



PERCEPTION OF BUMIPUTRA AND NON-
BUMIPUTRA STUDENTS ON BECOMING
PROFESSIONAL ACCOUNTANTS

BY

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ABSTRACT

This study examines the undergraduate accounting students' perceptions on becoming professional accountants in the Malaysian context. Using questionnaire survey, this study examines the Bumiputra and non-Bumiputra students' intention to pursue the professional qualification, as well as to determine what are the motivational factors for Bumiputra and non-Bumiputra accounting students in Malaysia to pursue professional qualification. This study investigates whether there is a significant difference between the perception of Bumiputra and non-Bumiputra students on pursuing the professional qualification. In addition, this study also determines whether there is an association between perception and intention to pursue the professional qualifications for Bumiputra and non-Bumiputra students. This study uses questionnaires to collect the data. The sample group consists of final year accounting students who are currently studying in five public universities and three private universities. Means and regressions were used to conduct the tests in the study. The main statistical technique used to test the hypotheses is regression. The results indicate that the majority of Bumiputra and non-Bumiputra students do intend on becoming professional accountants. "Work experience in the field of accounting" is the primary motivational factor for both groups in pursuing professional qualification. Further results show that there are only a few significant differences of perceived benefits and negative aspects on becoming professional accountants between Bumiputra and non-Bumiputra students. Negative perception is strongly negatively associated with intention to pursue professional qualification. Interestingly, the Bumiputra students seem to have more intention to pursue their professional qualification than non-Bumiputras. The results provide useful insights to relevant institutions such as the Ministry of Education and the professional bodies in alleviating the negative perceptions on pursuing the professional qualification in order to increase the number of professional accountants as targeted to 65,000 in the year 2020.

ملخص البحث

تبحث هذه الدراسة تصورات الطلاب الجامعيين في اختصاص المحاسبة حتى يصبحوا محاسبين مهنيين في السياق الماليزي. وذلك عن طريق دراسة الاستبيان، وتفحص هذه الدراسة خطط الطلاب من "بوميوترا" وغير "بوميوترا" لمتابعة تأهيلهم العلمي والمهني، وتحدد الدراسة أيضاً العوامل المحفزة للطلاب المتخصصين في المحاسبة من "بوميوترا" وغيرهم في ماليزيا، لمتابعة تأهيلهم العلمي والمهني. وتستقصي هذه الدراسة إذا كان هناك فرق مُعتبر بين تصورات طلاب "بوميوترا" وغيرهم لمتابعة تأهيلهم العلمي والمهني. بالإضافة إلى ذلك فإنّ هذه الدراسة تحدد إن كان هناك ترابط بين التصورات والخطط لمتابعة التأهيل العلمي لطلاب "بوميوترا" وغير "بوميوترا". هذه الدراسة تستخدم الاستبيان لجمع البيانات، وتتكون مجموعة العينات من طلاب السنة الأخيرة اختصاص المحاسبة، وهؤلاء الطلاب يدرسون حالياً في خمس جامعات حكومية وثلاث جامعات خاصة. وقد تم استخدام المتوسط الحسابي والانحدار لإجراء الاختبار في الدراسة. وقد كانت التقنية الإحصائية الرئيسة المستخدمة لاختبار الفرضية هي تقنية الانحدار. وتشير النتائج إلى أنّ الغالبية العظمى من طلاب "بوميوترا" وغير "بوميوترا" لديهم الرغبة في أن يصبحوا محاسبين مهنيين. والعامل المحفز الأساسي لكلا المجموعتين لمتابعة تأهيلهم المهني هو "الخبرة العملية في مجال المحاسبة". وتظهر النتائج أيضاً أنه ليس هناك سوى اختلافات معتبرة قليلة بشأن الفوائد الملموسة والجوانب السلبية في كون الشخص المحاسب المهني ينتمي إلى الطلاب "بوميوترا" أو إلى غيرهم. كما أوضحت النتائج أنّ التصور السليبي مرتبط بشكل أقوى مع التخطيط لمتابعة التأهيل المهني. ومن المثير للاهتمام أنه يبدو أنّ طلاب "بوميوترا" يخططون بشكل أكبر لمتابعة تأهيلهم المهني بالمقارنة مع غيرهم من الطلاب. وتقدم النتائج رؤى مفيدة للمؤسسات ذات الصلة مثل وزارة التعليم والهيئات المهنية لتخفيف التصورات السلبية لمتابعة التأهيل المهني، وذلك من أجل زيادة عدد المحاسبين المهنيين وصولاً إلى العدد المستهدف ٦٥٠٠٠ في سنة ٢٠٢٠.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Accounting).

