

**Perception towards the role of higher accounting and finance education  
in meeting industry needs. The case of some selected institutions in  
Ethiopia**

**Erko Teferi**

**A Thesis Submitted to**

**The Department of Accounting and Finance**

**Presented in Partial Fulfillment of the Requirements for the**

**Degree of Master of Science in Accounting and Finance**

**Addis Ababa University**

**Addis Ababa, Ethiopia**

**June, 2015**

### **Statement of Declaration**

I, Erko Teferi declare that this thesis entitled “Perception towards the role of higher accounting and finance education in meeting industry needs”, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the thesis Advisor.

To the best of my knowledge, this study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Masters of Science in Accounting and Finance.

ErkoTeferi

Signature \_\_\_\_\_

Date \_\_\_\_\_

### **Statement of Certification**

This is to certify that thesis entitled, “Perception towards the role of higher accounting and finance education in meeting industry needs”, undertaken by ErkoTeferi for the partial fulfillment of degree of Masters of Science in Accounting and Finance at Addis Ababa University, to the best of my knowledge, is an original work and is suitable for submission for the reward of the M.Sc. Degree in Accounting and Finance.

Advisor: Wollela Abehodie Yesegat (PhD)

Signature\_\_\_\_\_

Date\_\_\_\_\_

**Addis Ababa University**

**School of Graduate Studies**

This is to certify that the thesis prepared by ErkoTeferi, entitled: Perception towards the role of higher accounting and finance in meeting industry needs and submitted in partial fulfillments of the requirements for the degree of Master of Science (Accounting and Finance) complies with the regulation of the Universities and meets the accepted standards with respect to originality and quality.

Signed by examining committee:

Examiner \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Examiner \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Advisor : Wollela Abehodie (PhD) Signature \_\_\_\_\_ Date \_\_\_\_\_

---

Chair of Department or Graduate Program Coordinator

## ***Abstract***

*This study examines perceptions of accounting and finance graduates whether accounting and finance graduates education sufficiently prepared them with various skills to meet the needs of the industry. Besides, the study examines employers' perception whether graduates skills meet the needs of industry. The study adopts mixed method approach in order to achieve the research objectives. Specifically, the techniques used in the study include survey with graduates and employers as well as in-depths interviews with graduates and employers. The results of the study showed that skills such as team work skill, interpersonal skills, computer skills, problem solving skills and communication skills are rated as most important for career success in accounting and finance jobs. However, graduates claimed that they were not equipped with skills such as computer skills, writing skills. Employers were also dissatisfied with graduates' skills like written communication skills (report writing and typing) and computer skills. Finally, the study forwards possible measures to be taken by universities and colleges to improve graduates' skills in order to fit with the needs of the industry.*

## **Acknowledgement**

Above all, I would like to thank the Almighty God for his limitless support during my study. I would like to forward my sincere thanks and appreciation to my advisor, Wollela Abehodie Yesegat (PhD) for her invaluable comments, encouragement and guidance in bringing the thesis work to reality. I thank you Dr. for your esteem cooperation, advice and all you have done for me.

I gratefully acknowledge Addis Ababa University particularly Department of Accounting and Finance for financial and administrative support provided to me. Moreover, I am thankful to my employer Woldia University for the sponsorship and financial support.

My heartfelt thanks are also extended to the employees and managers of the companies under study for their genuine response and cooperation in providing the necessary information.

Finally, I would like to express my appreciation to my friends Tewodros Solomon, Eshetu Tedasse, Melkamu Dereje and Tsedal Lemi whom I shared a good knowledge with throughout my stay here.

## Table of Contents

<b>Contents</b>	<b>pages</b>
Abstract .....	iv
Acknowledgements .....	v
List of tables .....	viii
List of abbreviations.....	ix
Chapter one.....	1
1. Introduction .....	1
1.1. Background of the study .....	2
1.2. Statement of the problems .....	4
1.3. Objectives of the study .....	7
1.4. Research methodology .....	7
1.5. Scope and limitation of the study.....	8
1.6. Significance of the study .....	8
1.7. Organization of the paper .....	9
Chapter two.....	10
2. Literature review .....	10
2.1. Theoretical review .....	10
2.1.1. Communication skills .....	16
2.1.2. Computer skills .....	16
2.1.3. Analytical and intellectual skills.....	17
2.1.4. Interpersonal skills.....	18
2.1.5. Team work skills.....	18
2.1.6. Critical thinking skills.....	19
2.1.7. Stakeholder theory and higher education.....	19
2.1.8. Human capital theory and higher education.....	21
2.2. Empirical literature reviews .....	21
2.3. Conclusion and knowledge gap .....	30
Chapter three.....	33
3. Research Design .....	33

3.1. Research Objectives .....	33
3.2. Research Approaches .....	34
3.3. Research Approach used.....	36
3.3.1. Quantitative aspect survey .....	36
3.3.1.1. Sample design.....	37
3.3.1.2. Survey Instruments.....	38
3.3.2. Qualitative aspect-indpth interviews.....	39
3.4. Method of data analysis.....	40
Chapter four.....	42
4. Results and Discussion .....	42
4.1. Survey results .....	42
4.1.1. Respondents' profile .....	43
4.1.2. Perceptions of accounting and finance graduates regarding important skills for career success at work place.....	46
4.1.3. Perceptions of graduates towards the emphasis given to develop skills in their degree program .....	47
4.1.4. Important skills employers expect from accounting and finance graduates to possess .....	51
4.1.5. Indepths interview results .....	55
4.2. Discussions .....	57
4.2.1. Skills graduates and employers perceive important for career in accounting and finance .....	58
4.2.2 The emphasis given to under graduate accounting and finance program to develop skills .....	61
4.2. 3. Assessment of whether graduates skills meet the demands of the industry(employers) .....	63
Chapter five .....	64
5. Conclusions and recommendations.....	64
5.1. Conclusion.....	64
5.2. Recommendations.....	66
<i>References</i>	
Appendix	

## List of tables

Table 1.1 the enrollment and graduates of Accounting and finance undergraduate degree program -----	4
Table 3.1: Link of specific objectives with questions in the questionnaire-----	42
Table 4.1 Gender categories of respondents -----	44
Table 4.2 Age of respondents -----	45
Table 4.3 Educational level of respondents-----	46
Table 4.4 Work experience of respondents-----	47
Table 4.5 graduates perception of the importance skills for career success in industry-----	48
Table 4.6 perception of graduate towards the emphasis given to develop skills in their degree program -----	50
Table 4.7How well accounting and finance education in line with industry practices and equip graduates with various skills-----	52
Table 4.8 Important skills employers expect from accounting and finance graduates entering in workforce-----	53
Table 4.9 shows whether graduate skills (competences) meet the skill requirement of employers-----	55
Table 4.10 Employers’ perception on graduates academic preparation and understanding of the principles of accounting and finance-----	56

## **List of Abbreviations**

AAA	American Accounting Association
AAU	Addis Ababa University
AECC	Accounting Education Change Commission
AICPA	American Institute of Certified Public Accountant
CV	Coefficient of Variation
ERCA	Ethiopian Revenue and Customs Authority
FDRE	Federal Democratic Republic of Ethiopia
IFAC	International Federation of Accountants
ROSC	Report on the Observance of standards and Codes
SD	Standard Deviation

## **Chapter 1- Introduction**

The rapid development and ever –changing needs of the global business environment have resulted in evolutionary changes in the skills required by accountants to add value for their clients. Accordingly, higher education should be directed towards absorbing this issue to ensure that higher education can provide the industry with the competence and skills necessary to work under those developments (Tempone and Martin, 2003).

The environment in which accountants work is constantly changing and is creating new demands (Wessels, 2004). These changes also create new employer expectations regarding accounting and finance graduates’ skills and abilities. To be competitive and add value in this changing environment, accountants need to acquire the knowledge and skills they require being relevant.

Moreover, quality of accounting and finance education is very important in preparing qualified accountants equipped with various skills that go parallel with change in business environment. This in turn helps employers, which are the ultimate customer of university’s product (educated graduates) to get accountants equipped with various competencies that meet their demands (Lin et al. 2005).

With the change in business environment, the role of accountant is changing from maintaining proper accounting processes to that of making proper financial decision making. Thus, accounting and finance education in universities should incorporate a package of instructional programs designed to educate accountants to make them versatile and adaptable to any of the numerous roles they may be called upon to play after graduation (Anao, 2009). With this regard, in Ethiopia the major objective of higher education is to prepare knowledgeable, skilled and

attitudinally mature graduates in numbers with demand-based proportional balance of fields and disciplines to become the country internationally competitive(FDRE ,2009).

Altogether, quality of accounting and finance education is paramount to aid graduate accountants to meet variable demands of accounting professions in order to play their role in economic development. Thus, accounting and finance education that equip graduates with various skills the industry need has crucial role for the economic development of the country.

But, the debate in accounting and finance education arises due to a concern that accounting and finance educators are unable to provide accounting and finance graduates with relevant skills that are required by industry (Albrecht & Sack, 2000, Lin et al. 2005).

However, as per the knowledge of the researcher, there is no study conducted on the accounting and finance education in equipping graduates with skills the industry need. So, the main objective of the study is to examine the perception of employers and accounting and finance graduates working in various industries whether accounting and finance education provides the relevant skills that meet the demands of the industry.

The remaining discussions in this chapter are organized to have seven sections: section 1.1 background of the study, section1.2 presents the statement of the problems; section 1.3 shows the objective of the study; section 1.4 presents the research methodology section 1.5 presents the significance of the study; section 1.6 presents the scope of the study; and section 1.7 presents the organization of the entire study.

### **1.1 Background of the study**

The start of accounting education in Ethiopia is traced to the developments in the 1940s that created a demand for trained manpower in accounting and auditing (AAU, 2009). In 1943 the

Addis Ababa junior college of commerce started offering a diploma in accounting. This was followed by the launch of a Bachelor of business administration program in 1955 at Addis Ababa University College. This program offered majors in accounting and management. Subsequently, a separate Bachelor of Arts degree program in accounting was established at Addis Ababa University in 1962 (AAU, 2009).

Currently, in Ethiopia there are public and private higher education institutions. As such, now a day, there are 33 public universities operating in the country (Ethiopian Federal Ministry of Education, 2013). In addition, there are also above 60 private institutions offering undergraduate degree programs in Ethiopia and the private sector accounts for approximately 25% of the country's undergraduate enrollments (Michelle, 2011)

Besides, most of these institutions (both public and private) provide accounting and finance education. For instance, all public universities provide accounting/accounting and finance education except Addis Ababa Science and Technology University. Of private colleges, 21 of them are running undergraduate degree program in this discipline (Ethiopian Federal Ministry of Education, 2013). Moreover, the number of enrollment and graduates from these institutions is also steadily increasing. The following table shows the trend of the enrollment and graduates from accounting/ accounting and finance undergraduate degree program.

Table 1.1 Enrollment and graduates of accounting and finance undergraduate degree programs in Ethiopian Universities and Colleges.

Academic years(E.C)	Number of students enrolled in undergraduate degree program.			Number of graduates from Accounting /Accounting and finance		
	Government	Private	Total	government	private	Total

1998	3,246	1,248	4,494	1,504	128	1,632
1999	3,655	1,906	5,561	2,540	Not available	2,540
2000	3,876	1,674	5,550	2,734	1,725	4,459
2001	3,777	1,543	5,320	2,095	2,110	4,205
2002	4,787	3,395	8,182	2,621	2,538	5,159
2003	4,697	3,267	7,964	3,328	1,675	5,183
2004	8,595	4,282	12,877	3,354	2,232	5,586
2005	8,990	6,956	15,946	3,368	2,078	5,446

Source: Compiled from Ethiopian educational statistics annual report (1998-2005 E.C).

## 1.2 Statement of the problem

Contemporary accounting and finance education contends that accounting and finance education has been unable to respond to the environmental change and needs paradigm-shift Behn, etal (2012)(cited in Nishat, 2013). With this regard, Bedford committee on future accounting education set a stage for a paradigm- shift with an observation that technical accounting competence is insufficient for educating 21<sup>st</sup> century professional accountants and needs to be complemented by other competencies such as creative thinking, lifelong learning and communication skills. Also, a gap exists between what accountants do and what accounting educators teach and accountants who remain narrowly educated will find it more difficult to compete in an expanding profession (American Accounting Association (AAA), 1986).

American Institute of Certified Public Accountants (AICPA, 2011 cited in Nishat, 2013) noted that accounting and finance education emphasizes production of accounting data, and not strategic and other uses of accounting information and this hurt the aspiring professional accountants' competitive edge in market place. On the other hand, Albrecht and Sack (2000) also

noted that accounting and finance education may have a perilous future, validity of accounting and finance as an academic accountancy is now in decline. In addition to this, accounting education has been extremely slow to adapt to the new business environment and while it is common for academic departments to address changes in the environment more slowly than business, it appears in this instance that widening gap between the academic preparation of a students and the needs of the industry approaching critical point.

Zraa, et al. (2011) noted that the purpose of accounting and finance education has always been affected by business environment, the requirements of accounting profession as well as the demand and supply of accountants. All these factors play an important role in determining what should be taught accounting students. Thus, the purpose of accounting and finance education has also been difficult to specify as it changes according to global business environment, the requirement set by the accounting profession and the ever increasing demand for accountants. In this regards, Flood and Wilson (2008 cited in Mary et al, 2013) also emphasized accounting and finance education should foster students' understanding of the principles and concepts which under pin accounting and finance and industry practices.

Higher education or training offered at any institution shall be the one which focus on experience and student Participation; that is practice-oriented; that take the objective situation of the country into consideration, encourage independent thinking, reflect modern views; and that is problem-solving (FDRE, 2003). Besides, curricular design, delivery, and assessment of learning outcomes in any institution shall aim at enabling the learner to acquire pertinent scientific knowledge, independent thinking skills, communication skills and professional values that together prepare him to become a competent professional(FDRE,2009). Education policy require higher education at diploma, degree and graduate levels to be practice oriented and should create a link between

formal learning and enterprise- based training to enable students to become problem-solving professional leaders in the fields of their study and in overall societal needs. However, the problem in higher education institutions is that they do not consciously address the issues stipulated in the policies in their activities and more importantly do not research and contribute for its refinement and successful implementation (Teshome, 2004)

The other thing is that for the past two decades, accounting education worldwide has come under criticism for failing to address the skill requirements of today's dynamic business environment. In USA, Albrecht and Sack (2000) found that practicing accountants and employer's perceptions of accounting education is that it is outdated or irrelevant and does not meet the demands of the market. The education model has failed to focus on developing a set of skills for graduates to enable them to pursue successful careers in accounting profession.

