A Study of the Perceptions of Traits Important to Success in the Accounting Profession by U.S. versus by U.S. versus International Accountants

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ABSTRACT:

Generally accepted accounting principles (GAAP) in the United States (U.S.) are very detailed and rules based. In comparison, international financial reporting standards (IFRS) are principles based and require more judgment in reporting on the part of the accountant. This results in the nature of the accountant's duties being different in the U.S. than in countries using IFRS. It is possible; therefore, that the individual traits and characteristics viewed as most important to success in the accounting profession may be different in the U.S. versus internationally. This behavioral study surveys both U.S. and international accountants regarding the traits and characteristics they perceive as most important to success in the accounting profession. Some significant differences are found which reflect the different duties of accountants in the U.S. versus elsewhere in the world.

Keywords: Accounting profession, characteristics of accountants, IFRS

INTRODUCTION:

International financial reporting standards (IFRS) are principles-based standards as compared to United States (U.S.) accounting standards which are rules based. Principles based standards call for more judgment on the part of the accountant than do rules based standards. These are totally different approaches in methodology. U.S. GAAP is more focused on research of the literature while IFRS is focused more on review of the fact patterns in each situation. Before the FASB's codification project was completed, U.S. GAAP consisted on more than 25,000 pages which was about ten times the amount of page guidance in IFRS (Cohn). Even after the codification project consolidated all U.S. authoritative guidance into a single source, the codification still had 17,000 pages of rules; still over six times the volume of page guidance found in IFRS (FASB). In a principles based system like exists with IFRS, the need for more judgment to be used in the reporting process could result in potentially different methods of reporting for similar transaction between companies (IASB).

Because of the paradigm difference between U.S. and international GAAP, it seems reasonable to believe that the qualities needed to be successful as an accountant might be perceived as different in the U.S. versus outside of the U.S. in countries where IFRS is taught and followed. This paper will examine the perceptions of accountants regarding the importance of varying qualities to success in the accounting profession in the U.S. versus internationally in countries following IFRS.

THE STUDY:

In order to determine the perceptions of accountants in the U.S. versus international accountants regarding attributes perceived to be most important to success in the accounting profession, I surveyed energy industry

accountants from the U.S. as well as from Budapest, the United Kingdom and in Russia. There were a total of 106 international subjects, and 76 U.S. subjects. The surveys were administered on site at CPE training sessions. The instrument used listed twenty traits or characteristics and asked the subjects to rank them with the rank of 1 being assigned to the trait or characteristic that they felt was most important to success in the accounting profession and 20 being assigned to the trait or characteristic that they felt was least important (of those listed) to success in the accounting profession. The traits and characteristics to be ranked were:

- Is persuasive
- Strictly adheres to rules
- Adapts easily to new circumstances
- Is creative
- Is receptive to new ideas
- Has strong leadership skills
- Is detail oriented
- Has good written communication skills
- Has a high level of integrity
- Has good oral communication skills
- Dresses conservatively and professionally
- Has good technical knowledge of accounting
- Has good computer skills
- Has good research skills
- Is good with spreadsheet programs such as EXCEL
- Has good analytical skills
- Works well in teams
- Is dedicated to continuous learning
- Has good critical thinking skills
- Has good marketing skills

The research design is a 2x4x2 factorial. The three factors are (1) respondent location, (2) years of full-time work experience, and (3) public accounting background. The respondent location variable has two levels, either U.S. or international. The years of full time work experience variable has four levels; less than 2 years, 2 years to 5 years, over 5 years to 10 years, and over 10 years. The third independent variable of public accounting background has two levels; either the respondent had worked in public accounting on a full-time basis or had not. Interaction effects between the variables were also included in the model. A separate model was run for each trait or characteristic as the dependent variable. The average rankings for each factor for both U.S. and international subjects are presented in Table 1. It can be noted from Table 1 that the two factors weighted most important by both groups of subjects was (1) has good technical knowledge of accounting, and (2) has good analytical skills. This reflects both the technical nature of accounting and the importance of being able to analyze data in the profession worldwide. The two factors rated least important by both groups was (1) has good marketing skills, and (2) dresses conservatively and professionally. The ranking of marketing skills as not being as important as other traits once again reflects the technical nature of the accounting profession. It is not surprising that the ranking based on work attire was not seen as being as important as many other factors. The current business culture worldwide does not put the emphasis on professional work attire now as it did many years ago.

