

## **ATTRIBUTES, PREPARATIONS, AND SKILLS ACCOUNTING PROFESSIONALS SEEK IN COLLEGE GRADUATES FOR ENTRY-LEVEL POSITIONS VS. PROMOTION**

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### **ABSTRACT**

Students often lack, and fail to develop, a thorough comprehension of the multifaceted setting and complex environment of the accounting profession (The Pathways Commission, 2012). The need for students to develop attributes, preparations, and skills that accounting recruiters seek has placed a new pressure on educators and accounting students alike.

The purpose of this research is to investigate what attributes, preparations, and skills are necessary to prepare students for employment in accounting. A survey was designed and administered to accounting professionals from two different groups: the American Institute of Certified Public Accountants (AICPA) and the Institute of Management Accountants (IMA). The overall results indicate that the top five most important items for hiring entry-level accountants are personal attributes such as trustworthiness, dependability, oral communication skills, cleanliness, and punctuality. Based on these findings, it is evident that accounting programs should prepare graduates so that their qualities go beyond technical accounting skills and include attributes that prepare students as ethical citizens.

### **INTRODUCTION**

With the growing number of students at degree-granting postsecondary institutions, enrollment has continued to increase in the accounting programs across the country (NCES, 2011). According to the AICPA's latest report on supply of accounting graduates, college enrollments in the Accounting programs reached the 240,000 level for the first time in 2012. In addition, the report shows that the total graduates with both bachelors and masters' degrees topped 82,177 in 2012, nearly 84% higher than the number in 2002. During the same period, demand for new accounting

graduates by the CPA firms reached a total of 40,350 still less than half of the supply. According to this report, the highest rate of growth in demand occurred between 2004 and 2007 when it changed from 19,705 to 36,112, an increase of more than 83%. In fact, since 2007 when the U.S. economy dropped into recession, demand for accounting graduates has increased by only 4,238 or less than 12%, while the supply jumped by 17,956 or 28%. (AICPA, 2013).

On the other hand, accounting and auditing jobs are projected to be among the top 30 occupations with the most job growth from 2010 through 2020 (BLS, 2012). Based on this projection, it is expected that employment will grow at a rate of 15.7% by the year 2020. This indicates that a total of 190,700 additional Accounting jobs will become available during the ten-year period or an average annual job growth of 19,070. Thus, it is apparent that there is a sizable disparity between the supply of and demand for accounting graduates. The current job market is capable of absorbing only 28% (or less than one-third) of those that graduate from college (19,070/68,639).

In light of the above statistics, the Accounting programs are faced with the challenge of training students that are more marketable than ever before. No longer will teaching the traditional subjects be sufficient to make students qualified for the scarce positions that are available. Accounting students' education should take a much broader approach and go beyond the conceptual and technical accounting knowledge. By involving practitioners, academics can learn how to improve students' abilities so as to benefit the profession. The purpose of this research is to investigate what additional attributes, preparations, and skills are necessary to prepare students for employment in accounting.

## LITERATURE REVIEW

Previous studies point out that for accounting students to secure a competitive edge in the market place they must realize that they will need to demonstrate more qualifications than the technical skills they learn in traditional accounting classes. In a study of 322 students from three Australian universities and 28 practitioners working in a number of different organizations across the country, researchers discovered that there are considerable differences between the two groups in assigning priority levels to the list of skills that students need (Kavanagh and Drennan, 2008). While students included continuous learning, decision making, and oral

communication among the most important skills, the employers viewed analytical/problem solving skills, business awareness, and basic accounting skills more important for graduates entering the profession.

In a similar study, Jackling and De Lange (2009) surveyed 650 accounting graduates as well as 28 professionals. The results showed that both groups agreed on the importance of technical accounting skills. However, the employers required that the universities teach a broad set of additional skills including team skills, leadership, oral communication, and interpersonal skills. Along this line of research, Ahadiat (2010) in a survey of 250 accounting professionals identified five attributes that were rated highly important for entry-level accounting employment. These included accounting technical skills, analytical skills, critical thinking, leadership skills, and team orientation. Among different types of businesses, professionals who work in the private industry viewed many of the skills significantly more important than public accountants. Corporate accountants' skills assessments included analytical skills, creative ability, critical thinking, leadership skills, people skills, team orientation, and personal demeanor.

