (in the singular) and values (in the plural) prompts an interest in the process of valuation as a social and cultural process (Hans and Mallard 2013). Indeed, attributing value requires a judgment as well as more or less precise and formalized criteria to support this judgment (Lamont 2012). Exploring what happens during these promotion committees, how decisions are taken and according to what criteria could allow us to grasp these balances of power and these evaluation criteria, which are, in the actual state of the literature, neither concrete nor visible.

Evaluation committees are the final act of evaluation decision and result in a promotion and compensation rise decision. Adopting the Sociology of Valuation and Evaluation framework, we want to open the black-box of the decision-making process inside these committees, to better understand what really matters in a promotion decision in Big 4 Firms. How is the decision



made at the time of the evaluation committees? In this paper, we propose a micro-analysis of the decision-making process inside evaluation committees.

### 3. METHODOLOGY

As we consider performance evaluation as a social construct, we have adopted a qualitative methodology, with a comprehensive scope: reality is grasped through the rationales given by the interviewees and the way they make sense and justify their decisions or motivations (Van Maanen and Schein 1979).

We divided our field work in two different phases: we first conducted 80 interviews for a research project on the promotion-process in Big Four Firms during 2010 and 2015. The interviewees were auditors or ex-auditors from staff to partner levels. They were all involved in the evaluation process, either as appraiser, appraisee or both. These interviews lasted from 45 minutes to 2 hours and a half, and focused on the promotion process. A content analysis brought to light recurring themes around the evaluation process, competition between auditors and also professional relations networks.

Noting the recurring reference to promotion committees in our interviews and the “mystery” surrounding them, we wished to explore this topic further. We then carried out a new study, between 2018 and 2019, in order to unveil the decision-making process of these committees. In 2018, one of us had an opportunity to attend two promotion committees in a Parisian office of a Big Four Firm. These committees took place in May, in Paris. They concerned the Middle Market division of one of the Parisian Big 4. One was for the promotion from senior 1 to senior 2 level, and lasted 2 hours, and the second one was for the promotion from senior 2 to senior 3 level and lasted 3 hours and a half.

It was a real opportunity to observe the social practices at work, as well as the attitudes and values put forward to favor certain decisions over others. To study accurately the process of promotion within these committees is to analyze the making of the decision. These situated practices (Garfinkel 1967) are rich in meaning and allow evaluation to be taken into account as a social process. The appraisal decision doesn't just happen in the mind of the appraiser or the HR partner. It is also built publicly, within these promotion committees, in the arguments exchanged and in the interactions between managers during these committees. It is by placing evaluation decisions in the context of discussions between evaluators that one can truly account for the promotion process. With this in mind, we positioned one of ours as a non-participant





observer in these two committees and were able to listen to and observe the exchanges between managers and partners.

All the interviews, whatever the phases, were integrally recorded and transcribed. However, it was not possible to record the promotion committees, as their content and progress were highly confidential: detailed field notes were taken and interviews with participant managers and partners complemented our notes of the committees.

Between May 2018 and February 2019, we conducted 12 interviews with managers and partners who attended these committees, to have feedback and explanations of their behaviors, interactions or speeches. These interviews complemented our previous study and the non-participant observation of the committees. A new content analysis was conducted, through the Sociology of Valuation and Evaluation conceptual framework, in order to “reconstruct” the evaluation process. With this interpretative and sociological framework, the ambition was to fill the lack of empirical and conversational knowledge about its actual working, particularly the promotion-committee part, in order to gain direct insights into the decision-making process of promotion.

#### **4. RESULTS:**

In that part of the paper, we will present the findings from the field study by blending the non-participant observations of the committees with the interviews conducted during the two phases of the research.

##### **4.1.ELEMENTS OF CONTEXT: THE FUNCTIONING OF THE EVALUATION PROCESS**

In the Parisian office of the Big 4 where I attended the Promotion Committee, the evaluation process was organized that way:

- at the beginning of the season (September-October), first meeting between the auditor and its mentor. A discussion is held on annual expectations, objectives, risks and areas of improvement. A formal document is signed by both parties and serves as a commitment to performance.
- at the end of every engagement, the auditor has to fill in an auto-evaluation of his/her performance on the engagement. He/She is asked to judge his/her performance, both on technical and behavioral skills. It is then reviewed by the direct supervisor and, sometimes, by the supervisor of the supervisor. They express their judgement on their subordinate's performance. The auditor has a right to reply. A grade is then assigned by the direct supervisor





to the auditor for his/her performance on that specific engagement, between A (above expectations) and D (insufficient performance). This grade reflects the judgement of the supervisor.

