Perceived Employability Skills of Accounting Graduates: The Insights from Employers

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Abstract. Graduates employability skills become necessary in challenging job market. The main focus of this study is to determine the employer's insight on the skills needed by local accounting graduates at the time of entry to the profession. By using a content analysis approach, the findings show that information technology skills, interpersonal skills and personal skills were most sought by employers. Importantly, the most sought of information technology skills are the ability to use appropriate spreadsheets and accounting software. For interpersonal and personal skills, working in a team, good communication skill and optimistic are appeared to be the most valued skills. From the findings, it suggests higher education providers should embed technological contents and generic skills in accounting curricula.

Keywords: Employability skills; accounting graduates; graduate employability

INTRODUCTION

The world in which accountants work is changing rapidly, particularly with the latest developments in information technology, economic globalisation, and the fourth industrial revolution which is also known as Industry Revolution 4.0 (or industry 4.0) (Tan et al., 2018). The biggest change has been brought by industry 4.0 to the accounting profession is shifting from the ‘numbers’ to a more analytical role. Although technology has simplified the process of generating automated financial statements and other recurring tasks, accounting professionals still play an important role in analysing information and application of data to maintain and grow its customer business (Akhter & Sultana, 2018). Gould & Chaplin (2019) stated that future-ready professionals would need to have a deep understanding of data analysis and other skills which have never before been necessary. As such, problem solving and analysis have become critical skills in the field (De Chunne, 2019).

According to the Future of Jobs Report 2018 published by the World Economic Forum (2018), the range of jobs involves human skills are likely to be affected by artificial intelligence and automation, including the accounting profession. Hence, accounting graduates need to develop the skills needed between now to 2030 if they do not want to be "left behind". However, industry 4.0 technologies will not eliminate the jobs of accountants but also creating new ones (Ghani & Muhammad, 2019). What concerns the accounting profession in the industry today is most employers state that accounting students who graduated from higher education who come to apply for a job do not have the skills required in the real accounting world. It does not meet the employers' expectation at the time of their entry into the profession (Awayiga et al., 2010). Accounting graduates also criticised for being inefficient in the workplace because of the lack of skills required by employers (Heang et al., 2019).

Therefore, accounting graduates are required to equip themselves with professionally recognised and accredited skills and knowledge that are essential to the accounting field and also to enable them to be better when dealing with the challenges of today's modern business environment (Hood, 2018). This is particularly important as accounting graduates has become more challenging due to the globalisation of industry 4.0 and will face significant changes expected by 2025 (Islam, 2017).

This study aims to understand the employer’s perspective on the skills needed for fresh accounting graduates before they join the industry. In other words, this study seeks to determine insight on skills needed of local accounting graduates at the time of entry to the profession. In achieving the research’s aim, this study is structured into five sections. The first section, which is the...
current portion, covers the anterior aspect of the study, and it is followed by the section on literature review. Following the literature review section, is the portion covering the study’s methodology, which reveals the methodological orientation of this study. Next are the findings and discussion section, whereby the result and analysis of the findings of the study are presented. The final section provides the conclusion aspect of the study.

LITERATURE REVIEW

Generally, accounting education is guided by the standards issued by the International Accounting Education Standards Board 2019 (IAESB 2019), which operates under the auspices of the International Federation of Accountants (IFAC). IAESB plays a role in establishing and maintaining a set of standards that represent best practice in accounting and professional services firms. To achieve the IAESB objective in creating high-quality educational standards for professional accountants, International Education Standards (IES) have been established. They are used as benchmarks in the preparation and development of professional accountants in accounting education in all countries. According to O’Connell et al. (2015), there are five standards relate to initial professional development of accountant based on International Education Standards (IES):

- IES 2 – Technical Competence
- IES 3 – Professional Skills
- IES 4 – Professional Values, Ethics and Attitudes
- IES 5 – Practical Experience
- IES 6 – Assessment of Professional Competence

This study focused on technical Competence and Professional Skills in higher education institutions in Malaysia. Previous studies found that accounting education curriculum used in universities still cannot meet the needs of the growing accounting profession (Muniapan, 2007). The content of the curriculum used does not meet industry requirements and is less likely to provide students with the mastery of skills required by their employers (Ismail et al., 2001). Accounting degree programs that focus too much on technical-oriented knowledge have been criticised for only producing graduates who are knowledgeable in their field and failed to impress in terms of non-technical skills (Milner & Hill, 2008).

