

Expectations vs. Abilities: Bridging the Gap

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The purpose of this grounded theory study which applies qualitative techniques, using open-ended interviews and surveys, is to address the problem that businesses lack efficient and effective work production due to entry-level employees not being adequately prepared. The specific purpose is to understand what deficits currently exist between demands and abilities, and what can be done to eliminate those. While there is always some on-the-job training, having this knowledge will fill the current gap in the literature and better prepare entry-level practitioners. While this study looks specifically at accounting students, it can be applied to all areas of business.

Keywords: undergraduate accounting, employee expectations, entry-level practitioners, unpreparedness, critical thinking, application

INTRODUCTION

Currently, there is a significant gap between what employees expect out of entry-level accountants and what those new employees can provide. Research indicates this gap exists due to the unpreparedness of students to meet the demands placed on them after graduation, compared to what students learned in the classroom (Inada, 2020; Johnson, 2014). Much of the early 2000s were plagued with accounting scandals, and a lot of the responsibility fell on the shoulders of accounting faculty and current programs not adequately preparing their students for the demands of the job. While that was years ago, current research still points to this problem between accountants being able to answer textbook accounting exercises, but not being ready for the demands of the workplace (Abeysekera, 2015; Walstra, 2022).

Much of this gap may be due to the change in the accounting industry. While accountants used to be viewed as a technical position, they were now being faced with the role of advising, one that many were undoubtedly not trained to undertake (Hao, Kaufinger, & Masky, 2021). However, while the role of accountants has changed, the education they are receiving has not (Laksmana & Tietz, 2008). This is especially troublesome because what has been proven time and again is that the accounting system is not necessarily the problem (Birnberg, 2000). Rather, the problem lies in the behavior of the accountant's implementing decisions and carrying out financial tasks that investors and decision-makers rely on (Mazurowska, 2014; Walstra, 2022). Therefore, what accountants are being taught and how they are being taught will continue to be under fire until changes are made.

There is a lack of research on what can be done to reduce this gap that exists between management expectations and student preparedness. This gap and problem can be addressed by this study through discussions with accounting professionals at varying levels of seniority, as well as surveying current senior-level accounting students. Interviewing entry-level accountants and varying levels of seniority at public

accounting firms will create additional insight into the specific skills that are currently lacking. Specifically, by interviewing accountants who have been in their roles for four years or more, as well as those who have been working for only a year, the gaps perceived by both newcomers and senior accountants can be found.

NATURE OF THE STUDY

An appropriate approach to the above study briefly described, is a grounded theory study that will apply qualitative techniques. Open-ended interviews will be used to assess what current practitioners feel are the deficiencies of entry-level accountants. By asking open-ended questions, information often emerges that prompts further issues and greater understanding (Inada, 2020; Mertens, 2015). Interviews will be completed until an inductive analysis of the responses yields underlying patterns and themes (Ryan & Bernard, 2003). The software QDA Miner will be used to assist in this analysis. Once those themes have emerged, current accounting students getting ready to enter the workforce will take part in a survey assessing their abilities to meet those demands. Once again, surveys will be studied and condensed until an inductive analysis of the student's responses yields underlying patterns and themes. QDA Miner will once again be used to assist in this analysis to help identify the problem addressed above, that businesses lack efficient and effective work production due to entry-level accountants not being prepared for the demands placed on them (Phillips, 2017).

The problem and purpose of the study call for two different parts. Looking at the problem discussed above, it is evident entry-level accountants are not ready to enter the workforce. However, what is still unknown, is what skills directly they are lacking. Thus, by interviewing current practitioners with open-ended questions (qualitative methodology), insight can be given into where the deficiencies specifically exist. Furthermore, by interviewing and analyzing current accounting student's reactions and abilities in relation to the demands of the job, it can be assessed whether or not students are being taught what they need to be, and in a delivery method that allows them to think critically. Having both sides of the spectrum will be imperative for gaining an understanding of the whole picture, not just a piece of the issue which is what has been done in previous studies.