- at the end of the season, the mentor collects all the grades on all the engagements performed by the auditor and makes a synthesis of the auditor's season. The grade can be interpreted as a judgement on the different grades/judgements made by the previous supervisors. It can be considered as an evaluation of the evaluations.

- at the end of the season, in May, a promotion committee is held for each level. Each profile is reviewed and discussed, on the basis of its presentation by the mentor (and on the basis of the previous evaluation). At the end of the committee, a grade is allocated to each auditor. Depending on the auditor's ranking from the promotion committee decision, the HR partner and the head of division allocate individual compensation rises and bonuses, according to the division budget constraints. The mentor communicates the committee decision to the auditor. The promotion committee delivers the final decision, that will attest that the auditor is promoted or not, what is the grade he/she will be attributed, and what will be his/her compensation rise and his/her bonus amount. In the remainder of the paper, we will explore how the committee decide and on what basis they deliver their decision.

#### **4.2.ELEMENTS OF CONTEXT: THE FUNCTIONING OF THE PROMOTION COMMITTEE**

In the Parisian office of one of the Big Four we studied, I had the opportunity to observe two Promotion Committees for a specific division that were held in one day: in the morning, the first committee was for the promotion from senior 1 to senior 2, and in the afternoon, the second committee was for the promotion from senior 2 to senior 3.

They bring together all the mentors of a given level (for example here, all the managers mentoring a senior 1 or a senior 2) and the division HR partner (the presence of the HR partner is not systematic for seniors' committees but in our case, he was present for both committees). During the committee, each profile is examined individually. For example, in the senior evaluation committee, each mentor presents the auditors he/she represents, talking about the engagements they carried out during the business season and the grades they obtained on each engagement, highlighting the strong points and areas for improvement of the senior concerned, in accordance with the expectations of the rank. The case of all the seniors of the division is thus examined, one by one, in alphabetical order, with the projection of a Power Point document with the name, photo, engagements carried out, grades obtained, .... The mentor presents his or



her case and then the others may or may not intervene, to support the candidate, to explain a deficient point, to support an evaluation or to provide additional information. At the end of the discussions, a grade is given and the senior is classified in a group (A to D).

These committees follow precise procedures.

- **DECISION:** an agreement must be reached on a grade, which will then lead to a salary increase, a possible bonus, and a promotion or not. The committee cannot end without a final decision on the grade.
- **RANKING:** Grades must follow a relatively "normal" distribution, i.e. not everyone can get an A or B. Level repetition are also needed to keep the up-or-out system balanced.
- **TIME LIMITS:** There is a time limit on each case, which imposes real discipline on the participants. If some cases are clear and non-contentious, they can be dealt with more quickly so that more time can be spent on the more debatable and less consensual cases.

Evaluation committees are therefore conducted in the form of a large discussion, a very specific form of exchange in oral form. They follow a very defined procedure and cannot be considered as spontaneous informal exchanges. There is a basis for discussion that is prepared by the mentor and that is the synthesis of the engagements' evaluations. They must conclude with a decision

This discussion is not only an instrument in the procedure, it is itself instrumentally reinforced by the import of various written documents, such as the engagement evaluations or oral interventions such as words of support or criticism from the various managers present. The managers have to rely on facts to account for their evaluation decision.

*"I did evaluation committees this year. As a manager, I had people to defend, so I did all the committees. (...) I defended my assistants, I went there to defend them. We are between managers, around a table, the mentors present their people, you have the slides that go through. Each mentor presents the slides, a profile: "I'm with Pierre X, he has rather good evaluations, we rate him around C each time. Now he's been beaten up by such and such a guy, but I think he's really willing. He has put himself in a lot of danger this year, so I suggest we give him a B and so on. "And then everyone says: "yes, but wait, in the ranking we did, he was not as good as so-and-so, so we can't give him a B", and so on. (...) Everything is done orally. I was called more than once when the guys were in committee to tell me: "How do you rate him? How do you see it? It's weird, you tell us that this one is better than that one, while in the other evaluations they say it's not, why do you defend it? How do you justify it? They ask you a lot of*



