

## What Drives Public Accountants To Undertake CPD? An Indonesian Study

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**Abstract:** *Continuing Professional Development or CPD represents the learning activities – either formal or informal learning activities for developing and maintaining the capabilities of professional accountants to perform competently within their professional environment. Using a qualitative approach, this study aims to add to the literature regarding CPD for accountants, especially CPD for the Indonesian Institute of Certified Public Accountants (IICPA) public accountant members by investigating CPD drivers. It is also the aim of this study to provide findings to assist the IICPA and the Indonesian Ministry of Finance to develop CPD policy and improve activities according to CPD drivers perceived by the public accountants. There were 48 public accountants interviewed in this study using a snowball sampling method. Thematic analysis and first and second cycle coding were employed to analyze the interview data. The findings of this study indicate that the policy regulatory bodies' requirements received most agreement from the members as a CPD driver followed by lifelong learning and specialist skills. Lifelong learning received more agreements compared with specialist skills. The last driver, ethical requirements, was also considered as a CPD driver but it received less agreement compared with the other drivers investigated in this study.*

**Keywords:** *CPD, CPD drivers, public accountant, IICPA, Indonesia*

**Abstrak:** *Pendidikan Profesional Berkelanjutan (PPL) mewakili kegiatan pembelajaran - baik kegiatan pembelajaran formal atau informal untuk mengembangkan dan mempertahankan kemampuan dan kompetensi akuntan profesional dalam lingkungan profesional mereka. Dengan menggunakan pendekatan kualitatif, studi ini bertujuan untuk menambah literatur tentang PPL untuk akuntan, terutama PPL untuk Ikatan Akuntan Publik Indonesia (IAPI) dengan menyelidiki drivers atau penggerak PPL. Studi ini juga bertujuan untuk memberikan temuan untuk membantu IAPI dan Kementerian Keuangan Indonesia sebagai regulator untuk mengembangkan kebijakan dan meningkatkan kegiatan PPL sesuai dengan drivers/penggerak para akuntan publik untuk melakukan PPL. Studi ini mewawancarai 48 akuntan publik dengan menggunakan metode purposive sampling. Analisis tematik dan pengkodean siklus pertama dan kedua digunakan untuk menganalisis data wawancara tersebut. Hasil temuan studi ini menunjukkan bahwa*

*persyaratan dari regulator mengenai PPL menjadi penggerak utama bagi para akuntan publik untuk mengikuti PPL. Selain persyaratan regulator, pembelajaran seumur hidup (lifelong learning) dan keahlian khusus (specialist skills) juga dipandang sebagai penggerak PPL bagi para akuntan publik. Pembelajaran seumur hidup menerima lebih banyak persetujuan dari partisipan penelitian ini dibandingkan dengan keahlian khusus. Untuk penggerak terakhir yaitu persyaratan etis (ethical requirements), juga dianggap sebagai penggerak PPL meskipun jumlah partisipan yang menyetujui lebih sedikit jika dibandingkan dengan penggerak-penggerak PPL lainnya yang diteliti oleh studi ini.*

***Kata Kunci: PPL, penggerak PPL, akuntan publik, IAPI, Indonesia***

## **1. Introduction**

In this study, the CPD driver is defined as the Indonesian Institute of Certified Public Accountant (IICPA) member's motivation to undertake CPD. The motive or drive for undertaking CPD is crucial if the IICPA members would like to reap benefit from CPD whereas ignorance toward CPD would jeopardize the members' job as accountants. Four CPD drivers derived from the literature and investigated in this study are: (1) the policy regulatory bodies' requirements; (2) the ethical requirements; (3) specialist skills; and (4) lifelong learning. Sadler-Smith, Allinson, and Hayes (2000, p. 253) argued that 'learner motivation is an essential pre-condition for effective learning; to be motivated an adult learning must anticipate some benefit'. Still, according to Sadler-Smith, Allinson, and Hayes (2000), learners' motivation or drivers can determine the effectiveness of learning. CPD comprises the continuing learning and development activities undertaken by professionals; hence, it is worthwhile investigating the drivers that motivate professional to undertake CPD.

CPD is becoming more rigorous and of increasing importance to professions. Eurich (1990) argued that some occupations had turned their attention to CPD to update prior knowledge. Professional bodies around the globe acknowledge the importance of CPD. According to the following professional bodies, CPD is defined as first, anything structured or unstructured that helps an individual expand their knowledge, maintain up to date technical skills and progress their engineering career (Engineers Australia, 2014). Second, a process of self- assessed, self-directed, lifelong

learning that complements formal undergraduate and postgraduate education and training (Royal College of Psychiatrists UK, 2014). Third, the means by which members of respective professions develop, maintain, improve and broaden their knowledge and skills and develop the personal qualities required for the upliftment of their professional development (the Institute of Chartered Accountants of Sri Lanka, 2014). Fourth the conscious updating of professional knowledge and the improvement of professional competence throughout life (the Chartered Institute of Marketing UK, 2014).