Kiger (2004) also emphasised significant issues of the course content and curriculum that need to be modified and refined to meet current needs. This criticism was also discussed by the Albrecht and Sack (2000) that the current accounting education curriculum is less successful in producing a versatile accountant and it is not in line with industry requirements and has no value added to accounting practice (Waddock, 2005). Besides, Mathews (2004) suggests that it is the university’s responsibility to provide graduates with a comprehensive range of skills. This is consistent with Islam (2017) who recommended higher education’s need to create new skills related to cloud computing, digital technology, integrated reporting big data and more for accounting graduates.

Based on the previous research in Klibi and Oussii (2013), it is found that employers choose generic skills as the most important skills to compare to technical skills. This is proved by the findings of the study where the overall mean score for various generic skills was higher than the overall mean score for technical abilities. Generic skills are also known as professional skills, transferable skills, soft skill or non-technical skills (Hall, Agarwal & Green, 2013). Generic skills are interpersonal skills (communication, negotiation and teamwork), intellectual skills/appreciative skills (critical thinking), analytic skills (problem-solving) and information technology (IT) skills. This result is similar to the findings of previous research in Kavanagh and Drenan, (2008), who found that skills required by employers were also generic skills such as analytical/problem solving, business awareness/real-life experience and basic accounting skills. Besides that, employers also need oral communication skill, ethical awareness/professional skills, teamwork, and written communication from accounting graduates. From the employer’s viewpoint, they agree that generic skills are more valuable to the company. Previous study accounting graduates should possess professional skills such as appreciative skills, interpersonal skills; functional and technical skills, and personal skills at the time of entry to the profession (Parvaiz, Mufti & Wahab, 2017).
Interpersonal Skills

Interpersonal skills are skills that are used every day to communicate and interact with others, whether individually or in groups. Employers often look for candidates who have strong interpersonal skills because most employees with good interpersonal skills tend to work well in teams or groups, and with others. They can communicate effectively with others, whether friends, colleagues, clients or customers. Interpersonal skills generally considered to include various types of skills such as communication, negotiation and teamwork skills.

Communication Skills

Communication is a way to deliver, receive and exchange the idea and information from one people to another, and it is only considered effective when the receiver can understand and interpret the message effectively. Communication skills enable constructive and harmonious interaction, not only between employers and employees, but also between employees and customers, and entail listening, understanding and information sharing (Jones, 2011). According to Tysiac and Drew (2018), communication is an important skill needed by accounting graduates in order to face challenges posed by technological advancement. This is supported by Kavanagh and Drenan, (2008), where the communication skill is one of the top three skills most chosen by the employers of professional accounting bodies that accounting graduates should have before entering into the accounting field. Previous studies claimed that technologies took over routine accounting works; as such, the accountant should focus more on providing advisory and consulting services (Hood, 2018). Therefore, future accountants need to improve their communication skill and learn on how to deal with clients in terms of advising, consulting and recommending a future course of actions. Lack of communication skills will lead to misinterpretation of information, which subsequently affected the firm’s cost (LaMarco, 2019).

Negotiation Skills

Negotiation can be defined as the process by which two or more parties seek to agree on what to give to one another and what to take from another (Aldhizer III, 2013). According to ACCA, negotiation can be referred to as a compromise to settle an argument or issue while gaining maximum benefit. Accounting graduates must have negotiation skills at the time of entry into the accounting profession as this skill is very important in the workplace. Doyle (2019) stated that there are few types of negotiation which are within employers, employees and also within employee and a third party such as to negotiate roles and workload within a project team, negotiating a project deadline with employers, troubleshooting interpersonal conflicts and more. Therefore, employers strongly emphasise accountants to master negotiation skills when entering the work fields.

Teamwork Skills

According to ACCA, the ability of accounting graduates to work effectively in a team is very much needed by today’s professional accounting at the time they enter the accounting profession. This is consistent with finding by Ghani, Rappa and Gunardi (2018) which show that the employers chose teamwork skill as the most important skill that the accounting graduates should possess at the time of their entry. In complex market forces, accounting professionals should work together with others from the multi-disciplinary and cross-functional team (De Villiers, 2010). Moreover, in accounting practice firms, teamwork has been shown to contribute to effective client relationships, and trust-building and the performance outcome from teams are better than the individual (Tempone et al., 2012).