*questions. You have to be very concrete. It's exhausting. It stresses me out! (Sylvie, Manager, CabB)*

In that verbatim, Sylvie attests, as many managers we interviewed, that committee decisions are based on facts. But the observations we made in the committees we attend to, bring forward the importance of the social interactions to make the promotion decision: from our observations, we can certify that managers who speak out vary in number and in intensity of their opinions, while some remain intentionally silent or passive. For a given case, a quick consensus can be reached. The rating proposed by the mentor is validated by a few nods or a quick word from a manager who has spent time with the senior. This is what happens most often. Conversely, there can be cases that trigger passionate duels full of conflicting emotions. We can see managers personally tearing each other apart to raise or lower the grade of a senior.

As the debates progress, we quickly realize that the upward or downward intervention of influential managers can be decisive for an auditor, since it is the overall score finally attributed that will decide on the promotion, the increase and the bonus. Observation of the debates shows that it is often the same managers who speak up. And the same ones who remain silent. However, the silence of an influential manager can also be meaningful, usually to the downside. Silence can therefore also have a great influence on the decision.

Moreover, it is also a question of weighing one's interventions. A manager cannot support all his/her protégés. He will therefore choose his/her battles, and even haggle over his/her support, in a bargain such as: "I'll support your protégé if you support mine", thus creating alliances of circumstances that can be useful for the rest of the committee.

I have chosen to highlight 6 particular cases to illustrate the preceding remarks. Let's look at some typical cases that happen during the evaluation committees I attended:

- **Consensus cases (convergent grades)**

The mentor presents the case of Stephane, a first-year senior. Stephane received a C grade on almost all assignments completed during the year (C = meet expectations). He is recognized as an auditor who does his work well, lacks confidence, but is willing and progressing. The mentor proposes to classify Stéphane in the C group.

The managers nod and one manager speaks up to say that the engagement with Stéphane went well. He put C because of a slight lack of autonomy and self-confidence. Many nods in agreement. No further comments. Stéphane is classified in the C group.



At the end of the committee, when the C group is reviewed for consistency, Stéphane is maintained in the C group, without adding any + or -. At the end of the process he will receive a promotion to the higher grade of Senior 2.

In this case, there was no real discussion. This type of case represents the majority of the cases dealt with in committee. These consensual cases make it possible to meet the deadlines and to free up time for the more conflictual cases.

- **Consensus case but one person defends the auditor on a given engagement**

Audrey's case is now mentioned. Audrey is a senior 2 and has been rated C by her mentor (meet expectations). However, one of the managers, Emmanuel, has graded Audrey A on a long engagement of him (320 hours over the year). The mentor suggests that Audrey be classified in group C.

Emmanuel could, as in many cases we have seen, say nothing. Audrey would be classified as a C, by consensus, as in the case of Stéphane mentioned above. However, we report this case because Emmanuel chooses here to speak up in defense of his senior. Emmanuel takes care to mention Audrey's qualities, also projecting her into the role of senior 3 that she will have next year. He recognizes her weaknesses but vouches for her qualities as an auditor and as a senior 2, emphasizing her ability to fulfill her role with the team and the client. He particularly insists on the fact that Audrey is a key person for his engagement, which is itself a key engagement for the division.

Other managers point to the fact that A is an exceptional grade, for an exceptional performance, which, concerning Audrey's performance, is not the case. They suggest that A is a complacent evaluation that does not really reflect her level.

At the end of the committee, we talk to Emmanuel to understand the reason for his speaking out.

*"You work with people on a regular basis, so you naturally want your teams to have good bonuses and good progressions so that these people stay because it is with these people that you work, That's why I put my neck on the line for Audrey (laughs)... because if she leaves, I know that I'll have to fight to find another senior for this engagement and that's not always easy... and then again, I don't want to be judged either. I rate her A, I don't want people to say 'Emmanuel, he overrates his protégés'..." (Emmanuel, senior manager 1)*



At the end of the committee, when the C group is reviewed, Audrey is maintained in the C group, but it is agreed to classify her C+, to encourage her and send a signal. Emmanuel shakes his head in disapproval. At the end of the process Audrey will be promoted to the next grade. In this case, the manager is essentially trying to defend his point of view so as not to lose face... it seems more like he is defending himself and his judgment than his senior... There is also a desire not to be judged as an evaluator. If the senior manager chooses to give an A, and the senior is graded C, he feels a devaluing judgment on his own judgment.