The definitions above of CPD from various professions demonstrate that CPD is especially valuable for professionals as a means of updating and maintaining their knowledge and skills and also for developing their personal qualities to be able to provide an excellent quality service to society. Nevertheless, despite its importance for the professionals, the current literature appears to be ignoring the issue of CPD or not showing understanding of it (Friedman 2012). Hence, research into CPD drivers will aid CPD providers in offering future CPD activities that match the benefit or outcome expected by the CPD participants.

Currently, the IICPA members consist of public accountant and non-public accountant. At the moment, CPD is only compulsory for the public accountant members of IICPA. Therefore, this study exclusively focuses on the IICPA public accountant members. As stated in the IICPA CPD rules, the IICPA made CPD compulsory for all public accountant members (IICPA 2011, 2012). Moreover, CPD for the IICPA public accountant members aims to maintain and develop professional competencies required of each member in providing better services to clients, as well as to employers or various stakeholders of the profession; that the member can perform the role as a public accountant or other roles competently; and also, to protect the public interest and enhance public confidence in the profession (IICPA 2013).

Based on the discussion above, the following research question is developed for this study:

*RQ: Are the policy regulatory bodies' requirements, the ethical requirements, specialist skills, and lifelong learning drive the IICPA public accountant*

*members to undertake CPD? If yes, why?*

Based on the abovementioned research question, the objective of this study is to investigate whether or not the policy regulatory bodies' requirements, the ethical requirements, specialist skills, and lifelong learning drive the IICPA public accountant members to undertake CPD and why. This study contributes to the body of accountancy knowledge and in particular, adds to the discussion in the accounting education and accounting profession literature. To the best of the author's knowledge, CPD drivers in the accounting profession in Indonesia has not been examined before. This study also provides insight into CPD drivers for the IICPA members. The insight is useful for the CPD provider in delivering CPD and the Indonesian government that regulates the IICPA members to encourage them to undertake CPD according to current the regulation.

## **2. Theoretical Framework and Hypothesis Development**

### *2.1 Policy Regulatory Bodies' Requirements*

The first driver discussed in this section is the accounting policy regulatory bodies' requirements. Professions must adhere to the rules and regulation made by the policy regulatory bodies. Furthermore, it is also important to appreciate that the accounting profession may differ in different nations. In Asia, the literature shows that the state has a dominant position over the control of accounting education and entry to the profession and by establishing accounting laws and regulations, it assists the accounting profession to develop (Hao 1999; Yee 2009; Yapa, Jacobs & Hout 2010; Pholkeo 2013). In China, Hao (1999) and Yee (2009) found that the state influence has been predominant and any step forward in the professionalization process was directed by the state through new laws and regulations. Yapa, Jacobs, and Hout (2010) found that in Cambodia there was evidence of the ongoing role and influence of the state and the early emergence of accounting regulation was in the context of a centrally planned economy, and the state developed their regulations. In Thailand, Pholkeo (2013) argued that the state played a dominant role in shaping the development trends in the accounting profession through introducing accountancy

education in universities and announced several Acts to oversee Thailand's Certified Public Accountants and also to require accountants and auditors to undertake CPD programs. Hence, from the abovementioned discussion, it can be argued that the policy regulatory bodies' requirements can drive professional accountants to undertake CPD.

## 2.2 Ethical Requirements

The professions themselves create Professionals' code of ethics. Behrman (1988) explained that society let professions set their code of behavior due to their expertise in a specialty area. In other words, professions establish the scope of their role and determine how the role shall be carried out to benefit society generally. High-quality service given to society is at the heart of a code of ethics (Behrman1988).

In the accounting profession IFAC (2012, p. 4) explains that CPD for the accounting profession is:

*“...learning and development that takes place after Initial Professional Development and that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. CPD provides continuing development of the (a) professional knowledge, (b) professional skills, (c) professional values, ethics and attitudes, and (d) competence achieved during IPD, refined appropriately for the professional activities and responsibilities of the professional accountant.”*

Therefore, by undertaking CPD, the professional accountants have put an effort to fulfill one of their duties to society as prescribed in the code of ethics. CPD is indeed a fundamental ethical obligation for professional accountants, as defined in the Handbook of the Code of Ethics for Professional Accountants (IFAC 2014, para. 130.3):

*The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical, professional and business developments. Continuing professional development enables a professional*

*accountant to develop and maintain the capabilities to perform competently within the professional environment.*

The information from IFAC above shows that maintaining competence through continuously maintaining and developing knowledge and skills to provide high-quality services is invaluable and more importantly, considered as ethical conduct. Hence, it can be assumed that ethical requirements can drive the professional accountants to undertake CPD.

### *2.3 Specialist Skills*

The concept of skills specialization is not new to professions. Around forty years ago, Schein (1972) had already noted that most of the traditional disciplines had become so sophisticated and so differentiated into sub-disciplines that it was difficult for people in the profession to remain expert in more than a small corner of their field.