SIGNIFICANCE OF THE STUDY

This study will be carried out during a very critical time in accounting research. Moser (2012) performed extensive research illustrating the stagnation in accounting research. Taken one step further, Rebele and Pierre (2015) performed research that showed the detrimental issue of stagnation, especially in accounting education research. Specifically, there is a lack of empirical studies, and little research is being done focusing on a few general topics that are not imperative to the long-term performance of accountants.

The problem of stagnation is clear when reviewing the top accounting education journals. Research done by Rebele and Pierre (2015) shows, that over the past 15 years, publications have continued to decrease, and those that are published focus more on descriptive papers and cases. Therefore, by undertaking the empirical study briefly described above, accounting research, and specifically accounting education research will grow (Walstra, 2022). Stagnation can only be overcome by conducting new studies that are relevant and answer important research questions (Rebele & Pierre, 2015). The purpose of this study is to do just that, look at accounting education from two different viewpoints which have not previously been done. By performing this empirical work, a real contribution will be made to the current field of knowledge.

STUDY PROCESS

The study began by interviewing current accounting practitioners from different accounting firms in Springfield, MO. In total, 20 practitioners were interviewed over the phone and all interviews were recorded and transcribed. The only requirement was for the participants to have their CPA licensure. No other identifying demographic data were collected. After the 20 practitioners were interviewed, open-ended

surveys were sent to graduating seniors from two universities in Springfield, MO. The only requirement for these participants was they must be seniors. There were 14 participants in the second part of the study.

Research Question 1

The first research question was, “*What deficiencies do current practitioners feel entry-level accountants possess?*”

The themes were recognized simply by hearing the same thing from current accounting practitioners while the interviews were being held, but those themes were confirmed when the data were entered into QD Miner software. The two primary deficiencies that were evident were the inability to work on a case from start to finish (real-world application), and the inability to communicate professionally. One interviewer was quoted as saying, “The new employees are unable to work from a trial balance and put together financial statements. They know how to put the statements together if the information is directly given to them, but they do not know where to find the information for the statements on their own.” Textbook problems often give students the information needed for the statements. The student rarely has to dig for information from more than one source. Therefore, they have never encountered a problem like the one that would be given to them in their job. Specific communication skills that were noted were emails, telephone calls, and in-person conversations with both clients and more senior-level co-workers. One interviewer stated, “One of my jobs is to proofread every email new employees send to clients. While this will always be protocol, I hope in the future I don’t have to make as many changes to the emails as I currently do. Not only are there grammatical errors, but the emails overall do not sound professional. Students need to work on talking to clients as paying individuals, not as a friend.” These two themes emerged with the same terminology being used over and over by practitioners, and are summarized in the following table.

**TABLE 1
RESEARCH QUESTION ONE THEMES AND SUB-THEMES**

Theme 1	Real-World Application
<i>Sub-Theme</i>	Unable to work a problem from start to finish
Theme 2	Inability to Communicate Professionally
Sub-Theme	Hesitancy in emails, telephone calls, and in-person conversation

Research Question 2

The second research question was also answered by interviewing current accounting practitioners. “*What are the current gaps between what entry-level accountants are able to do, and what is demanded of them?*”

The recordings were uploaded into QD Miner and several specific gaps emerged. Lack of Excel knowledge was a topic that was frequently covered. Students do not have the Excel abilities current hiring firms expect them to have. Specific Excel needs were Pivot Tables and Lookup functions. The current practitioners do not expect graduating seniors to be professional Excel users, but they do want them to have a general knowledge of the two previously mentioned Excel functions. One practitioner stated, “Almost all graduates think they understand Excel. Once they get to work, they realize they know very little. This often hurts their confidence, and they become discouraged. Simply knowing how to use a Pivot Table and even the Excel help toolbar would be incredibly beneficial.” Another gap surrounds communication. The level of professional communication required by the hiring firms is not being met by entry-level accountants. Interviews indicated the new hires are scared to ask questions, and therefore often communicate poorly because they are not doing what was asked of them. Students often have a close relationship with their accounting professors. In most universities, they will have the same professor for several classes and

therefore have built a comfortable rapport with their instructors. Once they enter the workforce, they do not have that relationship with their superiors. While that is to be expected, current practitioners expect them to ask questions when they do not understand something. One interviewer stated, “I fix so many issues simply because they did not ask me for clarification. I would much rather spend my time answering questions than fixing simply mistakes that could have been avoided.” Building on the first research question, the inability to work a case from start to finish is another gap between expectations and abilities. The current practitioners indicated students are not able to take the information given to them and produce usable reports that are needed by clients. Specifically, bank reconciliations were frequently mentioned reports. Once again, these themes emerged from the same terminology being used by practitioners in the interviews. The keywords were found in the notes of the researcher and also from the data software analysis.

