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# INDONESIAN ACCOUNTANT VS FOREIGN ACCOUNTANT IN INDONESIAN JOB COMPETITION AS AN EFFECT OF ASEAN ECONOMIC COMMUNITY 2015

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## Keywords:

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Interview

**Abstract.** This research relates with ASEAN Economic Community (AEC) 2015 causes the movement of free professional labours. ASEAN Mutual Recognition Arrangement on Accountancy Services set the agreement and rules free flow of accountants within ASEAN countries. This study shows the perspective and need of Indonesian companies whether they prefer hiring Indonesian accountants or foreign accountant as the effect of AEC 2015. I interview the managers or employees who know about hiring accountants in private companies in Indonesia. This paper proves that Indonesian companies prefer local accountants to foreign accountants because of salary and culture. It means that local accountants have the opportunity to get job in Indonesia.

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## INTRODUCTION

After the last day of 2015, Indonesia will have the new condition as the impact of ASEAN Economic Community 2015. A single market and production base free flow of goods, free flow of services, free flow of investment, free flow of capital and free flow of skilled labours. The ASEAN country facilitates movement of people and skilled labours. AEC 2015 let the chance for the professional labours to fulfil the jobfields in Indonesia because AEC omits the previous regulation to prevent professional foreign labours in Indonesian company recruitment (Wakhyudi, 2015).

Accounting is one of the professions which is facilitated for the movement of people around ASEAN countries. The ministries of ASEAN countries have signed ASEAN Mutual Recognition Arrangement of Accountancy Services as a requirement and procedures to admit each other.

Accounting is one of the most favorite majors in Indonesia. In SBMPTN 2014 (entrance examination to state universities), accounting became one of the most wanted majors (Harahap, 2014) and it is in the second position in SBMPTN 2015 for social science (Susanti, 2015) and there are a lot of accounting colleges which provide accounting majors for the students in Indonesia. The prospect of job fields and high salary are the reasons of the people to choose accounting in their college (Harahap, 2014). Every company needs accounting, so it makes the people interest learning accounting but the companies are as the determine to

hire people as the accountants. Moreover, ASEAN Economic Community 2015 lets companies hire foreign accountants as the accountant in Indonesian companies. This research reports the perspective of companies in Indonesia to hire Indonesian accountant or foreign accountant while they can hire both because of ASEAN Economic Community 2015.

Yanthi (2014) finds that it is not all accountant professions in Indonesia have not been ready yet to face AEC 2015. Some Indonesian accountants think that it is just enough to work in Indonesia because some big companies in Indonesia have become their client. Some accountants who have given their good services to good client tend to stay and lazy to get certified CPA to fulfill the qualification of MRA and ASEAN as an accounting services.

The second finding in Yanthi (2014) is internal accountants do not care about their qualification and they realize that they are the part of accounting staff in the company to make the financial reports. Lecturers in the colleges do not realize that they educate the students to become accountants, they think that they are a lecturer and they have implemented the curriculum. The qualification of MRA as a strength for accountant to compete in AEC 2015 need more socialized.

There has not a research in Indonesia to find and compare Indonesian accountant or foreign accountant to fulfill the need of accountant in Indonesian companies as an effect of AEC 2015.

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The research finds that Indonesian companies prefer Indonesian accountant to foreign accountant even though AEC 2015 remove the restrictions for foreign accountant to get a job in Indonesia.

## LITERATURE REVIEW

### Accountant in Indonesia

#### The requirement to become an accountant in Indonesia.

It has a long process to become the professional accountant in Indonesia. It starts with bachelor degree of Accounting (S.E). It needs 3- 6 years, depends on the universities then continues the study in Accounting Professional Education (PPAk) to get the "Ak". They can get the state accountant registration by register themselves to Indonesian Finance Ministry.

