

Does Knowledge on Professional Accounting Influence Career Choice?

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Abstract: The role of professional accountants is very important in a developing country. In Malaysia, the accounting profession is regulated under the Accountants Act 1967. Although universities are churning out thousands of accounting graduates, the number of professional accountants is still lacking. This study therefore attempts to investigate whether students' level of knowledge on professional accounting background influences their career choice as professional accountants. Questionnaires were distributed to graduating accounting students at Universiti Teknologi MARA Terengganu. Data collected was analyzed using descriptive statistics. The results indicated that knowledge about professional accounting background is not influenced by the students' exam grade. Results also showed a significant relationship between knowledge about professional accounting background and students career choice to become a public accountant. In conclusion, students viewed the job as a public accountant as the only career in accounting profession as opposed to others such as financial controllers, a financial analyst, or a management position. For future studies, it is recommended to have more variables and number of samples from various semesters for better and accurate result.

Key words: Professional • Career • Choice • Public Accountant • Knowledge

INTRODUCTION

The development of the accountancy profession and its roles are important issues especially in the era of globalisation. Issues on the quality and the curriculum of accounting programmes in this country to be comparable with the standards of accounting programmes at the international level as well as constantly meet the industry needs are still crucial. Malaysian Institute of Accountants (MIA) is one of the bodies responsible and committed to the attainment and maintenance of excellence and continuous improvement in educational programmes related to the field of accounting education. MIA is an agency under the Ministry of Finance and reports directly to the Accountant General Office.

MIA through the powers conferred by the Accountants Act, 1967, regulates the accounting profession in Malaysia. Under the Accountants Act 1967, a person is prohibited from calling himself an accountant unless he is a member of the Malaysia Institute of Accountants (MIA) under the category of either Chartered Accountant or Licensed Accountants. To

apply for MIA membership, one must either have a recognized professional accounting qualification or has an accounting degree from local universities and have 3 years work experience in a public accounting firm or other accounting related areas. In other words, being a professional accountant as a career choice requires knowledge and qualification. The person must also be capable of meeting the challenges and needs of the accounting profession.

A career is a lifelong process which is planned from an early stage. "A career may be thought of as a long-term project for an individual life. One's career may be "in" business, law, teaching, entertainment, professional philanthropy, or something else" [1]. Looking at a career choice as professional accountants, according to [2], the nation's head of the Association of Chartered Accountants (ACCA), there is a rising demand in Malaysia for professional accountants. She stated that "Accountancy is an indeed recession-proof profession, there will always be demand for accountants, be it in good or bad times". The global accounting body has seen continued growth in its members and students numbers.

In spite of the global economic climate seeming gloomy, the demand for professional accountants is growing in China and Hong Kong [3]. [2] also said that “The healthy growth comes during an economically challenging time, but it shows that finance profession is an attractive global career. Accountants’ skill is more important than ever, to restore confidence in the global economy, to help businesses large and small to identify and manage costs and deliver sustainable growth.

There is still a shortage of professional accountants in Malaysia, the country needs about 65,000 accountants by the year 2020 [4]. As at 30 June 2008, MIA has 24,719 members of which 65% are involved in commerce and industry, 27% in public practice and 7% in government and other sectors. Selangor and the Kuala Lumpur Federal Territory have the largest concentration of MIA membership with 9,697 and 6,118 members respectively¹. According to [3] the shortages of staff and short supply of bright accounting graduates choosing career in public accounting have long been faced by the Big 4 firms. Although universities are producing thousands of accounting graduates every year, not everyone will continue to become professional accountants. What could be possible explanations to this phenomenon?

A study by [5] found that the higher secondary school students have low awareness of professional accounting examinations and limited knowledge of an accountant’s job function even though 61% chose accountancy as their future career and 39% have no intention to become accountant. Several factors were identified as possible contributors to a decline in accounting majors including unflattering perceptions of accountants, low starting salaries and the accounting scandals that happened². This is supported by Okada, as quoted by [6, 15] where the number of frauds that occurred recently may send a negative message to Japanese students in taking up Certified Public Accountants (CPA). Obata mentioned low level of remuneration paid to CPA’s was another major concern that discourages students in Japan from becoming a CPA, as quoted by [7, 15]. Another study found that a significant influence on the decision to choose a CPA career is “intrinsic factors” (attitude toward the behavior) and “parental influence” [3].

One of the factors that caused the accounting profession to remain unpopular among the brightest business students in the United States is partly due to the misinformation and lack of information regarding accounting and accounting career paths. With the wrong information gathered thus negative perceptions are widely dispersed [8]. A study in New Zealand revealed that the accounting is perceived as dull and boring by college students, tertiary students and career advisors, thus contributing to the main reasons behind the decline in the number of accounting graduates [9]. Previous literature also found empirically that a preferable perception of accounting is positively correlated with a rewarding career choice in accounting [10-13].

The opposite scenario is found in Malaysia, whereby the shortage of CPA’s is not due to the decreasing number of students. The accounting profession is still popular as indicated by the increasing number of students enrolling for the accounting program. Students enrolment for 2008 and 2009 for accounting degree program was 11,844 and 11,917 respectively³. This could be as a result of information which the accounting students are able to gather. Based on [14] the main reason why accounting graduates do not want to become professional accountants is because of the difficulty to fill in the membership form, high cost of membership, no added benefit and lack of ambition. Since a career is a long process which must be planned for from an early stage, accounting students must be able to gather knowledge on the professional accountants before they can decide whether to continue with the professional exams or not. Ultimately, these students are in the right track for their career choice. Thus the main objective of the study is to see whether there is any influence of knowledge on professional accounting background towards career choices from the point of view of the accounting students. This study also aimed to assess the students level of knowledge on professional accounting background and to evaluate whether students’ CGPA reflect their knowledge about professional accounting background.

