

School of Accounting

**Offshoring Business Processes: An Accounting Firm Graduate
Perspective**

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DECLARATION

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

The research presented and reported in this thesis was conducted in accordance with the National Health and Medical Research Council National Statement on Ethical Conduct in Human Research (2007) – updated March 2014. The proposed research study received human research ethics approval from the Curtin University Human Research Ethics Committee (EC00262), Approval Number RDBS-96-15.



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3/5/19

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ABSTRACT

The prevalence of offshoring within Australian accounting firms has grown considerably in recent years, especially within Business services and Self-Managed Superannuation Fund (“SMSF”) service lines. Essentially a resourcing decision, offshoring changes the way in which accounting firms operate and the roles and employment of domestic graduates.

This exploratory thesis examines how the adoption of offshoring particularly affects the employability of domestic accounting graduates in Australia. Employability is a much wider concept than just graduate recruitment and this thesis considers how offshoring via different offshoring ownership models and interaction frameworks impacts all of these aspects of employability. Aspects considered include not only recruitment numbers but also skills required, the role of university curriculum and graduate training.

Based on a constructivist worldview, this qualitative thesis focuses on a phenomenology line of enquiry and adopts a human capital theory lens to interpret the results. Interview and other associated data from 32 respondents is used as the primary source of data. Respondents have been purposefully chosen to include those that do and do not offshore, are both recent graduates and employers and represent different ownership models and interaction frameworks of offshoring.

The results of this thesis indicate that the impact of offshoring on domestic graduates is predominantly a negative one. Due to Indian offshore staff and organisations being viewed as direct substitutes for domestic graduates, the offshoring respondents in this thesis have either decreased or ceased hiring domestic graduates. This also impacts the type of work that domestic graduates are doing, with more administration type of work being completed by offshoring graduates compared to their non-offshoring counterparts. Despite the rhetoric of employers that they require graduates with greater client advisory skills, this is not being translated into the type of work that they are doing.

Supported by Human Capital Theory, there is also a reduced level of both formal and on the job training in offshoring firms. However, it seems that offshoring employers have higher expectations of their graduates. After a period of time, offshoring graduates are expected to involve themselves in much more difficult work compared to non-offshoring graduates without the same level of training. Offshoring employers also expect their domestic graduates to be open to offshoring and have slightly higher skill expectations, especially in those firms adopting a highly interactive framework. That is, offshoring firms themselves

appear to be less willing to invest in their domestic graduates. As a result, offshoring employers have greater expectations of the role that universities have in providing graduates.

There are several contributions made by this thesis. From an academic literature perspective, this thesis has examined accounting graduate employability, not just generally but through the specific lens of a contemporary context. It highlights that the main impact that offshoring has on accounting graduates is on the number of graduates being recruited.

Contributions from a tertiary institution perspective includes potential impacts on curriculum design as well as identifying additional potential income streams as a result of graduate training gaps that have arisen within the accounting firms. From the profession's perspective, this thesis highlights the disconnect that exists between Human Resources ("HR") and the specific service lines in accounting firms, identifying that there is a need for greater communication between these areas to allow for HR to be more strategic given the differences that exist between accounting firm divisions. Given decreasing graduate recruitment in an offshoring environment, another important contribution for the profession is recognised as the increased need for knowledge retention and succession planning.

Overall, this thesis highlights the contextual impact that offshoring is having on accounting graduate employability and how important it is for the profession and academia to collaborate for a sustainable future for the profession.

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LIST OF ABBREVIATIONS

AQF	Australian Qualifications Framework
BPO	Business Process Outsourcing
CAANZ	Chartered Accountants Australia & New Zealand
CPA	Certified Practising Accountants
CPE	Continuing Professional Education
CSF	Critical Success Factor
CTA	Chartered Tax Advisor
ESF	Employability Skills Framework
GCA	Graduate Careers Australia Survey
HCT	Human Capital Theory
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resource Management
ICAA	Institute of Chartered Accountants
EDI	Electronic Data Interchange
IEA	Importance Expertise Analysis
IPR	Interview Protocol Refinement
ISA	Importance Satisfaction Analysis
IT	Information Technology
ITO	Information Technology Outsourcing
OBPO	Offshoring Business Process Outsourcing
MBTI	Myer Briggs Type Indicator
RBV	Resource Based View
SCM	Supply Chain Management
SHRM	Strategic Human Resource Management
SLA	Service Level Agreement
SOX	Sarbanes Oxley Act
SME	Small Medium Enterprise
SMSF	Self-Managed Superannuation Fund
STEM	Science Technology Engineering Maths
TCE	Transaction Cost Economics
WIL	Work Integrated Learning

DEFINITIONS ADOPTED

Business Process Outsourcing	<i>Outsourcing business processes, including accounting processes, to external third parties</i>
Captive	<i>a business unit that is owned and provides services to the parent firm from an offshore location” (Oshri & Uhm, 2012, p. 270)</i>
Captive Offshoring	<i>A type of offshoring where the organisation has a direct controlling interest in the ownership of the hiring company or offshore vendor.</i>
Champion	<i>individuals who facilitate the sharing of expertise by linking two groups of people that are defined by physical location, hierarchical level or function affiliation</i>
Emotional intelligence	<i>“the ability to organise, recognise, use and manage emotions and people” (Daff, de Lange, & Jackling, 2012 p. 628)</i>
Employability	<i>“A set of achievements–skills, understandings and personal attributes – that makes graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy” (Yorke, 2006a, p. 8)</i>
Generic skill/soft skill	<i>“Interpersonal, human, people or behavioural skills needed to apply technical skills and knowledge”.</i>
Graduate	<i>Includes all of the different types of graduate roles including intern, cadet and undergraduate.</i>
Human Capital	<i>“the knowledge, information, ideas, skills and health of individuals”(Becker, 1962, p. 9)</i>
Information Technology Outsourcing	<i>Outsourcing information technology services through external third parties.</i>
Interaction Framework	<i>how the staff within the offshore vendor and the accounting firm interact</i>
Knowledge management	<i>“creating, capturing, storing, sharing and redistributing knowledge that can enhance organisational performance” (Howieson, 2003, p. 76).</i>
Offshoring	<i>Outsourcing accounting activities to a location outside Australia</i>
Offshore Business Process Outsourcing (“OBPO”)	<i>The delegation of one or more business processes to an external service provider, usually a global in-house centre or a third party (Wreford, Davidson, Pervan, & Penter, 2013, p. 192).</i>
Offshore outsourcing or third party offshore outsourcing	<i>Involves a relationship in which outside suppliers in another country are used, and in which the hiring company has no direct ownership (Nicholson & Aman, 2008, p. 7).</i>
Outsourcing	<i>Contracting any service or activity provided by an accounting firm to a third party where control is not fully exercised.</i>
Mid-Tier Firm	<i>a firm that is in the top 30 of the last BRW 100 Top Accounting Firms and in the top 20 in the WA Business News listing</i>

DEFINITIONS ADOPTED

Shared service centre	<i>a collaborative strategy where a subset of existing business functions are concentrated into a new, semi-autonomous business unit” (Joha & Janssen, 2014, p. 48)</i>
Supply chain management	<i>the proactive management of supply chain activities and processes to maximise customer value and achieve sustainable competitive advantage through the cumulative effort of multiple entities” (Ellinger & Ellinger, 2014, p. 118)</i>
Technical skills	<i>“skills in the technical category, dealing with data and administrative skills” (de Villiers, 2010, p. 2).</i>
Training	<i>“the act of increasing knowledge and skills of an employee for doing a particular job” (Sundaram, 2016, p. 118)</i>
Trusted advisor	<i>an advisor where the relationship with the client involves discussion and exploration of virtually all issues, both personal and professional (Cherry, 2016; Maister, Green, & Galford, 2000)</i>
Work integrated learning	<i>“broad range of experience based education models and curriculum approaches where students engage with industry and community organisations” (Winchester-Seeto, Rowe, & Jacqueline, 2016, p. 101).</i>

CHAPTER ONE INTRODUCTION

1.1 INTRODUCTION TO THE STUDY

Offshoring within accounting firms is growing substantially. It is estimated that the majority of accounting firms are either outsourcing or considering outsourcing. Outsourcing is ranked as one of the top five impacts on the Australian accounting profession (Business Fitness, 2017a; Chaplin, 2013). Accounting firms of all sizes and most service lines are utilising the services of offshore staff.

Essentially, offshoring is a resourcing decision, whereby domestic graduates and offshore staff are direct substitutes. Offshoring affects not only the type of work that is completed locally in Australia but also hiring and training decisions of accounting firms. This thesis explores the impact of offshoring to Indian staff or organisations on the employability of Australian accounting graduates in the service lines of business services and Self-Managed Superannuation Funds (“SMSF”). It contextualises employability in a contemporary setting within the accounting profession.

Employability is a concept that extends far beyond simply obtaining an initial graduate role. Therefore, this thesis similarly extends to wider aspects of employability and also addresses the impact of offshoring on graduate training and university curriculum. There are a multitude of diverse ways of structuring offshoring, including numerous ownership models and interaction frameworks that domestic firms may choose to adopt. This thesis also examines if these different structuring options produce different impacts on domestic graduate employability.

1.2 BACKGROUND AND PURPOSE OF THE THESIS

Offshoring, within the accounting profession, is a growing phenomenon. Reasons for entering into offshore arrangements are usually cost related, which implies that graduate roles are lost if extensive offshoring is undertaken within the profession. However, there is very limited research to support this. It would also follow that if domestic resources are being replaced with offshore staff, then the role of graduates within domestic accounting firms are changing. Given this change, what type of work are graduates going to be doing and what are the skills and attributes that they need in order to do this? How are domestic graduates working with their Indian team counterparts on a day to day basis? This thesis will examine these questions in the context of domestic graduate employability.

Traditionally, basic compliance work is the on the job training ground of domestic graduates. If this work is now being offshored, what is left for domestic graduates to actually do and how will they obtain the technical and practical building blocks of knowledge that they will need in their future careers? Industry rhetoric suggests that today's graduates now have the opportunity to commence their careers with much more challenging and interesting client advisory type of work as a result of offshoring. Is this actually what is happening in reality?

All of these questions ultimately relate to the impact that offshoring is having on the employability and future careers of domestic accounting graduates and form the background and reason for this thesis.

1.3 RESEARCH MOTIVATION

The motivation for this research is to overlay the contemporary offshoring context within accounting firms to the current literature of accounting graduate employability. There is a distinct body of research on both accounting graduate skills and Business Process Outsourcing ("BPO") (Caratti, Perrin, & Scully, 2016). However, as far as the author is aware, these areas of research are quite independent of each other and their influences on each are not examined in the literature. For example, each of the bodies of research are typically published in very different academic journals. Research that examines the specific impact that offshoring has on graduate employability is scarce.

1.3.1 IMPACT OF OFFSHORING ON GRADUATE EMPLOYABILITY

The body of literature in relation to accounting graduate employability, in particular, graduate skills required, is extensive. Different contemporary practices are expected to have different implications for graduate employability. This thesis therefore extends this research by specifically applying offshoring, as a contemporary practice, to this research.

Offshoring, by its very nature, changes the way in which accounting firms operate. Lower level compliance work which is traditionally the training work of graduates is being sent to the Indian staff. This potentially reduces the number of available jobs for domestic graduates. Processes and domestic structures are changing as a result of offshoring. Graduates may be required to communicate and work with the Indian offshore team directly. Different firms use different offshoring structures which may also impact graduate roles and processes. Each of these factors potentially impact graduate employability differently and this thesis views and addresses graduate employability through the lens of this particular offshoring context.

1.3.2 OFFSHORING IN AN ACCOUNTING FIRM ENVIRONMENT IS DIFFERENT

There is a plethora of research on BPO practices generally, with much of it focused on the Information Technology (“IT”) and general business processes. This research is generally written from a general business perspective, largely focused on large multinationals and global organisations. Whilst offshoring the accounting function in these organisations is common and discussed in much of the literature, how it applies to accounting firms is generally not addressed.

Accounting firms are essentially professional services firms that operate quite differently to internal accounting departments of large organisations. The type of work that is offshored in large accounting departments of global companies is usually administration, non-income producing work. They are usually the cost centre of the organisation. In contrast, with accounting firms, it is the revenue centre type of work that is typically being offshored, i.e.: the actual “production” not “support” work. Accounting firms range in size from Big 4 to small one partner firms and deal primarily with highly confidential data of their clients. They are heavily regulated in terms of privacy, are very risk focused and as such, often perceive their offshoring practices as a highly sensitive topic. That is, offshoring within accounting firms is different.

Apart from industry publications, largely produced by offshoring vendors as “how to guides” of offshoring, there is very little academically researched literature as to how offshoring applies to accounting firms and in particular how it applies to domestic resourcing of accounting firms. Given the size and growth in the offshoring market, its impact is only going to expand. This thesis addresses this gap in the literature.

1.3.3 IDENTIFIED GAPS IN THE LITERATURE

The result of the literature review in Chapters Two and Three is a clear gap in the literature which has led to the development of the research questions. There is a large body of research that examines BPO which includes the accounting function. However, this accounting function is usually from the point of view of large multi-nationals who view accounting as a cost centre. This literature does not generally address accounting firms, where the accounting function is the primary revenue centre. The BPO literature incorporates numerous different ways of structuring the offshoring relationship, although it does not often consider the different interaction frameworks that can be used in communicating and working with offshore staff. In addition, there is a body of literature published in the accounting education area which focuses on numerous aspects of employability including the different skills and attributes required in accounting graduates.

However, the literature examining graduate employability through the lens of offshoring is scant. Given the increasing focus of accounting firms in using offshoring, this is a key emerging context that may directly influence different facets of graduate employability. Not only is the use of offshoring generally a key contextual issue for graduate employability, but the different methods of structuring offshoring and the resulting impacts on the accounting firm roles is expected to influence domestic graduate employability. This represents a key gap in the literature which this thesis will address.

1.4 RESEARCH OBJECTIVE AND RESEARCH QUESTIONS

The main objective of this thesis is to explore the impact that the increasing levels of offshoring amongst business services and SMSF service lines within Australian accounting firms is having on graduate employability. There is a large body of research on graduate employability, in particular in relation to graduate skills required. This thesis extends prior research by contextualising and contemporising graduate employability to the impacts that an offshoring environment and the different offshoring structures used has on this.

The specific research questions addressed in this thesis are:

Primary Research Question	How does the adoption of offshoring affect the employability of domestic accounting graduates?
Secondary Research Question a	What impact has offshoring had on the number and type of domestic graduates that accounting firms recruit?
Secondary Research Question b	How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?
Secondary Research Question c	Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?
Secondary Research Question d	Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?
Secondary Research Question e	Is the current university accounting curriculum developing the skills required in an offshoring environment?
Secondary Research Question f	How do offshoring accounting firms train their domestic graduates when much of the traditional training work that graduates completed is now being offshored?

Table 1.1: Research Questions

Whilst it is acknowledged that some of the secondary research questions continue to focus on graduate skills, the majority of the research questions, including the primary research question, focus on employability generally.

1.5 UNDERLYING THEORY ADOPTED

Human Capital Theory solely is used to support and triangulate the thesis findings, as determined by applying Swanson's theoretical framework (2007). This economically based theory centres around the concept of human capital and argues that domestic graduates are assets that should provide income and other outputs. Given that offshoring is typically an economic resourcing issue for accounting firms, this theory explains and triangulates the results of this thesis.

1.6 OVERVIEW OF RESEARCH METHODOLOGY

A constructivist worldview, with a qualitative phenomenology research method is adopted in this thesis. The main method of data collection is from interviews from 32 separate respondents who are purposely chosen to allow a comparison of respondents that are and are not involved in offshoring. A portion of these respondents also completed a small survey as part of the interview to assess the required graduate skills and attributes.

The research data was analysed both via a detailed process of coding and some limited descriptive statistics. All derived conclusions had various processes of rigor applied. Triangulation with the literature, theory and other supporting documentation was also applied to the results.

1.7 RESEARCH CONTRIBUTIONS

There are several important contributions made by this thesis. These can be broken up into contributions to the literature, tertiary institutions and the profession.

Contributions to the Literature

This thesis examines accounting graduate employability, contextually through the specific lens of the contemporary phenome of offshoring. Whilst employability is a much larger concept than just job attainment, this thesis identifies that the main impact that offshoring has on accounting graduates is on the reduced number of graduates being recruited. This reduction of graduates being hired also then has other impacts on other aspects of graduate employability both for the graduate and for the profession. In addition, it extends the literature on offshoring which primarily focuses on Business Process Outsourcing ("BPO") and IT Outsourcing ("ITO") to accounting firms, which have unique characteristics that impact the use and structure of offshoring. This thesis also demonstrates that despite some criticism, Human Capital Theory is still relevant as a theory for explaining employability.

Contributions/Implications for Tertiary Institutions

This thesis identifies and discusses the impact of offshoring within the profession on curriculum design requirements. It identifies key training gaps in graduates. In addition, this thesis identifies several additional potential income streams that arise as a result of the graduate training gaps.

