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To Be or Not to Be? The Influencing Factors Towards Pursuing as Professional Accountant Among Indonesian S1 Accounting Students

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Abstract

The decreasing numbers of professional accountants in Indonesia is an alarming signal for a further investigation. Despite huge numbers of undergraduate students entering and graduating from both public and private education institutions under accounting program, numbers of accounting students pursuing to professional accounting program is still low. Recently, it is reported that Indonesia government has a shortage number of a professional accountant to serve their own nation, and it is also recorded that among all the ASEAN country members, Indonesia has a small number of a professional accountant. According to the labour market, Indonesia needs more than 200,000 professional accountants however, there are only 10,000 professional accountants to support the economic performances (Wisnu, 2013). Therefore, this study aims to investigate the reasons of low intention among accounting students to be professional accountants. From the literature review, it can be concluded that job market factors, opportunity cost are among the variables that have an effect towards the intention to pursue professional accounting program. Then, by mapping these variables to Theory Planned Behaviour (TPB), this paper discusses the conceptualization of the three variables towards the intention to pursue as professional accountants.

Keywords: Job Market Factors, Opportunity Costs, Accounting Students and Professional Accountant

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1.0 Introduction

The accounting function is very important in the process of growth and economic development cannot be avoided. Harvey (1995) stated that a country which has a sufficient number of professional accountants is more likely to reach better economic development and growth.

In Indonesia, as in other countries, Professional Accounting Education (PAE) has emerged since the year 2000 as a result of implementation the Indonesian Government Regulation Number 60 of 1999 stating that an education for professional accountants is a mandatory function of a professional association. The education for professional accountants in higher education is primarily directed to prepare its graduates' readiness to apply a particular skill in accountancy. In this case, it is the Indonesian Institute of Accountants (IIA). IIA established a set of PAE curricula in which a candidate shall pass a minimum of 7 mandatory subjects or it is equivalent to 245 hours. The purpose of PAE is to enhance the accountants' professionalism. There are several chronological stages to be accomplished before becoming a public accountant in Indonesia. These include (1) he/she must hold a Bachelor's degree in Economics (we call it Sarjana), (2) he/she must pass the PAE, and (3) he/she must pass the Certified Public Accountant examination (we call it Ujian Sertifikasi Akuntan Publik). A Bachelor of Economics majoring in Accounting is awarded with the title of SE (Sarjana Ekonomi). He/she who continues and achieves the PAE certification will have an additional title, namely professional accountant, abbreviated as Ak and will receive a registered number for accountants from the Ministry of Finance. When he/she finally passes the Certified Public Accountant examination, he/she will hold another additional title of Certified Public Accountant (CPA). As a member of International Federation of Accountants (IFAC), under the Government Regulation of Indonesia Number 60, professional education is a mandatory function of the professional association. The IIA, as the accounting professional organization, is acknowledged as the governing body to grant a certification called as a Certified Public Accountant. IIA has established a PAE Recommendation and Evaluation Team (KERPPA) since which developed the plan for PAE, through discussions within the team or management (committee) and members of IIA. The committee finally appointed the University to conduct the PAE programmed. The PAE was designed to develop graduates capabilities to learn continuously. It emphasizes on the applications of concepts and theories obtained the Bachelor degree level.

To achieve those goals, the PAE programmed involve 3 aspects: (1) class participation, (2) case studies, and (3) presentation and discussions. The curricula and syllabi of the PAE consist of materials that are yet to be given at the graduate level in terms of applications, concepts, or theories. All materials offered should consider the demand of users and are expected to be dynamic and adjustable to the environment. Accounting education providers need to take significant action. This approach is used to implement IES from IFAC (KERPPA, 2009). The curricula and syllabi of the PAE have been updated in line with the latest regulation amended by KERPPA. To conduct a PAE programmed, an institution should deliver at least 21 credits and a maximum of 40 credits that will be carried out between two and six semesters. The management of the PAE programmed may offer other subjects apart from the curricula mandated by PAE team of which the total should not exceed 40 credits and should be offered in less than 6 semesters. The PAE curriculum is shown in Table 3.

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Table 1.1: Curriculum of Professional Accounting Education (PAE)

No	Subjects	Credits
1	Business Ethics and Profession	3
2	Taxation	3
3	Auditing Practice	3
4	Business Environment and Commercial Law	3
5	Capital Market and Financial Management	3
6	Reporting and Financial Accounting	3
7	Costs and Managerial Accounting	3
Total		21

Source: KERPPA (2009)

Due to the long process and many requirements, Indonesia is currently facing an issue of lacking professional accountants. There are many factors contributing to this phenomenon. One of the factors is the lack of information about the professional accountant career. This is considered as the influencing factor why the number of people choosing a career as a professional accountant decreases (Albrecht & Sack, 2000; Amer, Bain, & Wilburn, 2010).

