

CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

This chapter will explain the purpose of making this final report. In this chapter will aims to Background Research, Problem Statement, Gaps, Research Objective, Research Question, Significance of Study and Definition of Key Terms.

1.2 BACKGROUND RESEARCH

Globalization has transformed the outlook of ways to run business today. A sufficient number of professional accountants in the country is a must to manage the record of the business activities in a country (Ghani and Muhammad, 2019). However, many developing and developed countries find it challenging to keep a balance between the demand and supply of qualified accountants (Tiron-Tudor et al., 2019). Qualified accountants must have the appropriate accounting knowledge and strong technical and non-technical skills to work in a highly competitive and complex work environment (Wen et al., 2021). The working of the business organization is becoming complex due to technology initiatives, growing composite business requirements from state agencies, a highly competitive business environment, and complex business operations (Rebele and Pierre, 2019). The demand and work routines of the accountants make the profession less attractive for the young generation “Y” and Millennials (Tiron-Tudor et al., 2019). The profile and prospects of youth vastly differ from the preceding generations in terms of workplace expectations and reward systems based on work-life (De Villers, 2020).

The ferocious and ever-changing competitive business landscape cannot attract highly talented youth to the business management profession (Gonzalez, 2021). It does not mean that the Millennials are not talented or attracted to challenging career options like professional accounting (Tiron-Tudor et al., 2019). The selection of career choices is based on the one perception of personal capacities required for the profession (Porter and Wolley, 2014). The career-related growth opportunities show that the progressive and promising growth options are relevantly available for the career aspirants and attract the youth

for the career option (Rebele and Pierre, 2019). Lastly, job security and stability are the significant interpreters that can attract the youth toward a specific career (Chua et al., 2019). Attracting and retaining high talent is a must for the profession to work in a highly competitive, changing work environment (De Villers, 2020). The next generation of accountants needs to work in exceedingly competitive and vigilant to perform better in the highly technologically driven global workplace (Coe, 2016). Social and non-technical skills are also vital in empowering accounting students to pursue a career as a professional (Douglas and Gammie, 2019). The social influence and perception of control facilitate the career selection for young accounting students (Dalci and Özyapici, 2018).

1.3 PROBLEM STATEMENT

A sufficient number of qualified accountants must equal the number of new businesses registered in a country. Malaysia is a developing economy and making progress in the right direction and becoming a promising developing country, becoming developed under the Malaysian Government initiative of Economic Transformation Program (ETP) (Lee, 2018). Under the ETP initiative attracting the foreign market players to enter the Malaysian market to reap the growing market opportunities (Ghani and Muhammad, 2019). However, the growth of the local and foreign businesses in Malaysia requires a fair number of qualified accountants to manage the business activities according to the stakeholder's needs (Lee, 2018). Malaysian businesses as the active member of the Association of Southeast Asian Nations Economic Community (AEC) in 2015. In conjunction with the ETP, the Malaysian Government aims to become a developed country that offers reliable accounting services (Lee, 2018). An accountant refers to the stakeholders' value in demand to ascertain that they are indeed competent and knowledgeable (Nguyen et al., 2021). Every business needs chartered accountants to sustain a prosperous financial statement, an integral business resource component (Owusu et al., 2018). One indicator of economic growth is the number of qualified accountants in the country (Jui and Wong, 2013).

The Accountants Act (1967) regulates the practice of accounting in Malaysia. It stipulates that, in order to be a qualified accountant, one must obtain more than 3 years of practical accounting working experience with a recognized training organization (Accountants Act, 1967). Therefore, a general accounting degree qualification does not make one a professional accountant until one passes the professional examinations. A total of 11 international accounting bodies are recognized in Malaysia: (1) Malaysian Institute of Certified Public Accountants (MICPA); (2) Institute of Chartered Accountants of Scotland; (3) Institute of

