

**FACTORS INFLUENCING ACCOUNTING
UNDERGRADUATE STUDENTS TO BE
PROFESSIONAL ACCOUNTANTS IN
INDONESIA**

by

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**Thesis submitted in fulfilment of the requirements
for the degree of
Master of Art**

JANUARY 2016

ACKNOWLEDGEMENT

This thesis, in one way or another, is a reflection and translation of love, care, sacrifices, hardships, values, inspiration, moral support, to mention a few, by my most valued assets blessed by Allah SWT. Thus, this special and humble dedication comes sincerely from the bottom of my heart to these special individuals.

I wish to express my deep and sincere gratitude to my principal supervisor, Dr Siti Rohaida Mohamed Zainal, who has proved to be a great mentor and source of my inspiration by providing invaluable support throughout my MA journey. She has imparted not only a great deal of knowledge but also enormous guidance to help me gain wisdom, confidence and necessary survival skills in order to achieve my goal. Her company and assurance at my time of distress and crisis will be forever remembered. Dr Dayana Jalaludin, my co-supervisor, has always provided me with a great deal of knowledge, support and constructive feedback. I am indebted to her for her professional knowledge and expertise. I would like to express my sincere appreciation to the Dean, School of Management USM, Prof. Fauziah Md. Taib. My sincere thanks are also due to my internal examiner, Dr Hazril Izwar Ibrahim for his valuable comments which resulted in shaping and revising of the study. Not forgetting my external examiner.

To my beloved parents, whom I am forever in debt to, and my beloved mother and father who have taught me the value of hard work by their own example. Special thanks to Eky Eryal for everything from the first until the last time of my MA journey and my mother, father, grandfather, grandmother's Eky and Oza who always pray and support for me until I finish my MA journey. And also a very special thanks to Bu Prof. Dr. Ade Fatma Lubis MAFIS, MBA, Ak. and Bu Dra. Tapi Andasari Lubis Msi, Ak. for my master program.

I wish to offer my appreciation to my Indonesia compatriots (Bu Widya, Pak Dody, and BuYuni) who have shared their time and knowledge with me during our study and work at PhD room. Notwithstanding, there are many other people who have assisted me in one way or another but have not been mentioned here and I also wish to record my appreciation for their contribution. May our future full of love and success.

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FAKTOR MEMPENGARUHI NIAT PELAJAR SARJANA MUDA UNTUK MENJADI AKAUNTAN PROFESIONAL DI INDONESIA

ABSTRAK

Kajian ini bertujuan untuk mengkaji niat pelajar perakaunan untuk menjadi akauntan profesional di Indonesia. Ia mengkaji hubungan kait diantara faktor pasaran kerja, kos peluang, pengaruh ibu bapa dan keberkesanan diri perakaunan pelajar dalam mempengaruhi niat untuk menjadi akauntan profesional. Faktor-faktor ini diperolehi daripada sorotan kajian yang intensif. Di samping itu, kekurangan akauntan profesional di Indonesia adalah antara isu-isu semasa yang dihadapi oleh kedua-dua agensi berkaitan kerajaan dan agensi-agensi yang berkaitan bukan kerajaan. Menurut Ikatan Akautant Indonesia (IAI), jika masalah ini tidak sedang diselesaikan, Indonesia mungkin terpaksa bergantung kepada akauntan profesional luar untuk tujuan pengauditan. Menurut sorotan kajian, pelbagai keadaan pasaran faktor-faktor pekerjaan yang dipercayai mempunyai pengaruh yang kuat kepada pilihan kerjaya seseorang. Paolillo dan Estes (1982) bahawa unsur-unsur pelbagai pekerjaan dan pengembaraan, fleksibiliti dalam pilihan kerjaya, peluang pekerjaan dan jaminan pekerjaan adalah faktor berpengaruh penting dalam pemilihan kerjaya pelajar. Selain faktor pasaran kerja, kos lepas dikatakan mempunyai kesan terhadap keputusan untuk memilih profesion tertentu. Satu kajian yang berkaitan dengan ibu bapa pengaruh telah dijalankan oleh (Pollock, Papiernik, Slaubaugh, & Colson, 2002) menunjukkan bahawa peranan ibubapa seperti tekanan dorongan dan sumber kewangan membantu pelajar dalam membuat keputusan mengenai karier mereka.. Bagi keberkesanan diri, ia dikaitkan dengan teori pembelajaran sosial yang menjelaskan model tingkah laku manusia dari segi interaksi antara kognitif, tingkah laku, dan persekitaran penentuan sendiri keberkesanan-ditakrifkan sebagai

