The Journal of Teaching and Learning for Graduate Employability

ISSN: 1838-3815 (online) Journal Homepage: https://ojs.deakin.edu.au/index.php/jtlge/

Work ready graduates for Australian small and medium Accounting firms

Sharon Hayes[1], Brett Freudenberg[1] and Deborah Delaney[1]

Corresponding author: Brett Freudenberg (b.freudenberg@griffith.edu.au)
[1]Griffith University, Australia

Abstract

Approximately 40% of accounting graduate recruitment in Australia is by small and medium accounting (SMA) firms, firms which can face different constraints compared to their larger counterparts. Given the characteristics of SMA firms it is important to appreciate what they consider makes a work ready graduate. This article reports the findings of a study that explores what makes a graduate work ready when commencing employment within an Australian SMA firm. The findings suggest that a work ready graduate for an SMA firm has a working knowledge and understanding of business accounting software programs, taxation and tax software. Additionally, there is a high emphasis on communication and interpersonal skills. This raises the question as to what extent should current university degrees provide adequate technical knowledge and generic skill development for those graduates seeking employment with SMA firms, and who should be responsible for it?

Keywords: accounting, graduates, small to medium accounting, employment, work-ready

Introduction

The role for professional accountants continues to undergo significant change, adapting from the traditional role of providing information and keeping records, to providing business guidance and data analysis (Ahadiat & Martin, 2015). Technology changes are foremost, with Yaftian, Mirshekary and Mihret, (2017) recognising accounting as significantly affected by the introduction of industry software and innovative practices in recent decades. Moreover, future challenges are anticipated for accounting graduates if the growing trend of outsourcing basic core accounting services continues, with entry-level tasks commonly providing a means to enhance and develop skills during early employment (Chaplin, 2017).

Freeman and Wells (2015) acknowledge that professional accounting bodies have been active in adapting learning outcomes and required competencies to align with industry developments. However, Bayerlein and Timpson (2017) argue that the learning outcomes of most accredited Australian undergraduate commerce degrees do not align with the profession's requirements. Even so, alignment with accreditation guidelines will not ensure graduates are work-ready, due to the lack of consensus between employer requirements and the current accounting programs (Pan & Perera, 2012). The problem may arise because the graduate can choose to seek a career within numerous

employment contexts, including public accounting practices of various size, corporate or government environments (Hayes, Freudenberg, & Delaney, 2018). Determining the work-readiness of a graduate must ultimately reflect the employment context in which the graduate commences.

A 'work-ready' graduate is one who has obtained the desired configuration of 'technical knowledge' and 'generic skills', so they may competently perform in their employment context (Bui & Porter, 2010). Technical knowledge describes the knowledge that is required for the certain discipline, and for accounting can include the understanding of debits and credits, preparing financial statements, and taxation compliance activities (Low, Botes, Dela Rue, & Allen, 2016; Jackling & De Lange, 2009). Whereas, generic skills include inter-personal skills, communication, and problem solving, which are not specific to a discipline (Barrie, 2006). The term 'graduate attributes' is an overarching term describing the integral outcomes developed during university studies, and has been defined as the qualities, skills and understandings a university community agrees students should develop during their time with the institution (De la Harpe & David, 2012). Of course, these attitudes and skills can be inter-related (Bui & Porter, 2010), and in total could be comprehended as 'employability' which *sits within, but is not identical to 'graduate attributes'* (Tempone et al., 2012, p. 42). Yorke (2006) defined employability as:

> *…a set of achievements – skills, understandings and personal attributes – that makes graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy* (p.8).

Smith, Ferns and Russell (2014) describe a work-ready graduate as *...one who can be effective as a professional employee on the very first day of employment* (p. 1). Of course, to what extent this is a realistic aspiration on day one is questionable, but it is nevertheless a concept that deserves consideration. Leong and Kavanagh (2013) and McDowall, Jackling and Natoli (2015) further show that employers anticipate the completion of a balanced curriculum, including both the requisite technical knowledge and the generic skills necessary to work effectively within a business context. Consequently, these attributes include both technical and generic skills (Kavanagh & Drennan, 2008), and it is argued that the necessity for these skills requires consideration be given to the employment context. Suggestions that small to medium accounting (SMA) firms place relatively more importance on technical knowledge (Bui & Porter, 2010) have been disputed by Low and colleagues (2016), arguing that there is no evidence from their New Zealand (NZ) based findings inferring that SMA firms place more importance on particular skills when compared to larger firms.

Recent studies have investigated the attributes of accounting graduates across a broad variety of employment contexts including non-accounting industry employers (Bui & Porter, 2010; Low et al., 2016; Tempone et al., 2012). However, much of the previous research does not identify graduate attributes pertaining to SMA firms despite these employers engaging almost 41% of domestic accounting graduates in Australia (Graduate Careers Australia, 2015). Given the proportion of graduates securing employment with SMA firms, it is important to consider if these accounting graduates are provided with the opportunity to develop work-ready skills across a board context of work environments. This is more acute for SMA firms as those firms may have limited financial resources for training and supporting graduates as they commence employment (Hayes, Freudenberg, & Delaney, 2018). Accordingly, the scope of this study focuses on Australian SMA employers, identified as accounting firms with less than 100 full-time employees, which is consistent with the definition given by Graduate Careers Australia (GCA).

Expectations for work-ready graduates fluctuate across different employer groups, reinforcing the above view that the graduates' work-readiness will depend on the employment role (Howieson et al., 2014). Bishop (2017) found that when considering trainee accountants in different employment contexts, that smaller firms typically include a widely varied client base and require trainees to apply a broader range of knowledge and generic skills. The expansion and complexity of services offered by a SMA firm could also lead to a broadening of the knowledge and generic skills a work-ready

accounting graduate requires (Sin & McGuigan, 2013). While a previous study has considered the technical knowledge and generic skills for graduates of Australian SMA firms from a taxation perspective (Hayes, Freudenberg, & Delaney, 2018), this study is unique in its focus on the research question 'Do Australian graduates generally attain sufficient skills to be considered 'work-ready' when commencing employment in an SMA firm?' Other related concepts considered include who should be responsible for work-readiness and whether it is fully obtainable.

The remainder of this article is structured as follows. Section 2 provides a discussion of graduate trends and research into graduate attributes. Section 3 provides the research methodology undertaken and describes the participants' demographics. Section 4 provides an analysis of the results, which is followed by Section 5 with the recommendations, suggestions for future research and conclusion.