- **Consensus case but one supervisor misjudges the auditor**

To illustrate this example, let's take the case of Gilles. Gilles is a S2 auditor. He has been graded A several times on his assignments (A=exceed expectations). There is almost unanimous agreement on his evaluations to grade him A and his mentor gives a very positive presentation of his work, proposing that he be classified in the A group. However, Pascal, one of the senior managers he worked with, rated him a C.

Once again, as in case number 1, that of Stephane, Pascal might not speak up and the consensus would be around the A. But this is not the case, and that is why we present it here.

Pascal argues quite clearly and with a strong and confident voice that he did not find Gilles' performance on his engagement exceptional. He fulfilled his role as a senior, but not better than other seniors... Here is roughly what we can transcribe from what Pascal said to Gilles' s mentor: *"All my seniors are ranked B or C but this one is going to be A while he is not better than mine [who previously were ranked B or C by the Committee]. Why should he be A, if mine are not...? What exactly do you want? Clear my schedule? Is this a message I have to take personally?"* [silence then forced laughter]

Here, Pascal, the senior manager, is talking about "his" seniors to refer to the auditors with whom he most often works on his most important assignments. Implicitly, he wants to mark the occasion and acknowledge the fact that he would like support for his teams. The battle is mainly to score points for the future.

Gilles, the senior is finally classified in group A.

We interviewed managers and partners who confirm that they support their team members, to encourage them and build strong, motivated teams. Customer satisfaction is, amongst other things, heavily dependent on the stability of audit teams. Changing auditors every year on an



assignment makes it more difficult to track, to accumulate expertise and to carry out the job satisfactorily.

*"You work with people on a regular basis, so naturally you want your teams to have good bonuses and good progress so that these people stay because it is with these people that you work, and if these people leave you will have to recruit others..." (P11, CabA)*

Hence, a manager will always prefer to promote a senior that works a lot for him or her and will work on the same assignment the next year, rather than to have too much turnover on the assignment. That is the reason why partners and managers try to defend their *protégés* in the final ranking, in order to be able to work with them again, and by doing so, to identify and promote the best.

- **Controversial cases**

Vincent's case is trickier because he has been oscillating between A's and C's all season. The mentor presents the case and grades the senior, Vincent, as a B.

Two managers who have graded C speak of complacency in their evaluation of the A's. It is essentially technical problems that are put forward. A manager who gave an A is outraged. He underlines Vincent's professional behavior and his open-mindedness and good relationship with the juniors. A manager who has already spoken says that Vincent lacks flexibility.

The tone rises.

It is the HR partner who finally takes the floor, in the position of moderator.

*"Do we want to encourage his behavior or on the contrary send him a danger signal so that he changes?"*

Here, the debate subsides a bit and it is the mentor who speaks up. *"I suggest that we put him in the B group, and then we'll see at the end."*

*"There are already too many people in B, it's going to end up as if we were attending 'L'école des fans'<sup>1</sup>!"* sighs a manager who does not work with the senior.

Franck, the manager who has worked the most with Vincent and who has rated him A speaks up again:

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<sup>1</sup> a popular French TV show which features children singing songs by their music idols. Children were always graded 10 out of 10 by the other children.



*"I need Vincent as a senior on my engagement, he is a key asset... he is losing motivation. We have to send him a signal that we want to keep him, otherwise we will lose him. If you don't do it for him, do it for me!" (laughs).*

Another manager who rated Vincent A nods in support.

The partner decides. The senior is rated A.

At the end of the committee, when back on the A group, the senior is maintained in the A group but under classified A-. At the end of the process he will receive a promotion to the next grade. The senior will not receive a bonus, which seems to be the wording of a warning for his behavior.

Here we see that the course of the discussion is a lively debate, in front of the partner, who until now has remained almost systematically silent, takes the floor to demand a decision. There is no middle ground, he takes the side of the supporting manager. He decides and imposes his solution. He remains the one who decides and all the managers agree with the decision taken, or at least, do not contest it.

Here, in this case, the manager is comforted in his position.