Information and Technology (IT) Skills

Previous studies showed accounting graduates should possess technological skills. It appears to be critical to future accountants (Hanefah & Ismail, 2003; Klibi & Oussii, 2013). According to them, Information and Technology (IT) skills were ranked as the top three skills valued by employers of professional accounting bodies. Skill in operating IT is also essential in the routine business activities related to an accountant’s work (Ku Bahador, Haider & Wan Mohd Saman, 2018). Accounting graduates need to have a basic knowledge of IT, such as how to use and interact with computers and smart machines like robots (ACCA, 2016).
RESEARCH METHODS

Data of this study was collected using a questionnaire involving twenty accounting employers from audit firms in Klang Valley, Malaysia. In addition, the data also comprised of employer’s feedback who employ accounting students on internships. A manager within the accounting department or a senior employee in the relevant department of the target firms were sent a letter, to respond to the questionnaire investigating the skills and knowledge sought and demonstrated by accounting graduates. Table 1 shows the structure of the questionnaire.

Table 1. Structure of the Questionnaire

<table>
<thead>
<tr>
<th>Section</th>
<th>Component</th>
<th>Total Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Demographic Profile</td>
<td>5</td>
</tr>
<tr>
<td>B</td>
<td>Technical Competence</td>
<td>9</td>
</tr>
<tr>
<td>C</td>
<td>Professional Skills</td>
<td>17</td>
</tr>
<tr>
<td>D</td>
<td>Value, Ethics and Attitudes</td>
<td>12</td>
</tr>
<tr>
<td>E</td>
<td>Outcome and Professional</td>
<td>1</td>
</tr>
</tbody>
</table>

For the purpose of this study, only section E will be discussed where one open-ended question that asked respondents to give their viewpoints on the professional skills needed by accounting graduates. The response will be analysed according to the appropriate theme. This open-ended analysis is also to answer the research questions.

FINDINGS AND DISCUSSIONS

The analysis found a few common themes that were derived from the findings.

Information Technology (IT) Skills

Most of the respondents suggest that accounting graduates should possess IT skills and skills related to the use of applications such as Microsoft Excel, Microsoft PowerPoint, computerise systems, audit software and current accounting software. According to Ahmi et al. (2016), with the rapid advancement of IT and sophisticated accounting systems, it might be impossible for the auditors to audit those applications without the usage of IT. Thus, IT skills are very important to be used and applied by graduates at the time of entry to the profession. This finding is consistent with the findings of studies conducted by Hanefah & Ismail (2003) and Klibi and Oussii (2013) where according to them, IT skills were ranked as the top three skills valued by employers of professional accounting bodies. This skill relevant to the development of the industry that supports industry 4.0.

Communication Skills

From the analysis of respondent’s viewpoints, communication skills should be embedded in accounting courses. This is important, according to the respondents, in terms of improving student’s presentation skill and the student’s ability to deliver their opinions. The insight gained written, and verbal communication is the most important professional skills needed by employers at the time of the entry of accounting graduates to professional accountancy bodies. This finding is consistent with the finding of a study conducted by Kavanagh and Drenan, (2008), stating that communication skill is one of the top three skills most chosen by the employers where the accountant will involve in more advisory and consulting duties which they provide advice and recommendations required by the client.

Teamwork Skills

The next identified theme is teamwork skills. From the analysis, most of the respondents believed that teamwork skill is needed in completing the assigned responsibilities. This finding is supported by the research done by Tempone et al., (2012) where teamwork has contributed to effective customer relationships and trust-building and shows that the performance outcome from teams is better than the individual. This is also consistent with the finding from Ghani, Rappa and Gunardi (2018), where employers chose teamwork skill as the most important skill that the accounting graduates should possess at the time of their entry.
Personal Skills

Some respondents, in the opinion that personal skill is important to the individual's reflective ability to deal with different situations that are not limited to their actions only, but also their way of thinking and attitudes. Respondents emphasized that graduates also need to be competent in time management, stress management and self-improvement. These skills are required for the graduate’s future career advancement.

CONCLUSION

The analysis of the open-ended section of the questionnaire shows that a mix of skills is required by accounting graduates at the time of entry to the profession. Although IES listed technical competence, professional skills and values, ethics and attitudes are important for accounting graduates to possess during their study in universities. But this study found that perceived employability skills of local accounting graduates are professional. As a whole, the findings show that the three skills most employers need are information technology skills, interpersonal and personal skills.

This study, however, has some limitations, i.e. from the perspective of the scope within which it is set which are only twenty accounting employers from audit firms in Klang Valley, Malaysia. It is, therefore, the result may not be further generalized. Secondly, the methodology adopted is just based on the content analysis from the open-ended questions of the questionnaire. An in-depth interview probably will be sufficient to understand the issue of the skills required by the accounting graduates in the future study. Thirdly, the only stakeholder involves in this study is the employer of the audit firm. Other stakeholders such as professional accountants from different sectors and industries, academics and the public sector are equally important. It is, therefore, suggested future research to improve the scope of this study through cross-country studies and by including all the relevant stakeholders.

REFERENCES


