

International Conference on Accounting Studies 2014, ICAS 2014, 18-19 August 2014, Kuala Lumpur, Malaysia

An application of theory of planned behavior towards CPA career in Indonesia

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Abstract

The purpose of this study is to examine the influence of attitude on CPA Profession and CPAs Law, subjective norm and perceived behavior control to intention in pursuing CPA career. The method utilizes multiple linear regression and path analysis. The empirical results support the theory of planned behavior. Attitudes toward CPA and CPAs Law, subjective norms and perceived behavioral control influence the intention to pursue CPA career. The Indonesian CPAs Law has strengthened and validated the position, rights and obligations of CPA so that the implementation of the Act has led students to pursue a CPA career.

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Peer-review under responsibility of the School of Accountancy, College of Business, Universiti Utara Malaysia.

Keywords: Attitude toward CPA; Indonesian CPAs Law; Subjective Norm; Perceived Behavior Control; Intention; Theory of Planned Behavior

1. Introduction

Previous studies show that there has been a considerable decline in the number of students studying accounting in various parts of the world over last decade as demonstrated by Albrecht & Sack (2000) in the USA; Marshall (2003) in the UK; Jackling (2002) in Australia; Wells and Fieger (2005) in New Zealand and Sugahara, Hiramatsu, and Boland (2009) in Japan. In contrary, the general trend in Indonesia to study accounting increases. In general, teaching accounting in Indonesia tends to prepare the students to work as accountants. The rising number of

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Indonesian students is far beyond the number of CPA available. Based on the data from Indonesian Institute of Certified Public Accountants, the number of CPA in Indonesia reached 926 (valid by March 31, 2011).

The phenomenon got worse because since 1997, the growth of CPA tends to stagnate. The data from Indonesian Institute of CPA (IAPI) Indonesia illustrates that 64% of Indonesian CPA are 51 years old and above, 25% are aged between 41-50 years old and 11% are aged between 26-40 years old. The data depict a slow regeneration of CPA where Indonesian CPA is dominated by the accountants in their old age. The same things happen to Japan, both the accounting professional bodies and the academicians have struggled with “the issue as to why the accounting profession remains so unpopular” (Sugahara, Hiramatsu, & Boland, 2009). Therefore, in 2011, the Government of Indonesia published the Certified Public Accountants Law (the CPAs Law). With the adoption of the CPAs Law, it is possible to increase both the number and the quality of CPA in Indonesia. The CPAs Law allows anyone to seat the CPA exam without any specific education required. As long as the students pass the CPA exam, they can practice as a CPA (CPAs Law, 2011).

Sugahara et al. (2009) found that students who already had working experiences and graduated from non-accounting disciplines were not keen on becoming CPA. To investigate how to attract students to the accounting profession, this study uses the Theory of Planned Behavior and it is combined with perceived behavior control as the independent variable (Ajzen, 1988) to assess the intentions and behaviors in making decisions (Felton, Dimnik, & Northey, 1995). The similar studies which have led to the adoption of the CPAs Law were conducted by Sugahara et al. (2009). The results from prior research (Felton, Buhr, & Northey, 1994; Ahmed, Alam, & Alam, 1997; Jackling & Calero, 2006; Sugahara et al., 2009) have suffered major limitations that their research designs only examined the factors that influence the career choice of accounting students on only two dependent variables. However, there are significant numbers of accounting students who would choose to enter a general accounting career in industry but do not have desire to pursue any CPA designation.

Philip (2010) used Theory of Reason Action (TRA) model to investigate factors influencing the accounting students' career choice in public accounting practices. The results support the TRA model. Furthermore, Jackling, Lange, Phillips, and Sewell (2012) found that students had a positive attitude towards accounting as a profession. However, there are significant differences between Australian and international students' levels of interest in accounting and attitudes towards the work of accountants. This study examines the influence of attitude toward CPA Profession and CPAs Law, subjective norm and perceived behavior control to intention to pursue CPA career. This study uses a social psychological model: Theory of Planned Behavior model combined perceived behavior control as the independent variable (Ajzen, 1988).