'Work-ready' literature

The following section considers some of our understanding of accounting graduates in terms of trends, and research into graduate attributes.

Graduate trends

According to labour market research 81% of degree qualified accounting applicants were deemed unsuitable for the vacancy, with employers commonly citing lack of experience as a decisive factor (Australian Government, 2017). Given the identified surplus of accounting graduates, it is of concern that 26.8% of all graduate employers had trouble sourcing graduates, of which accounting was the third highest profession experiencing difficulties (Graduate Careers Australia, 2016). Unfortunately, the reasons underlying these difficulties are not detailed. Equally concerning is the insistence by more than half of these employers that they would have hired additional graduates if more suitable applicants had been available. It is noted that these recruitment difficulties may be a result of deficiencies in the university programs due to the misalignment of the needs and realities of current accounting practices with the university curriculum (Australian Government, 2017).

Graduate attributes

Graduate attributes can be described as the integral outcomes developed during university studies. These attributes can be critical when seeking employment, and extend beyond disciplinary expertise, to personal capabilities and behaviours (Sin & McGuigan, 2013). Cole and Hallett (2019) have argued employability is not static, and extends to more *malleable concepts of career adaptability, lifelong and lifewide learning*, and higher education '*should mirror this fluidity* (p. 120). They consider beyond skills, there needs to be a focus on behaviour and performance, rather than just reflecting *an industry-enforced agenda* (p. 121). While some of these characteristics can be classified as either generic skills or technical knowledge, others extend beyond these with well-prepared graduates possessing an array of attributes suitable for the work context, such that they are 'work-ready' (Smith, Ferns, & Russell, 2014).

Whilst a number of Australian and NZ studies have been conducted to identify the desired skills needed by graduates, the definition of 'work-ready' will depend upon the employment context in which the graduate is employed. Low and colleagues (2016) argue that the recent literature is inconclusive in ascertaining which attributes the employers require of their graduates and the relative importance of knowledge, skills and personal attributes. Studies from other countries involving accounting graduate skills have also considered the skills required, such as in Sri Lanka (Abayadeerah & Watty, 2014), South Africa (Fourie, 2014), and the United Kingdom (Towers-Clark, 2015). Given the similarity in contexts, including joint professional accounting bodies, of particular

relevance are the studies from NZ and Australia, and Table 1 summaries six studies, and notes the most frequently identified skill and the employment context considered.

Studies involving SMA firms suggest that the range of tasks and clients to which graduates (including trainee accountants) are exposed is generally wider, and the in-house training practices are less resource-intensive with a less developed structure (Bishop, 2017). This suggests a broader range of graduate skills and attributes may be necessary within the SMA firm context to ensure work-readiness. It should be noted that some of the variation in the studies could be due to the construction of the relevant research, as well as whether open ended questions were asked as opposed to closed choice options. Nevertheless, the studies do provide some useful insights. Considering these six studies (Table 1) a common theme emerging is the importance of communication and team skills, as these appear in the top three of five of the studies. Accounting knowledge also appears in 50% of the studies, although not all of these studies considered knowledge.

Kavanagh and Drennan (2008) conducted a cross-institutional empirical study to determine which professional skills accounting graduates perceive as critical to employment success. The results were compared with the perceived importance of similar skills by a sample of Australian employers. Whilst the results show problem-solving skills, real-life experience, and basic accounting skills as the top three skills required, this study has several limitations. Firstly, the observations focussed primarily on the perspectives of the graduates from three universities, with not all candidates studying accounting, and further it did not distinguish between SMAs and larger firms.

Jackling and De Lange (2009) investigated the importance of technical knowledge and generic skills developed during undergraduate accounting courses at a Victorian university using both graduate and employer perspectives. Both groups recognised the importance of technical accounting knowledge, but graduates indicated that several generic skills were not being taught or developed sufficiently; including team skills, verbal communication and interpersonal skills. However, the study did not focus on the requirements of SMA practitioners, with only six of the twelve participating employers noted as chartered accountants, and including one Big Four and one second tier firm.

Bui and Porter (2010) found that NZ employers continue to find accounting graduates not 'work-ready', identifying a relationship between firm size and the desired balance of technical and non-technical skills. In this study, 13 interviews were conducted with staff from 11 accounting firms, with five from the Big Four and eight from SMA firms. The SMAs identified team skills, good interpersonal skills and oral communication skills as attributes to be emphasised, together with good technical accounting skills. Large firms typically suggested graduates should obtain their technical knowledge in-house during a post-education training period after securing employment, whilst SMAs identified that a wide range of technical accounting knowledge and skills such as bookkeeping are essential. This could illustrate that the needs of SMAs are different and still require base level knowledge as outsourcing may not be possible.

Tempone et al. (2012) investigated what Australian accounting employers require for work-ready graduates. Participants included 29 accounting employers from the Big 4, mid-tier and SMA firms as well as large corporations, public sector and not-for-profit entities. The study identified that demand for particular generic skills will be context specific, with differing requirements by the employers:

> *attributable to the work undertaken in each of the sectors, the capacity of firms to train and develop generic attributes, and the specific outcomes these employers desired to obtain from their workforce and its endeavours* (Tempone et al., 2012, p. 52).

Accordingly, the employment context and size of the accounting firm may influence the skills required for a graduate to be work-ready. As the study focussed only on generic attributes, additional research is necessary to investigate all graduate attributes desired by an SMA firm.

A study by Low et al. (2016) examined which technical and generic skills are required for work-ready accounting graduates in NZ over a variety of firm sizes. Their findings did not conclusively align with prior studies indicating employer requirements could depend on the firm size or industry, which may be in part due to the open ended questions used in their interviews exploring technical and generic skills of an ideal graduate. In their study of 10 NZ employers, they found a lack of evidence suggesting that SMA firms place more importance on technical knowledge compared to large firms. However, it confirmed prior research showing that employers' value and emphasise generic skills, including communication, interpersonal skills and teamwork.

Hayes, Freudenberg and Delaney (2018) examined 12 Australian SMA firms to understand the skills required for commencing graduates to be work-ready from a taxation perspective. This study highlighted that the technical knowledge required by the top three included knowledge in relation to tax preparation, accounting software and financial statements. The generic skills required included communication, interpersonal and teamwork; although the context of these skills was multi-faceted and related to such things as communication within a small firm, as well as with clients by either phone, letter or emails. The study indicated that the SMA firms can have capacity constraints to develop skills, particularly generic skills.