Previous studies also report that professional accountants are in favor of specialist skills (Burton and Rezaee 1994; Gold, 2008; De Lange, Jackling and Suwardy 2010). Burton and Rezaee (1994) in their study on internal auditors in the UK argued that internal auditors do have specialized needs and these needs should be met by CPD, especially by CPD speakers with recent practical experience in internal auditing. In a study in the US, Gold (2008) found that there is a growing demand by professional accountants to undertake CPD topics for niche industries such as banking, healthcare, construction, and real estate.

Meanwhile, De Lange, Jackling and Suwardy (2010) investigated CPD for professional accountants in the Asia Pacific region, and they found that specialized CPD was desirable and that the majority of the participants undertook CPD, which contains technical and professional updates relevant to their area of work. Hence, it can be assumed that specialization skills will give more flexibility to professional accountants rather than general accounting skills. This flexibility will undoubtedly aid in expanding the business and subsequently, ensuring the survival of the accounting profession as a whole. Therefore, specialist skills can be assumed as one of CPD drivers for professional accountants.

## *2.4 Lifelong Learning*

Lifelong learning can also be identified as continuing learning. Lifelong learning is 'lifelong' in the sense that it occurs from the cradle to the grave and encompasses all aspects of life and all contexts (Longworth 2003; Uggla 2008). Learning continuously should be regarded as something natural for professionals. As one of the means of continuing learning, CPD is inseparable from lifelong learning. Lifelong education or lifelong learning has perhaps the most influential label associated with CPD (IFAC 2014). Lifelong learning is an essential part of this process shifting the focus from education in institutional structures to individual participation and individual learning. Given the importance and benefits of lifelong learning for professionals, it is worthwhile investigating how lifelong learning can be one of CPD drivers.

Professional accountants and professional accounting bodies also embrace lifelong learning. Berg (2007) maintained that professional accountants must meet increased knowledge and skill expectations throughout their careers. Therefore, lifelong learning is critical in meeting those expectations. Zajkowski, Sampson, and Davis (2007) stated that a significant and generally accepted attribute of a profession is that its members engage in career-long CPD. In other words, lifelong learning is considered as one of the characteristics of occupations. Lindsay (2012) found that professional accountants participate in CPD due to the need to keep up to date and the desire for new skills and knowledge, thereby exhibiting the spirit of lifelong learning.

## **3. Research Method**

This study employed a qualitative approach and used the interview as the data collecting method. There were 48 public accountants interviewed as participants of this study in 2012. The sampling method employed was purposive sampling. The criteria for selecting participants were: 1) public accountants who were members of the IICPA and 2) members who have undertaken CPD before. The participants are identified as Participant 1 to Participant 48 and only identified by their age and their

accounting firm size (Big Four, second-tier, small). For the interview, semi-structured questions were used to get rich data from the participants. The interview questions asked were as follows: ‘this study perceived four drivers of CPD: accounting policy regulatory bodies’ requirements, ethical requirements, specialist skills, lifelong learning. To what extent do you agree or disagree with those CPD drivers? Do you perceive other drivers of CPD that this study has not yet covered?’ The interviews were conducted for approximately one hour for each of the participants and the interview locations were in the participants’ office. For the participants’ profile, most of the participants were between 41-50 years old, had around 11-20 years of working experience, male, from second-tier accounting firms and were partners in their office.

### *3.1 Data Analysis*

For the coding cycles, this study follows guidelines from Saldana (2013). For the first part of the interview question, the answers received from the participants of this study were a straightforward ‘agree’ or ‘disagree’; hence, First Cycle coding using in-vivo coding was considered adequate for the analysis. The next step was to investigate why the participants agreed or disagreed. In other words, sub-themes of the agreement or disagreement needed to be investigated. Therefore, Second Cycle coding using focused coding was employed for more in-depth investigation and to uncover the sub-themes. As for the thematic analysis applied to reveal themes and sub-themes, this study follows guidelines from Jones and Forshaw (2012).

### *3.2 Reliability and Validity*

As for reliability, this study follows Boyatzis (1998) who advised that reliability is a consistency of judgment that protects against or lessens the contamination of projection. To ensure consistency, this study used a voice recorder to record interviews and utilized inter-rater reliability by using more than one person to code the interview transcripts. For validity, this study follows guidelines by Kvale and Brinkman (2009) by using quality of craftsmanship. Quality of craftsmanship means that validation rests on the quality of the researcher’s craftsmanship throughout an investigation and on continually checking, questioning and theoretically interpreting



the findings. The interview questions used in this study were designed to answer the research questions of this study.

Additionally, the results were repeatedly checked, questioned and interpreted theoretically by the investigator and compared with other studies in CPD for the accounting profession. The results also demonstrate that the answers received from the participants categorically reflect the drivers of the IICPA public accountant members to undertake CPD. Hence, the validity of this study as the quality of craftsmanship could be safely established.