Chartered Accountants in England and Wales; (4) Chartered Accountants Ireland; (5) Association of Chartered Certified Accountants (ACCA-United Kingdom); (6) Institute of Chartered Accountants Australia; (7) Australian Society of Certified Practising Accountants (Certified Practising Accountant Australia); (8) New Zealand Institute of Chartered Accountants; (9) Canadian Institute of Chartered Accountants; (10) Institute of Chartered Accountants of India; (11) Chartered Institute of Management Accountants (United Kingdom). The Malaysian Institute of Accountants (MIA) approves MICPA. A member of the institute is acknowledged as a “chartered accountant”, whereby “CA(M)” is used after one’s name. As a member-based organization, MIA prioritizes membership services in its day-to-day activities. The members are informed about the latest laws, practices, and guidelines that affect their profession and technical information.

Malaysia recorded approximately 33,000 new chartered accountants yearly ([Lee, 2018](#)). As reported by The Edge Malaysia, since the figure was alarming, the Performance Management and Delivery Unit (PEMANDU) had set a goal for the MIA to produce 60,000 accounting professionals by 2020 to meet the market demand ([Tay, 2017](#)). Due to the escalating number of corporations, changes in economic conditions, and increased shareholder wealth maximization, the demand for chartered accountants is rising ([Coe, 2016](#)). Therefore, MIA has collaborated with relevant stakeholders to ensure a sufficient supply of professional accountants in Malaysia. All effort undertaken by the relevant stakeholders, only 46,000/year young professional accountant added in Malaysia. More attractiveness needs to attract young talented youths to the accounting profession ([MIA, 2021](#)). In taking the professional decision process, one may assess the perceived job characteristics, such as workload that reflects a poor working lifestyle. Besides, the current hostile environment might affect the application for Certified Professional Accountancy Qualification (CPAQ) due to the candidates’ negative perception that an accountant must work during weekends and overtime regularly ([Aziz et al., 2017](#)). [Sugahara and Boland \(2006\)](#) found that lower economic benefits discourage applicants from pursuing professional papers. Nonetheless, there is typically a high degree of job security with a government-approved license. The opposing views toward the profession align with the perception of choice not to adopt accounting as a career path, including adverse impressions of hectic lifestyles and prospects for finance and employment ([Chua et al., 2019](#)). Therefore, it is necessary to explore the factors influencing the intention to pursue CPAQ among the students.

The Malaysian chapter of ACCA depicts that young people are not interested in joining the accounting profession due to low career opportunities, lack of career progression, financial rewards, and low working conditions ([MIA, 2021](#)). The president delivered similar thoughts of

MICAP that the young Millennials were not attracted to join the accounting profession due to long working hours and lack of workplace creativity (Lee, 2018). The scarcity of professional accountants stems from the lack of interest shown by the students and insufficient knowledge of the importance of the accounting profession among the accounting students (Ng et al., 2017). Students might demonstrate a stronger intention to become chartered accountants if they were equipped with adequate information about professional accounting at the early stage of their education (Samsuri et al., 2016). Focusing on the personal attributes and availability of accurate information to the accounting students, the current study aimed to evaluate the formation of the intention to pursue CPAQ with respect to the extended theory of planned behavior (TPB).

1.4 GAPS

This study is required to know interest Indonesian student after they graduate from Accounting study. This study focuses on factors affecting the selection of a accounting student to take a professional certification. Although there is more factors can be influencing student accounting to choosing career.

1.5 RESEARCH OBJECTIVE

GENERAL OBJECTIVE

The general objective of this study is to examine the students' choice of accounting as a career option and ascertain the main factors that affect such decision.

SPECIFIC OBJECTIVE

This research aims to ensure object of the research study;

RO1: To examine factors that affecting capability of accounting students in choosing a career to take a professional certification.

RO2: To examine factors that affecting career opportunities of accounting students in choosing a career to take a professional certification.

1.6 RESEARCH QUESTION

This research have 2 question that relate to the study:

RQ1: What are the factors affecting capability of accounting students in choosing a career to take a professional certification?