.....
Fatima Abdul Hamid
Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Accounting).

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Intan Suryani Abu Bakar
Examiner

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DECLARATION

I here declare that this dissertation is the results of own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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LIST OF ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
CAT	Certified Accounting Technician
CGPA	Cumulative Grade Point Average
CIMA	Chartered Institute of Management Accountant
CPA	Chartered Public Accountant
ICAEW	Institute of Chartered Accountants in England and Wales
IUM	International Islamic University Malaysia
MIA	Malaysian Institute of Accountant
MICPA	Malaysian Institute Certified Public Accountant
MMU	Multi Media University
MSU	Management Science University
SPM	Sijil Pelajaran Malaysia
UKM	University Kebangsaan Malaysia
UM	University Malaya
UNITEN	University Tenaga Nasional
UPM	University Putra Malaysia

CHAPTER ONE

INTRODUCTION

1.1 STUDY'S BACKGROUND AND PROBLEM STATEMENT

Globalisation, advances in information technology, the multidisciplinary economic environment and new business relationships have changed the accounting profession. In present time, government institutions and other stakeholders rely on company financial report prepared by accountants for rational economic decision-making. In contrast, earlier accountants were mainly involved in the management of financial information; producing accurate and properly maintained financial statements, keeping the accounting ledgers and registers in order, providing up-to-date information and advice, managing daily cash flows and budgeting to increase efficiency and profitability (Abdul Samad Alias, 2005 as cited by Noraini, Erlane and Jamaliah, 2009). Due to these changes, the accounting profession requires a new breed of professional accountants with multi-skills, diverse knowledge and competence to enable them to meet the world wide recognised designation of “Chartered Accountant” as a mark of excellence, inspiring respect and confidence.

In Malaysia, the title “professional accountant” is awarded to a member of Malaysian Institute of Accountants’ (MIA), having acquired skills from a coherent course of study and training. The accountant upholds professional values, conforms to the code of ethics and continues to develop and enhance those skills through experience and pursuing professional education (MIA, 2010). IFAC (2008) reported that more accountants are needed to provide support for the growing business environment, in line with the fast economic growth of the country. Malaysia has also recognised the importance of the development of human capital in the accounting

profession to assist in creating the efficient and creative work force which will enhance and support the sustainability of the economic growth of the country. Malaysia needs about 60,000 accountants by the year 2020 (Abdullah, 2001). In Malaysia, the shortage of accountants is a continuous concern (Marzita, 2011; Utusan Malaysia, 2011; Bernama, 2013). The Malaysian Institute of Accountants (MIA) has reported that in comparison to 2012, the number of accountants in Malaysia has increased from 28,108 to 29,624 in 2013 (an increase of 5.4 percent). The number also increased in the year 2011 and 2012 (4 and 5 percent respectively). However, Malaysia may not be able to reach its target of 60,000 accountants by the year 2020 if the number continues to grow at this slow rate (Sharifah Norfaezah, 2013).

In Malaysia, the accredited bachelor of accounting programmes are the main provider of accountants, contributing up to 59 per cent of newly registered accountants in 2013 (MIA, 2013). This represents about 18 percent of accounting students who graduated each year. In 2011, the Ministry of Higher Education reported that the number of graduates from bachelor of accounting programmes offered by accredited local universities in 2009 and 2010 were 4,719 and 4,752 respectively. However, these graduates may not pursue professional qualifications.

The governing bodies for accounting education in Malaysia are the Malaysian Qualifications agency under the Ministry of Education and the Malaysian Institute of Accountants (MIA). MIA monitors the accredited programmes to ensure that relevant knowledge and skills are well incorporated. MIA also outlined specific recommendations on the programme structure, learning outcomes, composition of academic staff and programme delivery. Currently, thirteen universities (including two private universities) offer MIA accredited bachelor of accounting programmes. These programmes consists of a four-year undergraduate study, with uniformed

curricula, inclusive of a six-month compulsory internship. The monitoring effort by the Ministry of Higher Education is to develop Malaysia as a centre of excellence for education and for this reason there must be mechanisms to ensure the high quality of graduates as well as the quantities who are really motivated and capable to become Chartered Accountants.