### *3.3 CPD Drivers*

Four CPD drivers were being investigated in this study, all of which are derived from the literature. The drivers analyzed are (1) policy regulatory bodies' requirements; (2) ethical requirements; (3) specialist skills; and (4) lifelong learning. The next section will discuss the data analysis for each of the above CPD drivers.

#### *3.3.1 Policy Regulatory Bodies' Requirements*

The theme developed for this driver was agreement with the policy regulatory bodies' requirements as a CPD driver. Afterward, the reason for this agreement was investigated. The sub-themes for agreement with the policy regulatory bodies' requirement as a CPD driver were: (1) compliance; and (2) still undertake CPD without regulation out of necessity. The codes employed to construct the compliance sub-theme were: (1) public accountants are monitored by the MoF; (2) CPD is compulsory according to the policy regulatory bodies; (3) CPD is compulsory for the IICPA public accountant members; and (4) compulsory 30 credit points per year. For still undertake CPD without regulation out of necessity sub-theme, the codes employed were: (1) the policy regulatory bodies' requirements is the least driver because CPD is a necessity; (2) have to keep improving knowledge and skills regardless of CPD requirements; and (3) accountants must upgrade themselves.

#### *3.3.2 Ethical Requirements*

The next driver to be investigated was the ethical requirements. The themes developed were agreement with the ethical requirements as a CPD driver and

disagreement with the ethical requirements as a CPD driver. Afterward, reasons for the agreement and disagreement were also investigated. The sub-theme for agreement with the ethical requirements as a CPD driver was to maintain competency as a professional. The codes employed to construct to maintain competency as a professional sub-theme were: (1) competency is a must, (2) need to maintain competency, (3) code of ethics required accountants to be competent and (4) must improve knowledge and skills for serving clients.

Furthermore, the sub-theme for disagreement with the ethical requirements as a CPD driver were: (1) no relationship between the ethical requirements and CPD; (2) CPD is driven more by the professional body requirements; (3) CPD is driven more by the policy regulatory bodies' requirements; and (4) not sure with the ethical requirements as a CPD driver. The codes used to construct no relationship between the ethical requirements and CPD sub-theme were: (1) the ethical requirements have nothing to do with CPD and (2) not yet a CPD; thus, cannot see the connection. The code used to construct CPD is driven more by the professional body requirements sub-theme were: (1) the IICPA public accountant members must undertake CPD; and (2) the IICPA public accountant members must be competent. The code used to construct CPD is driven more by the policy regulatory bodies' requirements subtheme were: (1) the MoF requires CPD, and (2) Public accountants must undertake CPD. The codes used to construct not sure with the ethical requirements as a CPD driver sub-theme were: (1) not sure with the ethical requirements; and (2) does not know the ethical requirements for the IICPA public accountant members.

### 3.3.3 *Specialist Skills*

The next CPD driver being investigated is specialist skills. The theme developed was agreement with specialist skills as a CPD driver and the sub-theme for agreement with specialist skills was business focus/needs. The codes employed to construct business focus/needs sub-theme were: (1) to serve clients better; (2) CPD is essential to enter specific industries; (3) changes in industries' rules, and regulations; and (4) must perform an audit to particular industries.

### 3.3.4 *Lifelong Learning*

This section explains the themes regarding whether or not lifelong learning is one of the CPD drivers. The theme that emerged was agreement with lifelong learning as a CPD driver and the sub-themes emerged were: (1) keeping up to date; (2) the nature of the profession; and (3) keep on learning. The codes employed in constructing keeping up to date sub-theme were: (1) need to keep abreast with the latest development, and (2) obtain updates on regulations. The codes employed in constructing the nature of the profession sub-theme were: (1) continuing learning is a must for auditors; (2) to keep on learning is the nature of the profession; (3) public accountants must keep updating with current development; (4) public accountants must avoid stagnation; and (5) the profession needs to keep developing. The codes employed in constructing keep on learning sub-theme were: (1) need to keep on learning; (2) learning does not stop at a college level, and (3) continuous learning is a positive thing.

#### **4. Result and Discussion**

This section discussed the findings of this study regarding CPD drivers for the public accountants in Indonesia.

##### *4.1 Policy Regulatory Bodies' Requirements*

This study investigates whether or not the policy regulatory bodies' requirements of CPD in Indonesia as a CPD driver is reflected in the present sample. The data analysis indicates that the main theme that emerged is agreement with the policy regulatory bodies' requirements with 45 people out of 48 participants mentioned it. Thus, the policy regulatory bodies' requirements are indeed one of the CPD drivers according to the participants of this study.