TABLE 2
RESEARCH QUESTION TWO THEMES AND SUB-THEMES

Theme 1	Lack of Excel Knowledge
<i>Subtheme</i>	Inability to use Pivot Tables and Lookup Functions within Excel
Theme 2	Lack of Communication with Senior Supervisors
<i>Subtheme</i>	Fear of asking questions, and clarifying job responsibilities
Theme 3	Inability to Synthesize Information and Produce Useful Reports
<i>Subtheme</i>	Inability to compile Bank Reconciliations, and Payroll Reports

Research Question 2

The last research question required interviewing senior-level accounting students. The question was, “Do current senior-level accounting students feel they are prepared to enter the workforce?”

Two universities chose to participate, and 14 students returned their surveys that were produced via Survey Monkey.

Overwhelmingly, students agreed with the information that was given by current practitioners. They felt as if they were able and prepared to pass the CPA exam; however, they did not feel as if they were equipped to fully meet the responsibilities of the workforce. One student was quoted as saying, “I can do textbook examples when all of the information is given to me. But I don’t know if I can put that into practice in the real world.” Another student stated, “I can do standalone problems that focus on one topic, but I don’t know if I could bring more than one topic together.” Virtually all students said they did not have as much Excel knowledge as they hoped to have when entering the workforce. The encouraging data that was gathered by students was that they felt as if they could be taught on-site with their basic understanding. Furthermore, students who completed an internship felt more prepared to start work as associates.

TABLE 3
RESEARCH QUESTION THREE THEMES AND SUB-THEMES

Theme 1	Inability to Work Complex Problems
<i>Subtheme</i>	Confidence in Passing the CPA Exam, but not in Application of Real-World Scenarios
Theme 2	Lack of Excel Knowledge
<i>Subtheme</i>	Confidence in ability to be Taught On-Site Based on Education

EVALUATION OF THE FINDINGS

In evaluating the findings, the results were consistent with existing research and theory discussed above; however, the findings go a step further in illustrating what gaps were found. With regard to research question number one, the inability to think critically continues to be an issue found with entry-level accountants (Inada, 2020). This was also found in the interviews with the current practitioners. New accountants are not able to take the information given to them and work on a project from start to finish. Furthermore, the interviews indicated they were not able to analyze conditions and apply information beyond the textbook norm. The other theme that emerged from the first research question indicated entry-level accountants have difficulty communicating in a professional setting. One of the concepts previously discussed was the changing role of accountants. Specifically, accountants are now expected to serve in more of a consulting role than ever before while remaining confidential and professional (Sheehan & Schmidt, 2015). If entry-level accountants are not able to communicate professionally with the client, they are not keeping up with the changes in the profession that are expected of them.

With regards to the second research question, once again, the findings from the interviews were consistent with the current research that states entry-level accountants are not prepared for the workforce. Lack of Excel knowledge is to be expected by the changing roles of accountants. Much of what is taught in the classroom does not surround technology used on the job (Pincus, Stout, Sorensen, Stock, & Lawson, 2017; Reyneke & Shuttleworth, 2018). Once again, communication with superiors is lacking, which was touched on when analyzing research question 1. The inability to move beyond specific accounting topics to synthesis and application continues to be lacking. Evaluating the interviews illustrates that there is still a disconnect when accountants face real-world dilemmas that require critical thinking to produce reports such as payroll and bank reconciliations (O'Leary, 2009; Thomas, 2012).

