

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

FIRM MANAGEMENT

The Carrot and the Stick

Conventional wisdom suggests the carrot has worked in the past, and young staff accountants devote their careers to chasing the carrot, angling to become a partner.

Garrett Wagner • Sep. 17, 2019



Most every one of us is familiar with the metaphor of the carrot and the stick. You motivate an employee by dangling the reward of a carrot—and keep dangling in front of them, so they keep plodding along. The alternative in this metaphor is an opposite approach, using the stick. Instead of a reward, you motivate with

punishment, and the mule gets a whip from a stick if the speed or direction is not up to grade.

This classic motivational theory came straight out of the industrial revolution. It today, despite the invention of the steam engine having long been eclipsed by prolific educational reforms, globalization, and human rights movements made into mainstream laws.

Accounting firms have taken to this motivational method as their preferred way to motivate future partners. The carrot has been the focus: the brass ring of someday becoming a partner in a public accounting firm. The ultimate carrot dangled out in front of every staff accountant from day one, the message is that you just need to keep working hard, billing more hours, and chasing that carrot. Then, you too may become a partner.

Mysteriousness, millennials undermine the model

Most firms remain silent on the stick side of the metaphor, presuming the lure of the carrot functions as, “Enough said.” The stick is not so much punishment but banishment; if you do not make partner by such-and-such year in your tenure, you can assume you’re not good enough.

Conventional wisdom suggests the carrot has worked in the past, and young staff accountants devote their careers to chasing the carrot, angling to become a partner. It was the impossible dream that most everyone chased, but one that only a select few could someday obtain.

Unfortunately, something happened along the way. Suddenly, the partner carrot is not as appealing as what it once was, and it certainly is not as appealing to the millennial generation. How do we make the pivot? When we dive into this issue, we can break it down into two separate but related issues.

Why workers woke up

First, over the years of these traditions, the positive motivational reinforcement of the carrot took on different meaning. Professionals everywhere, along with popular media and entertainment, closely observed the dark side of the life of a partner. Recall landmark movies, like *Wall Street*, that questioned if “greed is good”? In the real world, these post-Yuppies saw partners chained to their desks, stressed, and worse. The next generation began to question the entire way of life.

The carrot had once been an effective motivating force. But somewhere around the turn of this century, it looked, smelled, and felt like a stick.

The second change has to do with tremendous changes across our society, culture, economics, social norms, and technology since the time of the industrial revolution. Recent research done by MIT in 2008, well after the industrial revolution came to an end, found that the old motivational theory of the carrot-stick worked only among the trades—those employed solely for limited mechanical abilities. The study found that the minute a job role involved decision-making, higher-order thinking, collaboration on dynamic problems, or research and analysis, the carrot and stick motivational theory turned out to be de-motivational.

Interestingly, MIT's study found the same results played out regardless of age, demographics, or income. In other words, this change observed back in 2008 of our age-old motivational practices was never a millennial thing. It was a sign that the world has awoken since the days of the industrial revolution.

Given these changes, how are firms to pivot their motivational practices to attract, retain, and engage future partners?

Moving the model

Step one is to realize that the old model of the carrot and stick simply no longer works. It no longer works in theory, and the idea of being a partner does not have the same appeal it once held.

The second step is to understand that to motivate people in today's world, where we need to encourage accountants in all roles to do more than the most basic of tasks, we must expand our views of motivation. Taking that idea one step further, it means we must design career trajectories that recognize there are and always shall be different motivations. Individuals who do not want to be partners still want to drive value and earn rewards—even while they wish to stop short of the responsibilities of partnership. But they do want to earn more by demonstrating distinction and outperforming the expected.

Re-inventing the wheel

So, motivation in today's landscape needs to mean caring about employees and taking a proactive interest in them as people and their well-being. In the past we may have made a comment to a manager that they are working too much, using a kind of double-meaning that messaged them how happy we were to see them

chasing that carrot. Instead, we need to sit down with that employee, investing in them and understanding why they are working so much. Work hand in hand with them to put a plan in place to help them work less before they burn out. If they have career aspirations with the firm, get those on the table and be intentional with them. If we spend time investing in our people rather than commodities, we can take a major step to motivating the 21st century workforce.

The end of the carrot and the stick does not spell the termination of long and exciting careers in accounting for those wanting partnerships. But if we continue the same path of playing games with the carrot, which is really just a stick, you're the future partner pool will continue to shrink each year as talent jumps across town or leaves the industry.

Besides, we all know that carrots, quite frankly, aren't the tastiest thing in the world.

Firm Management • Technology

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2023 Firmworks, LLC. All rights reserved