Table 1: Australian and New Zealand Studies

Authors	Research question(s)	Details Of Study		
		Top Knowledge, Skills Required or Most Identified	**Year & Study Location**	**Employer Type**
Kavanagh & Drennan	What professional skills do employers expect accounting graduates to possess at entry level?	1) Problem solving 2) Business awareness / Real life experience 3) Accounting skills	2008 Australia	28 Practitioners across a variety of industries
Jackling &De Lange	What do employers perceive as the most important graduate skills in their potential employees?	1) Team Skills 2) Leadership 3) Oral communication	2009 Australia	12 Human Resource Managers *Employer type not given*
Bui & Porter	What are the right skills (or competencies) of accounting graduates?	• Accounting concepts • Communication Skills • Teamwork *(order varies by size or type of employer)*	2010 New Zealand	5 Large Firms 6 SMA Firms 0 Government/ Private/ Other
Tempone et al.	What are key graduate attributes required by employers of an accounting graduate? (2) At what level are they required at various stages of their career?	*Generic only:* 1) Communication skills 2) Teamwork 3) Self-management	2012 Australia	4 Large Firms 5 SMA Firms 20 Government/ Private/ Other
Low, Botes, Dela Rue, & Allen.	What are accounting employers looking for in their 'ideal' graduate? Does the much touted 'expectation gap' within New Zealand still exist?	1) Listening Skills 2) Teamwork 3) Oral Communication	2016 New Zealand	10 Employers (including Big Four accounting firms, SMAs (BDO); Audit New Zealand and a large corporate employer).
Hayes, Freudenbe	What are the technical and generic skills	*Technical knowledge:* 1) Financial Statements	2017 Australia	12 SMA

rg & Delaney.	required in an Australian SMA firm?	2) Accounting Package Software 3) Tax and Tax Software *Generic skills:* 1) Communication 2) Interpersonal 3) Teamwork	(Southeast Queensland)	Employers

SMA practices have demonstrated the need for numerous skills for a graduate to be 'work-ready' (Bui & Porter, 2010), however the combination of attributes required is yet to be clearly ascertained. Examining the requirements in light of the employment context becomes crucial due to the different focus of SMA firms, the differing nature of the accounting services provided, and potentially due to the reduced capacity to train commencing graduates (Tempone et al., 2012). Despite the numerous studies about technical and/or generic skills across a range of accounting education, how these skills relate to the concept of 'work ready' for SMAs and who is responsible for their development is not clear.

Extending Bui and Porter's (2010) study to the Australian context, this study seeks to explore and examine what 'work-ready' means for SMA firms.

Research methodology

The first aim of this study was to consider how SMA employers perceive and describe a work-ready graduate within their firm. The second aim was to examine the necessity for a graduate to be 'work-ready' and if so, identify the stakeholder responsible for ensuring that this occurs prior to employment commencing.

Method

Semi-structured interviews were held with SMA firms listed within online membership directories of the three Australian professional accounting bodies: Chartered Accountants Australia and New Zealand (CAANZ); CPA Australia; and the Institute of Public Accountants (IPA). Firms employing between one and 99 full-time (or equivalent) employees were selected to correspond with the GCA definition. Convenience sampling (Edwards & Holland, 2013) was used to select firms located within 100kms of the Gold Coast region, providing a sufficiently broad viewpoint, and included employers within both the Gold Coast and Brisbane regions of Queensland. The SMA firm was further required to have hired a commerce graduate within the past ten years.

Thirty-four suitable firms were invited to attend an interview with participants from 12 separate firms ultimately participating in the project. Whilst this is a modest sample, the response rate of 35.2% was considered sufficient to provide rich and detailed information. However, attempts to generalise these results need to be done with caution and should only be considered as a preliminary exploration. Interviews were held with a senior staff member who is actively involved with graduate recruitment, who completed an online survey to provide demographic information prior to the interview. Given that the researchers wanted to allow participants to elaborate on the particular skills required in the SMA context, semi-structured interviews were seen as appropriate to allow the researchers to obtain rich and detailed information through a variety of collection methods (Pan & Tan, 2011).

Semi-structured interviews with an average duration of one hour were conducted using an interview guide for consistency (see Appendix, p.19). The data generated during the interviews was firstly eclectically coded as numerous themes emerged, to enable reflection and analysis (Towers-Clarke, 2015). The next phase was to develop a code book as suggested by DeCuir-Gunby, Marshal and McCulloch (2011), to assist with developing codes from the raw data and enable consistent coding.

The findings were subsequently analysed to note key themes and patterns upon which to draw conclusions (Saunders, Lewis, & Thornhill, 2015). Ethics approval was obtained, and participants completed a consent form prior to the interviews occurring.

Descriptive statistics

Table 2 details the demographics of the 12 participating firms, who all operated within the greater Gold Coast or Brisbane regions, with 50% classified as small (n=3) or very small (n=3), and the remaining 50% (n=6) classified as small to medium. The inclusion of each firm's ten-year graduate employment history shows that each participating firm has experience in graduate employment.

Table 2: Demographics: Participating Firms

Participants	Firm Location	Size (employees)	Number of Graduates in past 10 years	Graduate Training Provided				
				Staff mentor	Manuals /Videos	Internal training	Ext. training	PD Seminars
P1	Gold Coast/ Northern NSW	<5	1–2	✓		✓		✓
P2	Gold Coast/ Logan	21 to 100	10+	✓	✓	✓	✓	
P3	Gold Coast & Brisbane (3 interstate offices)	21 to 10	10+	✓	✓	✓	✓	
P4	Brisbane	21 to 100	6–10	✓	✓	✓		
P5	Brisbane	21 to 100	6–10	✓	✓	✓		
P6	Brisbane	21 to 100	10+	✓	✓	✓		
P7	Gold Coast & Hinterland	21 to 100	6–10	✓	✓	✓	✓	✓
P8	Gold Coast & Hinterland	6 to 20	6–10	✓	✓	✓		✓
P9	Gold Coast	6 to 20	3–5	✓		✓		
P10	Gold Coast	6 to 20	10+	✓				
P11	Brisbane	<5	1–2	✓				
P12	Gold Coast & Hinterland	<5	10+			✓	✓	

✓ Indicates the training provided

Table 3 illustrates the services provided by each participating firm, as these may influence the desired work-ready graduate skills.

