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**Three Papers in  
Career Dynamics in the Accounting Profession: Evidence  
from Chartered Accountants in Bangladesh**

by

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A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of  
Philosophy

University of Warwick, Faculty of Social Sciences

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## **Author's declaration**

This thesis is submitted to the University of Warwick in support of my application for the degree of Doctor of Philosophy. I hereby declare that I am the author of the thesis, that the work of which this thesis is a record has been carried out by myself, that no material contained in the thesis has been used before or published, and that this thesis has not been submitted in any previous application for any degree at another university.



Sadia Hasan Khan

September 18, 2020

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## Abstract

This study examines career dynamics of chartered accountants (CAs) in Bangladesh. By conducting 43 interviews with CAs in Bangladesh, I examine the reasons why CAs are underrepresented in the country compared with other professions. Through three papers, I show what happens to their careers when they work in two proximate fields, how their socioeconomic backgrounds and work–life balance affect their careers and, more importantly, whether their habitus plays a role. In addition, I provide new evidence of why the presence of international firms in Bangladesh is tentative, what factors determine links between international and local firms, and how local firms are linked with international firms, including the Big 4. I provide some interesting findings and thereby extend the literature in particular Belal *et al.* (2017) and Spence *et al.* (2016). In Paper 1, I show that the accounting field is less dominated by commercial concerns and find no evidence that CAs' movements relate to high workloads or burn-out, nor to issues with work–family life balance. More generally, CAs in Bangladesh feel strongly about the profession. By using Bourdieu's work as my theoretical framework for the study, I show how capitals accumulated in one field retain value in a proximate field. In paper 2, I claim that global professional service firms (GPSFs) need a better understanding of local contexts, as a “one size fits all” strategy for expanding into new markets does not always work and despite some economic, social and cultural obstacles, changes to the economy and to perceptions of audit firms and their partners are leading to changes in how these partners perceive the potential benefits of full membership or affiliation. Finally, in Paper 3, I show that female CAs' habitus helps in their career progression and claim that class seems to override gender-related constraints on the career progression of female CAs in Bangladesh. Overall, the thesis demonstrates that accounting fields are not uniform across borders and that gender, class, cultural and social dynamics all combine to shape economic activity and professional careers in novel ways within specific national arenas.

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# **Career Dynamics in the Accounting Profession: Evidence from Chartered Accountants in Bangladesh**

## **Introduction**

### **1. Motivation for this study**

Bangladesh is a densely populated country in South-East Asia and is known as one of the poorest countries in the world. In recent years, the country has experienced significant economic growth. Nevertheless, linear growth is not observed across all sectors and professions. For example, although chartered accountants (hereafter CAs) are highly regarded, there are few professional CAs in Bangladesh compared with doctors, teachers and lawyers. Surprisingly few audit firms operate within the country, despite its large population: with a population of 168 million, there are only 1,727 CAs, of whom 132 are female.

In Bangladesh, CAs move between two proximate fields: the profession and industry. However, this movement is not one-way from the profession to industry, but also occurs from industry to the profession. This is quite rare in the West, as previous research (Knechel *et al.*, 2019) shows that the vast majority of auditors leave the profession to join industry (auditor departure), other audit firms (auditor turnover) or client organizations (revolving-door phenomenon). Why do CAs in Bangladesh move between the two fields, and what new insights might this offer, particularly into the nature of professional fields?

As an emerging economy, Bangladesh attracts foreign investors and multinational companies (MNCs). Like many emerging economies, it is open to foreign business, with no barriers to entry. In other words, it is part of the globalization process. Given this scenario, one important aim of my study is to examine the globalization of international accounting firms in Bangladesh, as well as their motivations and the challenges they face in the local context.

Although international accounting firms' presence in the country can be traced back more than five decades to before independence, only a small percentage of local CA firms are affiliated with these international firms. Bangladesh is therefore an ideal setting in which to investigate these issues. In particular, I explore why global professional service firms (GPSFs), including the Big 4, do not have a greater presence in Bangladesh, even though there are no legal constraints on doing so. I examine the dynamics of relationships between local firms and GPSFs in Bangladesh, and explore nuances in the workings of international affiliations, and the rationales for and obstacles to these affiliations.

In the last decade, considerable progress has been made towards female empowerment and engagement in Bangladesh. For example, an important attempt has been made to reduce the gender gap in primary and secondary school enrolment. There are now more female than male doctors and teachers in Bangladesh, we have seen exclusively female prime ministers since 1991, and progress has also been made in other fields. The low number of female CAs is therefore somewhat surprising. While social and religious restrictions remain on women in rural areas working outside the home, this is not the case in urban areas such as Dhaka and Chittagong, where women can be found in every field, including medicine, law, engineering and teaching. Why are there so few female CAs in Bangladesh? In particular, why are fewer Bangladeshi women interested in this profession, and what factors prevent them from joining and remaining in the profession? As in many other countries, is there a "glass ceiling" in the accounting field in Bangladesh?

My study is presented in three papers. In Paper 1, I focus on CAs' career trajectories, and especially why they move between the profession and industry, and how (if at all) this movement helps their careers. In Paper 2, my key aim is to understand why the presence of international firms is tentative in Bangladesh. Finally, in Paper 3, I focus on gender imbalances in the accounting profession, and particularly on reasons for the low presence of female CAs

in Bangladesh, and whether their work–family life balance hinders their career progression. In the next sections, I present a brief overview of the theoretical framework, my field study and my key contributions.

## **2. Theoretical framework**

Throughout this thesis, I use Bourdieu’s theory of capital and habitus, as well as Fligstein and McAdam’s (2012) theory of strategic action fields, which they suggest provides more analytical leverage on how organizational life is created and changed. In particular, in Paper 1, I explore the habitus of CAs in Bangladesh, the capital conversion process, and mutations of the habitus when actors (i.e. CAs) work in and move between the two proximate fields of the profession and industry.

According to Bourdieu (1986), capital may be economic, social (networks and connections) or cultural. Cultural capital can, in turn, be subdivided into institutionalized (diplomas and credentials), embodied (behavior and deportment) or objectified (possessions). Bourdieu’s (1984) habitus refers to individuals’ dispositions, which constrain or enable their actions or attributes to allow them to fit into a specific field. Habitus denotes neither the structure of a field nor the free will of the individual, but the interplay between the two, shaped by the social construct of the individual. Individuals are shaped by the environments in which they grow up, the schools and universities they attend, and their family backgrounds and societal surroundings. Their habitus is not rigid; rather, it helps them to adapt to the rules of the fields they enter later in their lives.

As mentioned above, my study draws on Bourdieu’s theory of capital and habitus to examine how CAs in Bangladesh produce, accumulate and convert their capital in two proximate fields. As well as being determined by the interplay between free will and structures, Bourdieu (1984) argues that habitus is conditioned by social origins, whilst taking shape within fields and playing by the rules of those fields. To understand the habitus of CAs in Bangladesh,

it is critical to examine the fields in which they are located, which are the semi-autonomous field of the accounting profession and the heteronomous commercial field of industry.

Fligstein and McAdam (2011) suggest that the larger fields defined by Bourdieu can be broken down into a series of smaller sub-fields, which they term “strategic action fields” (hereafter SAFs). In other words, SAFs constitute “fundamental units of collective action in society” (Fligstein and McAdam, 2011). Within SAFs, one must determine who are the members, what their positions are and what their moves might be (Fligstein and McAdam, 2012). Whereas Bourdieu theorizes fields and their habitus, dispositions of the habitus and how members within the field play the game, Fligstein and McAdam (2012) believe that links between different fields are also important. It is therefore critical to understand the dynamics of these links and how they interact with each other in a state or society. In particular, interactions play a vital role, as fields each have their own logic or rules of the game, and interactions make it possible to achieve common interests in society. Although power and domination are important factors, so are the strategies, negotiations and actions that link different fields. According to Fligstein and McAdam (2012), relationships between SAFs demonstrate how people organize social space: “The great proliferation of SAFs in modern society is the outcome of these processes, i.e. relationship /interaction between SAFs.”

I also draw on Hakim’s (1991, 2000, 2006) preference theory to understand female CAs’ preferences in their careers. According to Hakim (2006), a key factor affecting women’s presence in the workplace is their decisions or choices to give priority to work or family life, or perhaps balance the two. Hakim (2000, 2006) identifies three types of women: “home-centered,” “adaptive” and “work-centered,” and shows that although those in the adaptive group are in the majority, they often prioritize family life over paid work. She concludes that these women will never reach the top positions in their workplaces. Lupu (2012) does not entirely agree with Hakim’s preference theory. Instead, she proposes that female professionals’

rarity at partner level is attributable to them choosing to prioritize family life after trying and failing to find a balance between work and family life.

### **3. Field study**

I undertook 43 semi-structured interviews with CAs in Dhaka, the capital of Bangladesh between 2015 and 2017. I deemed this to be the most appropriate method for my study (as discussed in detail in all three papers) to gain an in-depth understanding of individual CAs and of the accounting profession in Bangladesh. The interviewees included both male and female CAs. Most were from the profession, and a third were from industry. My interviewees worked in a wide range of professional roles, including senior partners, directors and account managers. They ranged in age between 25 and 85, with an average of more than 10 years' experience in the field. Most had industry experience, although a small percentage had never worked in industry, mainly those with family connections, for instance whose fathers were founding partners. Most of my interviewees had professional qualifications from Bangladesh, certified by the Institute of Chartered Accountants in Bangladesh (ICAB), although a very small number had CA qualifications from elsewhere (mainly the UK). Some of the firms in which the interviewees were partners had various types of links with international accounting firms, while only two firms were members of the Big 4. These local CA firms' main clients included not only local listed and private firms, but also multinational firms and non-governmental organizations. They offered both audit and non-audit services, such as consultancy and tax advice, and ranged in size from small firms to large top-tier firms.

### **4. Contributions of this study**

I make several key contributions to the literature. First, my findings on movements from industry to the profession sit uneasily with the assumption that professional accounting firms (e.g. Big 4) are commercial in nature, focusing intensely on profit. I show how CAs perceive

the profession, and how strongly they feel about it. In particular, I show that the accounting field is less dominated by commercial concerns than other contexts. My data reveal that CAs tend to return to the profession, despite facing salary cuts.

Second, I challenge conventional wisdom and anecdotal evidence that CAs move from the profession to industry in order to achieve a better work–family life balance. I find that this is not the case in Bangladesh, with no evidence that CAs’ movements relate to high workloads or burn-out, nor to issues with work–family life balance. More generally, CAs do not see these issues as characteristic of their profession.

Third, Spence *et al.* (2016) examine habitus across the transnational professional field. They compare CAs’ capital accumulation process across countries and how partners navigate their path to success, whereas I show how CAs move between two proximate fields, and how mobilizing various capitals helps their careers. Thus, I show how capitals accumulated in one field retain value in a proximate field.

Fourth, I show why GPSFs, including the Big 4, do not have a greater presence in Bangladesh. I extend Belal *et al.*’s (2017) study by providing a more comprehensive view of the dynamics of membership and affiliation. I show that, despite some economic, social and cultural obstacles, changes to the economy and to perceptions of audit firms and their partners are leading to changes in how these partners perceive the potential benefits of full membership or affiliation.

Fifth, I show that barriers to greater affiliation exist not only from the perspective of local firms, but also from that of the GPSFs, as there is a mismatch between how GPSFs and local firms perceive themselves and each other. For example, while partners in traditional local firms see themselves mainly as “auditors,” GPSFs entering markets with low audit fees arguably see auditing as a “loss leader” and enforce global standards without considering the local context. I suggest that while affiliations between global and local firms are underpinned by a strong

economic rationale, for local firms, knowledge sharing takes priority, and therefore they value foreign firms' technical support and access to global networks, while economic, social and cultural factors act as obstacles. Overall, I claim that GPSFs need a better understanding of local contexts, as a "one size fits all" strategy for expanding into new markets does not always work.

Finally, in my third paper I show how female CAs' habitus plays a role in shaping their careers, and how their preferences and family connections contribute to career progression. In contrast to extant literature, I identify that in Bangladesh, family support and background are major factors that allow female CAs to become partners. In particular, I show that female CAs' habitus makes it easier for them to reach partnership level. In contrast to previous literature (e.g. Haynes, 2007a, 2007b), I find that motherhood appears not to be an obstacle to career progression. In fact, the support that women get at home helps them to reach the top and makes it easier for them to decide on their career paths. Indeed, class seems to override gender-related constraints on the career progression of female CAs in Bangladesh. My key contribution lies in showing that in the Bangladeshi context, the class dynamics of female CAs dominate their career progression.

The three papers are presented below, followed by some concluding remarks.

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## **Paper 1**

### **Chartered accountants' career progression and capital mobilization: Evidence from the field**

#### **Abstract**

In Bangladesh, chartered accountants (CAs) move between two proximate fields: the semi autonomous field of the accounting profession and the heteronomous commercial field of industry. However, their movement is not one-way from the profession to industry, but also occurs from industry to the profession. This is quite rare in the West, as previous research shows that the vast majority of auditors leave the profession to join industry (auditor departure), other audit firms (auditor turnover) or client organizations (revolving-door phenomenon). Why do CAs in Bangladesh move between the two fields, and what new insights might this offer into the nature of professional fields in particular? Through a study involving interviews with 43 CAs working in the profession (30) and in various industries (13), it is found that the overwhelming majority of CAs return to the profession at some point in their careers, or have a strong desire to do so. The study elucidates that one reason for moving between the two fields is to accumulate different forms of capital. Cultural capital accumulated in one field (i.e. the profession) helps CAs to accumulate social and economic capital in the other (i.e. industry), which are ultimately a source of symbolic capital. However, this paper challenges conventional wisdom and anecdotal evidence that CAs move from the profession to industry to achieve a better work–family life balance. This is not the case in Bangladesh, as jobs in industry are considered to be less secure and more demanding. Culturally, people in Bangladesh prefer to avoid uncertainty, but also want to be recognized and promoted in the workplace, especially as they grow older. This study reveals that jobs for CAs in industry are perceived to be less secure and poorly recognized, with low status in the workplace and little career progression. At the same time, unlike in the West, CAs in Bangladesh feel strongly about the profession that they leave early in their careers, and are strongly motivated to return to it. We conclude that this practice is motivated by a mixture of economic, symbolic (prestige, recognition) and cultural factors. Overall, the key contribution of this paper is to show how different forms of capital can be mobilized between two proximate fields.

Keywords: Bangladesh, Bourdieu, Capital, Chartered Accountants, Field, Industry, Profession.

## 1. Introduction

Chartered accountants (CAs) commonly move from the profession to industry after qualifying. A recent survey of 150 countries by the Association of Chartered Certified Accountants (ACCA, 2018) found that many auditors wish to leave the profession at some point in their careers.<sup>1</sup> This “brain drain” is of great concern to the profession and regulators around the world (Knechel *et al.*, 2019), including the Public Company Accounting Oversight Body (PCAOB) in the US and the Financial Reporting Council (FRC) in the UK. In addition, a survey by the American Institution of Certificated Public Accountants (AICPA) suggests that audit firms rank staff recruitment and retention as their most pressing priority (Drew, 2015). Previous research shows that auditors leave the profession to join industry (auditor departure), other audit firms (auditor turnover) or client organizations (revolving-door phenomenon). However, in Bangladesh, there is anecdotal evidence that traffic is not always one-way from the profession to industry, but occurs in both directions. In others words, CAs also move from industry to the profession.

Bangladesh is one of the most densely populated countries in the world, with a population of over 160 million. Although the CA profession is highly regarded in society, equivalent to other professions such as medicine and law, the number of CAs in society is very low. The number of CAs per 1000 people is only 0.01 as compared to the number of physicians which is 0.58.<sup>2</sup> Interestingly, CAs in Bangladesh do return from industry at a later stage of their careers, a phenomenon not observed anywhere else in the world, nor in the literature. Why do they do so and how does this movement change their professional disposition? Does it help them to accumulate different forms of capital (i.e. cultural, economic, social and symbolic),

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<sup>1</sup> Every year, various careers services and audit firms conduct surveys to understand CAs’ career progression. Almost 48.2 percent of 1,701 respondents to a survey by Careers in Audit said that they would like to work in industry, compared with 33.1 percent who wanted to work in the profession; and almost 10 percent wanted to change career completely ([www.icaew.com](http://www.icaew.com)). In China, more than 25 percent of auditors are thought to have left the profession over the last decade.

<sup>2</sup> Source: [www.tradingeconomics.com](http://www.tradingeconomics.com) and [www.icab.org.bd](http://www.icab.org.bd).

and are these capitals mobilized between the two fields? This paper examines these research questions.

The Companies Act (1994), which regulates the audit environment in Bangladesh, requires all registered companies to have their accounts audited by independent CAs. Therefore, as an emerging economy and with significant industrial development, the role of CAs is significant. Their clients include local businesses, multinational companies (MNCs), non-profit organizations, and donor agencies such as the World Bank and Asian Development Bank. Bangladesh has a small number of CAs who work in two fields: the profession and industry. Drawing on Bourdieu's habitus, I explore CAs' dispositions in their field (industry or profession), and draw on Fligstein and MacAdam's (2012) theory of strategic action fields (SAFs) to understand the dynamics of these proximate fields. I conducted 43 interviews with CAs, most of whom currently worked in the profession (30 CAs) and had industry experience, and some of whom worked in industry (13 CAs).

I make several key contributions to the literature. First, my findings on movements from industry to the profession sit uneasily with the assumption that professional accounting firms (e.g. Big 4) are commercial in nature, focusing intensely on profit. I show how CAs perceive the profession, and how strongly they feel about it. In particular, I show that the accounting field is less dominated by commercial concerns than other contexts. My data reveal that CAs tend to return to the profession despite facing salary cuts.

Second, I challenge conventional wisdom and anecdotal evidence that CAs move from the profession to industry in order to achieve a better work–family life balance. I find that this is not the case in Bangladesh, with no evidence that CAs' movements relate to high workloads or burn-out, nor to issues with work–family life balance. More generally, CAs do not see these issues as characteristic of their profession.

Third, Spence *et al.* (2016) examine the habitus across the transnational professional field. They compare CAs' capital accumulation process across countries and how partners navigate their path to success, whereas I show how CAs move between proximate fields, and how mobilizing various capitals helps their careers. Thus, I show how capitals accumulated in one field retain value in a proximate field.

Finally, I struggled to find any literature on CAs with industry experience or working in industry. Bangladesh is an interesting context, as I provide evidence from CAs with industry experience and currently working in industry. I believe my results will be of value to individual CAs and firms in explaining the non-linear nature of professional careers. I also address concerns voiced by regulators and the audit profession about CAs' career trajectories, which will help them to formulate standards and strategies for career progression, not only in emerging countries but also around the world.

In the remainder of this paper, Section 2 reviews relevant literature and provides a theoretical discussion, and Section 3 explains the research design. The findings are presented in Section 4, and Section 5 draws some conclusions.

## **2. Theoretical framework and literature review**

### *2.1 Theory*

CAs in Bangladesh have a choice of two different organizational settings in which to work: in the professional firms from which they obtain their qualifications, and in various industries, including banks, private companies and MNCs. These two settings have differing workloads, remuneration structures and social status, and each has pros and cons. For instance, moving from the profession to industry allows CAs to use their skills in a different environment and work with various types of client. Anecdotal evidence and previous research also suggest that in the West, workloads are high in the profession, prompting CAs to move to industry (Lupu and Empson, 2015; Sellers *et al.*, 2014). However, they may find it difficult to return to the

profession if they change their minds, as this will require significant catching up, for example with professional ethics and auditing standards.

Although there is movement from the profession to industry in the West, in Bangladesh CAs also move from industry to the profession. In fact, most of the CAs I interviewed had industry experience. My study explores the reasons for this unique phenomenon. In particular, why do CAs in Bangladesh move between the two proximate fields, and how does moving from one field to another help them to accumulate different types of capital and progress in their careers?

According to Bourdieu (1986), society is differentiated into specialist groups characterized by social fields such as law, journalism, politics and art. In this paper, the accounting profession is considered as a field, and CAs work in two proximate fields: the semi-autonomous field of the profession, and the heteronomous commercial field of industry. According to Bourdieu (1998), a semi-autonomous field has its own rules and cannot be understood simply by examining external factors (see Carter and Spence, 2014). Carter and Spence (2014) suggest that hierarchies and distinctions between individuals in a semi-autonomous field may differ from those pertaining to a heteronomous commercial field. Fields are also structured by different forms of capital (Bourdieu, 1986). Therefore, to examine CAs' career paths and strategies for moving between proximate fields, it is necessary to understand Bourdieu's theory of capital and habitus.

Bourdieu's (1986) notion of a field consists of players with backgrounds of various capital structures (economic, cultural, social and symbolic) representing what agents do in their own field. Bourdieu's concept of capital goes beyond obvious material assets (i.e. economic capital). He describes cultural capital as having three states: embodied, objectified or institutional. The embodied state is probably the most fundamental state of cultural capital, linked with an individual body and cultivated by individuals or the embodied state of those

individuals. Individuals possess culture by having ideas of culture fixed in their minds or by investing time in acquiring the embodied state. Hence, the distinguishing feature of embodied capital is that it is obtained first-hand by the holder (in our case, CAs). An example of embodied capital is linguistic capital, which is acquired primarily through the family (mother tongue), and is manifested in and measured through linguistic style (Everett, 2002). This style is embodied in individuals and demonstrated in its use. In contrast, objectified cultural capital may be a work of art, an ornament, or even understanding of the technicalities of one's profession.

Institutionalized cultural capital includes gaining socially recognized credentials through qualifications such as university degrees. According to Bourdieu, academic qualifications enable comparisons and even exchanges. In other words, they enable the establishment of conversion rates between cultural and economic capital, guaranteeing the monetary value of academic capital, for instance in terms of salaries.

Social capital can be defined as power and resources stemming from a network of relationships (Everett, 2002). Drawing on Bourdieu (1986), Everett (2002) refers to social capital as “the totality of the resources that may be called upon by sole virtue of being one of a network of durable social relations...not simply connections, but the added value which membership in a group brings.” Symbolic capital is an aggregation of all forms of capital—social, economic and cultural. According to Carter and Spence (2014), “symbolic capital, commonly called prestige, reputation...is the form in which the different forms of capital are perceived and recognized as legitimate.”

More interestingly, having defined all these forms of capital, Bourdieu suggests that there are two opposing views—one asserting that economic capital is the root of all capital, and the other denying reducibility to economic capital—and that to understand the conversion of one capital into another, one must supersede these views. According to Bourdieu (1986, p. 87):

*The convertibility of different types of capital is the basis of the strategies aimed at ensuring the reproduction of capital...the more the official transmission of capital is prevented or hindered, the more the effects of the clandestine circulation of capital in the form of cultural capital become determinant in the reproduction of the social structure.*

It is also important to understand the notion of habitus or socialized norms that guide behavior and thinking. Wacquant (2005) suggests that habitus is how society becomes deposited within individuals in the form of lasting dispositions or trained capacities and structured propensities to think, feel and act in ways that guide their behavior. According to Bourdieu, habitus is not fixed: agents may react differently in situations of crisis or rapid change, caused by a gap between the habitus formed in historically prevailing social conditions and that established by the new rules of the field. In Bangladesh, CAs come from different backgrounds with varied habitus and have a common interest in becoming CAs. After achieving their qualifications, they tend to work in industry; but importantly, their dispositions are shaped by the profession in which they have spent at least three years. This is the field in which they acquire their cultural capital. Even though their habitus differs, their professional dispositions are shaped by the field in which they engage to acquire their cultural capital.

In this context, Fligstein and McAdam (2011) suggest that larger fields, as defined by Bourdieu, can be broken down into smaller sub-fields, which they term “strategic action fields” (SAFs). These constitute “fundamental units of collective action in society” (Fligstein and McAdam, 2011). In SAFs, it is necessary to determine the members of the field, their positions and their potential moves (Fligstein and McAdam, 2012). While Bourdieu theorizes the disposition of habitus and how the game is played within the field, Fligstein and McAdam (2012) suggest that connections between different fields are also important. They view it as critical to understand the dynamics of these connections, and how actors in these fields interact with each other in a state or society. In particular, although different fields have their own logics or rules of the game, interactions play a vital role in enabling the achievement of

common interests in society. Power and domination remain, but there are also strategies, negotiations and actions that link the different fields. According to Fligstein and MacAdam (2012), relationships between SAFs demonstrate how people organize social space: “The great proliferation of SAFs in modern society is the outcome of these processes, i.e., relationship /interaction between SAFs.”

Although Fligstein and McAdam’s (2012) view largely accords with Bourdieu’s vision of fields, they refine field theory by highlighting the existence of fields in close proximity, which may be similar but not identical in nature. For example, Big 4 auditing and public-sector auditing are proximate fields (see Spence *et al.*, 2016); and in my case, the profession and industry in Bangladesh are proximate fields.

In Bourdieu’s notion of habitus, individual actors play along with the rules of the game (the field) and produce, reproduce, accumulate and convert different forms of capital. These different forms of capital result not only from individual practice but also from being in SAFs. As mentioned earlier, the mechanism of change operating in a field is linked to individuals’ capacity to alter the distribution of capital, but these individuals’ capacities are influenced by being part of the “fundamental units of collective action in a society”. According to Bourdieu (1986), “the effects of the clandestine circulation of capital in the form of cultural capital become determinant in the reproduction of the social structure.”

I draw on Bourdieu’s theory of capital and habitus to examine how CAs in Bangladesh produce, accumulate and convert their capital, and explore the habitus of the CAs in their own fields. As previously mentioned, habitus refers to the dispositions of individuals in their fields; however, according to Bourdieu (1986), it is neither a result of free will nor determined by structures, but is created by interplay between the two over time. He also argues that it is conditioned by social origins, but also takes shape within fields and plays by the rules of the fields. To understand the habitus of CAs in Bangladesh, it is important to examine the fields in

which they work. As they are involved in two proximate fields, I also look at how CAs interact with and potentially move from one field to the other.

## *2.2 Previous research*

Since this paper focuses on why CAs move between the two fields, the next sub-sections discuss the literature on CAs' career progression and workload, which are two potential explanations for this movement, as well as why they move from the profession to industry or another professional job, and from the profession to client companies. However, the fact that I have found no previous research on why CAs move from industry to the profession suggests that this is an unusual phenomenon.

### **2.2.1 Literature on CAs' career progression**

Previous literature has examined how trainees and partners choose career paths, how hard they work to progress up the career ladder, and how they integrate themselves into public accounting firms. In particular, recent literature on career paths in the CA profession shows how employees are overpowered by a commercial logic and blend into the profession by joining the race to become partners (see Kornberger *et al.*, 2011; Spence and Carter, 2014; Lupu and Empson, 2015).

Anderson-Gough *et al.* (2001) also reflect on commercialism in the accounting profession. In their study of trainees in the profession, they examine these trainees' tensions and on going quest to survive in the profession, and observe how the trainees view the process of becoming part of the profession and value the organizational culture more for career progression. Unsurprisingly, Anderson-Gough *et al.* (2002) highlight commonalities in trainees' perceptions of the meaning of being professionals in all the (then) Big 5 firms. They also reveal that the trainees afford very little value to promoting specialist knowledge and public service in their understanding of being professionals. Anderson-Gough *et al.* (2006) also examine what professionalism means for trainees and partners in two global accounting firms.

They argue that professionalism is created through social processes or networking within the profession, and that networking is widely achieved through knowledge sharing and appropriate behaviors. While previous research (e.g. Atkinson, 1981) suggests that professionals are those who either possess technical knowledge or show appropriate behavior in the workplace, Anderson-Gough *et al.* (2006) argue that professionalism emerges from the intertwining of knowledge and behavior.