kepercayaan individu tentang kemampuan mereka untuk menggembeng sumber kognitif dan kursus tindakan yang diperlukan untuk berjaya melaksanakan tugas tertentu dalam konteks yang diberikan. Individu yang mempunyai kepercayaan diri keberkesanan yang tinggi menetapkan matlamat kerjaya yang lebih tinggi, dimasukkan ke dalam usaha yang lebih, dan melaksanakan strategi kerjaya yang membawa kepada pencapaian matlamat tersebut. Berdasarkan kajian literatur yang luas, terdapat enam hipotesis membina untuk mencapai objektif penyelidikan. Memulakan kepada kaedah penyelidikan semata-mata kuantitatif, soal selidik yang mengandungi langkah-langkah sebelumnya telah dibangunkan dan dihantar kepada responden dari universiti terpilih di Jawa dan Sumatera. Kemudian, data telah menganalisis dengan menggunakan SPSS. Kajian ini mendedahkan bahawa daripada enam hipotesis, hanya tiga hipotesis tidak disokong. Perbincangan dapatan ini terikat kepada kesusasteraan sebelumnya dan Indonesia konteks. Begitu juga dengan kajian lain, kajian ini juga tertakluk kepada beberapa batasan. Kemudian sebahagian daripada tesis ini, kedua-dua had dan cadangan untuk kajian masa hadapan dibincangkan.

FACTORS INFLUENCING ACCOUNTING UNDERGRADUATE STUDENTS TO BE PROFESSIONAL ACCOUNTANTS IN INDONESIA

ABSTRACT

This study investigates accounting students' intention to be professional accountant in Indonesia. It studies relationship between job market factors, opportunity cost, parents influence and self-efficacy of accounting students intention to be professional accountant. These factors are derived from intensive reviewing the literatures. In addition, lack of professional accountants in Indonesia is among the current issues faced by both government related agencies and non-government related agencies. According to Ikatan Akuntan Indonesia (IAI), if this problem is not being solved, Indonesia might have to rely to the international professional accountants for auditing purposes. According to the literature, the variety of factors job market conditions which are believed to have strong influences on one's career choice. Paolillo and Estes(1982) indicated that elements of job variety and adventure, flexibility in career options, job availability and job security are the important influential factors in a student's career choice. In addition to job market factor, the opportunity cost is said to be having effect towards the decision to choose certain profession. A study related to parents' influence was conducted by (Pollock, Papiernik, Slaubaugh, & Colson, 2002) revealed that high school counsellors' perceptions of the profession as uninteresting, stressful, time consuming and not particularly rewarding financially. Many students and their parents do not understand how the role of accountants has changed from an advisor on micro accounting matters to a consultant on broad-based management issues. As for self-efficacy, it was associated with social learning theory which explained the human behaviour model in term of interaction among cognitive, behavioural, and environmental

determinations Self-efficacy is defined as individuals' beliefs about their capability to mobilise cognitive resources and courses of actions needed to successfully perform a specific task within a given context. Individuals with high self-efficacy beliefs set higher career goals, put in more effort, and pursue career strategies that lead to the achievement of those goals. Based on extensive literature review, there are six hypotheses build to achieve the research objectives. Embarking to purely quantitative research method, questionnaires containing previous measures was developed and sent to the respondents from the selected universities in Java and Sumatra. Then, data were analysing by using SPSS. This study revealed that out of six hypotheses, only three hypotheses was not supported. The discussion of these findings is tied to previous literatures and Indonesia context. Similarly to other studies, this study also subjected to several limitations. Later part of the thesis, both limitation and recommendations for future study are discussed.

CHAPTER I INTRODUCTION

1.0 Introduction

This chapter provides an overview of the background of the study, the problem statement, the research questions and objectives, the significance of the study, and the scope of the study. Definitions of key terms are also given at the end of this chapter.

1.1 Background of the Study

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 from the 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 seven mandatory subjects or it is equivalent of 245 hours. The purpose of PAE is to enhance the professionalism of accountants. 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. After 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 the 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 a professional accounting 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 a University to conduct the PAE programme. The PAE was designed to develop the capabilities of graduates to learn continuously. It emphasizes on the applications of concepts and theories obtained during the Bachelor's degree level.

To achieve these goals, the PAE programme involves three 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.