In Malaysia the accountancy profession is governed by the Accountants Act 1967. One is required to be a member of the Malaysian Institute of Accountants (MIA), in order to practice or declare himself an accountant. Part I and II of the first schedule of the Accountants Act 1967 states that local accounting graduates should obtain three years of accounting related experience in order to be an accountant. In addition, those who do not meet the above requirement should take Qualifying Examination conducted by MIA before they can be admitted as a member of MIA. Membership of MIA can be categorised into two; the Public Accountant is categorised as a member in practice and Registered Accountant is for those who are not in practice, but working in the education, commerce, industry or the public sector (www.mia.org.my).

In 2005 (Utusan Malaysia), it was reported that about 80,000 unemployed graduates in Malaysia needed to undergo a retraining scheme to help them secure jobs. Datuk Mohd Azlan Hashim, Executive Chairman of Bursa Malaysia stated that, it is important for graduates to obtain dual qualifications; a degree as well as a professional qualification, in this competitive era. He added that public and private universities should offer professional training combined with a degree to enhance the value of students (NST-BUS, 2002). In Singapore, graduates have shown greater interest in taking the route of becoming professional accountants. In the past three years, Association of Chartered Certified Accountants (ACCA) London office reported that

about 9,925 applications were received from Singapore. One of the pulling factors of the higher number of graduates enrolled in taking the professional course is because they perceive that an added professional qualification makes them more employable and widens their career prospects. Graduates also perceive that getting a professional qualification would provide them with better job security (NST, 2003).

Institutions in Malaysia are facing problem to find a balance between the demand for and the supply of quality chartered accountants. However, it is reported internationally that there is a shortage of accountants in various countries such as the United States of America (USA) (Frieswick, 2000; Traster, 2008; Johnson, 2014; Knese, 2014), New Zealand (NZ) (Gill, 2008), United Kingdom (UK) (Hambly, 2007), Ireland (Accountancy Ireland, 2008), South Africa (Weil and Wegner, 1997), Thailand (Akathaporn et al., 1993).

In the USA, the accounting profession is facing a major problem of declining numbers of aspiring Chartered Accountants. This is due to the declining number of college accounting majors as a result of the increase in the examination requirement of new CPAs of 150 hour rule as stated in many literatures (Levy, 2004; Bureau of Labor Statistics, 2008). In addition, many accounting firms are now facing a shortage of accountants following the reduction in their college recruiting efforts forced by the economic downturns (Schroeder and Franz, 2004). Recruitment war among the Britain's top accountancy firm has begun to take place due to the acute shortage of qualified accountants (Billiot et al. 2004). In Australia, the stereotypical view that accountants require good number skills have contributed to the decline in popularity of accounting major among the local students, causing a shortage of accountants (Mladenovic, 2000; Parker, 2001). To overcome this, the Australian government has decided to place qualified accountants on its demand list of skilled migrants

(Ekonomi, 2003 March). This is supported by Birrel (2006) who indicates that there is a substantial increase of international students who completed their degree in accounting for the purpose of applying permanent residence upon completion of their course.

In contrast to the USA, the declining number of students enrolling into accounting programme at higher learning institution is not the cause for the shortage of accountants in Malaysia (Mohd Iskandar et al., 2002). Statistics obtained from the Department of Higher Education, Ministry of Education in year 2010, showed that the accounting programmes at the public universities are amongst the competitive programmes. It is ranked second after electrical engineering at the public and private universities. Since there is no shortage on the supply of accounting graduates in Malaysia, it is necessary to investigate the possible reasons on why accounting graduates are interested to pursue and become professional accountants, or the reasons for them not to pursue taking professional qualifications.

Moreover, the intention to pursue would be based on their perception. Perception may be based on the background and ethnicity of the graduates. Malaysia's population in 2010 comprised of 55.1 percent Malay, 11.9 percent non-Malay Bumiputras (aboriginal groups), 24.3 percent Chinese, 7.4 percent Indian and 1.3 percent other groups. The Malays are generally Bumiputra while the Chinese and Indians, are considered non-Bumiputra. The non-Malay Bumiputra and other ethnic groups were not included in this research study. These ethnic backgrounds, Bumiputra and non-Bumiputra, could have an effect on perception. The objectives of this study are further discussed below.