With the expansion of higher education institutions in Ethiopia, now thousands of students are graduating every year. Besides, graduates from this discipline are also engaging almost in every sector of the industry. Thus, since the technology, business working environment is changing today it is indispensable to examine whether accounting and finance education in higher education institutions in Ethiopia equipping graduates with relevant knowledge, skills and capacity that is relevant to the dynamic world of work (the needs of the industry.)

### **1.3 Objective of the study**

In line with the problems highlighted above, the general objective of this study was to examine whether accounting and finance graduates perceive undergraduate accounting and finance education is sufficiently prepared them with various skills to meet the challenges that they face

in the real work environment. Besides, the study examined the skills that employers expect from accounting and finance graduates.

Further, the specific objectives of the study are:

- 1) *To investigate the skills that graduates perceive as most important for career success in accounting and finance jobs.*
- 2) *To assess the perceptions of accounting and finance graduates on the emphasis placed on skills development in their undergraduate studies.*
- 3) *To identify the important skills required by employers from accounting and finance graduates.*
- 4) *To examine whether graduates' skills meet the demands of the industry (employers).*

#### **1.4 Research methodology**

To achieve the above research objective a mixed research approach was adopted. The main reason to adopt this approach is to minimize the limitations of quantitative and qualitative research approaches and to collect data that cannot be obtained by adopting a single approach. Hence, the study used cross-sectional survey of graduates of accounting and finance working in banks, Insurances, and Ethiopian revenue and customs authority and employers who hire these graduates using structured questionnaires and in-depths interviews. These companies/ industries are chosen assumed to be employing the biggest number of accounting and finance graduates.

#### **1.5 Scope and limitation of the study**

The scope of this study was restricted to the Perception towards the role of accounting and finance education in meeting industry needs. The respondents of this study were graduates of accounting and finance who are working in banks, insurances and Ethiopian revenue and

customs authority in Addis Ababa city administration and accounts section managers (finance managers) of banks, insurances and Ethiopian revenue and customs authority who hire these graduates.

This study has also some limitations: responses were obtained from individuals in only one geographic area; only graduates (employees) and employers at head office were included in the sample and it did not cover branch offices due to financial and time constraints. Besides, only few skills were listed in the survey.

### **1.6 Significance of the study**

The outcome of this study will provide information to those who are concerned in higher education through identifying the skills that should teach to accounting and finance students to prepare them to the needs of the industry. It also creates awareness for all concerned bodies about the alignment the accounting and finance education to the needs of the industry in order to convenient accounting and finance education in higher education with the requirement of the industry, thereby helping to avoid problems which may result from the preparation of graduating unqualified accounting and finance that are unable to keep pace with global developments and achieve the goals of socio-economic development and then preserve the role that accounting profession contribute to the industry specifically and to economic development as general. Generally speaking, this study is helpful for stakeholders such as higher education institutions, industry and students.

Finally, the study may serve as the springboard for further investigation on the issue under discussion.

## **1.7 Organization of the study**

This study is organized into five chapters. The first chapter deals with introduction including statement of the problem, objectives of the study, methodology, significance of the study, scope of the study. The related literature presents in chapter two. Chapter three deals with research design including the methodology, techniques of data collection and analysis. The fourth chapter discusses the results and analysis of the findings of the study. Finally, the fifth chapter presents the conclusions and recommendations based on the findings.

## **Chapter 2 - Literature Review**

In the previous chapter, the main problems and objectives to be addressed in the study have been stated. This chapter presents the review of related literature. The review has three sections. Section one presents a theoretical review of skills in accounting and finance education. This is followed by a review of the relevant empirical studies on relevant skills requirements for accountants. Finally, conclusions and knowledge gaps are presented in section three.

### **2.1 Theoretical Review**

Under this subsection different skills in accounting and finance, stake holder theory and higher education as well as human capital theory and higher education were discussed.

Accounting and Finance education in line with the business and industry needs produce marketable graduates with relevant knowledge and skills. This means that whatever accounting program run or training conduct, it should fulfill the business and industry needs so that the graduates in this field can easily adapt themselves in industry and workforces to add value. Also, accounting and finance education based on the consolidation of the theoretical part with practical applications and care with set of competencies is necessary.

Modern business of today rely more and more on technology in processing accounting information and modern accounting software have made the preparation of financial reports so easy that one does not need traditional book keeping knowledge to produce standard financial reports. So that accounting and finance education has to keep pace with the changes in technology and practical accounting in information technology, relevant management skills, decision making skills, analytical skills, accounting software skills in order to fit accountants with the needs of industry (Bowden et al, 2000). According to Pretorius (2001) globalization poses challenges in the sphere of higher education.

The need for more broadly-skilled accountants also stems from the large changes in technology, business environment and industry needs. The nature of work environment of accounting practitioners is rapidly changing (Thomson, 2009). Davidson et al .(2000) also further noted that accounting and auditing firms have called for changes in accounting education that would make new accountants more capable of meeting the challenges of modern-day working environment.

Thus, educational institutions should prepare their students for real life by equipping them with up-to-date information and necessary skills. Survival of educational institutions in today's rapidly changing and dynamic business environment depends on meeting the expectations of the business world. This is true for the accounting discipline as well as others. The traditional scorekeeping role of accountants is no longer sufficient in modern global business models (De large et al. 2006). This reality forces educators to learn what the business world demands from graduates for successful performance in their future careers. In addition, graduates are required to have certain skills to be competitive in the workplace over and above their professional knowledge.

If graduate students want to be successful in the highly fluctuating global business environment, they must exhibit a range of technical and generic skills (De large et al. 2006). In recent decades, there has been much debate about the skills and knowledge that accounting graduates should have to enable them to pursue a career in the accounting profession. This matter is considerably important for all stakeholders, including students, academicians, and employers.

Students want to equip themselves better for the work environment; academicians are expected to provide better equipped graduates to the market; and employers desire highly qualified and skilled job applicants.

According to Raybould and Sheedy (2005), for graduates to be attractive to employers, it is important that they are able to show evidence of having the ability to cope with uncertainty, to study under pressure, demonstrate action-planning skills, communication skills, information technology skills, team study, display a readiness to explore and create opportunities, self-confidence, self-management skills and a willingness to learn.

Within the profession competitive pressures and technology have led to expectations that accounting and finance graduates demonstrate additional competencies with increasing importance given to non-accounting capabilities and skills. These capabilities and skills are important because they enable the professional accountant to make successful use of the knowledge gained through education (IFAC, 1996).

Modern business operates in a volatile, changing environment, which makes much of the content of university accounting courses outdated in a short time (Accounting Education Change Commission (AECC), 1990). The task of the university accounting educator, therefore, has become problematic. The modern business graduate must have enough knowledge of accounting to gain employment in a competitive market, whilst, at the same time, be in a position to show flexibility in a number of areas. For example, according to Kloot (1996), people in organizations must constantly re-engineer themselves to survive.

Addison and Waugh (1995) suggest that business conditions require a broader perspective and vision. The graduate should be able to learn to work in a changing organization where generic skills, in addition to accounting skills and knowledge, are important. Accounting and finance graduates must become better learners and develop generic skills that are critically important to acquiring new discipline skills and technical competence over their working life. Today's

graduate accountant has to be an „entrepreneur, financial analyst, global competitor, market analyst, excellent salesperson, good communicator, capable negotiator and public relations specialist, as well as a good manager.

As a professional, the accountant, while occupied in a diverse range of functions and organizations in this new century is going to need to be flexible, communicative, client focused, a management member, change facilitator and technically competent (Booth, 1995). As industry tries to re-engineer itself in the global environment of rapid and extensive change, so should the accounting graduate be able to adapt and benefit from such changes and develop generic skills and technical skills that enhance individual learning. Thus, undergraduate degrees need to provide students with the opportunity to develop generic and technical skills.

The changing nature of work and work practices, and the perception that people are expected to change careers many times in their working lives suggest that graduates should be developing professional and lifelong learning skills. Therefore, it is important to create opportunities in undergraduate courses to ensure that students will be able to continue to contribute to society in a meaningful way by learning to become lifelong learners. Conceptually, lifelong learning or learning to learn has been described as involving students (or any other learners) in acquiring skills and strategies that allow them to learn effectively throughout their lives. University learning is being repositioned from knowledge-based educational approaches to process-based educational approaches that foster independence and independent enquiry (Kelly et al. 1999).

The development of software has empowered the accountant to look beyond the debits and credits and financial statements. The current progress has been rapid and accounting and finance education reform has moved in the direction of the new information professional (Elliott & Jacobson, 2002).

The Accounting Education Change Commission detailed the skills accounting and finance graduates need: communication skills, intellectual skills and interpersonal skills, together with more specific skills, such as effective writing and listening and the ability to identify and solve unstructured problems in unfamiliar settings (AECC, 1990). As university degree programs continued to concentrate on accounting and finance techniques, accounting and finance graduates were not perceived to be useful in the workplace or with a capability to apply theory and knowledge (Needles & Powers, 1990)

Hunton (2002) emphasize the need for students to develop their capacity to be creative and reflective and to develop skills in critical analysis. Developing skills in critical analysis allows students to move from just gathering data for decision making and problem solving to analyzing data prior and during the decision making process, skills necessary for the application of theory demanded by the profession. Combining critical analysis skills with subject specific topics potentially establishes value added in higher education.

Hunton (2002) also argued that many traditional accounting tasks can be reliably automated supporting claims that an accountant's worth is now increasingly reflected in higher-order skills such as critical-thinking, problem solving and analytical skills.

Albrecht and Sack (2000) stressed the importance of skill development during accounting programs and stated that Students forget what they memorize. Content knowledge becomes dated and is often not transferable across different types of jobs. On the other hand, critical skills rarely become obsolete and are usually transferable across assignments and careers. As far as future career prospects were concerned, students rated developing teamwork and public presentation skills as the most important learning outcomes of the course and emphasized the development of skills to equip graduates for learning, work and life. Supporting this view, Jones

and Sin (2003) emphasized that students must be prepared to be lifelong learners with a focus on developing attributes and skills over a lifetime of professional, social and cultural experience. The focus must not be on the development of specific skills, but rather the ability to develop, change, and renew skills and knowledge throughout life.

Further, Lee and Blaszczynski (1999) report that while employers felt that accounting knowledge and the ability to use accounting information was an important skill, they expected accounting and finance students to learn a multitude of skills including being able to communicate, work in a group environment, solve real-world problems, use computer and Internet tools. Employers are looking for graduates who have work and life skills and are especially wanting graduates who have, amongst others, well developed communication, team-work and problem-solving skills (ACNeilson,2000).

Emerging globalization, new economic challenges, rapid advancements in information technologies, and the requirements of multi-facet skills are only some of the challenges facing businesses today. These rapid changes meant that the environments for which graduates are prepared have changed.

With the rapid increase in globalization trends and innovations in information technology, it becomes necessary for a business graduates, specially accounting graduates, to survive in the global market environment. The twenty-first century skills require the acquisition and evaluation of data, the organization and maintenance of files and the interpretation, communication and use of computerized information. An understanding of social, organizational, and technological systems, monitoring and correcting performance and designing or improving systems are the skills that vitalize an evolving workforce. Technology has become unavoidable so that selecting equipment and tools applying technology to specific tasks and maintaining and troubleshooting

technological devices are necessary skills for an average employee (IFAC, 1996). These significant skills are discussed as follows.

### **2.1.1 Communication Skills**

Communication skills are seen as a must for a successful entry-level for the accounting profession. They include presenting and defending views orally and in writing, listening effectively, and locating and organizing information from both human and electronic sources. The ability to effectively communicate, negotiation skills, working in team environments using new communication technologies has become a necessity.

Besides, Communication skills include both receiving and transmitting information and concepts, including effective reading, listening, writing, and speaking. This requires an accountant to understand the psychology of people learning at different ages and different learning stages, and counsel them through listening and encouraging. This also calls for an accountant to be open minded to new ideas, new technologies, new cultures and the willingness to change and adapt.

### **2.1.2 Computer Skills**

Development in technology has meant that familiarity with technology is not only good, but also vital and necessary. A new employee entering a work force is expected to possess the basic computer as well as other technology skills required at work place. Knowledge of basic technology not only makes them creative at workplace but also helps them to adapt to the new work environment faster. The use of information technology, in particular, processing and communicating information has become an essential need. Knowledge of some accounting packages is no longer plus it is a must and should be emphasized through the university stage (IFAC, 1996).

### **1.3 Analytical & Intellectual Skills**

Analytical ability is another basic skill that an accountant should possess. This includes the ability of a person to ask the right questions so as to collect accurate and complete information, the ability to recognize the importance of information and implications of the information, and the ability to apply logic and reasoning to clarify the relationships between different objects, events, individuals or methodologies. Therefore, an accountant should have the ability to collect the right information, analyze the business problems using logical reasoning and apply the problem solving methodologies to real world business problems.

Intellectual skills include identifying and anticipating problems, finding acceptable solutions, developing inductive thought processes, and assigning priorities. The Accounting Education Change Commission (AECC, 1990) has stated the need for developing the ability to identify problems and opportunities, search out the desired information, analyze and interpret the information, and reach a well-reasoned conclusion.

With the recent increase in publicized corporate failures, it becomes vital for accounting education to pay greater attention to problem solving skills and analytic reasoning. These include the ability to identify and solve diverse and unstructured problems in unfamiliar settings and to exercise judgment based on comprehension of an unfocused set of facts, capability for inductive-thought processes and applying a value-based reasoning system to ethical questions, management of stress, prioritizing, and the ability to adapt to change. Personal qualities such as ethical responsibility, individual responsibility, self-motivation, self-esteem, sociability, self-management and integrity also support competency requirements. Interpersonal skills facilitate working on teams, training others, serving customers, leading, negotiating and working with people from culturally diverse backgrounds.

They also include the ability to organize and delegate tasks, motivate and influence others, and resolve conflicts.

#### **2.1.4 Interpersonal Skills**

Interpersonal skills enable accountants to work with others to achieve the objectives of the organization. It involves the ability to interact with culturally- and intellectually diverse people. Interpersonal skills include the ability to influence others, organize and delegate tasks, motivate, and resolve conflicts (AECC, 1990).

#### **2.1.5 Teamwork skills**

Teamwork skills are the ability to work in groups with other people. According to Montana et al. (2001), teamwork skills include the ability to interact with other people, the ability to motivate others in the team, the ability to resolve conflict within the team, the ability to delegate tasks to others and the ability (willingness) to take leadership of a group where necessary. Teamwork skills may also involve setting group goal, organizing one's self and others on the team, and carrying out the work assigned to the team.

The increased need for teamwork skills has arisen from the recent changes in the business world that have changed the nature of the accountants' role and work, for example, computers and globalized operations. Teamwork is needed to help move the accounting profession as a whole into the modern age Montana et al. (2001). Albrecht and Sack (2000) argued that if accountants are to find a value added role in the today's dynamic business environment, they must be armed with new skills. This has led to accountants needing to have the skills needed for more complex situations.

