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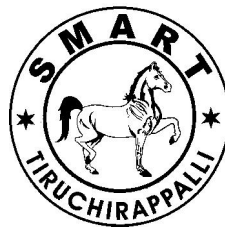
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ACCOUNTING EDUCATION AND LABOR MARKET NEEDS IN SAUDI ARABIA

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Abstract

The main objective of this study was to find out whether and to what extent, accounting education in Saudi Arabia suits the needs of Saudi businesses. This study employed the survey-based methodology, among selected accounting graduates from several Saudi universities, for the academic year 2020-2021. The focus of this study was the work needs and academic knowledge, including teaching in accounting at the college level. The study found that students reported different perceptions towards the work needs and academic knowledge. This study concluded that the accounting education study plans at Saudi universities, met the labor market needs, from the point of view of the accounting graduates.

Keywords: Digital divide, ICT, Collaboration and Professional Development

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1. Introduction

Many countries suffer from deficiencies in education systems and from the inability to keep pace with the rapid developments in education, especially with regard to the curriculum component as an essential component of the educational process. Several studies have addressed the issue of accounting education and the problems it faces (**Samhoud 2013, Tindale, 2007 and Ayebofo, 2012**) and found a gap between accounting education and labor market requirements. Several studies also indicated that

significant changes were required in the area of education, to meet industry needs (**Selvam, M, 2006**).

The accounting major is one of the most important disciplines required for the Saudi labor market, which is compatible with the vision of 2030, where the accounting major is one of the important disciplines in the retail and financial sector. Based on the unified Saudi classification of scientific levels and specializations for the year 2020 AD, the accounting major falls within the field called the Broad: "Business

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Administration and Law” (04), and within the narrow field of Business Administration (041). Thus accounting education offers skills to students to be well-trained and to become accomplished workforce (McVay et al. 2008). Curriculum content of accounting programmes is vital because it provides students with the theoretical framework, required for understanding business management and, at the same time, offers students, with knowledge and techniques, which are necessary to start up and manage businesses efficiently (Venter, 2001). Curriculum profile, that businesses need from their workforce, is undergoing substantial change, especially with reference to higher education graduates. Taking into consideration the functions that are associated with higher education, they should respond to these business demands. Hence they should educate their students the curriculum that fits the needs of the labor market. This fit would allow improvement in the employability of higher education graduates (Selvam, M., and Jayapal, G, 2011).

2. Review of Literature

In this paper, the literature on how financial challenges and technology advances affect higher education in general, and accounting education in particular, was reviewed. The traditional higher education financial model includes variables such as student demographics, student debt, government support, and donations. Some technology components of higher education are the growth of off-shore work, automation of accounting and finance tasks, and a growing gap between skills needed in the workplace and skills possessed by college graduates. The authors observed that technology has not significantly changed what is taught in accounting education programs or how accounting educators teach, emphasizing a point that has been made numerous times in the literature. The declining number of college-age

students and the financial constraints on students and institutions, require that universities and accounting programs to remain financially viable. The authors cautioned that the time for making successful changes is growing shorter, and that the threat to institutions is imminent. Many of the important themes regarding the higher education environment, discussed in Pincus et al. (2017), were expanded by Rebele (1998), who noted the urgency for accounting education programs to address changes in their external environments. Ryack et al. (2015) examined the challenges of teaching U.S. GAAP and IFRS side by side. The paper further focused on one particular challenge of teaching both the more detailed U.S. standards and the less specific IFRS and the likelihood that students will “anchor” on the precise rules in U.S. GAAP while applying the less specific guidelines under IFRS. The authors found that instructors may wish to teach principles based accounting prior to rules-based accounting, to mitigate potential anchoring by students and its effect on their accounting judgments. Lawson et al. (2015) examine issues surrounding competency education in accounting. This paper was a follow up of previous research, with the focus on the work of a joint task force, sponsored by the Management Accounting Section (MAS) of the American Accounting Association (AAA) and the Institute of Management Accountants (IMA), charged with the responsibility of developing curricular recommendations for accounting education.