The person who gets "Ak" must do Certified Public Accounting (CPA) exam and apply the license to the Indonesian Ministry of Finance to be public accountant. There are some requirements for the persons who get CPA to give their service as a public accountant such as:

1. state registration number for accountant
2. Indonesia CPA exam certificate
3. Immediate Professional Education with 60 credits in last 2 years.
4. having the experiences in general audit for financial reporting at least 1000 hours in last five years and leading/supervising general audit team legitimated by the leader of accounting firm/ accounting firm partner
5. living in Indonesia (proved by identity card)
6. having the Taxpayer registration
7. never having the sanction as public accountant
8. application letter, form, statement letter not to have double chairs, sign on the stamp that all the given data is right. Public accountant allow to have double chairs as a lecturer, commissaries but not in 2 state own enterprises, private sector, or other governance.

#### Chartered Accountant in Indonesia

Chartered Accountant (CA) is as a strength for Indonesian accountant to face ASEAN Economics Community 2015 because it is to make Indonesian accountant equal with international professional accountants. CA also gives added value for accountants because IAI always try to keep the competency for CA.

Indonesian Institute of Accountant (Ikatan Akuntan Indonesia/ IAI) as member of International Federation of Accountants (IFAC) in Indonesia has launched new qualification as a professional accountant. That is Chartered Accountants (CA Indonesia). One of the reasons is to prepare accountant profession to face ASEAN Economics Community 2015 which refers to international best practice as in the ASEAN Mutual Recognition Arrangement in admitting the equal qualification accountant profession in ASEAN. To get the CA, the persons must do the exam and the requirements are:

1. the minimum graduated from DIV/ Bachelor degree of accounting or equal
2. graduated from S2/S3 Accounting
3. the minimum graduated from DIV/ Bachelor degree non accounting and join Accounting Profession Education (PPAk) (Wakhyudi, 2015)

Chartered Accountant is only given for some chosen persons who have some qualifications. They must be responsible for their profession, refers to public oriented, integrity and objective. They also must have competency in professional accuracy, keep secret, professional manner and run the services by relevance standard. In Indonesia there are 10.153 CA per September 2015.

#### Certified Internal Accounting (CIA)

Certified Internal Accounting is the only one certification for internal accountant which admit internationally. This certification is admit the qualification, integrity, professionalism and competency of the accountant who have it (Yanthi, 2014). The international admission of CIA become the need of organization and internal accountant because AEC 2016 take them to higher competition.

#### Urgency ASEAN Economics Community 2015

ASEAN Economics Community 2015 will establish the transformation in among ASEAN countries. Leaders affirmed the commitment to establish ASEAN 2015 at the 12<sup>th</sup> Summit in January 2007. The ASEAN countries will have the free movement of goods, services, investment, skilled labour, and free cash capital. The actions of free flow of services are including remove substantially all restrictions on 2015 and complete mutual recognition arrangement (MRA) and implement the MRAs expeditiously according to the provision of each respective MRA. MRA lays down the broad principle and framework for the negotiations of bilateral or multilateral MRAs on Accountancy Services between or among ASEAN Member States (Kusumasari, 2014).

The Indonesian accountant as the impact of AEC 2015 must prepare themselves to face this condition. They must be ready to compete with accountant from other ASEAN countries. Professionalism of accountant is the important things because professionalism consists of capability, ethic, high motivation to learn, experience in practice and organized. Good professionalism will increase public and client's trust to this profession (Yanthi, 2015).

Therefore, Indonesian accountant needs to improve and keep the good professionalism to survive in competing with foreign accountant. One of the ways to improve the professionalism is Chartered Accountant (CA) identity. CA enforces accountant to improve the competency because it must be an exam to get CA and the CA have the obligation to do Continuous Professional Education and report it to Indonesian Institute of Accountant.

## RESEARCH METHODOLOGY

### Data Collection Method

#### Sampel Selection and Data Collection

This paper inform the Indonesian companies choices to hire Indonesian accountant or foreign accountant. To get the information, samples of this paper are the employees of private companies who know or involve in accountant and internal auditor recruitment in their companies. The respondents are 22 employees in private sectors.

I collect the data with interviewing the respondents. The interview is held by directly meeting with the respondents and asking by phone or chatting media application. There are 6 main questions consist by 5 closed questions and 1 open questions.