Table 3: Services Provided by the Participating Firms

Services Provided	Participant Firms											
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Statement & Reporting	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Tax Compliance and GST	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Business Setup & Structuring	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Bookkeeping Services	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓
Cash Flow & Budgeting Services		✓		✓	✓	✓	✓	✓	✓		✓	
Registered Office Services	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Due Diligence Reports		✓				✓	✓				✓	
Forensic Accounting			✓				✓					
Financial Planning		✓			✓	✓		✓	✓		✓	
Auditing	✓	✓				✓	✓		✓			
Other – SMSF Services		✓		✓			✓					
Other – Finance & Legal Services											✓	
Other – Management & KPI					✓							
Other – Insolvency & Restructure			✓									

✓ indicates the service is provided

Results

What is a work ready graduate?

In determining what is a work-ready graduate, participants from each firm were asked to describe a work-ready graduate for their SMA firm. This was an open-ended question to allow participants to elicit their own thoughts about this term (see Appendix). Most participants discussed work-readiness in terms of the duties that are expected of the graduate when commencing employment, and by identifying the skills needed to perform those duties, which are discussed below. Figure 1 depicts the skills which were mentioned most frequently by participants as contributing to a work-ready graduate (n=12).

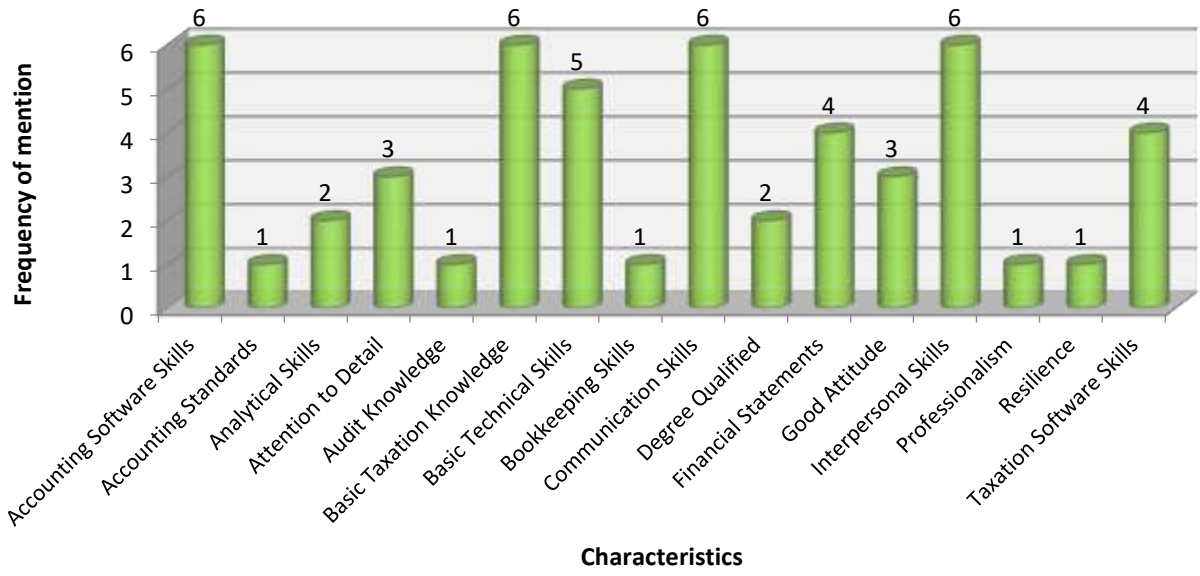

Figure 1: Characteristics for SMA work-ready Accounting Graduates

From Figure 1 it can be it can be seen that most participants mention characteristics related to 'accounting software skills', 'taxation knowledge and software' and 'communication/interpersonal skills', each of which is now explored in more detail below.

Accounting software skills

Six participants identified Accounting Software Skills in describing work-ready graduates, referring to general business software programs including MYOB, Xero or Quickbooks. Participants recognised the duties of the SMA graduate are broad enough to require operating and understanding the accounting software, as well as advising and interpreting its data, stating:

> *We'd prefer them to have Xero and MYOB experience … a client rings up in Xero and says I need help with running payroll, and they just expect you to be able to do it … it all happens very quickly and live.* (P4)

> *They need to be able to use accounting software … so that if a business that's having financial stress doesn't have financial statements, they can go through the double entry bookkeeping, so they need to understand how it works to be able to break it down.* (P3)

These findings confirm that being work-ready should not just include familiarisation with the software, but also understanding the accounting aspects, including how programs operate and transactions are processed. It is argued that SMA clients are expecting a broader range of assistance and graduates can expect to utilise their accounting knowledge together with software skills more regularly. Despite limited initial client contact (discussed below), these skills remain critical in assisting senior staff to accomplish tasks.

Taxation knowledge and software

Basic taxation knowledge is noted as a required skill by 50% of participants (n=6), confirming the high level of taxation compliance services provided by SMA firms and the significance of these services within their firm's activities:

> *Predominantly what we do in all our accounting is taxation because that is what drives our business really.* (P1)

> *… the bread and butter stuff that we do, tax returns and accounting.* (P7)

As identified by Chaplin (2017), basic tax return preparation is elementary work that is often undertaken by graduates. It was confirmed by four participants that the ability to perform this competently is one indicator of work-readiness:

> *To be able to competently sit down and complete a very basic tax return from an individual tax return perspective.* (P11)

Additionally, taxation software skills are mentioned by participants as a necessary component of basic tax return preparation. It may be argued that this is an implied skill as most compliance work is now undertaken by firms using industry software and must be submitted to the Australian Taxation Office (ATO) via electronic lodgement:

> *… the ability to go into various tax programs and complete a basic tax return.* (P12)

Although it is noted that this skill combination would contribute to a graduate being considered work-ready in many SMA firms, one participant (from a specialist insolvency accounting firm) found this skill not necessary as it wasn't a service provided by that firm.

Communication and interpersonal skills

Six participants described a work-ready graduate in terms of generic attributes that are needed by graduates in performing their work. Communication skills were identified as necessary, confirming previous research findings (Tempone et al., 2012):

> *A work-ready graduate is a person who has developed communication (skills).* (P8)

> *They need to be able to write an email that's both presentable and professional; they need to be able to answer the phone for any client that calls up with a question.* (P5)

Several participants also noted that communication skills were especially critical where graduates were expected to deal with clients sooner compared to those in larger firms. Although the stage of employment at which the graduate deals with clients varied across participants, and communication skills both verbal and written were considered important:

> *If they are sitting in front of a client, you want someone who is professional and able to communicate with the client effectively.* (P5)

The requirement for communication skills was also seen in terms of communicating within the workplace, something that was noted within the description of interpersonal skills:

> *They need to be able to communicate with other people, so interpersonal skills … not being afraid to ask a question (of your colleagues) because you think it is silly, you are not going to learn unless you ask questions.* (P12)

Should graduates be work-ready?