2.0 Problem Statement

In Indonesia the demand for audit services has increased dramatically. Unfortunately, this requirement cannot be fulfilled because the number of accounting graduates interested to pursue the career as a professional accountant is relatively low. As stated by (Sawarjuwono, 2013) that only between two to four per cent of accounting graduates continued their professional qualification as an accountant (Utami, et al., 2011). Data reported by the Association of South East Asian Nations Federation of Accountants (AFA) showed that the distribution of accountants in Indonesia is lower compared to other countries in Asia. From the same report, it is indicated that there are only eight thousand and six hundred (8,600) accountants in Indonesia and this number is far below the Philippines, Singapore, Malaysian and Thailand which is at least 2.5 times more than the number of Indonesian accountants. Ironically, the number of accountants in Vietnam is even almost the same as Indonesia. Another problem of the professional accountants in Indonesia is that they mostly do not have good capacity in English.

The low number of accountants in Indonesia is getting more ironic when report stated that, based on the data tabulated according to age is found that sixty five (65) per cent of the Indonesian accountants are over fifty (50) years old (Tuanakotta, 2007). This data is actually a warning for the IIA and the Ministry of Finance, Republic of Indonesia. The aforementioned fact indicated that the need of public accountants is crucial for Indonesia. If this condition is not well-anticipated, there will be a flood of overseas accountants who are believed to possess certain advantages. This will reduce the competitiveness of Indonesian accountants. The table below shows the age range, the number of accountants and the percentage of public accountants in Indonesia.

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Table 1.2: Distribution of age of public accountants in Indonesia

Age Range	Percent age
<30-30	1
30 – 40	9
40 – 50	25
50 – 60	27
60 - >	38

Source: The Accountant and Appraiser Supervisory Center (2010)

The government in Indonesia has a shortage number of professional accountants and Indonesia is currently becoming one of ASEAN countries that has the smallest number of professional accountants compared with other countries (humas, 2013). Accounting majors show the dramatically decreasing number with reflection for the accounting profession (Marriott & Marriott, 2003). Indonesia has given an evidence of the lack of professional accountants which is only 10,000 in total today, while it should be at least 200,000 to support the economic performance (Wisnu, 2013). According (Lisnasari & Fitriany, 2008) In Indonesia, some favourite destinations to study accounting are among others in University Indonesia,University Diponegoro, Universitas Indonesia and University Padjajaran. The accounting students' are usually interested in accounting profession because they see it as prospective career, a discipline, a profession and the working activities of accountants(McDowall & Jackling, 2010). The accounting students are interested to pursue their career as a professional accountant rather they are choosing another career namely employee in company, entrepreneur, businessman and other career. According to Mulyadi (the Head of the Association of Chartered Certified Accountants) the number of professional accountant who choose a professional accountant as a career in Indonesia is very low compared with other countries (Wisnu, 2013).

This is not an encouraging situation since Indonesia need more professional accountants to handle increasing numbers of company to be audited as well as the requirements for company development and expansion purposes. Thus, it is a timely for the researchers to study the factors influencing the decision of not pursuing to be professional accountant among the S1 accounting students in Indonesia.

Therefore, this study aims to examine accounting student's perceptions of the accounting profession in Indonesia by looking at two factors which are job market factors and opportunity cost. This study will bring us a better understanding of why to address the "decline professional issue" that is currently so topical in the Indonesia accounting sector.

3.0 Literature Review

This section will elaborate the literature review of two factors which are job market factors and opportunity cost. This section will also discuss the review on intention to be professional accountant.

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3.1 Job Market Factors

Dalci, Arasli, Tümer, and Baradarani, (2013) explored the various career-choice factors that influence students' decisions to choose an accounting major in Iran. The findings indicated that students who wished to select an accounting major attach a significantly higher priority to "financial and job-market factors" than those who would choose a non-accounting major. Additionally, the discriminate analysis revealed that "financial and job-market factors" have the highest discriminatory power. This means that the more Iranian students' perceive the "financial and job-market factors" as important, the more likely they would choose the major in accounting. Considering conditions such as the war, high-inflation rates, foreign embargos, and high unemployment rates in Iran caused students looking for a career which are likely to relate to financial and job-market issues. Similarly, (Anna & Rahayu, 2011) founded that the number of job offers and work environment are the most significant factors affecting the students' selection of accounting department and professional accounting education (PAE) to choose their professions whether to become public accountants and non-public accountants. Significant factors influence on the selection of the public accounting profession and non-public accountants are, when viewed by gender, including the type of work and student's perceptions about the benefits of being a public accountant. The differences become significant factors in influencing the selection of accounting department and PAE students in choosing the professions as a public accountant and non-public accountant. The results of study showed no significant factors that influence the selection of the public accounting profession. In conclusion, related to financial and job-market factors, prior studies by (Mauldin et al., 2000) suggested that the two factors may influence students' major choice. For instance, (Lowe & Simons, 1997) findings in the USA revealed that the strongest influence on students' choice of a major is future earnings.