Hammond (2015) examined faculty perspectives on textbook revisions, specifically relative to cost. Through a survey of faculty, the study found that that faculty, across accounting sub-disciplines, believed that revision cycles should be slower. Faculty, who teach sub-disciplines that change more slowly, such as cost accounting, prefer longer revision cycles than do faculty who teach in rapidly changing fields. Overall, faculty found little value in frequent

revision cycles and female faculty paid more attention to textbook cost than males. Moreover, lack of sufficient financial knowledge, skills and education was a major problem to entrepreneurial success and growth (Hussain, et al. 2008). As a result, many countries have started to apply policy frameworks to improve entrepreneurship education and training in order to develop entrepreneurial activity (Pittaway and Cope, 2007; Cheung, 2008). However, it is uncertain by which means the desired outcomes are to be achieved (Hytti et al., 2010) and education and training are characterized by ambiguity about what and how it should be taught (Greene and Saridakis, 2007; Pittaway and Cope, 2007; Selvam, M. and Jayapal, G, 2011).

3. Statement of the Problem

The success and failure of the accounting profession in any country depends entirely on the accounting education delivered to the accounting students and Saudi Arabia is no exception. According to the 2030 KSA Vision, one of its strategic objectives is to develop the market labor. Despite the growing numbers of colleges of businesses among Saudi universities in almost all the cities, and the yearly graduations of students majored in accounting, the outcomes of accounting education is still not clear. Hence the empirical study, examining whether the accounting education outcomes meet the labor market needs in the context of Saudi Arabia.

4. Need of the Study

This study adds new evidence to the theoretical framework on the suitability of accounting education in Saudi universities to the needs of the Saudi labor market. The study also contributes to assisting Saudi universities in improving accounting study plans, in order to enable accounting graduates keep pace with the needs of the labor market.

5. Objectives of the Study

The main objective of this study was to identify the suitability of accounting education to the labor market needs in Saudi Arabia

6. Hypothesis of the Study

NH-1: There is no perfect match between accounting education in Saudi Arabia and the needs of the Saudi labour market.

7. Research Methodology

7.1 Sample Selection

The study data were obtained by distributing questionnaires to respondents, that included accounting graduates from several selected Saudi universities. Differences, if any, in the views of these groups were considered the major focus of the study.

7.2 Sources of Data

The study was based on primary data. The questionnaire was constructed in the form of statements, based on a five-point Likert scale, that included five different scales for the answers to the questions; Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. Moreover, it was designed to determine the respondents' perceptions regarding accounting education.

7.3 Period of the Study

The data were collected for the study during the year of 2020.

7.4 Tools Used in the Study

- Cronbach alpha coefficient and Spearman-Brown half-segmentation factor for testing the reliability of the study instrument.
- Pearson correlation coefficient, to test the validity of the internal consistency of the study tool.
- The mean and standard deviation.
- Kolmogorov-Smirnov test for normal distribution

- Wilcoxon non-parametric test as an alternative to the single-sample parameterized t-test

8. Analysis of the Relationship between Accounting Education and Labor Market Needs in Saudi Arabia

The validity of the study tool was verified, by using the questionnaire's apparent validity (the validity of the arbitrators), where the Researcher presented it to a group of specialists in the field of accounting, measurement, and evaluation. Besides, notes of the refereed professors were taken into consideration, and the necessary deletion, addition, and amendment were made in light of the proposals submitted, to stabilize the questionnaire in its final form of 19 items. This internal consistency validity was also verified by calculating the Pearson correlation coefficient between each item of the questionnaire and the overall degree. **Table-1** has shown that all correlation coefficients were positive and statistically significant. The study instrument's reliability was confirmed by using the Cronbach Alpha coefficient and using the Spearman-Brown coefficient for half-segmentation, it is found that questionnaire was reliable.

The Researcher used the Kolmogorov-Smirnov test, to determine whether the data followed a normal distribution or not, for being used as the appropriate statistical method. Parametric methods were used when the data were distributed normally while alternative methods (nonparametric) were used when they were not distributed normally. The test revealed that the data of the current study did not follow the normal distribution. **Table-2** shows the most critical results needed to answer the research objective, that seeks to find out whether accounting instruction meets the needs of the Saudi labor market. The Researcher calculated

the mean and standard deviation for the items of the study instrument. He then tested the significance of the differences between the means, calculated with the hypothetical mean of study 3 (the degree of neutrality) using the Wilcoxon Test. The test result was considered significant if the value of the test significance level (Sig) was less than the level of significance, adopted in this study at 0.05. If the value of the calculated mean was greater than the hypothetical mean of study at three and the differences between them would be statistically significant, indicating an excellent agreement among the respondents, about the suitability of accounting education with the Saudi labor market's needs. However, if the value of the calculated mean was smaller than the hypothetical mean of study at three and the differences between these two means were statistically significant, the respondents disagreed on the suitability of the Saudi labor's accounting education market's needs.