RQ2: What are the factors affecting career opportunities of accounting students in choosing a career to take a professional certification?

1.7 SIGNIFICANCE OF STUDY

Therefore this study analyzes the factors that influence students in choosing a career to find out whether there are internal or external factors that affect students' interest in intending

to take professional certification and the purpose of this research can be used as a guideline for further review.

1.8 DEFINITION OF KEY TERMS

1.8.1 CAREER DEVELOPMENT

Career is a word from French; *carrière* is development and advancement in one's work. It can also mean a level in a particular job. Career is a person's expertise or professionalism in the field of knowledge which is assessed based on work experience that will contribute to the organization. (Ariani, 2004). According to Hall (1986) in Ellya Benny and Yuskar (2006), a career can be interpreted as a series of attitudes and behaviors related to one's work journey throughout his working life. Gutteridge in Bernandin and Russel, a career is a sequence of work-related activities and behaviors and associated attitudes, values, and aspirations throughout one's lifetime (Gomes, 1995). Careers can also be viewed from a variety of different perspectives. From a general perspective, a career is seen as a sequence of positions occupied by a person during his lifetime. This is a career objective. From another perspective, career itself consists of changes in values, attitudes and motivation that occur as a person gets older. This description is a subjective career. Both perspectives are focused on the individual, presuming that people have some degree of control over their destiny so that they can manipulate opportunities to maximize the success and satisfaction derived from their careers.

Career Development is a “continuous lifelong process of developmental experiences that focuses on seeking, obtaining and processing information about self, occupational and educational alternatives, life styles and role options” (Hansen, 1976). Career development is the process of self-knowledge, exploration, and decision-making that shapes your career. It requires successfully navigating your occupational options to choose and train for jobs that suit your personality, skills, and interests. Career is also seen as a series of "promotions" or lateral transfers to get a job that has more responsibility higher/better position placement in one's job hierarchy throughout his working life (Cascio and Awad, 1981 in Kunartinah, 2003) in Driana (2007). Gittman and McDaniel (1995) in Widyastuti (2004) which was adapted by Samiaji (2004) suggests that the effectiveness of a career is not only determined by the individual but also by the organization itself which can be seen in four career stages, namely:

1. Entry is the initial stage when someone enters a job market/organization.
2. Skills and technical development stage.
3. Midcareer years is a stage where a person experiences success and increased performance.

4. Late career is a stage where a person's performance is stable.

Career choice is a person's self-expression, because career choice shows a person's motivation, knowledge, personality and all capabilities possessed. Educational institutions have a major influence on the career development of an accountant. As a professional certification, CPA can make a positive contribution to students who wish to develop skills in accounting technically and professionally.

Widyastuti, et al, (2004) conducted a study to determine the relationship between the organizational structure of accounting education institutions and subsequent professional development. The profession of a public accountant is a career choice that are in great demand by accounting students. This is evidenced by Wijayanti's research, 2000 (in Ellyana 2006) which states that accounting students who choose a career as a public accountant expect a high initial salary, to have better development opportunities compared to other careers.

A career in a Public Accounting Firm can generate high or large income compared to income earned from other careers. This is also evidenced by the writing of Wijayanti (2000) in Ellyana and Yuskar (2006) which states that one of the expectations of accounting students who choose a career as a public accountant is a high starting salary. Educational institutions have a major influence on the career development of an accountant. Siegel, Blank, and Rigsby (1991) in Ellyana Benny and Yuskar (2006) conducted research to determine the relationship between the organizational structure of accounting education institutions and further professional development for auditors.

The research shows that the organizational structure has a significant influence on the subsequent professional development of auditors. Auditors who have a professional accounting educational background need less time to be promoted to senior auditors and or managers. Wambsganss and Kennet (1995) in Widyastuti (2004) state that most students majoring in accounting are pragmatic and choose accounting majors because of the wide career opportunities in accounting. Career development variables are measured through indicators of obtaining promotion opportunities, jobs that match the background, getting professional treatment, gaining knowledge related to accountability at work, increasing achievement abilities, being able to carry out the workload properly and gaining knowledge related to the world of work. (Suryaningsum, 2004 in Driana, 2007).

