

CHAPTER II

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter will explain the body of knowledge of making this final report. In this chapter will aims to Historical Background, Dependent Variable, Independent Variable, Research Framework and Hypothesis.

2.2 UNDERPINNING THEORY

THEORY OF PLANNED BEHAVIOR

Icek Ajzen developed the Theory of Reason Action (TRA) in 1985, and the TPB was initiated as an extension of the TRA (Ajzen, 1991). The TPB upholds those motives guide actions, but not all actions are performed, while others get adapted to various circumstances (Myburgh, 2005). Intention denotes the effort people are prepared to make, the effort they plan to accomplish, and the obstacle they may face (Ajzen, 1991). The research listed numerous issues, such as personal vulnerabilities and external factors, which may stop a person from executing the intended behavior (Ajzen, 1991). Ajzen and Madden (1986) listed some significant elements, namely attitude, perceived behavioral control, and subjective norm, to accurately predict a theoretical framework that explains how intention leads to intended behavior. Perception of behavioral control poses significant variation in the actual behavior. Attitude depicts a specific behavior or object's positive or negative evaluation (Ajzen, 1991). Subjective norm describes the influence of peers and family members on what is considered essential, which facilitates the individual's execution of a particular behavior (Ajzen and Madden, 1986). Perceived behavioral control represents the factors that restrict or facilitate the execution of a particular behavior (Ajzen, 1991).

The TPB has been widely employed worldwide for a range of studies (To et al., 2014). The theory has substantially impacted studies related to intentions that form human behavior (Ajzen, 1991). Therefore, the TPB appears to be the most suitable theory for this study. It ideally fits the objective to examine the significant factors in the intention of obtaining qualified certification in professional accounting.

MOTIVATION THEORY

Motivation is an encouragement contained in a person as well as from outside so that someone wants to do better behavior than before (Uno, 2014: 9). Considering that CA (Chartered Accountant) is important for accounting students as prospective accountants and for accountants, because it can contribute to becoming a professional accountant who has competitiveness at the global level. So it is necessary to motivate students from within the interest in obtaining CA certification.

2.3 DEPENDENT VARIABLE/PROFESSIONAL CERTIFICATION

A certification is an official document given by a professional organization that shows that you have the necessary knowledge and skills needed to do a specific job. A professional certificate program usually consists of focused training for a specific career. A Professional Certification aims to recognize the knowledge, skills, competencies, and experience that professionals have already accumulated. Accountants can accrue significant upward mobility by obtaining one or more professional certifications. Other benefits include the following: Certification indicates competency, which implies requisite or specialized accounting knowledge plus adherence to professional standards. Consequently, certification enhances one's reputation among colleagues and potential clients. For accountants, certification can be a marketing tool to differentiate themselves from other professionals. Furthermore, many employers use certification as an indication of competency and a means to differentiate persons in the hiring and promotion process. Many accountants obtain certification to increase their marketability and, ultimately, their compensation. Certification may permit accountants to charge higher consulting fees or to introduce new revenue sources. Accountants seek professional certification to provide market-driven, value-added, specialized services to clients and customers, in addition to traditional services such as audit and tax.

Given the substantial time and financial commitment associated with most certification programs, accountants should conduct a cost/benefit analysis to ensure that pursuing certification is feasible. This analysis should include personal and family goals, in addition to short- and long-term career goals. Although obtaining and maintaining professional certifications is not an easy task, the benefits may be substantial. Generally, most professional designations represent a given level of competence and adherence to an organization's ethical standards, and are generally perceived by the public and employers as a positive attribute for accountants. Professional certifications are often included as a formal aspect of higher education programs such as accountancy and business. For these types of programs, the

certification is often a clear fit with the curriculum. Research suggests that even when such certifications are not closely related to program requirements (e.g., liberal arts programs), students and the institution can still benefit from certifications that demonstrate industry-specific skills (Blumenstyk, 2018, 2019). Employees and human resources managers have shown increased interest in hiring candidates with recognized professional certifications that provide third-party verification of skills (Adams, Brauer, Karas, Bresnahan, & Murphy, 2004; Raymond, 2001). Such external certifications may also play a major role in career growth (HRCI, 2010).