Suddaby *et al.* (2009) examine individual accounting professionals' value commitment to their profession, to their employing organization, to clients, to enforcing the requirement for independence, and to attitudes to the value of the CA designation. They group these value commitments into two logics: 1) the logic of professionalism, which encompasses commitment to one's profession and acceptance of the requirement for independence, and 2) the logic of managerialism, which applies to the other commitments. They find that despite changes to the context, content and location of their jobs, most accounting professionals remain committed to their profession. Suddaby *et al.*'s (2009) findings suggest that traditional public practitioners are less committed to independent enforcement than accountants in government, education and industry. They also show that commitment to independent enforcement is weakest in accountants employed by Big 4 firms. Similarly, Kornberger *et al.* (2011) show that in Big 4 firms, managers perceive that for career progression, they must navigate a complex organizational network in order to become partners.

Previous research has also examined how individuals' identities are shaped within the professional and commercial paradigm. For example, Spence and Carter (2014) find that in Big 4 firms, a commercial logic is afforded significantly higher status than the classical/traditional professional logic. They focus on individuals in Big 4 firms in several countries, who either were or were trying to become partners, or else had failed to become partners. Interestingly, they conclude that partners give primacy to the commercial logic, and

that partners of Big 4 firms reinterpret the traditional professional logic through the commercial logic, not by ignoring the technical-professional logic but by referring to it as risk management carried out by employees below partner level.

Finally, Lupu and Empson (2015, p. 1310) suggest that professionals in accounting firms see themselves as trapped and helpless in the profession due to work overload, yet remain motivated to continue because they see career progression as a reward, being “attracted to and captivated by the rewards that success within the accounting profession can confer.” They show that professionals acquire “symbolic capital” when they become partners.

### **2.2.2 Literature on CAs’ workload, job satisfaction and career choices**

Hanlon (1994, 1996) suggests that *professionalism* embodies a strong sense of protecting the public interest, and values technically competent, high-quality work, whereas *commercialism* emphasizes the importance of revenue generation, profit maximization and budget control. Previous research (e.g. Hanlon, 1994; Wyatt, 2004; Suddaby *et al.*, 2009; Kornberger *et al.*, 2011; Sweeney and McGarry, 2011) provides compelling evidence that over the past few decades, Big 4 firms have moved away from the institutional logic of professionalism toward commercialism. Evidence suggests that the commercial logic may overpower the professional logic/ethics, and may even damage the public interest (see Sikka, 2009). Furthermore, as the market for traditional audit services becomes saturated, firms rely increasingly on new services to maintain revenue (Suddaby *et al.*, 2007). Gendron (2001) concludes that commercial and traditional professional logics co-exist, and may influence firms’ client acceptance decisions.

Work in the profession, and especially in the Big 4, has a reputation for high stress, with long hours and tight deadlines. Research shows that high audit workloads lead to job burnout, job dissatisfaction and intentions to leave. According to economic theory, macroeconomic conditions and perceived market opportunities affect occupational and geographical mobility (see, e.g., Jovanovic, 1984; Becker, 1967). Early studies reveal that employees of large public

accounting firms experience high levels of stress (Aranya and Ferries, 1984; Rebele and Michaels, 1990), and Lennox and Wu's (2018) more recent review of literature on the performance of individual auditors, including partners, suggests that auditors' movements from the profession to industry affect productivity and labor costs. Fogarty *et al.* (2000) find that work overload leads to a tendency for burnout associated with low job satisfaction, high turnover intentions and low levels of performance. Similarly, Almer and Kaplan (2002) show that CPAs with flexible work arrangements report greater job satisfaction, lower turnover intentions and lower levels of emotional exhaustion and depersonalization.

Based on a study of two professional service firms, Robertson *et al.* (2003) find that despite professionals' ostensibly high levels of autonomy, the firms' norms and expectations lead professionals to work long hours over extended periods to meet project deadlines. Sellers *et al.* (2014) find that staff members, such as trainees, offer their services to partners in exchange for protection to enhance their chances of upward mobility. They also highlight a personnel practice in US professional firms known as "up or out," meaning that those who are not promoted leave the organization. Carter and Spence (2014) find that technical partners are treated as second-class citizens in Big 4 firms, because practice partners measure success in terms of "bringing in new work, collecting fees, and maintaining or enhancing existing client relationships." Similarly, participants in Persellin *et al.*'s (2019) survey perceived deadlines and staffing shortages as the two primary reasons for high workloads. Lopez and Peters' (2012) study reveals that the demands and pressures of public accounting firms differ from those of industry owing to the nature of the "busy season," and Lander *et al.* (2013) suggest that smaller public accounting firms have resisted commercial pressures and have held on more firmly to professional norms.

Two recent survey-based papers shed further light on these issues. Buchheit *et al.* (2016) surveyed 1,063 CPAs to understand work-life balance in Big 4 versus non-Big 4 firms, the

profession versus industry, and audit versus tax functions.<sup>3</sup> While their survey reveals perceptions of significant work–life balance issues in Big 4 as opposed to non-Big 4 firms, they also document nuanced differences between the profession and industry. They conclude that, contrary to conventional wisdom, work–life balance is *not* uniformly better in industry, and that burnout is actually lower in small audit firms than in industry. Persellin *et al.*'s (2019) survey of 776 current and former auditors examines the relationship between audit workloads, audit quality and job satisfaction. They suggest that auditors often work 20 hours above the threshold during the peak of the busy season, with public accounting respondents reporting average working weeks of 65 hours and an average maximum of 80 hours (see Sweeney and Summers, 2002 for earlier evidence), leading not only to poor quality audits, but also to difficulty in retaining staff with appropriate knowledge and skills.

Previous research has examined factors that influence the career decisions of accounting students in the USA (e.g. Bagley *et al.* 2012; Dalton *et al.* 2014). For instance, in Bagley *et al.*'s (2012) survey of 155 undergraduate accounting students, over 78 percent of respondents were interested in public accounting. Dalton *et al.* (2014) find that students who prefer audit to tax believe they will have more interaction with clients, better future job opportunities (in industry) and greater knowledge of business processes. On the other hand, those who prefer tax to audit believe that they will have more stable daily routines, develop more specialist skills and build more collaborative client relationships. There is limited evidence from emerging markets. Wen *et al.*'s (2018) comparison of students' choices between public and private accounting careers in China reveals that the variety and marketability of professional public accounting experiences, high turnover and low firm cohesion in the workplace, and the

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<sup>3</sup> I struggled to find any studies focusing particularly on accountants in industry, or in private rather than public accounting practices. Public accountants work for public accounting firms that offer auditing, tax, consulting and accounting services to other businesses, organizations and individuals, while private accountants perform accounting functions within firms and other organizations (Wen *et al.*, 2018). Frank and Lowe (2003) examine how management accountants' work arrangements affect their performance, job commitment and judgments of career progression.

perceived strains of extensive travel affect students' intentions to pursue public accounting. Interestingly, although a large number of respondents intend to obtain CPA qualifications, only a small number would prefer to stay within the profession. The students believed that the CPA has become a general standard for accountants in China, and that once they pass, they will become very marketable in a very competitive job market.

### *2.3 Literature on CAs' movements and their consequences*

#### **2.3.1 CAs' departure and turnover: profession to industry, and profession to profession**

Some previous research has examined why auditors leave the profession, and the consequences of such departures. For example, Knechel *et al.* (2019) find that auditors who provide higher-quality audits and generate higher revenues remain within the profession, but that female, non-Big 4 auditors, young CAs (less than 30 years old) and CAs with better educational backgrounds (graduate degree from a reputable university) leave the profession. On the other hand, partners and managers over 50 years old are less likely to leave the profession. Knechel *et al.* (2019) also suggest that clients tend to switch firms when their auditor leaves, but that if they remain with the same audit firm, they may pay lower audit fees. Regulators around the world suggest that a key consequence of such departures is their effect on audit quality (PCAOB, 2015). In the UK, the FRC also suggests that failure to retain experienced auditors may impact on audit quality.

There is little extant evidence on auditors' moves within the profession (auditor turnover). Chi *et al.* (2013) suggest that in Taiwan, gender and accounting background relate to turnover, although their study was based on only one Big 4 audit firm. Knechel *et al.* (2019) find that clients switch audit firms when one of their assigned auditors moves to another audit firm, as in the case of audit departures, or ask for lower audit fees if they decide to stay. Unlike in audit departures, high-quality auditors with more clients find more opportunities in the profession and tend to stay within the profession. Overall, audit turnover is lower for less

competent auditors, but if their competency (defined by DeFond and Zhang, 2014 as a mixture of training, experience and skill) is sufficiently low, then they leave the profession.

### **2.3.2 Literature on “revolving door”: profession to client**

Previous research has examined the “revolving-door” phenomenon in auditing, which arises when companies appoint accounting and finance officers from their external audit firms. Regulators are concerned about this hiring practice because it may impair audit quality and independence. For example, officers in Enron had previously worked for its audit firm. However, proponents of this practice suggest that it helps companies because they can hire people who are already familiar with their organizational systems.

Arguably, this practice of auditors joining former clients may be problematic. For instance, soon-to-be hired auditors may not audit prospective employers’ financial statements as diligently while negotiating their contracts. In addition, former auditors may know personnel in the audit firm, and may have previously supervised them or know their audit procedures. On the other hand, auditors know the business and industry better than others, as Geiger *et al.* (2008) suggest that external auditors are intimately familiar with the company’s business processes, information flows and reporting requirements. The company will also have had an opportunity to observe whether the newly-hired person will be a good fit. Finally, the appointment may send positive signals about the company’s future prospects, as the auditor would not otherwise join the company.

While some research suggests that these hiring practices may impair the quality of audited financial statements (Lennox, 2005), the evidence is far from conclusive (Geiger *et al.*, 2005; Menon and Williams, 2004). Geiger *et al.* (2008) find that the market reacts positively to these kinds of appointment, with no significant evidence that they impair financial reporting quality. Previous research on the profession’s (i.e. audit firms’) appointment of former employees of regulatory bodies such as the PCAOB (Hendricks *et al.*, 2019) suggests that these

employees possess valuable knowledge of how to perform and document audit procedures to satisfy the regulators.

In summary, while audit competency is found to be negatively associated with departure decisions, anecdotal evidence suggests that highly competent auditors are likely to be lured away by competing audit firms. High-quality auditors may also leave the profession to find better opportunities elsewhere (e.g. industry), whereas low-quality auditors may move to small audit firms. While previous research is almost silent on most of these issues, some evidence suggests that such departures affect productivity and labor costs (see Lennox and Wu, 2018), although they may be beneficial for the profession if low-quality or incompetent auditors (measured, albeit imperfectly, by audit revenue generation and audit quality) leave the profession.

Overall, as discussed above, previous research provides compelling evidence on CAs' career progression, workloads and job satisfaction, and suggests that audit workloads continue to be problematic for the profession. However, previous literature ignores transitions from industry to the profession, and has not examined what happens to CAs' professional dispositions. How do they accumulate various capitals while working in these two proximate fields, and how does this help their career progression? This paper is believed to be the first to examine this unique phenomenon, and Bangladesh is an ideal setting in which to observe it. Thus, this paper addresses two key research questions:

- Why do CAs in Bangladesh move between two proximate fields (the profession and industry), and how does this movement change their professional disposition?
- Does this movement help them to accumulate different forms of capital (i.e. economic, social and symbolic), and are these capitals mobilized across the two fields?

### 3. Field study

This study examines the career paths of CAs in Bangladesh, focusing particularly on why CAs move between two proximate fields. A qualitative methodology using semi-structured interviews was employed in order to understand the types of capital portfolios that may exist in CAs' differing career paths in Bangladesh. The main advantage of this method is that it helps to gain in-depth insights into interviewees' perceptions. According to Easterby-Smith *et al.* (2002), interviews help to understand how individuals construct the meanings and significance of their situations. Previous research also confirms that interviews are a reliable way to understand the step-by-step logic of a situation (Denzin, 1970). Interviews are widely used in interdisciplinary accounting research (see, e.g., Anderson-Gough *et al.*, 2001; Carter and Spence, 2014), and proved useful in my study to provide richer and more complex insights, not only from firms' partners and managers, but also from CAs working outside the profession in various roles.

Interviews have some limitations relating to interviewer bias, deficient questions and interpretability of the results. Thorough reviews of previous research, and conversations with researchers in the field and practitioners working in accounting firms were helpful in preparing the interview questions. Careful attention was given to devising the questions and to collecting and analyzing the interview data. The interview questions were pre-tested with four CAs, including one trainee, who were not included in the final sample. Table 1 gives details of the interviews conducted.

Table 1. Interview details

Occupation	Age	Firm/Industry	International Link	Industry Experience	Male/Female	Year of Interview	Duration (minutes)
Consultant-senior Fiduciary mgt.	35+	Industry	No	Yes	F	2015	45
Partner	35+	Firm	No	Yes	M	2015	45
Partner	45+	Firm	No	Yes	F	2015	50
Partner, Principal	55+	Firm	No	Yes	M	2015	45
Secretary	55+	ICAB	No	Yes	M	2015	35
Partner	55+	Firm	Yes	Yes	M	2015	45
Partner	55+	Firm	No	Yes	M	2015	45
Deputy Director	25+	Firm	Yes	No	M	2015	30

Partner	40+	Firm	Yes	Yes	M	2015	40
Senior Partner	65+	Firm	No	Yes	M	2015	45
Senior Partner	60+	Firm	Yes	Yes	M	2017	35
Partner	50+	Firm	Yes	No	F	2015 & 2017	90
Head of Finance	35+	Industry	No	Yes	F	2017	35
Partner	40+	Firm	No	Yes	M	2015	35
Senior Vice President	40+	Industry	No	Yes	M	2015	40
Senior Vice President	40+	Industry	Yes	Yes	M	2017	45
Partner	50+	Firm	No	Yes	M	2015	30
Managing Director	30+	Firm	Yes	No	M	2015	30
Manager	30+	Firm	Yes	No	M	2015	40
Partner	55+	Firm	Yes	Yes	M	2015 & 2017	80
Managing partner	40+	Firm	No	Yes	M	2015	45
Partner	35+	Firm	Yes	Yes	M	2015	50
Partner	40+	Firm	Yes	Yes	M	2015	40
Partner	40+	Firm	No	Yes	M	2015	50
Partner	35+	Firm	Yes	No	M	2015	40
Partner	60+	Firm	No	Yes	M	2017	40
General Manager	35+	Industry	No	Yes	M	2015	50
Treasury Manager	35+	Industry	No	Yes	M	2015	45
Senior Partner	60+	Firm	No	No	M	2015	45
Accounts Manager	30+	Industry	Yes	Yes	M	2015	45
Accounts Manager	35+	Industry	No	Yes	M	2015	40
Treasury Manager	40+	Industry	No	Yes	M	2015	50
Accounts Manager	30+	Industry	No	Yes	M	2015	45
Accounts Manager	30+	Industry	No	Yes	M	2015	40
Accounts Manager	30+	Industry	No	Yes	M	2015	40
Manager	30+	Firm	Yes	No	M	2015	45
Manager	30+	Firm	No	No	M	2015	40
Partner (Father owner)	40+	Firm	Yes	No	F	2015	45
Partner	40+	Firm	Yes	No	M	2015	45
Accounts Manager	40+	Industry	No	Yes	F	2017	25
Partner (Father owner)	45+	Firm	No	No	F	2017	20
Partner	80+	Firm	No	No	M	2015	50
Partner	25+	Firm	No	No	F	2015	45

I interviewed 43 partners, managers, financial officers and directors who were working as CAs either in the profession (30) or in industry (13). Eight of the total were female, and almost all (33) had industry experience. My demographic data mirror data from previous studies of Bangladesh (Belal *et al.*, 2017; Spence *et al.*, 2016). My interviewees had worked in the profession or industry for an average of 10 years, and were therefore believed to be in a position to comment on the issues discussed during the interviews, as they could be considered to be “experienced” in their field (Carrington and Catasús, 2007, p. 47). I conducted interviews until I felt that new responses were similar to those from previous interviews and I had reached theoretical saturation (see Corbin and Strauss, 2008; Guba and Lincoln, 1994). I followed all ethical guidelines and received consent from the participants prior to the interviews.

I conducted all interviews in the interviewees' offices in Dhaka, the capital of Bangladesh. Three rounds of interviews were undertaken between 2015 and 2017 as part of a larger study. The interviews lasted an average of 45 minutes. Interviewees were given opportunities to expand on issues that I believed to be important, while ensuring that all questions were covered within the allocated time. The interviewees were asked to give details of their backgrounds (education, home city/town, family background, etc.), career paths, work–life balance and experiences of working in the two fields.<sup>4</sup>

All interviews were recorded, apart from one where permission was not granted despite promising confidentiality. I conducted all the interviews in English, as this is the working language in the profession and in industry in Bangladesh. However, I noticed that, either on or off the record, interviewees occasionally started to enthusiastically explain some issues in Bangla, the mother tongue of all interviewees and myself. I translated all these comments into English. All recorded interviews were transcribed by an external transcription service provider (Type out), who delivered the transcripts promptly (usually within three days), allowing them to be read while the interviews were still fresh in my mind. In a small number of cases, parts of the transcriptions that were unclear to the transcriber were left blank. I listened back to these recordings to ensure that all parts were complete and accurate. In addition, relevant documents, for example CAs' remuneration packages and reports from the firms and the Institute of Chartered Accountants of Bangladesh (ICAB) on CAs' career trajectories, were collected and read to gain a deeper understanding of relevant issues.

A key step in this process was analysis of the interview data, which started with reading my notes and transcripts multiple times. Miles *et al.* (2014) suggest that researchers take roughly three to five times as long to process and order the data as to collect it. I broadly followed Miles and Huberman's (1994) suggestion of three concurrent flows of activity: data

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<sup>4</sup> This paper discusses findings relating to this part of the interviews. Other parts are discussed in Papers 2 and 3.

reduction, data display and conclusion drawing/verification (see also Miles *et al.*, 2014). Data reduction is a process whereby the mass of qualitative data is reduced and organized. At this stage I discarded all irrelevant information, but ensured that I retained access to it in case I needed to revisit it later to investigate unexpected findings, as indeed I did.

Coding was a central part of my qualitative analysis, helping me to reduce the large amount of interview data, consisting of several hundred pages of transcripts and 32 hours of audio recordings, and making it accessible for analysis. As in any qualitative research, this part of the analysis was the most challenging and, as many researchers suggest, the most cumbersome (Bochner, 2018). Miles and Huberman (1994, p. 11) suggest that this early analysis should be conducted “in such a way that the final conclusions can be drawn and verified.” Miles *et al.* (2014) define codes as “labels that assign symbolic meaning to the descriptive or inferential information compiled during a study.” They are usually “attached to data ‘chunks’ of varying size and can take the form of a straightforward, descriptive label or a more evocative and complex one (e.g., a metaphor).” While some researchers view coding as purely technical, preparatory work for higher levels of thinking, like Miles *et al.* (2014), I consider it to involve “deep reflection about and, thus, deep analysis and interpretation of the data’s meanings.” Coding was also a method of discovery that helped me gain interpretive familiarity with my interview data. I was careful in the coding process to ensure that my codes were both “valid,” accurately reflecting what was being researched, and “exhaustive,” so that all relevant data fitted into a code.

NVivo (qualitative data analysis) software was initially used to develop preliminary codes based on the motivation for this research and the participants’ demographic backgrounds. I assigned codes to the interview data to detect recurring themes or patterns. I then clustered together similar codes to create a smaller number of categories. To develop higher-level analytical meanings, I examined interrelationships between the categories. The analysis was

an iterative process in which the descriptive narrative from the interview data was interrogated with the theory, and vice versa (see Miles and Huberman, 1994; Spence, 2007). Spence (2007) suggests that this process entails rigorous self-critique that the researcher builds in a reflexive fashion. Reflexivity means that researchers critically reflect on their own role within the whole data collection process and how it may influence their findings (Holloway and Wheeler, 2009). Throughout this process, I constantly asked myself whether (i) I could link certain codes under a more general code, (ii) I could organize codes sequentially (e.g. does code 1 on institutional capital occur before code 2 on economic capital?), and (iii) I could identify any causal relationships (e.g. do family connections help in becoming a partner?).

To illustrate the analysis and explain the concepts, I re-read the raw interview data one more time in the final stage. This helped me to identify both contradictory and confirmatory data, as I tried not to be selective in choosing data. I sought to avoid confirmation bias by ensuring that I did not report only findings that supported my own ideas. All representative quotes by actors in both fields (firm and industry) were retained for discussion.

#### **4. Findings**

As previously mentioned, as in other countries, CAs in Bangladesh work in two proximate fields: the profession and industry. However, while movements from the profession to industry are seen in most parts of the world, in Bangladesh movements from industry to the profession are also observed. I examine why CAs move between these two fields, and how various forms of capital are mobilized between the two.

In relation to these topics, my interviews sought to gauge how the profession is seen in society, and to establish how CAs themselves feel about the profession. Almost all interviewees responded that there are few CAs in Bangladesh compared with the country's large population, and that they feel very proud of the profession. A number of partners stated that "at the end of the day, this is passion." For example, one partner responded:

*What happened is, you know, Bangladesh has currently around 1,800 chartered accountants; so it's a population of 160 million, and we have 1,800 CAs compared to that. So if we can always have kind of social preference and that's in a small community and it's a known profession... (Partner, Firm).*

Despite the rigorous procedures and hard work experienced by every CA in Bangladesh (discussed later), the majority of people in the country have no idea about the CA qualification, nor the effort required to achieve it. One possible reason is that the country's literacy rate is very low. However, the CA profession is highly regarded by the literate population, and is considered to be equivalent to other professions such as medicine and law. There is also a strong belief that acquiring the qualification and working in prestigious places such as MNCs and large banks confers social status. According to one interviewee:

*Accountants in Bangladesh perspective? It is very... it is different; those who are not in the business, like those who are not working as chartered accountants, they don't understand even what a chartered accountant is. They think that it is an accountant but they have a requisite qualification, they have some legal power. They don't understand. But those who know, to them our dignity is very high (Partner, Firm).*

This interviewee was not only very proud of the profession, but also raised the issue of a lack of understanding of the profession outside the field. Interestingly, when I asked how accountants in industry are viewed by society, I observed a stark contrast in responses, as the majority of interviewees strongly suggested that their status is not the same as in the profession unless they obtain a chief financial officer position. One partner of a large firm stated:

*In Bangladesh, chartered accountants in industry are considered as babus (i.e. clerks) in British India. They are just a babu; they just keep the accounts...big successful industries will appoint a chartered accountant but wouldn't give him a senior position, so it is not a very worthwhile career (Senior partner, Firm).*

To explain how they accumulate and mobilize capital throughout their careers, I present my findings in three sub-sections: (1) accumulation of capitals, (2) moving from industry to the profession, and (3) capital mobilization.

## 4.1 Accumulation of capitals

### 4.1.1 Cultural capital

A prerequisite for studying for the CA qualification in Bangladesh is a university degree or diploma. Recruitment policies for CA trainees are also very strict and competitive. They must usually go through a rigorous selection process that includes both written tests and interviews with senior partners and managers. Although soft skills are evaluated during the interviews, previous grades in schools, colleges and universities are prioritized over all else as a first selection criterion. According to one respondent:

*I will say technical and institutional qualification and technical ability in the region, that was mostly important, because what you do is mainly technical stuff. I don't think the initial trainee level for persons with soft skills very much there, but still you go through interviews, so they check whether you are able to communicate...But the main criterion is whether you have good results in higher secondary, secondary and graduation. So that is more important. Also how you performed in the written test (Manager, Firm).*

As illustrated in the above quote, although various soft and technical skills are desirable, CA applicants' educational qualifications are by far the highest priority for recruiters. Another respondent emphasized:

*Education is by far the most important, because they are fresh graduates and technical results are not very important. But they have to have some computer skills; then after joining they can increase their skill. Communication skills are important because we need to communicate with the clients (Partner, Firm).*

After undergoing a rigorous selection process, every trainee must undertake at least three years of training in a firm. Most respondents suggested that CA exams are very difficult. This supports extant evidence that CAs leave the profession and join industry because of the workloads, although none of the interviewees mentioned that this was why they had left the profession. Several interviewees mentioned that a challenge at this stage is to manage their time between studying for exams and working with clients. A number of interviewees said that exams are sometimes less onerous than balancing work and study. One interviewee expressed how hard this can be:

*If you're in a good firm, very acceptable to the clients and you have to go to your firm, to your managers. After that you have to go to studies and then you can go for the exams. So it's a kind of really hard thing there, and that part, at that time you have to pass all the subjects (Accounts manager, Industry).*

I explored in a follow-up question what specific training they received when they joined the firm as trainees. Most mentioned that they had had in-house training to acquire technical knowledge that would help them to accumulate expertise in specific areas. Some interviewees in firms with international links, including the Big 4, stated that their firms also send their trainees overseas for various training workshops and are very active in arranging web-based courses whenever needed. Two respondents working as partners in Big 4 firms said that they are often visited by UK professionals who provide training locally to keep both trainees and partners up to date. One interviewee stated:

*Yeah, of course, professionally we have our continuous professional development (CPD), continuous professional education, continuous training in our Institute. So every month we have two or three professional development calls. I mean, this CPD, that is sort of mandatory. For every CPD, we have credit points, and we have to have twelve credit points every year. For seniors it is not mandatory, but for juniors like us it is mandatory. Because without this, we cannot be a fellow member of the Institute. We have to earn around 50 to 60 credits every year to win (Partner, Firm).*

One partner of a CA firm was very proud of the in-house training they provide, which ultimately helps CAs to join various industries:

*In our profession, and particularly in Bangladesh, we almost never recruit chartered accountants. Why not? Because we produce chartered accountants. We recruit them at what we call in Bangladesh "articulated stage", so soon after their graduation or masters; and we churn out chartered accountants, they train with us and qualify with us. And we often produce much more chartered accountants than we can absorb, and so we are a supplier of chartered accountants to the industry, so we don't recruit chartered accountants in that sense (Partner, Firm).*

My interviewees also stated that not only training (i.e. embodied cultural capital), but also experience of working with various clients and in various industries helps them in their careers. One CA who held the post of secretary of ICAB suggested:

*I am a chartered accountant. I qualified in 1981. Now I am not working as a practicing member. I am engaged with a development organization as a service holder. I am working in a different capacity. I have worked in several banks of Bangladesh, World*

*Bank, and now I am working in the Chartered Accountant Institute in the capacity of secretary. My age is about 54. My educational background is Masters in Accounting from Dhaka University, and then I have completed my CA and qualified into a limited company. I have more than 30 years' experience in different areas (CA, ICAB).*

As this statement indicates, CAs need to gain not only qualifications, but also varied work experience to reach the top of their careers. Even though the previous respondent was not working for a firm, through his work experience and qualifications he had become secretary of the ICAB, which is a very influential position for policy making for CA firms in Bangladesh. A large proportion of partners interviewed had industry experience. Almost all CAs whom I interviewed, apart from those with family connections (i.e. father as founding partner), had become partners after working in industry for a while. I explore this further later.

