

# Hiring Decisions of Entry-Level Graduates: Does Professional Accreditation Matter? Perception Gaps between Accountants and Students

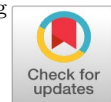
RACHEL WAI-YI CHEUNG \*

Macau Institute of Management, Macau, China

**Abstract:** This paper investigates the gaps between the expectations of professional accountants and the perceptions of accounting students in Hong Kong in the context of recruitment criteria for entry-level accounting graduates position. Adopting a quantitative research method, two similar sets of questionnaires with different demographic questions were distributed to professional accountants and students in Hong Kong. Students data were drawn from those studying accounting in ten higher education institutes in Hong Kong. Participants were required to rank the importance of a set of nine employment selection criteria for the recruitment of entry-level accounting graduates. Findings suggested that the ranks of each of the nine criteria (technical and non-technical skills) between those two groups are quite similar, but bigger gaps are found in Professional accounting examinations eligibility, ethics coverage, and smaller gaps found in communication and Energy, motivation, enthusiasm. Students consider that professional accreditation matters. Based on the findings, some key recommendations were made. These include a greater inclusion of non-technical skills in accounting education, especially communication, which is the most important criterion required by the respondent Accountants. This might require the educators to incorporate more communication-related studies in the accounting curriculum. It is encouraging that students rank ethics coverage more important than the Accountants do. Our future accountants perceive ethics coverage, a recruiting criterion, more important than their predecessors. The results may give a further idea on the developers of vocational-based programmes to include appropriate non-technical skills in their curriculum to help students adapt to this ever-changing world .

**Keywords:** Recruitment, Higher education, Students, Accountants, Vocational education, Ethics, Hong Kong

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## INTRODUCTION

Talent-recruitment is an international issue; every industry would like to attract talents to join their workforce. The accounting industry is not an exception. Professional accountants usually receive their professional education in universities. Nowadays, most accounting programmes include technical and non-technical subjects. Technical subjects typically include financial and managerial accounting, finance, tax, audit, company and business laws, accounting information system, while non-technical subjects generally include languages (English), cultural and general studies along with some “generic skills” related modules. The changing global business environment has caused the roles of accountants to transform. Organizations not only require knowledgeable and capable accounting employees; they look for accountants with more complex sets of skills (Shaharuddin, Nawi, & Mansor, 2015; Selvina, 2016; Tempone et al., 2012; Williams & Elson, 2010). There are pieces of literature commenting that entry-level accountants are not work-ready (Botes, 2009; Low, Botes, Rue, & Allen, 2016). As an educator and an accountant for years, I have been hearing my fellow accountants complaining about accounting graduates for not having acquired sufficient skills in their degree programmes. This is the trigger point pushing me to do this study.

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\*Corresponding author: Rachel Wai-Yi Cheung

†Email: rachelcheung@mma.org.mo

## **LITERATURE REVIEW**

### **Accounting education and ethics education**

Accounting Education should have a responsibility to provide students with the ability to survive in this world (Kermis & Kermis, 2010). As said, accountants need to embrace both technical skills and non-technical skills, though accountants do believe that entry-level accountants should have a good understanding of basic accounting skills, but nothing more than that is required. Anyway, they pay more attention to the non-technical skills (Low et al., 2016). Ethics study is one of the non-technical skills that entry-level accountants should comprehend, and professional accountants should know what specific features are vital nowadays (Cheung, 2014). The Professional Accountants are issued by the International Federation of Accountants under their Code of Ethics statement which advocates all professional accountants should have the responsibility to defend high ethical standards (International Federation of Accountants, 2008). It is important that both competent and ethically sensitive accountants should be hired into the accounting field (Cheung & Agrawal, 2018). To sum up, professional accountants should receive training in technical, professional judgement, ethical and moral to enable them to accomplish their responsibility (Mintz, 1995; Williams & Elson, 2010).

### **Non-technical skills and communication skills**

In the era of Artificial Intelligence (AI), a number of accountants repetitive duties is replaced by AI. In other words, the importance of technical skills, which are comparatively easily replaced by AI, is less than that of generic skills (Hunton, 2002). According to employers, accounting graduates do lack interpersonal skills (Tempone et al., 2012; Low et al., 2016). It is also noticeable that there is a mismatch between what accounting students learnt in the universities and what they are required in terms of competency skills (Chaker & Abdullah, 2011; Rahman, Abdullah, Agus, & Rahmat, 2007). At the recruitment process, employers do place great weight on interpersonal and communication skills on accounting entrants (Low et al., 2016).