Contributions/Implications for the Profession

Contributions to the accounting professions (comprising graduates, the firms and industry bodies) include highlighting the disconnect that exists between Human Resources and the specific service lines within accounting firms. Given the key finding of decreasing graduate recruitment levels in an offshoring environment, another important contribution is the need to focus on knowledge retention and succession planning both within the firms and the profession generally.

Overall, this thesis highlights the contextual impact that offshoring is having on accounting graduate employability and how important it is for the profession and academia to collaborate.

Each of these contributions are explained more fully in Chapter Seven.

1.8 THESIS STRUCTURE

The structure of this thesis incorporates a diagrammatical representation at the commencement of each chapter to assist the reader to conceptualise the key points of that particular chapter.

The thesis begins with a comprehensive review of the literature in Chapter Two and Three. A literature review of graduate employability generally is presented in Chapter Two whilst Chapter Three presents a literature review of offshoring (based primarily on the Business Process Outsourcing literature) and how it operates in accounting firms. The reason for separating the literature is to highlight the disparity of the perspectives of each of these areas. This clearly demonstrates the large gap in the literature in the connection of offshoring with an accounting firm context. That is, the two bodies of literature are rarely being examined from a combined perspective as far as the author is aware.

A summary of why Human Capital Theory is chosen as the theoretical framework is then provided in Chapter Four. The research method adopted is then described in Chapter Five. A detailed analysis and discussion of results, sorted by research question is reported in Chapter Six before Chapter Seven interprets these results into contributions for the

literature, academia and the profession. Finally, Chapter Seven also describes some limitations and further areas for future research.

1.9 CONCLUSION

Chapter One provides an overview of this thesis including the motivation for addressing the key research questions around the impact of offshoring on the employability of domestic graduates. In addressing the research questions, the chapter describes how Human Capital Theory is used as a theoretical framework and the research methodology adopted. This chapter also describes the key contributions that this thesis makes before finally outlining the structure of the thesis.

CHAPTER TWO LITERATURE REVIEW (GRADUATE EMPLOYABILITY)

2.1 LITERATURE REVIEW STRUCTURE

A review of the current literature is provided in relation to both graduate employability and the use of offshoring within accounting firms.

For the purposes of this thesis, a structured approach for the taxonomy of literature reviews as suggested by Cooper (1988) is adopted. It is the level and quality of the literature coverage as well as the methodology employed to identify the relevant literature to include in the literature reviews which goes directly to the heart of the rigor of the review. Not only is the process of identifying the relevant literature important, but also how this process is documented that is important (Brocke, Simons, Niehaves, Niehaves, & Reimer, 2009).

The broad steps adopted in this literature review are demonstrated in Table 2.1 below:

STEP ONE	Search the leading journals in the areas of the accounting profession, offshoring and accounting education using key search criteria. Generally, A*, A, B* and B journals in each of the applicable fields are chosen for this first step. The chosen journals, search criteria and their justification are discussed in each of the main literature review chapters.
STEP TWO	Go backwards by reviewing the citations for the articles identified in Step One so that additional prior articles which should be considered are included.
STEP THREE	Go forward by identifying future articles that cite the key articles identified in the prior steps.

Table 2.1: Broad steps adopted in the thesis literature review

Due to the breadth and volume of literature that needs to be considered for the thesis research questions, a conceptual organisation of the literature review is appropriate (Brocke et al., 2009). The main reason for this is that it more logically demonstrates the relationships between each area of the literature and highlights where the key gaps exist in relation to the research questions identified in Chapter One.

Given the breadth of literature impacting the research questions, the literature review will be structured by looking at the two different bodies of literature in relation to accounting firms and offshoring, and how they relate to domestic graduate employability. This will be done in two separate chapters to highlight the disparity that exists in the two streams of literature. Chapter Two will firstly examine the general literature on the employability of accounting domestic graduates. Chapter Three then provides an overview of offshoring in the accounting profession. Section 3.3 will juxtapose these literature reviews before the gaps

in the literature addressed by this thesis are highlighted in Section 3.4. This structure is demonstrated in Figure 2.1 below;

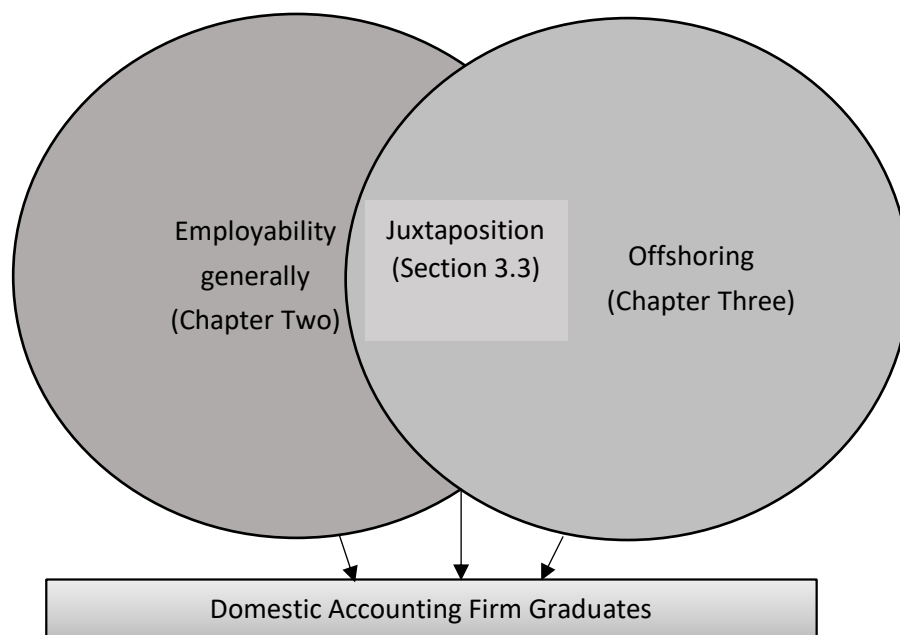


Figure 2.1: Overall structure of the literature review

Each of the components of the literature review are now discussed in detail.

2.2 LITERATURE REVIEW – DOMESTIC GRADUATE EMPLOYABILITY

2.2.1 INTRODUCTION

The following section provides an overview of the literature in relation to accounting graduate employability generality. In order to future-proofing the profession, it is important that we provide graduates with strong employability skills. It is expected that accounting firm graduate employability will differ depending on any offshoring arrangements utilised. A sound knowledge of the base line graduate employability is required before the impact of offshoring on these can be examined.

This section of the literature review therefore provides a synthesis of the relevant current literature in relation to accounting graduate employability (Cooper, 1988; Webster & Watson, 2002). The majority of this literature does not consider the impact of offshoring. This gap is expected to be one of the main contributions to the literature of this thesis. The results of this section of the literature review also forms the basis of questions for a short survey instrument component used in data collection.

Structure of the Graduate Component of the Literature Review

This component of the literature review is structured as per Figure 2.2 below.

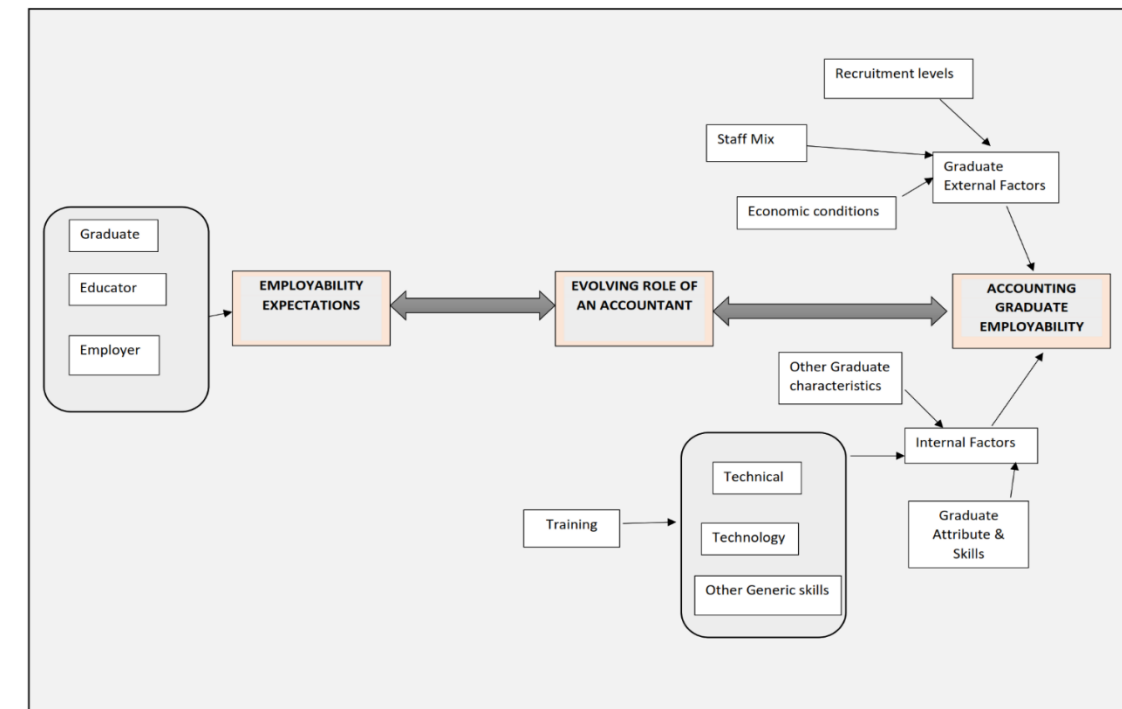


Figure 2.2: Concept map of Chapter Two

The first section of this literature review describes the general concept of employability and what this entails from both an internal and external point of view. A detailed discussion on what employers expect from graduates in terms of skills and attributes then follows. This discussion is broken down into technical, technological and other generic skills and includes a catalogue of some of the extensive literature on other generic skills which forms the basis of the survey instrument. Following, is a discussion on the employer, educator and graduate expectation gap with these skills, together with a discourse on how these gaps could be reduced. Finally, this Chapter reviews the literature of the impact of changes to the profession on graduate recruitment, graduate skills and training.

Literature Included

As discussed in Section 2.1, a structured approach as suggested by Cooper (1988) is adopted with this literature review. A search of the literature using key search terms is first conducted by searching the leading journals in the accounting, accounting education and employability areas. Leading journals were identified by reviewing the ABCD Journal Quality List 2013 adopted by the Curtin Business School for journal ranking and the 2014 and 2015 review of top journals in the accounting education literature (Marriott, Stoner, Fogarty, & Sangster,

2014; Metcalf, Stocks, Summers, & Wood, 2015). Only A*, A, B* and B journals were selected from these lists. However, it is recognised that journals specialising in accounting education are not always the top ranked journals so the selection of included journals has been selectively expanded to include relevant journals. Specifically, the *Global Perspective of Accounting Education*, a C journal is included as this has been included in both the Apostolou accounting education yearly literature reviews and the Marriott review (Apostolou, Dorminey, Hassell, & Rebele, 2015; Apostolou, Dorminey, Hassell, & Rebele, 2016, 2017; Apostolou, Dorminey, & Watson, 2013; Marriott et al., 2014). Selected leading journals from the associated fields of Human resource development are also included.

The use of google scholar alerts is also used as a means to ensure that current publications are captured. These alerts are based on the key search terms identified above, as well as leading authors in the area including but not limited to Diane Bunney, Paul De Lange, Lashine, Jackling, Oliver, Howieson and Jackson. Similarly, an approach of going backwards and search forward of these identified articles is also used.

Literature incorporated into the literature review needs to also be relevant with respect to dates. A literature review of employability of accounting, business and computer science graduates identified that much of the literature in this area is quite recent, mainly from about 2009 onwards (Osmani et al., 2015). The sudden decrease in the employability of graduates post the GFC around this time could explain this surge. Despite this surge, the respected Apostolou accounting education regular literature reviews include literature going back to 1997 (Apostolou et al., 2015; Apostolou et al., 2016, 2017; Apostolou et al., 2013). As these reviews focus purely on accounting education, this is considered more relevant so a literature cut-off date of 1997 to current (unless an article is seminal in nature), adopted by Apostolou will be used in this thesis.

2.2.2 EMPLOYABILITY OF ACCOUNTING GRADUATES

The profession, graduates, universities and the Government are all concerned with the level of graduate employability (Andrews & Higson, 2008; Bridgstock, 2009; Jackson, 2009, 2013b; Tempone et al., 2012; Webb & Chaffer, 2016; Yorke, 2006a). Governments view graduate outcomes and the role of the university in developing these, as a way to drive innovation and now link university funding to graduate employability (Alexander, 2016; Harvey, 2001). Various reports argue that having graduates in the workforce leads to a more competitive, effective and innovative economy (Jackson, 2009). The 2008 Bradley report recommended that Australia drive up the proportion of our population with a university degree in order to remain competitive globally. This report also argued that any associated funding for the

universities for this increase should be tied to specific teaching and equity targets (Bradley, Noonan, Nugent, & Scales, 2008). Universities are concerned with graduate employability due to the impact on their reputation and brand. If most of your graduates leave unable to find work, this ultimately hurts the University's perceived relevance and impacts their future enrolments (Jackson, 2014a; Teale, 2013).

This concern has led to various surveys attempting to measure the level of graduate employment and their base level of generic skills. In Australia alone, there is the Graduation Careers Australia Survey (GCA), Graduate Skills Assessment (GSA), Graduate Destination Survey (GDS), Quality Indicators for Learning and Teaching (QILT), and Graduate Employability Indicators (GEI) (Freeman & Hancock, 2011; Jackson, 2014a; Jackson, Sibson, & Riebe, 2014; Naidoo, Jackling, Oliver, & Prokofieva, 2012; Oliver & Whelan, 2011, QILT, 2018). Whilst useful, there are problems with the comparability of these surveys, in particular when trying to interpret institutional and definitional differences (Yorke, 2006a). Some of these definitional issues are now explored.

Definitional Issues – Graduates and Employability

There are significant differences in interpretation of the terms “graduate” and “employability”. Given how crucial these concepts are to the research questions, clear operational definitions are required for this thesis.

Graduate

The traditional graduate is someone who had just completed their accounting degree on a full time basis, in their early 20's who are yet to find their first full time accounting role. This definition appears to be broadening with firms either taking graduates earlier whilst they are still studying part-time or with a small amount of experience in another firm (Turner, 2016a; Yorke, 2006a).

In addition, different states within Australia seemingly use different terminology (Chartered Accountants Australia New Zealand, 2017). A review of the current year's employment guide for graduates in Australia indicates that firms employ not only just the traditional graduates but that demand for an expanded definition now sees it include employer programs for Vacationers, undergraduates and cadets or interns (Chartered Accountants Australia New Zealand, 2016, 2017). The different types of roles offered by firms in the 2017 year graduate program are show in Table 2.2.

	Graduate	Cadet/Intern	Vacationer	Undergraduate
Education Level	Completed university	Either in Year 12 or first year university	Still at university	Still at university
Working Days	Full time	Part-time depending on employer	During summer and other holidays	Part-time, usually 1-4 days a week

Table 2.2: Different graduate roles (Chartered Accountants Australia New Zealand, 2016)

For the purpose of this thesis, a graduate will include all of the different types of graduate roles identified in Table 2.2 except for a vacationer. That is, it will include a graduate, cadet/intern and someone working in an undergraduate or graduate program or position. This can therefore include someone who has had a full-time job in the past.

Employability

The end goal of a degree for most students is a paying job (Kennerley, 2016). In recent years, the employment rate of accounting graduates has been declining and the graduate job market is now far more competitive (Guthrie, 2017; Jackson, 2014a; Shamsuddin, Ibrahim, & Ghazali, 2015, p. 1; Shi & Yuan, 2014; Smith, 2012). The GCA survey estimates that since 2008, graduate full-time employment has decreased by 9% and that since 2012, the proportion of graduates that have found full-time work within 12 months has decreased significantly although the positive salary differential between graduates and non-graduates still remains (Jackson, 2014a; O'Brien, 2015; Oliver, 2015). In 2012, 79% of accounting graduates found full-time employment compared to 94% in 2001 (Guthrie, 2017). The 2018 QILT survey indicates an undergraduate full-time employment outcome of 77.9% for business and management graduates which is lower than many other study areas (Social Research Centre, 2018)

However, employability extends beyond employment outcomes which simply measure the actual achievement of employment in the workforce (Graduate Careers Australia, 2015; Bridgstock, 2009; Harvey, 2001; Jackson, 2016c; Pinto & Ramalheira, 2017). It is possible to be unemployed but still be employable (Ahmed, El Refae, & Elkhatib, 2017). Employability is an individual achievement, not an institutional one and employability measures which are merely linked to graduate employment measures misrepresents this view (Harvey, 2001).

Rather, it encompasses a person's entire career and professional identity, allowing them to remain relevant in the market (Bennett, 2016; Jackson, 2016b; Pool & Sewell, 2007).

There have been various definitions of employability proposed by numerous authors as demonstrated in Appendix 2.1. Three distinct components of employability have been identified which include the graduate obtaining a job, the graduate being developed and the graduate possessing relevant achievements i.e. potential to obtain further employment (Ahmed et al., 2017; Yorke, 2006b). This thesis adopts Yorke's definition for employability as this incorporates all of these components and it is viewed as one of the most well-known definitions in the literature (Pool & Sewell, 2007);

"A set of achievements—skills, understandings and personal attributes – that makes graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy" (Yorke, 2006a, p. 8)."