After working in a CA firm for three years, trainees have the option either to stay in the same firm and gain the CA qualification, or to join industry and continue their studies. (An alternative is to join another CA firm, although none of my interviewees did so.) One interviewee who had left the firm and joined a leading telecommunications company before gaining the qualification stated:

*So I was a second-level qualified when I left RRH and joined GP, so after qualification basically I looked for some of these opportunities, options to work with. So that's why I liked GP. The legal requirement is I have to work with them (in the firm) for three and a half years or basically three years, that's the course period, that's the mandatory time you have to stay with them to study. After that you can study at home or work with somebody, you know, let's continue with the firm. Then your options are always open. You can always say that also I want to continue in your firm, and you have to sacrifice the payment because the audit profession is not that much developed because of the environment, economic activities and other stuff, so they can't build that much (Accounts manager, Industry).*

My interviewees reiterated over and over again that the CA degree is highly valued in society. They believed that while their technical credentials are valued in industry, their status in society is high while working as CAs. In joining the profession, they enter a new atmosphere in which they learn, socialize and naturally embed their firm's culture. They build connections with the profession, and develop a feeling of belonging that they are unlikely to forget. Having

this professional qualification makes them stand out in society, which in turn adds to their pride in having this qualification. Similarly, Sellers *et al.* (2014) note that those who leave the profession experience it as highly valued in many quarters. This is also reflected in the following statements:

*So that's a kind of really good experience. I went to basically a function of National University, and at that time when I was sitting and the Head of a big company was sitting right beside me and we were just having a chat, and then it came to me that he was also from RRH. So that's a kind of good experience, and that's a very good emotion that you have with the firm (Accounts manager, Industry).*

*I believe that most people have good networks, especially those who are from the same university. I mean, they have a double network: they actually work there and are also alumni of the university (Treasury manager, Industry).*

Overall, I observed that once CAs acquire the qualification, they are in very high demand in industry. Arguably, a certain level of technical expertise is expected of them. Given the high demand, it is natural that most trainees leave the profession with or without the qualification. My interviewees even stated that in industry they are valued more than people with other qualifications, such as MBAs, although others said that their career progression is limited in industry, as discussed later.

I was also told why CA firms do not keep all their trainees. These firms employ a specific number of trainees each year as managers or deputy managers, so it is impossible for them to retain every trainee. Moreover, I observed that the salary scales are not comparable across the two fields. CA firms only try to keep the brightest, who may eventually become partners. As discussed later, it was evident that, apart from those connected with partners of the firm, only a few try to work their way up the career ladder by staying in the firm. One respondent stated:

*Actually that is completely a choice of the individual. There is no influence of the firm because they have so many students every year so they cannot choose every person to be in the firm. So they always pick the brightest one, so in that case we had also a chance to be there but, as you say, as you know, if you stay after your course completion or even after your qualification, if you want to stay with the firm, actually average market pay is less than the industries and corporate world. So if you are not willing, really willing to develop your career in the profession, then you will not accept that lower payment. Because people want to compensate themselves with the feeling that*

*“yes, I am getting lower payment, but if I can develop myself as a partner, so that will become acceptable later” (Manager, Firm).*

In summary, it was evident from my interviews that the CA qualification is highly valued in industry and in society. The technical skills that trainees accumulate during this process are highly appreciated, allowing them to differentiate themselves from others, and giving them pride in having this qualification. This wider accumulation of institutional capital reflects how the CA profession is acknowledged in the workplace and in society as a whole.

#### **4.1.2 Social capital**

As highlighted in the previous section, when CAs accumulate institutional capital, they are valued highly in industry. Sellers *et al.* (2014) also suggest that those who leave the profession have experience and knowledge that is valued in other places. Their study in the US reveals that those who leave the profession join corporations for whom they have previously provided services as an employee of a public accounting firm, or go into business themselves. Since CAs earn more from working in industry, once they have gained technical skills from working in the profession, it seems natural for them to move to industry. As previously observed, owing to lack of capacity, CA firms retain only the brightest trainees. Therefore, for most trainees, the career path to becoming a partner is uncertain. Another observation from my interviews is that, in addition to technical skills, the CAs also work closely with a large client base and, as a result, develop relationships with them. I explore this further below.

In Bangladesh, the ICAB has a rule that no CA firm can advertise to attract clients. There is even a restriction on the size of their office nameplates. Therefore, connections with ex-employees and the good reputation of the firm are vital to attract clients. It is also essential for CA firms to maintain good relationships with corporates and to be members of various organizations that offer opportunities to network with potential clients. Several interviewees (mainly partners) stated that they always try to socialize with corporates by going to the same

clubs and gyms (i.e. Dhaka Club, Gulshan Club, Kurmitola Golf Club), and attending various cultural programmes and social gatherings where they might meet clients. For example:

*Social networking is very, very important, because in Bangladesh we are not allowed to advertise. So social network and professional network, these are the things that we must have, we must be strong in to develop our business and to develop and sustain our reputation, so that is extremely important. So that is why we encourage our people to become part of various social movements, like alliance and Rotary or any other kind of social work (Partner, Firm).*

*As a chartered accountant in our country, they cannot advertise, so how can people know I am now practicing? That's why the network is very important. Without network, actually nobody can do anything here as an accountant or professional accountant because we cannot advertise. We can't even verbally advertise, or in a newspaper or on the Internet. So recognition is very important (Partner, Firm).*

Another interviewee commented on the importance of social networking, given the restrictions on marketing their business. This interviewee also mentioned that CAs tend to be introverts, and other interviewees suggested that partners now emphasize soft skills and establish whether trainees can be more extrovert and mix well with clients. Attending various clubs and social organizations ensures that they can meet corporates (i.e. potential clients), and thereby avoid ICAB's tight restrictions:

*That is very, very important. Social network is very, very important because you are actually, if you are in public practice, you are in business. So business networking is extremely important, and chartered accountants—there is a sort of saying that chartered accountants are basically introvert, they don't spend that much time in developing the network, and they are not that aggressive in business development and procuring their businesses. Even now what happens actually, the Institute of Chartered Accountants of Bangladesh, the concept is if you see that you are not that aggressively pursuing for business, the business should be coming to you, the client should be coming to you. So they put a size for your nameplate and you are not putting your name in the newspapers, media, so there are a lot of codes, especially special practicing accounting firms they are going through, so that also has a very strong impact on chartered accountants' way of business, or at least the way they do their business (Partner, Firm).*

Interviewees were asked to shed further light on social connections and how they build them. Most responded that such connections are vital, and that they develop them while working in the profession, as this is a field in which trainees meet a wide range of clients on a daily basis. In addition, the field enables them to meet colleagues, friends and study partners,

any of whom may be potential clients in future. Two interviewees responded as follows when asked about the importance of social connections:

*Very important, because we have passed a long way to pass the chartered accountancy. Like I took something like eight years to pass my CA. So when I was in the CA firm we had some friends, colleagues there, then the senior friends also there, and then we have study partners, everyone there with whom we have studied in the library and everywhere to pass the exam. Now most of them are placed in a very good position in different organizations. Like my friends, maybe working in a CFO position of other organizations. My senior firm friend or my senior colleague is in a CFO position elsewhere. So if there is any opportunity, he knows me very well; he then calls me up or gives me information that there is a vacancy. Sometime he also comes with that I need some help from here: "How can you help me...do you know that thing?" Then we exchange our knowledge, experience, particular issues, these types of things, and career obviously (Accounts, manager, Industry).*

*I would say experience is one thing, and the connections are another thing. I do believe that I work for companies, at any point in time if I go to work for those companies, I can do some work for you, they will never say no to me. So that's one question where I can expect my connections will work. I will just have some work from those organizations, so that's from the organizations, and at the same time with these four organizations, there are thousands of people actually I get to know and that connection we see here. And this is very obvious, that the more you are connected, the more will be your business, the more will be your client base. This is how actually it comes (Partner, Firm).*

To build up these social connections, they must also maintain good relationships with their work colleagues. According to one interviewee:

*Internal relationships, I would say, are very important. Typically people say it's not a relationship; it is something else that will help you to have your designated career path or to have a movement that you are thinking in an organization that you exist. But it's still the relationships. So for me, my CEO, CFO, my other seniors: how good I am connected with them, so it matters. It clearly matters for my next movement, for my next level, I think (Treasury manager, Industry).*

Overall, I observed from interviewees' responses that they make connections while studying and working for CA firms, and these connections eventually help them to build a community of CAs. A norm for all CAs is that even when they move to industry, they keep in touch with their training firms, a phenomenon not observed in the West. Most respondents in my study seemed to be very grateful to the profession, believing that this connection helps them to secure jobs in the other field. It also helps them to secure clients if they decide to stay

in the CA firm or return to the profession after working in industry for a while. Two interviewees suggested:

*Also out of this job we are in turn interconnected, but the main connection works actually that is for our profession. Because of our profession, because maybe my friend is also working in another company of telecoms, I mean our competitor GP, they are also chartered accountants who are my friends. And also in other industries like manufacturing, pharmaceuticals, they are also our friends working over there. And they are also my connections. So this is how we are... so one way is based on your profession, connection based on your profession; another is connection based on your job. So this is how they are connected (Accounts manager, Industry).*

*Social network is very important, because after you become qualified, everything depends on networks, even if you want to switch your job. You do not find an advertisement, so your fellow members, your older brothers, there are so many firms have social networks, and I'm a member of seven chartered accountancy groups in social media, and also some clubs. So if you cannot link into social network, it will be difficult for you to keep pace in the profession, keep pace with the career strategy (Accounts manager, Industry).*

However, it is seen as a norm not to become too close to clients, although not everyone abides by this. This shows that although they have an economic motivation to secure clients, they follow professional ethical guidelines while working in the profession. According to one interviewee:

*I mean, at the very top end...I mean, normally in our case, particularly because we are mostly auditors, mixing with the clients, okay, sometimes happens at a certain level, but it's not too encouraged because auditors shouldn't be too close to their clients as well. But for getting a new audit client, sometimes if you know the right people it helps, but it's more at a partner's connectivity and social networking level rather than employees, even at director (Senior partner, Firm).*

I observed from my interviews that CAs clearly understand the importance of social networking, and as a result they also socialize outside their workplaces and office hours. They are members of different clubs to build their networks. Moreover, I observed that younger CAs are keen to socialize because they want to progress more quickly in their careers:

*I'm a member of two or three clubs, but the thing is that it depends. Like here, I'm also a councillor of the Institute of Chartered Accountants of Bangladesh, so sometimes I have to go to the institute after the time and then I have to spend time over there. Otherwise, yes, I am a member of clubs and I sort of mix with people with other disciplines, etc. I do that. There are a lot of people that go to a golf club, and other clubs, etc. (Partner, Firm).*

*So yes, I mean, this area, they are most of them are behind. Accountants basically say that they're introvert, they don't maintain that wide networking, etc.; but nowadays the young accountants are coming, and a lot of young accountants are coming in the practice as well, and they are very bright and they are really making a difference and they are really promoting their business. They are maintaining networking, they are in the media and they are in various areas, and what they're doing is quite...if not that aggressive, at least they promote their business quite strongly, I would say (Partner, Firm).*

A key observation from my interviews is that there is a strong belief that social connections help CAs' careers. I asked the interviewees to shed further light on this. An interesting finding is that once the CAs establish social connections, the institutional capital also starts to mobilize, as they are asked by various bodies, including government, to help with their expertise. According to two interviewees:

*I am helping National Board of Revenue in some cases; they call me to share my views, like they have intended to promulgate a law, a new law. They value me and they ask me to provide my opinion, and sometimes it is accepted or sometimes it is considered, and definitely it gives a lot of satisfaction (Partner, Firm).*

*I had the opportunity to meet a lot of people, to meet a lot of people otherwise known to me because I worked over there, otherwise doing a job in a good company. So if there is an opportunity I can ask him, I can tell him if there is any opportunity; you can knock us so we can open the door. So new avenues are open, so if a person is having good connections. And the connection with the government is also very important because there is a lot of government audit scope in our profession (Managing director, Firm).*

In another respect, social connections supersede institutional capital to a certain extent when CA firms recruit people from outside to higher positions (i.e. partner level). All partners whom I interviewed emphasized that they look for multifaceted skills, and especially consider whether a candidate has an industry background, with good connections in the industry, and possesses the necessary skills to attract clients. According to one partner of a CA firm:

*It is an objective way, but sometimes it actually comes because when we want to recruit someone—for example there are two candidates and both candidates are equal in terms of technical or other aspects—in that case if one person has better social networking and he's good in communications and public dealing, then definitely he's got a better chance and we recruit them. If we have to choose one, then definitely (Partner, Firm).*

Another partner in a different firm emphasized similar issues:

*We will see if the potential partner, whether he has connections, whether he can bring the clients, whether he has the capability to represent our firm, whether he is smart enough to talk to the clients. These are the criteria, whether he/she can convince the client. How the leadership quality he/she has and at the same time, you know, the theoretical knowledge it is there. When a person is qualified as chartered accountant it is there, but becoming a partner, he should be connected towards the government levels, towards the...various organizations (Partner, Firm).*

Demonstrating the importance of connections and experience of working in industry, one interviewee noted:

*Actually with my last role I was...Before joining KPMG I was Asia region CFO of a UK company; it's a consulting company. And then due to their restructuring...And I was the Asia region CFO based in Bangladesh, but due to restructuring they shifted the regional office away from Bangladesh so that position disappeared. So I was looking for a career naturally in the industry, as I was out in the industry, but the partners here offered me to join KPMG in Bangladesh as a partner. And this was the first time, normally all other...Because of my age and seniority, in terms of my age and experience...Like my current both other partners are maybe...they all joined as a manager or a director, maybe joined as a director, so I joined directly as a partner, yeah (Partner, Firm).*

This interviewee was relatively young, but his work experience in an MNC had given him the opportunity to join directly as a partner. He had ICAEW qualifications, which somewhat enhanced his cultural capital.

On some occasions, my interviewees mentioned that social capital is important, but so is maintaining professional ethics. For example, one interviewee said that despite the importance of social capital, audit quality is also important to them, and they do not compromise on audit quality or professional ethics. This also sheds some light on views of the profession. According to the interviewee:

*If you ask me, I will look for some extrovert chartered accountants who can speak, who can bring business to our firm and at the same time without compromising the quality. You know our profession is based on some ethics. So the ethical point is very important to run a chartered accountancy firm. So if anyone is very smart and we think that he will suggest that he may compromise the quality, and he can give a good report to a client unnecessarily but the client is not audited up to standard, then we will not...You know, we actually sit together, the partners, and we review each other's work so that we can develop ourselves. So the commitment level is also considered to choose a partner (Partner, Firm).*

Importantly, as found in previous studies (Belal *et al.*, 2017), family connections, where a father is the founding member, play a big role in some CAs' decisions to stay in the firm and become a partner. However, CAs come from a wide range of socioeconomic backgrounds. Some are from small towns or villages, with very humble backgrounds. A central aspect of the culture of Bangladesh is that people remain attached to the place where they first worked (profession) or studied (e.g. university). When young graduates from various socioeconomic backgrounds join CA firms, they naturally feel strongly about the profession and the firm. This seems to stay with them forever. Although they may move into industry for economic reasons, they never forget that they belong to the field (i.e. profession) and that they are part of the CA community. They try to acquire social capital, because for trainees with no family connections, social capital is the only type that they can develop while working as trainees, as well as when they move to industry. Moving to industry provides them with opportunities to develop not only their social capital, but also their economic capital, as industry jobs for these trainees, many of who are from middle-class backgrounds, seem lucrative and glamorous. I explore this topic in the next sub-section.

#### **4.1.3 Economic capital**

Bangladesh has a very competitive compensation structure. Although people enter the industry with various qualifications, such as MBA, MSc and CA, according to my interviewees, CA qualifications are highly valued in most industries. As a result, CAs enjoy better compensation packages than others.

On the other hand, the profession's compensation structure is comparable to industry only when CAs reach partner level. Top-tier CA firms (only two Big 4 firms were represented in my study) offer higher compensation packages than others, although these are less lucrative than MNCs and other large organizations. I also observed that the basic salaries of trainees working for large CA firms are sometimes higher than for trainees working elsewhere.

However, overall packages may be more lucrative in industry at that level. One interviewee, a partner in a top-tier CA firm, suggested:

*We believe in this accounting profession we pay among the highest, so at the top five percent or even higher we pay. And we are a KPMG member firm: we do get the brightest people and we need to pay them the highest market rate, we do that. But many times industry can pay significantly more, depending on which...If it's a multinational bank like Standard Chartered, HSBC, or a top-tier multinational company like Unilever or BAT or Telenor, they can often pay much more as well, which is fine (Partner, Firm).*

Another interviewee commented:

*There are two things. One is where, whether I am staying in which firm. Like there are, if I break all the CA firms in Bangladesh into A, B, C, there is the top-most—then the top-most firm is like a KPMG, Rahman Rahman Huq and the Deloitte or whatever, CA, and the PWC—they are now paying well, but not comparable with the MNC, the post I am working here. But if they are compared with the local organizations they are, I will say, 80/20 (Manager, Firm).*

Most of my interviewees said that the compensation structures of partners in CA firms are less attractive than in MNCs at a similar level, or no better than in large local firms. However, I observed from my interviews that most partners have an industry background. These partners stated that they are aware of the compensation disparity between the two fields, yet at a certain stage of their careers they feel that they should return to the profession. They suggested that they know about the financial difficulties they may face, as well as the challenges of bringing in new clients. According to one interviewee:

*Even if you join as a partner in public practice, you'll have to develop your own portfolio or business, as we call it, so you'll have to sort of...you actually are joining a business in that case. So what happens—I have spoken to many of the partners who have joined from corporate to public practice, even big public practices—they prepare themselves to work hard for five years, and then they are ready to take a financial hit initially (Managing partner, Firm).*

Another interviewee commented:

*That's an option always remaining, but the challenge is that somebody has to be financially strong and socially radical, and he has to have real character, because at the start I should have a minimum client base so that I can run it efficiently, I can cover our overheads, I can cover the debts and stuff. Then I will have the return, so my opportunity needs to fund that also. That is always a factor (Partner, Firm).*

#### 4.2. Moving from industry to the profession

I explored why CAs move back to the profession from industry. Most partners with industry experience and CAs working in the industry expressed concerns about job losses in industry. When working as a partner in a firm, job security is much less of a concern than when working for a private company or MNC. One interviewee working in a bank suggested that there is constant work pressure in industry, as well as a fear of losing one's job if anything goes wrong, especially in MNCs. An interviewee working in a senior position in industry expressed his worry about his job:

*I came back from lunch and my ID card was not working...I could not get into the office and I immediately thought I was fired and they stopped my access. I was so worried. It was a technical error in the end (Accounts Manager, Industry).*

Another interviewee recounted a similar experience: "There was a rumour of having job losses in my company, and I got really worried when one day my business mobile network was not working" (Treasury manager, Industry).

Overall, the majority of CAs whom I interviewed (mostly senior CAs) exhibited a tendency for "uncertainty avoidance." CAs in Bangladesh quite often need to look after rather a large family until they retire (or even after retirement) as there is no social support system, such as child credit or job seekers' allowance. It is therefore unsurprising that they move from industry to the profession at a later stage of their careers when jobs are more secure.

My interviewees in industry also reported that they receive less respect or recognition than in the profession. Several interviewees confirmed that because of their experience and skills, they are paid more than someone with a simple MBA degree; yet moving upward or being promoted to, for example, chief executive officer is very restricted. I also observed a sense of frustration among CAs in industry or with industry experience: they are considered merely as accountants with a professional qualification, so they play little role in strategy formulation and decision-making. Since they are paid well, their social status changes, as

previously discussed, but their recognition in the workplace does not change similarly. There is therefore a constant dilemma for CAs working in industry as to whether they should sacrifice recognition in the workplace for better status in society. One partner from a large firm commented:

*They don't get respect in industry here in Bangladesh; that's why they come back to the profession. Through the profession, if they are successful then they can exert tremendous influence in the same area in the same society (Senior partner, Firm).*

Another reason for leaving industry and joining the profession is that in industry, CAs rarely reach CEO level. Therefore, upward mobility is somewhat restricted in industry. Those who would like to reach that level or have their own firms later in their careers must move to the profession, either as partners or by starting their own firms. This allows them to enjoy independence in their own firms or to work as partners without interference. One partner commented:

*I don't know any chartered accountants who are in industry and became the ultimate head of that organization—very rare. Maybe finance directors, yes, but a lot of them would make their finance director from an ordinary person, not a chartered accountant. Although the chartered accountants are available there, they don't see it like that (Senior partner, Firm).*

In contrast, one interviewee expressed a view that career progression may also be an issue for trainees in the profession. For Big 4 firm members, the requirements for becoming a partner are stricter:

*I was saying here that in Bangladesh, like KPMG, Rahman Rahman Huq particularly, they didn't take any of their current students as a partner. They always prefer from, you know, ICAEW-qualified partners, so all the partners are coming from England and World Centre, so they have some recruitment policy and some other policy. I have never seen any person who was a student from Rahman Rahman Huq who has become a partner of that firm (Treasury manager, Industry).*

Although some of my interviewees did want to stay in industry (in an extreme example, one interviewee, whose father owns a small firm, acknowledged that CA firms were not for her), a significant number of my interviewees said that they like working in their own firms for the independence it provides. Moreover, unlike in industry, there is no retirement age limit for

partners unless the firm is a member of the Big 4. Indeed, one interviewee, a partner in a CA firm, was in his late eighties. Therefore, once they become partners, they receive competitive economic benefits and can generate economic capital for longer, without worrying too much about the future. One commented:

*The reason is that I worked long in industry in two particular companies, British American Tobacco, roughly 22 years plus, and then I thought to come to the profession instead. In Bangladesh we feel that the profession is the ultimate destination for any chartered accountant, so what we do...And here there's yet to be set any age bar for continuing in the profession. We see that there are people in our profession who are 80-plus in age but still carrying on in the profession, so there is no age bar. So we feel that once we come to this profession we can continue for a longer time—that's the one thing. And at a stage when I have already passed 22 years, I now feel that I need to have something which I can independently carry on (Partner, Firm).*

This quote shows how CAs feel about the profession, although all the partners I interviewed had returned to the profession after accumulating economic and social capital, and were thus in a better position to take risks. They do so for the reasons mentioned above, but still feel strongly about the profession. Some trainees interviewed said that they would never leave the profession because of their passion for it, and also wanted to become partners despite knowing of the disparity in compensation structures across the two fields and the challenge of becoming a partner without family connections. For example:

*...if you want to stay with the firm, actually average market pay is less than these industries and corporate work...Because people want to compensate themselves with feeling that yes, I am getting lower payment, but if I can develop myself as a partner, that will become acceptable later (Partner, Firm).*

Another interviewee said that he had been approached by a firm to join the profession from industry because of his experience. This again shows that the accumulation of capital helps CAs to move from one field to the other:

*Since I had experience in this field and this firm was looking for a tax partner, because the earlier partner was retirement age, they approached me about whether I was interested in coming to the profession and practicing. And I discussed this issue with my family and now I am practicing in the profession (Partner, Firm).*

Finally, a senior partner in a member firm of the Big 4 confirmed that they also like to have CAs with industry experience. She commented:

*We always encourage people to come back to this profession after serving certain years in the industry. Because, you know, in our days the world is changing, so the people who have industrial experience, working in different sectors, they can come back to this...you know, this organization, with diversified experience and specific industry knowledge. So, yes, if we find there is an appropriate candidate, this firm is open to recruiting those people (Senior partner, Firm).*

Overall, I find that if an individual is motivated to move to industry from the profession to accumulate economic capital, the institutional capital they have generated will allow them to do so. Better compensation structures in industry also allow them to accumulate economic capital. Indeed, as Larson (2014) suggests, “on the one hand we have credentials, formal, certifiable, and certified education under professional control; on the other hand, we have market positions that guarantee a respectable social status, a relatively decent living.” However, in some cases, individuals (probably the brightest ones) with lower compensation packages stay in the profession with the expectation of becoming partners. Rather more interestingly, I find that CAs move back to the profession from industry knowing that they will initially face financial difficulties and other challenges. Although the interviewees mentioned job insecurity, lack of recognition in the workplace and lack of career progression are also reasons for such moves, and I observed a strong passion for the profession among all CAs whom I interviewed. Even when they initially move out of the profession to accumulate economic capital, they never lose contact with their training firms. This is a unique observation from my interview data not reported in previous literature.

#### *4.3 Capital mobilization*

Several interviewees suggested that those who leave the profession to join industry after qualifying as CAs tend to return to the profession. They accumulate institutional capital by acquiring qualifications from the firms, and while they work in industry they accumulate both social and economic capital. When they return to the profession, their economic capital may

initially be lower than when working in industry. For example, one partner in a small CA firm stated:

*You have to take risk anywhere in the profession, you have to take risk. You are earning lower than what you can earn in a service. So for example, when I started alone with the proprietorship and my partner went to Canada...first one year I had to spend my own money to run the office, pay the employees, rent, and this and that, whatever it is. Afterwards it becomes equal—no profit, no loss. Then I started making some money (Partner, Firm).*

As seen in Section 4.2, a key driver for moving to industry from the profession is to accumulate economic capital. For instance, lucrative salaries, benefits such as office cars and apartments, and medical facilities are most attractive. I also find that working for MNCs confers social status. CAs in industry feel a constant urge to do better and gain promotion. Interestingly, they feel the same when they are in the profession, but the rewards are more symbolic than material. According to one interviewee:

*Yes, it's something like a chartered accountant is a noble job. One should think like that. It's not like in accounting we are doing a job and paid a salary, some sort of Nobel job, some contribution to society in some way. So we are part of that. We make a contribution to society. If a doctor contributes to society, we are also contributing to society. So, the sense of sheer pride of holding the qualification and contributing to society are clearly reflected here (Partner, Firm).*

Another interviewee working in industry but intending to return to the profession stated:

*Right, you have no limit, you can enjoy the profession and at the same time you can add value...even for the nation. I am adding value to the Standard Chartered Bank all right, but if I join a firm then you can add value to the nation even more. So that is very important. They have to go when I join in a practicing firm because, you see, if you can ensure good governance at corporate level, if you can ensure deep, you know, proper accountability and corporate accountability, people's accountability to society, to the government, to the employees, to the regulators, you'll see the corruption will be limited (Accounts manager, Industry).*

According to Bourdieu (1991), “the enchanted relationship with a game...is the product of a relation of ontological complicity between the mental structures (habitus) and the objective structures of the social space (field).” I find that such enchantment is stronger in CA firms than in industry, although rewards in CA firms are not necessarily measured by lucrative salaries, benefits like office cars and apartments, or medical facilities.

From the previous discussion, it is also evident that once CAs accumulate institutional capital they move to industry, where they are able to accumulate both social and economic capital. Institutional capital is essential for this movement. Working in industry, and especially in MNCs, gives them prestige and privilege in addition to higher compensation packages, which results in higher status in society. By accumulating economic capital from working in industry, they can acquire objectified cultural capital (Bourdieu, 1986). For example, they are able to join prestigious golf clubs with high membership fees, go abroad for holidays, attend concerts, buy apartments in prestigious locations, send their children to fee-paying schools (mainly English-medium schools, including American and British schools), and so on. This is important, as lifestyle is a signifier of social status and a basis for cultural differentiation (see Edwards and Walker, 2010).

From my interviews with partners, I find that CAs either move to established firms as partners or start their own CA firms. Established CA firms have high regard for the experience and, more importantly, the social connections they have accumulated over the years. Interestingly, I find that social capital can best be accumulated and mobilized by working in the two proximate fields. When CAs start their careers in the profession, they build social connections as well as technical skills, helping them to enter industry. In industry, they gain more exposure and accumulate more social capital, which again helps them to return to the profession, either to established firms as partners or to start their own businesses. I show how CAs move from one field to another, accumulate all forms of capital, and ultimately gain positions in society. In fact, these fields are SAFs, and moving from one field to another defines professionals' career paths.

I also suggest that as a result of holding the same institutional capital accumulated by working as trainees in the profession, CAs find it helpful to interact with each other wherever they hold positions in the two fields, and this also helps them to move from one field to another

(i.e. profession to industry). Seabrooke's (2014) notion of "epistemic arbitrage" explains how particular professionals are able to exploit differences in professional knowledge pools for strategic advantage by positioning particular forms of knowledge as the most appropriate for dealing with particular problems. Similarly, I find that CAs in Bangladesh engage in arbitrage between two proximate fields to explore which field will give them leverage to accumulate different forms of capital and, in turn, help them to advance strategically by moving from one field to another.

