

# Chapter 6

## Skillset to Assimilate Information Technologies in Accounting SMEs

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### ABSTRACT

*Competence in operating IT on one hand aids the routine business activities related to an accountants' work and on the other helps them create an environment where these technologies operate at their optimum level for the strategic internal and external advantage of the business. Recent studies indicate that accounting businesses are now customer-oriented, information-driven, project-based, flatter in structure, and consist of a number of functional and cross-functional teams. An all-encompassing skill set for accountants is therefore required, which not only caters for IT skills but also accounts for organisational, human, and interpersonal skills. This chapter presents an empirically tested integrated framework for competency development consisting of technical, organisational, people, and conceptual skill dimensions. This framework focuses on technical skills and calls for skills in areas that complement technical knowledge, so as to institutionalise competency development as an ongoing activity of an accountant's professional lifecycle.*

### INTRODUCTION

Information technologies are integral part of contemporary business environment. These technologies, on one hand, enhance the flow, usage, and management of business related information; and on the other hand, profoundly affect the way business is organised, executed, and is placed

among competitive forces. Impact of information technologies, however, is particularly intense in service industries, such as accounting. In accounting industry, accountants deal with client information that potentially could reside in any number of data repositories, managed by any number of applications, and spread over unique technological and administrative configurations

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and settings. Accountants, therefore, not only have to be competent in the use of existing technologies, and at the same time also have to continuously update their knowledge about emergent new technologies. Review of related literature suggests that information technologies skills development of accountants is focused on the operating knowledge. Organisations are more concerned about employees' developing or acquiring technical know-how to perform routine jobs rather than becoming competent in the use and understanding of technologies, so as to handle them in any business environment. As a result, even though accountants may have knowledge of particular technology, there is no guarantee that they will be able to use this knowledge for optimum advantage of the organisation. Accountants, therefore, need to look beyond acquiring the elementary knowledge to operate information technologies and also acknowledge behavioural and conceptual skills that would help them become competent with information technologies related to their work.

The International Federation of Accountants (IFAC) defined competence as "being able to perform a work role to defined standards with reference to real working environments" (IFAC, 2003). In the context of IT, competence is identified as a set of IT-related knowledge and experiences that a knowledge worker possesses (Bassellier, Reich, & Benbasat, 2001). These competencies are imperative to enable accounting practitioners to perform their tasks (Wessels & Steenkamp, 2007). On one hand, these competencies aid the execution of the routine business activities related to accountant's work. On the other hand, they help accounting organisations to create an environment where these technologies operate at their optimum level, thus contributing to the strategic internal and external advantage of the business. The literature indicates that only a few technologies such as word-processing skills, electronic spreadsheets, email, electronic search and retrieval and small accounting software packages were found to be adequate in studies that attempted to identify criti-

cal IT skills (Greenstein & McKee, 2004; Ismail & Abidin, 2009; Mgaya & Kitindi, 2008). It appears that current IT skills are not sufficient to allow accountants to benefit from the whole range of available IT hardware and software tools. Thus, the identification of a new, comprehensive set of IT competencies, together with a combination of IT skills and other skills (professional skills or soft skills), is necessary in order to produce accountants who are able to maximise IT utilisation in accounting and business processes.

In Malaysia, the Malaysian Institute of Accountants (MIA) and Malaysian higher academic institutions are expressing growing concern about how accounting education prepares students for the profession, as stated clearly by Palmer, Ziegenfuss, and Pinsker (2004). Thus, several studies have been undertaken to explore the crucial professional skills (including IT) of accounting practitioners in order to promote public trust and the profession itself. However, most of the previous studies have focused on skills using software and hardware rather than referring to the combination of IT skills and professional skills. For example, the study by Ismail and Abidin (2009) found a relatively low level use of technology by participants, especially in advanced technologies such as Electronic Data Interchange, agent technologies, database design and application service provider, even though these technologies were considered important. These findings were also supported by Mgaya and Kitindi (2008) who argued that technology or software were becoming more sophisticated and complicated, thus, accountants were facing new challenges and risks. In addition, a study by Lai and Nawawi (2010) revealed that the usage of e-tax applications was still not widespread in tax practice among accounting practitioners. The objective of the present study was to validate the TOPC framework developed by this study. It is also to identify the ranking of IT skills and competencies acquired by Malaysian accounting practitioners as well as to examine the relationships between four skill dimensions, namely, techni-

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