SMA firm participants were asked to consider whether graduates should be work-ready or whether on-the-job training may be sufficient. Nine participants recognised that there will always be the requirement for some level of on-the-job training, that a graduate will never be completely work-ready. This is demonstrated in Table 2, as all SMA participants provide at least one form of in-house training to graduate employees. Even where a graduate has obtained a level of skills to be work-

ready, 'there is still that sort of on-the-job (training) to get them into your mould, your processes, your procedures …' (P1), and this 'couldn't be something that the universities do' (P2).

The achieved level of technical accounting knowledge provided different viewpoints, with most participants agreeing that the technical knowledge can be taught when required:

> *They don't necessarily have to be work-ready all the time, it depends what the firm is looking for ... we are looking for people with highly developed soft skills.* (P5)

> *We do insolvency work so we have to teach them the law around the insolvency process and that's very specific and takes a lot of training.* (P3)

Others noted that whilst some graduates are less than work-ready, there must be some skills shown otherwise SMA firm resources become strained:

> *Totally untrained, that won't work … maybe it may work in a larger firm where they have enough people to train them but this is a small firm so they need to really start working.* (P9)

> *If someone doesn't have some level of developed communication, and attention to detail and accuracy skills, that's not something an employer will want to start from scratch with.* (P8)

Overall, it is apparent that it is realised that graduates won't be entirely work-ready, and some training will be required, although it is preferable that some attributes have greater development prior to commencement.

Who is responsible for work-readiness?

Participants were asked to consider who is responsible for ensuring work-readiness of graduates, whether it is the universities or the graduates or the employers themselves (see Table 4). Three-quarters of participants (n=9) considered that universities should be at least partially responsible for ensuring the work readiness of graduates. However, only two of those held universities solely responsible, arguing higher graduate employability skills is an outcome that the university should be striving to offer all students:

> *What we are talking about here is bridging that gap between that and them being able to perform… I would like to see the educational institution take on more of that responsibility to bridge that gap because I think it's important … a lot of people won't do it (hire graduates) because they don't want to spend time … ultimately detrimental to the graduate.* (P1)

Table 4: Stakeholders Responsible for Work-Readiness

Stakeholder	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	TOTAL
University	✓	✓		✓	✓	✓	✓	✓	✓			✓	**n=9**
Student			✓		✓	✓	✓	✓		✓	✓		**n=7**
Employer		✓	✓	✓	✓				✓	✓			**n=6**

✓ indicates the response by the respondent

Two-thirds of employers (n=8) identified a combination of two of the stakeholders as responsible, with the possible responses divided evenly amongst the possible combinations. Two participants stated that the responsibility belongs to both graduates and employers, and that the graduate should use the broad knowledge from university to prepare for their chosen career path with the employer providing on-the-job training:

There is no way the university can spit out a graduate that is perfect for every industry. (P3)

Three participants identified the responsibility as shared between the university and employers particularly in communicating the needs of industry:

> *It doesn't matter if they are small, medium or large, they all have the same issues with graduates – if the universities could meet with employers and ask them what they need to be job-ready. All firms are different with processes and check-lists … but all the basics are the same*. (P12)

Three participants (n=3) stated that graduates are responsible along with the university to ensure they prepare as work-ready, as the employer is paying them to work and shouldn't be liable for training too:

> *I think it is the student's responsibility to be ready but possibly the university's responsibility to make sure they know what ready means ... so you have to give them the tools to do it ... the buck stops with them.* (P7)

One participant commented that all stakeholders were responsible, stating 'it is probably a bit of a mix of everyone' (P5). This suggests that universities are responsible for preparing students first, whilst the students should seek out any specific skills for a particular type of graduate employment, and the employer works with the graduate to provide job specific skills. While there is no clear finding about who is responsible, it does indicate that each stakeholder has a role to play.

Are graduates generally work ready?

Interview participants are asked to discuss whether recent graduates are work-ready for SMA firms. Several participants acknowledged that whilst recent graduates met their expectations in some areas, the technical knowledge was commonly lacking or rarely found, while others attributed this to selective recruitment:

> *I'm pretty sure generic skills definitely meet that because that has been discussed in the recruitment stage and also in the probation stage … so yes most of the generic have. Some of the distinct or really high performing graduates they know a lot of technical skills.* (P6)

The recruitment process and successful employment of graduates remains unpredictable, with five participants (41.7%) stating that their expectations were met. However, some remain unsure as to whether their expectations are realistic, with one acknowledging that meeting expectations is to be 'distinguished from what I would say is work-ready because I have specific things that I need them to be able to do' (P1). Another participant admits this has been an area of ongoing deliberation:

> *They met my expectations, yes, but my manager and I have been debating this for quite a while as to whether we just expect too much or whether what we are getting is really what we should be expecting.* (P5)

One participant identified a distinct decline in the employment opportunities, noting that 'years ago this firm used to take ten each year' (P2) and now only four graduates have been employed over the past three years. This significant drop in graduate employment was attributed in part due to lower quality graduates which in turn require high levels of training resources.

The competitive nature of graduate employment may explain employer satisfaction with graduates. This is because the competition for a job ensures that the successful graduate is the candidate who possesses atypically excellent skills, and in this way students lacking the requisite skills find employment difficult to secure. Overall, a third of SMA participants identified that graduates did not

meet their expectations, commonly citing an obvious lack of both technical knowledge and generic skills, and raising concerns about the content being taught at universities:

> *Some graduates I ask them to look at a chart of accounts and they don't know what a chart of accounts is, so this basic knowledge, how can they have finished three years of university?* (P10)

However, it appears that working while studying assists students in developing their work ready skills:

> *It just doesn't happen, the only ones who are work ready are the ones that have been working while they are doing university, so they are only job ready because they have been working.* (P12)

Consequently, SMA employers can still be satisfied with their graduates through the vetting process that can occur through the recruitment process, as well as students assisting themselves by working while studying.