2. Literature review

2.1. *Theory of planned behavior*

Further development of the Theory of Reasoned Action (TRA) is often referred to as the Theory of Planned Behavior. Ajzen (1988:132) adds the construct that does not exist in the Theory of Reasoned Action, namely perceived behavioral control. This construct was added in an attempt to understand the limitations of an individual in order to perform certain behaviors. Perceived behavioral control, which is the belief that the individual will implement or not implement a particular behavior, the individual has the facilities and time to perform the behavior, and then estimate the ability of the individual himself whether he has the ability or not to implement it.

2.2. *Hypotheses development*

A finding of empirical support for the TRA model in regards to the accounting career choice has important implications for policy makers (Philip, 2010). It is well known that students' attitudes towards accounting are heavily influenced by their perceptions of accounting (Adams, Pryor, & Adams, 1994; Mauldin, Crain, & Mounce, 2000; Tan & Laswad, 2006). However, other studies have found that even though accountants may be viewed as having a dull image, anticipated job satisfaction is a consideration of accounting students when they choose to study accounting (Tan & Laswad, 2006). Furthermore, Jackling, Lange, Phillips, and Sewell (2012) found that students have a positive attitude towards accounting as a profession.

Attitude towards the behavior is defined as the individual's positive or negative feelings about performing a

behavior. It is determined through an assessment of one's beliefs regarding the consequences arising from a behavior and an evaluation of the desirability of these consequences. To examine the attitude towards accountant profession and the CPAs Law, this study use some indicators such as: intrinsic motivation; financial rewards; perceptions of the work of accountants; perceptions toward the CPAs Law; the prestige of the profession. So the research hypothesis can be formulated as follows:

Ha¹: attitude towards accountant and the CPAs law will influence positively the intention to pursue a CPA career

Subjective norm is defined as an individual's perception of whether people important to the individual think the behavior should be performed. This model therefore suggests that external stimuli influence attitudes by modifying the structure of the person's beliefs (Ajzen & Fishbein, 1980). However, the overall empirical evidence shows mixed results in terms of other reference groups such as the influence of friends, career counselors and teachers. For example, Gul, Andrew, Leong, & Ismail, (1989) found that teachers did not have a significant role in students' choice of majors courses at university. In contrast, Mauldin, Crain, and Mounce (2000) suggested that teachers had an important influence on students' decisions to pursue an accounting qualification. The contribution of the opinion of any given referent is weighted by the motivation that an individual has to comply with the wishes of that referent. Encouragement from the outside such as parental influence, spouse's support, and teacher's encourage will influence the intention to pursue a CPA career. Therefore, the hypothesis can be formulated as:

Ha²: Subjective norm will influence positively the intention to pursue a CPA career

Perceived behavioral control varies across situations and actions, which results in a person having various perceptions of behavioral control depending on the situation. An individual's perceived ease or difficulty of performing the particular behavior, an individual's beliefs about the presence of factors that may facilitate or impede performance of the behavior (Ajzen, 1991). Some research study perceived skills needed for success in the accounting profession (Sugahara et al., 2009). The result of perceived skills needed for success in the CPA revealed that non-accounting students perceived communication skills are less important than accounting students did. Research from around the globe shows that non-accounting students tend to misunderstand the nature of the job of the CPA. If so, eligible students who possess favorable communication skills may think that they do not match with the actual job of the CPA from their perceptions of skills and they may be reluctant to become a CPA.

In their respective aggregates, behavioral beliefs produce a favorable or unfavorable attitude toward the behavior; normative beliefs result in perceived social pressure or subjective norm; and control beliefs give rise to perceived behavioral control. In combination, attitude toward the behavior, subjective norm, and perception of behavioral control lead to the formation of a behavioral intention. As a general rule, the more favorable the attitude and subjective norm, and the greater the perceived control, the stronger should be the person's intention to perform the behavior in question. Finally, given a sufficient degree of actual control over the behavior, people are expected to carry out their intentions when the opportunity arises. Intention is thus assumed to be the immediate antecedent of behavior. However, because many behaviors pose difficulties of execution that may limit volitional control, it is useful to consider perceived behavioral control in addition to intention (Ajzen, 2002).