3.2 Opportunity cost

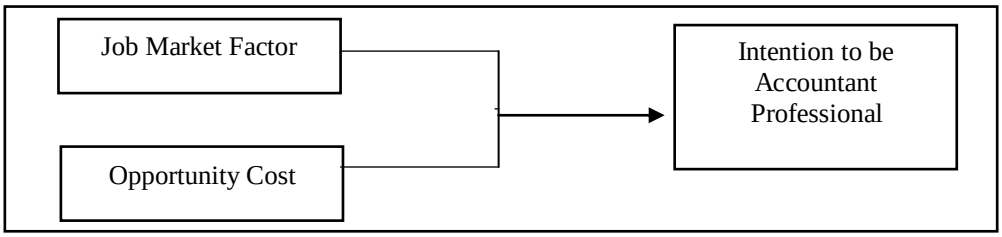
The opportunity cost of choosing a certain profession can be one of the biggest issues for vocational decision makers. (S. Sugahara, Boland, Gregory 2006) assumed that cost/benefit issues is the main issues to be considered by people before choosing a career. Therefore, when a person decides to to pursue a professional accountant career or not, he will consider how much the cost of becoming a professional accountant. Applying this theory to a career choice analysis, Felton, Dimnik, and Northey (1995) investigated perception differences of several non-financial costs such as "no time to relax in the first few years" and "too many hurdles to qualify" between accounting and non-accounting students. Their study discovered that there were some significant differences in perceptions related to the cost of becoming an accountant. Coleman, Kreuze, and Langsam, (2004) also conducted a study on the relationship between students' perception and opportunity costs such as professional liability where higher opportunity costs prevent bright students from choosing a career path in the accounting profession. On the other hand, the incidents happened recently about the accounting failures such as Enron may also send negative messages to students in terms of their perception toward the accounting profession. In Japan, attending an accounting school is considered to place high stress on students as they cope with the opportunity costs of time and workload. Some prior studies have investigated about these costs and they found a strong influence affecting a student's career choice in accounting.

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3.3 Intention professional accountant

There are a few considerations in becoming a professional accountant; how much is known about public accountants, the general perception on a public accountant's scope of work, and some, generally negative assumptions: public accountants require high professional and personal standards; public accountants experience high work stress due to tight deadlines; working long hours; unsatisfactory remuneration and compensation levels; facing an uncertain future. (Spathis, 1999) found that make graduate accountants' reluctant to become a professional accountant. However, these studies were conducted on positivism view therefore the results show only the surface and the general problems. For example, Fresh graduates from the department of accounting are reluctant to become public accountants as they have limited knowledge on what a public accountant really is. This perspective is supported by Jackling and Calero (2006) through their empirical results that state the following: a student's perception towards an accountant's scope of work, relevant professional knowledge, intrinsic interest towards the discipline, and job satisfaction of their studies, are primary factors that influence their interest. Extensive measures must be taken to encourage students to work in a field relevant to their academic discipline. Perspectives also need to be straightened, and awareness needs to be raised so that graduates do not have the wrong perception towards the world of public accounting. Doing so may secure the regeneration rates of public accounting firms.

4.0 Research Framework



5.0 Hypotheses Development

Compared to these overseas studies, very limited research has been undertaken in Indonesia on the vocational choice behavior of business students. Sugahara and Boland (2006) explored the differences in the sets of influential factors affecting the general career choice between accounting students and non-accounting students. The results found that accounting students tend to value positively the intrinsic factors of one's vocation in their chosen career, while non-accounting students tended to choose according to their intended career prospects. However, no research has investigated students' actual perception towards the CPAs in Japan. To gain an insight into this issue, student perceptions, classified according to several attributes, will be
investigated. As previously mentioned the attributes chosen have been used in previous research and are reflected in the following hypotheses in null forms:

H1: There is the relationship between job market factors and intention to be a professional accountant.

H2: There is the relationship between opportunity cost and intention to be a professional accountant

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6.0 Research Method

The data is using in this study are collected quessionnaire by who are accounting students in the universities. The accounting students are senior years of University in Indonesia (Java and Sumatra). The questionnaire are administrated in classroom at eleven universities in Indonesia. There are 7 provinces (Jakarta, Bandung, Semarang, Solo, Malang and Surabaya) in Java and 4 provinces (Medan, Aceh, Palembang and Padang) in Sumatra. The researcher are collected students accounting level thirth yeras and fourth years which they are studying auditing course. Total questionnaires have distributed 875 respondent in sampling area that whereas 830 questionnaire return. However, only 680 of the questionnaires can use and complete questionnaire. This indicates that the response rate is about 94%.