#### **2.1.6 Critical Thinking skill**

The ability to think critically seems to be the issue accounting education has to concentrate most

on critical thinking encompasses all the above-mentioned skills. For an effective discharge of these skills, one must use his critical thinking skills. It is the ability to observe, evaluate complex systems and information, detect, predict, advise and recommend appropriate action. Reinstein and Bayou (1997) argue that it is the process enveloping all these activities with an added value and to recommend results effectively to others.

Critical thinking is the ability to reach justifiable conclusions to questions that cannot be answered definitively and where all relevant information may not be available. It is the ability to rationally recall process and apply acquired skills to help identifying and solving problems.

Reinstein and Bayou (1997) stated that the value of professional people to society is primarily determined by their critical thinking ability, i.e. their expertise at understanding problems and issues and rendering judgment to resolve situations.

Reinstein and Bayou (1997) also stated the critical thinking include: formulating and identifying deductively - and inductively – warranted conclusions from available evidence, recognizing the structure of arguments, assessing the consistency, inconsistency logical implications and equivalence among statements and recognizing explanatory relations among statement.

The following section discussed stakeholder theory and human capital theory in relation to higher education.

### **2.1.7 Stakeholder theory and Higher education**

Stakeholder theory suggests that the success of an organization depends on its ability to balance the conflicting needs of its various stakeholders (Dellaportas et al. 2005). One of the indicators of success for an organization would therefore be how well the needs of its stakeholders are met. In the same vein, identifying their needs and setting up the means to meet them are crucial.

Meeting the needs of these individuals or groups is an important competitive factor for higher education institutions (Dobni&Luffman, 2003).

A stakeholder can be defined as any group or individual who can affect or is affected by the achievements of the firm's objectives (Freeman, 1984). According to Benneworth and Jongbloed (2010) the stakeholder groups of universities would include governing entities (state and federal government, governing board, etc.), administration (vice-chancellor, senior administrators, etc.), employees, clientele (students, employers, etc.), suppliers, competitors, donors, communities, government regulators, non-governmental regulators, and financial intermediaries. Among these various stakeholder groups, students/graduates and employers are the stakeholder groups that are closest to the workplace. The focus is therefore given to these two stakeholder groups in the study because they are at the heart of the objective of this research.

Employers require from graduates of higher education institutions to possess abilities and skills that coincide with those required by their organizations (Nicolescu&Paun 2009). Stakeholder theory suggests that an organization is successful if it can satisfy the demands of its stakeholders (Dellaportas et al. 2005). There is a general need among employers for graduates to possess and demonstrate skills that are relevant to working in their organizations" (Maxwell, 2010).

Graduate knowledge and skills can be separated into generic and specific, the generic being those that are not related to any particular area of study, and the specific being those that are related directly to the graduates' academic discipline (Maxwell, 2010).

### **2.1.8 Human capital theory and Higher education**

Human capital theory states that education is one of the factors of economic growth and that individuals will pursue further education with the aim of improving their well-being. Human

capital theory also supposes that employees play an important role and give the company a sustainable competitive advantage. Therefore, human capital constitutes an attractive source of organizational performance (Walters, 2004).

Another fundamental postulate of human capital theory is that increases in the supply of education are responses to increased demand for skilled labour (Walters, 2004). The theory is therefore a variant of the economic theory of supply and demand. Human capital represents the investment people make in themselves to enhance their economic productivity (Olaniyan&Okemakinde 2008). These authors also posit that formal education is highly instrumental and necessary to improve the production capacity of a nation. Education institutions will attract individuals to become students as long as they believe that the institutions can provide the knowledge and skills to allow them to be employed in a job to which they aspire, and to earn a comfortable income. Employability is therefore not only one of the considerations of prospective students in further education but also an area many education institutions embrace in formulating their curricula to satisfy demand (Walters, 2004).

## **2.2 Empirical literature reviews**

Futami and Muftah (2010) surveyed some previous studies in both Libyan and international environment with the objective of identifying the most important skills and experiences which must acquire by accounting graduates to be successful at work place. The study analyzed the most important skills, experiences and knowledge that should be acquired entering the work environment including personal skills, oral communication skills, access to sources of learning skills, and interpersonal skills. The study concluded that there were many problems afflicting accounting education which in turn affected the efficiency and abilities of accounting graduates to keep abreast of modern methods of applied in business. The study concluded that encouraging

scientific research through the study of industry requirements in the local environment and the skills required and expected by accountants in order to obtain graduates with professional skills who are able to meet the requirements of the environment.

Another study by Paul Wells et al. (2009) studied professional skills and capabilities of accounting graduates in New Zealand. The aim of the study was to identify the capabilities which are considered to be the most important for successful practice in accounting during the first year after graduation and to identify the extent to which New Zealand universities have focused on those in the delivery of their study program. The findings of the study concluded that personal and interpersonal skills were identified as more significant than professional skills. The importance of client responsiveness has also been identified as a key capability. Besides, the role of university courses in developing professional capabilities in team work and providing real world learning experiences were identified as areas for improvement.

Jacking and De Lange (2009) examined whether accounting graduates' skills meet the expectations of employers in Australia. The objectives of the study was to investigate the emphasis placed on technical and generic skills developed during undergraduate accounting courses from both graduates and employers perspective. The results of the study revealed that the existing undergraduate programs are failing in attempts to provide a broad-based general education to meet the needs of employers of accounting graduates. The findings from this study also suggested that employers regard technical skills as presumed in accounting graduates and it is generic skills development in graduates that are the more veiled quality for the employability skills and career enhancement.

Kavanagh and Drennan (2008) studied the skills and attributes accounting graduates need to engage in work from student perceptions and employer expectations. The findings of the study revealed that students rated continuous learning as the most important skills to future career. Also, students perceived skills such as oral communication skills, analytical skills, problem solving skills, decision making skills and critical thinking skills as the required skills for career success. On the other hand, employers expect graduates entering the profession to have the three top skills such as problem solving skills a level of business awareness or real life experience and basic accounting skills. Employers also expect oral communication skills, ethical awareness and professional skills, teamwork, written communication and an understanding of the interdisciplinary nature of business. Generally speaking, the study concluded that both students and employers report many of the essential non- technical and professional skills and attributes are not being developed sufficiently in university accounting program.

Joseph et al. (2010) examined knowledge and skills development of accounting graduates in Ghana with the objective to investigate the perceived relevance of accounting education. Questionnaire was used to collect data from graduates and employers. The results of the study concluded that critical skills, communication skills, interpersonal skills, technical skills and business management skills were rated as the most important professional by both employers and graduates. Also, the study concluded that the content of the accounting degree program has not been changed significantly over the years and the same courses have been taught over the years with none or only minor changes. Finally, the study recommended reviewing the content of the accounting degree program in Ghana.

Tanet al.(2004) studied management accounting topics and student skills practitioners and academics considered necessary to pursue a successful career in management accounting.

Some differences were found on the importance of topics between academics and practitioners, and opinions on the current and future usefulness of traditional or contemporary topics were found to drive those differences. The study found that both academics and management accountants considered thinking, problem solving, listening, and quantitative skills to be very important and considered the accounting curriculum should place emphasis on them.

Sidney et al. (2004) studied the usefulness of case studies in developing core competencies in a professional accounting program. The study examined students' perceptions of the use of case studies using questionnaires which conducted in the professional accounting school of the institute of chartered accountants of New Zealand .The study concluded that case studies as a pedagogical technique in accounting education is primary useful for developing skills like problem solving skill, presentation skill ,communication skills, appropriate questioning skill and valuable for simulating real life practical problems and situations.

Yucel et al. (2012) looked at accounting education in Turkey and professional accountant candidates' expectations from accounting education. The aim of the study was to examine the quality of accounting education with respect to needs and meeting the expectations of the accounting candidates. In order to achieve its objective the author used questionnaire that distributed to accountant candidates in Uludag University application. The results of the study showed that accounting education in Uludag University has not been developed with the same speed to meet the professions requirements and traditional accounting education system is insufficient to meet the increasing needs and demands of accounting profession. Also, the author recommended that a customer oriented approach which sees the professional accountant candidates as a customer in accounting education system and tries to satisfy their needs and expectations may improve the quality of accounting education.

Qasem and Shabitah (2007) aimed at determining the curriculum to keep pace with materials in accounting for dynamic changes in the area of information technology based on curriculum in accounting sections in Syrian universities. To achieve this survey was used. The results of the study showed that the accounting qualification in the fields of information technology plays an important role in the practice of accounting tasks. The results also revealed a clear gap between academic knowledge based curricula for accounting and material requirement of the industry with regard to the subject of information technology. The study recommended the need for increased attention to the subject of information technology in the different accounting rules, by increasing number of hours devoted to this aspect, strengthening applied and quantitative dimension of accounting materials related to the subject of information technology and to maintain an ongoing mechanism to develop study plans for accounting in Syrian universities.

Morgan (1997) studied communication skills required by accounting graduates in United Kingdom. The intent of the study was to assess the relative importance of different aspects of communication to the effective performance of the accounting tasks undertaken by graduates entering the accounting profession. Data was collected by means of questionnaire mailed to accounting practitioners and university lecturers teaching accounting degree. The findings of the study revealed that communication skills such as oral communication and written communication skills are important for accounting graduates entering profession.

Adel and Fatema (2014) aimed at increasing transparency, minimizing the gap between students, jobseekers and practitioners by studying the views of accounting practitioners and accounting students in Bahrain regarding important competencies required for career in accounting. In order to achieve the objective, data were collected using quantitative data collection method by means

of questionnaire distributed to 39 undergraduate accounting students attending Ahlia university of Bahrain and 39 accounting practitioners from various organizations.

The results of the study showed that although there is an agreement between the perceptions of both groups, some significant gaps exist. As such, basic accounting skill is rated as the most important professional skill by both groups. While students felt that leadership is the least important skill, practitioners on the hand felt that general knowledge is the least important skill. The study concluded that accounting students are not well-equipped to take immediate part within Bahraini employers' business and must be trained extensively before becoming fully functional.

Dandago and Shaari (2013) studied the effects of focus of accounting education on the quality of accounting education in Malaysian Universities. The study was conducted with the intent of examining the effects of accounting research to the quality of accounting education in the perspective of graduates' employability. In conducting the study, the researchers used literature review and informal interviews conducted with some academic accountants.

The findings of the study revealed that there is no appreciable mutual working relationship between academic accountants and accounting professionals in the industry, a relation that is necessary for ensuring the production of high quality accounting graduates that could become the real assets to the economy. The authors recommended that academic accounting research that aim at improving the quality of accounting knowledge to be imported to the students and for satisfying the needs of the economy should be emphasized by Malaysian universities in order to enhance the quality of accounting education in the country.

De large et al. (2006) investigated the emphasis placed on technical and generic skills developed during under graduate accounting courses from the graduate perspective. In order to capture

perceptions of skills emphasized in the undergraduate accounting courses the random sample of 1190 people who graduated between 2001 and 2003 were drawn from two Victorian Universities. The findings of the study showed that most respondents perceived communication skills and analytical skills as being the most important qualities required for successful in accounting career. On the other hand, respondents perceived that deficiency in interpersonal skills, oral expression, computing skills and analysis of accounting problems were identified as skills under emphasized in undergraduate accounting courses.

Noor et al. (2000) examined the employers' perception of the quality of accounting graduates in Malaysia. The purpose of the study was to look at the quality issue from the perspective of employers who hire the accounting graduates. Specifically, the study aimed at determining how well skill requirements match skill preparedness of accounting graduates. To conduct the study 144 samples were selected from accounting firms and 254 samples from non- accounting firms that mean the total of 398 samples were used and data collection was done through questionnaire.

The findings of the study identified the important skills require by employers like ability to perform assigned tasks, initiative , team work , computer literacy, problem solving ,motivation , written communication ,interpersonal skills, oral communication, leadership and general knowledge to perform task. In addition to this, the authors concluded that higher education in Malaysia did not adequately prepare accounting graduates with all the skills desired by employers.

Mohammed and Ahmed (2013) looked at the skills needed for success in accounting career in Tunisia. The objective of the study was to examine the perceptions of two major stake holders,

students and employers, of the importance of skills and attributes for securing entry –level employment in accounting. The authors conducted the study by using a list of 78 skills, starting by comparing employers’ expectations with students’ perceptions concerning the set of technical and generic skills required from accounting graduates to pursue a career in accounting profession. Data used for the study collected from 81 accounting students and 48 practitioners across a number of organizations and audit firms which employ accounting graduates.

The findings of the study indicated that students perceived technical skills which determine their abilities to pursue career in accounting profession. However, employers seek graduates who possess a diverse range of generic skills like ethical awareness, communication, critical analysis, team work and technical skill.

Ali and Ali (2011) aimed to ascertain the professional knowledge and skills that are considered important by external auditors for a graduate who intends to be an auditor. To achieve these objective authors conducted a questionnaire survey on external auditors in Turkey. The research had two dimensions: skills dimensions and professional knowledge dimension. The results indicated that all skills except knowledge of accounting software are perceived as important or very important for the auditing profession. Among the most important items are ethics, teamwork skills, and honesty. Along with these vital attributes of an auditing professional, continuous learning, communication skills, analytical and critical thinking, time management, self-motivation and flexibility are some of the other important attributes.

Ai-Hwa Quek (2005) studied generic competencies of Malaysian graduate employees’. The aim the study was to address empirically the state of generic competencies considered to be important for successful work performance among Malaysian graduate employees. The study also aimed to

explain the elements of generic competencies that are needed to complement the tertiary training of students in workplace learning. The author used questionnaire that were administered to a purposively selected sample of 32 graduate employees. The findings of the study highlighted interpersonal skills, knowledge-acquiring skills and flexibility as being highly important in contributing toward success in work performance.

Additionally, these graduate employees also expressed value-improving skills, practical orientation abilities and cognitive skills as being important for successful work performance. The study concluded that these generic competencies are important for enabling Malaysian graduate employees to transfer learning from the classroom to workplace for success in work performance.

Thomas (2011) studied the relevant information technology knowledge and skills for accounting graduates in New Zealand with the objective to produce a holistic set of information technology knowledge and skills relevant to New Zealand accounting graduates and to develop a model for delivery of information technology content in accounting curriculum. To do this, the researcher used questionnaire and interview as data collection instruments. Accordingly, the questionnaire was sent to 23 accounting practitioners. After the questionnaire was filled, interview was conducted with the same participants. The findings of the study identified 18 information technology topics for accounting graduates categorized into various degrees of importance. Of these topics, spread sheet, accounting software, internet tools and research ability stand out as the most important and most used information technology tools for accounting practitioners.

The findings of the study also lead to the development of model for delivery of information technology content named by the researcher as the Induction –Diffusion-Assimilation model.