Based on a significance level of .05, seven of the traits showed significant differences on respondent location. There were no significant differences found based on years of experience or whether or not the respondent had public accounting experience. No interaction effects were present for any of the traits. The seven factors with significant differences at the .05 level are:

(1) ***Adapts easily to new circumstances:***

The non U.S. subjects ranked this factor as more important than the U.S. subjects. It may be that a principles based system requires more flexibility and adaptability than does a rules based system where less judgment is involved. The average ranking by non U.S. subjects was 9.585 and the average ranking by U.S. subjects was 10.763 (the lower number reflects a higher level of importance).

(2) ***Is creative:***

The non U.S. subjects ranked this factor as more important than the U.S. subjects. Because accountants have to use more professional judgment in a principles based system and support that judgment with a "good story", the non U.S. subjects who are more used to applying judgment in accounting for transactions after considering principles-based guidance, find creativity to be more important to success. The average ranking by non U.S. subjects was 13.528 and the average ranking by U.S. subjects was 15.895. It is interesting to note that neither group on average ranked creativity in the top half (or top ten) of traits needed for success in the accounting profession.

(3) ***Has strong leadership skills:***

The U.S. subjects ranked this factor as more important than the non U.S. subjects. This is probably due to a cultural difference in that accountants are regarded less as leaders of enterprise outside of the U.S. Once again, neither group ranked this trait in the top half of traits needed for success in the accounting profession. This may reflect that the accounting profession worldwide needs to work harder as portraying the profession as one of leaders in global business. The average ranking of this factor by non U.S. subjects was 13.660 and by U.S. subjects were 12.053

(3) ***Has a high level of integrity:***

The U.S. subjects ranked this factor as more important than the non U.S. subjects did. Professional ethics is stressed as very important in the U.S. with most State Boards of Public Accountancy now having CPE ethics requirements. There is also a high level of importance placed on ethics by universities in the U.S. with ethics components in their curriculum. It is reasonable to assume that the U.S. subjects were influenced by both of these factors. It should be noted that both U.S. and non U.S. subjects ranked this as one of the top ten traits needed for success in the profession so integrity is ranked fairly highly by both groups. The average ranking of this factor by U.S. subjects was 5.395 and the average by non-U.S. subjects was 7.566.

(4) ***Has good oral communication skills:***

The U.S. subjects ranked this factor as more important than the non U.S. subjects did. It is difficult to say what the reason for this result is. Possibly, accountants in the U.S. at all levels of industry interact more with their auditors on a regular basis. The average ranking of this factor by U.S. subjects was 10.947 with the average ranking by non U.S. subjects at 12.717.

(5) ***Is dedicated to continuous learning:***

The international subjects ranked this factor as more important than the U.S. subjects did. Again, it is difficult to say what the reason for this result may be. This seems to stem from a cultural difference between how continued professional education is viewed in the U.S. versus elsewhere. Unfortunately, continuing professional education may be seen by some accountants in the U.S. as not as valuable a use of their time as other activities. It is noteworthy, however, that both groups perceived this factor as important, ranking it on average in the top ten of the twenty factors. The average ranking of this factor by U.S. subjects was 9.974

and by the non-U.S. subjects was 7.434.

(6) ***Has good marketing skills:***

The international subjects ranked this factor as more important than did the U.S. subjects. Both groups, however, ranked the factor fairly low in importance out of the twenty factors with international subjects having an average ranking of 16.378 and U.S. subjects having an average ranking of 18.184. Marketing skills may be seen as more important by the international subjects because of the nature of IFRS being more principles based. Because more judgment is required on the part of the accountant, the judgment must be justified or "sold" properly to superiors and auditors. This may be perceived as requiring some marketing skills.

