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The importance of financial accounting and cost accounting for the labour market: a study on the perception of students from an HEI

WORKSHOP IV: INFORMACIÓ FINANCERA, COSTOS I ENSENYAMENT
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Purpose:

The main objective of this study is to analyse the perception of accounting/tax students from a Higher Education Institution (HEI) on the importance of financial accounting and costs for the labour market.

Design:

The study is quantitative, and data was collected through a questionnaire for students who are completing a higher education degree in the areas of accounting and taxation in IPCA.

Theoretical framework:

The increasingly globalized labour market has demanded multidisciplinary knowledge so that companies have felt the need to hire more skilled professionals in order that their actions are carried out in a fast and efficient way.

With the development of information technologies, accounting has become a very relevant source of information in decision making, leading to knowledge of the state of organizations and their results and facilitating planning and control, and consequently affecting the organization's performance by reporting the past, present and future economic and financial realities.

Financial accounting:

The accounting harmonization effort derived from the approval, in 2009, of the Accounting Standardization System (SNC), which configures the adaptation in Portugal of the international standards of *International Accounting Standards Board* (IASB) adopted by the European Union, and which aims to provide useful information to users in economic decision-making.

The objective of the financial statements is to provide information about the financial position, performance and changes in the financial position that is useful to a wide range of users, on economic decision-making. The financial statements present, however, financial effects of past events and do not necessarily provide non-financial information. Qualitative information acquires increasing importance, as an integral part of the integrated financial reporting, which goes beyond the requirements emanated from the accounting normative

Financial accounting is a system that provides information about the business for external users, and it is necessary to use a clear language that will help in making decisions.

Cost or analytical accounting:

The information of Financial accounting is quite global, standardized and subject to strict standards, not providing the necessary elements that lead to the calculation of production costs.

Cost or analytical accounting should be objective and clearly reflect the business reality, obtaining clear, accurate, enough and timely information. In addition, it should be structured and used according to the needs of the organization.

The importance of cost or analytical accounting is a reflection of the need felt by the managers of the organizations of an accounting oriented to the interior of the company, which provides the appropriate information, more detailed (analytical) and with the desirable periodicity (for shorter periods), enabling a knowledge of all expenditures, from the products manufactured and sold, to the expenses of the various departments and functions.

Empirical analysis:

This study is quantitative, and the data was collected through the realization of a questionnaire for students finishing a higher education degree in the areas of accounting and taxation of the School of Management (ESG) of the Polytechnic Institute of Cávado and Ave (IPCA).

The questionnaire, structured in two parts, was elaborated based on the review of literature and consists predominantly of closed questions, mostly of multiple and dichotomic choice, with application of the 5-point Likert scale.

130 questionnaires were collected in total (13 TESP students; 65 undergraduate students, being 36 students of the degree in Accounting and 29 of the degree in Taxation; 7 Postgraduate students; and 45 master's students, being 26 master's students in Taxation and 19 students in the master's degree in Accounting and Finance).

Analysis and discussion of results:

Age	N	%
19 to 25 years	73	56.59%
25 to 35 years	39	30.23%
>=35 years	17	13.18%
Total	129	100%
Gender	N	%
Female	91	70.54%
Male	38	29.46%
Total	129	100.00%
Type of student	N	%
Student	58	44.96%
Working student	71	55.04%
Total	129	100.00%

- The mean age is around 27 years
- 70.54% of respondents are female
- 55.04% are working student

Analysis and discussion of results:

Importance of Financial Accounting	Yes	No	Total
Do you consider financial accounting fundamental to the labour market?	129	1	130
Do you consider that in training you are given fundamental tools to face the labour market in financial accounting?	114	16	130

Importance of Cost accounting	Yes	No	No answer	Total
Do you consider cost accounting fundamental to the labour market?	114	15	1	130
Do you consider that the implementation of cost accounting should be mandatory in an organization?	89	40	1	130
Do you consider that in training you are given the fundamental tools to face the labour market in cost accounting?	86	41	3	130

Analysis and discussion of results:

How important do you consider the following reasons for using financial accounting in an organization?	Moderately important	Important	Extremely important
Comply with legal/tax obligations	5.40%	28.50%	60.80%
Obtain information for internal analysis of the economic and financial situation of the company.	3.80%	36.20%	58.50%
Assist in making business decisions.	7.70%	36.20%	53.80%
Allow you to more effectively control the resources of a company.	10.00%	33.80%	53.80%
Develop a reliable financial reporting for obtaining external financing.	7.70%	36.90%	54.60%
Prepare valid information on the financial flows of a company.	6.20%	39.20%	53.10%

Analysis and discussion of results:

How important do you consider the following reasons for using financial accounting in an organization?	TESP	Undergraduate	Postgraduate	Master	sig.
Comply with legal/tax obligations	68.73	71.43	68.43	55.54	0.090
Assist in making business decisions.	71.00	60.76	98.64	65.60	0.038
Meet the needs of information to a wider range of interested audiences.	78.42	64.82	94.36	58.26	0.032
Contribute to an integrated organization of information of a company.	81.04	63.68	89.71	59.87	0.052

Analysis and discussion of results:

How important do you consider the following reasons for using Cost Accounting in an organization?	Moderately important	Important	Extremely important
Reduce costs.	10.80%	32.30%	54.60%
Improving the establishment of priority initiatives and the allocation of resources.	13.80%	53.80%	29.20%
Highlight the profitability analysis of customers and measure costs related to their satisfaction.	13.10%	50.80%	33.80%

How important do you consider the following reasons for using Cost Accounting in an organization?	TESP	Undergraduate	Postgraduate	Master	sig.
Encourage planning and control.	79.69	60.47	88.21	65.13	0.080
Highlight the profitability analysis of customers and measure costs related to their satisfaction.	87.35	60.36	71.14	0.34	0.074

Analysis and discussion of results:

Indicate the main problems/challenges for the future of Financial Accounting	TESP	Undergraduate	Postgraduate	Master	sig.
Technological evolution.	67.12	58.96	79.07	72.37	0.096
Greater need for non-financial information.	71.73	73.05	40.79	56.63	0.007

Indicate the key problems/challenges for Cost Accounting implementation process in an organization.	TESP	Undergraduate	Postgraduate	Master	sig.
Inadequate technological support.	80.65	63.15	44.79	67.74	0.098

Findings:

- The students consider financial and cost accounting as fundamental to the labour market.
- Of utmost importance is the information provided by financial accounting for compliance with legal obligations, to assist in making internal decisions and meeting the information needs of the interested public. The technological developments and the greater need for non-financial information are the main problems/challenges Financial Accounting faces.
- As for cost accounting, most consider that it should be of mandatory implementation in organizations, indicating as some reasons for it, the need for cost reduction and the analysis of the profitability of customers. The main challenge faced by Cost Accounting is the inadequate technological support.

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Thank You

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