Ha³: Perceived behavioral control will influence positively the intention to pursue a CPA career

Ha⁴: Perceived behavioral control will influence positively on pursue a CPA career

Ha⁵: Intention will influence positively on pursue a CPA career

3. Research method

The instrument for the research was a questionnaire survey of final year accounting students from six universities in Central Java Indonesia. The study focused on final year accounting students because they have taken all subjects. They have made their career decisions and mostly have had internship experience in the company. A total of 210 respondents completed the survey. The methods of analysis used in this study were descriptive analysis, multiple linear regression analysis and path analysis using SPSS software. Simultaneous relationships between exogenous and endogenous were tested using path analysis. To justify that the model is empirically supported, the study used some goodness of fit indices to assess the model.

4. Results

4.1. Descriptive statistic test

Results of descriptive statistic are shown in Table 1. First column (Attitude toward CPA) depicts the mean scores for the variables addressing attitudes towards the accounting profession as well as an overall average attitude towards accounting score. All items were rated on a Likert-type scale from 1 (“strongly disagree”) to 5 (“strongly agree”). Most respondents answered “agree” with an overall score of 4. The scores on items were more closely associated with the intrinsic interest in accounting, “I would enjoy being an accountant” and “I like accounting”. These findings are similar to Jackling, Lange, Phillips, and Sewell, (2012). In this study, 210 respondents also believed that they would receive good salary if they choose public accountant as their profession. Respondents also found that it is fun to be an accountant. Even most of them agreed that being an accountant was a prestigious profession. From the table, it appears that most respondents are neutral towards the implementation of the CPAs Law. They assume that the existence of the CPAs law is not so influential in raising the prestige of the public accounting profession and electability.

Table 1. Descriptive Statistics

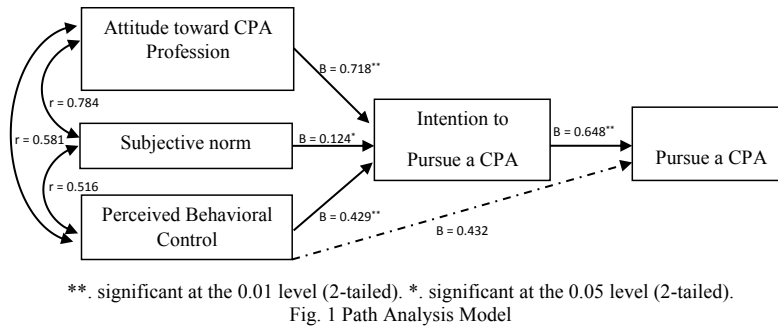
Response of respondents	Attitude toward CPA	Attitude toward CPAs Law	Sub. Norm	Perceived Behavioral Control	Intentions	Pursue a CPA Career
Average	4.0	3.8	3.9	4.4	4.1	4.3
Standard Deviation	1.03	0.92	0.82	0.79	0.74	0.76
Minimum	2	1	1	2	2	2
Maximum	5	5	5	5	5	5

Subjective norm as an external factor as well as one's belief to a profession have somehow encouraged individuals to choose the profession of CPA. The table shows that the average respondent answered “hesitate” and only a few chose “agreed”. The perceived individual control is an individual's belief in the ability to pursue career as a CPA. On average, respondents answered that they have the academic qualification and are professional enough to work as CPAs. Intention is the tendency of a person to choose to do or not to do any work. The respondent intentions to pursue CPA career after implementation of the CPAs Law is relatively strong. The behavior of the students to pursue a CPA career is a clear demonstration to plan a career as a CPA within the influence of the new CPAs law. Most of them stated that the Act has been guiding them in planning a career as CPAs.

4.2. Path analysis

Overall hypothesis testing is shown in Figure 1. First hypothesis (attitude towards accountant and the CPAs law will influence positively on intention to pursue a CPA career) was supported. The positive odds ratio indicated a positive attitude toward accountant and the CPAs law increases the likelihood that the student would pursue a CPA career. This finding supports prior studies (Felton, Buhr, & Northey, 1994; Tan & Laswad, 2006; Jackling & Calero, 2006; Philip, 2010; Sugahara et al., 2009; Jackling, Lange, Phillips, & Sewell, 2012). However, a number of studies revealed that the accounting students place a lower importance to intrinsic factors in career decisions (Gul, Andrew, Leong, & Ismail, 1989; Ahmed, Alam, & Alam, 1997).