Bloom (2002) suggested that the curricula entail user orientations, decision-making perspectives in every accounting course, case approaches, emphasizing on the real world situation and critical thinking development. It is desirable that the designed curricula enable students to apply accounting for decisions as to what they will do in future employment. The responsibility for the design of the curricula and syllabi of the PAE in Indonesia is passed by the Ministry of Education to IIA with the expectation to strengthen its graduates with professional skill development. Such a team involves experts and practitioners in designing and updating the curricula and syllabi of the PAE (Utami, Priantara & Manshur, 2011). 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 regulations amended by KERPPA. To conduct a PAE programme, 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 programme may offer other subjects apart from the curricula mandated by the 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 1.1.

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 the problem of lack in professional accountants. There are many factors contributing to this phenomenon. One of the factors is the lack of information on the career of professional accountants. 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).

1.2 Problem Statement

The demand for local professional accountant in Indonesia is increasing every year. Unfortunately, this number is not increasing. Even though number of universities offering degree in accounting is increasing, the numbers of professional accountants are not aligned with the development of offering. Therefore, local companies have to rely to the external professional accountants. This scenario occurs mainly due to the facts that 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, Malaysia and Thailand which have at least 2.5 times more than the number of Indonesian accountants. Ironically, the number of accountants in Vietnam is almost the same as Indonesia. Another problem faced by the professional accountants in Indonesia is that they mostly do not have a good grasp of the English language.

The low number of accountants in Indonesia is made worse with reports stating that, based on the data tabulated according to age sixty five (65) per cent of 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 is indication that the need of public accountants is crucial for Indonesia. If this condition is not overcome, there will be a flood of overseas accountants who are believed to possess certain advantages that will eventually 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.

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 Centre (2010)

The government in Indonesia has a shortage of professional accountants and Indonesia is currently becoming one of the ASEAN countries that has the smallest number of professional accountants compared with other countries by Humas (2013). Accounting majors show a dramatically decreasing number with reflection to the accounting profession (Marriott & Marriott, 2003). A study by Wisnu (2013) has shown evidence of the lack of professional accountants in Indonesia with only 10,000 in total today, while it should be at least 200,000 to support the economic performance. According to Lisnasari and Fitriany (2008) in Indonesia some of the popular destinations to study accounting are in University Indonesia, University Diponegoro, University Indonesia and University Padjajaran. Accounting students' are usually interested in the accounting profession because they see it as a prospective career, discipline and profession (McDowall & Jackling, 2010). Accounting students tend to choose other careers upon graduation such as employee in company, entrepreneur, businessman and other careers rather than professional accountancy. According to Mulyadi (the Head of the Association of Chartered Certified Accountants) the number of professional accountants who chose their career path as professional accountants are very low compared with other countries (Wisnu, 2013).

Based on the Theory of Reasoned Action or the Theory Planned Behaviour, it is focused on measuring the relationship between students' (Felton, 1994) attitudes toward an accounting profession as their career and their career of choice. They defined an 'attitude' as a personal belief with outcomes of an accounting profession. They found that accounting students have shown an assessment of the benefits and the higher costs of being professional accountants. There are four factors assumed to

be able to attract accounting students to pursue a professional accounting career which are opportunity costs, job market factors, parents influence and moderate level of self-efficacy. Sugahara (2006) had found the significant impacts of intrinsic value, job market factors, career prospects, opportunity costs and human influence. Some studies had also found significant impacts of human influence (parents, peers, family, and friends) showing that the major influences come significant people to pursue a professional accounting career (Ahmed, Alam, & Alam, 1997; Gul, Andrew, Leong, & Ismail, 1989; Gul, Huang, & Subramaniam, 1992; Mauldin, Crain, & Mounce, 2000)

As the Vice Chairman of the Financial Accounting Standards Board, the Indonesian Institute of Accountant, Wihardja reported that the demand for professional accountant in Indonesia is quite high, but the number of professional accountants is low. Therefore, registered professional accounting bodies in Indonesia cannot provide adequate auditing services for the whole nation (Daniel, 2011). This could also be one of the main reasons why the quality of auditing in Indonesia is declining.

1.3 Research Question

This study aims to investigate the factors that determine the decisions to pursue a career in professional accountancy in Indonesia. Therefore, this study attempts to answer the following research questions:

1. Does job market factor affect the intention among accounting students to be professional accountants?
2. Does opportunity costs affect the intention among accounting students to be professional accountants?

