

Factors of Professional Accountants' Capability that are Expected in Small and Medium-Sized Enterprises (SMEs) from a Perspective of Executives

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Abstract - This research aims to study the factors of professional accountants' capability that are expected in Small and medium-sized enterprises (SMEs). A target populace of this research is executives from Small and medium-sized enterprises (SMEs) which researchers have used a survey as a tool to collect sample data from 234 enterprises and conducted 2 analysis methods to analyze the data. The two methods are an exploratory factor analysis by using SPSS program and a confirmatory factor analysis using AMOS program. A result from the confirmatory factor analysis showed that the expected professional accountants' capabilities of accountants in Small and medium-sized enterprises (SMEs) from the perspective of the executives consists of 13 features in which the 5 most important factors are Technical skills and practical function (monitoring assessment regulations), General knowledge, Basic personal skill, Communicative interpersonal skill, and Working interpersonal skill. In all, the performance model of professional accountants expected in Small and medium-sized enterprises (SMEs) in executives' perspective is in line with the empirical data on a favorable level.

Keywords - Capability, Professional Accountants, Small and Medium-Sized Enterprises (SMEs)

I. INTRODUCTION

Presently environments that surround businesses have become complicated and constantly changing due to the Global Economic Environment, development of technology, severely competitive environment, and other factors that influence organizations to change their management systems. And when the idea of management has changed, executives expect accountants to increase their duty and responsibility to further intensify the organization's value. This also includes the participation in strategizing the main strategy of the organization, risk management, and internal control. Not only that, but also the role in analyzing and presenting valuable information that will influence a business decision.

Therefore, accountants have to improve their abilities more than the basic accounting knowledge. They also have to extensively increase their education of professional accountants' related field, or other professions such as Finance, Economics, Politics, Laws,

Information Technology, effective Administrative skill, like efficient communication and relationship skill, Management and leadership skill with a positive attitude and constant awareness for self-development, and Performance based on ethics and transparency of financial reports and ethics in business. Then the most important factor is language when Thailand is becoming a part of Asian Economic Community or AEC. (Pitsana Praharnkhasuk 2014: 3)

This goes in accordance with a study of Natcha Wattanawilai and Jutamom Sittiponwanitkul (2012: 1) about capacity development of accountants in Thailand when free trade economy begins. When a group is formed, trading, investment, and labor force can move around freely, professional accountant is one of 7 most growing careers in the profession during the time when the Asian Economic Community has started. Therefore, the accounting profession and accountants must develop both in quality and capability as high as they can to compete with others in this region and on the international scale of the same profession. For example, improving the standard education of the professional accountants of the international Federation of Accounting Professions and educational institution to produce professional accountants, who are well educated in languages, sciences, and technology.

This is where the educational institutions try to take action in producing qualified accountants that meets international standard by developing the standard education of professional accountants in higher educational institution. In other words, International Education Standards for Professional Accountants: IES is established which induce educational institutions to arrange a professional accountant's education to go accordingly to the standard of International Federation of Accountants: IFAC. In which aids and prepares Thai accountants to have enough qualification to face and increase the chance of entering to the flow of the free market and labor movement that are about to

occur in the near future. The concept of IES is a measure for education that can be concluded as a person who studies in professional accountant's courses will have sufficient education of the required skills including the values, professional ethics and attitudes, and operational experience. Therefore, the person who is going to be a professional accountant will have to have knowledge in both accounting and other related field as a quality. This also includes the basic working skill like adapting theories into practice and understanding the value and professional ethic. Furthermore, they are also required to be able to have an operational skill immediately after graduation which will only be possible after learning, practicing, and experiencing a real working environment outside classroom. To be readied to enter the working field.