The second hypothesis testing indicates that the subjective norms influence the dependent variable. Subjective norms such as parental influence, spouse's support, teacher's encouragement and reference groups influence the intention to pursue a CPA career. Hence, the subjective norms as encouragement from the outside and reference groups will affect the intention to pursue a CPA career positively. This result supports prior studies such as: Mauldin, Crain, & Mounce, (2000); Jackling & Keneley (2009) & Philip (2010). Third, Perceived Behavioral Control has a significant relationship toward dependent intention to pursue a CPA career. These findings strengthen Ajzen (2002) opinion that perceived behavioral control influences intentions. However the effect of perceived behavioral control on behavior is not significant; consequently, Ha4 is rejected. The last is the effect of intention towards behavior; in this case, there is a statistically significant relationship. Intention is thus assumed to be the immediate antecedent of behavior.



5. Discussion

The findings in Table 2 support the Theory of Planned Behavior models. Attitudes toward CPA and CPAs Law, subjective norms and perceived behavioral control have influenced the students interest to be public accountant after the implementation of the Public Accounting Act. The interest will then encourage individuals to plan careers that can be realized in the future. Beta coefficient of indirect effect is greater than that of the direct effect. It indicates that the influence of independent variables to the dependent variable will be better through the intervening variable (intention). This empirical results support the simplified version of Planned Behavior Theory (PBT) (see Ajzen (2002)). According to the theory, students behavior is guided by three points of consideration: belief on the likely consequences of the CPA career (behavioral belief), belief on the normative expectation of others (normative belief), and belief on the presence of factors that may facilitate or impede performance to pursue CPA career (control belief). In their respective aggregates, attitudes toward CPA profession and CPAs Law lead to favorable trend to choose CPA career.

Table 2. Total Effect in Path Analysis

No	Influence	Direct Effect	Indirect Effect	Total Effect
1.	Attitude → Behavioral	0.201		0.666
2.	Subjective Norm → Behavioral	0.032		0.112
3.	Perceived Behavioral Control → Behavioral	0.157		0.435
4.	Attitude → Intention → Behavioral		0.465	
5.	Subjective Norm → Intention → Behavioral		0.080	
6.	Perceived Behavioral Control → Intention → Behavioral		0.278	

Subjective norms can influence individual option to choose CPA career. An individual may perceive that performing particular behaviors could be easy or difficult. It relates with an individual's belief on the presence of factors that may facilitate or impede performance of the behavior (Ajzen, 1991). It is assumed that perceived behavioral control is determined by the total set of accessible control belief. Perceived behavioral control influences intention. In combination, attitude towards behavior, subjective norms, and perception of behavioral control lead to the formation of a behavioral intention. As a general rule, the more favorable the attitude and subjective norms, and the greater the perceived control, result in the stronger the person's intention to pursue CPA career. Finally, given a sufficient degree of actual control over the behavior, students are expected to carry out their intentions when the opportunity arises. Intention is thus assumed to be the immediate antecedent of behavior.

The implementation of the Indonesian CPAs Law since December 2011 has led the students to have expectations of better improvement in the future. However, the path coefficient and the coefficient of determination indicate that the expectation is not significant. This means that the attitude of the students on the implementation of the Public Accounting Act gives little effect on the students' interest to be CPAs. The phenomenon is presumably caused by the lack of a comprehensive understanding of the law. In spite of the lack of understanding, the students are still optimistic to pursue CPA career. In addition, students also have a clear career

goal. They are confident in their ability to be CPAs. They believe that they have required the knowledge and experience to pursue a CPA career.

6. Conclusion and limitation

This paper provides some insights into the factors that influence accounting students on their career choice, using the Theory of Planned Behavior model. The results support the Theory of Planned Behavior model. Attitude towards CPA and CPAs Law, subjective norms and perceived behavioral control influence the intention to pursue CPA career. The Indonesian CPAs Law has created the position, rights and obligations for CPA profession to be more apparent and valuable. The implementation of the Act has led students to pursue CPA career.

The limitation of this paper is that the sample size of the study is small as it comprises only those students studying accounting in Indonesia. Most of respondents did not understand the contents of the Indonesian CPAs Law. It is recommended that the government and academician to disseminate the Indonesian CPAs Law broadly. Future research should develop the Planned Behavior Theory (PBT) and add background factors such as internal, social and information.

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