In addition, in a survey of local employers, conducted in Western Michigan, generic or soft skills were ranked more important for success in the field of public accounting than technical skills (Stovall and Stovall, 2009). With these findings, it is evident that universities must redesign their curriculum to help students develop the skills needed in order for them to succeed in the evolving and globally expanding business environment. Students who lack these skills may find it more and more difficult to find employment and if employed, may find it harder to move up in their firm. Furthermore, the accounting programs that fail to incorporate these skills in their curriculum may see their enrollments drop or their reputation jeopardized (Stovall and Stovall, 2009, p. 104).

While the majority of previous studies have focused their investigations on the technical skills, such as leadership potential, interpersonal communication skills, enthusiasm, and motivation toward the profession, few have examined the importance of such traits and attributes as, manners, attitudes, and self-confidence. In a recent paper, Violette and Chene (2010) looked at a campus recruiting process by four accounting firms and identified several social etiquettes as essential. They found students' attire, handshake, and eye contact with the interviewers highly important in the selection process.

Furthermore, with the increasing emphasis on globalization of business, accounting programs are now expected to go beyond teaching students the technical country-specific accounting knowledge and should include trainings that prepare them as global citizens, as life-long learners, and as agents for social and personal development (Kavanagh, Drennan, 2008). These graduates should be expected to develop a sense of cultural diversity and sensitivity, make efforts to further develop a different level of communication skills by becoming multilingual, and learn to become frequent travelers. They should also have an understanding of or the training to apply the international accounting standards (IFRS). Just as the business environment is undergoing a more globalized change, the traditional role of an accountant has evolved to more of a professional advisor or an information specialist (Jackling, De Lange, 2009). In an effort to move their ranks from a staff or assistant position to a managerial or executive level, accountants are expected to need a much broader set of skills and competencies than those of traditional accountants (Bui, Porter, 25). As Howieson (2003) pointed out “It seems likely that the traditional approaches will be inadequate and that new philosophies, materials, and technologies will be needed. The end objectives of innovations in accounting education will be to develop students’ skills in abstraction, systems thinking, experimentation, and the capacity for communication and collaboration”.

Another factor with a tremendous impact on the role of accountants is advancements in technology. As technology continues to modernize accounting, and as the various technical functions and processes become computerized, the accountant’s role has changed from the provider of information to information analyst. The Pathways Commission notes, “As in the past, in the face of challenges of the changing environment for the profession, the Committee believes that the educational system should thoughtfully consider the feasibility of a visionary educational model. The commission should consider developments in accounting standards and their application, auditing needs, regulatory framework, globalization, the international pool of candidates, and technology”(ACAP, 2008, VI:26-27).

While the technical skills and preparations are still required, it is evident that students and prospective accountants are to take their abilities a step further and be able to serve as business experts. To achieve this objective, accounting programs should revise their faculty merit and reward systems in a way that place more emphasis on teaching excellence. Improvement in teaching may only be possible by bringing more real-world discussions into

the classroom and enhance teaching by incorporating the expectations and feedback from the accounting profession. As stated by The Pathways Commission “A robust partnership between the accounting *academic* community and the accounting *practice* community is critical to the relevance of accounting education and, ultimately, the accounting profession’s future” (The Pathways Commission, 2012, p. 55).

In line with the above recommendations, the purpose of this study is to survey practitioners to investigate the skills, preparations, and attributes that are considered relevant for a successful employment in accounting. This study is unique in that unlike previous research it examines the following research questions:

*Research Question 1:* What skills, preparations, and attributes do practitioners seek in entry-level accounting graduates?

*Research Question 2:* What skills, preparations, and attributes do practitioners seek for promoting accounting employees?

### **STUDY DESIGN**

To investigate the skills, preparations, and attributes accounting professionals need, the survey research method was found most appropriate. The details of data collection, sampling, and mailing of the survey instrument are described below.