¹ Malaysian Institute of Accounting, 2009. Annual Report 2008. Retrieved February 27, 2011 from <http://www.mia.org.my/ar/2008/downloads/annualreport.pdf>.

² Carolyn, L.H., S.L. Susan and M. Brian, 2005. High School Student's Perceptions of Accounting. The CPA Journal online. Retrieved October 25, 2010 from <http://www.nysscpa.org/cpajournal/2005/105/essentials/p62.htm>.

³ Malaysia, Ministry of Higher Education, 2010. Chapter 2, Malaysia Higher Education Statistic 2009. Retrieved March 3, 2011 from http://www.mohe.gov.my/web_statistik/statistik_pdf_2009/04_BAB_2_IPTA.pdf.

MATERIALS AND METHODS

Research Design and Data Collection:

Questionnaires were distributed to final year degree and diploma students taking Bachelor of Accountancy (BACC), Diploma in Accountancy (DIA) and Diploma in Accounting Information System (DAIS) in Universiti Teknologi MARA Terengganu. 71 completed questionnaires were analysed. The instrument was adopted from [15]. The final year diploma students were chosen because they could either proceed to further their studies to the degree level or the professional level. With diploma qualification, the students may also join the job field. For the degree students the final year students are selected because they may either join the workforce or continue to do the professional exams.

FINDINGS AND DISCUSSION

The internal reliability of the instrument was investigated using Cronbach’s Alpha. Values between 0.667 and 0.903 for each item indicate that all items can be considered as measuring the same concept [16].

Respondents’ Profile: Total respondents consist of 85.9% female students complemented by 14.1% males. Almost all (80.2%) were between 21 to 23 years old. About 50% of them scored CGPA between 2.5 to 3.00, almost 30% scored less than 2.5 and about 20% scored more than 3.00. BACC students constitute 36.6%, DIA 33.8% and DAIS constitutes 29.6% of the total respondents.

Students’ Level of Knowledge on Professional Accounting Background: Most (74.6%) students are aware of the existence of Accounting Professional (AP) bodies and the AP Examinations conducted (79%). All sources of information on AP Bodies such as Professional Bodies’ website, Magazine, Books, Pamphlets, Educators, Newspapers, Seminars, Counselors, friends and family members play important roles in inducing awareness among students. 78.9% think that they have sufficient knowledge about AP bodies, 85.9% acknowledge the importance of AP exams and 68% intent to pursue AP qualifications because they know that owning AP qualifications will increase their employability and increase benefits paid by employers.

Table 1: Agree to be a Public Accountant* Sufficient knowledge

Agree to be a Public Accountant	Sufficient knowledge about professional accounting			Total
	Yes	Not sure	No	
Yes	23	25	6	54
Not sure	1	8	0	9
No	2	0	1	3
Total	26	33	7	66

Table 2: CGPA * Sufficient knowledge

CGPA	Sufficient knowledge			Total
	Yes	No	Not Sure	
2.00 < 2.5	9 (45%)	2 (10%)	9 (45%)	20 (100%)
2.5 < 3.00	13 (38%)	5 (15%)	16 (47%)	34 (100%)
> = 3.00	6 (43%)	0 (0%)	8 (57%)	14 (100%)
Total	28	7	33	68

Whether Knowledge about Professional Accounting Background Influences Career Choice as Professional Accountants:

Results in Table 1 show a significant relationship between knowledge about professional accounting background and students’ career choice to become a public accountant. The number of students who agreed to become public accountants is significantly (Pearson Chi Square = 0.019) higher among those who have knowledge compared to those who denied having knowledge about professional accounting. This is in line with the findings of [5] where the higher secondary school students have low awareness of professional accounting examinations and limited knowledge on accountant’s job function even though majority chose accountancy as their future career [8] also concluded that the unpopularity of the accounting profession by business students is caused partly by misinformation and lack of information regarding accounting and accounting career paths. However, no significant relationship was found between career choice as a financial controller, a financial analyst or a management positions and sufficient knowledge about professional accounting.

Whether Students’ CGPA Reflect Their Knowledge about Professional Accounting Background:

Results in Table 2 below shows that students’ CGPA do not reflect their knowledge about professional accounting background. The percentages of students who were unsure, consented and denied that they have sufficient knowledge are distributed almost evenly across all groups of CGPA. This indicates

that knowledge about professional accounting background is not influenced by students' exam grade. Researcher [8] who also analyzed why accounting profession remains unpopular among the brightest business students in the United States produced the same findings.

CONCLUSION

This study demonstrates that students' exam performance as shown by their grades cannot be used as an indicator of their knowledge about professional accounting background. Students viewed a public accountant's job as the only career in the accounting profession. They are unfamiliar with other careers such as financial controllers, financial analysts or management positions. This may be the reason for a significant relationship only found to exist between knowledge about professional accounting background and students career choice to become a public accountant. This study does have limitations as the sample size is small and only comprised graduating accounting students in a single university. There might be some other variables influencing students' career choices that were not considered. Therefore, for the future studies, it is recommended to have more number of variables and samples from various semesters for better and accurate result.

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