In case the value of the mean for the item or the total score of the study instrument reached three, or higher or less than the three and the difference between it and the hypothetical mean of the study was statistically insignificant, this would indicate that there was no clear position of the respondents on the suitability of the accounting education to the needs of the labor market in the Kingdom of Saudi Arabia. **Table-2** has proved that items' mean of the study instrument ranged between (3.32 - 4.08), which was higher than the hypothesis mean of the study at three (the degree of neutrality). This indicated at first glance that there was agreement with the respondents on these items. However, to strengthen the of approval degree, the Researcher used the Wilcoxon Test, which confirmed that there was agreement with the respondents on the items of the study instrument and its total score (all of the items). For instance,

all the values of the test significance level Sig. were less than the significance level used in this study at 0.05.

Regarding the values of the means of the items, resemblance to the viewpoints of the respondents was noted, in each of the following items: the accounting approaches were related to the stock market such as analyzing and interpreting the financial statements of companies, the accounting approaches included some topics, related to developments in the accounting profession such as the International Standards for Auditing and accounting curricula included some issues, related to developments in the accounting profession, such as the international accounting standards, as the means of these items were 4.08, 4.06, and 4.05 respectively. They occupied the first three ranks among the questionnaire items. It was not unexpected that the overwhelming majority of the accounting graduates were more than satisfied about accounting approaches, in providing a useful service to enter the labor market. The two items, (Graduation researches are directed to address practical problems faced by economic units) and (accounting curricula include some topics related to developments in the accounting profession such as social accounting), were ranked before the last, among the questionnaire items, with a mean of 3.46 for both, which indicated the great approval of the respondents towards them. Wilcoxon's Test confirmed this result.

The existence of joint programs between universities and economic units, within the framework of increasing and developing the professional competence of accountants, came last among the study instrument items, with a mean of 3.32. There was great approval of the availability of joint programs between universities and economic units, to increase and develop accountants' professionalism. The value of the

general mean of the study instrument was 3.74, which was higher than the hypothesis mean for the Study at three. While testing the significance of the differences between them, by Wilcoxon Test, the value was 8.054, with a significance level (0.000) smaller than the level of significance, adopted in this study at 0.05. This indicated the significance of the differences between these two means, confirming that accounting education was highly compatible with the Saudi labor market's needs, according to the respondents' opinions. Hence **NH-1: There is no perfect match between accounting education in Saudi Arabia and the needs of the Saudi labour market**, was rejected. Moreover, findings in **Table-2** revealed that all correlation coefficients were statistically significant, as all the values of the correlation coefficients Sig. were less than the significance level at 0.05 and 0.01, which indicated that the questionnaire items were valid and internally consistent.

Results of the study revealed that there was high agreement by the graduates of the Accounting Department that accounting curricula was compatible with the needs of the Saudi labor market, and this reflected the quality of education in Saudi Arabia. In other words, the high level the Saudi graduate endowed, helps him to keep pace with the Saudi labor market. As it is known, the Saudi market is one of the largest and most robust markets in the region and a graduate, who fits with this market's needs, reflects the high level of education that the graduate received in Saudi universities. These results also reflected that accounting graduates in Saudi Arabia could keep pace with the development taking place in the Saudi market following the Kingdom's 2030 Vision. In general, the results were not surprising in the light of the Saudi Arabia Vision 2030. In addition, Saudi universities have qualified academics and

modern curricula, which is reflected in the quality of accounting education and thus qualified outputs for the labor market.

9. Findings of the Study

This study found that the accounting education curricula in Saudi universities, met the labor market requirements from the point of view of graduates of accounting departments in Saudi universities. In addition, the results of statistical analyses of the data, showed several elements that would enhance the status and quality of accounting education for the labor market requirements and keep pace with the KSA 203 Vision.

10. Suggestions

There were similar views about the current level of accounting education at Saudi universities. Although there was general agreement between the accounting graduates, accounting education was not deep enough. The graduates generally felt that this topic was not well integrated and it was treated as add on. It was not deep enough for giving students a comprehensive understanding of new accounting issues. The results of statistical analyses of the data showed several elements, that would enhance the status and quality of accounting education for the labor market requirements and keep pace with the KSA 203 Vision. Among these elements, the existence of joint programs between universities and economic units, within the framework of increasing and developing accountants' professionalism and the interest in accounting curricula to prepare students well to use computers efficiently in accounting, are worth mentioning. In addition, there is a need for the accounting education program to include a simultaneous practical training period with the theoretical study and the emphasis on teaching communication skills and writing reports within the accounting subjects.

