

CHAPTER 1

INTRODUCTION

1.1 Research Background

The main objective of accounting education is to provide adequate competencies for every accounting students to be successful in their professional life after graduation (McVey et al., 2008). However, there are challenges that have to be faced by accounting graduates. This challenge becomes a burden for accounting professionals, where technical accounting knowledge is no longer the main strength of a professional accountant. Reported from accountingseed.com (2020), the challenge is related to accountants' role that shifted due to changes in the business environment, reinforced by the increasing use of technology in accounting. This includes accounting software and applications, which provide automation for accounting process with promising accuracy and effectiveness. As technology in accounting automates the entire accounting process, the competencies and skills in accountant are certainly much more complex than just bookkeeping (Sundem, 1994). Massive technology used in accounting also confirmed by Forbes.com (2021), related to technological growth used to enhance many aspects of accounting in the business environment. Current accounting technology's benefits include real-time cloud access, providing accurate projections, and quick access to data that is useful in decision making. The use of technology in accounting has changed the workflow in the accounting profession to a wider extent (Kruskopf et al., 2020). This technology creates new opportunities, and at the same time, demands adequate skills from accountants (Greenman, 2017). Adequate skill certainly does not only focus on accounting knowledge, but also emphasizes the professional personality which must be prepared since becoming an accounting student. Thus, accounting education must strive to keep up with changes in the business environment, by preparing adequate skills and competencies for future accountants.

Several studies have discussed relevant skills and competencies for future accountants, with the same concern regarding to the development of information and technology in accounting. Ehab K.A (2003) revealed that skills are an important requirement for business graduates, especially accounting graduates, to survive in the global market environment. Therefore, an accounting graduate is required to constantly improve his skills and acquire new ones. Mitchell & White (2010) suggest that employers are usually more likely to seek a combination of good competence between discipline-based knowledge and skills with adequate soft skills in accounting graduates. Reported from business-live.co.uk (2021), the company began to emphasize and appreciate the importance of soft skills in professionals in the workplace, including accounting professionals. The site suggests a US survey of more than 2,000 businesses, finding 77% of employers think that soft skills are just as important as hard skills, in supporting professionals for certain job functions. Another survey also from the website concluded that 55% of chief financial officers (CFOs) even consider hard-skilled jobs, such as accounting, facing a challenge in finding applicants with adequate soft skills. Adequate soft skills and competencies for future accountants are certainly a concern for educational institutions in their efforts to prepare competent accounting graduates.

Considering that among programs offered at business schools, accounting study program is always the top choice with the highest number of enrollments in universities. This is because accounting study programs are often perceived as the most promising professional pathway for the future of students. This is also supported by the fact that the placement of accounting graduates in most universities is generally better than the placement of graduates from other majors (Adams, 2014). This assumption can make students become complacent and unaware when they enter the job market. Unpreparedness in facing the reality in the work environment will be a nightmare for every student, and they will have difficulty in coping with job responsibilities. This is in accordance with study by Warren and Toole (2005), claims that most business and

economic schools are too academic. They were considered not to prepare graduates for business practicalities that demanded a combination of cognitive background and personal skills, to stay relevant in a technology-based business environment.

Therefore, the need for relevant competencies from accounting graduates now becomes urgent. Captera.com (2019) confirmed that advances in technology have reduced many of the constraints to information, as this will create advantages and threats for accountants as professionals. Advances in technology can be taken as an advantage by accountants who have adequate knowledge of accounting technology, on the contrary, this will pose a threat to accountants, especially for fresh graduates who do not have an adequate set of skills, since their position as professionals have been shifted by technological advances. Their existence will possibly be displaced because they are unable to provide the services required by employers. This brings us to the conclusion that the rapid development of the business environment today requires an increase in the competence of accountants as professionals, that if not prepared early, current accounting education and graduate skill levels will not be in line with employer demand for the widening of the accounting skillset beyond the technical domain (Hancock et al., 2009).

It is necessary to know what exactly should be prepared in advance for accounting students before they compete with increasingly selective job opportunities. By developing the soft skills of students in higher education, it is expected that there will be differences in the readiness of students as graduates to work as professionals. The lack of soft skills in students on the other hand will be able to drown out a promising accounting career, as previously expected by students. A brilliant career of someone with adequate technical abilities, professional skills, and interpersonal qualities will certainly not be achieved. Universities as educational institutions undeniably play a major role in building students' skills. Andalas University, as one of the accredited accounting departments in Indonesia, certainly plays an important role

in producing professionals with adequate skills to face the complex realities of the world of work. Therefore, the researcher aims to compare between the expectations and the reality of the soft skills of Andalas University undergraduate accounting students, to find the gap between it. Expectation perspectives will be generated from the literature review and interviews. Expectations perspective then will be compared with students' reality perspectives, also through interview methods. By exploring the soft skills of current accounting undergraduate students, the researcher hopes that the further results can be useful for the accounting department of Andalas University. This in line with its vision to become a superior and internationally oriented accounting institution in 2024, with integrity and competence to compete globally.

1.2 Problem Statement

The formulation of the problem from this research is whether the soft skill development of Andalas University undergraduate accounting students is in accordance with the expectations given to professionals in the accounting field.

1.3 Research Objective

Based on the problem statement above, the objectives of this research are:

1. To determine the employer's expectations of the skills and competencies of accounting graduates.
2. To determine soft skills that need to be prepared by accounting students.
3. To determine the reality of soft skills in Andalas University accounting students.
4. To determine the gap between expectations and reality on the soft skills of accounting students at Andalas University.

1.4 Research Benefits

The researcher expects that the result of this study could be used:

1. As a reference for undergraduate accounting students in preparing their soft skills before entering the workplace and business environment as professional.
2. As a reference for Andalas University accounting academics in preparing accounting students with adequate soft skills and competencies.

1.5 Writing Systematic

The research is organized as five parts with writing systematics as follows:

- Chapter I

Introduction is the part that explains the background, problem statement, research objective, research benefit as well as writing systematics.

- Chapter II

Literature review is a section that explains the theoretical basis which relates to research and previous research results about motivation theory and possible factors the driving force.

- Chapter III

The research method is the part that explains how methods used, sample data sources, collection techniques data, and data analysis techniques.

- Chapter IV

Results and discussion is the part that explains the description research object, data analysis, and discussion.

- Chapter V

Closing is the last part in thesis writing which contains conclusions and suggestions.