Rosmawiti (2000) conducted a study on the employers' perception towards the quality of Malaysian business graduates. Findings from the study showed that five most important skills perceived by employers were the ability to perform assigned job, team work, initiative, computer literacy, and interpersonal skills. Employers, however, perceived that higher education institutions had failed to prepare business graduates with all the skills needed.

Cook and Finch (1994) surveyed which quality is viewed as most important to accounting recruiters. Their sample consisted of 2,000 randomly selected accounting employers representing public accounting, industry, government and education. The study revealed that the most important quality in a potential employee is educational background, prior work experience and training potential. The other included qualities such as people skills, strong managerial potential, intelligence, personality, ability to think and act decisively and ability to meet the demands of the profession.

### **2.3 Conclusion and knowledge gap**

As revealed in the above literature review, there has been much debate about the skills and knowledge that accounting graduates should have to enable them to pursue a career in the accounting profession.

This matter is considerably important for all stakeholders, including students, academicians, and employers. Students want to equip themselves better for the work environment; academicians are expected to provide better equipped graduates to the market; and employers desire highly qualified and skilled job applicants. Within the profession competitive pressures and technology have led to expectations that accounting and finance graduates demonstrate additional competencies with increasing importance given to non- accounting capabilities and skills.

These capabilities and skills are important because they enable accountants to make successful use of the knowledge gained through education. While employers felt that accounting knowledge and the ability to use accounting information was an important skill, they expected accounting and finance students to learn a multitude of skills including being able to communicate, work in a group environment, solve real-world problems and use computer.

Employers are looking for graduates who have work and life skills and are especially wanting graduates who have, amongst others, well developed communication, team-work and problem-solving skills. These rapid changes meant that the environments for which graduates are prepared have changed. With the rapid increase in globalization trends and innovations in information technology, it becomes necessary for a business graduate, specially accounting graduate, to survive in the global market environment.

The twenty-first century skills require the acquisition and evaluation of data, the organization and maintenance of files and the interpretation, communication and use of computerized information.

Altogether, current business environment in which accountants operate is showing dramatical change especially in technology. This change needs graduate accountants to have certain technical and generic skills to serve the industry. Thus, researches were conducted in different countries to examine skills that are expected of accountants to effectively work in changing work environment. Most researches were undertaken in developed nations like United Kingdom, Australia and New Zealand. Some of them also conducted in developing nations like Tunisia, Syria, Libya, Bahrain and Ghana. These studies were undertaken from the perception of academicians, students, practitioners and employers.

Almost the previous studies used quantitative research design particularly close ended questionnaires.

However, per the knowledge of the researcher there is no research conducted in Ethiopian context to examine whether the accounting and finance education preparing skilled manpower that fit the needs of the industry. Thus, this study would try to fill this gap by studying whether accounting and finance education in producing accountants that have sufficient relevant skills and knowledge that meet the needs of the industry from the viewpoints of accountants working in banks, Insurances and Ethiopian revenue and customs authority and employers who hire these accountants using mixed research design.

## Chapter 3 - Research Design

The previous chapter reviewed both theoretical and empirical studies, and it tried to give a conclusion and show the gap in the existing knowledge. This chapter presents research design used in this study. Thus, the remaining discussion in this chapter is organized in four sections. Accordingly section 3.1 presents the research objectives, in section 3.2, the different research approaches available to a researcher in general are discussed, which is followed by the discussion of the methods adopted and data collection in section 3.3. Finally, section 3.4 presents methods of data analysis.

### 3.1 Research objectives

As shown in chapter one, the broad objective of the study is to examine whether accounting and finance graduates perceive undergraduate accounting and finance education is sufficiently prepared them with various skills to meet the challenges that they face in the real work environment. Besides, the study examined the skills that employers expect from accountants. These broad objectives are further split into the following specific objectives:

- 1) *To investigate the skills that graduates perceive as most important for career success in accounting and finance jobs.*
- 2) *To assess the perceptions of accounting and finance graduates on the emphasis placed on skills development in their undergraduate studies.*
- 3) *To identify the skills industry expects from accounting and finance graduates.*
- 4) *To examine whether graduates' skills meet the demands of the industry (employers).*

### **3.2 Research Approaches**

This section introduces the fundamental elements of research approaches. There are three common approaches to conduct research. These are quantitative, qualitative and mixed methods. Researchers basically select the quantitative approach to respond to questions requires numerical data, the qualitative approach for research questions requires textual data, and the mixed methods approach for research questions requires both numerical and textual data(Carrie,2007). Thus, the following discussions present the basic features of quantitative, qualitative and mixed methods research approaches.

Quantitative research is the one in which the investigator primarily uses positivist claims for constructing knowledge. Leedy and Ormrod (2005) explain that a study is classified as quantitative if the researcher wants to quantify the variation in the phenomenon, situation, problem or issue and if information is gathered using predominantly quantitative variables (interval and ratios scales).

To enhance the generalization of findings, quantitative research approach follow standardized procedures in sample selection, instrument design, implementation and analysis. With this regard, standardization enhances the reliability of the findings and alleviates the impact of investigator and subjective biases. Despite these advantages, quantitative research design has also its own limitations: lack of flexibility in design, standardization can cause biases or hinder exploitation and lack of interpretive and exploratory examination of a research problem (Creswell, 2003). Besides, quantitative research approach employs strategies of inquiry such as, experiment and survey; collects information using preset standard instruments and uses statistical methods in describing patterns of behavior and generalizing from sample to populations.

On the other hand ,qualitative research is one in which the investigator often makes knowledge claims based primarily on the multiple meanings of individual experiences, socially and historically constructed meanings , participation in issues , collaboration and change oriented with an intent of developing a theory or pattern (Creswell, 2003).

Qualitative research approach assumes that knowledge is created by inductive reasoning and typically adopts qualitative methods such as interview. Like the quantitative research design, qualitative research design has its own advantages and disadvantages. The advantage of a qualitative research design is that it is flexible and emergent without being constrained by standard procedures (Liamputtong and Ezzy 2005, p.204 cited in Yesegat 2009, p.74).Despite the above advantage, a qualitative research design also has its own disadvantage. First, the lack of standardized rules in the research design and the emphasis on giving meanings and interpretations to events and things reduces the objectivity and replicability of the research process. This in turn compromises the reliability of findings.

As indicated in the above discussion, both quantitative and qualitative research approaches have limitations. The advantage of a quantitative research approach is the limitations for qualitative research approach and vice versa. Hence, mixed methods approach is supposed to alleviate the limitations of quantitative and qualitative approaches, bases on pragmatic knowledge claims (Creswell, 2003).Creswell and Clark (2011, p.2) also noted that mixed method design include at least one quantitative (design to collect numbers) and one qualitative method (design to collect words), where neither type of method is inherently linked to any particular inquiry paradigm.

### **3.3 Research approach used**

A mixed research methods approach was adopted in this study.

A mixed methods design is useful to capture the best of both quantitative and qualitative approaches. In light of the research objectives, the study were employed both qualitative and quantitative research approach, i.e., self-administrated questionnaires and in-depth interview. Therefore, using both approaches is helpful for generating the benefits of a mixed methods approach presented earlier and mitigating the bias in adopting only either quantitative or qualitative approach. Hence, in this study, concurrent procedure was employed to triangulate quantitative and qualitative data to provide a comprehensive analysis of the research problem. Since, concurrent data collection results in a shorter data collection time period. Moreover, the researcher collected both forms of data at the same time during the study and integrates the information in the interpretation of the overall results.

Thus, the following section presents the specific data collection and analysis methods from both approaches. As a result, Section 3.3.1 presents quantitative data collection method used while section 3.3.2 and 3.3.3 presents the qualitative data collection method and data analysis methods respectively.

### **3.3.1 Quantitative aspect—survey**

Survey design is a research method that provides a quantitative or numeric description of trends, attitudes, or opinions of participants with the intent of generalizing from a sample to a population (Creswell, 2009). Typically, survey gather data at a particular point in time with the intention of describing the nature of existing conditions, or identifying standards against which existing conditions can be compared, or determining the relationships existed between specific events.

The purpose of the survey method is to generalize from a sample to a population so that inferences can be made about some characteristic, attitude, or perception of the population. The advantages of survey designs are the economy of the design and the rapid turnaround in data

collection. Thus, survey method of quantitative approach is appropriate and employed for this study.

### **3.3.1.1 Sample design**

A sample design is a definite plan for obtaining a sample from the sampling frame. It refers to the technique or the procedure the researcher would adopt in selecting some sampling units from which inferences about the population is drawn.

Graduates from accounting and finance higher education engage in almost all industries like manufacturing industries, constructions industries, private limited companies, Audit firm, Non-governmental organizations, microfinance institutions, banks, Insurances, Ethiopian revenue and customs authority and other industries. However, due to limited resources and time to cover all these industries and many of the graduates are being employed in banks, Insurances and Ethiopian revenue and customs authority, the target population of this study were graduates from accounting and finance higher education who are working in banks, Insurances, and Ethiopian revenue and customs authority, and employers who hire these graduates.

Currently, there are 19 commercial banks in Ethiopia. So, from these banks 7 banks are randomly selected. These are commercial banks of Ethiopia, Awash international bank, Dashen bank, Oromia international bank, united bank, Wagagen bank and Cooperative bank of Oromia. Thus, graduates (employees) and employers at the head office were the sample. From 17 Insurance companies 5 of them are randomly selected. These are Africa insurance company, Nib insurance company, Awash insurance company, and United insurance company and Oromia insurance company. Hence, employees and managers at head office were respondents. Also, employees (graduates) and managers at head office from Ethiopia revenue and customs authority were incorporated in the sample.

Accordingly, the total numbers of graduates (employees) that have accounting and finance background from the three sectors incorporated in the sample were 232. Due to lack of access to the list of employees the researcher forced to use snowballing (chain referral) sampling techniques. Snow balling is a non-probability sampling techniques that can be used to gain access to populations of interest that can be hard to reach or hidden. So, questionnaire was distributed to 120 employees using this sampling technique. Besides, among 26 Employers (finance and accounts section managers in some cases termed as finance directorate, fund management and accounts department) of organizations under study questionnaire were distributed to 20 managers.

### **3.3.1.2 Survey instrument**

This study used questionnaire which is a widely used and useful instrument for collecting survey information. As Wilson and McLean (1994) stated, questionnaire could provide structured information, being administered without the presence of the researcher, and often comparatively straightforward to analyze.

The researcher can select several types of questionnaire, from highly structured (close ended) to unstructured (open ended). Structured questionnaire is appropriate to gather straightforward and uncomplicated information. It is easy to classify and quantify, require less time and effort, and ingenuity to answer. But, the respondents have no chances to express their own views, and to qualify, develop or clarify their own answers. On the other hand, unstructured questionnaire gives a greater insight and understanding of the topic being studied. However, it may be difficult to classify and quantify and must be carefully interpreted. Thus, structured self-administered questionnaire was used for quantitative data collection.

The questionnaire was also hand-delivered to the respondents. Thus, the questionnaire is prepared for graduates of accounting and finance working in banks, Insurances and Ethiopian revenue and customs authority since they have an understanding of the university education (curriculum) and have practical experience in accounting and finance role. So that they deemed to be in better position to know the skills needed in the workplace and deliver of accounting and finance education in the universities to develop those skills. For the purpose of this study, those individuals at supervisor roles like accounts section managers and finance managers (in most cases finance directorate) were nominated to complete the questionnaire.

The questionnaire contains demographic information and likert scale type questions. The likert type questions are designed to obtain information of the importance of skills as viewed by graduates and employers as well as the emphasis given to those skills to develop in accounting and finance education. Thus, respondents were asked to rate importance of certain skills for career in accounting and finance (5= most important and 1= not at all important), the emphasis given to those skills in undergraduate accounting and finance (1= strongly disagree and 5= strongly agree) and the performance of graduates by those skills (5= very good, 1=very poor)

### **3.3.2 Qualitative aspect - in depth interviews**

In addition to self-administered questionnaires, this study used in-depth interviews to provide more information to the data obtained through the survey questionnaires. An interview is a purposeful discussion and/or conversation with two or more people, and helps the researcher to gather valid and reliable data that are relevant to achieve research objectives. Thus, in-depths interview is used for this study. The interview is focused on the important skills for career in accounting and finance, how graduates are equipped with skills and skills that not yet developed in accounting and finance education.

Qualitative studies do not focus on generalization but on deep understanding of cases. Therefore, researcher tends to use non- probability and smaller samples (Neuman, 2006). Accordingly, interview was conducted with 16 graduates. 6 of them were from banks, 5 from insurance companies and 5 from ERCA. Besides, 11 employers were participated in interview. Out of 11 employers 6 of them were from banks, 3 from insurance companies and 2 from ERCA.

### **3.4. Method of data analysis**

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining evidence to address the initial proposition of a study (Yin, 1989). The data collected via questionnaire were analyzed with descriptive statistics using statistical package for social scientists (SPSS) 16.0 windows. Thus, mean, standard deviation and coefficient of variation were used.

Furthermore, Wolcott (1994) cited in Creswell (2003, pp. 184), suggested that qualitative research is fundamentally interpretative i.e. the researcher makes an interpretation of the data. The data collected through interview was interpreted qualitatively. To sum, the analysis of quantitative data and interpretation of qualitative data combines to seek convergence among the results (Creswell, 2003). Thus, the qualitative data gathered through interview presented separately from the survey results and later combined in the analysis part.

Table 3.1: Link of specific objectives with questions in the questionnaire

Specific objectives	Numbers of questions in the questionnaire and interviews
To investigate the skills that graduates perceive as important for career success in the industry.	Questionnaire Part I 15-12, interview part I Questions 1-3
To assess the perceptions of accounting and finance graduates on the emphasis placed on particular skills in their undergraduate studies.	Questionnaire Part I 13-21, interview part I Questions 4-6
To identify the skills industry (employers) expects from graduates.	Questionnaire Part II 6-15, interview part II, Questions 1-2 and 6
To examine whether graduates skills meet the demands of the industry.	Questionnaire Part II 16-24, interview part II, Questions 3-5

## **Chapter 4 - Results and Discussions**

In the previous chapter, the research methodology has been discussed and the methods adopted for the study to attain the objective have been stated. This chapter presents the results and analysis of the data collected via questionnaire and interviews. Accordingly, this part has three sections. Section 4.1 presents the background information whereas section 4.1.1 presents the data obtained through self-administered questionnaires and in-depth interview. Finally, section 4.2 presents the analysis of the data presented in section 4.1.1

### **4.1 Survey results**

The sample size for the survey was 120 graduates (employees) so that 120 questionnaires were distributed. However, the survey response was collected from only 105 survey respondents. As Yesegat (2008) stated, the response rate of 71.8 percent was reasonably good in consideration of the difficulty to collect data in poor developing countries, Ethiopia in particular. For this study the response rate was 87.5 percent, and it is reasonably good. Besides, questionnaires were distributed to 20 employers which is 100 percent response rate. The remaining discussion in this section presents the survey outcomes regarding respondents' background information, skills perceived important by graduates for career in accounting and finance, emphasis given to certain skill development in accounting and finance courses, competencies employers expected from accounting and finance graduates and the extent to which graduate skills meet the needs of employers (industry).