*"I won! And I am happy for that! I put up a good fight and walk away with a A-rated senior and the endorsement of the partner. This is a good day for me!" (Franck, M3).*

The two managers who were disowned speak of complacent evaluations and clans where it is always the same people who are listened to. They also seem to stick together "against" the manager, and on several occasions during the committee will adopt similar votes.

- **Awarding of an A+ grade**

At the end of the committee (sometimes during the committee, but it is often at the end of the committee), the managers review the seniors classified in the A group. They distinguish one, sometimes two, by rating them A+.

I did not attend this exchange, but I did speak with an auditor who was rated A+ during his senior 3 year. I asked him why he didn't get this distinction before:

*"You see, people like Partner A (the partner in charge of HR) or Partner B (the partner in charge of the division), they heard about me in committees, but they weren't going to push me, they already had their protégés, well it was a bit of cronyism anyway.... And when the merger took place [merger between two BUs, thus increasing the number of seniors in the same division but also of partners], then I started working with a lot of different people... as they had heard good*





*things about me, I started working with Partner A and Partner B, on more visible missions, with more visible people.... My year of S3 went very well and I ended up failing A+, the maximum, and they clearly sent me the message "you have to stay, we're counting on you, we're giving you lots of money and we're putting you in lots of motivating internal projects, but you're staying!"* (Bruno, Manager, CabA)

Bruno mentions, in this verbatim, the importance of being supported by influent partners or managers to be promoted and distinguished. This visibility that is mentioned by the senior is confirmed by a manager we interviewed; in the next verbatim, he underlines the indirect interest of mentors or supervisors to promote their protégés:

*"When we have finished studying all the seniors' cases, we have to decide "Here, among all the A-rated seniors, is there one that stands out? And then it's a battle because everyone is fighting and, in the end, only one, maximum two, are rated A+.*

*Q: Why is it a "battle"?*

*Because there's often a rewarding side to saying that all your protégés are wonderful... and to say that you work with very good people, it makes you feel good as a manager. And it indirectly raises your profile in the firm."* (Didier, Senior Manager, Cab C)

- **Classification of an auditor in group D**

We are studying the case of Iris, who is a senior 1. She has already repeated her year as a senior assistant. Her mentor presents her evaluations, which are not really bad. They range from B to C. However, the mentor suggests that the auditor be placed in group D (which means "no promotion"), suggesting that the evaluations have been overestimated and that they are "complacent" evaluations.

The partner, who is often in the background in the exchanges, seems to agree with the mentor's judgment and makes it clear that he does not want to keep this auditor in the firm (he suggests a departure).

Three managers, who worked with the auditor and gave her either a B or a C grade, took the floor in succession to temper their assessments, which were nevertheless correct. They insist on the difficulty of engagement evaluations during the year, because they are too negative and could demotivate the auditor. However, the three managers confirmed Iris' difficulties and "overruled" themselves before the committee by recommending a classification in group D.



In the case of Iris, the managers went back on their decisions and agreed with the judgement of the partner and the mentor. The grade assigned (D) was not in line with the grades obtained during the engagement evaluations. They justify this reversal by "complacent evaluations" in order not to demotivate the girl during the year.

At the end of the committee, Iris is classified in group D and will not be promoted. She left the firm following this decision.

What is interesting about the Iris's case is that the committee focused particularly on her poor evaluations, ignoring the good ones. Her repetition last year and the fact that the partner does not want her to stay within the firm, worked against her. What determined the promotion decision was clearly based on the conversations that took place during the committee. Interviewed on that topic, here is what Bérengère, Iris's mentor, answered:

*"Generally, evaluations are not very decisive... it is rather what is said around them, off the record, and in the committee, that is where it is going to play out... the rumors or something that will have been said to the HR associate by a manager off the record, that plays a huge role in promotion decisions..."*

*Q: But why are some listened to more than others?*

*But because they are human relationships in the end... we try to standardize and to create processes but, in the end, they are human relationships, and we can tell all we want, the final decision will be "irrational" because it depends on "is it someone you get along with, with whom it works well". And you can spend hours pretending you're going to rationalize, the final decision won't be. It's not fair! (Bérengère, Manager 3)*

