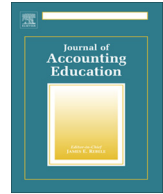




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## Main article

# Towards an understanding of excel functional skills needed for a career in public accounting: Perceptions from public accountants and accounting students



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## ABSTRACT

Public accounting firms (e.g., Grant Thornton, 2012) are stressing an interest in recruiting accounting students with a proficiency in Excel. The purpose of this study is to investigate which Excel functions are perceived to be important and useful for new hires to understand prior to starting a job in public accounting. We collect survey data from four large public accounting firms as well as undergraduate and graduate accounting students (i.e., potential new hires) to gauge perceptions of Excel importance, knowledge, and usage in public accounting. We find that employees at the firms believe the most important Excel functions are: basic formula, filter and sort data, vertical (horizontal) lookup, formatting of documents, and If/Then statements. In a comparison of new hires at public accounting firms with accounting students, results suggest that accounting students underestimate the importance and usage of some of these Excel functions. In addition, results suggest that new hires' perceived knowledge on how to use specific Excel functions in their accounting job is statistically different than students' perceived knowledge on how to use some of the same Excel functions. Our research contributes to educational accounting literature by documenting which Excel functions employers in public accounting want new hires to know prior to starting a job in public account-

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ing. Also, this research informs accounting educators that students' perceptions are not the same as public accounting employers' expectations with respect to analytical skills using Excel technology.

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## 1. Introduction

One of the most basic questions asked by educators in the field of accounting is what skills are important for accounting students to possess for possible future careers in public accounting. Aside from the fundamentals of students having accounting knowledge, it is becoming increasingly transparent that students need to develop analytical and critical thinking skills that include using certain technological tools (e.g., Microsoft's Excel spreadsheets, hereafter called Excel) that help with preparing, analyzing, and reporting financial information (AACSB, 2013; Convery & Swaney, 2012). Public accounting firms stress, for example, that new hires need to know how to use Excel because the tool maximizes efficiency and effectiveness in audit services (Grant Thornton, 2012; KPMG, 2007). What is unclear from the anecdotal evidence on the importance of Excel knowledge, however, is which specific Excel functions should accounting students be competent in using prior to beginning a career in public accounting. The purpose of this paper is to specifically address this question with exploratory research.

This study makes two contributions to accounting education literature. First, this study documents which Excel functions employers in public accounting want new employees to know how to use prior to starting their job. Second, this study informs accounting educators that students' perceptions are not the same as public accounting employers' expectations with regards to analytical skills using Excel technology.

Seemingly, for accounting educational programs to be relevant and produce successful graduates that are ready to meet the challenges of work in public accounting, it is important for business schools to understand and to be able to incorporate certain Excel competencies into accounting curricula that meet the needs of prospective public accounting firms (Cory & Pruske, 2012). As we know, business schools are trying to incorporate a broad range of Excel projects such as simple spreadsheet applications to more complex functions such as pivot tables and macros for analytical purposes into accounting curriculum (Brown & Pike, 2010; Convery & Swaney, 2012). It would be beneficial, however, for accounting faculty to know which Excel functions are perceived important and useful in the public accounting profession. This understanding will ensure that accounting programs are serving the needs of both students and the profession in preparing tomorrow's accountants.

We conduct survey research to address the question regarding which Excel functions are deemed important in the public accounting profession and the extent to which students are prepared with regard to these Excel functions. Specifically, we collect survey data from four constituent accounting groups (i.e., new hires at public accounting firms, supervisors at public accounting firms, undergraduate accounting students, and graduate accounting students).<sup>2</sup> Each accounting group is asked a series of questions designed to determine the participants' perceptions as to the importance of Excel in public accounting, their current knowledge on how to use specific Excel functions, and their overall perceptions about which Excel functions are (will be) most used in public accounting. This step allows us to establish a baseline measure on perceived Excel importance and usage in public accounting. Additionally, this step allows us to compare differences between which Excel functions are determined to be important by the

<sup>2</sup> We collect survey data from new hires (i.e., associates and seniors, also commonly referred to as first and second year associates) at public accounting firms because they recently graduated from accounting programs. We collect survey data from supervisors (i.e., managers, directors, and partners) at public accounting firms because they know what the firms value and they provide a unique perspective on whether new hires are seemingly proficient in Excel. Additionally, we collect survey data from undergraduate accounting students because they represent potential new hires (interns) at public accounting firms. Finally, we collect survey data from graduate accounting students because they represent a possibly more educated and/or experienced group of potential new hires at public accounting firms.

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