As discussed in Section 2.1, when the habitus is best adapted to the field, success comes to those who play the game following the rules of the field. Many of the CAs I interviewed came from disadvantaged and rural backgrounds. In some cases, their parents had no academic qualifications. For example, one interviewee said that his father, who was a farmer, had dreamt of coming to the city and getting educated. Coming from different backgrounds and fitting into the same environment must be difficult for them. Some interviewees, on the other hand, had family connections (fathers or in-laws) with CA firms, giving them direct access to career advancement. They are much more likely to stay in the firm. One interviewee whose father was a partner in a large CA firm in Bangladesh had moved to industry to accumulate social capital which would, in turn, help him when he returned to his father's firm as a partner. I also find that CAs from poorer backgrounds or with no family connections may have to work harder for career advancement and must accumulate more social capital than those with direct access to the firm. The habitus of CAs from these two backgrounds evidently differs, yet they adapt equally successfully to this environment.<sup>5</sup> Social capital seems a last resort for CAs with no family connections to the firm.

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<sup>5</sup> Professionals and the organizations in which they work play an increasingly important role in contemporary knowledge-intensive societies, bringing their expert knowledge and skills to bear in a widening variety of economic and social settings (Brock *et al.*, 2014). As Hastings and Hinings (1970) suggest, it seems necessary to be much more specific in examining how far the particular values which are the end result of the socialization process of a particular profession are compatible with a bureaucratic form of organization. It is very important to reflect on the mental states of these CAs working for industries, their work environment and the professional

Switching to industry makes it easier for CAs to accumulate different forms of capital more quickly, and their habitus mutates to the extent that they play games in a different field while abiding by the rules of that particular field. These actors thus play within these two fields, and their actions are somewhat strategic to their career advancement. Overall, with accumulation of economic, institutional and social capital, they acquire higher status in society. “Status struggles are akin to ‘classificatory struggles’ that lead to the constitution of ‘status groups’ occupying different locations in the social structure, which lead some to social advantage” (Bourdieu and Wacquant, 1992).<sup>6</sup> CAs see their advancement in the field as valued, and their accumulation of capital eventually gives them the satisfaction of having symbolic capital, generating a particular status in society. This symbolic capital represents a sense of holding institutional capital (the CA qualification) through which they create a sense of belonging to the profession. As discussed earlier, habitus is a system of dispositions: a schema of perceiving, feeling, thinking and action that guides people’s behavior (Bourdieu, 1990). For CAs in Bangladesh, the habitus mutates when they switch fields, but they have already created a greater habitus, a lasting disposition through their symbolic capital in society. Dispositions in the industry help them to accumulate a variety of capitals, and ultimately symbolic capital, since the latter refers to one or more capitals being socially recognized as legitimate (Doherty and Dickman, 2009). Fernando and Cohen (2016) suggest that this may mean internal recognition within a particular occupational field, or external recognition acknowledged in transitioning to one occupation from another.

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values they carry. They also strive to be successful in industry. They are equally well suited to the new work environment and perpetuate in the same manner.

<sup>6</sup> “Status is a basis of social hierarchy, a defining and pervasive feature of social relations that implies an implicit or explicit rank order of individuals or groups with respect to a valued social dimension” (Magee and Galinsky 2008). Empson (2004) suggests that accountants’ professional identity reflects how they understand themselves to be distinct from members of other occupations in general, and other professionals in particular. She also suggests that this derives from two sources: from the technical and specialist knowledge they have acquired, and from internalizing a set of values about the meaning of being professional through appropriate behaviors (see also Anderson-Gough *et al.*, 1998).

Overall, this study reveals that each field has its own rules of the game. CAs move between these two fields to accumulate different forms of capital, and they must abide by the rules, wherever they are in those fields. The institutional capital they accumulate in one field (the profession) helps them to accumulate social and economic capital in the other (industry), and overall generates symbolic capital which, in turn, reduces the social gap.

## **5. Conclusion**

Accountants typically start their careers working in the profession (i.e. chartered accountancy firms) before moving to industry. I show that CAs in Bangladesh navigate their careers by switching from one field to the other. While some CAs already have connections with the firms because their parents (mainly fathers) are owners, the majority come from very different socioeconomic backgrounds. Those with direct connections with firms tend to stay there and eventually become partners. Others move to industry, which offers greater economic benefits. However, the majority of these CAs tend to return to the firms at some point in their careers.

I highlight reasons for CAs' movements between the two proximate fields, and observe a mixture of economic, symbolic and cultural motivations. In the process, they accumulate different forms of capital. I find that capital can be mobilized. However, my evidence does not suggest that CAs move from the profession to industry in order to achieve better work–family life balance. Rather, I find that people in Bangladesh have a cultural preference for avoiding uncertainty, but also want to be recognized and promoted in the workplace, especially as they grow older. I observe that for CAs, jobs in industry are considered to be less secure and poorly recognized, with low status in the workplace and little career progression. At the same time, unlike in the West, CAs feel very strongly about the profession in Bangladesh. I show that those rising to the apex of the professional field are not always driven by a thirst for economic capital, but often seek more symbolic rewards such as recognition and esteem. This is a key contribution of this paper.

I also find that CAs from privileged backgrounds, for example whose fathers own CA firms, eventually become partners in those firms, whereas others move to industry. I find that at the initial stage of their careers, money is important and jobs in industry are considered to be more lucrative. After lengthy and rigorous training in the profession, it is unsurprising that young CAs and those with no family connections in their training firms move from the profession to industry.

I suggest that those from unprivileged socioeconomic backgrounds must work hard by switching fields to accumulate economic and social capital, which eventually helps them to become partners once they return to the profession. Thus, this mobilization helps CAs with no family connections to achieve their career goals, as social and cultural capitals are their last resort. Bourdieu offers a relational perspective on capital acquisition and use, and refers to symbolic capital as something acquired through the other three types of capital when they are esteemed and valued in a particular field. Thus, Bangladeshi CAs from different backgrounds come to a level playing field in which they hold the same symbolic capital. Overall, I show that the cultural capital they accumulate in one field (the profession) helps them to accumulate social and economic capital in the other (industry), and overall this acts as a source of symbolic capital.

I also show that although CAs' habitus mutates during this process, this also enables them to accumulate various forms of capital, which ultimately strengthens their embeddedness in the accounting profession. This is where they accumulate cultural, social and economic capital before they become partners. They move from one SAF to another, not only to accumulate various types of capital, but also to define their career paths and reflect their embeddedness in the profession. In other words, they take a detour to reach their career destinations. In this process, mutation of the habitus occurs to the extent that they must abide

by the rules of whichever field they are in, but their attitudes towards the profession remain unchanged.

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## **Paper 2**

# **It Takes Two to Tango: The Presence of Global Professional Service Firms in Bangladesh**

### **Abstract**

This paper examines the global reach of the Big 4, focusing on Bangladesh, where the Big 4's presence is tentative. It explores why global professional service firms (GPSFs), including the Big 4, do not have a greater presence in Bangladesh, even though there are no legal constraints on doing so. Interviews were undertaken with a wide range of firms, including two Big 4 members, and firms with and without affiliation with foreign firms. The study examines the dynamics of local firms' and GPSFs' relationships in the Bangladeshi context, and explores nuances in how international affiliations work, and the rationales for and obstacles to these affiliations. It is found that GPSFs are interested in non-audit more than audit services, as auditing appears to be considered as a "loss leader" unless it relates to serving global clients such as multinationals and non-governmental organizations. Therefore, a strong economic rationale underpins global firms' affiliations with local firms. In contrast, for local firms, knowledge sharing takes priority, and therefore they value foreign firms' technical support and access to global networks, while economic, social and cultural factors act as obstacles. For some local firms, the benefits of affiliation or membership do not seem to outweigh the potential costs, such as loss of independence, profit sharing and adherence to member firms' strict global standards, including limits on partners' retirement age. In Bangladesh, global and local firms thus seem to approach each other with quite different motivations and concerns in mind. Overall, this paper elucidates the role of GPSFs in the processes of globalization, and explains why their presence remains tentative in many emerging economies.

Keywords: International Affiliation, Audit, Bangladesh, Big 4, Globalization, Member.

## 1. Introduction

Bangladesh gained its independence in 1971. It was part of Pakistan and called East Pakistan. The country is located in South-East Asia and surrounded by India, Burma and the Bay of Bengal. It is a relatively small country with an area of 148,460 square km but has a large population of 160 million people.

After independence, it nationalized its industries although reversing the decision in 1975 (see Rahman, 1993). Bangladesh was mainly an agrarian economy but has seen huge development in industries in recent years. The agricultural share of GDP has dropped to around 13%. The most profound change was observed in the garment industry as it has become the second largest in the world after China earning \$35 billion a year. According to the World Trade Organization (2004) and World Bank (2007), the USA and European countries moved their garments production to various low-waged countries like Bangladesh. As a result, it is of no surprise that the GDP growth rate has seen an 8.2% increase (World Bank, 2019). However, Bangladesh, as a developing country, is still dependent on foreign aid, mainly from the World Bank and the Asian Development Bank (see Karim and Ziji, 2010).

In recent years, the capital market has been subject to several regulatory reforms as a result of the emerging economy. As a result of the booming economy, the demand for audit services is also increasing (see, e.g., Rahman *et al.*, 2016). The Securities and Exchange Commission (SEC) in 1993 and new Companies Act in 1994 were formed replacing the old system and it is mandatory for listed companies (since 1997) to comply with IASs and ISAs which members of the Institute of Chartered Accountants of Bangladesh (ICAB) are responsible for.

Even though some argue that the Western style of corporate governance mechanism does not work in the context of developing countries, attempts have been made to adopt accounting

and auditing practices which are supported by the international donor agencies (Siddiqui *et al.*, 2012). One example of such corporate governance is that Bangladesh prohibits the non-audit service of an audit firm. Islam and Rahman (2017) conclude that separation of audit and non-audit services might increase competition among audit firms in Bangladesh and new participants might join the profession in order to conduct non-audit services. Similarly, Karim and Zijl (2010) suggest that after the Sarbanes-Oxley Act (2002), where having non-audit services from auditors were prohibited, audit clients were left with one or two big firms to choose from. According to Karim and Zijl (2010), the Big 4 market share is only 16% (number of clients), 33% (audit fees) and 56% for market capitalization of client firms.

Extant research suggests that in smaller capital markets, the Big 4 operate through local audit firms (e.g. Belal *et al.*, 2017), and Bangladesh is one such setting where these alliances occur (see Kabir *et al.*, 2011). Although primarily an agrarian country, Bangladesh is the eighth most populous country in the world (Riaz, 2016), and its industrial sector now makes a significant economic contribution (Belal, 2001). In recent years, it has experienced rapid economic growth and its capital market has been subject to many regulatory reforms. According to the Companies Act 1994, companies in Bangladesh must be audited by either a chartered accountant or a firm of chartered accountants. The country is heavily dependent on foreign aid, with more than 40 percent of its Annual Development Programme funded by international funding agencies (The World Bank, 2018) such as the Asian Development Bank, the International Monetary Fund (IMF), United Nations agencies, USAID and the World Bank. Therefore, donor agencies like the World Bank and the IMF require non-governmental organizations (NGOs) in Bangladesh to be audited by firms with foreign affiliation. Moreover, subsidiaries of multinational companies (MNCs) are usually audited by firms that have links with international or foreign firms (Karim and Moizer, 1996). Bangladesh does not prohibit local firms from having affiliations with foreign firms, including the Big 4. Indeed, the Big 4

have a long-established presence in Bangladesh dating from before independence in 1971 (Belal *et al.*, 2017), and the ICAB encourages local firms to establish such affiliations (Siddiqui *et al.*, 2013). This differs from neighboring countries like India, where the government is seeking to reduce the Big 4's domination of the audit market and where foreign firms must have local associations to conduct audits in the country, and therefore lack independence.

Nevertheless, it is puzzling that the presence of the Big 4 in Bangladesh is somewhat tentative. Only two firms are full members of the Big 4, and a small number of local firms have affiliations with other foreign firms.<sup>7</sup> This raises the question of why not all Big 4 firms have a full membership presence in Bangladesh, and why not more foreign firms have affiliations with local firms. While Belal *et al.* (2017) reveal that societal factors in Bangladesh are the main reason for this low presence, international firms may also be discouraged from entering into closer relationships with local firms by low audit fees, coupled with high reputation risk potentially arising from low-quality audits. In other words, a mixture of economic and social factors relating to both local and international firms may be the root causes of the tentative presence of international firms, and especially the Big 4. There may also be an expectation gap between local and foreign firms, with the latter adopting a “one size fits all” approach to entering emerging markets like Bangladesh. I examine whether this is the case. In particular, this paper explores the dynamics of relationships between local and foreign firms, nuances in how affiliations occur in practice, and rationales for and obstacles to such affiliations.

I undertook 43 interviews with chartered accountants (CAs) in Bangladesh between 2015 and 2017. These were conducted with two Big 4 member firms, firms with affiliations with other (non-Big 4) foreign firms, firms in the midst of membership negotiations, and firms that had tried but failed to secure membership or even affiliation.

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<sup>7</sup> In this paper, the term “affiliation” is used to denote a local firm that has a link with, but not full membership of, a foreign firm. Other authors use terms such as “partner” or “corresponding firm.”

My study reveals some interesting findings. Overall, I suggest that successful affiliation and full membership are driven by a strong economic rationale. Like Belal *et al.* (2017), I find that a combination of economic, social and cultural factors act as barriers to a greater presence of GPSFs in Bangladesh. I also find that the Big 4 are interested in non-audit services, and that, owing to restrictions and lack of local knowledge, affiliations with local firms are essential. On the other hand, knowledge sharing is a key factor for local firms. I also argue that GPSFs must understand the local context and cultural values, as a “one size fits all” approach does not work in emerging countries like Bangladesh. Overall, I conclude that the country’s economic development and changing social factors are creating a more feasible environment for affiliations, and even full membership, than suggested in previous research (e.g. Belal *et al.*, 2017).

This paper makes several contributions to previous literature. First, I extend Belal *et al.*’s (2017) study by providing a more comprehensive view of the dynamics of membership and affiliation. I show that, despite some economic, social and cultural obstacles, changes to the economy and to perceptions of audit firms and their partners are leading to changes in how these partners perceive the potential benefits of full membership or affiliation. I agree with Belal *et al.* (2017, p.154) that “capitalist competition and the pursuit of profit in the global market make affiliation an ideal choice for both the Big 4 and the Bangladeshi firms,” but provide greater detail on how this is currently being enacted, and the reasons for these changes.

Second, I contribute to previous research (Muzio and Faulconbridge, 2013; Boussebaa *et al.*, 2012; Belal *et al.*, 2017) by comparing and contrasting evidence from partners in various types of firm (e.g. firms with full membership, firms with affiliation and firms with no membership or affiliation). This enables me to argue that barriers to greater affiliation exist not only from the perspective of local firms, but also from that of the GPSFs, as there is a mismatch between how GPSFs and local firms perceive themselves and each other. For example, while

partners in traditional local firms see themselves mainly as “auditors,” GPSFs entering markets with low audit fees arguably see auditing as a “loss leader” and enforce global standards without considering the local context. I suggest that while affiliations between global and local firms are underpinned by a strong economic rationale, for local firms, knowledge sharing takes priority, and therefore they value foreign firms’ technical support and access to global networks, while economic, social and cultural factors act as obstacles. Overall, I claim that GPSFs need a better understanding of local contexts, as a “one size fits all” strategy for expanding into new markets does not always work. Although previous research (Belal *et al.*, 2017; Muzio and Faulconbridge, 2013; Boussebaa *et al.*, 2012) emphasizes the importance of the local context, I provide empirical data from different types of firms to elucidate the importance of better understanding the context.

Third, previous research shows that the Big 4 may lower their audit fees to attract non-audit services. For instance, Siddiqui *et al.* (2013) argue that the Big 4 tend to choose high-quality local audit firms to represent them in Bangladesh, even though these firms may have lower quality control standards. The authors recognize that the Big 4 may be tempted to cross-subsidize audit fees through non-audit services, but suggest that in Bangladesh, demand for non-audit services is still low. In contrast to their findings, I provide new evidence of increasing demand for non-audit services such as consultancy, which appears to be an important revenue source for foreign firms, especially in a low audit fee market.

Finally, while globalization provides opportunities for GPSFs to establish international expertise through global networks (Carson, 2009; Lenz and James, 2007), previous research finds that it exposes such firms to reputation risk (see Saito and Takeda, 2014). GPSFs may therefore adopt a more conservative approach to affiliation or full membership with local firms in countries like Bangladesh that suffer from low-quality audits and poor corporate governance mechanisms. In this paper, I explore the role of GPSFs in broader processes of globalization,

and provide a more nuanced view of the motivations of both local firms and GPSFs for full membership or only affiliation.<sup>8</sup>

In the remainder of this paper, Section 2 reviews relevant literature and Section 3 discusses the research methodology. I present my findings in Section 4, and discuss these and draw some conclusions in Section 5.

## **2. Literature review**

### *2.1 Globalization and GPSFs*

Globalization is not restricted to MNCs and international trade, but is also seen in the expansion of accounting firms in particular, and professional service firms (PSFs) in general, into countries where they have not previously engaged in significant economic activity.

Belal *et al.* (2017, p. 82) suggest that globalization of the world economy has been accompanied by globalization of professional services. They note that to understand the globalization of PSFs, one must examine how they are perceived in local contexts. They also find that local societal factors heavily influence the realities for accountants in Bangladesh, and identify professional, commercial and cultural barriers to greater Big 4 involvement in the local market. Others similarly suggest that globalization of GPSFs is better understood in terms of the local context. Muzio and Faulconbridge (2013) suggest that professional advice requires a high level of local embeddedness that must be organized, produced, distributed and traded in accordance with local regulations and norms stipulated by national and regional professional associations. They analyze GPSFs' "one-stop shop" perspective, whereby these global firms seek to implement "one firm" strategies to incorporate their own country's jurisdiction into

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<sup>8</sup> The terms "membership" and "affiliation" are often used together in this paper for better exposition, but the two are different. While full membership provides local firms with many benefits, such as better access to global firms' networks, securing MNCs as clients, and using global firms' brand names, it comes with strict guidelines such as partners' retirement age, and costs such as royalty fees and profit sharing. A simple affiliation does not have these benefits or costs. My interviewees usually provided their views on membership and affiliation together, but where they occasionally separated the two, I make this clear in the paper.

those of the countries in which they operate in order to accommodate transnational clients. As a means to understand these “one firm” strategies, Muzio and Faulconbridge (2013) explore “institutional duality,” which denotes disparity between local institutional practices and the expectations of home countries and transnational clients (see also Kostova and Roth, 2002). They suggest that understanding “institutional duality” is essential to enable GPSFs to provide services to their transnational clients. In other words, global firms must be ambidextrous.

Similarly, Boussebaa *et al.* (2012) explore the meaning of “global” for MNCs, and how these global firms’ structures interplay with national, transnational and neocolonial influences. They find that MNCs provide truly global services through an approach that is 1) differentiated, i.e. their services are customized to the various countries in which they operate, and 2) integrated, i.e. their technical knowledge is incorporated into the service. Boussebaa *et al.* (2012) conclude that these firms do not transcend national boundaries, but when operating in different countries, they reproduce and reinforce the hierarchy of firms in their country of origin.

MacDonald (1985) suggests that the professionalization of accountancy was an outcome of economic and organizational changes brought about by the capitalist mode of production and the industrial revolution. Cooper *et al.* (1998) show that while large accounting firms seek to expand, nationalism disrupts their attempts to provide seamless services, both in global projects such as providing audit services to global clients, and in setting up offices in developing markets around the world. In other words, to make it easier for global accounting firms to expand and provide services, the local order becomes crucial. Chua and Poullaos (2002) show that the professionalization of accounting is a cross-border phenomenon, and that the British model of accounting associations (imperial center) is constrained by inter-colony (periphery) differences. They suggest that the notion of accounting professionalism originated

in Britain and spread to self-governing colonies; however, colonial initiatives and local legislation are sources of discomfort for imperialistic accounting associations.

Previous literature clearly shows that it is vital for foreign firms to make local adaptations, and that international accounting firms must do so to establish themselves in local contexts. For instance, Caramanis (2002, p. 380) concludes that a very important component of big accounting firms' international expansion strategies is the exercise of political power and, increasingly in an era of globalization, command of a pivotal position in the international politico-economic system. He dismisses claims that their expansion is the result of having superior technical knowledge and service quality, but recognizes this as a strategy used by the big accounting firms to expand their markets. Drawing on Muzio and Faulconbridge (2013) and Faulconbridge and Muzio (2016), Carter and Spence (2016) show how English law firms' failure to dominate the Italian market owing to various legal, cultural and institutional factors has hindered these firms' efforts to be global. However, these firms have found it much easier to operate successfully in Germany.

This paper contributes to this stream of literature by providing evidence from different types of firms (e.g. firms with full membership, firms with affiliation and firms with no membership or affiliation). In particular, it seeks to elucidate why the Big 4's presence is tentative in Bangladesh, and what factors lead to (un) successful affiliation/membership. In doing so, I investigate whether GPSFs successfully understand and navigate local contexts, and provide customized and differentiated services locally in order to facilitate "global" expansion. My critical assessment of GPSFs' ability to navigate the local while hovering above the global, acting globally and ambidextrously, permits me to offer additional insights into GPSFs' role in the broader processes of globalization.

## 2.2 GPSFs in Bangladesh

Bangladesh is an emerging economy, and international audit firms operate there through affiliated local audit firms. The country's audit market is characterized by a small, intensely competitive audit market, with relatively little demand for high-quality audits, poor governance and low audit fees (see Kabir *et al.*, 2011; Siddiqui *et al.*, 2013).<sup>9</sup>

Uddin and Choudhury (2008) emphasize the importance of social, economic, cultural and historical factors in shaping a particular form of society, and the resulting implications for organizational accountability and transparency. Belal *et al.* (2017) show that in Bangladesh, although the Big 4 have a long-established presence, local societal factors heavily influence the realities of work for accountants there. The authors use the “system, society and dominance” (SSD) framework, which suggests that work organizations are shaped by three-way interactions between the nature of the political economic system (system effects), features of the society within which the firm is located (societal effects), and characteristics of the dominant economy, leading sectors and leading firms (dominance effects) (Belal *et al.*, 2017, p. 149). They conclude that globalization of the Big 4 is affected by this three-way interaction, and that the Big 4 are not truly global when it comes to peripheral economies like Bangladesh.

It is well-established that in developing countries, family connections and networks dominate every field, whether business, industry or services (Khan *et al.*, 2015; Uddin and Choudhuri, 2008). People who inherit family-owned businesses tend to carry on those businesses on their own, and outsiders may have less influence. People also obtain jobs in industries or services through networks of family and friends; and even in politics, family domination is evident. Bangladesh is no exception. Family and kinship ties are deeply rooted

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<sup>9</sup> The Asian Development Bank (ADB) funded an \$80-million project to transform the capital markets in Bangladesh based on Anglo-American models, which included institutional reforms within the Bangladesh Securities Exchange Commission (BSEC), automation of stock exchanges and changing capital market laws and regulations. These intended transformations were perceived as essential conditions for private-sector development in Bangladesh (see Uddin and Choudhury, 2008).

in Bangladesh's political and economic history. There is a constant struggle between bureaucratic and family domination (Mannan, 2006; Uddin and Choudhuri, 2008). This also applies to audit firms, which may lead to tension during affiliation negotiations, as local firms may wish to retain their own independence rather than being controlled by foreign firms.

Yet Kabir *et al.* (2011) find that in Bangladesh, Big 4-affiliated audit firms may be expected to provide high-quality audits, manifested in observable differences in accruals quality between Big 4 affiliates and local audit firms. This is so because international firms, including the Big 4, monitor the activities of their affiliates. Big 4 affiliates must comply with quality control standards set by international and Big 4 audit firms. Failure to comply with these standards may result in loss of Big 4 affiliation, loss of reputation, and thus loss of clients and fee revenues.

Nevertheless, Kabir *et al.* (2011) argue that, owing to a poor regulatory and investor protection regime in Bangladesh, Big 4-affiliated firms have little incentive to provide quality-differentiated audits. The authors conclude that affiliation with foreign firms does not have a positive impact on accrual quality when providing services to clients, although this depends on the use of accrual models.

Another important issue faced by foreign firms in Bangladesh is that audit fees are generally low. This raises the question of whether affiliated firms earn any fee premium compared with non-affiliated firms, which might be an incentive for local firms to gain affiliation. The findings of previous studies are somewhat mixed. For example, Siddiqui *et al.* (2013) find that in Bangladesh, which is a market "characterised by low levels of audit fees, concentrated ownership structure, and lack of demand for quality audit services" (p. 332), although Big 4-affiliated firms *do not* generally earn fee premiums, they charge higher audit

fees to clients who do not purchase non-audit services.<sup>10</sup> In contrast, according to Kabir *et al.* (2011, p. 165), the audit fees charged by Big 4 affiliates are not trivial. For example, in 2006, Big 4 affiliates earned average audit fees of BDT 226,021 (£1 = BDT 100), compared with BDT 53,191 for local firms. Big 4 affiliates also charge higher audit fees than non-Big 4 in many other countries (see Choi *et al.*, 2008), and Van Caneghem (2010) finds a significant difference in audit pricing between Big 4 and non-Big 4 firms in the Belgian audit market.

In Bangladesh, previous research has also explored the role of MNCs in demand for high-quality audits and links with international firms. Ahmed and Nichols (1994) argue that multinationals tend to adopt higher-quality accounting standards and disclose more than local firms, and therefore require higher-quality audits and high audit fees. Similarly, Karim and Moizer (1996)<sup>11</sup> suggest that the subsidiaries of multinationals in Bangladesh are usually audited by firms that have links with the (then) Big 6:

*In most cases, the parent company recommends an audit firm that has links with the parent's auditor. For instance, Pfizer (Bangladesh) Ltd is audited by SF Ahmed & Co. on the grounds that it has links with Pfizer's international auditor Ernst & Young. Similarly, GEC (Bangladesh) Ltd uses the audit firm of Hoda Vasi and Choudhury & Co which has links with DRT International.*

### 2.3 Summary and research questions

Much extant literature suggests that the Big 4 are not truly global when facing the constraints of trying to enter or establish their services in a new market. In particular, the dynamics of local firms in emerging countries prohibit the entry of foreign firms, and the interests of local and global firms are difficult to align. This paper therefore attempts to reveal the motivations for and obstacles to Big 4 affiliation, from the points of view of both global and local firms. In

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<sup>10</sup> The BSEC's Corporate Governance Order 2006 (amended in 2018) prohibits audit firms from providing clients with both audit and non-audit services (e.g. valuation services, actuarial services, internal audit, etc.), and requires all publicly listed firms to rotate their audit firms every three years (Siddiqui, 2012).

<sup>11</sup> In Karim and Moizer's (1996) sample, subsidiaries of the multinational clients of big audit firms also paid higher audit fees.

addition, I seek to show how changes to the country's economy may lead to changes in societal factors, thereby opening the door to international affiliations. This paper addresses the following research questions:

1. What are the rationales of local firms and GPSFs for affiliation and membership?
2. What challenges are faced by GPSFs entering a country like Bangladesh?

### **3. Field study**

I employed a qualitative methodology in this study.<sup>12</sup> I conducted a total of 22 semi-structured interviews with partners and managers in seven firms that had some sort of affiliation with or membership of international firms<sup>13</sup>. Two of these seven firms had membership status with the Big 4, and four partners and four managers from these two firms were interviewed. Another 14 interviews were undertaken with partners and managers of the other five firms with affiliation. The remaining interviews (i.e. four) were conducted with firms that had no international affiliation, and with CAs working in industry who had experience of working in firms.