After reviewing these six cases, we are going to discuss them in the discussion part. Before we move on to the discussion part, we just want to emphasize, as we have seen throughout the cases in an underlying way, the importance of WHO is speaking during committee discussions and promotion decision making. As the next verbatim illustrates, it all depends on who speaks and how:

*"I had a very good assistant who was on my mission, calm, logical, impeccable in his renderings, frankly the impeccable guy, with me it went very well. I don't know what happened, but in any case, this assistant had another manager on another assignment who messed him up, but messed him up as well as he could, during the promotion committee. The manager attacked his reputation. And when this assistant went into the partner's office he was told "that he shouldn't consider staying"... basically that he was going to repeat his assistant year. The*



*partner told him, "Look, in this firm, the walls have ears. You have a reputation that has been damaged, it's going to be very difficult to get it back up. Reputation is very important. And here, the manager who shot him down, he had the wind in his sails. So he never got over it because he was lynched by the rumors. He left. (Henry, senior 3, cab B)*

Similarly, and our observations have largely confirmed this, there is also a challenge for the evaluator to support his or her teams, because the better the results obtained by his or her appraisees, the better the evaluator's performance will be judged.

*You have to see how the evaluation committees worked ... I was very rational for that sort of thing, so I thought the purpose of the game was really to bring out the good guys. Except that you're going to have a number of people, many of them finally, who turn the evaluation committee or evaluation system into a system of self-promotion. That is to say, basically, what are you going to do? you will support the people who work for you, you will say that they are excellent auditors, and because they are excellent auditors, it means that you are an excellent manager, and the people you have helped promoting, well, they will be happy, and they will spread the news that working for you is beneficial, that you are fair and loyal ... and you will get all the good ones...(Fabienne, ex-senior manager, 10 years of service).*

Having well-evaluated teammates is also part of the "value" of auditor performance. Auditors will therefore strive to form close-knit teams that will work collectively to ensure the success of their teammates. The promotion committees become the backstage area where political games and power struggles are played and decided.

*You can see that there are some managers who have all their protégés well rated. And others on the contrary who are less well rated... In fact, everything is known... and everything spreads very quickly in the firm. My mentor never fought for me... I was never badly graded but I was never well graded either... and when I protested about my evaluations, he said to me "yes, but all these A's are complacent evaluations..." too bad, it would probably have been different with another mentor. (Jean-Christophe, ex-manager 1)*

Conversely, it is penalizing for a manager to have poorly evaluated assistants and this can have consequences, on his/her reputation or his/her career.

*"After I returned from maternity leave, I could not choose my jobs any more. I was assigned jobs and I could not choose my teammates. However, to succeed in this field, you need people with experience, feeling and stamina. Instead, last year, out of the 7 juniors I worked with, 6 had to repeat in the same rank. So, they were mad at me. They complained that I did not support*



*them enough at the committee and that everything was my fault. As a consequence, it was a tough work to motivate them for the job the year after! They did crap and I had to work a lot to compensate. So, yes indeed, it is hurting to have six repeaters, because no one will want to work with me the next year... it is bad for my reputation... and my relation with the customer, because I will have to change again the team and customers hate that!"* (Sophie, Manager 1, six years of service).

The promotion of auditors can therefore have consequences for the careers of their evaluators. Surrounding oneself with the best, encouraging them and keeping them is therefore a major political issue in the firm. This highlights the importance of political games related to the promotion of auditors in the firm.

## **5. DISCUSSION**

### **5.1. THE PROMOTION DECISION: A SOCIALLY CONSTRUCTED JUDGMENT**

Evaluation decisions are made by men or women embedded in social relationships: thus, there is an inevitable social dimension to the evaluation decision. In the evaluation committee, there is an effort to reach consensus and respect the professional judgment of others, but there is also room for power struggles. Thanks to a highly structured process and a precise and rigorous procedure involving many actors, feedback controls are in place to protect as much as possible from decisions that are too "unconnected" to reality. Sometimes, however, political and power struggles created by the intense competition between managers can be seen in the debates. The committee, focusing on performance during specific assignments, will concentrate on examining technical or behavioral issues, and will mobilize specific moments of the assignment with concrete examples. The discussion will then take the form of a deliberation on "Is the auditor a good professional?" by mobilizing concrete facts and referring to events that occurred during the mission. This contextual and factual "framing" helps to limit the effects of politics and networks, even if they surface at times.