Spanning a graduate's entire career, employability allows people to secure and be successful longer term (Bennett, 2016; Bunney, Sharplin, & Howitt, 2015; Chen, 2017; Jackson, 2009; Shamsuddin et al., 2015; Yorke, 2006a). For example, the concept was examined across different age brackets in a 2002 study which showed that employability decreases significantly once an employee is over 40 or if they have remained with the same employer with no progression for at least seven years (van der Heijden, 2002). A similar concept introduced by Miroshnichenko and Gaivoronskaya (2014, p. 52) is that of "career reserve" which has been defined as a "set of resources an individual needs for realising his professional activity and career making". Others describe the career competencies of "knowing why", "knowing whom" and "knowing how" as important as careers become boundary less and employees become free agent learners (Eby, Butts, & Lockwood, 2003; Opengart & Short, 2002). Jackling & De Lange (2009) also provide a comprehensive list of qualities that graduates require for career progression.

Due to the long term nature of employability, life-long learning is required. It is not possible to learn everything that you need to learn at university. As one's working environment changes, then employees must continually update their skills (Silvonon, 2016). The employability of those that do not have this longer term attitude is considered at risk.

Employability is not always based on merit and the quality of the graduates' skills (Chartered Accountants Australia & New Zealand, 2015; Jackson, 2013b, 2014a; Yorke, 2006a). Some also argue that even when employers advertise what they are looking for in their staff, this

may not necessarily be reflected in their actual recruitment process (Jackson, 2013b). There are several other factors have been shown to contribute to graduate employability. Given the current employment market, graduates need to be aware of these and where possible, they try to ensure that these factors are met (Jackson, 2013b).

Characterising Employability

There are several different frameworks that have been developed for categorising graduate employability characteristics. These include;

- Business Council of Australia framework (Nagarajan & Edwards, 2014)
- Graduate employability framework (Oliver, Whelan, Hunt, & Hammer, 2011)
- Bridgstock's conceptual model of graduate attributes for employability (200)
- "CareerEDGE" model of employability (Pool & Sewell, 2007)
- Teale model which incorporates the need for employers and educators to work together to achieve employability (Teale, 2013)

These models all confirm that the specific skills of the graduate are only a small component of what it takes for a graduate to be deemed *employable*.

Jackson (2013a) developed another model of graduate employability which is adopted and forms the basis of the employability discussion within this thesis. This is demonstrated in Figure 2.3 below:

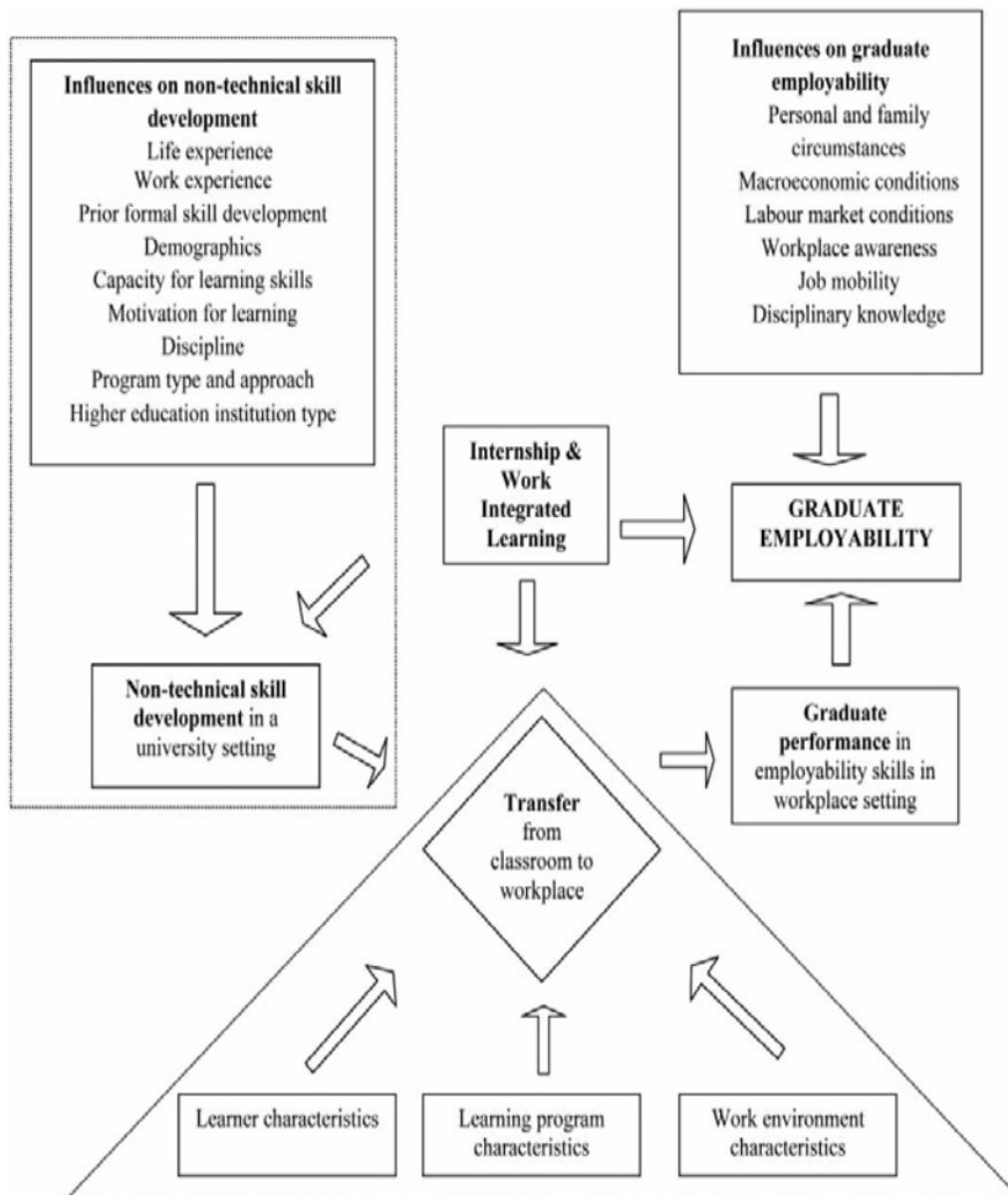


Figure 2.3: Jackson’s model of graduate employability (Jackson, 2013a, p780)

Jackson’s model incorporates many of the same employability factors identified in the prior models but also learning and transferring skills into the workforce (Jackson, 2016a). The model also includes some of the longer term aspects of employability. Her model broadly categorizes the aspects of employability into general influences, non-technical skill development, influences of non-technical skill development and transfer to the workforce. Each of these are now discussed in further detail.

General Influences on Graduate Employability

- From an external point of view, economic and labour market conditions affect graduate employability greatly. If employers are not hiring, either due to their own

structural issues or economic conditions, it doesn't matter how good a graduate is. In addition, there needs to be a match between industry employment vacancies and types of degrees being produced (Graduate Careers Australia, 2015; Jackson, 2016a).

- Disciplinary Knowledge – University grades generally signal disciplinary knowledge. There is not a direct relationship between grades and employability, although good grades are seen as a favourable indicator, especially if the student is involved in other curricular activities which is used as a proxy for good time management and learning skills (Pinto & Ramalheira, 2017). Technical skills are taken for granted by most employers and are simply expected, especially given that 41% of Generation Y Australians have a university degree (Yorke, 2006a). Whilst good grades may assist in demonstrating intellect and work ethic, they are not the most critical factor and employers will usually prefer to employ graduates who were not at the top of their class but are well-rounded (Briggeman & Norwood, 2011; Jackson & Chapman, 2012; Miroshnichenko & Gaivoronskaya, 2014). Students who excel academically and those that are professionally successful are not always the same (Miroshnichenko & Gaivoronskaya, 2014). For example, in a 2015 study, it was found that the inclusion of an honours on a university degree which would potentially demonstrate advanced technical skills made no difference to the employability of accounting graduates (Low, Botes, Dela Rue, & Allen, 2015). In fact, it has been documented that many of the Big 4 are not necessarily requiring their graduates to have an accounting degree, but rather that they have potential and are essentially “hiring for will, not skill” (Crawford, 2016b).
- Personal and Family Circumstances - This includes co-curricular activities which employers view participation in and holding leadership positions in favourably. A GCA survey indicating that 60% of employers thought that this made graduates more employable (Briggeman & Norwood, 2011; Kinashi, 2015).
- Career Awareness Including Job Mobility - This includes various career management strategies, networking ability and job application performance (Low et al., 2015). It includes the ability of graduates to build a career, not just get an initial job (Bridgstock, 2009). All of these are signalling strategies to future potential employers to let them know that they have what the employer is looking for and the development of these strategies is vitally important for employability. Interview technique in particular is important for graduates finding a role. Employers use these to determine soft skills and character (Briggeman & Norwood,

2011; Jackson, 2014a). Not surprisingly, graduates who were active in job seeking by responding to advertisements, networking and directly approaching employers significantly increase their likelihood of finding a graduate role (Jackson, 2014a). Graduates with poor career management strategies will also generally struggle more to adjust to the workforce than graduates with poor technical skills.

Transfer from the Classroom to the Workplace

That graduates have developed these skills at university does not mean that they can automatically transfer them to the work environment. Employers identify that there is often a *reality shock* for graduates when they eventually enter the workforce (Bui & Porter, 2010). Learning transfer is not an automatic process due to the concept of *situated learning* (Jackson, 2013a; Kalfa & Taksa, 2015). Several authors have applied Bourdieu's theory in looking at employability and how students transfer knowledge to the workforce (Clark & Zukas, 2013; Kalfa & Taksa, 2015). This can be explained by the fact that they may have assimilated in their field, but not necessarily their habitat or cultural capital. Graduates need to become socialised into their new work environment. They need to learn to reveal and display appropriate social skills both to their colleagues and clients as they develop professional credibility (Anderson-Gough, Grey, & Robson, 2002; Jones, 2014). This is particularly important in small and mid-tier firms where graduates may work with a relatively small group of people. Their job becomes very difficult if they do not gain the trust and respect of this of this group (Jones, 2014).

Influences on Non-Technical Skill Development

- Life and Work Experience - Many employers require graduates to have some kind of prior work experience, whether related to accounting or not. This could range from a part-time job in a retail environment to a formal internship or vocational work in another accounting firm (Evans & Richardson, 2017; Jackson, 2016b). Work experience related to accounting has been shown to be five times more valuable than experience that is not. Internships in particular are viewed favourably by employers (Kinashi, 2015). This provides a useful signal for demonstrating ability to work with others and work ethic (Briggeman & Norwood, 2011; Chartered Accountants Australia & New Zealand, 2015; Cheng, Kang, Roebuck, & Simnett, 2009; Evans & Richardson, 2017; Harvey, 2001; Low et al., 2015).
- Demographics - Different employers prefer graduates with different demographic characteristics. For example, some firms prefer mature graduates who have some life

experience. However, older graduates typically find it more difficult to find employment although they do have a higher median starting salary (Chartered Accountants Australia & New Zealand, 2015; Graduate Careers Australia, 2015; Harvey, 2001; Jackson, 2014a; Woodfield, 2011). Those from non-English speaking backgrounds such as international students also find it more difficult to secure a graduate role and it is likely that ethnicity and social class still remain a factor in some circumstances (Harvey, 2001; Jackson, 2014a). This can be described as fitting into the “habitus” of the employer (Clark & Zukas, 2013, p. 209).

- Capacity, Motivation and Discipline for Learning - Demonstration of personality, enthusiasm, intercultural understanding, agreeableness and open mindedness is seen as a key determinant of employability (Alexander, 2016; Low et al., 2015; Malthus, 2015; Shi & Yuan, 2014). Also important is the level of professional skills, social recognition and degree of flexibility, with the importance of these factors varying according to the applicable age bracket (van der Heijden, 2002).
- University and Degree Characteristics - This extends beyond having a degree but also considers the quality of the degree. The proliferation of different business degrees being offered commoditises education and if the standards are not maintained, then accounting employers, will discount the value of some of the degrees offered by particular universities (Rajput & Bharti, 2015). Higher ranking universities are favoured by employers in Australia (Gill & Lashine, 2003; Jackson, 2014a; Yorke, 2006a). Part time students have been shown to be 19% more likely to secure a graduate position than their full-time counterparts. The reason for this is likely to be that part-time students typically are working elsewhere so there would be a correlation with the work experience attribute (Harvey, 2001). Studies on the impact on employability of the proliferation of online degrees has shown mixed results. Grossman and Johnson (2016) argue that whilst employers may prefer accounting graduates that have studied in a traditional mode, they are not completely adverse to hiring online accounting graduates, although they are not as enthusiastic when it is the higher level accounting education that has been obtained through this medium. Similarly, studying exclusively on-line had a detrimental effect on employment prospects which could be correlated to other characteristics (Jackson, 2014a).

Employability Signals

Employers use a wide variety of signals and techniques in order to assess potential graduates for the skills and attributes that they require. Briggeman & Norwood (2011) interviewed over 400 employers from a variety of disciplines to determine some of the tools and techniques that they used to judge the level of these attributes in their potential hires. This study demonstrates that memberships, part time employment and the interview are key signals used by employers in determining the suitability of a graduate for employment. It is therefore important that graduates who under-take some part-time work fully capitalise on the soft skills they have acquired during this process and effectively communicate this to prospective employers (Evans & Richardson, 2017). The personal interview is used by employers as the key recruiting strategy, which they rely on to assess not only soft skills, but also the ability to number crunch, with the internship experience being the second most relied on signal (Briggeman & Norwood, 2011). This is consistent with the literature in this area which suggests that grades are not enough.

Skills Shortages – An Alternative View

Against a backdrop of decreasing graduate employability, accounting firms often lament that there is a shortage of skilled labour (Jackling, De Lange, Phillips, & Sewell, 2012). Not all commentators agree that there is in fact a skills shortage, but rather that employers are not looking wide enough and are focussing too much on jobs, rather than skills (Chartered Accountants Australia & New Zealand, 2017b).

Worldwide however, competition for talent is increasing with attracting talent increasingly becoming a challenge (Jaaffar, Ibrahim, & Annuar, 2016; Lewin & Peeters, 2006). This is somewhat supported by the continued inclusion of accounting degrees in the Australian Government's skilled occupations list (De Lange, 2015). In Australia, there has been a steady decline in the number of technical domestic graduates although Asia and Eastern Europe have an increasing pool as is evidenced by the increasing number of international students discussed above (Pisani & Ricart, 2015). That is, skilled migrants are being used to fill the domestic skills shortage (Jackling et al., 2012). Overseas employees are often highly skilled and plentiful, especially if they are qualified chartered accountants. For example, in places such as India, the pass rate of Chartered Accountancy exams is as low as 7-8% which demonstrates the difficulty of the qualification in these countries (Cervantes, 2008). Whilst this seems low, India has a graduate age population of 44% compared to only 35% in Australia

which also has a considerably lower overall population (Thomason, 2017). This equates to a much larger potential pool of talent to draw on.

This apparent skills shortage is argued to be a key driver for accounting firms to engage in offshoring. Employers also argue that domestic employees simply do not want to complete the basic and routine tasks that are commonly offshored and those that are available are too expensive (Chartered Accountants Australia & New Zealand, 2015; Daugherty & Dickins, 2009; De Lange, 2015; Mihalache & Mihalache, 2015).

If it is correct that the Australian accounting industry continues to have a skills shortage whilst graduate employability is decreasing, then there is potentially a mismatch between the graduates that are being produced and the needs and expectations of the accounting profession.

International Students

Despite the cries of skills shortages by accounting employers, international students with accounting degrees struggle to secure employment once they graduate with one study suggesting that they are 75% less likely to secure employment and are arguably in oversupply (Bunney et al., 2015; Chartered Accountants Australia & New Zealand, 2015; Jackson, 2014a; Oliver et al., 2011; Parry, 2015).

Education was the third largest Australian export in 2008 so it is a significant industry for Australia (Jackling & Natoli, 2015). The proportion of international students versus domestic students is increasing (Bunney et al., 2015; Palm & Bisman, 2010). In 2007, 27% of the total student population were international students with over half of these being enrolled in business schools (De Lange, 2015; Oliver et al., 2011). In Australia, 80% of international students originate from Asian countries and Australia has 6% of the total international student market (Chartered Accountants Australia & New Zealand, 2015; Khandaker, 2015). International students are attracted to study accounting in Australia due to the potential for obtaining permanent residency, although this has diminished since changes to the permanent residency point system in 2011 (Ekanayake & Jackling, 2014).

In terms of employability, international students face significant challenges which are amplified by lack of employability characteristics (Jackling & Natoli, 2015). Only 19% of accounting firms participating in the 2016 CAANZ graduate recruitment programs accepted applications from international students (Chartered Accountants Australia New Zealand, 2016). If they do hire international students, it is often on an 18 month “wait and see”

contract linked to performance and visa requirements being met (Parry, 2015; Parry & Jackling, 2015). Their employment is often contingent on a number of additional criteria to domestic graduates including English language ability, visa conditions being met and whether their country of origin is representative of the migrant population of the domestic firm (Parry, 2015). Working restrictions placed on student visas can also be a barrier for international students. A third of international students tested between 2005 and 2006 were shown to have English skills below the level required by most employers (Bunney et al., 2015; Jackling & Natoli, 2015).