To find out why the participants agreed that the policy regulatory bodies' requirements is a CPD driver for them, sub-themes were investigated. The findings indicate that the sub-themes for agreement with the policy regulatory bodies' requirement are: (1) compliance with 19 people mentioned it and (2) still undertakes CPD without regulations out of necessity with 15 people mentioned it. Participant 28 (38 years old, small) stated his view regarding compliance when he was asked whether or not the policy regulatory bodies' requirements are CPD drivers for him. He

explained that CPD was compulsory for the public accountants:

*There's (an influence). It means they (the policy regulatory bodies) organize CPD, at least there are two kinds of compulsory CPD for the members (of the IICPA), about the update of law and rules and MoF regulations. Each public accountant is required each year to make at least 30 credit points, right? Therefore, it automatically can be regarded as an obligation, so it becomes the driver. Yes, you can say it's indeed the driver (of CPD).*

Participant 23 (49 years old, small) argued that CPD for public accountants could only work when enforced by the policy regulatory bodies' requirements and without the requirements the public accountants would not undertake CPD:

*Yes, that's right, CPD will work, and it will only work if it's enforced (by the policy regulatory bodies' requirements). If there are regulations or law or whatever (requirements), CPD will work. If it (CPD) isn't enforced, it won't work. So like lifelong learning et cetera, yes I embrace it. Just like this year, I have a lot of conflicting schedules (with CPD seminars). Yesterday I have 20 (credit points of CPD), meaning I still have to get 10 (more CPD credit points). Now it's already December. Usually, by December I already have 30 to 40 (CPD credit points). I need to get it (CPD credit points). I need to get the (required) credit points. So (the public accountants) must be forced (to undertake CPD). Without enforcement, they won't do it.*

The previous comments demonstrate that the policy regulatory bodies' requirements are one of the CPD drivers because the participants would like to comply with CPD requirements applicable to them. The other theme that emerged from an agreement with the policy regulatory bodies' requirements was that some still undertake CPD even without regulations obliging them to do so. Below is a comment made by Participant 7 (41 years old, second-tier) who asserted that CPD was about learning and that continual learning and development were the obligations of the profession?

*(I) Agree (with policy regulatory bodies' requirements) as a driver. Certainly, (CPD is) learning and it is also an obligation. The obligation means we have*

*to learn. We have to go through the learning process. So if we feel we have to learn in the sense that we have to develop, that means we should undertake (CPD). It is pointless if we are required to undertake CPD, but we don't learn anything. It's just useless. The main point is the learning process. Based on the priority scale, I think policy regulatory bodies' requirement should be at the bottom (of drivers). I would prefer us as members of the accounting profession - it's inevitable - to keep developing. We can't use, let's say, the books we had five or ten years ago, can we?*

An interesting comment was made by Participant 48 (37 years old, Big Four). Although he agreed to the policy regulatory bodies' requirements as a CPD driver, he also stated that without regulations, he would still attend CPD activities but only for updates on regulations. Presumably, he had more than adequate in-house training since he worked in a Big Four firm. Nevertheless, he still needed to undertake CPD regarding updates of regulations that might be not covered by his firm:

*As a public accountant, I must continue to improve my knowledge even when there are no regulations. If there are no regulations that require me (to undertake CPD), I will still undertake CPD because it is my need as long as I'm practicing in this profession. (Without regulations) I will still undertake CPD but only for regulations updates. If my firm does not yet cover the CPD topics, I will participate. However, if my firm has covered the topics, I will not participate.*

It is also essential to obtain the views of participants from different firm size. Participant 41 (39 years old, small) explained that CPD is a necessity for public accountants in keeping their knowledge up to date and also because the IICPA requires CPD:

*Well, besides policy regulatory bodies' requirements, (CPD) is unquestionably a standard for public accountants and non-public accountants to update their knowledge. It's not just because of the regulations. We can still attend CPD events without the regulations. Even when it's not enforced, I'll come. Because (CPD) is my needs, it's the standard set by the IICPA. It's our obligation.*

All of the above comments indicate that the participants view CPD as one of the tools to update their knowledge to maintain their competency as members of the profession. Therefore, they elect to undertake CPD even when the policy regulatory bodies do not mandate it. To conclude, the policy regulatory bodies' requirements are indeed one of CPD drivers according to the participants due to the need to comply with rules and regulations and also due to the necessity to update their knowledge.

The abovementioned findings support findings in previous studies (Hao 1999; Yee 2009; Yapa, Jacobs and Hout 2010; Pholkeo 2013) by confirming that the accounting profession in Indonesia, particularly the auditing profession, is indeed heavily regulated by the state or hierarchical control.

#### 4.2 Ethical Requirements

Considering the importance of the ethical requirements for the IICPA public accountant members, it is beneficial to discover whether ethical considerations drive participants to undertake CPD. Based on the data analysis, the significant themes that emerged are: agreement with the ethical requirements as one of the CPD drivers was mentioned by with 29 of the 48 participants mentioned it, and 16 of the 48 participants expressed disagreement with the ethical requirements as a CPD driver.