3. Does parents influence affect the intention among accounting students to be professional accountants?
4. Does self-efficacy moderate the relationship between job market factor, opportunity cost and parent influence with the intention to become professional accountants

1.4 Research Objectives

There are four research objectives designed for this research. The research objectives are aligned with the research questions. The four research objectives are:

1. To investigate the relationship between job market factors and intention to be a professional accountant.
2. To investigate the relationship between opportunity cost and intention to be a professional accountant
3. To investigate the relationship between parents influence and intention to be a professional accountant
4. To investigate the moderating effect of self-efficacy between job market factors, opportunity costs and parent influence towards the intention to be the professional accountant.

1.5 Significance of the Study

The purpose of this study is to investigate accounting students' intention on becoming a professional accountant. The contribution of the study can be divided into two categories namely the theoretical contribution and practical contribution.

1.5.1 Theoretical Contribution

The professional accountant education is in the higher education level in Indonesia. Most of the previous studies investigate on accounting students' perception of factors in influencing them to become professional accountants. The influencing factors in this research are namely job markets, opportunity costs, parents influence, and self-efficacy. This study will examine the accounting students' intention to become professional accountants in Indonesia.

As mentioned above this study has four supporting factors, where one of factors is considered on a moderate level. This can be added as knowledge about the factors of accounting students to pursue a professional accounting education in Indonesia. This study examines, identifies and evaluates the influencing factors of accounting students to become a professional accountant especially based on the factors of the job market factor, opportunity costs, human influence and self-efficacy on a moderate level. This research is expected to provide results that contribute to the knowledge of the Theory of Planned Behaviour (TRB).

This study warrants the conclusion to be made about the factors influencing the intention to be the professional accountant in the context of Indonesia. Theoretically, this study includes the factors from various perspectives which are the internal and external perspectives. In most of the previous study, only perspective is taken into consideration. In addition, this study also analyse the moderating effect of self-efficacy. Self-efficacy is one of the new variables in the context of accounting education.

Therefore, from this combination of various perspectives and the moderating effect of self-efficacy, this study will be more comprehensive and able to provide more reliable conclusion.

1.5.2 Practical Contribution

As for the practical contribution, this study should be more meaningful and timely. It is because; Indonesia is facing a critical numbers of local professional accountants. As a result, most of the companies are depending to the external expertise to perform the auditing and certification process. This has two main implications which are in term of money and credibility.

Since the auditors or professional accountants are foreigners, local companies have to allocate huge amount of consultation. This might not be feasible for small medium companies. In addition, the credibility of the local talents might not be seen since most of the auditing process is managed by the foreigners.

Thus, by conducting this study, Indonesia related agencies both public and private can take action to increase local professional accountants. For example, the professional bodies can revise the requirements to pass the professional exam to be certified and professional accountants. Furthermore, universities can evaluate the readiness of the undergraduates' students to pursue as professional accountants. Specific subjects can be introduced or universities can revise their curriculum to cultivate more interest to be professional accountant.

In conclusion, there are many practical suggestions can be made upon conducting this study.

1.6 Operational Definition of Key Terms

This section discusses the definition for all the variables involved in this study.

1.6.1 Job Market Factors

This variable is defined as factors that are related to the job market factor. It includes the factors related to the working environment attributes such as tenure of the position and working conditions in a company (Felton, Buhr, & Northey, 1994; Sugahara, Boland & Gregory 2006).

1.6.2 Opportunity Cost

Opportunity cost is defined as a situation that will be analysed in relation to cost/benefit issues. The person's intention whether or not to pursue a career as a Certified Professional Accountant could be explained by the cost of becoming a Certified Professional Accountant. A study found significant difference in perceptions related to the cost to become a professional accountant. Other studies argued that the disadvantages of becoming a professional accountant are concerned with the issue of time (Sugahara, Boland & Gregory 2006).

1.6.3 Parents' Influence

This variable explores and discovers that the greatest influence to become a professional accountant comes from parents, peers, university professors and practitioners in the world. The variable is considered as significant because the particular persons may influence someone's decision. An empirical study showed the

influence of significant people (parents) that are relevant to students choosing careers as a professional accountant.

1.6.4 Self -Efficacy

Self-efficacy is the degree to which someone believes ability in their managing their career (Kossek, Roberts, Fisher, & DeMarr, 1998) and the capability to exercise control over events that affect lives. Self-efficacy is a process of weighing, integrating, and evaluating information about one's capabilities that regulate the choices of people in choosing a career (Appelbaum & Hare, 1996).