In the parts of the interviews relating to this paper, the key aim was to understand why some firms have no affiliation or membership, identify the possible benefits of affiliation and membership, and determine why some international firms are interested in affiliating with local firms in Bangladesh. The interviews were on average 40 minutes long, although some lasted more than an hour and a half. These parts of the interviews were longer than other parts because they included matters relating not only to individuals but also to the firms. The interviewees were given opportunities to expand on issues relevant to this study, although I ensured that all parts of the interview were completed within the allotted time.

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<sup>12</sup> Further details on the rationale for this research design are provided in Paper 1.

<sup>13</sup> These 22 interviews are subset of 43 interviews conducted for the wider research. It is important to recognize that the interviews conducted are not with global firms. Therefore, global perspectives as reflected in this paper are solely obtained via interviews with local firms.

Three rounds of interviews were undertaken. In the first two rounds, in 2015, interviews were conducted with two managers and two partners of a Big 4 member firm, and with members of a firm that was negotiating membership of a Big 4. Further interviews were subsequently conducted in the latter firm immediately after it had gained membership later that year. This firm had two partners, one of whom was daughter of the founding partner. She was interviewed again in 2017 to find out about her experience post-affiliation, a year and a half after gaining membership of the Big 4. In 2017, an interview was also undertaken with another partner of a firm that had been very close to gaining membership but had ultimately failed.<sup>14</sup>

Interviews were conducted with at least two partners in each of the member firms to confirm and validate their views on how well their membership was working. Two managers of the more longstanding member firms were asked questions to gain an understanding of the benefits of working in a Big 4 member firm, as managers may have differing views or opinions and even different experiences from the partners. This allowed me to compare and contrast the views not only of affiliated and non-affiliated firms, but also of partners and non-partners within these firms. I also analyzed relevant documents collected from the firms and from the ICAB. Of particular interest was a brochure given to me by the partner of the firm that had recently gained membership. This had been printed in association with the Big 4, and reflected the firm's global views. This confirmed a benefit of affiliation mentioned by my interviewees, as discussed later.

All interviews were recorded, apart from one with a partner of a member firm, where permission was not granted despite my promise to maintain confidentiality. I conducted all interviews in English, as this is the working language of the profession and industry in Bangladesh. However, in a few cases, the interviewees, either on or off the record,

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<sup>14</sup> Some firms in my sample had no foreign affiliation, but the interviews were conducted to understand why these firms had not sought or gained affiliation. Specific attention was given to member firms to understand the benefits of being a member of the Big 4.

enthusiastically started to explain issues in Bengali, the mother tongue of all interviewees and myself. I translated all these into English. However, I observed no differences between partners with or without affiliation who spoke only in English or in both English and Bengali.

All the interviews were transcribed by an external transcription service provider (i.e. Type out), who usually delivered the transcripts within three days, allowing them to be read while the interviews were still fresh in my mind. In a small number of cases, some parts of the transcriptions were left blank where the recordings were unclear to the transcription provider. I listened back to the recordings to ensure that all parts were complete and accurate.

A key step in this process was analysis of the interview data. For this part of the study, I first conducted several readings of the notes and transcripts relating to affiliation and membership. Miles *et al.* (2014) suggest that researchers need roughly three to five times as much time to process and order data as to collect it. The data analysis relating to this paper proved more challenging than for the other two. I needed to be constantly alert to compare and contrast firms with and without affiliation, partners and non-partners, and partners in firms that had failed to gain affiliation or membership. Partners from both affiliated and non-affiliated firms discussed the advantages of and obstacles to affiliation in detail, and therefore my interviews for this part were longer. Perhaps unsurprisingly, partners who had failed to gain affiliation or membership were more pessimistic about the benefits of affiliation. In the analysis stage, I paid particular attention to understanding motivations relating to both successful and unsuccessful affiliation. In addition, I considered demographic characteristics (e.g. age, qualifications) of partners who resisted affiliation (analysis of the demographic variables alongside coding was carried out in other parts of the study). Unlike other parts where the discussion related more to the career trajectories of individual CAs, in this part of the interviews, I emphasized the firms and their links with international firms. Therefore, I ended up with a voluminous amount of raw interview data, as all interviewees expressed views on

their firms and why they did or did not have any affiliation. As a result, data reduction was time-consuming, as I had to decide what information to discard.

I broadly followed Miles and Huberman's (1994) approach, involving three concurrent flows of activity: data reduction, data display and conclusion drawing/verification (see also Miles *et al.*, 2014). Data reduction is a process whereby a mass of qualitative data is reduced and organized. At this stage, I discarded all irrelevant information, but ensured that I would be able to access it later in case I needed to revisit it in light of unexpected findings, as indeed I did. At the data display stage, I tried to identify interviewees in terms of whether or not they were from affiliated/member firms, and whether they were partners or non-partners (i.e. managers). I took care not to report any findings that solely supported my own ideas, as this might be a source of confirmation bias. All representative quotes (i.e. firms with and without affiliation, partners and non-partners) were retained for discussion in the findings section.

Coding was a central part of my qualitative analysis, helping me to reduce the copious interview data, amounting to several hundred pages of transcripts and approximately 32 hours of audio-recordings, and to make it accessible for analysis. As with any qualitative research, I found this the most challenging task because it was a cumbersome process (Bochner, 2018). Miles and Huberman (1994, p.11) suggest that this early analysis should be conducted "in such a way that the final conclusions can be drawn and verified." Miles *et al.* (2014) define codes as "labels that assign symbolic meaning to the descriptive or inferential information compiled during a study." They are usually "attached to data 'chunks' of varying size and can take the form of a straightforward, descriptive label or a more evocative and complex one (e.g., a metaphor)." While some researchers view coding as purely technical, preparatory work for higher-level thinking, I concur with Miles *et al.*'s (2014) view that "coding is deep reflection about and, thus, deep analysis and interpretation of the data's meanings." As well as prompting deeper reflection on the meanings of data, codes were also a method of discovery that helped

me to gain interpretive familiarity with my interview data. I was careful in the coding process to ensure that my codes were both “valid,” i.e. they accurately reflected what was being researched, and “exhaustive,” i.e. all relevant data fitted into a code.

NVivo (qualitative data analysis) software was initially used to develop preliminary codes based on my research questions (e.g. why local firms are or are not interested in affiliation), and the interviewees’ demographic backgrounds (e.g. age of partners). I assigned codes to the interview data to detect recurring themes and patterns. I then clustered together similar codes to create a smaller number of categories. To develop higher-level analytical meanings, I examined interrelationships between the categories. The analysis was an iterative process in which descriptive narratives in the interview data were interrogated with the theory, and vice versa (see Miles and Huberman, 1994; Spence, 2007). Spence (2007) suggests that this process entails rigorous self-critique built in a reflexive fashion. Reflexivity means that researchers critically reflect on their own role within the whole of the data collection process, and demonstrate an awareness of this and how it may influence the findings (Holloway and Wheeler, 2009).

Throughout this process, I constantly asked myself whether I could 1) combine certain codes together under a more general code, 2) organize codes sequentially (e.g. does code 1 relating to the benefits of affiliation occur before code 2 relating to obstacles?), and 3) identify any causal relationships (e.g. are senior partners more opposed to affiliation?). To illustrate the analysis and explain the concepts, I re-read the raw interview data one more time in the final stage. This helped me to identify contradictory and confirmatory data, as I aimed to be non-selective in choosing data.

#### **4. Findings**

This section begins by discussing the current state of the audit market in Bangladesh and how things are changing, as revealed by my interview data. I then discuss the benefits and challenges

of membership of and affiliation with Big 4 and non-Big 4 firms, and why foreign firms, including the Big 4, are interested in Bangladesh.

#### *4.1 Current state of the audit market in Bangladesh and the changing landscape*

##### **4.1.1 Low audit fees and demand for high quality**

I asked the interviewees to shed light on the present state of the audit market in Bangladesh in general. According to one interviewee who worked for a member firm of the Big 4:

*For [name of Big 4], in terms of developing the business, it's a very low fee market. If you consider our subcontinent, that is India, Pakistan, Sri Lanka and Bangladesh, in all four countries audit fees are low, but of the four, Bangladesh is in the lower end. So that is a big challenge for [name of Big 4] to perform the audit. That's the main reason we are very selective in picking up the audit, because we need to follow rigorous audit procedures and that is the challenge. And locally, of course [name of Big 4]'s strict management policy is very rigorous, and in many cases our management policy may not allow us to audit some of the big national-level companies (Partner, member firm).*

Similarly, another interviewee said: “Mostly for the audit of public enterprises, low fees, cost-cutting, lack of good governance, poor regulatory supervision and absence of ethical culture—these are the primary challenges we face” (Partner, affiliated firm). These two quotes, one by a partner of a member firm and one in an affiliated firm, show that low audit fees are an issue in Bangladesh. In particular, my interviewees often stated that for local firms, following a rigorous audit process is very costly, but because of the low audit fees, incentives for providing high-quality audits are low. This is one reason why the Big 4 sometimes do not allow their member firms to audit important clients at the national level.

In Bangladesh, low audit fees coupled with a lack of governance structure and poor quality audits are mentioned in previous literature. For example, Siddiqui *et al.* (2013) conclude that in Bangladesh, a market “characterized by low levels of audit fees, concentrated ownership structure, and lack of demand for quality audit services” (p. 332), Big 4-affiliated firms do not generally earn fee premiums. One interviewee whose firm had no affiliation expressed similar views to the two partners previously quoted:

*Audit fees is the main problem because the dignity of this profession, I told you, it is not established because of the unhealthy competition. You know, no one is going to check whether the quality was maintained or not. It is signed. The audit paper is signed, thought it was done, but whether this audit report was signed based on the tax consultants, accounts or whatever, the audit was sent to trainee students to check. It is not maintained here. It is only audited. That's the only thing required by the NBR [National Board of Revenue]. You did the audit report. So auditing is very poor and the mentality of the entrepreneurs that I told you, they do not know the importance of audit (Partner, non-affiliated firm).*

This is a problem not only for non-affiliated firms, but also for firms with full membership or affiliation. For instance, another partner of a member firm expressed frustration about the lack of interest in high-quality audits and the availability of cheaper audit services in Bangladesh:

*I went for audit and my clients hired me for a handsome amount of 5 lacs taka [£5,000], but he was not happy. He asked me, "Why should I pay you 5 lacs taka whereas I can get it for 25,000 taka [£250]? Why should I?" (Partner, member firm).*

Two partners, one from an affiliated firm (not Big 4) and the other from a non-affiliated firm, had similar concerns about the lack of audit quality in Bangladesh:

*Audit quality: the client, like at the end of the day what they basically want is an audit report, so that is something they will get. The audit quality, assurance of quality control is more headed for the firm itself, because they have to comply with certain standards. And that is also an issue with the regulators, who are really monitoring or regulating the companies. So there are basically the two stakeholders who are more concerned with the quality assurance. For the client, yes, they are also interested because they would like to see their auditors go through at least all the major components of the company—the senior management would like to do that, they would like to see that they have covered all the major areas of operations (Partner, affiliated firm).*

*...the same challenges that I just mentioned, the quality and ethics problem. The quality problem means the way the work is maintained, the way they do the audit. The documentation is not very structured and very organized, so for international firms it is very hard for them to review the work done by the local firm because their papers are not properly maintained. These are the challenges they face (Partner, non-affiliated firm).*

Belal *et al.* (2017) suggest that the Big 4 are not truly global, because not all Big 4 have member firms locally in Bangladesh. However, since their study, another firm has successfully gained membership. Arguably, one criterion for membership and affiliation is maintaining high-quality audits, as well as generating revenue for the firm. However, low audit fees and a lack of incentive to conduct high-quality audits in Bangladesh pose challenges for affiliation

and membership. Therefore, I asked my interviewees for their views on the potential for future affiliation with or membership of foreign firms. Surprisingly, despite the challenges, my interviewees said that they were very hopeful. In fact, some were very optimistic that it was simply a matter of time before all the Big 4 would have local member firms in Bangladesh.

Most interviewees who were positive about the future of affiliation and membership identified the recent growth of Bangladesh's economy as a key reason for their optimism. Three such comments were as follows:

*...for the time being it might be a challenge, but I think if we consider the growth of the economy, it will not be a problem because so many investments are coming into Bangladesh, and in the course of time the local companies will also be interested in the audit boards of Big 4 (Partner, affiliated firm).*

*The Big 4 firms always have knocked at the door in Bangladesh. They want to come. For the time being, they are waiting behind the door; they will come (CA working in industry).*

*...because the resource is very precious in Bangladesh in terms of this profession, because a knowledgeable person and the qualifications of the person in a global standard and local standard should be aligned. So what the big three firms are doing, one of the four is here, but other firms are looking for that. So they will try their best, because the market is huge (Partner, affiliated firm).*

Another interviewee who was working in industry reflected on the positive contribution of Big 4 firms to better transparency, which he believed would encourage other Big 4 members to join the queue soon:

*Definitely, because they are using their experience. Englishmen are coming in Bangladesh and transparency is contributed by the other firms like PWC, KPMG, all of them are contributing to shape up the transparency issues in Bangladesh and definitely the position is better than earlier (CA working in industry).*

It is known that in Bangladesh, progress is hindered by a lack of transparency in every field, along with poor corporate governance structures. However, the above quote reveals that the Big 4 have a positive spill over effect on transparency. Another interviewee expressed similar views on low audit fees and poor-quality audits, but said that it had been possible to increase their fees when they had successfully made their clients believe in the importance of high-quality audits. He emphasized several times during the interview that auditors must make their

clients aware of the importance of audit quality, and that without incentivization, it is difficult to charge clients higher fees in Bangladesh. He stated:

*Actually audit fees are very low in Bangladesh because, I think, one reason might be the quality, because we are telling our clients that we are providing a quality service. They don't realize why the audit is needed; they just think this is a statutory requirement, so they do not want to provide much money for the auditor. But if we can give them a quality report or quality assignment, then they are ready to give us more...So if we can give them a quality service, they must be paying more because, you know, last year, the audit and the governance industry is just increasing rapidly. Because in our country in the last 25 years, the owner didn't know what the actual position of the company is; because they're just inserting money, sell, collect money, but where that money goes, they don't even know. They have no control. But now they realize there must be a control system, and who will do it? The auditors, the chartered accountants (Manager, non-affiliated firm).*

#### **4.1.2 Changing landscape**

While discussing the future of affiliation and membership, a positive point mentioned by most interviewees was support from the regulators and the ICAB. According to a majority of interviewees, Bangladesh offers a favorable environment to attract foreign firms. In particular, when interviewees were asked whether the ICAB and the government place any restrictions on foreign firms, most said that the ICAB is very positive and open to such firms. Two interviewees mentioned:

*I think they exert their influence positively, positively because they are also interested in having more firms, more foreign firms affiliated with the local firms, and definitely this type of relationship will increase the quality of local chartered accountants, and always there is a need for Big 4 firms in a country like Bangladesh (Partner, affiliated firm).*

*No, you see, the way the Big 4 works, it's—unlike Unilever and British American Tobacco, which is a subsidiary of Unilever, British American Tobacco, holding company in the UK—the way an accounting firm works, we are KPMG. KPMG is a global company, but we are not a subsidiary, we are still locally owned by the partners. So from that point of view, OK, we are a foreign KPMG member firm, we are still considered as a local organization as part of the global network. So we don't see government as a threat or stopping us, because we have been here for 53 years, after all (Partner, member firm).*

With the growth of Bangladesh's economy, along with favorable conditions created by the regulators for foreign firms, local firms inevitably face competition. In particular, my

interviewees often stated that local firms face competition from foreign firms. They not only mentioned the Big 4, but also firms from neighboring countries like India and Pakistan. For instance:

*You know, they already are foreign here, except the two here. And our great challenge now is to face the Indian chartered accountants here—it's most unlikely, because if you see the model right now you will find more than 500 chartered accountants working in Bangladesh without any work permit. They come to Bangladesh with visit visa, sustained for 20 days and go back (Partner, non-affiliated firm).*

*...the other thing is Deloitte and PWC opened their separate consulting company here, and that is looked after by them. So it's a great challenge for us to survive (Partner, non-affiliated firm).*

Nevertheless, some interviewees were very optimistic that all of the Big 4 would establish a presence in Bangladesh. According to one interviewee:

*Yes, I think so, I think so. If they come, the environment will change, the approach of the companies may be changed. There are some companies in Bangladesh, especially local companies, they may be reluctant to be compliant with the laws and the international accounting standards. But if the environment is like that, like all the big firms are there and the environment is in favor of this transparency, I think it will be, it will be good for the economy and good for the profession (Partner, affiliated firm).*

In summary, I observe that Bangladesh's audit market is characterized by low audit fees, lack of demand for high-quality audits, and competition between local and foreign firms in the non-audit services market. Nevertheless, there is considerable optimism about the possibility of future affiliation and membership as a result of economic growth and favorable conditions for foreign firms. In the next sections, I explore the benefits of and obstacles to affiliation and membership, and the rationale for foreign firms to pursue affiliation with local firms.

#### *4.2 Why do local firms need the Big 4?*

I asked my interviewees about the benefits of affiliation with or membership of foreign firms, including the Big 4. An overwhelming majority responded positively, suggesting that local firms benefit from such affiliation or membership. My interview data clearly indicate that foreign firms, and particularly the Big 4, are welcome in Bangladesh because local firms suffer from a lack of knowledge, particularly of international audit structures, new technology and

IFRS. Affiliation with Big 4 or other foreign firms is seen as a way to overcome this problem. Belal *et al.* (2017) suggest that local firms benefit from “full access to their parent’s intranet, entitling them to send their practitioners to global training courses and allowing them to use the global firm’s logo on stationery and letterhead on its communication.”

When asked why they wanted membership, the partners of two Big 4 member firms commented:

*The main advantages are getting access to the technology and vast amount of knowledge, and also the network of professionals around the world. And also we get like, as you said, you must have noticed that affiliation is fairly new, so we are also still like exploring, so we have already sent people out for training and we have had consultants coming in and working here. So that is mostly the advantage that we get, that you become truly global (Partner, member firm).*

*You can actually get to interact with the rest of the world very easily, you can get client queries and you get to work with global names, so the benefit is immense (Partner, member firm).*

Another interviewee whose firm was not affiliated with a foreign firm explained:

*We have many benefits here. The first one is the knowledge sharing, because when I worked with my friend who is working in [name of Big 4], if any problem arises they can easily ask their corresponding firms how to solve it. Right now, there is a new opportunity...this is just for pricing audits, they have a structured formula for that audit but we don’t have that. We are just working on trying to have one (Partner, non-affiliated firm).*

Several interviewees also suggested that successful implementation of new technology and access to a vast international network were the main reasons for seeking affiliation or membership. For example, an interviewee from a local firm that had gained membership in 2015 suggested the advantages of using the intranet and other facilities. According to a senior partner in this firm:

*It’s definitely important for any professional, especially for the chartered accountant, because we are working based on accounting and auditing standard. It is regularly updated, updated by the ICAB, so we have to maintain a regular link with the professional body so that other countries, already sort of chartered accountants of Bangladesh have affiliation with the ICAEW, so it is a good scope for us to maintain relations with them (Partner, member firm).*

A partner from another large firm previously affiliated with Arthur Anderson also expressed his intention to connect with one of the Big 4:

*Yes, definitely we are interested. Because if we can tag ourselves with a Big 4 we will be able to learn techniques. It will help us in developing ourselves as well. So if we can be aligned with a Big 4, it will definitely help us (Partner with previous but no current affiliation).*

My interviewees also commented that donor agencies operate through non-governmental organizations (NGOs) in Bangladesh, and that these NGOs are audited by audit firms that have foreign affiliations. This is a legal requirement set by the donor agencies. Consequently, most audit firms, and especially those who want to have NGOs as clients, will seek affiliation with foreign firms, or better still, full membership status. It is also evident that MNCs prefer to be audited by firms with affiliation or membership. One interviewee from a firm affiliated with a Big 4 shed further light on this:

*Knowledge sharing is a very big issue, and another thing is, in case of multinational companies' audit, that is facilitated from a Big 4 firm, because they prefer to work with an affiliated firm, so that might be an opportunity for us. And of course, then if in the case of Big 4, a firm must be higher than other firms (Partner, affiliated firm).*

Another interviewee from a firm affiliated with two foreign firms emphasized a similar issue:

*I don't know whether you have heard of the name Mazars? It is one of the big 15 international firms, UK based. Actually we are affiliated with Mazars, and we are also affiliated with another Japanese firm actually. It is part of our strategy that there are a good number of Japanese projects in Bangladesh, and Zaika is one of the major donors of Bangladesh (Partner, affiliated firm).*

It is important to note that Bangladesh's economy depends heavily on foreign assistance.

One partner of a member firm (not KPMG) stated:

*KPMG is for many years the World Bank auditor, so we are not allowed to provide any services to the World Bank in Bangladesh. But ADB, sometimes we do ADB work, yes (Partner, member firm).*

A partner from a non-affiliated firm commented:

*Yes, yes, we are trying to get, because a lot of works in the World Bank, and for this work they look for affiliations. Without affiliation they will not give any assignment to the local firm...They have the expenditure for maintaining that affiliation, but they get the referral, many referrals they get from the Big 4. But other than Big 4, like Baker Tilly, Grant Thornton, I don't, they don't get too much referrals, because after Big 4,*

*if you start from five you go lot very down. You know, this Big 4 is Big 4. They have a lot of connections, lot of working, networking, all these things, but when you go down the Big 4 then you lose everything. You know it is just maintaining their position, that's all (Partner, non-affiliated firm).*

My interviewees also suggested that, as a result of affiliation, when they pass as CAs, their qualifications are recognized by the ICAEW. For instance:

*No. No, we have got ICAEW...So if two pupils have passed, after passing CA here, he will be treated as if he has passed from England so that's the benefit we have. So that is not a challenge, because we do have that level of standard, otherwise they will not have given that... I mean the training system of passing (Partner, seeking membership).*

Two interviewees summarized some of the above points when asked about the benefits of affiliation:

*...because they are Big 4 and they are cost-competitive...because they have a good number of resources, and they bid for the highest level of work and they have international relationships (Partner, affiliated firm).*

*First one, gathering good knowledge from the outside, because we are almost still proof type auditor; and other than this, before us no one is going to use any audit software, no one had a strong IT team or technical team. Once you are on board with the membership firm, we have to comply with all the things and then go to serve the client. So our main target is going to get the membership and good training, and getting some knowledge and serving the multinational clients here (Partner, affiliated firm).*

I also observed that demand for high-quality audits is increasing, and membership of the Big 4 provides some guarantee of such quality. Karim and Moizer (1996) also identify demand for high-quality audit services, made possible through association with the (then) Big 6. Other foreign-affiliated firms are similarly monitored and periodically reviewed by their parent firms (see Kabir *et al.*, 2011). On the other hand, it is argued that because countries like Bangladesh have poor control regimes, foreign firms have no incentive to provide quality-differentiated services. For instance, Kabir *et al.* (2011) conclude that Big 4 affiliates do not have a positive impact on the accrual quality of their clients in Bangladesh. However, since foreign firms engage in monitoring, standards are expected to be reliable.

One interviewee from a local firm affiliated with a foreign firm (not Big 4) emphasized the audit quality issue as follows.

[Name of firm] 's representatives come every year to our firms to visit, and they examine our... there are criteria. Papers we have to maintain in a particular file of audit. With that there is a letter of representation, with that the appointment is done correctly, with that the fieldwork of the audit representatives was reviewed by the...partner, with that the report was signed mentioning all the formalities of assurance nowadays introduced in Bangladesh by ICAEW (Partner, no affiliated firm).

As mentioned in Section 4.1, my interviewees commented on the lack of demand for high-quality audits. One also cited this lack of demand, and hence lack of interest in affiliation with the Big 4, when asked about the benefits of affiliation:

*At this point they may face challenges like the number of clients, because there are not many MNC companies in Bangladesh and the local companies may not be interested in appointing firms like Big 4, because they may not need to have that quality audit report* (Partner, affiliated firm).

This and the previous quote suggest that lack of demand for high quality contributes to the low level of affiliation in Bangladesh. Barriers to affiliation are discussed in Section 4.3.

Belal *et al.* (2017) repeatedly emphasize that Bangladesh is characterized by strong family networks, family dynasties and nepotism. These are evident across the Indian subcontinent, as seen in other parts of our interviews (see Papers 1 and 3). However, things are evidently changing fast. For example, the fathers of two partners in the firm that had most recently become a member of the Big 4 in Bangladesh were founding members of the firm. The partners had only recently agreed to seek membership, indicating that the younger generation is willing to let go of traditional cultural values and independence (discussed in the next section) for the greater good. For example, a year and a half after gaining membership, one of the partners (daughter of the founding partner) explained:

*The benefit that we get, as we said, that as we are still in the first or second year of transition, so maybe we cannot immediately translate the benefits and want a return; we can see the benefits but this cannot be translated immediately in monetary terms. First thing is branding: you get recognition that whatever anyone does then does it for recognition. So if you are a manager in a Bangladeshi firm, all you have got a global employed number, so if anything happens around the world then you get a memo from the CEO, so that carries a value. So whatever, you know, that recognition or self-esteem, personal achievement is there* (Partner, member firm).

The younger generation embraces being part of the global firm, and global standards are more important than cultural values, unlike for their predecessors. The same partner continued to explain the benefits:

*As a firm, our main objective was that we have always worked with any international brand since 1978. So in Bangladesh, if you are working, you need to have an international branding in some way or other, otherwise you will not get approached by the multinationals, the donors; they will not even shortlist you. The multinational companies, they will want a company that works with best, and the other thing is that in Bangladesh there is no, like, recognized system of rating the firms; the Institute doesn't do it, the regulators they do empanelment or listing, but they don't actually rank the firms from 1 to 5, they don't actually do that. So this international branding or affiliation serves as a kind of testimony to your quality. So that was important, and we felt as a firm we had to. I mean, the only way we could go was up, like we said, that we started out as a recommended corresponding firm, and then we can affiliate, and now the next step is to become a member (Partner, member firm).*

Several of my interviewees also raised the issue of non-audit services, especially when questioned about the benefits of affiliation and membership and why the Big 4 are interested in these (discussed in Section 4.3). According to two interviewees, affiliation with or membership of foreign firms also helps in the provision of non-audit services:

*That's a great challenge, but if the thing is done in a structured way, like the Big 4 firms are doing now in audit practice, they have good training from outside, they can hire second or good managers here from firms, national managers, it will create an opportunity here, it will create a scope here. In audit we are doing that, but in consulting we are far behind—far, far behind (Partner, affiliated firm).*

*We are now, there's a difference here, because at the time of joining we have to separate two dimensions: audit, that's one, and consulting is the other. The consulting part is getting full member firm from day one, but the audit and tax advisory part is obtaining now corresponding firm and we have already applied for...So we have two unique aspects: one is for member and one is for correspondence (Partner, affiliated firm).*

According to the previous literature, GPSFs gain more benefits from non-audit services (see Hanlon 1994). I also observed that local firms face competition from neighboring countries such as India and Pakistan in the non-audit services market (see also Section 4.1). Consultancy firms from those countries come to Bangladesh, stay for a couple of months and carry out

consultancy jobs. This is a great challenge for local firms, which may be mitigated by obtaining membership or affiliation. According to one partner:

*Oh sure, sure. No doubt they have expertise, more expertise than us in many sectors. Like if I give you an example, the transfer pricing rules have been regulated very recently and we don't have expertise in transfer pricing, but from the perspective of our firm, we are contacting Grant Thornton International to help us so that we can render an international-standard service to our clients, and they are also interested in training us and making us skilled (Partner, affiliated firm).*

In summary, it is evident from my interviews that knowledge sharing is particularly important. Local firms in Bangladesh welcome affiliation or membership because it gives access to technology and international networks, as well as the possibility of securing MNCs as clients. For those interested in NGOs as clients, donor agencies require such affiliation or membership. I also find that affiliation or membership helps local firms to provide high-quality services and to tackle the challenges of competition from foreign firms in non-audit service markets. Nevertheless, several of my interviewees were skeptical that the potential benefits would outweigh the costs, as I explore in the next section.