To discover the reason for this agreement and disagreement, sub-themes of agreement and disagreement with ethical requirements as a driver need to be investigated. The findings from the data analysis indicate that the main sub-theme for agreement with the ethical requirements is to maintain competency as a professional with 12 people mentioning it. Participant 26 (67 years old, small) affirmed that the ethical requirements were indeed one of CPD drivers. Due professional care and independence were paramount for his profession; hence, promoting awareness through CPD was needed:

*(The IICPA) Explained the other day regarding membership, knowledge, skills, due professional care. This auditing standards draft was discussed. What steps should be taken by an auditor when he or she starts an audit. The concern is the independence (of auditors), it's related (to the code of ethics). I*

*think in the future (the ethical requirements) will drive (CPD) more. That's my opinion.*

Another answer came from Participant 1 (45 years old, second-tier) who argued that the ethical requirements were indeed the driver of CPD for him because as an auditor, he needed to maintain his competency by undertaking CPD:

*Obviously, competency is a must. Through CPD we can get it. Virtually, if we are practitioners, we rarely come across with theoretical stuff again, very rarely. What we know now is we rarely open the books again. In CPD we are forced to understand what an issue is theoretically. We have to balance theory and practice, that's it.*

Participant 13 (33 years old, second-tier) thought that being competent by undertaking CPD was one way in fulfilling the ethical requirements:

*One of the basic principles of the professional ethics which are listed on the ethics code of the public accountant is competence. As a result, (undertaking) CPD is one way to improve the public accountants' competence. The code of ethics also required the members of the IICPA to be competent.*

Participant 14 (45 years old, small) explained as follows:

*I think the code of ethics want us to be competent right? Yeah, competence was inevitably needed. (The code of ethics says) Audits are conducted by well-educated and competent party, right? Now, that's where the auditee and the auditor must meet each other. For example, if the auditee already knows (about the new financial standards) but we as the auditor haven't known (the standards) yet, that's not good. Because we're examining it (the financial report). Now, this Indonesian Financial Accounting Standard, for example, the auditee definitely must use it, primarily if the auditee is registered with the CMFISA, they have to implement it. So if we haven't known it (IFRS) yet, how can we examine the financial reports? Surely we should be more knowledgeable (than the auditee).*

Apart from the participants who agreed with the ethical requirements as a CPD driver, it is also worth to take a closer look at the opinions of participants who did not

agree. For the disagreement of ethical requirement as a CPD driver the major sub-themes that emerged from the data analysis are: (1) no relationship between the ethical requirements and CPD with three people mentioned it; (2) two people believed that CPD is driven more by the professional body requirements; (3) CPD is driven more by the policy regulatory bodies' requirements with two people mentioning it; and (4) two people were not sure about the ethical requirements being a CPD driver.

It is also worthwhile to examine the comments made by the participant who disagreed with the ethical requirements as a CPD driver. Participant 2 (65 years old, small firm) stated that CPD had nothing to do with ethical requirements:

*(CPD driver) Is competence, that's for sure. Its skills and competence. Not leaning towards the code of ethics. There's no relationship (between CPD and the ethical requirements). (There's) no relationship.*

Similar to Participant 2, Participant 22 (52 years old, small) believed that the ethical requirements are not related to CPD:

*Oh, the code of ethics is not associated with CPD. Maintaining competence, yes (on CPD), but not keeping the code of ethics. That's another thing. Let's say competence drives CPD, yes. However, if we assume that the (IICPA) members must be competent and comply with the code of ethics through undertaking CPD, there's no relation there. (To comply) With a code of ethics, we don't necessarily have to undertake CPD. I'm not advertising my service, I'm competent, and that's what the code of ethics is all about.*

Participant 9 (48 years old, second-tier) explained that CPD was not about the code of ethics and driven more by the rules of the profession:

*CPD is driven more by the IICPA rules. The code of ethics is more for auditing works. For auditing engagement, engagement of works. That's my opinion. However, even if the code of ethics regulate (CPD), we still have to do updating, that's one of the ways to maintain (competence). However, that (updating) should be automatic. (The ethical requirements) May drive (CPD) indirectly. I think it's automatic; whether we like it or not, we have to update ourselves. I see the code of ethics as a code for organizing our work, for*



*dealing with clients, isn't it? However, for updating knowledge, I think without the ethical requirements, we still have to do it.*

Similar to Participant 9, Participant 11 (35 years old, second-tier) explained that the IICPA required CPD to maintain membership:

*I think it's not the ethical requirements (that drive CPD). The first driver is there are sanctions. (Non-compliance with CPD requirements) May subject to penalties by the regulatory body, in this case from the IICPA. Yes, members who don't meet certain credit points, a certain amount of credit point. Not only sanctions, even later, but there are also some degrees to it. I forgot, maybe even dismissal from the IICPA membership. Automatically dismissed from the IICPA membership. I don't know (whether it's currently applicable or not). You can ask the IICPA. However, I think it (sanctions) do exist. It exists. There are certain circumstances when the IICPA members do not meet certain credit points. Until it reaches a stage like that, I think there are (sanctions).*