Graduate on-the-job training

Another way to gauge what skills and knowledge are required for graduates to be work-ready is to examine the training provided to SMA graduates upon commencement. Table 2 identifies the graduate training provided within the first four weeks of commencing employment. Of the five options listed, participants discussed the techniques and graduate outcomes for the induction programs and manuals, mentorships, as well as in-house and external training.

The provision of technical knowledge through external training was stated to be a routine process when commencing:

> *Go to one of the Institutes or CPA courses because they run new employee workshops where they spend a day on how to fill out a tax return and what the boxes mean.* (P7)

Whilst not all SMA firms utilise external training providers, all noted some form of technical skill training. The regularity with which graduates are employed by a particular SMA firm will dictate whether it has any structured internal training program in place due to the resources required.

Staff Induction courses are used in-house to introduce the graduate to their new working environment, and to familiarise the graduate with the policies and procedures of the firm, to 'give them the fabric or base requirements of how to participate in our community' (P3). Participants described the induction process, varying in length from a few brief documents to a large bundle of detailed information.

Concerns were identified with the allocation of resources for graduate training, with one SMA participant noting the difficulty implementing 'a graduate program due to economies of scale, constant change, the technology is moving so fast' (P11), whilst another struggled to identify why such technical training must be provided by the firm:

> *… we feel like there is a huge onus on the firm to train them and it seems like it is more than just our own systems that they need to be trained in. We are actually training them on a lot of technical things that we feel they should already know from university but maybe it is that their confidence is lacking or maybe some of those inter-personal skills are lacking so they can't show us that they know it …* . (P5)

This demonstrates the frustration about a perception of technical knowledge lacking, but also the possible relationship of how generic skills (such as interpersonal skills) may be influencing the ability of graduates to demonstrate their technical proficiency. This inter-relationship between knowledge

and skills can demonstrates the importance of developing the whole student. Mentoring is also viewed as a way to introduce graduates to the technical and personal aspects of their new role, as the graduate can receive close guidance. Mentoring is seen as an effective means for transferring knowledge and skills, with the mentor and graduate spending most of their time in close proximity for clarification or assistance. However, the resource cost to the SMA firm is acknowledged because the mentor may not be performing their own tasks efficiently or achieving targets whilst they are working with the graduate, and due to this more junior staff might be appointed mentors:

> *The level of experience of the mentor will depend on who is around and what workloads are around. Typically they aren't too senior because that isn't a great use of resources but probably someone with two or three years' experience, and they would help them with the firm's policies and procedures and some of the technical skills.* (P7)

By considering the training provided to graduates in the first few weeks of work, it gives some indication of what knowledge and skills are required for them to be work-ready, this includes informal methods such as mentoring.

Discussion and conclusion

This study has focused on the particular needs of SMA firm in terms of what makes a 'work ready' graduate. This is unique as prior studies have generally looked at firms broadly, whereas this study has focused on SMAs which is important given the large number of graduates they recruit and the unique challenges SMAs can face due to their size and client base. SMA participants recognised that while work-ready graduates are desirable, they appreciate it could be too challenging for educational institutions to accomplish this in an undergraduate degree due to the inclusion of a broad range of knowledge areas as prescribed by industry bodies. The findings highlighted that while universities are most commonly perceived as responsible for ensuring work-readiness of graduates, both employers and graduates were also acknowledged as being responsible.

Work-ready

In terms of the research question 'Do Australian graduates generally attain sufficient skills to be considered 'work-ready' when commencing employment in an SMA firm?', many participants answered positively, noting graduates typically meeting their expectations. They also indicated that a decline in graduate employment opportunities has resulted in increased demand by graduates, leading to the possibility that the increased competition means that the successful graduate is the candidate demonstrating above average skills and knowledge. Examining the graduate training provided upon commencement confirms that graduates are not equipped with all the necessary skills to commence employment as work-ready. A number of participants provided immediate technical knowledge training in taxation and induction programs were often necessary for firm-specific practices, with staff mentoring to assist with day-to-day duties. However, concerns were raised about the financial resources required to make the graduate work-ready.

In the case of graduates considered not work-ready when commencing with a SMA firm, the problem seemed to stem from their required skills not being developed sufficiently. Most notable is the under-development of written and oral communication skills, along with basic software skills. This provides an example of work-ready graduate skills that are highly desirable yet apparently lacking, and thus can require the SMA to expend valuable resources.

Technical knowledge

It is important that universities continue to provide the technical knowledge identified for work-ready graduates in the undergraduate degree, including financial statements preparation,

accounting software skills, and knowledge of double-entry bookkeeping. Regard must also be given to the technological advances within the accounting and business industry to ensure that current trends are accommodated, such as the use of cloud-based software (Hossack, 2015). Although technical knowledge is not the only consideration for university degrees, and while accreditation can be a stronger driver in the content of courses (Freudenberg & Boccabella, 2014, p. 204), the question remains to what extent can the desired graduate attributes be developed in a three accounting year degree? Previously calls have been made to consider whether Accounting Degrees should be extended to four years (Howieson, 2003, p. 23), suggesting that in an extended degree more knowledge and skills could be developed. However, this is not guaranteed, as there can be a lack of consensus between typical employer requirements and current accounting programs (Pan & Perera, 2012).

WIL

A lack of experience appears to be part of the reason that graduates can be seen as unsuitable (Australian Government, 2017), and this lack of experience could inhibit graduates ability to communicate what they do know (interview observation by P5). Overall, working while studying appears to improve the work-readiness of graduates. A way students could be given this experience is through work-integrated learning (WIL) (Jackson, 2013). WIL has been found to improve written and oral communication skills, interpersonal skills, and teamwork (Freudenberg, Brimble, & Cameron, 2010), as well as the entry experience when commencing a job (Saks, 1995). However, WIL is typically undertaken by only a minority of business students, with less than one-quarter having a WIL experience during their degree (which compares to over a half of students in health, education and environment) (Universities Australia, 2019). Access to WIL may be problematic for accounting students when WIL involves outside placements (such as internships); there can be issues in terms of scalability due the generally large number of students, the need for industry partners and whether all students are eligible or just those high performing students (O'Connell et al., 2015; Hayes, Freudenberg, & Delaney, 2018).