1.6.5 Intention to be Professional Accountant

Someone has ideas of the skills required for various occupations. The ideas can attract people to possess the skills namely the skills of being a professional accountant (Sugahara, Boland & Gregory 2006).

1.7 Organization of the Chapters

This study has five chapters. Chapter one describes the introductions followed by an overview of the background of the study, problem statement, research objectives, research questions, significance and contributions of the study. Chapter two provides a comprehensive review of the literature related to variables of the study which are the factors of job market factors, opportunity costs, parents influence and self-efficacy. The literature draws attention on the gaps. In addition, the relevant theory is utilized for describing the theoretical framework for empirical testing with the referred hypotheses to each link on this chapter. Chapter three also presents the methodology. These researches design namely the sample and population,

questionnaire design, variables and measurements. The statistical used of the data collected is demonstrated at the end of this chapter.

CHAPTER 2 LITERATURE REVIEW

2.0 Introduction

This chapter will discuss the literature on the relevant variables. In each section, a review of the variables will be reviewed and supported based on establish previous literature. The theoretical framework and the hypotheses development among variables will be presented at the end of this chapter. Since this study is conducted in the foreign country, a brief discussion on the background of accounting education in Indonesia will also be incorporated as part of this chapter.

2.1 Indonesia – Background of the Country and Education Industry

Indonesia is one of country Southeast Asia. Indonesia has 13.244 islands, 33 provinces and five large islands. The largest islands are Sumatera, Java, Kalimantan, Irian Jaya and Sulawesi Island. Indonesia also known as the fourth largest country in the world which has about 260 million people (2013). Capital city of Indonesia is Jakarta. In Indonesia, there are both public and private universities. Report indicates that Indonesia has about 100 public universities and 2999 private universities (<http://www.kopertis12.or.id/daftar-perguruan-tinggi-negeri>). The public universities are governed by the coordinator according to their areas. Table 2.1 below listed the coordinator of public university and its area.

Table 2.1
Coordinator of Public University and the Area

No	Coordinator of Public University	Area
1	Coordinator of the Public University area I	Aceh, North Sumatra, West Sumatra and Riau
2	Coordinator of the Public University area II	Jakarta Raya, Jambi, South Sumatra, Lampung, Bengkulu and West Kalimantan
3	Coordinator of the Public University area III	West Java
4	Coordinator of the Public University area IV	Yogyakarta, Surakarta and Kedu
5	Coordinator of the Public University area V	Keresidenan Pati, Semarang, Pekalongan and Banyumas
6	Coordinator of the Public University area VI	East Java, Bali, Central Kalimantan, East Kalimantan, South Kalimantan, West Nusa Tenggara and East Nusa Tenggara
7	Coordinator of the Public University area VII	Province of South Sulawesi, Sulawesi Tenggara, Central Sulawesi, North Sulawesi, Maluku and Irian Jaya

Source www.kopertis12.or.id/profil/sejarah

Basically, there are seven coordinators for public universities. In addition to the public universities as tabulated in table above, Indonesia also has the coordinator to oversee the private universities. These coordinators are listed in Table 2.2.

Table 2.2
List of Private Universities and Areas.

No	Coordinator of Private University	Area
1	Coordinator of the Private University area I Medan	North Sumatra and Aceh
2	Coordinator of the Private University area II Palembang	South Sumatra, Lampung and Bengkulu
3	Coordinator of the Private University area III Jakarta	Capital city of Jakarta
4	Coordinator of the Private University area IV Bandung	West Java and Banten
5	Coordinator of the Private University area V Yogyakarta	Yogyakarta
6	Coordinator of the Private University area VI Semarang	Central Java

Table 2.2 Continued

No	Coordinator of Private University	Area
7	Coordinator of the Private University area VII Surabaya	East Java
8	Coordinator of the Private University area VIII Denpasar	Bali, East Nusa Tenggara
9	Coordinator of the Private University area IX Ujung Pandang	South Sulawesi, Sulawesi Tenggara, Central Sulawesi, North Sulawesi
10	Coordinator of the Private University area X Padang	West Sumatra, Riau and Jambi
11	Coordinator of the Private University area XI Banjarmasin	South Kalimantan, West Kalimantan, East Kalimantan and Central Kalimantan
12	Coordinator of the Private University area Ambon	Maluku and Irian Jaya

Source www.kopertis12.or.id/profil/sejarah

In conclusion, there are 12 coordinators to manage the private universities. Even though there are coordinators appointed to manage the universities, all these universities are still being controlled under the Indonesia Ministry of Education.

From these universities, there are only 36 universities offered for professional accountant education.