CPD being driven more by the policy regulatory bodies' requirements is also another sub-theme for disagreement with the ethical requirements as a CPD driver. Participant 40 (42 years old, second-tier) commented that CPD was driven more by the policy regulatory bodies' requirements than by the ethical requirements:

*No, I don't think so. Because, it (CPD) is more driven by the rules (of policy regulatory bodies), you know. It's not because of the code of ethics.*

Participant 45 (65 years old, small) commented that the policy regulatory bodies' requirements drove CPD more because people fear regulations more compared with the ethical requirements:

*Yes, if we compare (the ethical requirements) to the regulations, the regulations are stronger. People are more afraid of the regulations; their (public accountants) license can be revoked, isn't it? A code of ethics alone does not scare people.*

Another sub-theme that emerged was expressed by Participant 7 (41 years old, second-tier) who was not sure whether the ethical requirements were a driver for CPD. Instead, he believed that auditing standards were more a driver for him to add

knowledge by undertaking CPD:

*The code of ethics (as a CPD driver), I'm not sure. However, in the auditing standards, it's mentioned there that we have to be an expert. An expert means we have to add our knowledge and so on. If we don't have knowledge of the banking industry, we shouldn't take clients from the banking industry. Don't you think so? There are things (the code of conducts) like that but in the auditing standards.*

Based on the above comments, it can be concluded that the participants who did not agree with the ethical requirements as a CPD driver perceived that there was no relationship between the ethical requirements and CPD, CPD is driven more by the professional body requirements and the policy regulatory bodies' requirements.

In conclusion, the findings of this study regarding an agreement with the ethical requirements as a CPD driver supports previous literature regarding ethics for general professions as prescribed by IFAC in 2010.

#### 4.3 Specialist Skills

This study investigates whether or not the needs for specialist skills drive the IICPA public accountant members to undertake CPD. The data analysis conducted indicates that the central theme emerged is agreement with specialist skills as one of CPD drivers with 35 people out of 48 participants mentioned it. To investigate further why specialist skills drive the participants to undertake CPD, sub-themes were examined. The findings suggest that the main sub-theme for agreement with specialist skills as a CPD driver is because the participants had a business focus or business needs that required specialist skills and that those skills could be obtained by undertaking CPD. Participant 22 (46 years old, second-tier) regarded specialist skills as one of the CPD drivers since he needed to give assurance to his clients that he was competent:

*Yes, specialist skill is (the driver of CPD), so we can assure our clients that we have mastered the problems that they have.*

Participant 26 (67 years old, small) supported the view that specialist skills is indeed one of CPD drivers. In particular, specialist skills in specific industries or

topics gave him confidence that he could perform his job well:

*I think so. Because sometimes we get this job in addition to the general audit, we must also perform specialized audits like due diligence. Well, that's necessary a specialist skill and expertise. At least we should know from the legal side of it. We can't go to the lawyers all the time, asking about this or that. For example, an assessment of a contract, the clauses in the contract. In my opinion, we (the auditors) should also know about the civil laws, the company laws, etc. So I think (the specialist skill) is important. In addition to that, I must understand construction engineering too. Not the science, but the procedures needed to be performed. It's like when we examine a bridge-building project. (We must know) What kind of procedures should be performed in there. Not the construction engineering procedures. However, even then, that was not too difficult and can be seen. I used to audit a state-owned enterprise. I could argue with the civil engineer there although I didn't have any background in civil engineering.*

Participant 47 (42 years old, Big Four) explained how the necessity to have specialist skills drove him to undertake CPD since he chose CPD topics to suit his business needs:

*Yeah, I think it is (a driver). For example, when we have a new financial reporting standard, or there is a new regulation in our audit area, the stock market, banking or tax laws, it certainly drives (CPD), we have to undertake it. Also, I do my CPD based on the topics given and my needs anyway. I don't do it (CPD) only for the sake of credit points. I've chosen my (CPD topics) carefully.*

The above findings based on the participants' answers suggest that specialist skills are indeed one of the CPD drivers for the IICPA public accountant members. The members often perform audit jobs in specific industries that undoubtedly also come with their own particular rules and regulations and financial reporting standards. Hence, specific CPD topics related to specific industries will be needed to acquire specialist skills.

In the accounting context, the findings regarding specialist skills as a CPD driver is consistent with previous studies by Burton and Rezaee (1994), Gold (2008) and De Lange, Jackling and Suwardy (2010) In particular, this finding regarding specialist skills as one of CPD drivers confirms that professional accountants had specialist skills to be fulfilled by CPD; thus, specialized CPD was needed.

#### 4.4 Lifelong Learning

In response to the literature on CPD that demonstrates the importance of learning throughout one's professional lifetime, this study attempted to discover whether or not lifelong learning is one of the CPD drivers for the participants. The findings from the data analysis conducted suggest that the central theme is agreement with lifelong learning as one of the drivers for CPD with 37 out of 48 participants mentioned it.