Under the banner of “cultural fit”, international students and skilled migrants often find it difficult to gain employment due to their cultural differences to current staff (Parry, 2015, p. 515). “Cultural fit” can be defined as *“the level of congruence between a given group’s general values and values embedded in a given system”* (Parry, 2015; Parry & Jackling, 2015). Often, cultural fit it is seen as the overarching principle in professional service firm recruitment (Parry, 2015; Parry & Jackling, 2015). There is a danger that “cultural fit” can become a disguise for subtle discriminatory recruiting practices as there appears to be a preference for employing Australian born accountants (Parry, 2015; Parry & Jackling, 2015). A 2016 study has suggested that experienced public accountants inadvertently include a *hiring self-selection bias* whereby they look for graduates with similar personality types as themselves (Burton, Daugherty, Dickins, & Schisler, 2016).

The demonstration of generic soft skills can promote social inclusion and therefore cultural fit within an accounting firm (Low et al., 2015; Parry, 2015). International students often lack these key soft skills such as language and communication skills which makes it harder for them to find roles (Parry, 2015). Given the funding reliance that universities have on international students, they do have a responsibility to them to provide appropriate advice and facilities to assist them where possible (Khandaker, 2015). Therefore, due to the factors discussed above, international students generally appear to lack employability in the Australian domestic employment market.

Now that the concept and components of employability have been explored, a more detailed discussion of the literature in relation to the specific employer expectations of accounting graduates’ skills is presented.

2.2.3 EMPLOYER EXPECTATIONS OF ACCOUNTING GRADUATES’ SKILLS

With graduate employability becoming more of an issue, it is important that graduates are given as much chance to secure a suitable job as possible. The ability to find employment

increases if students possess the attributes and competencies prospective employers' desire (Osmani et al., 2015; Salter, Hampton, Winchester, Katz, & Evensky, 2011).

This is represented in Figure 2.4 below;

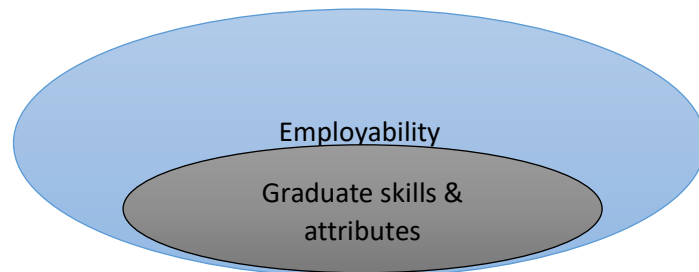


Figure 2.4: Relationship between graduate skills and attributes and employability

There is a substantial amount of research generally on skills and attributes that graduates require (Apostolou et al., 2016; Briggeman & Norwood, 2011). This is both at a general and accounting graduate level.

Relevance of Identifying Skills and Attributes Required of Accounting Graduates

One of the first tasks required in this thesis is to identify a base line of what the different core skills and attributes of accounting graduates are. This is important in relation to secondary research question c which states:

RQc) Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?

A sound understanding of the base line skills and attributes that accounting firms' need in their graduates generally is required before the impact of offshoring on these can be compared. These identified expected skills and attributes are also used to develop the short survey instrument component used in data collection.

Throughout this thesis, both the terms "skills" and "attributes" will be used. However, in different contexts, the terms have different meanings. *Skills* are often far more practical in nature whilst *attributes* also include other qualities. For example, time management would be considered a skill whilst integrity would be considered an attribute (Nagarajan & Edwards, 2014).

Categorising Employer Expectations of Accounting Graduates

Given the breadth of graduate skills and attributes identified in the literature, this thesis will classify, synthesise and discuss each skill and attribute into the broad categories. For the purpose of this thesis, the following clusters of technical skills, technology skills and other generic skills and attributes will be adopted as depicted below in Figure 2.5.

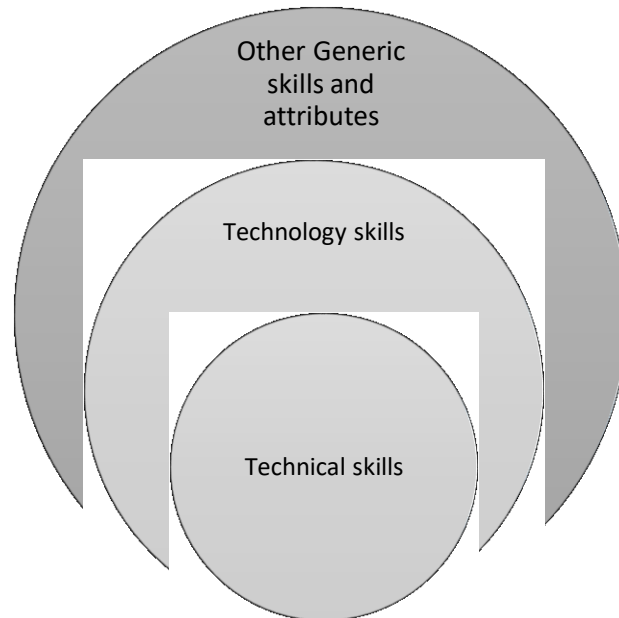


Figure 2.5: Categories of graduate skills and attributes

Within each category of graduate skills and attributes, any definitional issues will firstly be addressed. Content tables will then be used to identify and summarise the number of times specific identified skill and attributes are quoted by journal and author so that the most important ones are identified. A discussion on these will follow with the final product of each of the categories being a concise list of skills and attributes that are important for accounting graduates. This finalised list will be used and adopted in the survey component of the data collection phase of this research. Figure 2.6 below summarises this process.

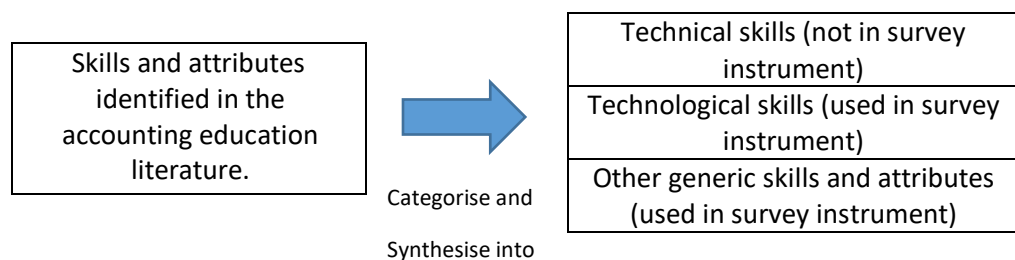


Figure 2.6: Process of determining base line and survey skills and attributes used in this thesis.

Each of these categories of skills and attributes will now be discussed in detail.

Technical Skills

Traditionally, university degrees focus on technical skills in their accounting degree. These are known as the “hard skills” of accounting which can be defined as the “*skills in the technical category, dealing with data and administrative skills*” (de Villiers, 2010, p. 2).

In the context of accounting firms and professionals, it has been suggested that technical skills can be broken down into the following (Howieson et al., 2014);

1. Substantive Knowledge - includes knowledge of specific legislation, accounting standards etc;
2. Practical Skills - these can be further broken down into the ability to practically perform the task and understanding the context e.g. in preparing a set of accounts, a graduate needs to practically understand bookkeeping and how to do the journals and be able to interpret what types of accounts will be required and
3. Expertise to Conceptualise Knowledge - knowledge is more than knowing how to prepare items such as financial statements, but also how to interpret and analyse them (Pan & Perera, 2012). Specifically, basic bookkeeping skills have been noted by some authors as lacking although generally, employers expect a sound understanding of the fundamental technical skills (Jackling & De Lange, 2009; Low et al., 2015; Tempone et al., 2012). These skills are simply an expectation by employers and merely provide a foundation for an accounting career (De Lange, Jackling, & Gut, 2006). Broadly though, the knowledge requirements in graduates by employers seem to be met with a 2012 study comparing the curriculum expectations with employers on a topic basis only finding minor variances, with most of the variances in the soft skill areas (Pan & Perera, 2012).

Employer surveys consistently demonstrate that technical skills are considered amongst the least important skills with employer expectations usually being met, with it being a base expectation that graduates possess these (Ahmed et al., 2017; Bui & Porter, 2010; Low et al., 2015; Yorke, 2006a). Employers want more than this. Whilst technical skills may get a graduate an interview, it will not get them the job (Low, Samkin, & Liu, 2013). Universities are generally regulated in relation to the technical skills that they seek to develop in their graduates. This is done both through the Australian Qualifications Framework (“AQF”) and with the

accreditation requirements of the professional bodies which universities use to promote their accounting programmes (Pan & Perera, 2012). Various university teaching and learning guides generally discuss these and incorporate these into their graduate attributes (Curtin University, 2014).

Given the fact that the literature in relation to technical skills has identified that they are the least important of all of the expected graduate skills and attributes, these are not a key focus in this thesis.

Technology Skills

Technology significantly impacts the way that accountants work and how accounting firms are structured (Damasiotis, Trivellas, Santouridis, Nikolopoulos, & Tsifora, 2015; International Federation of Accountants (IFAC), 2003). For example, the increasing use of cloud based accounting packages means that more client information is being accessed directly by their external accountants in a more regular way which allows greater levels of timely advice and consultancy services to be provided to clients.

Strong technological skills are expected and required, especially considering that IT is woven into the fabric of most business processes today (De Lange et al., 2006; Jackson & Chapman, 2012; Lashine & Mohamed, 2003; Strong & Portz, 2015). Employers are looking for graduates to be able to find, access and evaluate information (Hollis-Turner, 2015). As a result, the International Accounting Education Standards Board (“IAESB”) requires various IT skills to be incorporated into accounting education (International Federation of Accountants (IFAC), 2003; Rai, Savanid, & Aoun, 2010; Senik & Broad, 2008).

Big data is said to change the way in which accounting data is reported and understood. This requires different IT skills such the ability to design queries, use statistical analytical tools and share visualisations (Mckinney Jr, Yoos, & Snead, 2017). This is particularly the case for audit graduates who are increasingly being exposed to big data, artificial intelligence and the use of different systems in their audit client base. In addition, this technology is likely to take over many of the tasks traditionally completed by graduates so that substantially fewer audit graduates will be required in the future (Kokina & Davenport, 2017).

Classification of Technology Skills

The literature in this area incorporates a number of different ways of classifying IT skills. For example, IES 3 which “*assists member bodies to prepare professional accountants to work in the information technology environment*” broadly classifies IT skills into:

1. General knowledge of IT
2. IT control knowledge
3. IT control competencies
4. IT user competencies and
5. One of the roles of the manager, evaluator or designer of information systems
(International Federation of Accountants; International Federation of Accountants (IFAC), 2003))

For the purposes of this thesis, a modified IAESB classification adopted by Rai, Vatanaskdakul & Aoun is used to classify IT skills (Rai, Savanid, et al., 2010). These combine both the core IAESB classification with a number of other studies specifically related to accounting IT skills in this area to produce 30 relevant IT skills which are grouped into the following categories. The reason for choosing this classification system over just the IAESB classification is that the terminology adopted is more likely understood by accounting practitioners who will ultimately be involved in the data collection phase of this research.

It has been argued that required IT skills have developed over time. In the early years, IT competencies were limited to specific software packages knowledge. However, in recent years, this has been considered less important, with more of a focus on IT/IS conceptual technological aspects, with a focus more on the managerial aspects of the business (Damasiotis et al., 2015). Whilst this approach is acknowledged, for the purpose of this thesis, these other more managerial skills have been included in the *generic skills* section of attributes required.

Key Technology Skills

The array of specific technology skills identified in the literature is vast. Therefore, an approach to synthesise these into the most important to be included in this thesis is required. This is achieved by completing a content analysis of the literature in this area to determine the most commonly cited specific technology skills which will be juxtaposed against certain studies that have attempted to provide a ranking of these.

Appendix 2.2a provides an overview of the IT skill categorisation and abbreviation used. The IT skill, together with its grouping is shown in each row, with the various studies that discusses this attribute shown in each column. Appendix 2.2b then expands this by providing

information on the relative importance ranking provided by each of these studies for each of these specific IT skills.

This content analysis demonstrates that overall, it is the more general IT office skills that are more commonly identified as being important in the literature, with spread-sheeting skills by far being the most heavily cited. Word, electronic data bases, electronic work papers, digital technologies and use of accounting software are also commonly cited in the literature.

However, the mere fact that specific IT skills are listed does not necessarily mean that they are considered important. Several studies have attempted to rank different IT skills. The results of some of these studies are shown Appendix 2.2c. The results of the Nigerian study are interesting in that many of the specific skills that most of the articles have identified as particularly important e.g.: spread-sheeting is deemed to be not as important as some of the basic computer skills (Nwokike & Eya, 2015). This could be explained by differences in definitions adopted by the two studies and the relative stage in technological advancement of Nigeria and demonstrates a gap in the literature on the specific technological skills that employers in Western countries comparable to Australia value. Therefore, not as much weighting is placed on the results of this ranking.

The content analysis in Appendix 2.2 reveals that the email and communication skills and spread-sheeting skills are not only some of the most cited skills, but that they are also considered more important in the Australian study (Rai, Vatanasakdakul, & Aoun, 2010). These technology skills are therefore identified as being key for accounting graduates.

Excel in particular is considered important. Spreadsheets such as Excel are a frequently used tool for data collection and analysis and analytical/critical thinking in the work environment. The use of critical thinking is encouraged because Excel takes away some of the detailed calculations and therefore allows accountants to focus on understanding relationships and data analysis. Both accounting practitioners, university faculty and indeed recent graduates have expressed a view that graduate skills with Excel need improving (Formby, Medlin, & Ellington, 2017). However, there appears to be a divergence in the types of functions that each group believe is the most relevant e.g.: macros, pivot table functions etc (Formby et al., 2017; Rackliffe & Ragland, 2016). Employers identify basic formula, sort functions, lookup, and if functions as the most important (Osmani et al., 2015).

Security IT skills are also ranked highly in this study, yet the comparative citing's in Appendix 2.2 are not as prominent apart from an older study (Janie Chang & Hwang, 2003). Whilst Microsoft Word and Power Point skills are highly cited, they are ranked 9th. The high level

of citations in the studies could be due to their correlation with general written and oral communication skills. Network operations skills and tax accounting software was also deemed important.

Technology Skills Expectation Gap

The above discusses the IT skills from an employer point of view. However, what do the graduates themselves think of their IT knowledge level? The perceived level of technology knowledge is derived from a study of students from several US universities (Strong & Portz, 2015). Table 2.3 below demonstrates the perceived level of skill by accountants in each of the applicable IT skills.

IT CATEGORY	IT SKILL CODE	RANKING PER STRONG & PORTZ, 2015
Network Operation	NC	1
Network Operation	ND	1
General Office	GI	2
General Office	GW	3
General Office	GP	4
General Office	GS	5
Audit Automation	AUW	6
Data mgt	DD	7
Network Operation	NO	8

Table 2.3: Perceived level of IT knowledge by accounting students (Strong & Portz, 2015)

This table suggests that students are most confident with office automation type skills such as internet skills and least confident with databases, security and technology management tools (Rai, Vatanasakdakul, et al., 2010). Given that this generation of graduates has grown up with the internet, this result is not surprising.

There are numerous studies that suggest that the level of IT skills amongst graduates is below expectations of employers despite this generation of graduates being *digital natives* (Senik & Broad, 2008, Senick & Broad, 2011; Wessels, 2004). A knowledge gap has been identified in relation to systems development and programming tools (Rai, Savanid, et al., 2010). The gap is not as significant in specific accounting software as most employers are willing to provide training on their specific computer applications (Jackling & De Lange, 2009). Part of the reason for this perceived gap was investigated in a 2011 study of employers and graduate perceptions of job advertisements in relation to IT skills where it was found that the employer advertisements did not clearly communicate the employer's requirements leading to

different interpretations of the same IT skill between employers and graduates (Gibbs, Steel, & Kuiper).

So given these results, what is the best approach to ensure that graduates leave university with the required technology skills? As there is no set educational criteria on how to incorporate IT into curriculums, educators are free to decide how and what IT skills will be incorporated although they are often incorporated into accounting information system units (Strong & Portz, 2015). Universities have tended to either take a programming or internal control approach to such units with large differences between different units and it has been shown that the accounting information system course structure has an influence on whether or not students enjoy learning technological skills through these units (Dillon & Kruck, 2005; Vatanasakdakul & Aoun, 2011). In a limited South African survey, 70% of students felt that IT needed to be included as a core subject in their accounting degree (Wessels, 2004).

It has been suggested that the most effective way in which to incorporate these skills into graduates is through an integrated approach whereby it is scaffolded into their normal studies with other units. Increasing the use of IT teaching aides and business simulation tools as well as emphasising the use of emerging electronic based learning is suggested (Gill & Lashine, 2003). This approach also more closely models what occurs in the workforce where technology is really just part of an accountant's functional job (Rhodes, 2015; Senik & Broad, 2008).