1.8.2 CERTIFICATE PUBLIC ACCOUNTANT

CPA or Certified Public Accountant is a finance, accounting and business organisation in Australia. It offers specific qualifications for professionals who wish to enter the finance and accounting industry. To be an accountant in Malaysia, the Accountants Act 1967 legislates that

accountants must be members of the Malaysian Institute of Accountants (MIA). CPA Australia is a scheduled body of the MIA, meaning that CPA Australia members can gain direct entry into the MIA. This means once associate members have successfully completed the CPA Program, including the professional experience requirement component, they can gain direct entry into the MIA without further examinations or work experience. The CPA qualification is recognised under the Malaysian Companies Act 2016 (previously, the Companies Act 1965) for appointment as auditors, company secretaries and liquidators.

The CPA designation protects the public interest by ensuring that those who achieve this credential have a uniform and extensive knowledge base, relevant experience, integrity, ethics, and an ability to operate independently and with objectivity. The Sarbanes– Oxley Act, the Public Company Accounting Oversight Board, and an increase in audit in and financial reporting oversight have combined to create an increasing demand for CPAs (Reigle, 2008). As a result, choosing to pursue becoming a CPA as a career is a fantastic opportunity.

However, because of the stringent requirements for certification, many students opt not to pursue the CPA designation (Nelson, Vondrzyk, Quirin, & Allen, 2002). In addition, setting the goal of becoming a CPA is strongly correlated with higher outcome expectations. Understanding these important connections between self-efficacy, outcome expectations, and goal intention can help accounting educators improve their teaching methods and support their students' decision to major in accounting and pass the CPA exam.

1.8.3 ACCOUNTANT BEHAVIOUR

Behavioral accounting takes into account key decision-makers' experience and incentives as part of the evaluation of a company. It also examines how accounting practices and processes, in turn, affect the behavior and processes of personnel working in a company. Behavioral accounting may also be known as "human resource accounting." The definition of behavioral accounting is “an offspring from the union of accounting and behavioral science; it represents the application of the method and outlook of behavioral science to accounting problems.” The objective of behavioral accounting is “to understand, explain, and predict human behavior in accounting situations or contexts.”

The behavioral aspect of accounting is that segment of accounting that attends to develop an understanding of both cognitive (perceived) and affective (emotional) elements of human behavior that influence the decision-making process in all accounting contexts and settings. This special area of accounting addresses such aspects as human information-processing behavior, judgment quality, accounting problems that are created by users and providers of accounting information, and accounting information users' and producers' decision-making

skills. Behavioral accounting was developed to make the behavioral effects of accounting practices transparent to potential and current stakeholders. This is done to better understand the impact that business processes, opinions, and human variables have on the value of the overall corporation, now and in the future. In behavioral accounting, the valuation of a company goes beyond the numbers and attempts to include the human factor. Behavioral accounting attempts to measure and record this aspect of a business. Behavioral accounting is of particular interest to scholars due to the influence of time constraints, accountability, judgments, and motivations individual decision-makers have.

1.9 CONCLUSION

Chapter 1 consists of 8 sub-chapters containing an introduction to the research that we will conduct, namely Background Research, Problem Statements, Gaps, Research Objectives, Research Questions, Significance of Study and Definitions of Key Terms. The function of the introduction in a report is to introduce the problem discussed or become a central issue in the report. So that the reader can understand what problems will be discussed and how the limitations of the problem. In this study, the importance of research is to investigate whether the factors affecting Indonesian Accounting Students in career choices to take a Professional Certification. Last point definition of key terms, which includes definitions of Career Selection, CPA, Accountant Behaviour.