Extant literature suggests that professional certifications benefit both employers and employees. On the one hand, employers benefit from hiring applicants with external certifications because they add credibility to the organization, they possess up-to-date knowledge and skills that increase effectiveness and efficiency in job performance, they expose the organization to innovative ideas, and they have a positive impact on the organization's profitability (HRCI, 2010; Lee, 2018; Stefl, 2008). Furthermore, research demonstrates that individuals value these external, professional certifications because they increase and update their knowledge of the profession, indicate the employee's required competence and commitment to the profession, increase confidence in job performance, provide job security, enhance work quality, determine credibility, increase reputation, ensure ease of finding future jobs, facilitate professional growth, offer potential for higher compensation, and increase employee satisfaction (Adams et al., 2004; HRCI, 2010; Niebuhr & Biel, 2007; Schroeter, Byrne, Klink, Beier, & McAndrew, 2012; Stefl, 2008). Professional certifications are part of lifelong learning of healthcare administrators as suggested by the American College of Healthcare Executives (ACHE, 2012), and there are some job postings that include professional certifications in their list of credentials. Program faculty conducted an assessment of accounting courses and provided suggestions for external certifications that mirror course objectives and overall competency model.

These certifications, infused into program curriculum, were intended to apply course objectives to real-world practitioner processes and programs, as well as assist in the marketability of program graduates upon graduation. Given that professional certifications enhance graduates' competitiveness in a job search, because they validate the candidates' knowledge and expertise of the subject matter, graduates with professional certifications will find a job faster than those without certifications, holding other variables constant. Once hired, employees with professional certifications are viewed as more knowledgeable and competent than those without certifications. Therefore, they may be given more challenging

responsibilities and higher compensation that may lead to faster career growth and satisfaction, respectively. The researchers also assumed that if the value of certifications was to be assessed in the study, job satisfaction would also be important to evaluate (possibly linking certification to performance, with performance influencing the alumnus's overall job satisfaction).

2.4 INDEPENDENT VARIABLE

2.4.1 CAPABILITY

Stephenson and Yorke (1998) described capability as one's ability to carry out intelligent personal judgment, professional ethics, self-assurance, and competence. Nonetheless, a high level of intelligence does not necessarily reflect efficient knowledge (Hammour, 2018). Capability merely determines the required level of ability to execute an activity effectively (Stephenson and Yorke, 1998). Wen et al. (2015) analyzed capacity as a factor that affected Chinese accounting students' intention to embrace the public accounting profession. The professional framework reveals the students' capability to be theoretically qualified and portrays high levels of interpersonal and social psychological knowledge (Samsuri et al., 2016). Students have a dynamic way of thinking, the ability to "see" what is happening in every new situation, and the ability to recognize and assess the consequences of alternative courses of action (Yao and Hong, 2015). Every individual has varying perceptions about successfully pursuing a professional program (Gonzalez, 2021). Empirical studies have noted students' capability as the most substantial factor influencing their intention to pursue CPAQ (Schoenfeld et al., 2017). Studies have also revealed the demand for high levels of capabilities to attain professional success, which is vital for successful professional practice in accountancy (Coe, 2016).

2.4.2 CAREER OPPORTUNITIES

Career opportunities refer to any opportunities that take you closer to your career goals. This can be a job, an internship opportunity or a training programme that helps you excel in your career. According to a study by LinkedIn, 94% of employees said they'd stay in their current role if there were more progression opportunities. Total Jobs states that two in three workers quit a job if there's a lack of development training. It's clear that opportunities keep employees engaged, and every business knows that it costs a lot more to attract new talent than to retain the talent it already has. Currently, many companies now recognize that their employees want to progress and develop the skills. From the statement above career opportunities have a positive impact for fresh graduates in taking professional certification.

a. Better Opportunities For The Future

Employers want forward-thinking and proactive employees, and career growth opportunities give fresh graduate the chance to show that they have qualities and more likely to find work in competitive environments. With new technologies constantly emerging, students prepared skill up to develop future-proof career. While it's unlikely that AI and even robotics will impact most industries, the ability to adapt skills and work with emerging technologies will ensure versatile enough to compete with another fresh graduate.

b. Build Confidence

When face new challenges at work, it's not just skills that are being tested but confidence is also put to the test. If you can overcome these hurdles and succeed, you'll feel more confident in your abilities, enhancing your work. Career growth opportunities help us build our confidence and show us what we're capable of.

c. Apply Your Skills To A Career Change

One of the best things about career growth opportunities is that they can help you explore different career paths. If you're not sure what you want to do with your life or feel stuck in a rut, then seeking out new opportunities can help you figure out what you're passionate about. It's also a great way to test out different careers without committing to changing jobs.

Obtaining a university degree in Accountancy is one of the pathways leading to a career in the accounting and finance industry. The knowledge gained through such a formal education should prepare the students to be technically competent with the required professional skills. Accounting graduates should gain both technical and generic or soft skills through tertiary accounting education. According to International Education Standard 2 (IES2) issued by the International Accounting Education Standards Board, technical competence must be achieved by the accounting students at the end of a professional accounting education program. IES2 covers the technical competencies in using professional knowledge to accomplish a particular duty within the defined standards. Generally, accounting graduates are expected to be technically competent in the following area;

1. Financial Accounting and Reporting
2. Management Accounting
3. Finance and Financial Management
4. Taxation
5. Audit and Assurance
6. Governance, Risk Management and Internal Control

7. Business Law and Regulations
8. Business and organizational environment
9. Economics
10. Business strategy and management.