However, there is some resistance amongst academic staff (Senik & Broad, 2011; Senik & Broad, 2008). It is ultimately the unit co-ordinator that controls what is included in each of the units, so if they are not motivated to include IT skills into their units, then it is difficult to achieve this scaffolding effect (Senik & Broad, 2008). For example, if there is a lack of administrative support or academic staff do not have the expertise needed, then this may be a major impediment for staff to incorporate IT skill development into their units (Hastings & Solomon, 2005). However, it has been shown that the level of IT skill development has increased in recent years (Janie Chang & Hwang, 2003). Some fear though that the increasing use of technology ultimately leads to a decline in people skills of graduates as they have less incentive to communicate face to face (O'Connell et al., 2015). These more generic style skills will now be discussed further in the next section.

Other Generic Skills and Attributes

By far, the most heavily researched area of graduate skills and attributes is that of generic or soft skills (Apostolou et al., 2015; Apostolou et al., 2017; Apostolou et al., 2013; Jones, 2010;

Apostolou, 2016). Much of this research is US, Australian or New Zealand based (Webb & Chaffer, 2016).

So Exactly What are Generic Skills?

The term "*generic skills*" is often used interchangeably with terms such as *transferable skills*, *core skills*, *key skills*, *professional skills*, *generic attributes*, *virtual attributes* and *competencies*. Terms such as *trait*, *value*, *capability* and *skill* are often paired with the terms of *key*, *core*, *life*, *transferable* and *essential*, leading to a vast array of different language and combination of terms for the same thing (Barrie, 2006; Jackson, 2009; Nagarajan & Edwards, 2014). This lack of consistent terminology has caused problems of comparability and confusion in the literature (Bunney et al., 2015; Tempone et al., 2012). Some authors argue that the term "*soft skills*" is too narrow and does not take into account broader career management skills (Malthus, 2015; Naidoo et al., 2012). Other authors focus on soft skills as being skills that are generic and not domain specific whilst others also include other personal attributes such as the ability to deal with stress (Warwick & Howard, 2015).

Although often used interchangeably, the terms *capabilities* and *competencies* actually have quite different meanings. *Competencies* are more closely aligned with vocational approaches to education encompassing knowledge, skills and attitudes required to perform in a work environment (Barac, Gammie, Howieson, & van Staden, 2016; Damasiotis et al., 2015; Jackson et al., 2014; Khan, 2014; Naidoo et al., 2012; Paguio & Jackling, 2016; Pan & Perera, 2012). However, *capabilities* tends to be more related to the knowledge and qualities required to perform specific tasks (Barac et al., 2016; Naidoo et al., 2012). In order to achieve a certain level of competence, graduates are required to have certain capabilities. The concept of soft skills typically emphasises someone's attitudes, personal qualities and communication skills (Abdullah, Alsagoff, Ramlan, & Sabran, 2014).

In addition to an array of different terminology being used, there is also no uniform definition for generic skills. Some of the different definitions that are found in the literature can be seen in Appendix 2.3.

For the purposes of this thesis, the terms "*generic skills*" and "*soft skills*" will be used interchangeably and the following de Viliers (2010) definition of generic skills will be adopted:

"Interpersonal, human, people or behavioural skills needed to apply technical skills and knowledge".

Classification and Measurement of Soft Skills

Different studies also adopt different classification models of generic skills. For example, some have classified these into cognitive and behavioural groupings (Daff et al., 2012). Others have used the classification of discipline specific knowledge, applying the knowledge, community and social responsibility and capacity for employment skills (Keneley & Jackling, 2011). Distinctions based on fundamental and broad management competencies have also been made (Brewer, Sorensen, & Stout, 2014).

There have also been several reports commissioned over recent years into graduate attributes for university learning standards in accordance with the Australian Qualifications Framework (“AQF”), peak bodies and other peer reviews (Freeman, 2010; Hancock et al., 2015). Some of these, together with the classifications used, are summarised below in Table 2.4.

	(Graduate Careers Australia, 2009)	(International Education Standards, 2007)	(Freeman, 2010)
Report/ Standard Title	Graduate Careers Australia Survey	IES 3: Professional Skills and General Education	Threshold Learning Outcomes for Accounting
Classification	Written and communication Critical and analytical Problem solving Information literacy Learning & working independently Learning & working collaboratively Ethical and inclusive engagement (Oliver & Whelan, 2011)	Personal skills Interpersonal and communication skills and Organisational and business management skills	Judgement Knowledge Application skills Communication & Teamwork Self-management

Table 2.4: Different classifications of generic graduate skills used in different reports

In addition to classification differences, there are also differences in measurement scales used. Graduate skills can be measured on an individual, unit or firm level. The measurement of graduates’ skills can also be subjective and often based on the perception of an individual respondent (Jackson et al., 2014; Wright & McMahan, 2011). For example, one person’s opinion of what good communications skills are will differ to another person’s opinion.

Jackson argues that much of the vagueness of generic skills arises from the lack of clear definitions and link with specific behaviours which are far more measurable. A behaviour based approach provides a more objective process and classification system for generic skills

(Jackson et al., 2014). For example, the skill of problem solving can be demonstrated by the behaviour of diagnosing which includes “*analysing facts and circumstances and ask the right questions to diagnose problems*” (Jackson, 2013b; Jackson, Sibson, & Riebe, 2013). This behaviour is far more objective of a measure and less likely to be misinterpreted than asking a respondent to rate a graduate’s problem solving ability.

Adoption of the “Employability Skills Framework” (“ESF”)

An “Employability skills framework” (“ESF”) was developed by Jackson to clearly categorise specific generic behaviours and link them to generic skills (Jackson et al., 2013). This framework, a copy of which is shown below in Table 2.5, has been adopted in this thesis as the method of classifying generic skills.

EMPLOYABILITY SKILL	BEHAVIOUR	DESCRIPTOR
Working Effectively with others	Task collaboration	Complete group tasks through collaborative communication, problem solving, discussion and planning.
	Team working	Operate within, and contribute to, a respectful, supportive and cooperative group climate.
	Social Intelligence	Acknowledge the complex emotions and viewpoints of others and respond sensitively and appropriately.
	Cultural and diversity awareness	Work productively with people from diverse cultures, races, ages, gender, religions and lifestyles.
	Influencing others	Defend and assert their rights, interests and needs and convince others of the validity of one's point of view.
	Conflict Resolution	Address and resolve contentious issues with key stakeholders.
Communication effectively	Verbal Communication	Communicate orally in a clear and sensitive manner that is appropriately varied according to different audiences and seniority levels.
	Giving & Receiving Feedback	Give and receive feedback appropriately and constructively.
	Public speaking	Speak publicly and adjust their style according to the nature of the audience.
	Meeting participation	Participate constructively in meetings.
	Written communication	Present knowledge, in a range of written formats, in a professional, structured and clear manner.
Self-awareness		Reflect on and evaluate personal practices, strengths and weaknesses in the workplace
	Lifelong learning	Actively seek, monitor and manage knowledge and sustainable opportunity for learning in the context of employment and life
Thinking Critically	Career management	Develop meaningful and realistic career goals and pathways for achieving them in light of labour market conditions.
	Conceptualisation	Recognise patterns in detailed documents and scenarios to understand the "bigger" picture
Analysing data and using technology	Evaluation	Recognise, evaluate and retain key points in a range of documents and scenarios.
	Numeracy	Analyse and use numbers and data accurately and manipulate into relevant information
	Technology	Select and use appropriate technology to address diverse tasks and problems.
Problem solving	Information Management	Retrieve, interpret, evaluate and interactively use information in a range of different formats.
	Reasoning	Use rational and logical reasoning to deduce appropriate and well-reasoned conclusions.
	Analysing and diagnosing	Analyse facts and circumstances and ask the right questions to diagnose problems.
Developing Initiative and enterprise	Decision making	Make appropriate and timely decisions, in light of available information, in sensitive and complex situations.
	Entrepreneurship - intrapreneurship	Initiate change and add value by embracing new ideas and showing ingenuity and creativity in addressing challenges and problems
	Lateral thinking and creativity	Develop a range of solutions using lateral and creative thinking
	Initiative	Take action unprompted to achieve agreed goals
	Change Management	Manage change and demonstrate flexibility in their approach to all aspects of work.
Self-management	Self-efficacy	Be self-confident in dealing with the challenges that employment and life present
	Stress tolerance	Persevere and retain effectiveness under pressure or when things go wrong.
	Work-life balance	Demonstrate the importance of well-being and strive to maintain a productive balance of work and life
	Self-regulation	Reflect on and regulate their emotions and demonstrate self-control
Social responsibility and accountability	Social responsibility	Behave in a manner that is sustainable and socially responsible eg consistent with company policy and/or broader community values
	Accountability	Accept responsibility for own decisions, actions and work outcomes
	Personal Ethics	Remain consistently committed to and guided by core values and beliefs such as honesty and integrity
	Organisational awareness	Recognise organisational structure, operations, culture and systems and adapt their behaviour and attitudes accordingly.
Developing professionalism	Efficiency	Achieve prescribed goals and outcomes in a timely and resourceful manner
	Multitasking	perform more than one task at the same time.
	Autonomy	Complete tasks in a self-directed manner in the absence of supervision.
	Time management	Manage their time to achieve agreed goals.
	Drive	Go beyond the call of duty by pitching in, including undertaking menial tasks, as required by the business.
	Goal and task management	Set, maintain and consistently act upon achievable goals, prioritised tasks, plans and realistic schedules.

Table 2.5: The employability skills framework (Jackson, 2014a)

Initially, Jackson identified 45 specific workplace behaviours with detailed descriptions which were then grouped into different categories. These were subsequently adapted into specific generic skill classifications (Jackson & Chapman, 2012). The original 2012 ESF was developed within a business disciplinary setting but was later adapted to a more condensed contextualised version which has been used in a broader university environment and framework for evaluating employability skill provision (Jackson et al., 2013).

Within this thesis, Jackson's original 2012 ESF has been used in a number of ways as shown in Table 2.6 below;

Literature review of importance ranking of generic skills	An integral part of the literature review is to identify and summarise the relative importance of different generic skills. The Employability Skills Framework was used as an initial classification base which was then added to.
Literature review of expectation gap in generic skills	One of the research questions in the graduate phase of this thesis is to identify where there are gaps in student's generic skills for firms that are and are not involved in offshoring. Therefore, the same adapted Employability Skills Framework is used to identify these gaps.
As a basis for a small survey component of the interviews	The ESF is used as a basis for the questions in data collection, as discussed in Chapter Five.

Table 2.6: Ways in which Jackson's 2012 ESF has been used in this thesis

Important Generic Skills Identified

Using the ESF as an initial basis of classification, this thesis conducts a detailed literature review of the required accounting graduate generic skills. A summary of the journals included in this literature review is shown in Appendix 2.4a. This illustrates that the literature in this area is extensive, especially in recent years. The majority of the literature appears to be from the point of view of the employer and the least amount of literature from the graduates' perspective.

A content analysis is performed on the different generic skills that were identified as being required by accounting graduates. However, before this could be completed, a system of cataloguing the different terminology used for each of the different generic skills needed to be developed. As previously discussed, there is a lack of consistency in the terminology used to describe similar generic skills by different authors so a method of organising the different terms adopted was required. In order to achieve this, the Employability Skills Framework is used as a basis for cataloguing the different terminologies adopted in the literature.

However, not all of the generic skills described in the identified literature could be easily mapped and catalogued into the ESF, so some additional "other" generic skills were also added for the content analysis. A summary of the mapping system adopted for the generic skills content analysis is shown in Appendix 2.4b.

The next stage is to prepare a content analysis of the important generic skills in accounting graduates identified in the literature. The content analysis is broken up into various tables into each of the ESF skills. These generic skills are then ranked before the key identified generic skills are discussed in more detail. This initial content analysis is contained in Appendix 2.6. The most commonly cited generic skills are communication, teamwork,

thinking critically, life-long learning, problem solving, self-management, ethics and time management.

However, the mere fact that a generic skill has been cited more often does not mean that it is necessarily important for accounting graduates to possess. Several studies attempt to rank different generic skills. Within the reviewed literature, ten articles are identified that rank the generic skills of accounting graduates. These rankings are from the employer, educator or graduate point of view. The different studies that provide a ranking are shown in Table 2.7 and are juxtaposed next to each other to allow a comparison using a Delphi approach. Due to the differences in terminology adopted, some of the specific generic skills have more than one ranking attributed to them.

A summary of the studies used in this comparative ranking are;

STUDY	AUTHOR	PERSPECTIVE	COMMENTS
Study A	(Robles, 2012)	Employer	Top 10 soft skills of employers
Study B	(Warwick & Howard, 2015)	Employer, Educator	Survey of 62 UK educators and employers
Study C	(Briggeman & Norwood, 2011)	Employer	Survey of 72 US employers
Study D	(Jackson, 2014a)	Graduate	Survey of over 28000 Australian Bachelor degree graduates
Study E	(Sithole, 2015)	Employer	Survey of 35 Accounting employers in Swaziland
Study F	(Keneley & Jackling, 2011)	Graduate	Survey of 437 Australian accounting students.
Study G	(Naidoo et al., 2012)	Employer	Uses information from the Australian Graduate employability survey.
Study H	(De Lange, 2015)	Employer	Survey of 401 accounting employers
Study I	(Oliver et al., 2011)	Employer, Educator, Graduate	Survey from GEI survey run across Australian universities
Study J	(Jones & Abraham, 2007)	Employer, Educator, Graduate	Uses 113 Australian employers, educators and graduates

Table 2.7: Summary of generic skills articles that provide rankings of generic skills

This Delphi approach, which examines graduate skills against a panel of different experts including employers, educators and the graduate themselves, is used in a number of different studies (Hollis-Turner, 2015). The use of rankings from all three perspectives provides a much more useful and richer analysis of what generic skills are considered important in accounting graduates. In determining a base line of generic skills for this thesis, the combination of both the number of citations and the relative importance ranking provides a richer source of information. The results of the comparative ranking is now shown in Appendix 2.6.

An initial review of the ranking of these generic skills reveals that graduates regard teamwork, communication and thinking critically as some of the more important generic skills for employability. Educators also view communication and teamwork as some of the most important generic skills but also view data analysis as highly important. Similarly, employers ranked communication and teamwork very highly but also placed a large amount of emphasis on integrity, having a positive attitude and being able to think critically. Based on this, communication and teamwork are seen as very important across all three stakeholders. Based on the number of references within the identified articles, the most commonly cited generic skills are communication, teamwork, thinking critically, self-management, time management, leadership, ethics and lifelong learning.

The following section now discusses some of the more commonly cited generic skills in detail.

Discussion

Communication Skills

If accounting is the language of business, then our graduates need to be able to understand, speak and translate it fluently. The master of the accounting language provides the ability to interpret native business concepts (Richins, Stapleton, Stratopoulos, & Wong, 2017). Graham argued that *“teaching students not only the unique calculative grammar of that language but also the structural conditions under which accounting narratives are written, positions them to be informed, critical readers of those narratives”* (Graham, 2013, p. 121).

Written and verbal communication skills are some of the generic skills most cited in the literature. It is also rated in the top two generic skills by each of employer, educator and graduate groups (De Lange et al., 2006).

Communication skills have long been purported as being very important, if not the most important skill to employers (Dale-Jones, Hancock, & Willey, 2013; Gill & Lashine, 2003; Gray & Hamilton, 2014; Lashine & Mohamed, 2003; Naidoo et al., 2012; Sukitkanaporn & Phoocharoensil, 2014). Their importance transcends the role of graduates and has been documented to become increasingly vital as graduates move up the ladder in accounting firms (Margheim, Hora, & Pattison, 2010). In a recent Graduate Careers Australia survey, 49% of employers surveyed ranked communication skills as the most important skill required of graduates (Kinashi, 2015). The ability to effectively deal with clients depends on having good communication skills, both verbal and written and both formal and informal (Gray & Hamilton, 2014; Parry, 2015).

Different employer stakeholders can have different definitions of communication skills (Tempone et al., 2012). Communication skills can be categorised as oral, virtual/ face to face meetings and written. They can also be of a more general nature and includes interpersonal communication skills and e-mail. Communication skills also includes having good listening skills and locating and organising information from electronic and human sources and team skills (Lashine & Mohamed, 2003).

Despite communication skills being cited as the most important skills of graduates for more than 50 years, there does not seem to be much improvement in the perception of employers (Apostolou et al., 2015; Sirwardane & Durden, 2014). Even recent studies find that they were the most poorly developed in accounting graduates (Bunney et al., 2015).

Notwithstanding the numerous studies on the importance of communication skills to employability, much of the literature does not differentiate between the different types of communication, nor or what stages of your career or what type of role that you have impacts the specific types of communication skills required (Sirwardane & Durden, 2014). An exception to this is (Gray, 2010) who categorised oral communication skills into listening skills, collegial client communication, management communication and general audience analysis skills. Of these, she identified listening skills as being the most valued by employers. It has been found that academics place greater importance on formal written communication skills whilst employers focus more on general or informal oral communication skills (Ameen, Jackson, & Malgwi, 2010; Gray, 2010; Sirwardane & Durden, 2014; Sukitkanaporn & Phoocharoensil, 2014). Although the results from the Delphi ranking analysis in Appendix 2.6 shows mixed results in relation to this. Accounting students have been shown to place a lower level of importance on oral communication, with one study finding that they ranked maths skills as more important to their accounting careers than oral communication (Ameen et al., 2010).