11. Conclusion

The main objective of this study was to identify the suitability of accounting education to the Saudi labor market needs. Therefore, the empirical analysis was initiated to ensure the suitability of accounting curricula in Saudi universities, to the needs of the Saudi labor market. This study's main conclusion was that the accounting education curricula in Saudi universities met the labor market requirements from the point of view of accounting graduates at Saudi universities

12. Limitations of the Study

One of the strengths of the present study is the acknowledgement of its limitations as these limitations will pave the way for future research. The study's limitation was the fact that it was applied to the Saudi context, without conducting a comparison with any developed or even developing country.

13. Scope for Further Research

Future studies may consider this comparison that is expected to provide new insights into the accounting education.

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Table1: Result of Correlation Coefficients showing the Association between Study Instrument: Items and the Total Degree of the Study Instrument

Items	Pearson Correlation Coefficient	Significance of Correlation Coefficient Sig.	Items	Pearson Correlation Coefficient	Significance of Correlation Coefficient Sig.
1	**0.748	0.000	11	**0.874	0.000
2	**0.703	0.000	12	**0.807	0.000
3	**0.829	0.000	13	**0.781	0.000
4	**0.775	0.000	14	**0.722	0.000
5	**0.734	0.000	15	**0.749	0.000
6	**0.760	0.000	16	**0.737	0.000
7	**0.823	0.000	17	**0.822	0.000
8	**0.817	0.000	18	**0.840	0.000
9	**0.829	0.000	19	**0.529	0.000
10	**0.790	0.000			

Source: Primary Data computed using SPSS

** Correlation coefficient is significant at 1%

* Correlation coefficient is significant at 5%

Table-2: Result of Testing the Appropriateness of the Accounting Instruction to the Saudi Market

Items	Mean	Standard Deviation	Wilcoxon (Z-value)	Sig.	Degree of approval
Accounting approaches are concerned with the stock market's topics, such as analyzing and interpreting companies' financial statements.	4.08	1.004	8.165	0.000	High
Accounting curricula include some topics related to developments in the accounting profession, such as the International Standards on Auditing.	4.06	.9660	8.330	0.000	High
Accounting curricula include some topics related to developments in the accounting profession, such as international accounting standards.	4.05	1.013	8.058	0.000	High
The time specified for the accounting subjects courses is sufficient to complete the curriculum during the semesters.	3.99	.996	7.984	0.000	High
Accounting approaches are concerned with the stock market's topics, such as financial planning and forecasting companies' financial needs.	3.95	1.013	7.812	0.000	High
Accounting approaches are concerned with topics related to the stock market, such as local and international economic indicators.	3.91	1.010	7.532	0.000	High
There are books and references appropriate for the goals of accounting education.	3.87	.969	7.616	0.000	High
The academic courses help the student to develop his capabilities in logical thinking and critical analysis.	3.84	1.001	7.255	0.000	High
Accounting approaches are concerned with topics related to the stock market, such as managing financial investments.	3.82	1.022	7.189	0.000	High

Table-2 ...

Table-2 ...Continued

Items	Mean	Standard Deviation	Wilcoxon (Z-value)	Sig.	Degree of approval
The quality approach is used to develop and improve accounting education programs to narrow the gap between it and the labor market requirements.	3.81	1.010	7.130	0.000	High
The academic courses help develop the student's scientific and technical capabilities.	3.71	1.115	6.041	0.000	High
Emphasis is placed on teaching communication skills and report writing within the accounting subjects.	3.66	1.196	5.747	0.000	High
The accounting education program includes a period of practical training concurrent with theoretical study.	3.56	1.274	4.494	0.000	High
Accounting curricula include some topics related to developments in the accounting profession, such as inflation accounting.	3.56	1.127	5.233	0.000	High
The curriculum is sufficiently developed to provide the student with the demands of the labor market.	3.54	1.270	4.469	0.000	High
Accounting curricula are concerned with preparing the student well regarding the use of computers in accounting efficiently.	3.51	1.231	4.432	0.000	High
Graduation research is directed to address practical problems faced by economic units.	3.46	1.275	3.861	0.000	High
Accounting curricula include some topics related to developments in the accounting profession, such as social accounting.	3.46	1.183	4.311	0.000	High
There are joint programs between universities and economic units within the framework of raising and developing accountants' professionalism.	3.32	1.228	2.832	0.005	High
The total score for all items in the axis	3.74	0.853	8.054	0.000	High

Source: Primary Data computed using SPSS