#### 4.1.1 Respondents' profile

Under this sub-section gender, age, educational level and work experience of respondents are presented.

Table 4.1 Gender categories of respondents

Gender	Graduates		Employers	
	Frequency	Percentage	Frequency	Percentage
Male	83	79	19	95
Female	22	21	1	5
Total	105	100	20	100

Source: survey results and own computation

As it is shown on the above table, 79 percent of graduate respondents were male whereas 21 percent were female which implies that majority of the respondents participated in the study were male. In relation to employers also majority of respondents were male that means 95 percent while female respondents were 5 percent.

Table 4.2 Age of respondents

Age of respondents	Graduates		Employers	
	Frequency	Percentage	frequency	Percentage
<25	17	16	-	-
25-30	62	60	-	-
31-40	19	18	8	40
41-50	5	4	10	50
>50	2	2	2	10
Total	105	100	20	100

Source: survey results and own computation

As revealed in the above table majority of graduate respondents' age which accounts for 60 percent fall between 25-30 years. This indicates that the highest percentages of graduate respondents are young. Majority of the employers' age fall between 41 to 50 years.

Table 4.3 Educational level of respondents

Education level of respondents	Graduates		Employers	
	frequency	Percentage	frequency	Percentage
First degree	96	92	3	15
Masters	9	8	17	85
PHD	0	0	0	0
Total	105	100	20	100

Source: Survey results and own computation

As table 4.3 revealed graduate respondents who have first degree holders were 92 percent while those who have masters were 8 percent. This indicates that all respondents are first degree holders and above. So they can understand the skills that are important for career success in the industry and the level of emphasis given to the development of those skills in their degree courses. Also according to ROSC (2007) the accountancy degree has a good reputation within Ethiopian market and available accounting degrees are said to meet the current demands of the business community in Ethiopia. Regarding education level of employers 85 percent of them were master's degree holders while 15 percent were bachelor degree holders.

Table 4.4 Work experience of respondents

Work experience of respondents	Graduates		Employers	
	Frequency	Percentage	Frequency	Percentage
< 1 year	12	11	-	-
1-5Years	55	53	-	-
5-10years	34	33	4	20
>10 years	4	3	16	80
Total	105	100	20	100

Source: survey results and own computation

The above table showed that majority of the graduate respondents who accounts for 53 percent had work experience of between 1- 5 years. This enables respondents to understand what skills are needed in the work place and attention given to those skills in their undergraduate accounting and finance courses and they can respond to the questionnaire genuinely. Besides, 80 percent of employers had a work experience of more than 10 years and they are expected to know what skills are required from accounting and finance graduates to meet needs of the industry.

#### **4.1.2 Perception of accounting and finance graduates regarding important skills for career success at workplace.**

This research assumes that accounting and finance graduates have better understanding regarding the skills required at workplace because they are the one who apply these skills in their profession and they know what skills they require most. Accordingly, the perceptions of graduates towards the importance of various skills which are deemed important by them are discussed.

Hence, five point likert scale was used (where 1= not important at all and 5= most important).

Table 4.5 Graduates’ perception of important skills for career success in industry.

Descriptive Statistics				
Rate the following skills( competencies) how important they are for accounting and finance career	N	Mean	Std. Deviation	Coefficient of variation
Basic accounting and finance skills(technical accounting and finance skills)	105	4.57	.573	12.67
Teamwork skills	105	4.63	.486	10.49
Computer skills	105	4.62	.595	12.87
Analytical and problem solving skills	105	4.44	.570	12.83
Interpersonal skills	105	4.56	.499	10.94
Decision making skills	105	4.42	.647	10.56
Oral communication skills	105	4.62	.595	12.83
Written communication skills	105	4.41	.646	14.64

1=not important at all, 2=not important, 3=neutral, 4= important and 5=most important

Source: Survey results and own computation

To measure the dispersion of responses standard deviation and coefficient of variation (CV) are used. Coefficient of variation is used to assess the level of consensus among respondents. According to Lapointe (1995, cited in Mohammed and Ahmed, 2013) the consensus of respondents is: excellent if  $CV < 15$ , good if  $15 < CV < 30$  and low if  $CV > 30$ . So, as table 4.5 above revealed the coefficients of variation for all items are less than 15 which show strong level of consensus among respondents. Also, the results of standard deviation show less variation among the responses of the respondents. This implies that the responses were consistent (there is relatively lower degree of varied opinions among respondents).

As shown in the table 4.5 above the all skills listed have received mean 4.41 and above which shows (graduates) employees perceived that skills listed are either important or most important. The skill that graduates perceived most important is team work skill (mean 4.63) with 62.9 percent agreeing that this skill is most important .Computer skill also received a mean of 4.62 with 65.7 percent agreeing that it is the most important skill. Besides, oral communication skill is also perceived by graduates as most important qualities required for accounting and finance career with the mean of 4.62 and with 47.6 percent agreeing that it is most important. The other skills considered most important by graduates are interpersonal skill (mean 4.56); basic accounting and finance skills (mean 4.57) and oral communication skill (mean 4.62). The other skills like analytical and problem solving skills, written communication skill and decision making skill were also more or less perceived as most important skills by graduates.

#### **4.1.3 Perception of graduates towards the emphasis given to develop skills in their degree program**

The following section examined graduates perceptions about the content of their undergraduate accounting and finance courses with respect to the emphasis placed on the development of the following skills. Thus, five point likert scale was used (where 1=strongly disagree and 5=strongly agree).

Table 4.6 Perception of graduate towards the emphasis given to develop skills in their degree program

Descriptive Statistics				
Emphasis given to skills in accounting and finance	N	Mean	Std. Deviation	Coefficient of variation
Great emphasis given to technical accounting and finance skills (e.g basic practical accounting and finance skills like understanding and creating financial reports, how to apply and work taxes ,audits...)	105	4.36	.681	15.62
Enough attention given to develop teamwork skills(working with others and in teams)	105	4.23	.711	16.81
Great attention given to Computer skills development.	105	3.52	.841	20.11
Enough emphasis provided to develop analytical and problem solving skills	105	3.75	.820	20.29
Great emphasis given to interpersonal skills	105	4.15	.662	15.95
Enough attention given to decision making skills	105	3.68	.769	18.39
Great emphasis given to Oral communication skills development.	105	3.98	.817	21.01
Great emphasis given to Written communication skills development.	105	3.93	.880	22.39

Source: survey result and own computation

Table 4.6 above revealed graduates' perception about the content of their undergraduate accounting and finance courses with respect to the emphasis placed on the development of the above skills. Regarding the level of consensus among respondents, Coefficient of variation indicated that good level of consensus exist among respondents. The standard deviation is also indicates relatively lower degree of varied opinion.

As indicated in above table the mean value of the response computed based on Likert scale indicated the agreement of respondents on the emphasis given to basic accounting and finance skills. Accordingly, the mean response of 4.36 which is 1.9 percent strongly disagreed, 56.2 percent agreed and 41.9 percent strongly agreed indicates that majority of the respondents agreed that great emphasis given to develop basic accounting and finance skills in their undergraduate courses. Regarding to teamwork skills the mean response is 4.23 with 2.9 percent disagreed, 7.6 percent undecided, and 53.3 percent agreed and 36.2 percent strongly agreed. This indicates that great emphasis given to the development of teamwork skills.

Another skill which received highest mean (4.15) is interpersonal skills with the response 15.2 percent undecided, 54.3 percent agreed and 30.5 percent strongly agreed that emphasis was given to this skill. This indicates emphasis was given to interpersonal skills in undergraduate accounting and finance education.

The remaining listed skills like computer skills ,analytical skills , oral communication skills ,decision making skills and written communication skills are received a mean less than 4 which indicates that most respondents do not perceive that great deal of emphasis was given to the development of these skills in their undergraduate accounting and finance courses. So the result shows that despite the importance of written communication due consideration did not given to this skill.

Table 4.7 How well accounting and finance education in line with industry practices and equip graduates with various skills.

Accounting and finance skills you learned in university was in line with the needs of the industries.	105	3.74	1.016	27.16
Accounting and finance higher education equipped me with various competencies/skills that meet the demands of modern day work environment.	105	3.70	.845	22.84

Source: survey result and own computation

Accounting and finance education in line with the business and industry needs produce marketable graduates with relevant knowledge and skills. Accordingly, graduates were asked to rate the level of their agreement on whether accounting and finance skills they learned was in line with industry needs using five point likert scale (where 1= strongly disagree and 5= strongly agree). Thus, 11.4 percent of respondents strongly disagreed, 15.23 percent disagreed, 11.4 percent undecided, 49.5 percent agreed with the statement and 12.38 percent strongly agreed. This indicates that majority of the respondents perceive that accounting and finance skills they learned was in line with industry practice. Besides, respondents were asked whether they were equipped with various skills that meet the demands of work environment. Accordingly, 2.8 percent strongly disagreed, 9.5 percent disagreed, 28.5 percent undecided and 59.2 percent of the respondents agreed or strongly agreed. Also the mean of 3.72 indicated that majority of the respondents do not agreed that accounting and finance higher education equipped them with various competencies or skills that meet the demands of modern work environment.

#### 4.1.4 Important skills employers expect from accounting and finance graduates to possess.

Employers were asked to rate the skills they perceive important for accounting and finance graduates entering into workforce to have based on the scale (where 1=not important and 5=most important) and the result of the survey is presented as follows.

Table 4.8 Important skills employers expect from accounting and finance graduates

Descriptive Statistics				
Rate the following skills (competencies) how important they are and required for graduates.	N	Mean	Std. Deviation	Coefficient of variation
Key accounting and finance skills(technical accounting and finance skills)	20	4.70	.503	11.52
Teamwork skills	20	4.75	.550	11.34
Computer skills	20	4.85	.366	7.54
Analytical and problem solving skills	20	4.80	.410	8.54
Interpersonal skills	20	4.67	.585	12.80
Decision making skills	20	4.60	.598	13.00
Ability to perform assigned tasks	20	4.65	.510	11.20
Oral communication skills	20	4.75	.444	9.34
Written communication skills	20	4.65	.587	12.62
General knowledge to perform task	20	4.60	.503	10.93

Source: Survey results and own computation

As above table indicated the consensus level among respondents regarding the important skills that employers expect from graduates is excellent since CV is less than 15.

The standard deviation is also low for all items implies that the response were consistent (there is relatively lower degree of varied opinions among respondents). As per the perception of employers the skills which received highest mean score are computer skills (mean 4.85), analytical and problem solving skills (mean 4.80), team work skill (mean 4.75), oral communication skills (mean 4.75) and basic accounting skills (mean 4.70) which indicated that employers perceived these skills as the most important for graduates of accounting and finance entering into workforce should possess. Skills such as written communication skills, decision making skills, general knowledge to perform task, ability to perform assigned tasks and interpersonal skills received the mean above 4.60 which indicates employers perceived all the skills listed in the above table are relatively most important for accounting and finance graduates entering the workforce should possess in order to effectively work in industry.

Employers were also asked to evaluate the preparedness (performance) of accounting and finance graduates with the skills listed below using the scale (where 1=very poor and 5= very good). The result of the survey is also as follows.

Table 4.9 Shows whether graduate skills (competences) meet the skill requirement of employers.

Descriptive Statistics				
How do you evaluate the preparedness of graduates in the following skills	N	Mean	Std. Deviation	Coefficient of variation
Key accounting and finance skills	20	3.20	.768	24
Teamwork skills	20	3.25	.851	26.2
Computer skills	20	2.66	.821	29.5
Analytical and problem solving skills	20	2.60	.681	26.2
Interpersonal skills	20	3.20	.696	21.7
Decision making skills	20	2.70	.733	27.1
Ability to perform assigned tasks	20	3.05	.394	12.9
Oral communication skills	20	3.10	.968	28.0
Written communication skills	20	2.40	.657	24.3
General knowledge to perform task	20	2.75	.598	21.7
Valid N (listwise)	20			

Source: Survey results and own computation

As the above table revealed the consensus among the respondents are good since coefficient of variation less than 30 and standard deviation is low. The preparedness of graduates as perceived by employers is relatively average in the skills teamwork skills, interpersonal skills, oral communication skills ability to perform assigned tasks. Accordingly, as indicated in the table above the preparedness of graduates in basic accounting and finance skills as perceived by employers received the mean of 3.2 with 10 percent of respondents replied very poor 15 percent of respondents replied poor, 50 percent replied average, 20 percent replied good and 5 percent

answered very good. This indicates that graduates have averagely qualified by accounting and finance skills as perceived by employers. However, skills such as Computer skills, Analytical and problem solving skills, decision making skills, written communication skills and general knowledge to perform task received the mean less than 3 which shows that graduates were not well prepared by these skills as perceived by employers.

Employers were also asked whether there is gap between academic preparation of graduates and industry needs as well as graduates understanding of accounting and finance principles and concepts on the scale (where 1= strongly disagree and 5=strongly agree). The results of the survey were presented as follows.

Table 4.10 Employers’ perception on graduates academic preparation and understanding of the principles of accounting and finance.

There is widening gap between the academic preparation of graduates’ skills and the needs of the industry	20	3.45	.945	27.3
Graduates have good understanding of principles and concepts of accounting & finance during their entry into workforce	20	2.67	.813	26.8

Source: Survey results and own computation

As the table above revealed the employers perceived there is the gap between the academic preparations of graduates skills and the industry needs with the means of 3.45 which implies that 12.5percent strongly agreed, 50 percent agreed 25 percent undecided ,8.3 percent disagreed and 4.2 percent strongly disagreed with the statement. This indicates that there is disparity between skills graduates acquired and skills employers required. Besides, employers do not perceived that graduates have good understanding of the principles and concepts of accounting and finance with

the lowest mean of 2.67 and 50 percent disagreed with the statement, 10 percent undecided and 30 agreed and 10 percent strongly disagree with the statement.

#### **4.1.5 In –depths interview results**

As stated in chapter three, apart from the survey this study employed in- depths interviews with 11 finance and Accounts section managers as well as 16 graduates of accounting and finance working in banks, Insurances and Ethiopian revenue and custom authority.

As stated above, in depths interview was conducted with accounts section and finance manager. The managers were asked to mention the important skills (competencies) required from accounting and finance graduates, how well graduates were equipped with the mentioned skills, and whether they perceive graduates skills meet the needs of the industry.