In relation to written communication, differences in writing styles in a university compared to a professional context may be partly the reason for difficulty that graduates have in effectively writing in the workforce. In addition, the diversity of writing styles in the workforce, also creates difficulties to teaching a generic business writing style to accounting students (Moore & Morton, 2015). There have even been differences in priorities in the size of employers with the Big 4 placing greater emphasis on written communication whilst smaller firms place more value on oral communication (Tempone et al., 2012).

Teamwork Skills

Teamwork is heavily cited in the literature as being an important graduate generic skill. Results of effective teamwork can be found in the individual, service recipient and the organisation level (Paguio & Jackling, 2016). It is ranked as the second most sought after employability skill after cultural fit by employers (Riebe, Girardi, & Whitsed, 2016). This is also demonstrated by the fact that it is one of the skills that the corporate sector most heavily invests in (Jackson et al., 2014). The impact of cultural diversity in teamwork was considered more important by educators than employers and students (Nagarajan & Edwards, 2014; Naidoo et al., 2012; Oliver et al., 2011).

Despite this research on the importance of teamwork, there is limited research into how to develop this as part of the university curriculum in accounting, with such studies focusing on how to set teams for assessment purposes, teaching and learning approaches and challenges faced by educators. Models that have been used in the healthcare sector could be applied to the field of accounting (Paguio & Jackling, 2016). The development of teamwork skills in universities is sometimes criticised when it is done via isolated “skills development modules”. In some cases, students are expected to somehow develop these themselves throughout the degree (Warwick & Howard, 2015). An exception to this is the work of Riebe, Roepen, Santarelli and Marchioro (2010), who examined the benefits of incorporating Tuckman’s phases of team development of forming, storming, norming and performing into designing team based assessments.

Emotional Intelligence

An emerging generic skill identified is that of emotional intelligence. This can be defined as *“the ability to organise, recognise, use and manage emotions and people”* (Daff et al., 2012 p. 628). It encompasses competencies such as empathy, self-control and assertion, amongst others (McPhail, 2004). Traditionally, the accounting discipline has been studied with the assumption that business decision making is grounded in rationality. However, this is not necessarily the case with emotion, different social structures and power positions all playing an important factor in decision making.

Emotional intelligence (“EI”) overlaps with several other generic skills and allows graduates to perform better in leadership roles, team building and in building client relationship. Some Big 4 accounting firms have recognised this and are now offering their staff EI skills training which is linked to other soft skill training (Chia, 2005; Daff et al., 2012 ; Low et al., 2015).

Critical Thinking Skills and Problem Solving

This generic skill rates highly in both the content analysis and in the ranking by employers, although slightly less so with graduates and educators. Problem solving and critical thinking skills are increasingly being viewed as vital, especially in the face of significant change (Alexander, 2016). Accounting practitioners separate out problem identification and solving in their definition which makes the role of the accounting educator even more difficult as they attempt to develop these skills in graduates.

Lifelong Learning and Self-Assessment

As previously discussed, accountants are increasingly expected to become life-long learners. The fact that the content analysis and the Delphi ranking comparison all rank this in the top 10 support this. Another skill is that of self-assessment which involves students making their own judgements about their achievements in learning and ultimately assist in becoming a life- learner and in maintaining employability (Jackson, 2014b; Jackson & Chapman, 2012). This is important not only as part of the professional body requirements to maintain continuing professional development, but also as more and more employees are becoming free agents in their careers. With the increasing level of uncertainty in the workforce, it is employability security, not employment security that will become important. The ability to continually learn becomes an important component to such employability security (Opengart & Short, 2002; Winocur, 2016).

Integrity and Ethics

Whilst all three groups of employers, educators and graduates rate it highly, employers seem to place more on an emphasis on it and has been noted by some authors (De Lange et al., 2006; Malthus, 2015). Relative to other skills, graduates appear to rank integrity and ethics as less important (De Lange et al., 2006). This is especially concerning in light of recent corporate scandals (Chartered Accountants Australia & New Zealand, 2015; Jackson, 2009; Webb & Chaffer, 2016).

Differing Requirements for Different Accounting Firms

Given the variety of both accounting firms and roles within the profession, are graduate skills required in different firms diverse? Low (2015) examined this and found that particular generic skills are context specific with size of firm being one catalyst for differences. One of the reasons for these differences may be due to the different responsibilities and types of clients that graduates work in within different sized firms. For example, in smaller firms,

graduates are often involved in a more diverse range of tasks (Deller, 2016; Tobianah, 2011). In a review of job advertisements in the profession, it was found that tax accountants listed interpersonal skills the least often amongst different accounting firm employers (Malthus, 2015).

There are differences both at the graduate employment level as well as the promotion criteria level (Margheim et al., 2010). Some of the differences identified include that small to mid-tier firms place a greater weighting on interpersonal and technical skills, expecting them to tackle more complicated work earlier and are more tolerant of less developed written communication skills; whereas the Big 4 focused more on writing skills and critical thinking skills (Bui & Porter, 2010; Low et al., 2015). The Big 4 are more interested in graduates that are confident, have developed research skills and have more of a global mind-set. In contrast, mid-tier firms often have greater overall expectations of graduates, expecting them to be in more senior roles within a year (Bui & Porter, 2010; Naidoo et al., 2012). The Big 4 firms accept that they are in a better position to provide practical training. In contrast, smaller regional firms do not have these training resources (Bui & Porter, 2010; Howieson et al., 2014). Different employer sectors have a different emphasis on teamwork with Big 4 firms shown to view teamwork more from a managerial or promotion perspective whilst smaller firms viewed teamwork more from the perspective of being part of the work family (Tempone et al., 2012).

Just as differences in graduate skills required have been identified in different types of accounting firms, it is expected that differences will also arise in accounting firms that do and do not get involved in offshoring.

2.2.4 THE EXPECTATION GAP

This section of the literature review specifically relates to the following research question;

Secondary research question e: *Is the current university accounting curriculum developing the skills required in an offshoring environment?*

There have been numerous studies, in particular in Australia, comparing the skills that employers desire and what graduates actually have. What is produced is a well-documented *expectation gap* between actual graduate skills and what employers desire with many arguing that the rising graduate unemployment is at least partly due to a mismatch between supply and demand and “*fractured lines of communication*” between the profession and academia (Abdullah et al., 2014, p. 261; Ahmed et al., 2017; Andrews & Higson, 2008; Bunney et al., 2015; Hakim, 2016; Jackson et al., 2013; Osmani et al., 2015; Pan & Perera, 2012).

Employers have indicated that accounting courses are not keeping up with the changes in the profession (Chartered Accountants Australia & New Zealand, 2017b; Karbon, 2017; Sithole, 2015) and studies frequently identify that universities are not producing work ready graduates (Abdullah et al., 2014; Cigar, 2017; Crawford, 2015, 2016b; Jackson & Chapman, 2012; Jones & Abraham, 2007; Low et al., 2015). In a recent 2017 study, it was found that the published learning outcomes of accounting degrees do not even align with the professional bodies' minimum educational expectations (Bayerlein & Timpson, 2017). In another study of tax practitioners, it was found that only 12% of respondents believed that universities were adequately preparing the next generation of accountants (Karbon, 2017).

Employers were usually happy with the graduates' technical skills, but the soft skills were considered to be inadequate (Low et al., 2015; Naidoo, 2016; Tempone et al., 2012; Webb & Chaffer, 2016). University education has been criticised as being too reliant on traditional teaching methods which encourage shallow knowledge transmission, not deep learning (Naidoo et al., 2012; Palm & Bisman, 2010; Turner, 2016b; Yucel, Sarac, & Cabuk, 2012).

This does not appear to be unique to Australia with studies from a regional context finding similar results in countries such as India, Vietnam, Indonesia and Africa (Gribble, 2016; Hakim, 2016; Rajput & Bharti, 2015; Sithole, 2015). Students in China often struggle to find employment with only 68% of university graduates in 2011 finding work due to the students lacking the necessary job skills and having a curriculum that does not meet the demand of employers (Gribble, 2016; Shi & Yuan, 2014). The Malaysian education system has been criticised for not producing adequate soft skills in graduates which means that they are not "good quality" graduates (Abdullah et al., 2014; Ali, kamarudin, Suriani, Saad, & Afandi, 2016). This finding has also been extended in a Lebanon environment to suggest that where there is such an expectation gap with graduates that accounting graduates are then also less satisfied with their jobs (Hakim, 2016).

A summary of this divergence is demonstrated in Figure 2.7 which shows the results of a 2009 study comparing graduate perceptions of skills taught in accounting courses to what employers required which show that there are only a few areas of convergence (Jackling & De Lange, 2009).

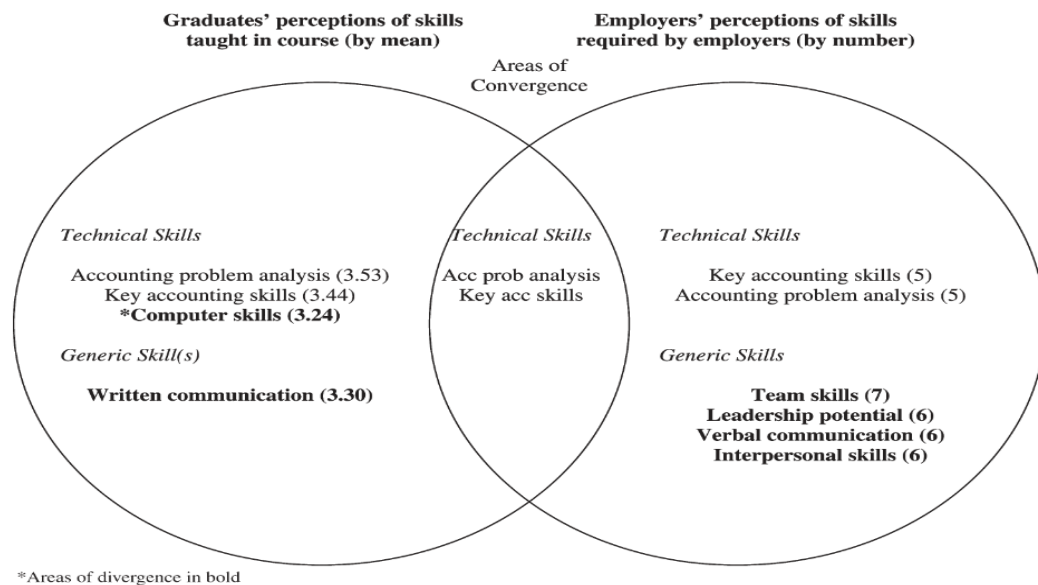


Figure 1. Employer/graduate schema of skills

Figure 2.7: Employer/graduate schema of skills (Jackling & De Lange, 2009)

However, this negative view of graduates is not shared by all employers. In a New Zealand study of key accounting employers comprising Big 4, mid-tier and small accounting firms, 8 out of 10 employers agreed that generally accounting graduates were meeting their expectations. These employers put their success in graduate recruitment down to their use of internships to test out the graduates and their strict screening processes in their recruiting practices. A 2013 longitudinal US based study of some 700 respondents found that employers generally believed that students were prepared in most expected skills (Yu, Churyk, & Chang, 2013). In an Australian context, a 2015 report by some of the nation's leading accounting educators found that many accounting firm employers were in fact complementary about the quality of accounting graduates (O'Connell et al., 2015). Whilst technical skills were considered adequate, the areas of communication skills and interpersonal skills were acknowledged as needing some improvement though (Low et al., 2015).

Determining the Expectation Gap

Given some of the contradictory literature in the area, is there actually an employer expectation gap? In order to determine this, a review of the literature is conducted which rated **actual perceived** different skill levels including technical, technological and different generic skills. This differs from the prior analysis which used the Delphi technique to rate the **importance** of each generic skill. For consistency purposes, the modified Employability Skills Framework (“ESF”) was again used as per Table 2.8. As previously discussed, the general classifications of skills used throughout this thesis are mapped along the modified ESF as follows;

Broad Employability Category as per Thesis	Equivalent mapping in the modified Employability Skills Framework
Technical skills	Functional competencies
Technology skills	Computer/technology skills
Other generic skills	All other skills and attributes identified

Table 2.8: Classification of skills

Given that each article used a different ranking system, each ranking of perceived actual performance had to be converted to a singular basis of measurement for comparability. This was done by classifying the relevant article’s ranking of the perceived skill level as either low, medium or high skill level, based on the numbering system adopted by each article. For example, if an article ranked the actual perceived skill level as 2 out of 20, then a ranking of low is used. This approach, together with the commentary included in each article, is used to rank the perceived skill level as low, medium or high. The articles all ranked the actual perceived skill levels based on a different perspective of employer, educator or graduate. A summary of this analysis of the perceived skill levels of graduates is shown in Appendix 2.7.

This demonstrates that across the identified literature, there are key differences in perceived performance in specific employability skills between different studies. For example, teamwork skills have been identified as both high and low performance ratings in graduates and employers in different studies. Contradictory results in different studies such as this add further confusion to the literature in this area. So, what can cause these contradictory results? Different authors may adopt different definitions and measurement scales in their data collection. Most accounting education research is also conducted by survey (Apostolou et al., 2015). This may contribute to the inconsistent results because of different interpretations of the terms by the various respondents used. In addition, it may be due to

differences between the studies due to their different samples which may cross countries or sectors of the industry (Tempone et al., 2012).

Despite these sometimes inconsistent results, there are some clear trends and expectation gaps that can be identified. Graduates generally rank themselves as medium to high on most of the generic skills. However, interestingly, this does not seem to apply to the generic skill of social responsibility and functional skills, which are a proxy for technical skills. Graduates view the most important element of their degree was the development of technical skills which may explain the divergence in this area between employers and graduates in relation to these skills.

Educators and employers though, are not quite as kind in their assessment of graduate skills. In many cases, educators assigned higher skill ratings compared to employers. For example, this was the case in the generic skill of analysing data and even technology usage. In addition, graduates appear to perceive their interpersonal skills as high yet employers view this as medium at best. This may be due to unrealistic expectations of employers (Jackson & Chapman, 2012). However, it is potentially an area of concern as if educators think students have sufficient skills in certain areas, they will not focus on trying to develop them, which further amplifies employer perceptions of a general lack of generic skills in accounting graduates. In relation to technical skills though, educators rated graduates lower than employers which supports the overall literature that suggests that employers are generally satisfied with students' technical skills.

One of the studies referred to in Appendix 2.7 is that of Oliver, Whelan, Hunt & Hammer (2011). They map the relative importance of different graduate attributes with the level demonstrated across the three stakeholders of graduates, employers and educators using the Delphi technique in a sample involving 316 graduates, 99 employers and 51 educators. Their results are shown below in Figure 2.8.

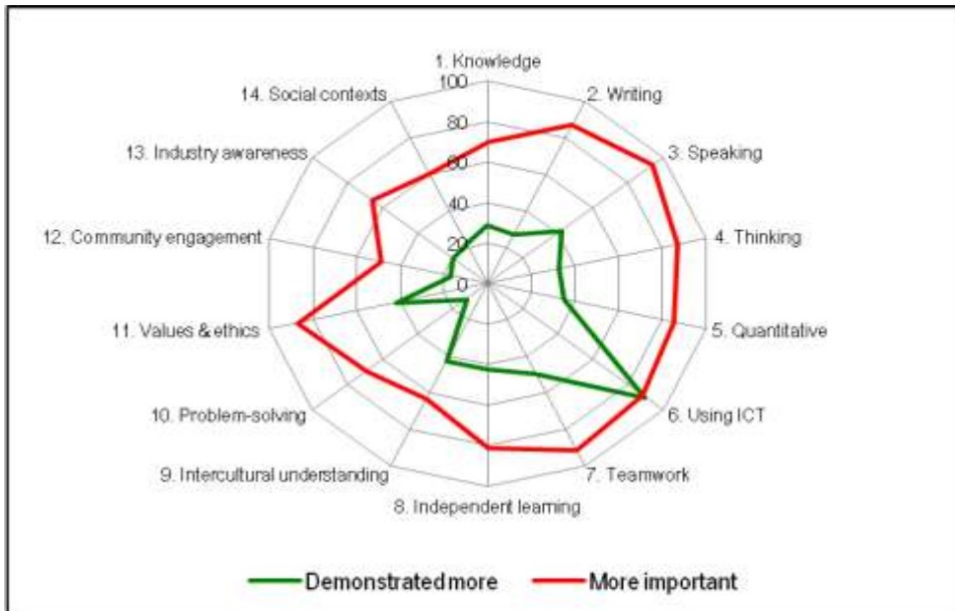


Figure 2: Comparison of employer perceptions of the capabilities demonstrated more (percentage agreement with 'quite a bit' or 'very much') versus capabilities that are more important (percentage agreement 'quite' or 'very important')

Figure 2.8: Employer expectation gap (Oliver et al., 2011)

Figure 2.8 compares certain graduate skills employers expect to what employers perceive to be the real demonstrated skill. Of all of the graduate skills, only the use of technology was deemed to be sufficient to meet expectations. Problem solving and critical thinking was the worst in terms of this expectation gap. This result is also echoed by the content analysis in Appendix 2.7.