To increase students' access to WIL, one recommendation is the introduction of a simulated WIL program delivered on-campus. In consultation with SMA employers, an on-campus workplace simulation could be used to teach and enhance the technical knowledge for business software, taxation knowledge and taxation software, whilst also providing the opportunity to develop the generic skills of communication, teamwork, and interpersonal skills. Ideally, authentic assessment involving using constructed client case studies could be developed to improve communication and critical thinking which is essential to work-readiness. Higher order thinking and the promotion of knowledge transfer to the workplace setting are also desirable outcomes when using case studies (Kossman, 2005). A simulated WIL course could be undertaken as part of the Commerce WIL elective and offered to students who have substantially completed their degree, so they have a base knowledge to work from. In this way, a simulated WIL may limit the resources required by each SMA firm and initiate an increase in the employment rates for graduates. Additionally, the National Tax Clinic program in Australia has seen the establishment of clinics where students under supervision provide tax advice to the community, which has improved students' knowledge and generic skills (Freudenberg, Perryman, Thomas, & Belle Isle, 2020).

Awareness

There also needs to be greater awareness of what work ready skills are for both academics and students. Academics should be encouraged to provide more opportunities for students to develop their written and verbal communication skills in a work based context with authentic assessment. The adoption of authentic assessment pieces such as client interviews, business letters and presentations could provide opportunities to enhance these critical skills.

Future research

Future research could determine the most effective way for graduates to be given the opportunity to advance the desired skills to become work-ready for SMA firms, including the current resource costs to SMA firms in training graduates. Additionally, research could consider the difference in skills between graduates who are and are not successful in the recruitment phase to see if any differences exist. This might be measured through surveys, skill audits, self-efficacy measures and interviews with recruiters. Future research could also consider why there appears to be a disconnect between industry and academia in terms of graduate outcomes. This could explore whether academics have the appropriate industry background to fully understand and develop the attributes required.

Conclusion

In conclusion, due to the high proportion of SMA firms employing graduates, it is important to understand what makes a work ready graduate in this context. This research has identified areas of concern that need to be addressed by educational institutions in conjunction with the SMA firms and students. It appears the attributes required by a work ready graduate include accounting software, basic tax knowledge (and software), and particularly the generic skills of communication and interpersonal skills. The competition for graduate employment and the interview process itself can serve as a 'self-selection' mechanism for the employment of graduates considered work ready for the SMA firm. It is important for future research to consider the development of accounting education to improve the employability of graduates in the SMA sector.

Acknowledgement

We wish to acknowledge the assistance and support received from the Griffith University Indigenous Research Centre in the revision of this paper.

References

Abayadeera, N., & Watty, K. (2014). The expectation-performance gap in generic skills in Accounting graduates. *Asian Review of Accounting, 22*(1), 56–72. DOI: 10.1108/ARA-09-2013-0059.

Ahadiat, N., & Martin, R. (2015). Attributes, preparations and skills Accounting professionals seek in college graduates for entry-level positions vs. promotion. *Journal of Business and Accounting, 8*(1), 179–189.

Australia, G. C. (2015). *Graduate Outlook 2015: The report of the graduate outlook survey*. Parkville: *GCA.*

Australian Government. (2017). *Labour Market Research – Accountants Australia June quarter 2017*. Australian Government, Department of Employment, Labour Market Research and Analysis Branch, Canberra. Retrieved from https://docs.employment.gov.au/system/files/doc/other/ ausaccountants_1.pdf

Barrie, S. (2006). A conceptual framework for the teaching and learning of generic graduate attributes. *Studies in Higher Education*, *32*(4), 439–458. DOI: 10.1080/03075070701476100

Bayerlein, L., & Timpson, M. (2017). Do accredited undergraduate accounting programmes in Australia meet the needs and expectations of the accounting profession? *Education + Training*, *59*(3), 305–322. DOI: 10.1108/ET-04-2016-0074.

Bishop, D. (2017). Context, agency and professional workplace learning: Trainee accountants in large and small practices. *Education + Training*, *59*(5), 516–533. DOI: 10.1108/ET-07-2016-0129

Bui, B., & Porter, B. (2010). The expectation-performance gap in Accounting education: An exploratory study. *Accounting Education: An International Journal, 19*(1-2), 23–50. DOI: 10.1080/09639280902875556.

Chaplin, S. (2017). Accounting education and the prerequisite skills of Accounting graduates: Are Accounting firms' moving the boundaries? *Australian Accounting Review*, *80*(27), 61–70. DOI: 10.1111/auar.12146.

Cole, D., & Hallett, R. (2019). 'The language of employability.' In J. Higgs, G. Crisp, & W. Letts (Eds.), *Education for employability (Volume 1)* (pp.119–130). Koninklijke Brill, Leiden.

De la Harpe, B., & David, C. (2012). Major influences on the teaching and assessment of graduate attributes. *Higher Education Research and Development*, *31*(4), 493–510. DOI: 10.1080/07294360. 2011.629361.

DeCuir-Gunby, J., Marshall, P., & McCulloch, A. (2011). Developing and using a codebook for the analysis of interview data: An example from a professional development research project. *Field Methods, 23*(2), 136–155. DOI: 10.1177/1525822X10388468.

Edwards, R., & Holland, J. (2013). *What is qualitative interviewing?* Bloomsberry, London. DOI:10.1177/1468794114535040.

Fourie, H. (2014). *Work-readiness of university graduates: An internal audit educational expectation gap in South Africa*, Thesis submitted for D Com Internal Auditing, University of Pretoria.

Freeman, M., & Wells, P. (2015). Reducing the Expectation Gap: Using Successful Early Career Graduates to Identify the Capabilities that Count. In E. Evans, R. Burritt & J. Guthrie (Eds.), *Future proofing the profession: Preparing business leaders and finance professionals for 2025*(pp.67–78). Sydney & Melbourne: Chartered Accountants Australian and New Zealand, and RMIT.

Freudenberg, B., & Boccabella, D. (2014). Changing use of business structures: Have university business law teachers failed to reflect this in their teaching? *Journal of the Australasian Tax Teachers Association*, *9*(1), 180–214.

Freudenberg, B., Brimble, M., & Cameron, C. (2010). Where there is a WIL there is a way. *Higher Education Research and Development*, *29*(5), 575–588.

Freudenberg, B., Perryman, C., Thomas, K., & Belle Isle, M. (2020). The Griffith Tax Clinic. *Journal of Australian Taxation*, *22*(2), 64–95.

Graduate Careers Australia. (2016). Graduate Outlook 2015. *The Report of the 2015 Graduate Outlook Survey: Perspectives on Graduate Recruitment.* Retrieved from www. graduatecareers.com.au/

Hayes, S., Freudenberg, B., & Delaney, D. (2018). Role of tax knowledge and skills: What are the graduate skills required by small to medium accounting firms? *Journal of Australasian Tax Teachers Association*, *13*(1), 152–186.