### **Professional accreditation**

Professional accounting associations usually have a few functions such as providing examining for their potential members, maintaining the customer relationship with their members, offering continuous professional development programmes for their members and many more. If an accounting student wants to become a professional accountant, s/he has to complete examination of either one of the professional accounting associations. Therefore, for students benefits, some accounting programmes do seek accreditations from various relevant professional accounting associations.

## **METHODOLOGY**

The professional ethics course is part of the accounting education programme in Hong Kong. The survey of the Accountants was conducted in Hong Kong between October 2012 and January 2013, while the survey of the Students was between May and November 2016.

### **Survey instrument**

The format of both surveys is similar; two questions were designed to check the eligibility of the participants. For the accountants, a question on whether s/he is a member of professional bodies and a second question on if s/he even had a colleague either directly or indirectly working under her/his supervision who is an entry-level accounting graduate. While for the students, a question asked if s/he is over 18 and the second question asked if s/he has taken an ethics-related course.

For the two quantitative analyses, 164 useable responses from the accountants for each criterion might have one or two difference and 66 useable responses from the students. Students all are studying accounting and from 9 higher education institutes in Hong Kong. For both of the two surveys, hardcopies, online, convenient sampling and snowball were used.

## RESULTS AND DISCUSSION

Research question: Is there any gap between the expectations of professional accountants and the perceptions of students in a number of recruitment criteria?

Table 1: Ranks of means in the recruitment of accounting professionals (accountants and accounting students)

	Accountants ( $N = 164$ )	Accounting Students ( $N = 66$ )	Gap(base accountant)	Mean (Account- tant)	Mean (Accounting Student)	Gaps*
Communica- tion Skills	1	2	+1	2.53	3.73	+1.2
Energy, Moti- vation, enthusi- asm	2	4	+2	3.08	4.38	+1.3
Professional Accounting Examination eligibility	3	1	-2	3.74	3.33	-0.41
Professional Appearance	4	3	-1	4.88	4.30	-0.58
GPA- Accounting	5	6	+1	5.35	4.92	-0.43
GPA- Overall	6	7	+1	5.35	5.00	-0.35
Ethics Cover- age in Curricu- lum	7	5	-2	5.60	4.70	-0.9
Extracurricu- lar	8	8	0	7.12	6.82	-0.3
Age	9	9	0	7.12	7.80	+0.68

Note: + means accountants consider more important

Major gaps were found in the ethics coverage, professional accreditation, energy & motivation & enthusiasm, less major gaps were found in communication, GPA accounting, professional appearance, GPA overall, and there in no difference in rank between the accountants and students on Extracurricular and age.

### Professional accounting examination eligibility

To qualify as a professional accountant, one should go through the required public examination and have acquired several years (usually 3 years) relevant accounting and/or related work experience. The professional accounting examination eligibility is the first step to enter into this profession field. Table 2 shows the frequency and percentage of Professional Accounting Examination Eligibility ranking in the recruitment of accounting professional, data from accountants and accounting students. The most important rank is 1, and the least is 9. Overall, 45% of student respondents and 30% of accountant respondents rank this item in the top two attributes. According to the student respondents ( $N = 66$ ) and accountant respondents ( $N = 162$ ), the mean professional accounting examination eligibility ranking was 3.33 for students and 3.74 for accountants (Table 1). Professional accounting examination eligibility, in other words, is the result of the accreditation of the professional association. Here, we could say students do think if they have eligibility to take the professional accounting examination, it will affect the opportunity of recruitment.

Table 2: Frequency and percentage of professional accounting examination eligibility ranking in the recruitment of accounting professionals (accountants and accounting students)

Rank of professional Accounting Examination Eligibility	Accountants	Percentage (%)	Students	Percentage (%)
1	25	15%	15	24%
2	25	15%	13	21%
3	42	26%	15	24%
4	16	10%	7	11%
5	18	11%	1	1.5%
6	12	8%	2	3%
7	9	6%	7	11%
8	11	7%	2	3%
9	4	1.5%	1	2%
total	162	100%	63	100%

**Ethics**

Showing in Table 3, 35% of the student respondents rank ethics in the top three attributes and their counterpart accountant is 21% only. The author is an educator teaching ethics at two higher education institutes for a few years viewed the results are encouraging as our further accountants (i.e., students now) do take ethics education more seriously than the current accountants. Student respondents consider that taking ethics in the curriculum will positively affect the opportunity in recruitment.

Table 3: Frequency and percentage of ethics ranking in the recruitment of accounting professionals (accountants and accounting students)

Rank of Ethics	Accountants	Percentage (%)	Students	Percentage (%)
1	7	4%	8	12%
2	13	8%	7	11%
3	14	9%	8	12%
4	17	11%	8	12%
5	20	12%	10	15%
6	28	17%	8	12%
7	26	16%	6	9%
8	22	13%	7	11%
9	16	10%	4	6%
Total	163	100%	66	100%

**Energy, motivation and enthusiasm**

Over half (53%) of the responding accountants rate Energy, Motivation and Enthusiasm at the top two ranks, while there is 27% of students. The difference between these two groups is quite big. In addition, the numbers of each rank (1 to 8 ) are quite widespread in the responding students.