The interview method allow the interviewer to explore deep questions to get the supporting answer for the result of this research. The result of the interview has stopped until I get the stability of this answers.

## DESCRIPTIVE RESULT

This section provides the results of the interviews. 22 persons from private companies answer the open and closed questions. Most of respondents said that their companies prefer hiring local accountant to foreign accountant. There are two main reasons why Indonesian companies prefer local accountants to foreign accountants. The first main reason is budget. The companies pay more salary to the foreign accountants if they hire them. So, the local ones are cheaper than the foreign ones. The second main reason is culture. Indonesian is more understand about work culture, human resources characteristic, and common Indonesian personality so the environment of accountant and other employee are more conformable.

Most of companies in Indonesia hire Indonesian employees so the companies prefer Indonesian accountants to foreign accountants. Moreover, Indonesian uses PSAK (Indonesian Financial Reporting Standard) as the standard of financial report. PSAK is in Bahasa Indonesia, therefore Indonesian accountants more understand PSAK as the standard of financial report.

**TABLE 1**  
**Respondents**

Accountant choices	Amount
Local Accountant	14
Foreign Accountant	5
No answers	3

## SUMMARY AND SUGGESTIONS

ASEAN Economics Community brings the free flow of goods, free flow of services, free flow of investment, free flow of capital and free flow of skilled labors. The ministry of ASEAN countries made the agreement through Mutual Arrangement Recognition to set the regulation of skilled labours movement in ASEAN including accountant. The study finds the need of accountants in private companies in Indonesia whether they prefer foreign accountants or Indonesian accountants. 22 persons from different companies are interviewed by open and closed questions.

I interviewed the respondents by phone, chatting in social media and directly meet with the respondents. From the respondents I proved that Indonesian companies prefer Indonesian accountants to foreign accountants because of two reasons.

First is about salary. The foreign accountants are more expensive than the local accountants.

Second is about culture. Indonesian accountants are more adaptable and understand the job environment, work and Indonesian habit. Therefore Indonesian uses PSAK as the standard of financial reporting. PSAK is in Bahasa Indonesia so Indonesian accountant is more comprehensive for this case.

### Suggestions

It is not all Indonesian accountants are registered in Financial Ministry. It is not all internal accountant in Indonesian companies has CIA (Certified Internal Accountant). They do not care about certification of accounting profession. Most Indonesian accountants in private sector do not get the training and program to develop their skill and to prepare AEC 2015. Yanthi et al., (2015) also find that internal accounting in companies do not understand about certification and they feel it is lack of socialization about it. They just realize as an accounting staff to make financial statement.

Indonesian company prefer Indonesian accountant but It is not all Indonesian accountants registered in Ministry of Financial so they do not participate in training program and accountant developing program. The suggestion is, the government and the company manajement promote and socialize the urgency and need to registered accountant. The Indonesian companies encourage the accountants to register themselves so they can improve the skill and the newest issue about accounting. Therefore, the qualification will improve and the company need not hire foreign accountant who has to pay more expensive. Indonesia is still lack of accountant but the accounting students are not too interest to

become accountant (Wakhyudi, 2015). If the curriculum of accounting in Indonesian college is include with exam to get Ak degree, the students will be interested to become professional accountant. Indonesian companies prefer local accountants so there are more job fields for local accountants.

Indonesia is still lack of accountant. Indonesia only has 52.637 state accountants and 15.940 member of IAI while many companies, institution and organization needed (Kusumasari, 2014). It means the chance fo Indonesian accountant is still masive. There are alot of accountant need and Indonesian companies prefer to choose Indonesian accountant because of culture and fee.

## LIMITATIONS

This study is lack of respondent eventhough the respondents' answers are stable and they have fulfilled the need of data needed. The respondents of this paper are from private sectors and there is no company classification as the sampel. Fot the further reasearch, it is better if we make the classification of companies where the respondents work, like the amount of capital, main companies in other countries or other factors as a determinant. The further research can add the respondents from some different sort of companies to interview and deeper interview about their passiveness to get CIA and interview respondents from accounting firm to compare because the public accountants have also the impact of AEC 2015.

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— This article does not have any appendix. —