The responses to the last research question were consistent with existing research and theory. While the passage rate for the CPA exam was at 50% in 2012, students still do not feel comfortable making decisions that are not the textbook norm (AICPA, 2022). Students understand the rules and can read and identify facts in order to pass the standardized exam, but they do not feel comfortable interpreting information and making sound judgment decisions. This is consistent with the findings previously discussed, that stated entry-level accounts understand the rule and can identify facts. However, they are unable to use that information in conjunction with the critical thinking that is necessary to make sound decisions (Freeley & Steinberg, 2000).

RECOMMENDATIONS FOR PRACTICE

Three specific recommendations for practice have emerged from this study: using applied education methods, teaching more accounting technology, and implementing a Business Communication course, specific to communicating with clients and co-workers in varying ways. Implementing a more hands-on applied learning approach is often difficult for faculty to do. However, it is necessary to teach students how to think critically (O'Leary, 2009; Thomas, 2012). Only when students are forced to think critically and analyze a set of conditions to solve a problem, then are they able to gain the understating they need to apply that knowledge (Phillips & Graeff, 2014). By bringing case studies and simulations to class, students will have the opportunity to work on a problem from start to finish. This will give them hands-on experience with taking different levels of data and applying it where necessary to produce a final product (such as financial statements, bank reconciliations, and payroll schedules). Using broader real-world examples will move students beyond the standalone textbook problems they are used to.

Teaching more accounting technology has become an evident need. Both Excel and Quickbooks were discussed as software students needed to be fluent in. While it can be difficult to add entire courses to an already full accounting curriculum, professors can find ways to implement the use of technology in their courses. Requiring students to complete homework assignments using Excel and other software would help students become more comfortable with the services they offer. Topics are often covered in textbooks that can be done using software; however, the software is rarely used (Stout, 2015). Students will be able to

complete tasks much more quickly and more accurately when using the software once they enter the workforce. Having background knowledge of Excel will be incredibly beneficial.

Lastly, a theme that emerged over and over, was an inability to communicate effectively. This is not only a problem with accounting students but the upcoming generation as a whole since they have had smartphones for most of their lives. A business communications course could be difficult to add to the accounting curriculum, but at least a unit should be covered on how to properly write emails and make phone calls. By requiring students to always address professors in a professional manner (both face-to-face and in electronic communication), they will be better prepared to communicate with co-workers and clients. Pervasive soft skills that are needed include mastering communication (Penn, Currie, Hoad, & O'Brien, 2016). However, research indicates that the majority of programs still focus primarily on memorization and recording transactions, and less on the pervasive skills needed by accountants (Diller-Haas, 2004). With communication being one of the primary themes to emerge from this study, it is important that educators also focus on the soft skills needed to enter the workforce. While businesses cannot ignore their duties to have on the job training available, it is important that students are taught in a way that prepares them to meet the demands they will face. Increasing communication between universities and hiring firms, more understanding will exist on what students need to know upon graduation. Requiring internships would be very beneficial for universities and firms. Students would then be able to get a feel for what the workplace will be like upon graduation. There will always be responsibilities to learn on-the-job; however, through more active learning, a greater focus on technology, and communication training, businesses and accounting organizations as a whole will have more prepared entry-level employees.

SUMMARY

This study addressed the problem that entry-level accountants are not adequately prepared for workplace demands. It addressed the problem that businesses lack efficient and effective work production due to entry-level accountants not being prepared for the demands placed on them. However, it took current research one step further and indicated what deficits exist, and what can be done to help eliminate the gap between what entry-level accountants are able to do, and the workplace demands. This is especially important to educators in the business field, as knowing what is expected of the graduates and the best way to instruct them is the entire purpose of education. It also has strong implications for current employers as they want to hire individuals who are prepared for the demands that will be placed on them. By teaching students in a hands-on applied approach with real-world examples, students will be better prepared to enter the workforce. These real-world examples need to include everything from communication to using technology to produce usable reports that will be useful to their clients. A shift away from textbook material only will be crucial to real-world preparation. The results of this study add to current research. While current research indicated that there were gaps between expectations and ability, it did not indicate how those gaps can be filled. By interviewing current hiring practitioners, specific gaps were indicated and ways in which to meet those deficiencies were discussed. By implementing those changes in the accounting classroom, entry-level accountants will be better prepared to meet the demands of the workplace placed on them. This will please current practitioners, as well as increase the confidence students have upon starting their first job.

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