#### *4.3 Why are local firms against affiliation/membership?*

There are currently two Big 4 member firms in Bangladesh. Why are the other Big 4 firms absent, and why do many other large non-Big 4 firms not have affiliation? Some of my interviews revealed that other firms have tried to gain membership in the past. An interviewee from a firm that was very close to securing membership suggested:

*I think the number one challenge is that, for example in our case we had a dialogue with [name of Big 4], and [name of Big 4] was almost interested in going with us, but I think they had a condition that every partner who is crossing 60 years should retire. But, you know, in the case of our firm, our founder partners are all above 60 years. In that case, all have to retire immediately or within two years, so actually, because the major stake is with them so in case of decision making they have the authority, and they have denied to go there. But we, the younger partners, wanted to go with [name of Big 4]. Because of having a larger stake by the founder partner, they didn't move it here (Partner in firm with failed affiliation attempt).*

Consistent with Belal *et al.* (2017, p. 157), many of my interviewees mentioned that a major obstacle to affiliation is the age limit on partners. In Belal *et al.*'s (2017) study, "most of

the senior partners in their firms were in their 70s although Big 4 tend to have a set retirement age of 65.” Most of my interviewees confirmed that partners in local firms would like to work beyond the retirement age set by the Big 4 for member firms.

An interviewee from another firm that had been very close to gaining membership of a Big 4 suggested a number of reasons why this had not gone through. The main one was once again that partners in local firms enjoy the benefit of having no age limit on retirement. Also, according to this interviewee, local firms must comply with Big 4 firms’ requirements and policies, and they are concerned about losing independence in the process. One partner explained:

*The main problem is that they would lose their independence. We do not have any retirement age, so if we were a member firm of the Big 4, we’d have to comply with their set retirement age. The investment would be too high, and the return on the other hand is not that much as a result of [name of Big 4]’s policy and client requirements, that they would lose a few clients and eventually the benefit might flow after five/seven years (Partner in firm with failed affiliation attempt).*

Fear of losing independence was a common theme in the interviews, making interviewees skeptical of any affiliation or membership. For example, they suggested that professionals enjoy their independence as partners of their own firms, but at the same time like to maintain connections with foreign firms for various reasons. When asked to shed further light on this, in addition to working into old age, some interviewees alluded to flexibility at work with no interference, and independence in decision making and recruitment as other decisive factors that discourage them from affiliating with international audit firms. Lack of a legal retirement age is definitely a problem for foreign firms, as local firms are required to comply with the foreign firms’ age limit, and partners in local firms see this as a violation of their independence. Several partners told me that they enjoy their independence and a sense of ownership of the business, which they are unwilling to lose even if they might enjoy higher benefits if they achieved affiliation with foreign firms.

For example, one local firm experienced these issues and had to turn down the opportunity of becoming a member of a foreign firm. An interviewee from this firm suggested:

*This is the number one problem. And if, definitely, they would need to come here, they need to have a representation here for bringing their people, because the audit reports are definitely signed by the local chartered accountant and definitely there are some clients of [name of Big 4], international clients who need certified audit reports from the local firms. So they need it here, but if they give us a condition like that, that the partners who are 60 years old need to go away, then...they have to find someone else. And the quality: I think if you go behind Big 4 or 5 firms in Bangladesh, then quality matters and sometimes [name of Big 4], firms like [name of Big 4] could not get that, who accept that lesser quality firm, so they will face challenges in future (Partner, non-affiliated firm).*

One partner in a firm that had failed to get membership suggested:

*...because once you get the affiliation, you have to add on their compliance costs, you have to add on their audit procedure, complete work procedure has to be maintained. And they will be auditing you periodically, whether these standards are maintained corporately or not. So maybe our partners are not that much interested in being audited, or maybe interfered with by others. But they tried for some time, but I don't know why they did not get the majority. But they tried for affiliation. But portfolio-wise it's a very big firm in Bangladesh, in every sector, in bank, in insurance, in manufacture, service, NGOs (Partner, firm that failed to get membership).*

*The same thing happened with Huda Vasi. It was affiliated with Deloitte & Deloitte who tried to impose their policies. In our firm, we have partners of 70/75 years old and they don't want to quit. They want to stay there, so Deloitte has moved. So when PWC imposed such condition, then that was also...no (Partner, firm that failed to get membership).*

Some interviewees also argued that if a local firm is large and doing well, in terms of managing clients and earning revenues, it may not want affiliation with a foreign firm.

According to one interviewee:

*It is the mindset of the partner, because sometimes when a group is locally enlarged they don't need any foreign affiliation. So this firm is already a big firm, they have huge works, so they don't want others to interfere (CA working in the industry).*

It is important to note that all Big 4 firms previously had corresponding firms in Bangladesh. Since two firms have now gained membership status and local firms have approached the other two but failed, the situation seems to be changing, and other local firms may gain membership status. In Section 4.1, I discussed my interviewees' optimism in this regard. One interviewee stated:

*Previously all of the Big 4 firms had a corresponding firm here, so then we had no opportunity, but right now two firms just left their corresponding firm and they are free now (Manager, non-affiliated firm).*

Two interviewees expressed strong views on the benefits of membership or affiliation. They suggested:

*No, the Big 4, I never worked for the Big 4 as well, but the Big 4's condition in Bangladesh is not that good, you know? We are challenging them every day (Partner, non-affiliated firm).*

*Yes, actually, we have cornered them already in Bangladesh. We do every day. Like I'll give you an example: KPMG in Bangladesh is Rahman Rahman Huq. They are a three-partner firm, you must know it; and we are a seven-partner firm. So you can imagine their clients are big, maybe, but they don't take partners. Their progression structure is so difficult but they employ a lot of chartered accountants, but because they don't take partners, they are getting cornered. Even the other three members are also. So here in Bangladeshi culture, the Big 4 doesn't work always, except in the international audits. Those who are part of the international companies in Bangladesh, they only say, "oh, you have to be Big 4 to audit us." Otherwise there's no requirement here. Like I do audit big large banks, so that Big 4 you've got to be a member, it's not a condition. The only condition is you must have an affiliation (Partner, affiliated firm).*

When asked about the challenges of membership or affiliation, a partner of a member firm suggested:

*Firstly, the recognition that quality has a cost. So until very recently we were the only Big 4 member firm in the country, so we have to invest a lot in training and retaining top-quality staff; therefore our cost base becomes significantly different from our competitors, so that has always been a challenge. And the clients just recognize our firm and say, "OK, we recognize, but why should your costs be that much different?" So that's been a challenge. Of late, another firm has become an EY member firm, but we understand they only look after the audit and it's heavily supervised under EY India so...The other challenge is not just being a KPMG member. As a firm which believes from the 53-year history of our firm that we have always given pride in our integrity, transparency and ethics, and therefore even before we became a KPMG member firm we had very few local clients, where sometimes... You know, you would understand that local clients are not very clean in terms of their accounts, in terms of their tax declaration, and therefore we wouldn't touch them. And that's our main reason—not for any snobbish reason, only from a risk management point of view: if they are not ethical and if they are not transparent in their accounting and bookkeeping, they can't be our clients (Partner, member firm).*

One partner of an affiliated firm questioned local firms' ability to match foreign firms' expectations:

*They want to become affiliated with international companies. So it is rather a challenge from our end to deliver them the product that they are looking for...whether we can deliver this. So it is not their problem (Partner, member firm).*

Another interviewee, despite having non-Big 4 affiliation, was more skeptical and raised a concern about quality issues:

*Quality control perspective, they usually...you know, they visit, but it's just a mere compliance. So I think on this side they need to improve a lot. A strong control procedure should be established so that we can ensure quality work (Partner, affiliated firm).*

The previous two quotes indicate that, despite successfully gaining membership or affiliation, concerns and issues remain. Another interviewee raised the issue of low audit fees:

*This is mainly the fees...because you see, they have international charges, which we find very difficult to convince our clients to accept, so that is mainly the challenge—the fees. On the one hand, the clients would actually expect international services, international people and international services; but on the other hand, they are reluctant to accept the kind of structures that they charge usually in other countries (Partner, member firm).*

Moreover, one partner whose firm was affiliated with a foreign firm suggested that quite a lot of work needed to be done before they would look for membership of the Big 4. He stated:

*Yes, we are affiliated with international firms, but I am not looking forward for any Big 4 right now, at least for the next two to three years. Let us work on our basic things. Let us develop our process, system, and then when we are ready then we will (Partner, affiliated firm).*

Another partner in a non-affiliated firm commented on the drawbacks of affiliation, and suggested that the benefits would not necessarily outweigh the costs. Other interviewees expressed similar views against affiliation:

*So it's very hard, and they get very few references from the foreign firms. Like in case of ACNABIN, I don't think they get any referral at all. Maybe sometimes they get one or two that are sent to them the whole year from Baker Tilly, but to get the affiliation they have to pay £5,000 per year to maintain that affiliation. So this is one of the drawbacks in the local context with foreign affiliation (Partner, non-affiliated firm).*

One interviewee who was a partner of a non-Big 4-affiliated firm summarized the differences between membership of the Big 4 and affiliation with a non-Big 4 firm as follows:

*Money is going outside, so every time a new assignment is coming, they take them here and they are doing it and going back. This experience they are using for other*

*assignments outside India and Pakistan. So the ideal sort of situation would be if they would have member firms here in Bangladesh, if the advisory would be a joint venture, like GT here. So what will happen, GT now, we are doing the job, we are deciding whether we're going to recruit, take someone from outside or not, because I am not a subsidiary although I am making the decision. I'm the joint venture firm. So if I need to, I take somebody from India, from the UK, wherever I want, if I need, so this is my call. So then capacity and experience remains with Bangladeshi people; the resources are with us, with the firm, so gradually the firm will grow bigger and bigger and bigger. They'll be able to take bigger and bigger assignments, because if I'm doing a 300,000 assignment now, next time I'll be going for a one million dollar assignment. So that is not happening with the other structure. Like the firm is doing the job, or Deloitte Singapore will be doing a job, so they'll do the job and everything, and the resources are from outside as well. That's a huge challenge we are facing, because we are not developing our resources for those kinds of activities and that's a huge challenge...They have their own views, they are also quite active on that, so that's a huge challenge for us. Like I am, OK, fifth, but there is a huge difference between the Big 4 and fifth. The Big 4 is really Big 4; they are very big. Their turnover is—the Big 4 firm is earning more than 32 billion a year, but GT is six billion...So you can't compare; these are two actually different scenarios (Partner, affiliated firm).*

In summary, I find that a mixture of cultural and economic factors, including limits on partners' retirement age, fear of loss of independence and increased costs in a low audit-fee market, act as barriers to Big 4 firms entering Bangladesh's audit market. Therefore, it is important for foreign firms to understand the local context, as a "one size fits all" approach may not work in Bangladesh. In the next section, I provide evidence on why foreign firms are interested in Bangladesh.

#### *4.4 Why are GPSFs, including the Big 4, interested in Bangladesh?*

In this section, I discuss the rationale for GPSFs, including the Big 4, to affiliate with local firms despite the low audit fees. I asked the interviewees for their views on why the Big 4 and other foreign audit firms are interested in affiliations with local firms.

As discussed in Section 4.1, Bangladesh's audit market is characterized by low audit fees. Therefore, I asked the interviewees whether the costs of affiliation or membership are an issue for local firms. An overwhelming majority of my interviewees suggested that local firms are able to bear the costs of affiliation or membership. Some representative responses were as follows:

*The prospect here is that if the need for a quality audit report is appreciated, the audit fee could be also increased (Partner, member firm).*

*Bangladesh's market at this point of time is mature enough to absorb all these types of expenses, and there are so many products running in Bangladesh which were donated or with grants from the World Bank, ADB and other donor agencies in Bangladesh (Partner, member firm).*

*Actually, nowadays in the Bank projects and the Bank's audit, these are profitable for audit. The scenery is changing. That is a lot of money. Our yearly turnover is 10 crore taka [£1 million] now, so we are better off than we were in the past (Partner, affiliated firm).*

I elicited a wide range of responses, although a majority of interviewees suggested that the main motivations for the Big 4 to operate with local firms in Bangladesh are to provide non-audit services, serve global clients, i.e. MNCs operating in Bangladesh, and earn a fixed percentage of profits from local member firms. As in other Asian countries such as Indonesia (see, e.g., Kurniawait *et al.*, 2019), in Bangladesh there is no restriction on foreign audit firms performing non-audit services, but they are allowed only three-month visas unless they are affiliated with a local firm. Therefore, to get into lucrative non-audit service markets, such as consultancy, the easiest way is to be affiliated with a local audit firm. For example:

*Foreign firms are not allowed to practice or sign accounts here in their own name. So they have to have a local firm which is licensed to do audit practices (Partner, affiliated firm).*

*But for advisory and consultants, they can actually practice in their own name, so that is not a problem as such. One of the challenges is that when they bring an expert, so there is like the visa they get for three months only and the work permit issues also are there, so what kind of people you can bring in and how long they can stay, under what status, so that can be an issue (Partner, member firm).*

As in Western countries, other services are provided by local firms, such as consultancy and tax advice. For local firms, their main earnings are from services of which auditing is an integral but not the only part. Therefore, when the Big 4 or other foreign firms come to work in Bangladesh, they also look for opportunities to gain access to the market for those services, and in such cases local expertise helps them to do so. One interviewee summarized this as follows:

*Right now, when we are talking about auditing, this isn't really important. The user must want the audit report, and if anything arises during an audit we must report it. That time it might be a problem. But in the case of consultancy, we are just working as a doctor. We provide them with the issues; we provide them with how they can solve it; but in the case of auditing, we don't do that. So the client actually must be more interested in the consultancy service. Please provide the management service not the audit service because they want to improve their system. But when I do the audit, I must report it; but in the case of consultancy, I don't report it anywhere. The client is actually more interested in consultancy and the link is there. The Big 4 also are interested in consultancy. Two Big 4 firms have their offices here (Partner, non-affiliated firm).*

Another partner elaborated as follows:

*Professionals are not really focusing on the audit profession; they're focusing on the consultancy profession, because the consultancy profession is comparatively more remunerative than that of assurance, so people are interested in consultancy. But you will say even the big firms, like KPMG, or Deloitte who have their presence here, or if you say Ernst and Young, who are working with [name of a local firm]. So if you see PwC, you know, even that firm, if you see the shifting of earning, it changed; because the time I had been in KPMG back in 2003, they had 20 percent or 25 percent earning from non-assurance jobs. Now their earning would be, you know, 60 percent or something from non-assurance jobs, and assurance jobs would be coming only 40 percent or something like that (Founder partner, non-affiliated firm).*

Although, as discussed in Section 4.1, low audit fees are an issue in Bangladesh, the Big 4 are interested in non-audit services and in the benefits of connections with MNCs. In particular, they are interested in serving their global clients operating in Bangladesh. Given donor agencies' legal requirement for NGOs to be audited by firms with foreign affiliation or membership, most local firms, and especially those seeking NGOs as clients, will seek affiliation or full membership status with foreign firms. Working with a local firm with full membership will give the Big 4 firm the benefit of access to the full package of services, enabling them to secure MNCs as audit clients, and to get into the non-audit business (e.g. consultancy):

*Except statutory audit that is written by our local audit firm, something like the World Bank, ADB, all are done by the foreign nationals and they have some requirement that you should act accordingly (Partner, affiliated firm).*

*Let me tell you, our clients' background or profile: firstly, this firm actually provides audit services to basically the multinational companies, so broadly you can say this firm actually provides audit services only to the multinational companies. And, yes, we do have some local companies, say for example banks, and that is our client portfolio.*

*So...even though our clients' head office is audited by another Big 4, but for Bangladesh subsidiaries it's actually audited by KPMG. And we are doing the group reporting to PWC, Deloitte and EY, you know, for many companies, because locally KPMG is their auditor but at group level there are other...you know, there is the Big 4. So from that perspective you can say more than 90 percent of our audit clients actually are foreign companies or multinational companies (Partner, member firm).*

A partner whose firm had been very close to gaining membership but had eventually failed mentioned that audit fees are too low. At the moment, that firm in a joint business relationship (JBR) with the one of the Big 4 firms, so when necessary, they can come and provide audit services to clients who prefer to be audited by the Big 4, for instance MNCs. One interviewee explained that the Big 4 firms cannot have the same client for both audit and consultancy, as there are legal requirements:

*Because of independence conflicts, we could not do globally audit and non-audit for the same client at the same time. So audit is for channel 1 and non-audit is for channel 2. So if one client is already a channel 2 client, we can't take them on as a channel 1 (Partner, member firm).*

Another interesting finding is that when a Big 4 firm has a member firm in Bangladesh, it receives a percentage of the local firm's profits. Although several of my interviewees mentioned low audit fees, interviewees from member firms suggested that membership is more lucrative for the foreign firms, as the local firms share a fixed percentage of their profits from both audit and consultancy, irrespective of the respective involvement in particular tasks. According to one interviewee:

*There is basically a fixed percentage charge on the turnover during the year, so that is one, that member firm has to pay to the global. And the second one is like the professional indemnity insurance that a firm mandatorily has to take, and that also is quite a significant amount, as opposed to the firm practice and locally they don't have that obligation (Partner, member firm).*

Another interviewee emphasized the importance of audit, despite admitting that non-audit services generate higher fees than audits. Here, I also sensed that my interviewees perceived themselves as auditors first and foremost, but were also aware of the economic aspect of their services, in that non-audit services generate more revenue:

*Well you see, audit is still like the flagship; that is how people actually recognize their names. So if you become the auditor of a public or a listed company, that means that your name gets printed in the annual report, so you have the public exposure which otherwise you would not have. So auditing is still very important for building the brand, but the fees are actually higher in advisory or tax (Partner, affiliated firm).*

When asked to elaborate on the proportion of non-audit service revenues, one interviewee expressed some frustration that Bangladesh's non-audit service market is not as structured or developed as the audit market, which may account for why they think of themselves primarily as auditors. This interviewee recognized the contribution of the Big 4 to the audit market:

*...if the thing is done in a structured way, like the Big 4 firms are doing now in audit practices, they have good training from outside, they can hire good managers here for the firm, national managers, it will create a trembling here. In audit we are doing that, but in consulting we are far behind—far, far behind (Partner, affiliated firm).*

My interviewees explained how the Big 4 operate in the non-audit service market, and in particular how they use local knowledge. One mentioned that one of the Big 4 had recruited him as he had been an expatriate from Bangladesh in the UK, so they could use his local knowledge while ensuring quality. He explained:

*Actually I have been contacted by one of the founder partners of [name of Big 4] Bangladesh, and because I had this [name of Big 4] UK experience and Bangladesh just became this member firm of [name of Big 4], then they inspired me to come and join [name of Big 4] so that I can contribute to developing this firm at the next level (Partner, member firm).*

However, on some occasions, international firms not only recruit from the local market, but also from neighboring countries like India. One interviewee from a non-affiliated firm expressed his frustration and suggested that local firms would benefit if the international firms were to use local expertise. According to this interviewee:

*I mean, when I think about advisory, when they're running a project, there are reviews going on; when they are at the end of the project, their impact and then the new project again, so this cycle is going on and on and on. So the big advisory firms, they have quite a bit of business here in Bangladesh. But what is happening here, like the big firms when they get a job—big job, so big assignment—what they do, they need to recruit from outside, because they don't have the knowledge here, they don't have the local knowledge, so you have to take from outside. But in many cases here, like India is a neighboring country, other countries, so what they do, they took resources from those countries, who may be cheaper in some cases. So what they do, they employ those,*

*especially from India. And so what happens in that process, the capacity building is not sort of happening in Bangladesh. Like if the local firms were involved in those assignments, later on they could perform those jobs and the experience would remain here. So now the experience is going outside (Partner, non-affiliated firm).*

In summary, I find that although audit fees are low in Bangladesh, increasing demand for non-audit services is encouraging GPSFs to see Bangladesh as a way to expand their services and generate more revenue, perhaps using audits as a “loss leader.” This is leading to a positive change, where more (non-traditional) firms are becoming interested in full membership or affiliation. However, there are some restrictions, such as visa issues for foreigners, and therefore the Big 4 require the knowledge of local firms and their workforce, and even expatriates from Bangladesh living in the UK, to run their non-audit service business to meet local firms’ needs, as seen in Section 4.2.

## **5. Conclusion**

By examining different types of CA firms in Bangladesh, in this paper I have explored why the presence of GPSFs, including the Big 4, is tentative in Bangladesh, the possible benefits of and obstacles to affiliation or membership, and why GPSFs are interested in Bangladesh.

I report important findings in this paper. First, consistent with previous studies (Kabir *et al.*, 2011; Siddiqui *et al.*, 2013; Belal *et al.*, 2017), I observe that the audit market in Bangladesh is characterized by low audit fees and lack of demand for high-quality audits. I suggest that while a strong economic rationale underpins global firms’ affiliations with local firms, for the latter, knowledge sharing is the priority, and therefore they value foreign firms’ technical support and access to global networks, while economic, social and cultural factors act as obstacles. In particular, access to technology and international networks, and also the possibility of securing MNCs as clients, mean that local firms may welcome membership or affiliation. I also find that affiliation or membership helps local firms to provide high-quality services and to tackle the challenges of competition from foreign firms in non-audit service

markets. Nevertheless, for some local firms, the benefits of affiliation or membership do not seem to outweigh the potential costs, such as loss of independence, profit sharing and adherence to member firms' strict global standards, such as partners' retirement age limit.

Finally, I find that although audit fees are low in Bangladesh, there is a lucrative non-audit service market. In particular, I find that GPSFs are interested in non-audit more than audit services, because audits may be considered as "loss leaders" unless they relate to serving global clients such as MNCs and NGOs. Therefore, affiliating with local firms is an easier option for foreign firms, as this helps to overcome barriers to entry and secure the local knowledge essential for operating in the non-audit service market.

Having explored a wide range of accountancy firms in the emerging economy of Bangladesh, I conclude that there is a mismatch between global and local actors' perceptions: they see each other differently and want different things from each other. Globalization only works if shared interests can be identified and aligned in the course of this tango dance. I show that shared interests cannot always be identified, perhaps because global firms are not particularly attractive to local actors, and local actors always have agency and power to resist. Therefore, misaligned interests between global forces and local elites may cause resistance to affiliation.

Finally, in this paper I have explored the possibility of GPSFs becoming more fully global and allowing local firms to gain affiliation or membership. I believe that emerging countries need to adapt to the process of globalization in order to develop and integrate into the global economy. I suggest that as Bangladesh's economy is changing rapidly, cultural and societal factors, which often act as obstacles to international affiliation, are also changing. Bangladesh may be in the process of adapting to globalization, as indicated by my interviewees' optimism, along with evidence of firms recently becoming members of the Big 4. On the other hand, it is also important for GPSFs to better understand the local context, and

to adopt strategies and standards particularly suited to local contexts (e.g. Muzio and Faulconbridge, 2013; Boussebaa *et al.*, 2012), as a “one size fits all” approach may not work in all emerging countries.

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## **Paper 3**

### **Gender dynamics in the accounting profession in Bangladesh**

#### **Abstract**

Previous literature suggests the presence of a “glass ceiling” in the accounting profession, evidenced by female professionals struggling to reach the top of firms as partners. Studies of Western settings also indicate that female professionals who do reach the top give up on motherhood and family life and adopt a more masculine role at work. There are fewer women chartered accountants (CAs) and female partners in Bangladesh than in other countries. However, the career paths of these CAs differ from those documented in previous (mostly Western) studies. This study uses Hakim’s preference theory to understand the career preferences of women CAs, and draws on Bourdieu’s concept of habitus to understand their backgrounds and career trajectories. Based on 43 interviews with CAs in Bangladesh, this study shows that female CAs’ habitus plays a role in shaping their careers, and that their preferences and family connections contribute to career progression. In contrast to previous literature, little evidence is found that motherhood and family commitments are obstacles to their careers. In fact, in Bangladesh the “glass ceiling” has been shattered by the “class ceiling” as far as women CAs’ career progression is concerned.

Keywords: Bangladesh, Career, Class Ceiling, Gender, Glass Ceiling, Habitus

## 1. Introduction

Bangladesh has a long history of auditing. Although it gained independence in 1971, its audit history began earlier (see Saeed, 1991). Yet the country has only 1,700 CAs, which is very few compared with its overall population of approximately 168 million, and only seven percent of CAs are women, both in the profession and in industry. This is quite surprising, since Bangladesh is the only South-Asian country to have had female prime ministers since 1991. Women in Bangladesh work in various careers, and many have emerged as entrepreneurs, especially in recent years, as well as working in professions such as medicine and law, and in many other workplaces. In particular, 25 percent of legislators, senior professionals and managers in Bangladesh are female (Ali, 2010), although there are considerable variations in professions such as medicine. According to the Bangladesh Medical and Dental Council, between 2006 and 2018, there were 25,739 male (47%) and 28,425 female (53%) registered doctors (Daily Star, 2019). In the law sector in 2012 there were 30,000 female advocates, yet this amounted to only 10 percent of the total (Hoque, 2012).

Only two decades ago, sociocultural barriers meant it would have been unimaginable to see women working at the forefront of society, but more and more women are now joining almost every profession. In this context, surprisingly few women work in the CA profession or have a CA qualification. Why is this the case? In particular, why are fewer women interested in this profession in Bangladesh, and what factors prevent them from joining and remaining in the profession? As in many other countries, is there a “glass ceiling” in Bangladesh?

In Bangladesh, women only started to join the accounting profession in the late 1980s. The first CA qualification was achieved by a female in 1989 (see Siddiqui, 2014), and since then only seven percent of CA qualifications have been awarded to women (ICAB, 2019). In 1996 the Institute of Chartered Accountants in Bangladesh (ICAB) launched a program to encourage women to come forward and study for the CA (ICAB, 2019). The ICAB identified

that women find it difficult to juggle work, study and family, and encouraged female dropouts to re-enter, yet numbers remain low.

Gender imbalances in the accounting profession are not new. Indeed, Hopwood (1978) raised the issue of gender in accounting over four decades ago, and subsequent studies have highlighted gender asymmetries in the profession (Haynes, 2007; Fogarty *et al.*, 1998; Broadbent and Kirkham, 2008). In Western settings, it is well-established that women are poorly represented in the profession, and particularly in high positions in accounting firms (Lupu, 2012). Some studies identify motherhood as an obstacle to female accountants' career progression in accounting firms. For instance, Haynes (2007a, 2007b) shows how understanding of accounting identities interacts with understanding of motherhood. Similarly, Alvesson and Billing's (1997) examination of women's career progression in accounting firms suggests that women are not evaluated without considering their motherhood status.

Previous research also suggests the presence of gender asymmetries in the corporate culture of the accounting profession (Fogarty *et al.*, 1998), where male partners outnumber female partners, females are subject to gender stereotyping and fewer females reach the top as partners (Broadbent and Kirkham, 2008). This phenomenon, often referred to as the "glass ceiling" (see Kornberger *et al.*, 2010; Lupu, 2012; Duff, 2011) and first introduced in 1986, is used to describe the barriers faced by women in moving up the corporate ladder. Some suggest that professional women are able to reach the top only if they give up on motherhood and adopt a masculine role at work (Lupu, 2012; Flynn *et al.*, 2015).

Overall, similarly to Western countries, in Bangladesh there are few female CAs and women at partner level in the accounting profession. Whether they are deterred from joining the CA profession by the low number of female partners or by other reasons is an empirical question. This study addresses two research questions:

1. Is there a “glass ceiling” in the CA profession in Bangladesh that prevents female professionals from reaching the top as partners?
2. Do individuals’ backgrounds play a role in determining female CAs’ career preferences?