2.2 Professional Accountant in Indonesia

The missions of International Federation of Accountants (IFAC) are to serve the public interest, strengthen the professional accountant in worldwide and contribute to the development of international economies. The International Accounting Education Standards Board (IAESB) has been established by IFAC Board. In achieving this mission, the IAESB, in the public interest and under its own authority, develops and issues, pronouncements, including International Education Standards (IESs), and

information documents on training of professional accountants for members the professional accountant. The education refers to those learning processes that are systematic and often formal. Therefore, process of programme has significant extent.

The Content of professional accounting education consists of (IFAC, 2008):

- (a) Accounting and finance
- (b) Knowledge of business
- (c) Knowledge of Information technology

The non-professional knowledge, and the intellectual, personal, interpersonal, communication, and organizational and management skills developed in general education are complemented by the professional knowledge. Daniels(2011) explained that when professions and skills are no longer in use in the knowledge of economy, the need for a continued high level lifelong learning becomes increasingly important to the sustainability and viability of local, regional, and national economies. This lifelong learning is often related to Executive and Professional Education (EPE). EPE includes two primary areas which are soft and functional skills. Technical and functional skills are obtained either at work or through formal training and education, while soft skills or social behavioural skills must be learned through understanding and practice (Lewis, 2007). When analysing the growth of specialized certifications in today's world, it becomes obvious that besides certifying a practitioner having the necessary competencies to meet a prescribed standard, an important function of a certifying organization to transform or translate tacit knowledge into explicit and formalized knowledge. On the job, most skills are often developed by experiencing directly or under others' tutelage.

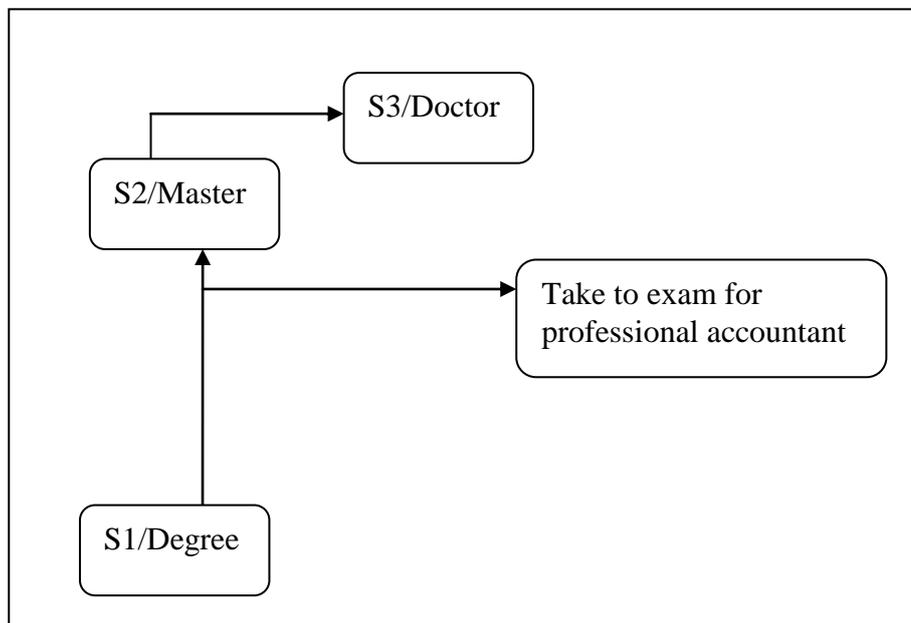
As for the auditors, they are required to possess certain competencies in order to meet the demand. Therefore, audit education must be able to meet with the progress being made in the rest of the business world in order to maintain relevance. The traditional accounting education model tends to focus on knowledge of accounting concepts and rules. With the audit education, students should get additional knowledge that lead to the change of student's attitudes, behaviour and objective knowledge. By emphasizing on these three dynamics at the core of an audit education program will prove extremely beneficial to the real - time economy auditors (Vasarhelyi, Teeter, & Krahel, 2010). Indonesia is a member of IFAC therefore accounting education policy-makers in Indonesia considers the IESs in developing the professional education and development programmed. According to the Government Regulation Number 60, professional education is a mandatory function of the professional association. The Indonesian Institute of Accountant (IIA) as the accounting professional organization is acknowledged as the governing body to grant certification as a Certified Public Accountant.