The professional skills of the accounting students are also emphasized by International Education Standard 3 (IES3). The skillsets include the following:

- a. Intellectual
- b. Interpersonal and communication
- c. Personal
- d. Organizational

Career advancement opportunities impact the decision of students to become qualified accountants. Accounting students generally claim that the title “professional accountant” would offer them excellent work opportunities (Samsuri et al., 2016). Their perceived future employment opportunities in the accounting field can affect their accounting career choice (Uyar et al., 2011). The probability of course uptake enhances as the students perceive that a given area of the course offers exceptional work prospects (To et al., 2014). A chartered accountant works in an organization that offers room for development, is mentally rewarding, enabling professional learning and satisfying opportunities (Samsuri et al., 2016). For instance, a starting career at a big corporation is a good start to maintain personal strength in the profession. In fact, 2 or 3 years of work experience in the big four enables one to secure the position from junior to senior (Uyar et al., 2011). The greater the expertise and knowledge one can contribute to a company, the more important one earns the status as an employee (De Villers, 2020). Large corporate firms adopt business models that promote performance and career advancements to high performers (Ghani and Muhammad, 2019).

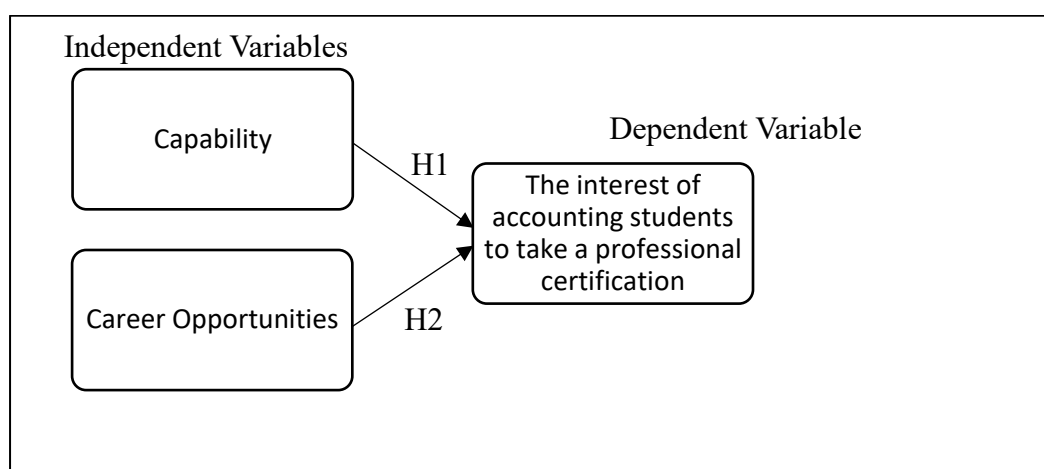
Accounting professionals have a better opportunity for advancement when compared with the other industries (Ahmad et al., 2015). The opportunities allow them to prove that they can execute tasks efficiently (Chua et al., 2019). The provision of job opportunities is ranked at the top among Malaysian students, including accounting students (Lee, 2018). Therefore, taking the lead from the literature, career opportunity is the most effective way to influence the students to pursue CPA to increase the number of future professional accountants (Byrne et al., 2012).

2.5 RESEARCH FRAMEWORK AND HYPOTHESIS DEVELOPMENT

2.5.1 FRAMEWORK

Based on the literature review above, this study proposes a conceptual framework as in figure 2.1

Figure 2.1 Research Framework



Source: Data process by the author (2023)

2.5.2 HYPOTHESIS

The hypothesis is a temporary answer to the research problem formulation of Sugiyono (2022). It is said temporarily, because the answers given are only based on relevant theories, not yet based on empirical facts obtained through research and data collection. Based on theory used, this sub-chapter will explain the hypothesis were develop based on the conceptual framework. There is a very significant difference between the independent variables because each independent variable has its own impact but is still related to the dependent variable. So it can be concluded to:

RH1: Capabilities positively affect the intention to pursue Professional Certification.

RH2: Career opportunity positively affects the intention to pursue Professional Certification.

2.6 CONCLUSION

In this chapter we can concluded the factors that affecting accounting student to take professional certification, definition that related to this research, theory that used included research framework and research hypothesis. Furthermore, this chapter also can presents the figure that can be direct to the next chapter and next report.