I conducted eight interviews with female CAs in Bangladesh, and analyzed their demographic characteristics and archival data<sup>15</sup>. A problem of studying female CAs in Bangladesh is that they are few in number and it is difficult to locate them for interviews. Although a small proportion of my interviewees were female, we discussed gender issues in all interviews. My sample selection is explained in Section 4.

This paper makes some key contributions. I believe this is the first in-depth study to investigate the role of female CAs’ habitus in Bangladesh. In contrast to extant literature, I identify various reasons why women CAs do not reach the top. In Bangladesh, family support and background are major factors that allow female CAs to become partners. In particular, I show that female CAs’ habitus makes it easier for them to reach partnership level. In contrast to previous literature (Haynes, 2007b), I find that motherhood appears not to be an obstacle to career progression. In fact, the support that women get at home helps them to reach the top and makes it easier for them to decide on their career paths. Indeed, class seems to override gender-related constraints on the career progression of female CAs in Bangladesh.

In the remainder of this paper, Section 2 discusses previous literature, Section 3 explains the theoretical background, and Section 4 discusses issues relating to the research design. Section 5 presents the findings, and Section 6 draws some conclusions.

## **2. Literature review**

Over the last couple of decades, research interest in gender issues in the accounting profession has grown. Despite unprecedented growth in female participation, studies confirm continuing

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<sup>15</sup> These eight female CAs are a subset of 43 interviews conducted for wider research. To validate findings and to put things into perspective, some male interview quotes were also discussed in this paper.

discrepancies between male and female professionals when it comes to promotion (see Anderson-Gough *et al.*, 2005; Haynes, 2008; Lupu, 2012).

Various studies shed light on reasons for the lack of female advancement in accounting firms (see Collins, 1993; Dambrin and Lambert, 2008; Lupu, 2012). Iyer *et al.* (2005) examine why women are unable to succeed in large numbers in the accounting profession, and Anderson-Gough *et al.* (2005) demonstrate a gendering process in the (then) Big 5 in the UK, and observe male domination in these accounting firms.

Previous research has examined this issue in different countries and contexts. For example, Dambrin and Lambert (2008) explore gender issues in the French Big 4 and suggest that motherhood reduces women's commitment to work as they prioritize family life, which is inevitably disadvantageous to their promotion prospects. Similarly, Windsor and Auyeung (2006) conclude that having dependent children affects women accountants' advancement to partner level. Gammie and Gammie (1995) also find that Scottish female accountants prefer not to strive for the top, preferring to give priority to other aspects of life outside the workplace, and predominantly their family lives. In China, discrimination against women is found in the accounting profession, despite a government initiative to promote women in the workplace. According to Zhao and Lord (2016):

*Women are discriminated against at appointment and promotion because of fears that they will soon have a child or that family commitments will take priority. In job interviews and in interactions with managers, women are asked personal questions about marital and family status which affect employment prospects and promotion.*

Previous research has also examined issues relating to the promotion of women CAs. It has been found that supervisory personnel in accounting firms are likely to judge males less harshly than females, and Fogarty *et al.*'s (1998) study of 86 auditors employed by then Big 6 accounting firms reaches a similar conclusion. In Australia, Labourne (1996) finds that "Many professional women claim that, to succeed, a woman must work harder than a man to prove herself." She also notes that her female participants were frustrated that male colleagues

demanded more from women accountants, and in some cases left them to deal with clients' objections. Some authors argue that women do not stay in practice long enough to reach partner level. They either go into industry or become self-employed because they face career obstacles much earlier than men, and therefore seek better career opportunities elsewhere (Twomey *et al.*, 2002). El-Ramly (2013) also finds that many women leave public accounting firms to become entrepreneurs and business owners, confirming Hooks and Cheramy's (1994) suggestion that turnover is higher for women than men in public accounting firms.

It is also suggested that male accountants are more involved in socialization processes through playing golf or watching rugby, enabling them to form alliances and share information, whereas female accountants are not part of this socialization process and thus miss out on career opportunities (see Barker and Monks, 1998). Lupu (2012) concludes that the few women who do manage to become partners adopt a masculine role in order to survive, breach the "glass ceiling" and reach the top. Their paths may not be smooth, as they must make sacrifices in their family lives and make trade-offs between family and career. Iyer *et al.* (2005) also refer to this personal sacrifice as women strive to fit the "male norm" by working long hours, foregoing long-term relationships and children, and thus suppressing their feminine qualities (see also Broadbent and Kirkham, 2008; Lupu, 2012). Similarly, Maupin and Lehman's (1994) conclusion from a study of the (then) Big 6 firms is that "a stereotypic masculine orientation is a key ingredient to advancement." Hakim (2000, 2004, 2006) also recognizes this phenomenon, and finds that around half of married women in senior-level positions in Britain have no children. A more recent survey by the Institute of Leadership and Management (ILM) shows that in the UK, 41 percent of women working in top positions are childless, compared with 28 percent of men (see Wilson, 2017).

Stress is another explanatory variable. For example, Collins (1993) concludes that female accountants experience more job-related stress than men, which contributes to their higher

levels of departure. It is therefore perhaps unsurprising that former female accountants do not exhibit positive attitudes towards former employers. Iyer *et al.* (2005) identify this phenomenon among female Irish accounting alumni. Their respondents were unhappy with their former employers, thought that their abilities had not been tested in their former workplaces, and were less likely to recommend their former accounting firms to others.

In summary, gender inequality is evidently present in the accounting profession. Some argue that motherhood and family obligations are the main reasons for this, while others suggest that gender stereotyping creates an invisible “glass ceiling” that prevents women from reaching the top as partners. Although female accountants have similar aspirations and qualities to men, only those who adopt a masculine role at work, and have no children or family commitments are able to reach the top.

However, I struggled to find any literature focusing mainly on gender in the accounting profession in Bangladesh. My examination of archival data and reports published by the ICAB (ICAB, 2019; Siddiqui, 2014) reveals that in Bangladesh, there are only 132 female CAs and only 10 female partners, and their surnames suggest that few have family connections (ICAB, 2020).<sup>16</sup> In 1996, the ICAB launched a program to encourage women to study for the CA qualification. As Hastings and Hinings (1970) suggest, it is a very arduous task to become a chartered accountant, requiring several years of training during which trainees receive extremely low wages and spend much of their free time studying. It is therefore potentially even harder for women to achieve work–life balance, as trainees must work with clients, study and sit the exams. Another prerequisite for the CA qualification is a bachelor’s degree or

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<sup>16</sup> Every year the ICAB publishes the names and occupations of all its members. The most recently published data were used to analyze the number of female partners, and of female CAs working for firms as managers, deputy managers or in any other roles in firms, as well as in industry. Occupations were not recorded for all members. As a result, it was difficult to determine whether they were home-centered or had any other occupation, so these were categorized as “unknown.” No other demographic details were available. An interesting finding from these published data is that a few female partners have the same names or surnames as their accounting firms, so they may be daughters of founding partners, or may have set up their own firms, although this evidence is inconclusive.

diploma. Many women wanting to achieve the CA qualification are already married, and the lengthy training period may deter them from entering the profession. The ICAB's program seeks to encourage them by allowing them to re-enter if they drop out. Since the program was launched, there has been a significant increase in the number of female CAs, although the proportion of the total remains low (7 percent). Siddiqui (2014) finds a significant lack of women in the CA profession, with only 4.67 percent of CAs in Bangladesh being female. The ICAB report suggests that although female CAs perceive that there is a disparity, newly-qualified accountants do not hold the same view. It also reveals that females have higher career aspirations, but feel that their male counterparts receive greater appreciation for their work. Finally, female CAs are more committed to their families than their male counterparts, but they do not regard this as a major obstacle to career progression.

This review raises the question of whether a “glass ceiling” in the CA profession in Bangladesh prevents female accountants from becoming partners in the firms, and whether individuals' backgrounds play a role in determining their career preferences. Answering these questions will help the accounting profession, regulators and individual CAs to understand how class and gender dynamics intertwine in the context of career trajectories. A more nuanced understanding is important in order to ensure that appropriate strategies can be formulated to improve women's representation in the profession.

### **3. Theoretical framework**

To gain an understanding of gender issues in the accounting profession in Bangladesh, I used Hakim's (1991, 1995, 1998, 2000, 2006) preference theory, which focuses on explaining and predicting women's choice between work and family life. Historically, gender issues have been dominated by social and economic factors. However, according to Hakim (2006), these factors are declining in modern society. A key factor affecting women's presence in the workplace is their decisions or choices to give priority to work or family life, or perhaps balance the two.

Hakim (2000, 2006) identifies three types of women: “home-centered,” “adaptive” and “work-centered.” She categorizes “home-centered” and “work-centered” women as minority groups, and the “adaptive” group as applying to the majority of women who try to balance their family lives and careers. Hakim (2000, 2006) also shows that although those in the adaptive group are in the majority, they often prioritize family life over paid work. Thus, she concludes that these women will never reach the top positions in their workplaces. With reference to Hakim (1991), Lupu (2012) states that “explanations for the inferior position of women must be sought among ‘dispositional factors’ specific to women rather than among ‘situational factors’ that is, the nature of work they do.” She does not entirely agree with Hakim’s preference theory; rather, she proposes that female professionals’ rarity at partner level is attributable to them choosing to prioritize family life after trying and failing to find a balance between work and family life. She calls this “trying and failing” a “constraining factor.”

I agree with Lupu’s (2012) constraining factors, but I argue that these may be influenced by individuals’ dispositions, which help shape their preferences. Dispositions are not formed in a vacuum, so it is necessary to analyze female CAs’ backgrounds to understand how they construct their preferences. In this conceptual endeavor, I make recourse to Bourdieu’s (1984) theory of habitus. Habitus is the disposition of individuals that constrains or enables their actions or attributes to fit into a specific field. Bourdieu’s (1984) habitus denotes neither the structure of a field nor the free will of the individual, but the interplay between the two, shaped by the social construct of the individual. Individuals are shaped by the environments in which they grow up, the schools and universities they attend, and their family backgrounds and societal surroundings. The habitus is not rigid; rather, it helps individuals to adapt to the rules of the fields they enter later in their lives. I look specifically at individual’s backgrounds, including their schooling, university and, most importantly, family backgrounds, to understand their career preferences. Gallhofer (1998) suggests that background issues such as culture,

history, class and race should also be considered to understand individuals' actions. Lupu *et al.* (2018) examine professional parents' habitus to understand its influence on work–family decisions, while Carter and Spence (2014) use habitus to understand partners' career progression in the Big 4, focusing particularly on how partners and senior accountants use their habitus to internalize institutional logics. They conclude that these senior personnel not only use their habitus to adopt or fit into the organizational values, but also, if necessary, disembody their habitus from constraining institutional logics to enable them to make their way upwards as partners and senior accountants.

More recently, Lupu *et al.* (2018) explore how individuals' habitus shapes working parents' work–family balance decisions in professional environments. They conclude that dispositions embedded in professionals' childhoods have a profound influence on their work–life balance decisions and practices. For example, female professionals who have grown up in traditional settings where fathers are the family breadwinners and mothers engage in childcare and other household work tend to struggle to fulfil a maternal role while coping with the pressures of working life. However, the authors also reveal that women from traditional family backgrounds who are successful in the profession are influenced by their mothers, who do not want to see their daughters making the same mistake of choosing traditional family-life settings. Lupu *et al.* (2018) find that male professionals' work–life balance is similarly influenced by their habitus. They conclude that successful professionals' habitus influences work–life balance decisions and reproduces the structures constraining these decisions.

#### **4. Field study**

A qualitative methodology using semi-structured interviews was employed in this study to gain a better understanding of the backgrounds and career progression of our female interviewees. The main advantage of this method was that it helped to elicit in-depth insights into interviewees' perceptions of issues such as female CAs' career preferences. According to

Easterby-Smith *et al.* (2002), interviews help in understanding how individuals construct meanings and significance in their situations. Previous research also confirms that interviews are a reliable way to understand the step-by-step logic of a situation (Denzin, 1970), and can provide richer and more complex insights. For this purpose, interviews are widely used in interdisciplinary accounting research. For instance, previous studies of professional accountants that have used interviews as the primary research method (see, e.g., Anderson-Gough *et al.*, 2001; Carter and Spence, 2014) have produced similar findings, confirming the reliability of this method in this field.

As a research method, interviews are subject to limitations such as interviewer bias, interviewee reticence and interpretability. Thorough reviews of previous research, and conversations with researchers in this field and practitioners working in accounting firms were helpful in determining my interview questions. Careful attention was given to preparing the questions and collecting and analyzing the interview data. The interview questions were pre-tested with four CAs, including one trainee, and these were not included in the final sample.

As previously mentioned, few women in Bangladesh either work in the accounting profession or have a CA qualification. Indeed, I determined from archival data that only around seven percent of women in the profession have a CA qualification, and even fewer are partners. This raises the question of whether there are barriers that prevent women from 1) obtaining the CA qualification, and 2) reaching the top as partners.

Previous research shows that there are similarly few female accountants and partners in Western countries as in Bangladesh (see, e.g., Lupu, 2012). Why is this so, and why do women not tend to study for the CA qualification? Furthermore, why do those who have gained CA qualifications not become partners? What barriers do they face? One way to address these questions was to interview female CAs in Bangladesh. However, I faced two problems. First, not many females CAs (and partners) in Bangladesh were available for interviews. Second,

women who had not continued studying for the CA qualification or were “home-centered” were difficult to locate. I was able to interview eight female CAs, of whom four were partners<sup>17</sup>. Of those working in industry, two female interviewees had family connections (e.g., father as founding partner).

Table 1 provides details of their demographic characteristics. I also analyzed archival data and reports relating to CAs in Bangladesh, drawn mainly from the ICAB and partly from CA firms.

The questions asked during the interviews related to their demographic backgrounds, their motivations for acquiring the CA qualification, and their preference for working in either industry or in accounting firms as partners. I also included questions to understand whether they had faced any obstacles in their careers, including how they balanced work and family life. Finally, I asked female CAs working in industry whether they had any desire to return to the profession.

Three rounds of interviews were undertaken. In the first two rounds in July and December 2015, interviews were conducted with three female partners who had family connections. Two additional telephone interviews were conducted with female CAs in December 2017, one of whom had family connections and was a partner. Their responses were recorded and transcribed to gain insights into individuals’ views and to understand the socioeconomic backgrounds of all interviewees. Hakim (1991) suggests that women’s preferences reflect their dispositional factors; therefore, I aimed to capture the female interviewees’ habitus to understand their preferences for work and family lives (for more detail, see Table 1).

First, I analyzed the interview data by reading my notes and transcripts several times, following Miles and Huberman’s (1994) approach. In this part of the research, my key focus

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<sup>17</sup> For the thesis, in total, I conducted 43 interviews, of which 41 were face-to-face and two were telephone interviews. These eight female interviews are a subset of the 43 interviews.

was on female CAs' career progression. The analysis was similar to that undertaken for Paper 1, except that here I was focusing particularly on female CAs' family connections, career trajectories, discussions relating to family support and any obstacles they raised.

NVivo (qualitative data analysis) software was used initially to develop preliminary codes based on the research questions (e.g. whether female CAs faced any obstacles) and the interviewees' demographic backgrounds (e.g. female CAs with family connections). I assigned codes to the interview data to detect recurring themes or patterns, such as family connections and careers. I then clustered together similar codes to create a smaller number of categories. To develop higher-level analytical meanings, I examined interrelationships between the categories. The analysis was an iterative process in which descriptive narratives from the interview data were interrogated with the theory, and vice versa (see Miles and Huberman, 1994; Spence, 2007). Throughout this process, I constantly asked myself whether I could 1) relate certain codes together under a more general code, 2) organize codes sequentially, and 3) identify any causal relationships (e.g. does family support help female CAs to become successful?). As I was using Hakim's (1991) preference theory, I was also interested in understanding whether the interviewees' preferences had played any role in their career progression. Although I only interviewed eight women, I compared and contrasted their responses with all male CAs wherever possible. Therefore, although the analysis was tedious and time-consuming, it helped me to understand nuances in the data.

In the final stage, to illustrate the analysis and explain key concepts, I re-read the raw interview data one more time. This enabled me to identify contradictory and confirmatory data, as I aimed not to be selective in choosing data. I was particularly interested in observing whether demographic characteristics, such as family background, and family support had had any influence on the interviewees' careers. Therefore, I constantly asked myself questions such as "are they saying this because of their background?", "are they saying this because they have

family support?” and “if so, what kind of family support do they have?” To avoid interviewer bias, I was careful not to select findings that simply supported my own ideas. All representative quotes (i.e. female CAs working in firms and industry, and also with or without family connections) were retained for discussion in the findings section. Other than the above, I followed a similar coding process to that described in Paper 1, in which the coding process is described in more detail.

## **5. Findings**

In this paper, I examine two questions. First, is there is a “glass ceiling” in the CA profession in Bangladesh that prevents female professionals from becoming partners in firms. Second, do individuals’ backgrounds play a role in determining their career preferences? I present evidence relating to these questions below.

My findings are presented in the next two sections. First, I discuss the findings from interviews with all CAs working in the profession and in industry to understand their perceptions of career progression, with a particular emphasis on the career progression of female CAs. To provide some perspective, I also present evidence relating to male CAs to illustrate the career progression of CAs in Bangladesh. I then focus on female partners and CAs working in industry to understand whether female CAs’ backgrounds play a role in determining their career preferences.

### *5.1 Career trajectories*

#### **5.1.1 Career paths of CAs in Bangladesh: Choice between industry and the profession**

Most of the partners whom I interviewed had worked in industry after gaining their CA qualifications.<sup>18</sup> However, this was not the case for female CAs. Of the eight female CAs I

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<sup>18</sup> As seen in Paper 1, interviewees who were still working in industry were keen to return to the profession later in their careers. Those who had formed their own firms tended to be younger, more ambitious, qualified CAs. One female CA working in industry mentioned that she would like to return to the profession.

interviewed, four were partners. Of these four, only one had an industry background, and the other three had strong family connections, mainly through their fathers. Of the female interviewees working in industry, two had family connections.

Surprisingly, of the 35 male CAs interviewed, only one, who was a partner in a CA firm, had family connections. This partner also had an industry background. When asked about his motivation, he replied:

*Mr XX who established this firm was my father, and I had no option but to join this firm because I am the only son. I did not try for any other university, so I chose the shortest possible way to become a chartered accountant. After completing higher study as secondary school exams, I went for graduation and then I joined my father's firm (Male partner with family connection).*

This interviewee added:

*Yes...I mean, the children of a chartered accountant cannot become a partner in the firm unless they are qualified as chartered accountants, because this business is not like other businesses. So you have to become a chartered accountant first to become a partner of that firm. So since our firm was established in 1967, we are in the top 20 firms of Bangladesh, so there was no option actually for me; and actually I also analyzed when I was designing my career path, it would be a better option for me to become a chartered accountant. My father was a chartered accountant. He was one of the most senior chartered accountants in Bangladesh.*

Many CAs working in industry, both male and female, said that at some point in their lives they wanted to return to the profession as partners. One interviewee stated: "I will go back...I shall go back" (Female CA, working in industry). Their responses were very powerful and all showed determination. If they were given the opportunity, both male and female CAs would return to the profession (as discussed in detail in Paper 1).

Almost every male interviewee working as a partner had had some sort of industry experience. One, who had worked in industry for 22 years and had returned to the profession as a partner, mentioned:

*In Bangladesh we feel that the profession is the ultimate destination for any chartered accountant, so what we do... And here there's yet to be set any age bar for continuing in the profession. We see that there are people in our profession who are 80-plus age but still carrying on the profession, so there is no age bar. So we feel that once we come to this profession we can continue for a longer time—that's the one thing. And at a*

*stage when I have already passed 22 years, I now feel that I need to have something which I can independently carry on (Male CA, Partner).*

The above quotes illustrate that in Bangladesh, CAs' career paths vary. They do not necessarily climb the career ladder within a firm; they may work for industry first, and then return to the profession as partners. I observed a slightly different career path for female partners with family connections, suggesting that family connections are a catalyst for female but not for male partners. Most male CAs had gone into industry to gain experience and exposure to industries such as banking, services and NGOs. However, only a few with no family connections had wanted to remain in the profession all along. For example:

*Actually, from the very beginning of my childhood, I wanted to be in an independent profession, like in a job where there isn't any boss...And I can do anything I want, as I like. As well for independence, I want to give more time to my family, because what I see when I go for audit, every time the finance manager leaves the office after 9pm and they come into the office first. So for independence mainly. And in our country the profession also gives more; I can earn more (Manager, accounting firm).*

This particular interviewee was a manager in an accounting firm. Although he was doubtful about becoming a partner as the chances were low, he still longed to do so. He added:

*Yes, there is a chance. I'm not sure whether I have the chance, because you know, right now there are ten partners and five are from the same firm. They were working as managers and were offered promotion to partner. But right now I think the process is not the same. There is another post; there might be a directorship, or there might be a general managerial post. After that there is a chance, but right now there is no chance to be a partner after manager. This is my promotion. But you know, our hope is that from student then assistant manager, then he can be senior assistant manager, then deputy manager, then senior deputy manager, then manager. After that the promotion is not yet created...but I think this year it will be created, and I'm sure of it, because actually, you know, in our country this is very uncommon that an auditor works for the firm more than two years. They would have already left the firm. There are very few like me, as I have decided that I will work as a partner in the firm where I practice accounting. There are some here who are working and I'm sure there will be a time when I will become a partner (Manager, accounting firm).*

This conversation clarified that most male CAs leave their firms, and only a few are able to work up the career ladder and become partners if vacant posts arise.

### 5.1.2 Female CAs' career paths: Are they different?

Like male CAs, female CAs may go into industry for work experience and hope to return to the profession. Alternatively, they may work in industry for the rest of their lives if they find that the environment suits them better. Twomey *et al.* (2002) similarly argue that women do not stay in practice long enough to reach partnership level; they either go into industry or become self-employed. As women face career obstacles much earlier than men, they seek better options from career opportunities elsewhere. However, some of my female interviewees said that, as children of CAs, it was their choice whether or not to go into industry. When asked about career progression for a CA in a firm, a female CA working for a private organization stated:

*Currently in every CA firm, they have a certain level of hierarchical process, someone who wants to join. Firstly he starts his or her career as article student, and then once his or her article ship is completed, then he becomes staff. If he has some kind of qualifications, like if he passed the professional exam Level 1, 2 or whatever, then he or she can be promoted as assistant manager to manager. And sometimes he can be promoted as director as well, but afterwards. And to be the partner of a firm, especially like a big firm, it's very challenging for us who have the capacity or talent, but it's not very easy in our country. It's very difficult (Female CA, working in a private bank).*

Interestingly, this interviewee was referring not just to female CAs, but to all CAs in general. Both male and female interviewees suggested that career progression in the accounting profession in Bangladesh is neither straightforward, nor the same for everyone. Many CAs, whether male or female, take a detour, for instance by going into industry and returning to the profession. However, for female CAs, family connections provide them with opportunities to decide whether to go into industry or to stay in the profession, whereas I did not observe this pattern for male CAs. A finding inconsistent with previous literature is that female CAs prefer to 1) stay in the profession to become a partner, as discussed in detail in the next section, 2) join industry and stay there, or 3) like male CAs, join industry but with a desire to return to the profession at some point in the future.

Although, according to the female CA mentioned above who was working for a private bank, remuneration packages are higher in industry than for a deputy manager or manager of a CA firm, she nevertheless expressed a wish to work for a firm in the future. She added:

*Going back to a firm and being manager of my own time is quite interesting, and definitely I would like to do that job if I get the opportunity to be in a firm and can own my own firm. That would definitely be quite exciting (Female CA, working in a private bank).*

When asked why she had a deep desire to work in the profession, she replied:

*Because...after a certain period of your job, people want some kind of satisfaction, so whenever you can do something for yourself, whenever you can contribute to your organization, something like for your firm, and do some kind of innovative things for yourself, the satisfaction is quite different, I think. And in a job I have to have a team and I have to work for my management or boss, and credit sometimes goes to them, and definitely this kind of satisfaction... [Laughing] Of course there are different kinds of satisfaction. They are paying me much more for that kind of job, but there is a different kind of satisfaction. But I prefer that if I would move to a firm and I can do something for myself, my own organization, the satisfaction of this would be different, and that would be more attractive for anyone (Female CA, working in a private bank).*

Therefore, the situation in Bangladesh appears to differ from other countries, where there is greater female turnover in accounting firms (see Cheramy, 1994) and dissatisfaction continues even after they leave the firms (see Iyer *et al.*, 2005). In contrast, my interviewees indicated that in Bangladesh, CAs maintain good relationships after they leave their firms, and may wish to return to the profession if there are opportunities (see also Paper 1). This pattern is not observed in the extant literature. Rather, I find that career paths in Bangladesh are not the same as in other countries, CAs do not face similar obstacles, and above all they prefer to decide on the best career options for themselves. Although many women in Bangladesh are home-centered and face many obstacles, it seems that despite the low number of female CAs, women in the CA profession do not face these issues. Overall, my interview data suggest that once they are educated to CA level, they can decide what they want to do with their careers.

I also heard from several CAs that another option is to be self-employed and start their own firms. One male CA interviewee had started his own firm, where one partner was a female.

He explained that they had formed the firm together. These male and female partners had been working in industry for a few years when they decided that they would start their own firm. Although it was initially challenging, and they had had to overcome a number of obstacles, including securing clients to start up their business, the female partner had always been very determined to establish her own business. The male partner said that it would not have been easy to progress and become a partner in a big firm. The female partner was evidently a highly motivated individual who wanted to become a partner in her own business. This also indicates the nature of “work-centered” individuals (Hakim, 1991). In addition, the female partner never shied from taking a risk, worked equally alongside male partners and brought business to the firm. The male partner added:

*Of the three of us, it is our colleague [female partner]...who took all the initiatives initially to form our business. It was risky, it was challenging, but we took the risk. She encouraged always (Male CA, partner).*

In summary, women working as partners are unquestionably capable, but they have naturally been privileged in becoming partners, as I explore in the next section. They must also have sound academic backgrounds and go through the challenges of acquiring CA qualifications, severely testing their technical abilities. However, it can also be seen that female partners can choose their preferred career paths and be successful in their own right.

## *5.2 Habitus of female CAs*

Of the eight female CAs whom I interviewed, six had family connections, and two were still working in industry. In three cases, their fathers had established the firms, and in one case the brother-in-law owned the firm that the interviewee had joined as a partner.

All interviewees stated that in Bangladesh it is common for female CAs with family connections to stay in the firm after qualifying, although family connections are not necessarily the only determinant of their career choices. In this section, I analyze my interviews with female CAs to understand their motivations, and whether factors that prevent women from

becoming partners in the Western world influence these women in Bangladesh in the same way. In particular, I was interested in establishing whether a “glass ceiling” exists in Bangladesh.