Hossack, S. (2015). Cloud-based accounting and productivity tools for practitioners and taxpayers. *Taxation in Australia*, *50*(5), 265–267.

Howieson, B. (2003). Going places, but how do we get there? Accounting practice and education for a new century. *Peter Edwards Memorial Lecture*, CPA Australia.

Howieson, B., Hancock, P., Segal, N., Kavanagh, M., Tempone, I., & Kent, J. (2014). Who should teach what? Australian perceptions of the roles of universities and practice in the education of professional accountants. *Journal of Accounting Education*, *32*(3), 259–275.

Jackling, B., & De Lange, P. (2009). Do accounting graduates' skills meet the expectations of employers? A matter of convergence or divergence. *Accounting Education: An International Journal*, *18*(4-5), 369–385. DOI: 10.1080/09639280902719341.

Jackson, D. (2013). The contribution of work-integrated learning to undergraduate employability skill outcomes. *Asia-Pacific Journal of Cooperative Education*, *14*(2), 99–115.

Kavanagh, M., & Drennan, L. (2008). What skills and attributes does an accounting graduate need? *Accounting and Finance, 48*(2), 279–300. DOI:10.1111/j.1467-629x.2007.00245.

Kossman, S. (2005). Authentic assessment for RN students: Writing case studies and teaching projects'. *Journal of Nursing Education, 44*(2), 96.

Leong, R., & Kavanagh, M. (2013). A work-integrated learning (WIL) framework to develop graduate skills and attributes in an Australian university's accounting program. *Asia-Pacific Journal of Cooperative Education, 14*(1), 1–14.

Low, M., Botes, V., Dela Rue, D., & Allen, J. (2016). Accounting employers' expectations – the ideal Accounting graduates. *e-Journal of Business Education and Scholarship of Teaching*, *10*(1), 36–57.

McDowall, T., Jackling, B., & Natoli, R. (2015). Relationships between vocational interests and learning approaches to advance the quality of student learning in Accounting. *Accounting Education*, *24*(6), 498–513. DOI: 10.1080/09639284.2015.1113140.

O'Connell, B., Carnegie, G., Carter, C., de Lange, P., Hancock, P., Helliar, C., & Watty, K. (2015). *Shaping the future of accounting business education in Australia,* CPA Australia, Australia.

Pan, P., & Perera, H. (2012). Market relevance of university accounting programs: Evidence from Australia. *Accounting Forum*, *36*(2), 91–108. DOI: 10.1016/j.accfor.2011.11.001.

Pan, S., & Tan, B. (2011). Demystifying case research: A structured-pragmatic-situational (SPS) approach to conducting case studies. *Information and Organisation*, *21*(3), 161–176. DOI: 10.1016/j.infoandorg.2011.07.001.

Saks, A.M. (1995). Longitudinal field investigation of the moderating and mediating effects of self-efficacy on the relationship between training and newcomer adjustment. *Journal of Applied Psychology*, *80*(2), 211–225. DOI: 10.1037/0021-9010.80.2.211

Saunders, M., Lewis, P., & Thornhill, A. (2015). *Research methods for business students.* (7th edition). Harlow: Pearson.

Sin, S., & McGuigan, N. (2013). Fit for purpose: A framework for developing and assessing complex graduate attributes in a changing higher education environment. *Accounting Education*, *22*(6), 522–543. DOI: 10.1080/09639284.2013.847320.

Smith, C., Ferns, S., & Russell, L. (2014). *Conceptualising and measuring 'employability' – lessons from a National OLT Project*. Australian Collaborative Education Network (ACEN) National Conference 2014, 139–148.

Tempone, I., Kavanagh, M., Segal, N., Hancock, P., Howieson, B., & Kent, J. (2012). Desirable generic attributes for accounting graduates into the twenty-first century: The views of employers. *Accounting Research Journal*, *25*(1), 41–55. DOI: 10.1108/10309611211244519.

Towers-Clarke, J. (2015). Undergraduate accounting students: Prepared for the workplace? *Journal of International Education in Business*, *8*(1), 37–48. DOI: 10.1108/JIEB-11-2013-0043.

Universities Australia. (2019). *Work Integrated Learning in Universities: Final Report*. Universities Australia, Deakin.

Yaftian, A., Mirshekary, S., & Mihret, D.G. (2017). Learning commercial computerised accounting programmes: Perceptions and motivations. *Accounting Research Journal*, *30*(3), 312–332. DOI: 10.1108/ARJ-08-20.

Yorke, M. (2006). Employability in higher education: What it is what it is not. *The Higher Education Academy*, Series 1. York: The Higher Education Academy.

Appendix: Semi-Structured Interview Questions

Question 1

This research is about exploring the employer's perspective to determine what SME accounting firms view as a 'work-ready graduate accountant'.

a) With this in mind, how would you describe a 'work-ready' graduate for your firm?

b) Do you think it is necessary for a graduate to be 'work-ready' when they commence at an SME accounting firm? (*Please explain – is it sufficient that the graduate can train on the job?*)

Question 2

Thinking about an ideal graduate within your firm:

a) What specific technical attributes do you desire in your graduate accountants? *(Technical skills or knowledge include areas specific to the field of accounting such as taxation, accounting standards, auditing, industry-specific software)*

b) What specific generic attributes do you desire in your graduate accountants? *(Generic attributes are not industry specific and include those that can be applied to many contexts, such as communication skills, leadership, teamwork & inter-personal skills)*

c) Then comparing your desirability for technical attributes compared to generic attributes, do you believe one group is generally more important for a work-ready graduate within an SME sized accounting firm?

Question 3

From your experience, would you say that the accounting graduates you employ generally meet your expectations in terms of having the necessary skills and competencies you desire?

Why or why not? Please explain.

Question 4

a) What training programs, courses or initiatives, if any, does your firm provide when new accounting graduates commence employment?

b) What is the main purpose of doing this? *i.e. How does it help? What does it achieve?*

Question 5

Who do you think should be responsible for preparing the graduates as 'work-ready'?

i.e. Is it the responsibility of the University? The employers? The students themselves? Other stakeholders?

Question 6

Do you have any suggestions or recommendations as to how graduate could be made 'work-ready' for SME sized accounting firms?

i.e. Could students increase their work-readiness with access to Work Integrated Learning opportunities such as internships, simulations or more practical coursework?