Table 1 – Mean Rankings by U.S. and International Subjects

Trait	International Subjects	U.S. Subjects
Is persuasive	13.585	14.526
Strictly adheres to rules	9.340	8.763
Adapts easily to new circumstances	9.585	10.763
Is creative	13.528	15.895
Is receptive to new ideas	11.679	12.921
Has strong leadership skills	13.66	12.053
Is detail oriented	6.302	4.684
Has good written communication skills	12.755	10.553
Has a high level of integrity	7.566	5.395
Has good oral communication skills	12.717	10.947
Dresses conservatively and professionally	17.566	17.895
Has good technical knowledge of accounting	3.491	4.000
Has good computer skills	10.543	11.500
Has good research skills	11.132	10.368
Is good with spreadsheet programs such as EXCEL	8.075	8.132
Has good analytical skills	3.698	3.474
Works well in teams	11.736	11.263
Is dedicated to continuous learning	7.434	9.974
Has good critical thinking skills	6.717	6.526
Has good marketing skills	16.378	18.184

In addition to the above factors with significant differences between U.S. and non U.S. subjects at the .05 level, the following factors showed marginally significant differences between these two groups at the .10 level of significance:

(1) ***Is receptive to new ideas:***

The international subjects ranked this factor as more important than did the U.S. subjects. This may be because under IFRS, more judgment is needed in the reporting of transactions new to the company and ideas are mulled over more between accountants within the company regarding the reporting of the transactions. The average ranking of this factor by non U.S. subjects was 11.679 and the average ranking by U.S. subjects was 12.921.

(2) ***Is detail oriented:*** The U.S. subjects ranked this factor as more important than the international subjects did. Because U.S. GAAP is very detailed and rules based in itself, this is not a surprising

result. The average ranking of this factor by U.S. subjects was 4.684 and the average ranking by non U.S. subjects was 6.302. Both groups, however, ranked this characteristic fairly high.

(3) ***Has good written communication skills:***

This factor was ranked as more important by the U.S. respondents. This is opposite than the results for oral communication skills. It may be because of the legal environment in the U.S. where lawsuits are much more common, which results in detailed written records being kept regarding all decisions and the reasoning behind those decisions. The average ranking of this factor by U.S. subjects was 10.553 and the average ranking by international subjects was 12.755.

After the above models were run on U.S. versus international participants, the models were run again using a 3x4x2 factorial model to see if there were significant differences between the respondents from Budapest, the United Kingdom, and Russia. The three factors used for respondent location in this model were Budapest, the United Kingdom, and Russia. No significant differences were found between those groups.

ARE WE DIFFERENT?

In the U.S., the accounting profession has a stigma of being uncreative and dominated by number crunching introverts who are void of much personality. It is often joked that accountants are never the heroes in movies, and unlike attorneys, there are no television drama series about accountants. That persona may be false and unfair, but it exists nonetheless. On a positive note, the accounting profession in the U.S. is viewed as a stable profession, providing a reasonably good salary and high level of job security when compared to many other professions. Internationally, the accounting profession is viewed as one that also provides a reasonably good standard of living and relatively high level of job security. But this study provides evidence that accountants in countries using IFRS which requires more judgment to apply also view traits such as creativity, adaptability, and being receptive to new ideas as more important than do accountants in the U.S.What does this mean in the U.S. for a possible roadmap to IFRS? In higher education, we observe that the students who choose to go into the field of accounting are often those who are most comfortable in a highly structured environment, do not like uncertainty, and desire detailed rules in their discipline rather than abstract concepts. While we do our best to equip our students with critical thinking skills, it does not change the innate characteristics of students attracted to the accounting profession. The level of comfort within the profession with a highly structured environment in the U.S. will continue to hinder the adoption of IFRS in the U.S. Accounting educators in the U.S. need to seriously consider what we can do to strengthen traits such as creativity in our accounting students. Regardless of whether or not the U.S. adopts IFRS, traits such as creativity and adaptability are very important to the accounting profession and we need to do whatever we can to change the perception of the accounting profession in the U.S. to reflect this.

LIMITATIONS:

The subjects participating in this survey were accountants currently working within the energy industry. It is therefore possible that the results may not apply to all sectors of the accounting profession. Also, the international subjects were from Budapest, the United Kingdom and Russia. It is possible that the results may not apply to all countries outside of the U.S.

FUTURE RESEARCH:

A particularly interesting area of inquiry for future research in the education arena would be to test different educational content and/or techniques to determine if they would influence students' perceptions of the accounting profession. Another extension of this study would be to expand the number of countries surveyed and or expand deliverance of the survey to other segments of the accounting profession in addition to

accountants working in the energy industry.

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