Accordingly, the interview made with accounts section and finance managers show that the important skills they expect from accounting and finance graduates in order to success in work environment are: interdisciplinary knowledge, basic accounting skills, accounting principles, finance principles, writing skills such as report writing skills , adaptability to work environment, creativeness ,critical thinking skills, ethical awareness , interpersonal skills , analytical skills, management skills, integrity and honesty, commitment , oral communication skills, written communication skills , teamwork skills and familiarity with technology. Besides, employers are pleased with graduates“ skills such as oral communication skill, interpersonal skill and team work skill. However, respondents“ claims that graduates were not well prepared in writing skills, analytical skills, information technology skills and lacked adaptability to industry.

Another important skill which employers perceived very important for graduates of accounting and finance should possess is basic computer skills, spread sheet software (eg. Micro soft excel), word processing and typing skills. As per the interview preparing spread sheets is a common task

in accounting field. Familiarity with the more advanced formulas contained within the spread sheet software is also necessary for preparation of spread sheet easier. Besides, employers suggest that to make meaningful use of spread sheets, graduates should have sound concepts in data analysis. Even though accounting and finance jobs are depends on technology (computer), employers believed that graduates lacked these skills. The other thing is that employers believed that even if graduates are not well prepared, the recent graduates are somewhat better than the previous one in computer skills like word processing and internet usage.

As one interviewee stated “while accounting practice are highly performed by technology some graduates do not know basic accounting skills like normal side accounts during their entry into the workforce and they do not seem they had accounting background”. All respondents stated that in order to acquaint graduates with the work environment they are undertaking extensive training which is cost.

Employers believed that higher education institutions are not preparing graduates with practical skills that real world business environment needs. So that employers provide graduates practical training in order to align them with real business practices which take numerous time and financial cost that is extravagant for the organization. Besides, employers suggest that universities teaching (training) given to students should take into account the real business practice in order to acquaint graduates with the needs of the industry.

Also, graduates explained skills that they considered important for career in accounting and finance. Accordingly, communications skills, negotiation skills, problem solving skills, critical thinking skills, team work skills basic accounting and finance skills were mentioned by graduates which is similar with skills mentioned by employers which implies that both groups are in agreement on the skills required. Besides, graduates believed that sufficient emphasis was

placed on the development of team work skills, oral communication skills and interpersonal skills through group assignments.

Like employers graduates were mentioned computer skills such as word processing, spreadsheet software (Microsoft excel), database software as important for career in accounting and finance. But, most of the interviewees claim that little emphasis given to develop these skills. Even according to interviewee access of computer service in universities are very limited in terms of number of computer to student ratio.

Besides, graduates believed that accounting and finance education is more focused on theories which are not align with real business environment. Graduates also claimed that the assignments were not the one which deal with practical real industry practice rather it was what wrote from books. The next part discusses data analysis.

## **4.2 Discussions**

The previous section presented the background information of respondents, the outcome of the survey and interview results. The next part focus on the analysis of the outcome of survey result along with the outcome of the in-depth interviews, research objectives and in the context of the literature review.

### **4.2.1 Skills graduates and employers perceive important for career in accounting and finance**

As revealed in the tables 4.5 and 4.7 above the results from the questionnaire asked graduates and employers to rate the importance of skills considered significant for career of accounting and finance are simultaneously analyzed as follows. Accordingly, graduates rated teamwork skills (mean 4.63) most important skills for career in accounting and finance. In this regard, employers

also rated (mean 4.75) this skills as it is relatively most important skills graduates of accounting and finance should possess.

Moreover, the results of interviews with graduates and employers support the results of the survey. This implies that teamwork skills are essential in the work of accounting and finance. This is consistent with the findings of Mohammed and Ahmed (2013) which indicated that sample employers rated teamwork skills as highly required for accounting graduates entering into the workforce. This finding is also confirmed by the findings of Holdsworth et al (2009), who found that in the University of Melbourne, Australia, the Bachelor of Commerce degree specifically includes teamwork skills in its list of important generic skills for undergraduate accounting students to acquire.

Besides, oral communication skills are rated as most important skills by graduates (mean 4.62) and employers (4.75). This implies that oral communication is most important skills for accounting and finance jobs. This is consistent with the study done by Morgan (1997) who also found that oral communication skills are most important for accounting graduates entering into accounting and finance profession. This results is also confirms the findings of Joseph et. al (2010) that graduates in their study rated oral communication skills as most important for career in accounting.

The other skill relatively rated as most important by graduates (mean 4.62) and employers (mean 4.85) is computer skills. The results of the interviews also indicates that basic computer skills like word processing, spread sheet software (Microsoft excel) and skills related to keyboard such as typing skills are crucial for undertaking the work of accounting and finance. This result is consistent with various findings (like Kavanagh and Drennan, 2008; Paul wells et al, 2009; Rosmawati, 2000 and Noor et al, 2000) which stated that computer skills is very important for

career success in accounting and finance jobs. This indicates that computer skills are indispensable for graduates of accounting and finance to possess in order to work in changing business environment.

Analytical and problem solving skills are also the skills that highly rated by employers (mean 4.80) and graduates (mean 4.44) in this study. However, as it can be seen from the mean rating of the two groups“ employers highly valued analytical and problem solving skills as most important skills than graduates. Mohamed and Lashine (2003) confirmed this finding further by finding that analytical skills are basic generic skills for all accountants and that therefore accounting graduate should have the ability to analysis business problems using logic. These authors also claimed that analytical skills, particularly analysis of financial information, are able to be delivered via the degree courses. De Lange at al. (2006) also conducted a similar study and found that analytical skills were frequently considered by graduates as being one of the most important skill sets to have in order to get a job or that helped them to meet the requirements of their current accounting and finance job. This all implies that analytical and problem solving skills are most important for accountants to be successful in modern business workplace.

Despite the above skills basic accounting and finance skills are relatively rated as most important for accounting and finance jobs by employers (mean 4.70) and graduates (mean 4.57). The result of interviews with both parts also indicates that basic accounting and finance is very essential for graduates to successfully operate accounting and finance jobs.

Similarly, De Lange et al. (2006) also found that the majority of accounting graduates in their study believed that technical accounting skills are still very important in the workplace. The authors also stated that even though many of the technical accounting skills can be handled by computers, it is still important for all accountants entering the workforce have a level of these

skills. The current study aligns with the finding by Usoff and Feldmann (1998) who found that undergraduate accounting students consider technical accounting skills to be more important for an accountant to have, and tend to perceive that technical skills will be the ones considered important by future employers as well as their accounting teachers. So it can be concluded that technical accounting and finance skills are very crucial for graduates of accounting and finance to have these skills in order to successfully undertake accounting and finance jobs.

Like other skills discussed above, written communication skills is also rated relatively most important skills by both graduates (mean 4.41) and employers (mean 4.60). The mean rating indicates that even if both groups are in agreement with the importance of these skills, employers highly expected from graduates to possess so as to effectively communicate information among concerned parts. This is also supported by interview results that written communication skills like report writing is important for effectively communicate accounting and financial information to concerned parts. Hence, written communication skills are important for accounting and finance works and graduates should possess these skills. This finding aligns with the findings of Kavanagh and Drennan (2008) and Noor et al (2000) that participants in their study rated this skill as highly important to be successful at workplace.

Moreover, decision making skills is also rated by employers (mean 4.60) and graduates (mean 4.42) which implies that it is relatively most important for career in accounting and finance. In addition to the skills discussed above, the interview result shows that interdisciplinary knowledge, adaptability with work environment, critical thinking skills, writing skills such as report writing, typing skills, basic accounting and finance skills, familiarity with technology like Microsoft word, spread software (eg. Microsoft excell), integrity and ethical awareness are important skills as considered by interviewees.

#### **4.2.2 The emphasis given to undergraduate accounting and finance program to develop skills**

This research objective examines graduates' perceptions of the content of their undergraduate accounting and finance courses with respect to the emphasis placed on the development of skills. So, graduates were asked to show the level of their agreement on the emphasis given to some skills in their undergraduate degree program. Accordingly, survey results are presented in the table 4.6 above.

Interestingly, graduates believed that the focus of accounting and finance education directed towards the development of basic accounting and finance skills. This implies majority of graduates are in agreement (mean 4.23) on the emphasis devoted to these skills. This aligns with interview result that graduates claim that accounting and finance education is more emphasized on production of accounting data. According to De Lange et al. (2006), even in the modern world where computers have automated many of the tasks traditionally carried out by an accountant, it is still important for accounting degree courses to focus on technical accounting skills and general principles of accounting. This reveals that great focus should place on technical accounting and finance skills.

Besides, graduates perceived that good emphasis placed on the development of teamwork skills (mean 4.23) and interpersonal skills (mean 4.15) in their undergraduate studies. In a similar vein, interview result implies that great emphasis given to teamwork skills and interpersonal skills through group work assignment.

However, as it can be seen from table 4.6 others skills like analytical and problem solving skills, computer skills, decision making skills, oral and written communication skills are received mean

scores less than 4 which imply that great emphasis was not given to develop these skills in undergraduate accounting and finance graduates.

For instance, computer skills received the lowest mean (3.52) among other skills which indicate that lower emphasis was given to develop computer skills. This result is consistent with interview result that graduates claim that despite the fact that the work of accounting and finance in real industry practice is done by computer, little emphasis was given to develop this skill in their undergraduate accounting and finance education. Besides, they claimed that universities offer only introductory course on computer applications which do not adequately prepare them for the industry requirements. And they were uncovered that more training has given to them by their employers. So it is understandable that graduates are finding themselves lacking in computer skills like spreadsheet software (micro soft excel).

The other skills which received low mean (3.75) is analytical and problem solving skills which implies that less emphasis was given to the development of this skills in undergraduate accounting and finance education. This is confirmed with the interview result that graduates believed that many of problem solving in accounting and finance education were not in line with the reality in the business environment. This implies that adequate emphasis was not devoted to develop problem solving skills.

On the other hand, majority of graduates do not agree that accounting and finance skills they learned in university is in line with the needs of industry practices. They also do not believe that they were not equipped with various skills that meet the demands of modern day work environment especial in computer skills (table 4.7).

### **4.2.3 Assessment of whether graduates skills meet the demands of the industry (employers).**

Employers were asked to evaluate the preparedness of accounting and finance graduates in terms of their skills (table 4.8).

Accordingly, employers were rated the skills of accounting and finance graduates performance in the workplace during their entry into the industry practices. For instance, basic accounting and finance received mean (3.20) which are relatively average as perceived by employers. This implies that graduates were not well prepared as perceived by employers. On the other hand, by skills such as teamwork skills, interpersonal skills, oral communication skills and ability to perform assigned task graduates were evaluated by employers as averagely prepared. This shows that to some extent employers are pleased with graduates' skills. With respect to this, graduates also believed that team work skills and interpersonal skills had emphasized in their undergraduate courses. The interview result conducted with employers also revealed that graduates are in good position with these skills.

However, performance of graduates by skills such computer skills, analytical and problem solving skill, decision making skills, written communication skills and general knowledge to perform task were not pleased with by employers since mean rating is quite less than 3. This indicates that employers are not satisfied with graduates by these skills. The interview made with employers is also in line with the findings of the survey results which means employers indicate that majority of graduates did not possess basic computer skills when they first hired. Then, extensive training is given to graduates which is cost and time consuming for the organization. Besides, graduates do not deny that in their study great emphasis was not given to computer skills and analytical and problem solving skills.

## **Chapter 5 - Conclusions and Recommendations**

The previous chapter presented the analysis of the findings, while this chapter deals with the conclusions and recommendations provided based on the findings of the study. Accordingly this chapter is organized into two subsections. The first section presents the conclusions whereas the second section presents the recommendations.

### **5.1 Conclusions**

The general objective of this study was to examine whether accounting and finance graduates perceive undergraduate accounting and finance education is sufficiently prepared them with various skills to meet the challenges that they face in the real work environment. Besides, the study examined the skills that employers expect from accounting and finance graduates. In order to achieve the objectives of this study, the paper adopted mixed research approach. Accordingly, quantitative data were collected through questionnaire and qualitative data were obtained through in- depths interview with graduates and employers. Thus, the main findings of the study are concluded as follows.

The role of accounting and finance education is to prepare graduates for the workplace and develop their skills to enable them to pursue a career in the accounting and finance profession. Thus, based on the survey and interview the perception of both graduates and employers about skills important for accounting and finance graduates are presented as follows. Accordingly, team work skills, computer skills (like word processing, Microsoft excel, typing skills and data base software ), interpersonal skills, oral and written communication skills, analytical and problem solving skills, basic accounting and finance skills, decision making skills were rated relatively as most important skills for career of accounting and finance by both groups.

In addition to this, results from interview showed critical thinking skills, writing skills (report writing and typing skills), adaptability to work environment, interdisciplinary knowledge, integrity and ethical awareness are important competences for accounting and finance career.

From the view point of graduates, skills such as team works skills, interpersonal skills basic accounting and finance skills were emphasized in their accounting and finance courses and they believed that they adequately equipped with these skills. However, graduates claim that skills such as computer skills, analytical and problem solving skills were under emphasized and they perceived that they were not sufficiently equipped with those skills. To sum up, graduates perceived that they do not adequately equipped with various skills to easily adapt to real work environment and they believed that accounting and finance education were fully focused on theory on the books without related with real world problem.

On the other hand, employers were pleased with graduates' competences like team work skills, interpersonal skills, basic accounting and finance skills. However, they dissatisfied with graduates' competences such as written communication skills (report writing), typing skills, analytical and problem solving skills, computer skills and decision making skills. Besides, employers claim that graduates lacked adaptability to work environment. These added more costs to employers for the re-training of graduates to address the mismatch between work demands and improving the competences of graduates.

## 5.2 Recommendations

In light of the major findings obtained from the results the following recommendation were made.

- Universities and colleges should emphasis on the development of skills such as typing skills written communication skills, analytical and problem solving skills in their training in order to acquaint graduates with the needs of the industry.
- As per the interview results, universities are not preparing graduates with practical skills which real business environments needs. So, the training given to students in universities and colleges should take into consideration the real business (industry) practices in order to equip students with the needs of the industry.
- Apart from imparting the knowledge from the textbooks, universities and colleges should expose students to the real industry practices through case study method, practical assignment, through bringing industry practitioners to the classroom in order to share industry knowledge.
- Universities and colleges should emphasis on the development of computer skills since every accounting and finance tasks are done by computer.