Concerning the "business of deciding", the promotion committee can be seen as a rhetorical demonstration during which the managers will exchange arguments, in a "competitive" relationship between them, also serving to count the points and determine the balance of power. The arguments that carry the most weight are mainly based on 3 different dimensions:



- The personal influence of the manager and the missions he manages, his own reputation and his seniority and involvement in the firm.
- The rhetorical scope of the arguments used, ranging from silent withdrawal to refusal to compromise, via agitation or the raising of one's voice... in the end it is the unspoken that is sometimes the most decisive.
- Depending on the relational weight of the argument, i.e. who supports whom and in particular which way the partner in charge of HR leans, who is the one who decides when consensus is not reached. An argument will only be strong or weak, decisive or not, depending on the context and who is making it and with whose support or objection.

The auditor's final evaluation depends on two concurrent factors: the auditor's performance in the field, i.e., the grades earned on assignments throughout the season. The final grade is therefore based on a factual synthesis of the grades obtained during the season. However, these grades are weighted by a "relational" factor, i.e. who supports and who does not support the candidate, when deciding between auditors in the same group for the awarding of raises and bonuses. The statements made are all the more important as they confirm or not the influence of a manager or his/her power of conviction. The grade does not only evaluate the evaluated but also the evaluator.

## **5.2.THE PROMOTION DECISION: A JUDGMENT ON THE JUDGMENT**

What is the contribution of this study to the sociology of valuation and evaluation?

What our empirical study sheds light on is the process of constructing the rationality of the evaluation of the auditor's performance: it is clearly not the fair and precise application of predetermined evaluation criteria, nor even the mathematical synthesis of the evaluations obtained on the assignments.

The fact that these evaluations are staged during committees bringing together all the managers to judge the performance of the division's juniors and seniors is significant in itself. The fact that this evaluation results in a ranking of the auditors among themselves is not neutral in terms of significance either. In these "events" and in these discussions, it is not only the quality of the auditor's performance that is at stake. It is also the quality of the "judgment" made about this auditor that will come into play. A manager who has rated A a protégé will not want to be disowned. Because it is also a question of judging his/her own judgment.

Let's review the overall performance evaluation process:



- Self-assessment = the auditor makes a judgment about his/her performance. The auditor is asked for a self-assessment of his/her performance, i.e., his/her personal viewpoint, his/her judgment of his/her performance.
- The manager evaluates the auditor and judges the performance in the context of the assignment. The manager then positions himself/herself with respect to the auditor's performance and also makes a judgment about the performance on the assignment.
- The sponsor evaluates the evaluations of others. He/she weights the evaluations (severe or complacent manager, context of the mission, ...)

What does the evaluation committee contribute to this process?

It is the assessment committee that produces the assessment decision and this decision produces an assessment of the judgment of the people involved in the process. For each auditor, the discussion implies a judgement on the judgements made and therefore the validation or not of the judgement of the manager involved in the process; some will be confirmed in their judgement, some will be contradicted; there will literally be winners and losers in the evaluation game.

Some may lose out by supporting downgraded auditors. Others may lose out by not supporting lauded auditors. There is a competition in the committee about the quality of the judgment. What is at stake is not so much the quality of the auditor's performance as the quality of the manager's judgment on his or her senior.

While each is related to the other, this dependency link between the senior and his manager allows a strong control in the judgment and limits the political dimension of the evaluation. By pushing an incompetent person, there is a risk of failing on an assignment. Another manager or even a partner could also question the auditor's performance and thus discredit the manager's judgment. His or her own reputation would be tarnished.

The final grade is not a single evaluation and an isolated judgment but a collective construction and implies a reciprocal observation of the judgments of others, which makes it possible to complete but also to control the judgment of each one. Thus, the evaluation committee can be seen as a collective sphere for regulating professional judgment, and although the exercise is secret and intimate, it allows the dissemination of public and collectively constructed information.



## 6. CONCLUSION

Observation of annual promotion committees attests to the power struggles that influence the definition of auditors' value. The bargaining and negotiations that take place at the time of these committees where promotions are awarded testify to the highly political nature of promotions: evaluators fight for their teams to be recognized as performing well because this recognition also has an influence on their own value. Performance is definitely collective and is measured in these political games by the strength of the networks formed.





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