Lekatompessy(2007) shows that the interest of final year undergraduates to continue their career in a public accounting firm is lower compared to those who are in school. It is because, at the university, they are exposed to many information on accounting program. As a result, it appears that the undergraduates have better understanding of the process required for becoming certified public accountants. They realized that it takes a long time and incurs high costs to pursue the study to become professional accountant. For example, United State the American Institute of Certified Public Accountants (AICPA) required 150 hours of education for new members, starting in 2001. The objective of the 150-hour requirement is to improve the overall quality of

work performed by CPA by improving the quality of future audit staff by (Allen & Woodland, 2006). Dresnack and Strieter(2005)examined whether the result of such requirements met the intended objectives. Using combined results of survey data, they conclude that almost three-quarters of CPA do not see the 15-hour requirement as an improvement to become professional accountant. A similar result was obtained by (Briggs & He, 2011). They also reported that those additional 150-hours of education have added only accounting courses to the traditional 150-hours of education have added only accounting courses to the traditional four years program curriculum. This result is not in line with the objective of AICPA to deliver a well-rounded education that includes accounting and business knowledge as well as to develop lifelong professional skills. Unfortunately, the requirements still remain the same.

Allen and Woodland(2010)do not find an association between additional education requirements and quality of work product as measured by discretionary accruals. Additionally, they find that accountants who work at public accounting firms in the US which have applied 150-hours of education enjoy 4.8 percent more in audit fees than firms that do not yet implement 150-hours of education. However Bloom (2002) evidences that recent changes in accounting education have not been satisfactory. There were significantly decreasing student enrolments in accounting programmes nationwide. Further, they observe that accounting practitioners and educators are so disenchanted with their profession that they would major in another discipline if they had the opportunity to restart their careers from scratch.

In Indonesia the need for audit services have increased dramatically since the introduction of regional autonomy as mandated by the law along with global growth of business. The increasing need for accountants cannot be satisfied adequately as the number of accounting graduates interested in acquiring “qualified auditor” credentials is relatively low (Sawarjuwono, 2013). There is only between two or four percent of accounting graduates continued their professional qualification as an accountant. Whereas, Indonesia need more professional accountant, due to the requirement of the law. In facing the challenges ASEAN economic community the end 2015, institute professional accountant Indonesia require more qualified professional in the field of accounting in Indonesia. This is a concern with both of the government and institute professional accountant Indonesia and required to increase the quantity of professional accountant. In Figure 2.1, show the standard operating flow from university to be professional accountant in Indonesia.



Source: IAIP (2013)

Figure 2.1. Flow to be Professional Accountant.

The process begins from the undergraduate program (S1). During senior year, the students will be exposed to the information on professional accountants. Unlike other

country, Indonesia is the only state that has two national accountancy bodies which are IAI and IAPI. Both organizations are recognized by Indonesian Government. The pathways to be accountant is radically change before 2012 and after 2012. Before 2012, the holder of bachelor in accounting will get bachelor degree from university. If they want to be an accountant and registered by Indonesian government then they have to take professional education for one year. Graduated from professional education will be granted accountant title from government. After 2012, the pathways to be accountant changed. Chartered Accountant is the answer of IAI as being member of IFAC. Chartered accountant is professional accountant with the integrity, ethics, and competent of accounting. The knowledge of accounting will be updating with compulsory continuous learning every year to maintain the Chartered accountant. Basically, In order to get Certified Accountant designation, requirements are individual must: 1. Hold the title registered Accountant (Ak) 2. Obtain three years practical experience 3. Maintaining professional development credits (CPD), the total of 30 CPD per year and 120 credits over 3 years must be obtained. 4. All members must submit statements regarding their realized CPD credits during a year to IAI before the end of January of the subsequent year. The detail route and requirements to be the professional accountants are as depicted in Figure 2.2.