### **5.2.1 Family connections**

The first female partner whom I interviewed, whose father was a founding partner of the firm, explained that her key motivation for becoming a CA had been her father. Although she had never been forced to become a CA, she had grown up in an environment seeing her father and brother working as CAs, and this had motivated her to become one too. When asked whether her parents had influenced her entry into the profession, she explained:

*Not exactly, because this is something I was genuinely interested in. It's not that I had to—I mean, my family wasn't really that keen on me studying accounting, so no, this was not a forced choice. The thing is that when you grow up in a certain environment and you see the kind of respect that your parents get in this profession, maybe you feel motivated. That is why you see it's not only the accountants; that is why you see a large number of doctors' children becoming doctors, or engineers' children becoming engineers. So that is like the kind of upbringing and the family environment that they see, and sometimes they like it, sometimes they want to follow this, and sometimes they don't want to (Female partner, CA firm).*

This interviewee suggested that she had not been directly influenced, but the environment in which she had grown up and her family background had inspired her to become a CA. I was also interested in whether it had been easy for her to become a CA, since she had strong family connections, if not direct influence. She explained the recruitment process in detail, clarifying that she had needed a strong academic background and technical ability to get a CA degree. Family connections were not enough. However, she had never moved to any other firm since starting her traineeship, so family connections perhaps contribute to female CAs' progression once they qualify. This differs somewhat from findings in Western countries. Family connections help women to progress more smoothly in their careers in Bangladesh without facing too many obstacles, but do not always influence them to stay in the profession. Also,

family connections may be of little help if an individual does not have the necessary academic background. When asked to describe her recruitment into the firm, she replied:

*No, but that doesn't mean that I could be automatically recruited, because I had to possess the certain requisites, and at the end of the day it's the Institute which actually guides the requirements in any of the firms. I mean, they actually give you the benchmark, that you have to be a graduate with so many points, so that makes you eligible to enter the chartered accountancy course. Then it is left to the firms. I mean, they actually follow a stricter recruitment process. So at the time I came in, our firm had a policy of taking students who had at least two First Revisions. The Institute did not have that requirement at that time; one First Revision would have been fine (Female CA partner with family connection).*

This suggests that although her father owned the firm at the time of recruitment, her entry into the firm was not easy. Specific criteria (i.e. academic qualifications) and eligibility (i.e. technical ability) are stipulated for entry into a firm. This was confirmed by other interviewees, both male and female, who acknowledged that the process is very difficult. They must all go through a training period while taking exams, and at the end of this training period, they must pass all exams in one attempt. According to one interviewee:

*If you're in a good firm, very acceptable to the clients and you have to go to your firm, to your managers; after that you have to go to studies, and then you can go for the exams, so it's a kind of really hard thing there. And that part, at that time you have to pass all the subjects at the time (Male CA working in industry).*

Another male CA expressed a strong view that family connections play a big part in the profession, raising the question of whether CAs' recruitment into their own family firms is particularly difficult:

*Father has become partner, then he tries to bring his children or his cousins or his friends, so most of the firms actually are like that, even if you see at least four/five firms actually where their current head is actually the father, and his son is a partner or he is in the process. I can give you an example: he is the partner, and his three sons are now partners, another firm and his daughter is now the partner, another chartered accountant, president of ICAB, and his son is his partner. So there are a lot more (Male CA working in a firm).*

### **5.2.2 “Class ceiling” versus “glass ceiling”**

In Bangladesh, nepotism and family connections are important, and are considered to be a means toward smoother career progression (Belal *et al.*, 2017), but individual qualities are also

very important. Analysis of my female interviewees' demographic information reveals that all went to reputable schools and then to the top universities in the country. In Bangladesh, family background plays a key role, especially for girls, in gaining access to good schooling and higher education in reputable universities. Like many Asian parents, parents in Bangladesh (unless they are in the CA profession) want their daughters to be doctors and their sons engineers. This probably explains why there are more female doctors than CAs in Bangladesh. This attitude was prominent in my data. The CAs' habitus influences their education, and ultimately their careers.

Surprisingly, the second female partner whom I interviewed had the same school and university experience as the first. However, unlike the first interviewee, it had been almost predetermined when she was very young that she would take charge of her father's firm. As a result, she had developed herself accordingly. She had completed a master's in accounting from a reputable university to enhance her technical ability before joining her father's firm. She had been one of the top students in her undergraduate and postgraduate classes. If family connections had been all that mattered, then she would not have gone through the hard work of entering a top university and finishing her degree with high grades. She was a genuinely good student, and it was only her career path that was predetermined. Again, it might be argued that individuals' habitus influences their academic performance and careers. When this female partner was asked to explain her rationale for joining her father's firm, she explained: "This is a basic motivation factor that drives me to come here, you see...you know, I have three children (all girls) and they are also motivated, you know?" (Female partner with family connection).

Neither of these interviewees had any industry background since they had been working in the profession ever since they had qualified as CAs. They also shared other similarities: both were partners in top accounting firms with foreign membership/affiliation, and both had children who were making very good academic progress. However, remarkably, they both said

that they were always supported by their family members, faced no obstacles to working long hours and maintaining the family, and both were preparing their children to follow in their footsteps. Interestingly, their mothers also held higher academic degrees, which is very rare for this age group in Bangladesh. (The mothers of only two of the eight female partners interviewed had higher academic qualifications.) All these factors indicate the similar nature of these two interviewees' habitus.

The third female partner interviewed, who worked in a small firm, also had family connections, but it was not her father but her brother-in-law who owned the firm. She said:

*It was our family business. I was motivated to join the family business. Before joining here, I have also worked in BRAC, the largest NGO in the world. I have had other work experience as well, as I needed those for making connections for the business (Female partner with family connection and industry background).*

Although in her late 40s, this partner was unmarried. Western literature suggests that many female professionals give up on motherhood or family life to pursue their careers, but in Bangladesh, unmarried women professionals are less common in both industry and the profession. Interestingly, my interviewee confirmed that she had not given up on marriage for her career. Therefore, one cannot draw the conclusion that in Bangladesh, individuals must give up on family life (none of my female partners did so) or marriage for career advancement. Hakim (1991) suggests that "work-centered" women professionals are often childless, unmarried and have given up on family life. I find no such evidence in my data, as all the female partners whom I interviewed were work-centered without sacrificing family life. This raises the question of how they achieve this.

Many interviewees mentioned that family support is key for working women in Bangladesh, in the form of spousal support, support from parents and in-laws, and other domestic help such as full-time or part-time servants, chauffeurs and other workers who look after their children. They all have several domestic workers, chefs and chauffeurs, as labor is cheap in Bangladesh, although only the upper-middle and upper classes can afford many

domestic workers. One interviewee mentioned (off the record) that they used to bring maidservants from her village. Recently there have been huge opportunities for women from villages to work in garment factories in Dhaka, because global chains like Primark employ many women. This is creating a shortage in the supply of domestic workers for professional women. Therefore, they must rely on parental support and on local agencies that supply domestic workers. Our interviewee suggested that there are a number of agencies like this. Indeed, a Google search revealed many agencies supplying domestic workers on salaries of between £30 and £120 a month. This is obviously very affordable for female CAs in Bangladesh, who are from the upper-middle and upper classes, and therefore it is very easy for them to maintain work–family life balance.

Analysis of the demographic backgrounds of the female interviewees revealed the striking observation that they were all from families of a certain “class” (either upper-middle or upper class). Most had direct family connections, mainly through their fathers being founding partners. This factor, and the quotes above, lead me to conclude that the class and habitus of female CAs play an important role in their career progression. In fact, family connections and family background (class) are intertwined. Western literature, especially relating to the UK, observes that upward mobility and social mobility are often obstructed by the “class ceiling” (see Friedman *et al.*, 2015). In other words, even when the children of working-class families enter highly-regarded jobs such as doctors and journalists, they fail to reach the top positions, which are occupied mainly by those from the elite class who have inherited their class from their parents. According to Friedman *et al.* (2015), “While many upwardly mobile individuals may secure admission into elite occupations, this does not mean they will have the same levels of success as those from more privileged backgrounds.” In the Bangladeshi context, it appears that for female CAs, the “glass ceiling” may have been shattered and replaced by the “class ceiling.”

Hakim (1991) suggests that those women who are ‘work-centered’ are often single and childless. However, Lupu (2012) argues against Hakim’s preference theory, suggesting that those women chose to be in an ‘adaptive-group’ after they failed to reach the top as partners.

One of my interviewees, who was unmarried, childless and also a partner in a firm, could be categorized as ‘work-centered’. However, in the Bangladeshi context, it is not fully conclusive that women need to be less family-oriented in order to reach the top as partner. I show that family connection and individual background are pivotal for women’s career progression. Out of eight interviewees, four were working in the industry including two having family connections. I categorized them as an ‘adaptive-group’. The other four have family connections. I have categorized them as a ‘work-centered’ group since all reached the top as partners. Apart from the single lady, the remaining three were successful both in family life and career. So, these three have commonality by having the life style of an ‘adaptive-group’ and career progression as a ‘work-centered’ group. Figure 1 shows a graphical presentation.

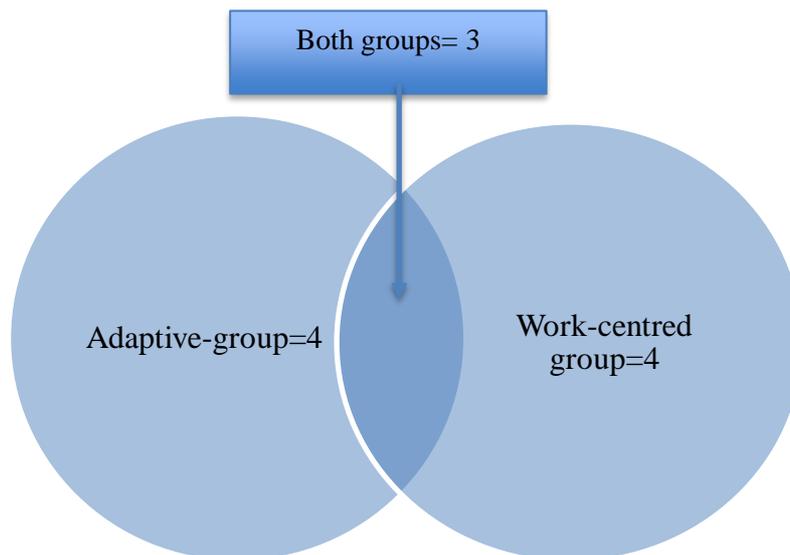


Figure 1: Adaptive and work-centered group in the sample

### 5.2.3 Female CAs' preferences

One female CA (non-partner) working for an NGO also had a family connection, as her father was the founding partner of a small firm. When asked whether her father had motivated her to become a CA, she replied:

*Too much...motivation would be a soft word. They have forced me into it. Especially my mother, her dream was to be a mother of a CA. Wife of a CA was not enough (Female CA with family connection working in industry).*

In this case, despite strong family influence, the interviewee had not wanted to stay in the profession but to join industry, and had succeeded in doing so. When asked why she was not working in her father's firm, she replied:

*Auditing is not for me. I enjoy my job here. It is a nine-to-five job, no extra pressure, you see? I get the salary on time; after finishing work I go straight to my daughter and spend time with her (Female CA with family connection working in industry).*

This is interesting. According to Hakim (1991), women in the "adaptive" group' try to balance work and family life. Also, women in Bangladesh commonly give preference to their careers. Family connections matter, and are sometimes influential, but some women make their own choices and do not join the profession. Instead, they decide that job satisfaction is more important, and they value work-life balance, as in Hakim's "adaptive group."

This interviewee did not want the pressure of working in auditing, dealing with clients and constantly trying to make a profit. Amongst my other interviewees, both male and female, there was a strong consensus that CAs in Bangladesh tend to want to return to the profession from industry, whereas this interviewee was an exception. When asked whether she would ever want to work for her father's firm in future, without any hesitation she replied: "Never...my husband is also a CA and there are far too many auditors in the family...I am happy where I am and I hate auditing" (Female CA with family connection working in industry).

In summary, personal choice is a major factor for women CAs when deciding on their careers. This interviewee had a ready-made job offer from her father's firm, but she valued her personal choice more highly. Analysis of her habitus revealed that she was from a well-off background, and had had the opportunity to gain the CA qualification during a smooth period of traineeship. She might eventually have become a partner, but had preferred not to do so.

Another case in a similar setting sheds further light on this issue. The father of one of my female CAs owned a CA firm; however, she preferred not to join her father's firm but to work for an international organization instead. When asked whether her father had motivated her to become a CA, she replied:

*Yes, it was in the family, and the environment was perfect to study during the traineeship. My family motivated me and supported me to become a CA (Female CA with family connection, working in industry).*

In this example, the interviewee had evidently not been forced into her decision, although the family environment had motivated her to become a CA. However, unlike my previous female CA, when asked whether she would like to join her father's firm, she replied:

*Obviously I need the exposure and experience now, so I am working for an organization. At the moment I am enjoying my work here. In the future, I will definitely join my father's firm (Female CA with family connection working in industry).*

Unlike my previous interviewee, this woman was determined to join the profession after gaining some experience. She knew from the outset that she could join the firm whenever she wanted, but she preferred to work in industry for some time to gain more exposure. This female CA can be categorized as being in the "adaptive group" who want to enjoy work and balance family and work lives. However, she can also be categorized into the "working group," since in future she would prefer to join her father's firm. My conversation with her revealed that she had family support which would help her to continue to work as a partner. Hence, her habitus had guided her to acquire the necessary academic and professional qualifications, facilitating her career choice and enabling her to excel in her career.

As previously mentioned, some of my female interviewees had no family connections. For example, a CA working for a private bank shed further light on whether family life is an obstacle to working in the profession or in industry for women CAs in Bangladesh. She said that family life is *not* a major obstacle to career progression. This interviewee had no family connections. Like all my interviewees, when asked whether motherhood has any influence on female CAs' careers, she stated that she strongly believed that it had had little effect on her career progression. In fact, despite having no CA in the family, she had received full support from her family to pursue her career. When asked what she did in any spare time, she answered that she liked to spend time with her family: "I am so busy, I rarely have spare time. When I have it, I spend time with my family, read books, etc." (Female CA with no family connection working in industry). I found a very similar story with all other female CAs. It is very clear that in Bangladesh, women working in industry have very similar family lives to those working in the profession. Thus, family life is *not* an obstacle in Bangladesh; rather, family support helps these women to progress in their careers.

In summary, these female CAs have family connections, good academic backgrounds, and attended good schools and universities. This creates an environment in which they thrive as CAs, both in the profession and in industry. Lupu and Empson (2015) suggest that professionals' backgrounds influence their professional dispositions. In other words, their particular habitus allows them to create or reproduce the environment in which they work. In Bangladesh, my interviews with female CAs who had no family connections reflected this exactly. Since they work in their family firms, they do not face the constraints identified in Western studies. In Bangladesh, "the glass ceiling" has been shattered and replaced by the "class ceiling."

## 6. Conclusion

Overall, in Bangladesh, the concentration of women is lower in the CA profession than in other professions such as medicine, despite the monetary benefit being higher than in many other professions. This paper has sought to determine what prevents women from joining the profession, whether there are any obstacles to their careers or a “glass ceiling,” and whether their habitus plays any role in this regard.

In this paper, I have used Bourdieu’s concept of habitus to understand female CAs’ backgrounds and career trajectories. Based on 43 interviews with CAs in Bangladesh, including eight female CAs, I have shown how the female CA habitus plays a role in shaping their careers, and how their preferences and family connections contribute to career progression. In contrast to previous literature, I find little evidence that motherhood and family commitments are obstacles to their careers. In fact, in Bangladesh the “class ceiling” has shattered the “glass ceiling,” as far as women CAs’ career progression is concerned.

I have also used Hakim’s (1991)’s preference theory framework to understand CAs’ career preferences. It takes several years to achieve the CA qualification, which may be a barrier to women considering entering this profession, although it is no more demanding than other professions such as medicine and law. Those who choose the CA qualification for career advancement, but after qualification take another route such as working in industry, can perhaps be categorized into the “adaptive group,” as can women who do not pursue the CA qualification for their careers and choose other professions.

On the other hand, female CAs who inherit a partnership from their family can be identified as “work-centered.” However, motherhood does not stop them from being successful as partners. The habitus of these female accountants and their class dynamics make both their work and family lives more comfortable, and they are clearly successful in their workplaces. Their position in the hierarchy indicates that they belong to the “work-centered” group, but

their lifestyles indicate a balance between family and workplace, denoting membership of the “adaptive group.” In summary, as Gammie and Gammie (1995) note, for female accountants, success often results from a combination of spousal support, and childcare and domestic assistance. In Bangladesh, the habitus and class dynamics of this group of women provide them with sufficient support to become successful in their careers.

In the West, an “up or out” model is observed, whereas professional firms in Bangladesh are heavily influenced by family connections. Lupu (2012) rejects Hakim’s (1991) preference theory relating to the “adaptive group.” She suggests that women do not make a genuine choice for an “adaptive life”; rather, constraints on their career paths lead them into adaptive lives. Interestingly, in Bangladesh they tend not to opt for career advancement in the accounting profession, but rather for an “adaptive life” straight away.

It is very difficult to determine whether or not the “glass ceiling” exists in Bangladesh, as the nature of career paths is different. Unlike Western countries’ “up or out” model, Bangladesh appears to have more of an “out and in” model. It is difficult to judge whether female CAs choose not to return to the profession, or whether there is rather a “glass wall” preventing them from returning to the profession once they have left it. Juxtaposition of the two different social contexts is also restricted, as gender behaviors differ between the two. As Welsh (1992) suggests, accounting researchers should understand that the behaviors of male and female accountants are shaped by their social contexts.

Although my study was exploratory in nature and based on a small sample size, this is one of the first in-depth observations of female CAs’ habitus and career progression in a developing country like Bangladesh. Future research should interview more women CAs, in both industry and the profession, to identify real barriers to their career progression and understand whether these women tend to be “adaptive” or “work-centered.” The main contributions of this paper lie in establishing that female CAs’ habitus makes it easier for them

to reach the top of firms as partners, that motherhood is not an obstacle to their career progression, and that comfort and support from their families help them to reach the top. I find that class dynamics dominate female CAs' career progression and therefore, the "glass ceiling" for them is becoming more permeable. Future research should be conducted in Bangladesh and similar countries to shed further light on gender inequalities in accounting firms. I suggest that gaining a better understanding of successful women's "support systems" might reduce the problem of gender inequality in accounting firms, offering a potentially fruitful area for further research.

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## **Concluding Remarks**

### **1. Overview**

By reviewing previous literature and conducting 43 interviews with CAs in Bangladesh, in this study I have examined CAs' career trajectories in particular, and the CA profession in general, in the emerging country of Bangladesh. A key motivation for my work was the low number of CAs in Bangladesh, which is known to be one of the most densely populated countries in the world. In particular, I was motivated by the fact that, despite a large population, both male and female CAs are underrepresented in the country compared with other professions. I have investigated through the three papers why this is the case, what happens to their careers when they work in two proximate fields, how their socioeconomic backgrounds and work–life balance affect their careers and, more importantly, whether their habitus plays a role. In this study, I have been interested not only in individual CAs, but also in firms. In particular, I have sought to understand why the presence of international firms in Bangladesh is tentative, what factors determine links between international and local firms, and how local firms are linked with international firms, including the Big 4. I discuss the key findings and contributions of each of the three papers in more detail in the next section.

### **2. Key findings and contributions of the study**

In Paper 1, I have shown that CAs work in two proximate fields, i.e. the semi-autonomous field of the accounting profession and the heteronomous commercial field of industry. However, unlike in the West, these CAs not only move from the profession to industry, but also from industry to the profession. I have elucidated the reasons for movements between the two fields,

suggesting that in this way, CAs accumulate different forms of capital. The cultural capital they accumulate in one field (i.e. the profession) helps them to accumulate social and economic capital in the other (i.e. industry), which ultimately acts as a source of symbolic capital. Drawing on Spence *et al.* (2016), a key contribution of my study is to show how CAs move between proximate fields, and how mobilizing various capitals helps their careers. Thus, I show how capitals accumulated in one field retain value in a proximate field. Another key contribution is to show that, unlike in the West, CAs in Bangladesh feel strongly about the profession, and those rising to the apex of professional fields are not always driven by an overarching thirst for economic capital, but often by more symbolic rewards such as recognition and esteem. I also challenge conventional wisdom and anecdotal evidence by revealing that CAs' movements relate neither to high workloads and burn-out, nor to issues of work–family life balance. More generally, CAs do not see these issues as characteristic of their profession.

In Paper 2, I have explored why the presence of GPSFs, including the Big 4, is tentative in Bangladesh. I identify a mismatch in perceptions between global and local actors: they see each other differently and want different things from each other. Globalization only works if shared interests can be identified and aligned as far as affiliation is concerned. In particular, I show that shared interests are not always apparent, and that this is perhaps because global firms are not particularly attractive to local actors, and local actors always have agency and power to resist. Therefore, misaligned interests between global forces and local elites may lead the latter to resist affiliation. I suggest that while a strong economic rationale underpins affiliations of local firms with global firms, the primary concern of local firms is knowledge sharing, and therefore they value technical support and access to the global networks of foreign firms. Nevertheless, for some local firms, the benefits of affiliation or membership do not seem to outweigh the potential costs, such as loss of independence, profit sharing and adherence to

member firms' strict global standards, including partners' retirement age limit. Finally, I find that although audit fees are low in Bangladesh, there is a lucrative non-audit service market. In particular, I find that GPSFs are interested in non-audit services more than audit, as audits seem to be considered as "loss leaders" unless they relate to serving their global clients (i.e. MNCs and NGOs). It is therefore an easier option for international firms to affiliate with local firms, as this helps to avoid barriers to entry and secure the local knowledge essential for operating in the non-audit service market. A key contribution of this paper is to extend Belal *et al.*'s (2017) study by providing a more comprehensive view of the dynamics of membership and affiliation. I show that, despite some economic, social and cultural obstacles, changes to the economy and to perceptions of audit firms and their partners are leading to changes in how these partners perceive the potential benefits of full membership or affiliation. Another contribution is my finding that barriers to greater affiliation exist not only from the perspective of local firms, but also from that of the GPSFs, as there is a mismatch between how GPSFs and local firms perceive themselves and each other. Overall, I suggest that GPSFs need a better understanding of local contexts, as a "one size fits all" strategy for expanding into new markets does not always work.

In addition to the contribution of the literature mentioned above, this study has important practical and policy implications. As mentioned earlier, I find that both GPSFs and local firms need each other. For local firms, to provide services to NGOs and multinational companies, it is essential to have affiliation with foreign firms. Therefore, the findings of this study should be crucial for local firms to understand the ways this affiliation would work in practice. For GPSFs, on the other hand, to provide services to their international clients and, of course, to extend their business in audit and non-audit areas, the findings would help them to understand the importance of local contexts. For example, the age limit of partners is one of the obstacles of affiliation. The human resource departments of the GPSFs should consider relaxing the age

limit for local firms for successful affiliation. Moreover, Belal *et al.* (2017) show that, in some cases, local firms are prohibited from using the logo of their Big 4 partners as ICAB by-laws require GPSFs to trade under the name of their founding partners. In this instance, the policy maker, ICAB, should relax the law so that GPSFs do not have to use a local firm's name but still work along with them to expand their client base.

In Paper 3, I have explored whether there is any “glass ceiling” in Bangladesh, and whether female CAs' habitus or other factors contribute to their career progression. I reveal that family background plays a key role in motivating women CAs to join the profession. Those with family connections (e.g. whose fathers are founding partners) become partners, climb up the career ladder and may not need to move to industry. Others without such family connections move to industry. Overall, I conclude that in Bangladesh, the “class ceiling” appears to be mightier than the “glass ceiling” as far as women CAs' career progression is concerned. Unlike in Western countries, women CAs in Bangladesh do not seem to see motherhood or family obligations as obstacles; rather, family connections and family support (i.e. spousal and domestic help) are key facilitators of their careers.

A key contribution of this paper is to show how female CAs' habitus plays a role in shaping their careers, and how their preferences and family connections contribute to career progression. I identify factors such as family support and background that allow female CAs to become partners. My key contribution here lies in providing evidence that class seems to override gender-related constraints on the career progression of female CAs in Bangladesh, and that class dynamics dominate their career progression.

In my paper, I used Hakim's preference theory to categorize those women I interviewed although I claim that it is their habitus (Bourdieu) that determines their career path. Lupu *et al.* (2017) use Bourdieu's habitus to show how family and work-life balance decisions are

imbedded in individuals' history and organizational context. In a similar vein, I show that individuals' backgrounds and organizational context matter, i.e., when the organizations are family run, individuals can have the ultimate work-life balance. Lupu *et al.* (2017) also suggest that responsiveness to professional socialization could be different due to different individuals' habitus. Similarly, in my paper, I show that only those with certain habitus or class can succeed and reach the top. Moreover, my data suggest that Hakim's preference theory does not apply fully in the Bangladeshi context, especially for those who have a specific class background and have an 'adaptive-group' life style but 'work-centered' group's career path. In order to have more diversity in the profession, Bourdieu's habitus should be understood and policy makers like ICAB should encourage firms to go beyond the certain class while choosing partners. Finally, my study should contribute to policymakers in Bangladesh and other developing countries to understand various women's empowerment issues, not only in the accountancy profession but also in other fields.

Overall, through three papers I show that accounting fields are not uniform across borders and that gender, class, cultural and social dynamics all combine to shape economic activity and professional careers in novel ways within specific national arenas.

### **3. Limitations and scope for future research**

My study has limitations. First, it was based on a small sample of interviewees. Although my sample size is comparable to other studies in this field and this is one of few papers that have examined different types of CAs and CA firms, future research might expand the sample size, particularly to interview more female CAs. Second, I conducted all interviews with CAs in Dhaka. Future studies might be extended to other cities such as Chittagong, which is investigated by Belal *et al.* (2017), although there is no reason to suggest that the perceptions

of CAs in Dhaka differ from those in Chittagong. Third, although I collected and read materials and reports from the ICAB and from firms, I did not conduct any formal analysis of these materials, such as content or textual analysis. While these materials helped me to gain a better understanding of the interview materials, a systematic analysis would certainly help researchers to triangulate their own findings with data collected by other methods, or with my analysis.

Fourth, my analysis is based on a single country, i.e. Bangladesh. Although other South-Asian countries like India and Pakistan share similar cultures, the extent to which my analysis can be generalized is unknown. A comparative study across these countries would be a useful addition to the literature. In addition, I have identified cultural dynamics in my findings. For example, I have shown in Paper 2 how cultural factors act as barriers to affiliation, and in Paper 1 I have observed the influence of cultural factors such as uncertainty avoidance on CAs' career choices. However, I do not claim to provide a comprehensive explanation of cultural dynamics. More nuance might be achieved by using a theoretical framework such as that of Hofstede (2001) to identify differences in various cultural factors across borders. Another significant finding relates to class dynamics, as in Paper 3 I observe that female CAs' class dominates. However, my study does not examine nuances in class, nor exactly how it creates an environment in which female CAs can thrive in their professional lives without sacrificing their family lives. A detailed investigation with a large number of female CAs from various class backgrounds would shed more light on this topic, especially in the neighbouring country of India, where class division and career progression are already critical issues.

Fifth, I have also observed that work–family life balance is not an issue for female CAs in Bangladesh, but I have not examined in great detail how they actually make this workable. Family members and domestic staff help, but further investigation might reveal interesting results. Sixth, most of my interviewees were working in firms but had industry experience. Very little is known about accountants in industry (with or without CA qualifications), their

habitus and career progression. Although my study is one of the first to include accountants from industry, a separate study with a larger sample focusing on the career trajectories of accountants in industry would be a useful addition to the literature.

Moreover, my findings are based on interviewees with CAs. Future studies might interview other actors in the field who are in regular contact with these CAs to understand their social status, work-family life balance and career progression. It would be interesting to explore more about their family life by interviewing their families, friends and colleagues to understand more comprehensively what the life of a CA entails. A comparative study with other professionals such as doctors and lawyers to understand their habitus and career trajectories would also be useful. Moreover, I conclude that the Big 4 need to understand their various local contexts better although this conclusion is based primarily on interviews with local partners rather than with partners from the Big 4. The perceptions of Big 4 partners could be different than those of local partners. Future studies could include partners from the Big 4 to shed further light on this phenomenon and also investigate different forms of affiliation including successful and not so successful ones. It will also be interesting to examine the perceptions of ICAEW qualified versus ICAB qualified CAs. Finally, I did not examine the role of the Government and other regulatory bodies in shaping the future of the accounting labor market in Bangladesh which should play a role in CAs' careers as well. Future research should also look into this aspect in greater detail.

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