#### **Data Collection:**

The data required for this study were collected via a questionnaire containing two general sections. Electronic survey and E-mail were used as the primary data collection tools for this research. The instrument included a list of skills, preparations, and attributes that were either noted in the previous studies (De Lange, Jackling, and Gut, 2006; Kavanagh and Drennan, 2008; Ahadiat, 2010) or discussed in the relevant literature (Howieson, 2003; Jackling and De Lange, 2009; Bui and Porter, 2010). It also contained demographic questions to be used for classification purposes. Participants were asked to indicate the level of importance of each item by choosing one of seven possible responses ranging from, “Most Important” to “Most Unimportant”.<sup>1</sup>

#### **Sampling:**

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<sup>1</sup> To ensure validity and reliability of the questions, the instrument was pre-tested by using a small group of accounting practitioners in Southern California. As the result of this pre-testing, several questions were added or modified prior to mass distribution.

The sampling frame contained the accounting professionals from two different groups. The first group consisted of the American Institute of Certified Public Accountants (AICPA) membership available through the 2013 Nextmark.com. The second group included membership of the Institute of Management Accountants (IMA) available through infocusmarketing.com. Using systematic random design, a sample of 250 subjects was drawn from each of the above groups. The sample included subjects only residing in the United States of America.

The survey link was sent to each participant by E-mail. The E-mail explained the purpose of the study and why the results were important to the profession as well as the accounting education. It also assured anonymity of the responses. Two subsequent reminders were sent to encourage participation.<sup>2</sup>

## RESULTS

### Background Information:

A total of 198 useable responses were received, producing a response rate of 39.6 percent.<sup>3</sup> The majority of the respondents indicated that they were CPAs (66%), 22 percent were CMAs, only 3 percent were CIAs, 8 percent were CFEs, and the remainder had other or no certifications. Most of the participants worked for the state-wide and regional firms (52%), with nearly one quarter working for the small firms (26%), and the other 22 percent were employed with the national and multinational firms.

Nearly one-third of the practitioners surveyed (32%), were in the ages of 45-54 years, 18 percent were between 35-44 years, 31 percent were less than 35 years old, and the other 19 percent were 55 years or older. Participants' primary employment was in public accounting (72%), with only 6 % working for the Big-4 firms. One quarter of the respondents worked for public or private industries (25%), and only 3% worked for the government.

### Analysis of Research Questions:

*Research Question 1:* The survey results indicated that although many of

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<sup>2</sup> In order to measure the probability of non-response bias, statistical tests were conducted on the early and late responses. The results showed no significant differences between the two groups, leading to the conclusion that the chance of non-response bias was statistically non-existent ( $P = 0.05$ ).

<sup>3</sup> The first E-mail produced 101 useable responses. Ninety-seven additional useable responses were received after the second and third E-mail bringing the total to 198 responses.

the skills, preparations, and attributes were rated important (the scale ranged from Most Important to Somewhat Important), only thirty were among the most notable. Table 1 contains a list of top ten items along with their means and standard deviation. A closer look at this list reveals that the items can be divided into two distinct groups, personal attributes and educational preparations. Interestingly, the top five items on the list were the personal attributes of trustworthiness, dependability, oral communication skills, cleanliness, and punctuality. These results are consistent with previous research that pointed out that personal trait and communication skills are among the most important criteria for selecting accounting employees (De Villiers, 2010; Kavanagh and Drennan, 2008). The results also indicated that while many states have passed legislations requiring 150 semester hours of education for the CPA licensure, accounting professionals still look for college graduates who hold a bachelor's degree for the entry-level employment. Other highly important college level preparations included knowledge of both technical and conceptual accounting as well as written communication skills. In addition, professionals have rated both students' overall and accounting GPA among the important factors.