The general consensus amongst employers is that graduates do not have the soft skills, presentation skills, strong communication skills (especially written) and appropriate attitude to make them work ready (Palm & Bisman, 2010). They need to broaden their knowledge and develop various generic skills (Low et al., 2013). Teamwork and leadership skills are areas with some of the largest gaps between employers and students (Naidoo et al., 2012; Paguio & Jackling, 2016). In a 2013 study of recent graduates, meeting deadlines, dealing with clients and managing work relationships were listed as the most prominent challenges faced by recent graduates which indicates that their skills in these areas are not sufficient (Low et al., 2013; Roepen, 2017). Graduates also perceived that team work skills are poorly developed in their degree (Keneley & Jackling, 2011). Some of the areas where there seems to be a

greater gap between employer expectations and reality are leadership, verbal communication, team skills and interpersonal skills (Jackling & De Lange, 2009).

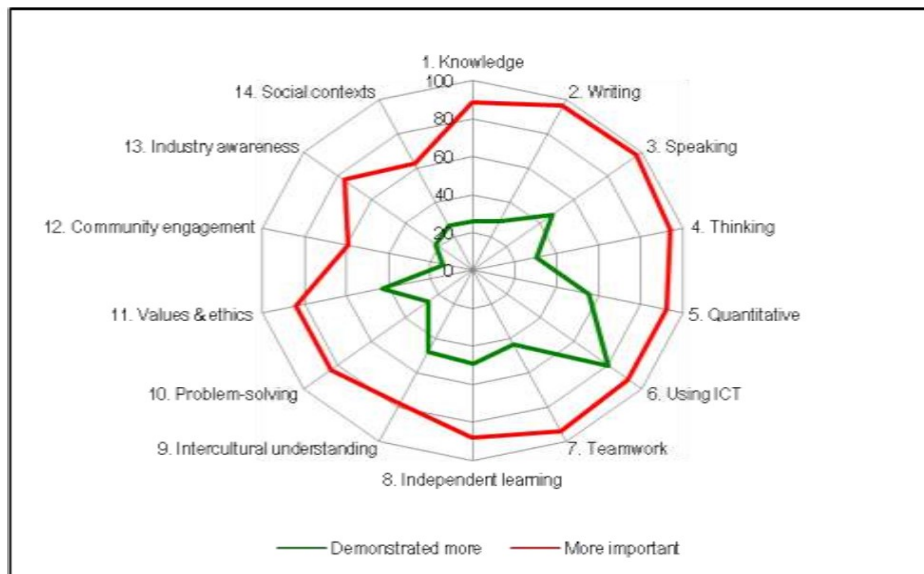


Figure 3: Comparison of course team perceptions of the capabilities demonstrated more (percentage agreement with 'quite a bit' or 'very much') versus capabilities that are more important (percentage agreement 'quite' or 'very important')

Figure 2.9: Expectation gap from educators' perspective (Oliver et al, 2011)

Figure 2.9 above demonstrates that there is also a significant expectation gap between what educators expect and what they perceive to be actually demonstrated by the students. Similar to the results of the employers, the use of technology had the least area of divergence. Community engagement and critical thinking were seen as the areas with the greatest difference.

This is also shown in Figure 2.10 which overlays the three perspectives of employers, educators and graduates.

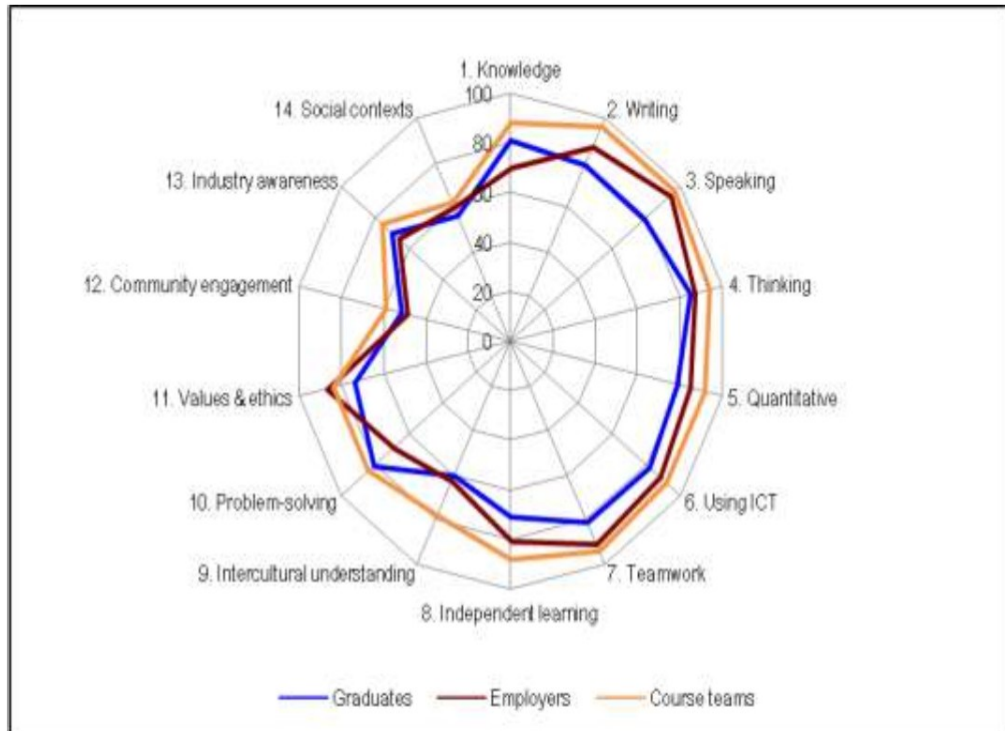


Figure 4: A comparison of graduate, employer and course team perceptions of capabilities perceived as more important to early professional success (percentage agreement 'quite' or 'very important')

Figure 2.10: Comparison of important graduate attributes across all three stakeholders (Oliver et al., 2011)

Whilst the perception of many of the graduate skills are broadly similar, Figure 2.10 above demonstrates that graduates perceive that technical knowledge and problem solving need to be developed more in university courses. The gap between actual skills acquired and those considered important is not that large. However, with employers, apart from technological skills, all areas were identified as having large expectation gaps. These gaps were even larger with educators.

The above discussion demonstrates that there is gap in expectations in generic skills in particular between employers and graduates (de Villiers, 2010; Jackson, 2013b). So if there is an expectation gap between the actual employability skills of graduates and what employers require, how are they closed? The next section will examine this.

2.2.5 BRIDGING THE EXPECTATION GAP

The expectation gap discussed above represents one of the reasons for declining levels of graduate employability. Increased employability requires this gap to be reduced. In their annual review of the accounting education literature, Apostolou, Dorminey, Hassell & Rebele

(2016) call for a move away from merely identifying where the expectation gaps are to research focused on closing this gap (Apostolou et al., 2016). This section examines how this can be done. Initially in this section, the responsibility for this and potential strategies for reducing the gap are also explored.

Whose Role is it to Develop Our Graduates?

The debate of the role of universities in developing accounting graduates is not new with literature regarding whether a theoretical or more practical approach should be taken in universities going back as far as 1942 (Bauer). The debate is very political in nature as *“different groups within society will always compete for control of the educational agenda in order to ensure the “right sort of “education”* (Thomson & Bebbington, 2004, p. 610).

If there is an expectation gap between university graduates and the attributes that employers require, then who is responsible? Most employers blame the university system for this disconnect with 58% of respondents in an Australian study placing the responsibility with the universities (Howieson et al., 2014). Overall, most employers have high expectations and also believe that tertiary education plays an important part in developing soft skills (Low et al., 2013; Nagarajan & Edwards, 2014). Is this fair or realistic to expect this of our universities though?

Universities have a number of different roles including teaching, educating, development of research and community engagement (Ahmed et al., 2017; Bunney et al., 2015; Yucel et al., 2012). They also have limited funding and resources to fulfil all of these roles which employers may not appreciate. Universities cannot be all things to all people and there is an argument that the responsibility needs to be shared, with universities having primary responsibility for teaching students how to learn and think for themselves (Howieson et al., 2014; Low et al., 2013; Yucel et al., 2012; Gill & Lashine, 2003; Jackson et al., 2013; Nagarajan & Edwards, 2014).

The teaching focus of graduates has become an area of debate amongst academics and there are generally two schools of thought presented. One is that it is the role of universities to make graduates employer and work ready, with a tailoring of the university curriculum to the professional knowledge that is required to produce future managers in global markets (Lashine & Mohamed, 2003). Accounting education under this view is part of an economic market (Jones & Abraham, 2007). This has been termed *“vocationalism”* or *“McDonaldisation”* or *“applied education”* (Bunney & Therry, 2010; Crawford, 2016b; Jackson et al., 2014). Is this expectation realistic though, given the limited resources of

universities and are employers simply trying to pass on their own responsibilities? Competencies should remain the domain of professional training from employers whilst capabilities remain the responsibility of universities (Howieson et al., 2014). However, if universities do not incorporate employability into their degrees, then ultimately, students will not get work and over time, the degrees begin to lose their value and it becomes a frustrating experience for all concerned (Lashine & Mohamed, 2003).

The other school of thought is that employers have unrealistic expectations and that a more realistic view might be that graduates should be guaranteed sufficient opportunities to develop the required employability skills (Boyce, 2004; Nagarajan & Edwards, 2014). Different employers have different needs so there needs to be some training provided by them. However, it seems that there is a decreasing appetite of firms to provide this with a 2017 study of tax practitioners finding that 37% of firms expect their new hires to be productive within a month (Karbon, 2017). Given that not all accounting students ultimately find (or desire) employment in accounting firms, the vocational approach to university, some argue is flawed (Boyce, 2004; Graham, 2013). This faction argues that the key role of universities is to teach people how to think critically and learn, which in an ever changing and agile world means that skills will not become redundant or futile (Alexander, 2016; Bui & Porter, 2010; Crawford, 2016b). They argue that the key should be to create a “*yearning for learning*” (Gill & Lashine, 2003, p. 188). In fact, some educators even argue that *vocationalism* is a distraction from the core purpose of the university (Jackson & Chapman, 2012). A 2009 Australian study revealed that 69% of employers expected their graduates to be contributing effectively to their business within 6 months, which many suggest is a highly unrealistic request (Jackson, 2009).

The implications on curriculum design of this vocational versus learning approach are significant. If a purely vocational perspective is adopted, then universities would focus on a much narrower and traditional view of the accounting discipline. Learning and teaching under this perspective would focus purely on training for the workforce. In contrast, if the alternative school of thought is adopted, then the world view of accounting becomes much broader, encompassing a much larger array of subjects associated more with the product of accounting information and how it is used (Boyce, 2004). A hybrid “*new vocationalism*” has been suggested by some authors which is where “*undergraduate education focuses an ability to learn and continue learning; what they consider as fundamental to workplace performance*” (Jackson, 2016c, p. 1316).

Students and employers largely have similar expectations of universities (Jackson, 2014a; Osmani et al., 2015). Interestingly, a 2016 study of the perceived roles of individuals and universities in Portugal, where youth unemployment has been as high as 30%, identified that university candidates view their employability as a shared responsibility of themselves and their university. This is not the case for all studies though with students often feeling that the role of the university is to help improve their earning and career prospects (Rajput & Bharti, 2015). Females and younger graduates were more inclined to take greater measures and responsibility for their own employability (Sin, Tavares, & Amaral, 2016). However, in a 2014 study of 16 graduate participants, most participants noted that most university lecturers had little impact on their career and this impact was mainly teaching them accounting concepts. Rather, it was their first mentors and those lecturers with real working experience that had the most influence (Johnson, 2014).

The best of both worlds would be to engage and collaborate with industry yet maintain academic freedom and not be too narrowly focused on graduate employability (Jackson, 2009). This would assist in setting realistic expectations and to make use of each stakeholders' relative comparative advantage (Howieson et al., 2014).

Strategies to Increase Employability

The nature of what is taught in accounting degrees has traditionally been highly structured, mainly being prescribed by accounting professional bodies (Wessels, 2004). Despite this, there are numerous strategies identified for educators to try and improve the employability of graduates, a task which has proven to be difficult for educators (Bunney et al., 2015; Jackson & Chapman, 2012; Jackson et al., 2013). These can be generally split into strategies that are centred around:

- (i) Integrated non-technical skill development in the university curriculum and
- (ii) Making the university degree more practical and relevant
- (iii) Integrated non-technical skill development curriculum design strategies

Graduates are increasingly expected to have much more multi-disciplinary skills (Lashine & Mohamed, 2003) but developing these can be challenging. One way to do this is to mimic this integrated approach to working in the university environment by having an integrated approach to subject areas (Faux & Woodley, 2009). For example, capstone units often take this approach by combining a number of different subject areas. A narrow view of accounting represented in the curriculum is no longer appropriate (Keneley & Jackling, 2011). One clear example of this is accounting consolidations which in industry are seen as a highly niche and

technical area that only a few professionals are involved in regularly but the subject is included in a number of accounting units (O'Connell et al., 2015). There is a call to focus more on the usefulness of accounting and interpretation, rather than on the technical preparation aspect of accounting, especially in the important introductory units where many students determine their degree major (Palm & Bisman, 2010). The learning process needs to be restructured so as to integrate communication, learning and technology (Yucel et al., 2012). Having curriculum that is more integrated in nature would assist in providing an integrative learning environment for students significantly (Khan, 2014).

This integrated approach does not just apply to technical skills but also to some of the technology and soft skills that employers are requiring, all of which need to be combined seamlessly and practically into the accounting degree. Most people agree that university degrees have a role to play in developing soft skills in accounting graduates (Low et al., 2013; Naidoo et al., 2012). The skills need to be scaffolded throughout the degree, not just included as an afterthought in a bolt on module or separate unit (Bunney et al., 2015; Daff et al., 2012; Jackling & De Lange, 2009; Jackson et al., 2013; Nagarajan & Edwards, 2014). Despite the fact that scaffolding such skills can be complicated, degrees can no longer just be content driven (Shamsuddin et al., 2015; Stoner & Milner, 2010).

These generic skills are often incorporated through the use of case studies, debates, group assignments and simulations of real business problems (Keneley & Jackling, 2011; Naidoo et al., 2012). Team assignments in particular not only help to reduce the workload of both the student and academics but importantly assists students to problem solve as a team, communicate both verbally and in a written format as well as provide a mode to help understand their own and others' qualities and ethics. They are an excellent way of building team work skills, simulating real life scenarios, getting the students to practice conflict resolution skills and scaffolding a number of different soft skills throughout a degree (Naidoo, 2016). Teaching methods such as group assignments, presentations and extracurricular activities are ways in which graduates can gain soft skills (Low et al., 2013). Each of these methods are typically based around active learning techniques such as small group teaching, cooperative and problem based learning strategies, learning incorporating multi-media based tools which is the complete opposite to the traditional lecture with hundreds of students, followed up with tutorial structure (Bunney et al., 2015).

Focusing on both learning practical skills and how to learn is also important. If courses provide the perception that accounting is highly structured and aimed at ensuring

compliance, rather than being innovative, then the courses will continue to attract students who think in this way and struggle with ambiguity which then leads to future generations of accountants that are not ready for the changes in this global world (Steenkamp & Wessels, 2014).

Traditional course designs that focus on the transmission of information no longer work and do not achieve what the modern day accounting firm employer is looking for in their graduates. When was the last time a practitioner had to complete a consolidation problem without reference to a sample and using only a pen and paper like students are often required to do in exams? Traditionally, units are predominantly focused on passing examinations which encourage the use of memorisation and focus on technical skills (Lashine & Mohamed, 2003). Assessments need to be innovative and stimulating, fostering learning and understanding (Low et al., 2013; Palm & Bisman, 2010; Thomson & Bebbington, 2004). The academic needs to become the facilitator of self-directed learning, not the sole provider of solutions.

There should also be an increased use of the rich data that universities possess to assist with designing appropriate curriculum. Kinash (2015) argues that university data analytics could be used to a much more targeted benefit by tracking cohorts and sending them strategically aligned invitations or knowing what employability strategies work for different employers.

Practical and Relevant Course Design

It is argued that by teaching accounting in a classroom vacuum, students cannot see what lies ahead and have difficulty in applying their knowledge to real-life scenarios (Faux & Woodley, 2009; Gill & Lashine, 2003; Hollis-Turner, 2015; Lightweis, 2014; Naidoo et al., 2012; Teale, 2013; Yucel et al., 2012). The danger is that by having a very theoretical course design, accounting students get to *talk* about business, but not necessarily truly *learn* business. The current trend in Australian universities is to rely heavily on accounting textbooks as instructional tools (Palm & Bisman, 2010). For example, despite the rhetoric for change, universities still by and large follow the large lecture with tutorial style method of delivery which is arguably not conducive to more innovative teaching methods (Palm & Bisman, 2010). In comparison to other disciplines, business lack a core element of obtaining relevant work experience as part the degree (Jackson, Rowbottom, Ferns, & McLaren, 2017).