1.2 OBJECTIVES OF THE STUDY

Generally, the present study intends to examine the perceptions of undergraduate accounting students on becoming a professional accountant in the Malaysian context.

In particular, there are four objectives of this present study:

- RO1: To examine Bumiputra and non-Bumiputra accounting students' intention to pursue the professional qualification.
- RO2: To determine the motivational factors for Bumiputra and non – Bumiputra accounting students in Malaysia to pursue professional qualification.
- RO3: To investigate whether there is a significant difference between the perception of Bumiputra and non-Bumiputra students on pursuing professional qualification.
- RO4: To determine whether there is an association between perception and intention to pursue the professional qualifications for Bumiputra and non-Bumiputra students.

In relation to the four objectives, this study formulates the following four research questions:

- RQ1: Do Bumiputra and non-Bumiputra accounting students' intend to pursue professional qualification?
- RQ2: What are the motivational factors for Bumiputra and non-Bumiputra accounting students to pursue professional qualification?
- RQ3: Is there a significant difference between the perception of Bumiputra and non-Bumiputra students on pursuing professional qualification?
- RQ4: Is there an association between perception and intention to pursue the professional qualifications for Bumiputra and non-Bumiputra students?

1.3 MOTIVATIONS OF THE STUDY

An examination of the literature in accounting education has indicated that students' perception of the accounting profession is a critical factor in students' decision of taking up accounting as an academic major or even as a career choice. Few of the previous study on occupational choices explored the influence of various intrinsic and extrinsic factors on students' career choices such as in becoming a chartered accountant or opting for other professions as a career (Paollilo and Estes, 1982; Kockanek and Norgaard, 1985; Shivaswamy and Hanks, 1986; Reed & Kracman, 1989; Gul et al., 1989; Bundy and Norris, 1992; Felton, Dimnik & Northey, 1994 and 1995; Ahmed et al., 1997; Jackman and Hollingworth, 2004).

Many undergraduate accounting students perceived accounting career from their collegiate experiences which may not be true in reality. Malaysian studies indicates that accounting profession is still a favourite among students over the years (Carpenter et al., 1970; Jamaliah et al., 2004; Albrect et al., 2000; Goon et al., 1975). It is important to understand student's perception on the accounting profession. Although studies examining students' preferred criteria have been conducted in the Malaysian context, no further studies have been conducted to investigate the students' perceptions on benefits and constraints in pursuing professional qualifications based on multiracial group in Malaysia. This study intends to fill a gap in the Malaysian empirical literature on this topic as current research focuses on a career in the accounting profession in general.

Several earlier career choice studies, did not focus on the impact of cultural differences on students' career choices. However, they only focused on potential accounting students in general. Each ethnic group have their own way of life. Bumiputra or Malay culture maintains close-knit relationships among their circle of

family and friends as they believe that to be an important factor to gain strong support and identity. The roles of gender among the Malays are rather rigid and a man has a clearly defined authority (Rosnah et al., 2008). As for Chinese, a non Bumiputra, they have a strong sense of belonging to a group (Chow et al., 1995). They value harmony and togetherness and unity (Tan, 1995). In addition, they also focus on family bond and unity, the importance of roles and status, stress on academic success and low assertiveness (Erlane and Jamaliah, 2009). Indians, another non-Bumiputra, are divided into two categories which are, the middle class culture and the working class culture. The working class culture is related to cultural dislocation, low educational achievements, and the breakdown in social values pertaining to the family, the school, temples and other community based organizations whereas the middle class culture gives the highest weightage to education (Lal, 2006). In relation to the working class and middle class cultures for the Indians ethnic group, accounting graduates would relate to the latter. This middle class culture of Indians has similar attributes to the Chinese which is giving importance to education. Therefore, both the Chinese and Indian ethnic students are classified into non-Bumiputra group. These differences in background and culture could have an effect on students' perception and the factors that could influence them to pursue or not to pursue a professional qualification.