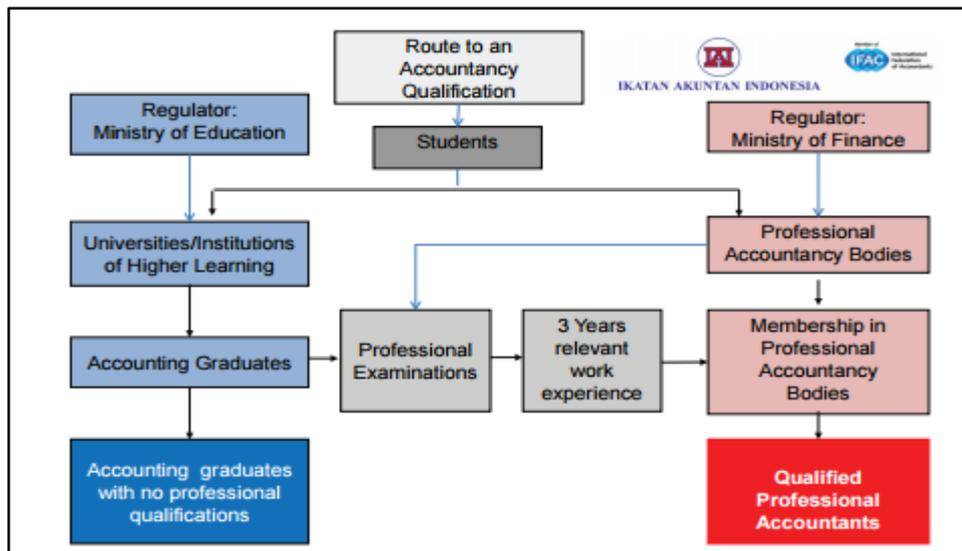


Figure 2.2. The Route and Requirement to be Professional Accountant in Indonesia

2.3 Professional Accountant

There have been many studies over many decades that have addressed various factors that affect students' career choice. Paolillo and Estes (1982) found that on occupational choices has compared the importance of various intrinsic and extrinsic factors that influence students in their choice to pursue becoming a CA or other profession as a career. Some researchers view the decision and intention to be professional in any field from two views such as intrinsic and extrinsic. For example, Ahmed, et al (1997) define intrinsic factors as factors that are related to satisfaction derived from a job that provides the opportunity to be creative and autonomous in an intellectually challenging and dynamic environment. They define extrinsic factors as financial remuneration and market-related factors that are extrinsic to the nature of the job itself. This finding derived when Ahmed et al. (1997) conducted a test to final year students in the Accounting departments of five universities in New Zealand. According to their results, students highly prioritize to financial and market factors in choosing a career in professional accountant. In addition, Hermanson and

Ivancevich (1995) studied about top business students' perceptions of the professional accountant, and they found that the nature of accounting work, its working environment and being associated with lack of creativity, caused the most important negative perceptions influencing their decision for not to major in accounting. Besides, these prior studies found that non-accounting students are likely to possess passive perceptions of intrinsic factors regarding accounting and the professional accountant, which discourages them from seeking a career path leading to become a professional accountant.

Fisher (1995) have argued that the perception of the professional accountant is a fundamental factor in students' selection of accounting as an academic major and as career. Sugahara, Boland and Gregory (2006) also indicate that professional accountant appear to be perceived as the most influential people who can have the greatest impact on an accounting students career choice. These opportunities certainly encourage students to consider a career in professional accountant. Chen, Chang and Lee (2008) also argue that taking secondary school accounting could influence students' estimation of the benefits and costs of choosing accounting which, the accounting students have intention to be professional accountant as their career choice

Jackling and Calero (2006) showed their results that the perception of importance of generic skills, intrinsic interest in the discipline area, and course satisfaction are essential in determining intention to pursue a career as a professional accountant. Because many students have formed their judgments about the works of professional accountants from their accounting studies, the findings have resulted assumptions for accounting educators in terms of enthusiasm and motivation required in teaching

accounting, as well as curriculum development that reflects the skill set required for an increasingly sophisticated business environment. Jackling, de Lange, Phillips, and Sewell, (2012) discovered that students have a positive attitude towards accounting as a professional accountant. However, between Australian and international students' levels of interest in accounting and attitudes towards the work of professional accountant show significant differences in some aspects.

Furthermore Jackling (2002) has conducted a research on first-year accounting students' perceptions toward the work of accountants as a part of a national survey of accounting students. The first year commerce students from five tertiary institutions were surveyed about their perceptions of the accounting profession and also their intentions to complete a major study of accounting at the tertiary level. The formation of their perceptions became an important part of the study. The results reported in this study aim to illustrate that the majority of students surveyed had negative perceptions of accounting. The main influence on their perceptions indicated that perceptions formed during their study in the tertiary education had influenced their decisions to choose majors and career choices.

Other researchers have investigated the perception differences of accounting to accounting and non-accounting students. Unsurprisingly, Oswick, Barber and Speed, (1994) reported that accounting students mostly have a positive view of accounting, while non accounting students have a more negative perception to be a professional accountant. In addition, Marriott and Marriott (2003) found that at the end of an accounting degree study, students tend to find accounting less interesting because they found the subjects are less interesting. As a result, the works of being a