## List of References

- Accounting Education Change Commission (AECC). (1990). Objectives of Education for Accountants: Position Statement Number One, *Issues in Accounting Education*, vol.5, no. 2, pp. 307–312.
- ACNielsen Research Services (2000) *Employer Satisfaction with Graduate Skills: Research Report*, Evaluations and Investigations Programme Higher Education Division, DETYA.
- Addis Ababa University, About Department of Accounting and Finance cited December 9, 2009, available from [http://www.aau.et/index-php/accounting -and-finance](http://www.aau.et/index-php/accounting-and-finance).
- Addison, P. A. & Waugh, R. F.(1995). A Climate for Improvement in Accounting Education, *Working Paper, 9-12 July, Internalization of Accounting, AAANZ Conference*, Melbourne.
- Adel Mohammed .S and Fatema Ebrahim .A (2014).Bridging the gap between the perceptions of Accounting students and Accounting practitioners: Evidence from Ahlia university of Bahrain, *Jordan Journal of business administration*, vol. 10, No. 4,pp.34-45.
- Ai-Hwa Quek (2005) Learning for the workplace: a case study in graduate employees' generic competencies, *Journal of Workplace Learning* Vol. 17, No. 4 pp. 231-242.
- Albrecht, W., and Sack, R. (2000).Accounting Education Charting the course through a perilous future, *Accounting Education*, series 16.
- Ali Uyar and Ali Haydar Gungormus (2011) professional knowledge and skills required for accounting majors who intend to become Auditors: perceptions of external auditors, *Business and Economics Research journal*, vol .3, no. 3, pp.33-49.
- American Accounting Association (AAA), Committee on Future Structure, content and scope of accounting education (Bedford committee 1986) Future Accounting Education.

- Anao, R.A (2009) A critical appraisal of the teachings and practice of accounting in Nigeria, seminar for Accounting teachers, Benin City, 29-30 April.
- Benneworth, P & Jongbloed, B (2010), 'Who matters to universities? A stakeholder perspective on humanities, arts and social sciences valorisation', *Journal of Higher Education*, vol. 59, pp. 567-588.
- Booth, P. (1995). *The Future of Management Accounting: Issues Report Number 1*, June, Management Accounting Centre of Excellence, ASCPA.
- Bowden, Hart.G, King.B, Trigwell.k, and Wattar.O (2000), Generic capabilities of ATN University graduates, Canberra: Australian government department of education, Training and youth affairs.
- Carrie Williams (2007) .Research methods, *Journal of Business and Economic Research* 5(3), Grand Canyon University.
- Cook, E, D and Finch, B. (1994) Qualities employers seek in new accounting employees, *Journal of Education for business*, pp. 136-139.
- Creswell .J.W and Clark Vicki.L.P (2011) *Designing and conducting mixed methods Research*, 2<sup>nd</sup> edition, Sage publication, California.
- Creswell, J.W (2003). *Research design: qualitative, quantitative and mixed methods approaches*, 2<sup>nd</sup> edition, Sage publications, California.
- Creswell, J.W (2009). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, 3<sup>rd</sup> editions, Sage publications, California.
- Dandago.K and Shaari.N (2013). Effects of focus on Accounting research on the quality of accounting education in Malaysian Universities, *Asian Economic and Financial Review*, vol. 3,no.10, pp.1371-1385.

Davidson .RA, Slot nick .SA, Waldman. DA (200), Using linguistic performance to measure problem solving: *Journal of Accounting Education*, vol.9, no.1, pp.53-66.

De lange. P,Jackling .B and Gut.A.M(2006) Accounting graduates“ perceptions of the skills emphasis in undergraduate courses: an investigation from two Victorian universities.

Dellaportas, S, Gibson, K, Alagiah, R, Hutchinson, M, Leung, P & Van Homrigh, D (2005), *Ethics, governance and accountability: A professional perspective*, John Wiley & Sons, Milton, Qld.  
development', *European Journal of Scientific Research*, vol. 24, no. 2, pp. 157-162.

Dhia D. AlHashim and Earl J.Weiss (2004) Recent developments in accounting education and the future of the AICPA 150- Hour requirement *IJCM* vol.14,no.1, pp.17-27.

Dobni, C. &Luffman, G. (2003).Determining the scope and impact of market orientation profiles on strategy implementation and performance. *Strategic Management Journal*, vol.24, no.6, pp. 577-585.

Elliott, R. K. & Jacobson, P. D.(2002), „The evolution of the knowledge professional“, *Accounting Horizons*, vol. 16, no. 1, pp. 69-80.

Ethiopian Federal Ministry of Education (2010) .Education Statistics Annual Abstract, available from:  
[www.moe.gov.et](http://www.moe.gov.et)

Ethiopian Federal Ministry of Education (2011).Education Statistics Annual Abstract.available from:  
[www.moe.gov.et](http://www.moe.gov.et)

Ethiopian Federal Ministry of Education (2012). Education Statistics Annual Abstract, available from:  
[www.moe.gov.et](http://www.moe.gov.et)

Ethiopian Federal Ministry of Education (2013). Education Statistics Annual Abstract, available from:  
[www.moe.gov.et](http://www.moe.gov.et)

FDRE (2011).Ethiopia’s climate-resilient green economy, Addis Ababa, Ethiopia.

- Federal Democratic Republic of Ethiopia (2003), Higher Education Proclamation no.351/2003, Federal Negarit Gazeta 9<sup>th</sup> year no.72 Addis Ababa, 3<sup>rd</sup> July 2003.
- Federal Democratic Republic of Ethiopia (2009), Higher Education Proclamation no .650/2009, Federal Negarit Gezata 15<sup>th</sup> year no.64 Addis Ababa 17<sup>th</sup> September ,2009.
- Freeman, R (1984), *Strategic Management: A Stakeholder Approach*, Pitman, Marshall, MA.
- Futami .Al and Muftah.M (2010).The role of accounting education in the refinement of graduates with skills necessary for labor market.
- Holdsworth,A., Watty, K., and Davies, M(2009). Capstone experience report, Melbourne, Astralia.
- Hunton, J.E (2002) Blending Information and Communication Technology with Accounting Research, *Accounting Horizons*, vol.16,no. 1, 56-67.
- International Federation of Accountants Education Committee (IFAC) (1996) *IEG 9 Prequalification Education, Assessment of professional competence and experience requirements of professional accountants*, New York: IFAC.
- Jacking .B and De Lange.P (2009). Do Accounting graduates' skills meet the expectations of employers? A matter of convergence or divergence, *Accounting Education: An international Journal*, vol.18, no.4-5, pp. 369-385.
- Jones, A. and S. Sin (2003) *Generic Skills in Accounting*, competencies for students and graduates.
- Joseph Y. Awayiga, Joseph M.Onumah and Mathew Tsamenyi (2010) Knowledge and skill development of Accounting graduates: The perceptions of graduates and employers in Ghana, *Accounting Education: An international Journal*, vol.19, no.1-2, pp.139-158.
- Kavanagh Marrie H.andDrennanLyndal (2008), what skills and attributes do an accounting graduate need? Evidence from student perceptions and employer expectations. *Journal of Accounting and Finance* 279-300.

- Kelly, M., Davey, H. & Haigh, N. (1999), Contemporary Accounting Education and Society, *Journal of Accounting Education*, vol. 8, no. 4, pp. 321-340.
- Kloot, L. (1996), Looping the Loop: New Directions for the Learning Organization, *Australian Accountant*, vol. 66, no. 6, pp. 26-27.
- Lee, D.W., and C. Blaszczynski (1999) Perspectives of Fortune 500 executives on the competency requirements for accounting graduates, *Journal of Education for Business*, vol. 75, no. 2, 104-108.
- Leedy and Ormrod (2005). Qualitative type research design: interpretative and post positivist approach.
- Lin, Z.J., Xiong, X. and Liu, M. (2005) Knowledge base and skill development in accounting education: Evidence from China. *Journal of Accounting Education*, vol. 23: 149-169.
- Mary, L., Grant, S. and Christina, L. (2013). Accounting education and the provision of soft skills, e-*Journal of Business Education and Scholarship of Teaching*, vol. 7, no. 1, pp. 3-16.
- Maxwell, G. (2010). Employers as stakeholders in postgraduate employability skills development, *International Journal of Management Education*, vol. 8, no. 2, pp. 1-11.
- Michelle Pollock (2011), Ethiopian higher education: Expansion, Dilemmas and Quality.
- Mohammed, E. and Lashine, S, H (2003). Accounting knowledge and skills and the challenges of a global business environment. *Journal of Managerial Finance*, vol. 29, no. 7, pp. 3-16.
- Mohammed, F.K. and Ahmed, A.O. (2013). Skills and attributes needed for success in Accounting career: Do employers' expectations fit with students' perceptions? Evidence from Tunisia, *International Journal of Business and Management*, vol. 8, no. 8, pp. 118-132.

- Montana, J. A., Anes, J. A. D., Hassall, T., & Joyce, J. (2001). Vocational skills in the accounting professional profile: The chartered institute of management accountants (CIMA) employer's opinion. *Accounting Education: An International Journal*, vol, 10, no.3, pp.299-313.
- Morgan .J (1997) Communication skills required by accounting graduates: practitioner and academic perceptions, *Accounting Education: An international Journal*, vol.6, no.2, pp. 93-107.
- Needles.B&Powers.M(1990). A Comparative Study of Models for Accounting Education, *Issues in Accounting Education*, vol.5, no. 2, pp. 250-267.
- Neuman, WL (2006), *Social research methods: Qualitative and quantitative approaches*, 6th edn, Pearson, Sydney.
- Nicolescu, L &Paun, C (2009), 'Relating higher education with the labour market: graduates' expectations and employers' requirements', *Tertiary Education and Management*, vol. 15, no. 1, pp. 17-33.
- Nishat.A (2013). Competency approach to accounting education: *a global view*, *Journal of Finance and Accountancy*.
- Noor.A.I, Faison. E and Kamarul Bahrain A.M (2000) Employers' perception of quality of accounting graduates in Malaysia.
- Olaniyan, DA &Okemakinde, T (2008) 'Human capital theory: Implications for educational.
- Pretorius (2001). The higher education business-can it cope with international challenges? *South African Journal of higher education*, vol.15, no.2, pp.74-79.
- Qasem, A.M and Shabitah M.F (2007) .The impact of development in information technology in accounting curriculum; Analytical study of Accounting in Syrian Universities, *Damascus University Journal*, vol.23, no.12, pp.15-24.

- Raybould and Sheedy (2005). Are graduates equipped with the right skills in the employability stakes, *Industrial and Commercial Training*, vol.37, pp.259-263.
- Reinstein, A. & Bayou, J. P. (1997), How accounting educators can help improve their students' writing skills, *Journal of Education for Business*, Nov/Dec, vol. 73, no. 2, pp. 105-113.
- ROSC (2007) Report on the observance of standards and codes Ethiopia.
- RosmawitMamat (2000) Employers' perception of the quality of the Malaysian business graduates, University of utara Malaysia.
- Sidney, Peter. O and Elizabeth. R (2004), the usefulness of case studies in developing core competencies in professional accounting programme: a New Zealand study, *Accounting Education Journal*, vol. 13, no.2, pp.139-169.
- Tan.L, Fowler, M. & Hawkes, L. (2004). Management Accounting Curricula: Striking a Balance between the Views of Educators and Practitioners, *Accounting Education: An International Journal*, vol.13, no.1, pp. 51-67.
- Tempone.I and Martin.E (2003). Iteration between theory and practice as a pathway to developing generic skills in accounting. *Journal of Accounting Education*, vol.12, pp.227-244.
- Teshome Yizengaw (2004), The status and challenges of Ethiopian Higher Education system and its contribution to development, *The journal of higher education*, vol.1, pp.1-19.
- Thomas chaw-wai Tam (2011) .The relevant information technology knowledge and skills for accounting graduates in New Zealand, PHD thesis, Southern Cross University.
- Thomson JC (2009), Closing the Accounting talent gap: *The CPA Journal*, vol.79, no.12, pp. 13-24.
- Usoff, C and Feldmann, D. (1998).Accounting students' perceptions of important skills for career success. *Journal of Education for Business*, vol.73, no.4, pp. 215-220.

- Walters, D.(2004)The relationship between postsecondary education and skill: Comparing credentialism with human capital theory, *The Canadian Journal of Higher Education*, vol. 34, no. 2, pp. 97-124.
- Wells Paul, Philippa Gerbic, Ineke Kranenburg and Jenny Bygrave (2009). Professional skills and capabilities of accounting graduates: The New Zealand Expectation Gap? *Journal of Accounting Education*, vol.18, no.4, pp.23-35.
- Wessels, p (2004). Information technology and the education of professional accountants, *Meditari Accountancy Research*, vol.2, no.1, pp.220-235.
- Wilson, N. and McLean. S (1994), *Questionnaire Design: A Practical Introduction*, Co. Antrim: University of Ulster Press, Newtown Abbey.
- Yesegat.A.W (2008) Value added tax administration in Ethiopia: A reflection of problems“, *Journal of Tax Research*, Vol .6, no.2. pp. 145-168.
- Yesegat.A.W (2009) Value added tax in Ethiopia: A study of operating costs and compliance, PHD thesis, University of New South Wales, Australia.
- Yin, R (1989), Case Study Research Design and Methods: *Applied Social Research Methods Series*, vol. 5, Sage publications.
- Yucel.E, Sarac. M and Cabuk .A (2012) Accounting education in Turkey and professional Accountant Candidates expectations from Accounting Education Uludag University application, *Business and economics Research Journal*, vol.3,no.1, pp. 91-108.
- Zraa, W., Kavanagh, M., and Hartle, R. (2011). Teaching accounting in the new millennium paper presented at the Cambridge Business and Economics conference

## **Appendices**

### **Appendix 1 – Survey instrument for graduates**

**Addis Ababa University**

**College of Business and Economics**

**Department of Accounting and Finance**

Dear Participant,

This project is entitled **Perception towards the role of higher accounting and finance education in meeting industry needs**. The investigator is ErkoTeferi who is currently an Msc (in Accounting and Finance) student at Addis Ababa University.

The aim of this project is to examine whether accounting and finance graduates perceive undergraduate accounting and finance education is sufficiently prepared them with various skills to meet the challenges that they face in the real work environment. To supplement the data obtained from different sources, the investigator seeks to gather relevant information from a sample of graduates of accounting and finance operating in Banks, Insurances and ERCA by means of self-administered questions using structured questionnaire.

Participation in this project is completely voluntary, the questionnaire results will be recorded anonymously and strict confidentiality will be maintained. Individual responses will not be identified in the investigator's Msc thesis.

For further information please contact ErkoTeferi by the following address.