**Table 1**  
**Top 10 Attributes, Preparations, and Skills Accounting Professionals Seek in Entry-Level College Graduates**

Rank	Attributes, Preparations, and Skills	Mean	S.D.
1.	Trustworthiness	1.87	1.503
2.	Dependability	1.94	1.208
3.	Oral communication skills	1.99	1.385
4.	Cleanliness	2.09	1.318
5.	Punctuality	2.11	1.056
6.	B.S. or B.A in Accounting	2.15	1.759
7.	Positive attitudes	2.19	1.432
8.	Desire to learn new skills	2.21	1.21
9.	Ability to get along with others	2.22	1.305
10.	Ability to work overtime	2.30	1.244

*Research Question 2:* Mean ratings for the top 30 skills, preparations, and attributes relevant to promotion are presented in Table 2. Accounting practitioners in both public and corporate accounting felt that personal attributes such as dependability, trustworthiness, ability to work in pressure situations, sense of responsibility, and positive attitudes were more

important than written communication skills. In addition, we found that the ability to get along with others, knowledge of firm's expectations, and interpersonal skills are considered significantly superior for promoting employees than their technical or conceptual accounting skills. These findings are extremely significant as they are somewhat in contrast with criteria for employee selection outlined in this research and by earlier studies suggesting that oral and written communication are the two most important skills (Morgan, 1997; De Lange et al., 2006; Kavanagh and Drennan, 2008).

It is interesting to note that accounting professionals believe that for promotion to a higher rank, employees' personal attributes are much more significant than holding a bachelor's degree in accounting. Twelve other personal traits that are found important in promoting accounting staff included leadership skills, enthusiasm, conscientiousness, self-control, maturity, self-confidence, sincerity, poise and composure, punctuality, tactfulness, desire to learn new skills, and stability. It was also noted that wearing business attire and knowledge of business are highly important when employees are being considered for promotion. In addition, ability to work overtime, cleanliness, and manners play an important role in the professionals' decision process.

**Table 2**  
**Top 10 Attributes, Preparations, and Skills Accounting Professionals**  
**Seek in**  
**Promoting Accounting Employees**

Rank	Attributes, Preparations, and Skills	Mean	S.D.
1.	Dependability	1.65	1.405
2.	Trustworthiness	1.76	1.488
3.	Ability to work in pressure situations	1.83	1.467
4.	Sense of responsibility	1.86	1.424
5.	Positive attitudes	1.87	1.404
6.	Written Communication Skills	1.89	1.103
7.	Ability to get along with others	1.93	1.346
8.	Knowledge of a firm's expectations	1.94	1.367
9.	Interpersonal skills	2.01	1.465
10.	Technical skills	2.02	1.398



Although significant differences exist between the rankings of skills, preparations, and attributes necessary for the selection and promotion of accounting employees (Tables 1 and 2), commonalities also abound. It is interesting to note that many of the personal attributes are shared by both rankings.

## CONCLUSION

Given the first recommendation of The Pathways Commission, “*Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners, and educators*”, a survey was designed and administered to accounting professionals from two different groups: the American Institute of Certified Public Accountants (AICPA) and the Institute of Management Accountants (IMA). The overall results indicate that the top five most important items for hiring entry-level accountants are personal attributes such as trustworthiness, dependability, oral communication skills, cleanliness, and punctuality. Based on these findings, it is evident that accounting programs should prepare graduates so that their qualities go beyond technical accounting skills and include attributes that prepare students as ethical citizens. Accordingly, accounting curriculum is in need of reform to produce graduates that have a broader set of skills, preparations, and attributes than taught in a traditional accounting program.

We found that ability to get along with others, knowledge of firm’s expectations, and interpersonal skills are considered significantly superior for promoting employees than their technical or conceptual accounting knowledge. Personal attributes such as dependability, trustworthiness, ability to work in pressure, sense of responsibility, and positive attitudes are all too often more important than theoretical and technical accounting skills or even business awareness. For promotion to a higher rank, employees’ personal attributes are much more significant than holding a bachelor’s degree in accounting. Accounting professionals are seeking a diverse set of skills, preparations, and attributes in college graduates, which signals the need for a change in accounting curriculum.

The results indicate that it is not possible for accounting students to acquire all that is necessary for a successful career by taking university courses which are focus primarily on a rule based curriculum. Instead, the accounting curriculum must include a set of well-planned activities designed to teach students a wide range of generic skills and attributes that

employers pursue for the selection and/or promotion of accounting employees. The findings herein support earlier research suggesting that many of the non-technical skills necessary for one's professional development are not adequately taught in accounting curricula. Thus, all indications are that accounting curricula must be revised to produce graduates with a mix of skills, preparations, and attributes that seem essential to solve the challenges faced by business organizations.

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