In order to discover why lifelong learning became one of the CPD drivers for the participants, sub-themes needed to be investigated that emerged from agreement with lifelong learning are: (1) keeping up to date as expressed by 19 people; (2) the nature of the profession as mentioned by seven people; and (3) keep on learning with five people mentioning it.

The following are responses from the participants who agreed with lifelong learning as one of CPD drivers because they needed to keep up to date with the current development. Participant 6 (42 years old, Big Four) emphasized the need for updating as part of lifelong learning to provide good quality services:

*Yes, I agree, it (lifelong learning) is the (CPD) drivers, and that's the one that I emphasize. (As an auditor) lifelong learning is a must, because if we don't (do lifelong learning), we're as the auditor, without participating in CPD, without learning again, we definitely won't be able to give an excellent quality service. (This is) In addition to complying with the policy regulatory bodies' requirements (to undertake CPD). However, even if there are no requirements to undertake CPD, we're as auditors must update (our knowledge and skills) continuously.*

Participant 31 (58 years old, second-tier) explained the importance of lifelong learning to keep updated on Indonesian Financial Accounting Standards changes:

*Oh yes, it (lifelong learning) is inevitable, we must realize that we must continually update our knowledge. Because the knowledge is changing, for example now our Indonesian Financial Accounting Standards (IFAS) are changing from rule-based to principle-based, right? However, the implementation of the IFAS is not smooth because the reality is not as we expected to be. Many things are not understood properly (by the businesses). (What's difficult is) A mindset switching, because the principle-based now replaces the old rule-based. Many people become somewhat wary when applying their judgment, so yes they're wary. For example, we're talking about a fixed asset, land. We don't depreciate land. Now for buildings, if the buildings are not in a prime location may be the cost (of the buildings) will be higher when that building was still being built. Well that will automatically influence its financial performance, right? And for example, if it's going to be appraised again in the future, so what's it going to be according to the theory? It looks like an imputed cost based on the calculations. It's complicated.*

Akin to Participant 31, Participant 47 (39 years old, second-tier) also thought that lifelong learning was indeed one of the CPD drivers, especially with the ongoing changes in the current accounting standards:

*Yes, (lifelong learning) exactly (a driver), our knowledge (in accounting and auditing) from our college years will be worn out. Well, the lectures we received (in college) helped us, but the application (in the field) will certainly continue to change. Don't you think so? The taxation regulations, the Indonesian Financial Accounting Standards change continuously. Fortunately, the Indonesian Institute of Accountants provides us with (audit) template to help us to know which procedures should be performed when doing an audit (work).*

Participant 41 (49 years old, small) commented that ongoing learning was what excited him about his profession:

*The nature (of the profession) is our obligation to learn, because of continuous development of the industry, the business, etc. So we're always*

*required to learn and undertake CPD. So, if we're in this profession, lifelong learning is a must. I realize it since I entered this profession and I'm excited about that because we keep on developing and not stagnant.*

This finding regarding lifelong learning is consistent with previous studies by Berg (2007), Zajkowski, Sampson, and Davis (2007) and Lindsay (2012). The abovementioned findings indicate that lifelong learning was a CPD driver for the IICPA public accountant members because they needed to keep up to date, because lifelong learning is the nature of the profession and because they are necessary to keep on learning.

## **5. Conclusion, Implication, and Limitation**

### *5.1 Conclusion*

This study aims to add to the literature regarding CPD for public accountants in Indonesia by investigating CPD drivers. State-registered public accountants in Indonesia are required to be the IICPA members. Thus, this study examines CPD drivers by using the public accountant members of the IICPA. It is also the aim of this study to provide findings to assist the IICPA and the MoF to develop CPD policy and improve activities. This study found that policy regulatory' requirements, the need for specialist skills and lifelong learning indeed drove the participants to undertake CPD. The response to the ethical requirements as a CPD driver, however, was mixed because some members with less CPD agreed that the ethical requirements were a CPD driver and some members with less CPD did not agree. Additionally, even though they undertook less CPD than required, it can be concluded that these members agreed that CPD assisted them to keep up to date, to improve and broaden their knowledge and skills and to develop the personal qualities necessary to execute professional and technical duties and to sustain the profession as a whole. Based on the findings of this study the IICPA is recommended to communicate more to the public accountants regarding the importance of participating in CPD as part of the ethical requirements of the profession as endorsed in the IICPA members' code of ethics and also IFAC Handbook of the code of ethics for professional accountants.

## 5.2 Limitations

This study is limited by the type of participants involved, in the sense that it focuses only on CPD for the IICPA members; thus, it does not cater for other accounting professional bodies in Indonesia.

## 5.3 Future Research

Future research could consider studying CPD for other professional accounting professions in Indonesia, such as management accountants, internal auditors, government auditors, public sector accountants, and accounting educators. Moreover, this study only employed a qualitative approach. Thus, future study can consider using other approaches in investigating CPD drivers for the public accountants in Indonesia.

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