From the aforementioned, the researchers are interested in studying the method to increase the capability of professional accountants according to the measurement from IFAC in all 3 issues following the idea of IES which consists of 2nd issue: The content of professional accounting education programs IES, 3rd issue: Professional skill, and 4th issue: Values, ethics and attitudes of professional knowledge and skills as set by IES. These 3 issues will be guidelines in studying the capability of professional accountants that Small and medium-sized enterprises (SMEs) required from the perspective of executives who work in the mentioned environment. So it would be useful in developing professional education and skill of accountants to meet the requirement of Small and medium-sized enterprises (SMEs).

II. OBJECTIVES

1. To study the factors of professional accountants' capability that are expected in Small and medium-sized enterprises (SMEs).
2. To analyze factors of professional accountants' capability that are expected in Small and medium-sized enterprises (SMEs) in confirmatory and exploratory analysis.

III. RESEARCH METHODS

This research is a quantitative research and a collecting of data by a survey to study the level of capability of professional accountants in Small and medium-sized enterprises (SMEs). The data is collected through a survey from a sample group, which has been designed according to the target of this research and tested of confidentiality from experts.

The survey in this research consists of 3 elements which are General information of participants, Capability of professional accountants as expected in an establishment from the perspective of the executives of Small and medium-sized enterprises (SMEs) according to the International Education Standards for Professional Accountants (IES), and a survey of suggestions that could be useful to the organization and developing the capability of professional accountants in order to entering the Asian Economic Community.

During this research, the researchers use an exploratory factor analysis and a confirmatory factor analysis and will use the exploratory factor analysis first in order to test and make sure about which variable is related to each other and whether the ability to group them according to IES in all 3 issues are true or not. Then the researchers will take the group of related variable, which is the result of the study to analyze the factors by the confirmatory factor analysis by AMOS statistic program.

IV. RESULT OF THE RESEARCH

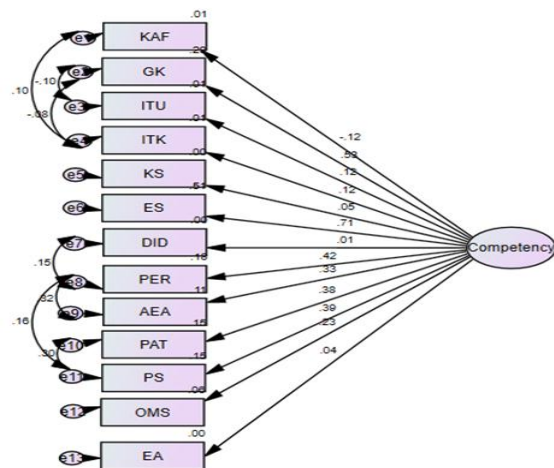
The factors of the expected accounting capabilities of accountants in Small and medium-sized enterprises (SMEs) from the executives' perspective have in total of 13 features, 46 variables that can be seen by:

1. Weight of the factors of the 46 variables contains value. These variable elements have weight around 0.204-0.933.
2. There are statistically significant at the level 0.05, which means that all the 46 variables is an important parameter of the

performance of the professional accountants as expected in small-medium size enterprises (SMEs) from executives' perspective.

3. Predictive coefficient (R2) ranged from 0.019 to 0.950.

Results of the confirmatory factor analysis to ensure the coherence of the model of performance of professional accountants in Small and medium-sized enterprises (SMEs) from executives' perspective are tested for Goodness of Fit (GOF) by the researchers who have verified for 7 values which are Chi-square value, Degree of freedom value, P-Value, Truxter Lewis Index (TLI), Comparative of Fit Index (CFI), Standardized Root Mean Squares Residual (SRMR), and Root Mean Squares Error of Approximation (RMSEA).



Chi-square = 63.505, df = 58,
 df/chi-square = 1.095, P-value = 0.289,
 RMR = 0.044, TLI = 0.964, CFI = 0.973,
 RMSEA = 0.020, HOELTER(0.05) = 282

Fig. 1 Analysis model of confirmatory factors of the factors of professional accountants' capability that are expected in Small and medium-sized enterprises (SMEs) from a perspective of Executives

This can be concluded that this model is coerenced with Chi-square value = 63.505, Degree of freedom value = 58, P-Value = 0.289, Truxter Lewis Index (TLI) = 0.964, Comparative of Fit Index (CFI) = 0.973, Standardized Root Mean Squares Residual (SRMR) = 0.444, and Root Mean Squares Error of Approximation (RMSEA) = 0.20.