**Tel:-** +251 0912777826

Email: - erkotef@gmail.com

Section I. Demographic information of respondent (please, “mark” in the box given)

1. Sex 1) Male  2) Female

2. Age 1) <25  2) 25-30  3) 30-40  4) 40-50  5) >50

3. Educational qualifications 1) BA degree  2) MA/MSC 3) PHD

4) Any other professional qualification, please specify\_\_\_\_\_

4. Work experience 1) <1 year  2) 1-5 year  3) 5-10year  4) >10 year

**Section II Questions related to importance of skills and emphasis given to it**

Rate the following skills and competencies how important they are in accounting and finance career success(mark “X” under your appropriate choice)	Not important at all(1)	Not important (2)	undecided (3)	Important (4)	Very important (5)
1. Key accounting and finance skills(technical accounting and finance skills)					
2. Teamwork skills (working effectively with others and in teams)					
3. Computer skills					
4. Analytical and problem solving skills					
5. Interpersonal skills					
6. Decision making skills					
7. Oral communication skills					
8. Written communication skills					

Indicate your level of agreement on the emphasis given to the following skills in undergraduate accounting and finance education. ( mark "X" under your appropriate choice)	Strongly disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
11. Great emphasis given to technical accounting and finance skills(e.g basic practical accounting and finance skills like understanding and creating financial reports, how to apply and work taxes, audits...)					
12. Enough attention given to develop teamwork skills(working with others and in teams)					
13. Great attention given to Computer skills development.					
14. Enough emphasis provided to develop analytical and problem solving skills					
15. Great emphasis given to interpersonal skills					
16. Enough attention given to decision making skills					
17. Great emphasis given to Oral communication skills					
18. Great emphasis given to Written communication skills					

**20.** Accounting and finance higher education equipped me with various competencies/skills that meet the demands of modern day work environment.

- 1) Strongly disagree  2) Disagree  3) undecided  4) Agree   
5) Strongly agree

**21.** Accounting and finance skills you learned in university was in line with the needs of the industries. 1) Strongly disagree  2) Disagree  3) undecided  4) Agree

- 5) Strongly agree

## Appendix 2 -Survey instrument for employers

### Addis Ababa University

#### College of Business and Economics

#### Department of Accounting and Finance

Dear Participant,

This project is entitled **Perception towards the role of higher accounting and finance education in meeting industry needs**. The investigator is ErkoTeferi who is currently an Msc (in Accounting and Finance) student at Addis Ababa University.

The aim of this project is to examine the skills that employers expect from accounting and finance graduates and whether graduates skills (competences) satisfy the needs of the industry. To supplement the data obtained from different sources, the investigator seeks to gather relevant information from a sample of employers of Banks, Insurance and ERCA by means of self-administered question using structured questionnaire.

Participation in this project is completely voluntary, the questionnaire results will be recorded anonymously and strict confidentiality will be maintained. Individual responses will not be identified in the investigator's Msc thesis.

For further information please contact ErkoTeferi by the following address.

[Tel:-](tel:+2510912777826) +251 0912777826

Email: - erkotef@gmail.com

### **Section I. Demographic information (mark "X" in your appropriate choice))**

1. Sex: 1) Male  2) Female
2. Age: 1) < 30  3) 40-50  5) >60
- 2)30-40  4) 50-60
3. Educational qualification

1) BA degree

3) PHD

2) MA/M.SC

4) others (specify) \_\_\_\_\_

4. Work experience 1) <1 year  2) 1-5 years  3) 5-10 years  4) > 10 years

Section II Questions related to skills required by employers and preparedness of accounting and finance graduates for industry practices.

Rate the following skills(competencies )how important they are for accounting graduates(mark "X" under your appropriate choice)	Not important at all(1)	Not important (2)	undecided (3)	Important (4)	Very important (5)
4.Key accounting and finance skills					
5.Teamwork skills (working effectively with others and in teams)					
6.Computer skills					
7.Analytical and problem solving skills					
8. Interpersonal skills					
9. Decision making skills					
10. Ability to perform assigned tasks					
11.Oral communication skills					
12. Written communication skills					
13. General knowledge to perform task					

How do you evaluate the preparedness of graduates(BA degree graduates in Acct and Fin) in the following skills during their enter into workforce(mark "X" under your appropriate choice)	Very poor(1)	poor (2)	Average (3)	good (4)	Very good (5)
16.Key accounting and finance skills					
17.Teamwork skills					
18.Computer skills					
19.Analytical and problem solving skills					
20.Interpersonal skills					
21.Decision making skills					
22.Ability to perform assigned tasks					
23.Oral communication skills					
24.Written communication skills					
25.General knowledge to perform task					

26. There is widening gap between the academic preparation of graduates" skills and the needs of the industry

1. Strongly disagree       2.Disagree       3. Undecided       4.Agree
5. Strongly agree

27. Graduates have good understanding of principles and concepts of accounting &finance during their entry into workforce.

- 1) Strongly disagree       2) Disagree       3) undecided       4) Agree
- 5) Strongly agree

### **Appendix .3 Interviews questions for graduates**

- 1) What are the important skills which are useful for accounting and finance graduates to operate in competitive business environment?
- 2) How well did you equip with these skills at university?
- 3) Which areas of skills (competences) were given more emphasis in undergraduate accounting and finance higher education?
- 4) Do you think that graduates competences of accounting and finance higher education fit with responsibilities that accounting and finance jobs in today's real business environment demand?
- 5) What kinds of computer skills are require in the industry? Have you equipped with this skill?
- 6) Please, do you have any comment for higher education in relation to this issue?

#### **Appendix.4 Interview question for employers**

- 1) What are the important skills you expect from accounting and finance graduates entering into workforce should possess? explain
- 2) How well graduates are equipped with the skills you have mentioned in question number 1?
- 3) How do you think the importance of the following skills for accounting and finance graduates? Communication skills, interpersonal skills, teamwork skill, computer skill, problem solving skills as well as basic accounting and finance skills. Are they equipped with these skills?
- 4) Do you believe that higher education institutions prepare accounting and finance graduates with all the skills and competences required by the industry? If not please explain areas of deficiency?
- 5) Altogether, do you think that higher education institutions are preparing accounting and finance graduates that fill responsibilities of the accounting and finance jobs in today's competitive business environment?
- 6) Do you have any comment for higher education institutions?

## Graduates' perception of important skills for career success in the industry

### 1. Key accounting and finance skills(technical accounting and finance skills)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	undecided	4	3.8	3.8	3.8
	important	42	40.0	40.0	43.8
	Most important	59	56.2	56.2	100.0
	Total	105	100.0	100.0	

### 2. Teamwork skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	important	39	37.1	37.1	37.1
	most important	66	62.9	62.9	100.0
	Total	105	100.0	100.0	

### 3. Computer skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	unimportant	2	1.9	1.9	1.9
	important	34	32.4	32.4	34.3
	most important	69	65.7	65.7	100.0
	Total	105	100.0	100.0	

### 4. Analytical and problem solving skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	undecided	4	3.8	3.8	3.8
	important	51	48.6	48.6	52.4
	most important	50	47.6	47.6	100.0
	Total	105	100.0	100.0	

**5. Interpersonal skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	46	43.8	43.8	43.8
most important	59	56.2	56.2	100.0
Total	105	100.0	100.0	

**6. Decision making skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid undecided	9	8.6	8.6	8.6
important	43	41.0	41.0	49.5
most important	53	50.5	50.5	100.0
Total	105	100.0	100.0	

**7. Oral communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid undecided	6	5.7	5.7	5.7
important	49	46.7	46.7	52.4
most important	50	47.6	47.6	100.0
Total	105	100.0	100.0	

**8. Written communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid unimportant	2	1.9	1.9	1.9
undecided	3	2.9	2.9	4.8
important	50	47.6	47.6	52.4
most important	50	47.6	47.6	100.0
Total	105	100.0	100.0	

**Graduates' perception on the emphasis given to the following skills.**

**9. Great emphasis given to technical accounting and finance skills(e.g basic practical accounting and finance skills like understanding and creating financial reports, how to apply and work taxes, audits...)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	2	1.9	1.9	1.9
Agree	59	56.2	56.2	58.1
strongly agree	44	41.9	41.9	100.0
Total	105	100.0	100.0	

**10. Enough attention given to develop teamwork skills(working with others and in teams)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid disagree	3	2.9	2.9	2.9
undecided	8	7.6	7.6	10.5
Agree	56	53.3	53.3	63.8
strongly agree	38	36.2	36.2	100.0
Total	105	100.0	100.0	

**11. Great attention given to Computer skills development.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid disagree	7	6.7	6.7	6.7
undecided	8	7.6	7.6	14.3
Agree	49	46.7	46.7	61.0
strongly agree	41	39.0	39.0	100.0
Total	105	100.0	100.0	

**12. Enough emphasis provided to develop analytical and problem solving skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	1	1.0	1.0	1.0
disagree	5	4.8	4.8	5.7
undecided	12	11.4	11.4	17.1
Agree	58	55.2	55.2	72.4
strongly agree	29	27.6	27.6	100.0
Total	105	100.0	100.0	

**13. Great emphasis given to interpersonal skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid undecided	16	15.2	15.2	15.2
Agree	57	54.3	54.3	69.5
strongly agree	32	30.5	30.5	100.0
Total	105	100.0	100.0	

**14. Enough attention given to decision making skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid disagree	5	4.8	4.8	4.8
undecided	8	7.6	7.6	12.4
Agree	55	52.4	52.4	64.8
strongly agree	37	35.2	35.2	100.0
Total	105	100.0	100.0	

**15. Great emphasis given to Oral communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid disagree	6	5.7	5.7	5.7
undecided	24	22.9	22.9	28.6
Agree	52	49.5	49.5	78.1
strongly agree	23	21.9	21.9	100.0
Total	105	100.0	100.0	

**16. Great emphasis given to Written communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	2	1.9	1.9	1.9
disagree	6	5.7	5.7	7.6
undecided	14	13.3	13.3	21.0
Agree	58	55.2	55.2	76.2
strongly agree	25	23.8	23.8	100.0
Total	105	100.0	100.0	

**17. Accounting and finance skills you learned in university is in line with the needs of the industries.**

	Frequency	Percent	Valid Percent	Cumulative Percent
3Valid strongly disagree	12	11.4	11.4	11.4
disagree	16	15.23	15.23	13.3
undecided	12	11.4	11.4	23.8
Agree	52	49.5	49.5	88.6
strongly agree	13	12.38	12.38	100.0
Total	105	100.0	100.0	

**18. Accounting and finance higher education equipped me with various competencies/skills that meet the demands of modern day work environment**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	3	2.8	2.8	2.8
disagree	10	9.5	9.5	12.3
undecided	30	28.5	28.5	40.8
Agree	53	50.5	50.5	91.3
strongly agree	9	8.57	8.57	100.0
Total	105	100.0	100.0	

## Employers' perception of important skills for accounting graduates.

### 1. Key accounting and finance skills(technical accounting and finance skills)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	8	40.0	40.0	40.0
most important	12	60.0	60.0	100.0
Total	20	100.0	100.0	

### 2. Teamwork skills

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Neutral	1	5.0	5.0	5.0
important	3	15.0	15.0	20.0
most important	16	80.0	80.0	100.0
Total	20	100.0	100.0	

### 3. Computer skills

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	3	15.0	15.0	15.0
most important	17	85.0	85.0	100.0
Total	20	100.0	100.0	

### 4. Analytical and problem solving skills

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	4	20.0	20.0	20.0
most important	16	80.0	80.0	100.0
Total	20	100.0	100.0	

**5. Interpersonal skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Neutral	1	5.0	5.0	5.0
important	9	45.0	45.0	50.0
most important	10	50.0	50.0	100.0
Total	20	100.0	100.0	

**6. Decision making skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Neutral	1	5.0	5.0	5.0
important	6	30.0	30.0	35.0
most important	13	65.0	65.0	100.0
Total	20	100.0	100.0	

**7.ability to perform assigned tasks**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	9	45.0	45.0	45.0
most important	11	55.0	55.0	100.0
Total	20	100.0	100.0	

**8. Oral communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	5	25.0	25.0	25.0
most important	15	75.0	75.0	100.0
Total	20	100.0	100.0	

**9. written communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Neutral	1	5.0	5.0	5.0
important	5	25.0	25.0	30.0
most important	14	70.0	70.0	100.0
Total	20	100.0	100.0	

**10. general knowledge to perform task**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid important	8	40.0	40.0	40.0
most important	12	60.0	60.0	100.0
Total	20	100.0	100.0	

**Employers' perception towards the performance of accounting and finance graduates.**

**11.Key accounting and finance skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Poor	3	15.0	15.0	25.0
Average	10	50.0	50.0	75.0
Good	4	20.0	20.0	95.0
very good	1	5.0	5.0	100.0
Total	20	100.0	100.0	

**12.Teamwork skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	4	20.0	20.0	20.0
Average	10	50.0	50.0	70.0
Good	5	25.0	25.0	95.0
very good	1	5.0	5.0	100.0
Total	20	100.0	100.0	

**13.Computer skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	5	25.0	25.0	25.0
Poor	10	50.0	50.0	75.0
Average	4	20.0	20.0	95.0
very good	1	5.0	5.0	100.0
Total	20	100.0	100.0	

**14.Analytical and problem solving skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	5	25.0	25.0	25.0
Poor	8	40.0	40.0	65.0
Average	7	35.0	35.0	100.0
Total	20	100.0	100.0	

**15.Interpersonal skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Poor	2	10.0	10.0	20.0
Average	13	65.0	65.0	85.0
Good	3	15.0	15.0	100.0
Total	20	100.0	100.0	

**16.Decision making skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Poor	9	45.0	45.0	55.0
Average	6	30.0	30.0	85.0
Good	3	15.0	15.0	100.0
Total	20	100.0	100.0	

**17.Ability to perform assigned tasks**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Average	16	80.0	80.0	90.0
Good	2	10.0	10.0	100.0
Total	20	100.0	100.0	

**18. Oral communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Poor	5	25.0	25.0	35.0
Average	9	45.0	45.0	80.0
Good	2	10.0	10.0	90.0
very good	2	10.0	10.0	100.0
Total	20	100.0	100.0	

**19.Written communication skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Poor	8	40.0	40.0	50.0
Average	8	40.0	40.0	90.0
Good	2	10.0	10.0	100.0
Total	20	100.0	100.0	

**20.General knowledge to perform task**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very poor	2	10.0	10.0	10.0
Poor	9	45.0	45.0	55.0
Average	8	40.0	40.0	95.0
Good	1	5.0	5.0	100.0
Total	20	100.0	100.0	

**21. There is widening gap between the academic preparation of graduates' skills and the needs of the industry**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	2	10.0	10.0	10.0
Neutral	4	20.0	20.0	30.0
Agree	12	60.0	60.0	90.0
strongly agree	2	10.0	10.0	100.0
Total	20	100.0	100.0	

**22. Graduates have good understanding of principles and concepts of accounting &finance during their entry into workforce**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	2	10.0	10.0	10.0
Disagree	10	50.0	50.0	60.0
Neutral	2	10.0	10.0	70.0
Agree	6	30.0	30.0	100.0
Total	20	100.0	100.0	