This present study is also concerned with the lack of interest of accounting students to become professional accountants. This is supported by the data analysis of the Economic Planning Unit in 2012 . It is revealed that 63 percent or 18,522 of MIA's total members were non-Bumiputra. A further breakdown of the statistics indicated that out of 19,062 chartered accountants in the country, only 8 percent or 1,464 of them were Bumiputras. This is undoubtedly an imbalanced figure considering 67.4 percent of the country's population of 28 million are Bumiputras.

This study is motivated by the issues of accounting programme being a popular course enrolled by the students in public universities but inconsistencies exist with the number of accounting graduates who become professional accountants. This present study aims to investigate empirically which factors influence the career choice of undergraduate accounting students of various ethnicity groups in public universities in Malaysia in deciding to become professional accountants.

1.4 SIGNIFICANCE OF THE STUDY

This research can assist in the transformation process for various ethnic groups in challenging them to become professional accountants in the Malaysian context. It is also important to understand the differences of influential factors among various ethnic groups of students in order to help the universities and MIA as the professional bodies to formulate strategies to increase the number of accounting graduates to join MIA as a member and become a professional accountant. This in turn, will help Malaysia as a unique country to achieve its 60,000 targeted number of professional accountants by the year 2020. This ethnicity statistics will provide information to be used to alleviate the problems and reduce the constraints that are causing a shortage of professional accountants in Malaysia. Moreover, these research findings will reduce the research gap in the prior literature and add to the current findings.

The findings of this study will be important to monitor the interest of local accountancy graduates in becoming professional accountants, for both Bumiputras and non-Bumiputras. Hence, more attention should be highlighted on increasing the number of professional accountants for Bumiputra students from 8 percent to 25 percent, as mentioned by Prime Minister Datuk Seri Najib Tun Razak in the Bumiputra Economic Council Meeting. This research will be of more significance

since the government will establish a Centre of Professional Accountancy in University Teknologi Mara (UiTM), as announced in the National Budget 2015. The Centre of Professional Accountancy will offer courses from the Institute of Chartered Accountants of England and Wales (ICAEW), Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA) along with the Malaysian Institute of Certified Public Accountants (MICPA). The findings from this study could encourage the enrolment in this centre.

1.5 STRUCTURE OF THE DISSERTATION

This research is organized into six chapters including this chapter. The first chapter contains an introduction of the dissertation and identifies the problem being studied in this dissertation. This leads to the research objectives and research questions. Then, the motivation and significance of the study are discussed prior to the structure of the dissertation.

The second chapter reviews prior literature on the development of accounting profession in Malaysia. Next, it reviews studies on the career decision-making process and the cultural influences on the development of accounting profession in Malaysia to help define the parameters of the study. Finally, the chapter ends with a gap in the literature.

The third chapter is the theoretical development and hypotheses. The fourth chapter discusses methodology of the research. It provides a description of the sample, method as well as describes how the data is collected. This chapter will also explain the statistical techniques used in this study.

The fifth chapter includes the results and discussion and analyses the results of the statistical tests. Finally, the sixth chapter is the conclusion. This chapter consists

of the discussion on the implications of the findings, limitations of the study and recommendations for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 THE DEVELOPMENT OF THE ACCOUNTING PROFESSION IN MALAYSIA

Erected during the time of Malaysia's independence from the British and the First Five-year Plan (1956-1960), The Malaysian Association of Certified Public Accountants (MACPA) serves as a platform for accountants to advance their status as well as their theory and practice of accountancy. The MACPA was the first accounting body formed under the Companies Ordinance in 1958. The second Five-Year Plan (1961–1965) saw rural development as its major objective which includes funding for infrastructure and social services (Lee and West, 2008). The increased sophistication of the economy led to The Malaysian Institute of Accountants (MIA) being established in 1967.

The establishment of the MIA is to regulate the accounting profession in Malaysia. Under the Section 22 of the Accountants Act 1967, it is an offence for a person to hold himself as an accountant unless the person is a member of the Malaysian Institute of Accountants (MIA). Membership into MIA can be obtained in three ways: A person has either a recognized professional accounting qualification or is a graduate in accountancy from approved institutions of higher learning and have three years working experience in a public accounting firm or other accounting related areas. Those who do not graduate from recognised institutions will have to sit for a MIA Qualifying Examination. This qualifying examination is to equate accountancy qualifications with the equivalent approved local accountancy degrees.