Table 4: Frequency and percentage of energy, motivation and enthusiasm ranking in the recruitment of accounting professionals (accountants and accounting students)

Rank of Energy, Motivation and Enthusiasm	Accountants	%	Students	%
1	57	35%	12	18%
2	29	18%	6	9%
3	17	10%	7	11%
4	17	10%	8	12%
5	20	12%	10	15%
6	10	6%	7	11%
7	6	4%	8	12%
8	3	2%	8	12%
9	5	3%	0	0%
Total	164	100%	66	100%

Table 5: Frequency and Percentage of Communication ranking in the recruitment of accounting professionals (Accountants and Accounting students)

Rank of Communication Skills	Accountant	%	Students	%
1	45	28%	9	14%
2	54	33%	14	21%
3	22	13%	10	15%
4	29	18%	8	12%
5	8	5%	11	16%
6	2	1%	9	14%
7	0	0%	3	4%
8	1	1%	1	2%
9	2	1%	1	2%
total	163	100%	66	100%

For the communication, 92% of responding accountants rank it in the top four and 62% of the responding students consider in top 4. Communication skills are important for graduates who are looking for entry-level position employment (Clokie & Fourie, 2016; Finch, Nadeau, & O'Reilly, 2012; Remedios, 2012).

The Table 6 below shows a comparison of the four criteria between the perception from accountants and students in the recruitment of accounting professionals.

Table 6: Comparison of the percentages of the four criteria

	Within the rank	Accountants	Students
Communication	Top 4	92%	62%
Energy, Motivation and Enthusiasm	Top 2	53%	27%
Professional Accounting Examination Eligibility	Top 2	30%	45%
Ethics	Top 3	21%	35%

## DISCUSSION AND CONCLUSION

The purpose of the study was to investigate the extent to which accountants and accounting students in Hong Kong give importance to a range of nine criteria while recruiting entry-level accountants in Hong Kong. It was found that communication accountants rate it with great importance during recruitment. Students also rate it as important, but the extend is much less than that of the accountants. So, here, as educators, when we develop the accounting curriculum, we may put more emphasis on strengthening communication elements. Might be in the business context, we need to include written, oral communica-

tion, emails, presentations, reports, visual aids, letters, meetings and minutes and proposal, etc. This is very true, as the job nature of accounting professional changed quite dramatically in these two or three decades, from number-crunching to working according to accounting standards to analysis data to now advance computer and AI. Computer, in fact, can do nearly all the duties of a traditional accountant in the last two or three decades. So, the requirements of an entry-level accountant should be much different from the past and much more than their predecessors.

Overall, both the accountants and students do not consider academic results are important, Even professional appearance is at a more important rank. While age and extracurricular have the least rankings.

While for Energy, motivation and enthusiasm, the rank in an accountant is 2 and for the student is 4, compared to the result at the Breauxs 2010 study, the ranking for this is 3 while the first and second ranks are communication skills and GPA (accounting), respectively. It shows that in Hong Kong, accountants prefer to hire a student with a high energy level rather than a student with a good GPA result. This attribute, however, cannot be learnt directly. I would suggest one of the ways to accommodate this issue is to let the educators explain to students what duties an accountant should bear when they teach. If students know more their future job obligations and work environment, they should be well-prepared both technically or mentally for their employers requirements. In that case, they would be more willing to take the challenges and have the necessary motivation. Or, as students are being told earlier, if they consider they are not suitable for this accounting job, they could have time to change their major study. It would be beneficial to the students, the employers and the society.

While for professional accounting examination eligibility, students rank it at the highest rank while accountants rank it as number 3. This is the criterion among those nine which are given a vocational hint. Students do perceive that for an employer, they will consider if the new hire is able to have an entry ticket to the professional accounting examination. These two top ranks among students and accountants do go to quite a different dimension. Educators need to pay attention to this, as many second or lower tier higher education institutes will have enrollment pressure. If students perceive their future employers are placing great emphasis on the eligibility on taking professional examination, educators may need to make their programme more accessible to local or international professional examination, especially on vocational-based programme. Accountants do look at the attitude while students put more emphasis on the vocational. For educators, in fact, energy or enthusiasm is not really something that can be incorporated as an element directly into the curriculum. Only if the people love the job or enjoy the nature of the job, they can have the energy to stay on the job.

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