These show that the model of the Factors of professional accountants' capability that are expected in Small and medium-sized enterprises (SMEs) from a perspective of Executives is on a consideratively favorable level.

V. DISCUSSION

The result showed that the development of performance expected of professional accountants in Small and medium-sized enterprises (SMEs), corresponding to IES2 IES3 and IES4 is in accordance with the perspective of Small and medium-sized enterprises (SMEs) where importance of the factors of technical skills and practical function (monitoring assessment regulations) comes in the first place. This study has realized that the technical skills and practical function in monitoring assessing and strictly following the regulation are an important duty of accounting students who not only have to have the operational skill, but also be able to bring the knowledge into performance during assesment of other departments or other people. Then also can follow up the results of operation and solution which conforms with the regulation rigorously during the performance of the profession. This will be considered as the mentioned skills have the utmost importance to the capability of the professional accountants in Small and medium-sized enterprises (SMEs) as required and in accordance with the standard of IES 3rd issue. This research's result agrees with a research of Pongsirapop Thongdirawisurakate (2011) which states that professional skill in both academic and operation are core functions indicated in IES3. The person who has skill in academic performance in assessing, monitoring, and regulating must be someone who has an ability to estimate and evaluate a value. Moreover, the person must be able to write a proper and correct report according to the international standard and also must have precise knowledge in laws and regulations.

Next, the General knowledge is a factor that comes in second in term of importance.

The general knowledge that accountants must have consists of knowledge on business laws and commercial laws, Audit and Professional accountants' assurance, and professional values and ethics. These features are highly important for accountants' professional value because not only they are required to have a knowledge in accounting, but they are also required to have a deep understanding in business laws and commercial laws in order to conduct audit correctly according to the professional ethics. Furthermore, they increase the value of this second factor to become what is important and expected of the accountants from Small and medium-sized enterprises (SMEs) and international standard IES2. It conforms with the study of Saran Shukiat (2010) and Kankanit Hanwongsa (2006) where they have studied the expected qualifications of the accountants whether they could follow the professional ethics strictly and create an accurate account and statement report accordingly while protecting the company's confident or not.

After that, the third important skill is the basic individual skill. This feature consists of responsibility of the duty, self-management, creativity, self-learning, and ability to complete the task on time. These are the individual skills that are stated on the IES3. However, these skills can be practiced and improved if the accountants are responsible, aware of their duty, always striving to learn new things, and eager to complete the task with their best effort. It goes accordingly with a study of Nipan Henchokechaichana (2005) where it is stated that accounting profession is an important profession and essential to the economic and social development in all sectors: private sectors, public sectors, and state enterprises. Therefore, it is necessary that accountants must attentively learn new things and striving to improve their knowledge in order to provide maximum benefits to the society. As in agreement with a study of Buachan Intiso and Co. (2009) where they state that creativity is also one of the things that accountants must constantly keep developing at the same time with other professional knowledge because it can

stimulate new working ideas and desire to learn new things, which could lead to increasing the capability of the accountants.

VI. SUGGESTIONS

The suggestions of this research are written as a guideline for developing the capability of accountants accordingly to the required of Small and medium-sized enterprises (SMEs). They consist of the followings:

1. Improve the professional knowledge together with operation and technical skill.
2. Consider to improve a relationship between concerned parties.
3. Keep on practicing the skills and knowledge by attending seminars or workshops, or transfer a good skill or working method to colleagues to develop the existing knowledge or gaining a new one from colleagues.
4. Educational institutions should support in learning other skills together with the professional accountants' skill, for example encourage morality and professional ethics including the leadership so they can manage the organization effectively.

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