6.1 Questionnare Development

The data come from Indonesia. there are two main criteria used to select the respondents, which are (1) local, senior years (Year 3 and Year 4) and (2) registered and still studying the accounting field at the selected university. Thus, for the second phase, purposive sampling is applied. In conclusion, this study applied self-administered questionnaire in collecting the data. A drop-off/pick-up method will be used in this study. According to Olsen, Amundson, Anderson and Guy (1998), by hand delivering the questionnaire, researcher has more control rather than only rely to the technology such as e-mail. This method involves the researcher to travel to the respondent‘s location and questionnaires are hand delivered to the respondents. This will provide the opportunity for the researcher to convey the message personally and ensures the availability of the respondents to answer the questionnaire. Once the questionnaire is completed, the respondents return the questionnaires either to the corresponding person or to the researcher.

7.0 Statistical Analysis

The analysis of the data collected was carried out by using SPSS. Descriptive statistics such as means, standard deviation, and percentage were used to analyze respondents‘ profiles such as gender, age, and others.

8.0 Results

This section discusses the finding derived from this study. Both independent variables and dependent variables are discussed accordingly.

8.1 Job Market Factors

The factor analysis indicate that the factor analysis greater than one was 2.139. The total variance explained was 35.65%. Kaiser-Meyer-Olkin (KMO) was 0.646 indicating sufficient correlation. There are 6 items of this variable. The factor analysis for job market factor showing 2 items under average.

8.2 Opportunity cost

The factor analysis indicate that the factor analysis greater than one was 2.256. The total variance explained was 45.12%. Kaiser-Meyer-Olkin (KMO) was 0.762 indicating sufficient correlation.

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There are 5 items in factor analysis for opportunity cost. The item 4- being a professional accountant requires one to absorb personal liabilities for any malpractices and item 1- I think that I will not relax in the first few years from being a professional accountant is lower than with others.

8.3 Intention professional accountant

The factor analysis indicate that the factor analysis greater than one was 2.089. The total variance explained was 52.23%. Kaiser-Meyer-Olkin (KMO) was 0.744 indicating sufficient correlation.

9.0 Discussion

Job market Factor and Intention to be Professional Accountant

The first hypothesis is accepted. This study indicates that job market factor has significant to intention professional accountant. The finding in this study, professional accountant have great opportunity for the students in Indonesia. Lack of professional accountant has opportunity of students to get a job. They have expectation no cut job and the professional accountant have guaranteed in the future. The students who wish to select accounting who have high priority for job market factors than the students who would choose non accounting. In Iran have the high discriminate power for Iranian students in choosing accounting majors. the finding could be attributed to high unemployment rates(Dalci, et al., 2013).

Opportunity Cost and Intention to be Professional Accountant

The second hypothesis is rejected. This hypothesis found that there is a positive relationship between opportunity cost and intention to be the professional accountant. The result in this study concludes that the respondents are fine to scarify some factors due to the intention to be the professional accountant. This finding is very unique as compared to other studies such as Felton et al. (1995), and Coleman, Kreuze, and Langsam (2004) who found that opportunity cost has a positive influence towards the intention to be the professional accountant. They further elaborate that due to many both personal and work related factors; many undergraduates decide not to pursue to become professional accountant. Wiwik (2010) state that the process to become professional accountant have long time and spend costs, when to apply to professional accountant certification. The finding derived from this study is even more interesting when according to the demographic table; more than 60% of the respondents are female. However, this finding can be rationalize when further analysis is done by taking into consideration both the research setting and the economic condition. According Lindawati and Smark (2015) cost of living in Indonesia is increasing and it required both parents to be the bread winner of the family. Therefore, maybe due to the demand to have better earnings, the respondents would be interested to pursue the intention to be the professional accountant even if they have to scarify at the beginning. Lindawati and Smark (2015) also explained that in Indonesia, government also promote many incentives for women to be part of the professional group.

10.0 Conclusion

The purpose of this study was to investigate factors influence accounting students intention to be professional accountant. Lack of professional accountant has opportunity of students to get a job. They have expectation no cut job and the professional accountant have guaranteed in the future. The students who wish to select accounting who have high priority for job market factors than the

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students who would choose non accounting. The opportunity costs have the finding derived from this study is even more interesting when according to the demographic table; more than 60% of the respondents are female. However, this finding can be rationalize when further analysis is done by taking into consideration both the research setting and the economic condition. Therefore, maybe due to the demand to have better earnings, the respondents would be interested to pursue the intention to be the professional accountant even if they have to scarify at the beginning.

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