More innovative and creative teaching methods involving active learning approaches and assessments are encouraged (Lashine & Mohamed, 2003). It has been shown that opportunities for generic skill development is strongly linked to the learning approaches and

curriculum design, in particular with those methods that encourage students to learn, rather than be taught. More effective learning comes from learning by doing or by experience and students are keen to get involved in more practical assignments and training (Naidoo et al., 2012). This gap between how accounting is taught and actually practiced has led to several strategies to try and bridge it.

There have been several techniques suggested to address this under the umbrella term of Work Integrated learning (“WIL”). This includes simulations, direct industry involvement in teaching and design, job shadowing, sandwich years, internships and student participation in the industry body (Kinashi, 2015; Low et al., 2013).

Work integrated learning (“WIL”) programs are essentially the equivalent of *“on the job training”* in a university environment. They can be defined as a *“broad range of experience based education models and curriculum approaches where students engage with industry and community organisations”* (Winchester-Seeto et al., 2016, p. 101). It is an umbrella term that usually involves a three way partnership between the student, employer and the university, holistically combining experience, conceptualisation and behaviour (Jaaffar et al., 2016; Jackson et al., 2017; Oliver, 2015; Universities Australia, Australian Chamber of Commerce and Industry, AI Group, Business Council of Australia, & Australian Collaborative Education Network Limited, 2015).

One type of WIL is an internship that combines formal learning with real life workplace experience. These can be either mandated or voluntary, thin or thick sandwich courses which involve a longer internship typically at the end of the degree. A true internship involves a close collaboration between a supervisor at the university and at the organisation that the student is placed (Patricia et al., 2016). They should be much more than just a training programme for students but also assist businesses in contributing to resolving real life business problems (Gill & Lashine, 2003).

Whilst there are different versions of WIL globally, one of the more highly regarded versions is the UK sandwich degree program which includes 2 years at university, one year in industry followed by a final year at university to round out the degree (Andrews & Higson, 2008; Jackson et al., 2013). Placement WILs, where workplaces place students for a period of time as part of their assessments are also highly regarded (Jackson, 2016a).

The benefits of WIL for employers and universities include improving the perception of job fit for the employers as a form of pre-selection for the hiring process and universities learning more about employer requirements (Jackson, 2015; Paisey & Paisey, 2010). They have also

been shown to improve the take-up of graduates in Small to Medium Enterprises (“SME”) which are traditionally lower than for larger organisations and who often do not have formal graduate programmes in place (Gallagher, 2015). For graduates, the benefits are numerous and include proven enhanced graduate employment, provision of references, providing an introduction to the working environment and getting some *real life* experience (Low et al., 2013; Paisey & Paisey, 2010; Patricia et al., 2016; Stanley, 2013; Yu et al., 2013). WIL programs also assist graduates develop their pre-professional identity and understand the importance of self-directed learning (Jackson, 2016a). Internships can lead to a 90% chance of employment within the accounting firm that the internship has occurred according to some employers (Cheng et al., 2009). They can also help to deliver a more positive impression of the profession for students and leads to an increased perception of relevance of their university studies (O’Connell et al., 2015; Paisey & Paisey, 2010).

WIL helps them to understand the level of collaboration, interaction and teamwork that is found in the workplace as well as demonstrating to them how different knowledge from individual units need to combine when trying to solve real world problems. Specifically, WIL has been found to develop technology, oral communication and teamwork skills (Yu et al., 2013). It also improves students’ self-confidence and assists with career planning (Jackson, 2017). A role of WIL which is of key benefit for students is making the journey from study to work an easier one (Stanley, 2013).

There are problems with WILs in that they are expensive to run, both in terms of resources and academics time and placements can be difficult to find (Jackson, 2015; Teale, 2013). They also require supervision and are heavy in administration resources requiring both host supervisors and academics to complete different roles (Jackson et al., 2017; Winchester-Seeto et al., 2016). For example, it has been estimated that a three month work placement costs as much as \$8100 per student (Jackson et al., 2017). To achieve best results, a successful WIL programme requires suitable preparation, integration and student reflection (Jackson, 2015). In addition, WIL for large cohorts is unrealistic and not really achievable so a combination of other practical techniques also need to be used, especially in accounting (Oliver et al., 2011). Problems with obtaining industry feedback from employers has also been found to occur (Richardson, Jackling, Henschke, & Tempone, 2013).

Therefore, other techniques such as case studies and guest lecturers can be used to fill this void. Collaborations with teaching staff and academics could also create a lot of material and

relevant research areas. Many academics are urging increasing industry involvement with their courses as a result (de Villiers, 2010; Jackson, 2013b).

Simulations assist to build confidence and enhance skills (Lightweis, 2014). Lightweis (2014) argues that using simulations to provide this practical experience as a learning tool during the degree would assist in both building professional skills such as critical thinking and problem-solving necessary in the accounting profession (Lightweis, 2014; Salter et al., 2011). In a 2014 study using simulations, accounting student participants cited that their critical thinking and problem solving skills improved as they worked through a simulation (Lightweis, 2014). Stand-alone employability skills programmes have also been shown to be effective in enhancing employability (Jackson et al., 2014).

In order to be adaptive to industry needs, the recruiting practice for academic staff needs to be flexible with a close relationship with industry. Similarly, the benefit of recruiting lecturers direct from industry who can translate theory into practice is also being recognised (Jackson, 2009; Johnson, 2014). Accounting students often perceive the most valuable lecturers to be those with practical experience (Johnson, 2014). There should be a focus on applied research and academic staff should be encouraged to work in industrial assignments (Lashine & Mohamed, 2003).

Partnerships between universities and accounting firms could also assist, especially when working on curriculum design (Johnson, 2014; Lashine & Mohamed, 2003). For example, some Australian universities are working in partnership with some of the Big 4 to develop a specific *business advisory unit* (Turner, 2016c). Academics should also become involved in the profession, either in a consulting capacity or by completing professional courses as this allows them to maintain relevant industry knowledge which they can then pass onto students. Practical case study based assessments which involve group discussion and verbal and written presentations to a “client” are also deemed to assist (Low et al., 2015; Webb & Chaffer, 2016). This is important because it helps to align business needs with university curriculum development. This could include guest speakers from industry or increased input from industry into designing the curriculum.

Potential Problems in These Strategies

Despite these strategies being widely discussed, there has been relatively insignificant changes made to the accounting degree over the years (De Lange & Watty, 2011; Low et al., 2015). Why is this so? Many argue that the problems lie in a suffering accounting education sector, burdened with an inadequate funding model, high student to staff ratios and a large

proportion of international students (De Lange & Watty, 2011). Specifically, there are a number of barriers to implementing the recommended strategies, many of which are focused around the educators and these are now discussed below (Bui & Porter, 2010; Senik & Broad, 2008).

Many of the abovementioned strategies require a flexible organisation that is adaptable to change, not a strength of universities (Lashine & Mohamed, 2003). They also require all relevant stakeholders to be involved and importantly, to have buy in into the changes which can require a significant cultural shift of academics (Rhodes, 2015). Given that the majority of accounting academics do not cite accounting education as one of their areas of interest, is this realistic (Carmona, 2013)? This lack of flexibility is also significantly impacted by the accreditation requirements of the professional accounting bodies which impose specific curriculum and limitations on assessments which must be addressed in the accounting degrees (Thomson & Bebbington, 2004).

There is still quite a large disconnect between academics who primarily deliver the degree and practitioners resulting from limited lines of communication and the prioritisation of research over quality teaching goals of universities (Bunney et al., 2015; Samkin & Stainbank, 2016). Many of the KPIs for academics are based around research as opposed to teaching quality, so there is an incentive to focus on research, not teaching goals (Bui & Porter, 2010; de Villiers, 2010; Howieson, 2003; Senik & Broad, 2011). This is further amplified by the increasing restrictions on hiring sessional staff with higher educational qualifications such as PhDs, which are less likely to be from industry which means that the links with industry are decreasing (O'Connell et al., 2015).

Another potential problem is the ability or confidence of the academic to teach some of these skills, especially some of the more commercial, IT and generic skills (de Villiers, 2010; Oliver & Whelan, 2011; Senik & Broad, 2011). This impact is amplified by an aging academic population that does not necessarily attract the young (De Lange & Watty, 2011). For academics that have spent their careers focusing on narrow research areas which don't necessarily require good generic soft skills to succeed, teaching this to students can be problematic. Academics may choose to teach skills that they are more comfortable with, leading to bias in the curriculum (Bunney et al., 2015; O'Connell et al., 2015). There is also a reluctance to utilise external assistance in this regard (Bunney & Therry, 2010). The strict conditions that are placed on accounting degrees by the relevant professional bodies can also act as a straight-jacket to innovation in course design (Low et al., 2015).

One of the major impediments with adopting these strategies is university budgetary constraints. These constraints have led to universities relying more on profitable international students which leads to the demographics of the student population being more diverse, both culturally and in other ways. The proportion of accounting school revenues related to international students has been said to range from 3% to as high as 44% (De Lange & Watty, 2011). Further, accounting degrees are no longer necessarily seen as an attractive choice leading to decreasing demand for the degrees locally, which together with volatile international student population, makes it increasingly difficult for academics (McDowall & Jackling, 2010; O'Connell et al., 2015).

These budget cuts have put pressure on universities to cut costs which often add to the larger class room sizes (Yucel et al., 2012). In fact, in a recent report of the Australian Accounting education, it was found that accounting undergraduate degrees all exceeded the staff-student ratios of other disciplines in their institution (O'Connell et al., 2015). Most of these strategies are not conducive to large class sizes and WIL programmes are expensive to run. Acquiring IT resources and software licences can also be expensive, so budgetary constraints may also hamper the development of technology skills (de Villiers, 2010; Senik & Broad, 2011).

Therefore, whilst it is acknowledged that universities have a role in helping to bridge the expectation gap, they are not the only stakeholders who have a responsibility to address this. Expectations need to be more realistic by employers and industry needs to contribute (De Lange & Watty, 2011). However, there are a number of different ways in which university courses can assist in developing better accounting graduates. It does take a different approach and it requires academics to think differently about how they engage students and with industry. There are a number of real challenges though that can make these strategies difficult to achieve. Given that the business world and employment environment that accounting graduates are entering is changing rapidly, it is becoming increasingly important universities and employers do try. Accounting degrees need to adapt and change in order to prepare the graduates for this new environment and to provide effective resources for the accounting firms.

The preceding literature review has focused on the accounting graduate in a traditional environment. However, the role of an accountant is evolving generally, even ignoring any impact of offshoring. The following will review the impact that these non-offshoring related changes are having to graduate employability.

2.2.6 THE EVOLVING ROLE OF AN ACCOUNTANT

This section will examine the general drivers of change for public practice accountant roles and the impact that these are expected to have on accounting graduate employability. It specifically relates to:

Secondary research question b: How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?

The Drivers of Change?

Changes in the accountant's role are driven by a number of factors including rapid advances in technology and emerging globalisation (Jones & Abraham, 2007; Lashine & Mohamed, 2003; Vitasek, 2016). Whilst globalisation is not new, the acceleration of global trade and technology is, in an era where India and China are aggressively entering the market for accounting service roles (Dellow & Romano, 2006). Globalisation causes a fragmented production and service delivery models results in a *New Global Division of Labour* (Mohiuddin & Su, 2010). The significant increase in free trade agreements and regional integration has also accelerated the rate of globalisation. This in turn brings an increase in the complexity of transactions, increased harmonisation of global practices, an increased pace of change, an international reorganisation of goals and a greater client focus (Chartered Accountants Australia & New Zealand, 2015; Gill & Lashine, 2003; Low et al., 2015; Wessels, 2004). Borders and distances are now meaningless (Lashine & Mohamed, 2003). This also means that accountants need to be knowledgeable and keep up to date with global issues. Globalisation has therefore resulted in far more complex transactions and increased complexity in business generally.

Technology is also making a significant impact. Cloud computing, standardisation of software packages, increased band-width, automation, use of *big data* and improved communication technology are all technological drivers of this change within the accounting profession (Andersson, Karpaty, & Savsin, 2016; Howieson, 2003; Lahiri & Kedia, 2009; Nwokike & Eya, 2015; Sledgianowski, Gomaaa, & Tan, 2017; Vitasek, 2016).

Such technological advances provide productivity gains to accounting firms (Banker & Chang, 2002). However, clients are becoming more sophisticated and are taking more control of their financial affairs, relying less on their external accountant for transaction and routine based services (Howieson, 2003). Big 4 accounting firms are increasingly becoming diversified one stop professional services organisations as a result (Howieson, 2003; Wessels, 2004). Within various fields of accounting, including auditing, the use of big data which

involves using algorithms to effectively check every transaction looking for anomalies is becoming more popular (Barac et al., 2016; Islam, 2017; Sledgianowski et al., 2017).

Communication costs have also decreased substantially with the advent of skype and other technologies (Barbu & Song, 2015). No longer is international communication restricted to expensive long distance telephone calls. This technology has vastly diminished the amount of transactional accounting that needs to be done by the accounting profession through both automation and outsourcing and has made the key job *analysing*, not *creating* the data.

Other specific drivers of change in the audit arena include the increasing level of regulation caused by recent corporate failures that have reduced the level of trust in the audit profession generally. For example, the introduction of the Sarbanes-Oxley Act of 2002 was an impetus to improve audit quality but it has also meant that audits have become much more expensive to conduct (Farnet, 2016). There is much more of a compliance focus amongst auditors with a view that there are often now two audits going on simultaneously as a result (Barac et al., 2016). One is completely compliance based with a focus on ticking boxes and the other which requires judgement and increased professional skepticism.

These specific changes have important implications both for the strategic HRM practices of the accounting firm and for the role of the accountant and on the skills that they require which are now discussed.

Impact on the Strategic Human Resource Management of Accounting Firms

If accounting firms are to carry out their strategies to achieve the desired firm performance, then Strategic Human Resource Management (“SHRM”) requires that their human capital both “fits” and are “flexible” in relation to their organisational strategies (Wright & Snell, 1998).

The fit of the accounting firms comprises both vertical and horizontal fit. According to Wright and Snell (1998, p. 756), “*vertical fit is viewed as directing human resources toward the primary initiatives of the organisation, whereas achievement of horizontal fit is viewed as instrumental for efficiently allocating those resources*”. Sustainable fit can only really be achieved if an organisation has flexibility which is achieved by having a diverse pool of human capital with a broad range of skills (Wright & Snell, 1998). This is demonstrated in Wright and Snell’s Fit/Flexibility model of SHRM shown below in Figure 2.11:

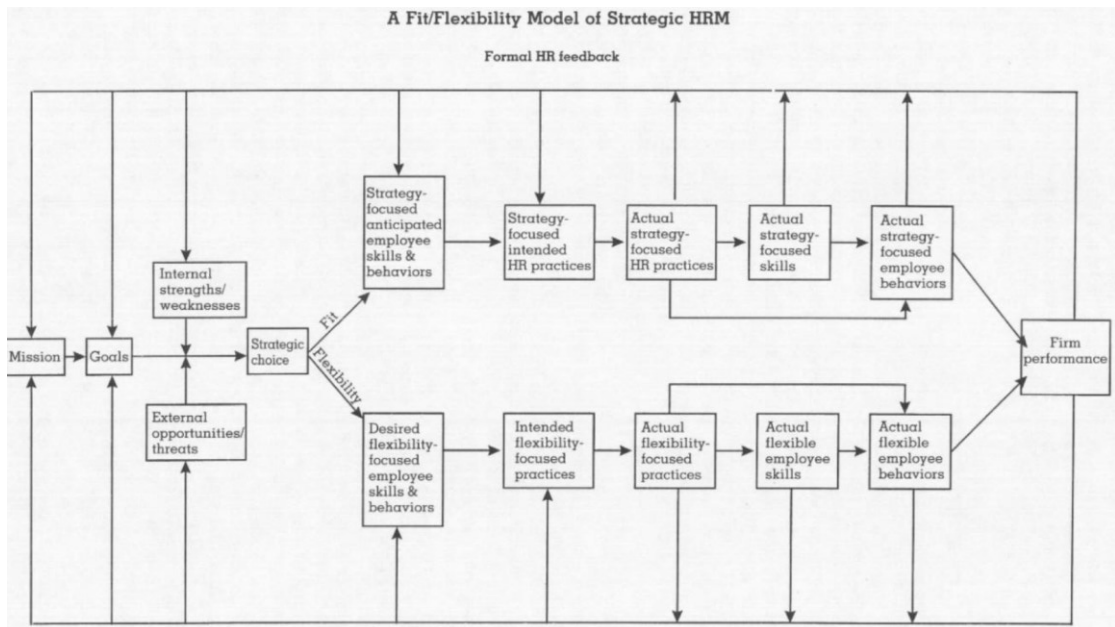


Figure 2.11: Wright and Snell's Fit/Flexibility model (Wright & Snell, 1998)

This model suggests that the skills and behaviours of employees are paramount in developing both fit and flexibility. It also suggests that HR practices of the firms are important in ensuring that the firm is provided with these appropriate level and quantity of these skills. These skills can be obtained either through recruiting or employing these skills directly or through providing the necessary training in order to develop these.

Globalisation, technology and other drivers directly impacts organisational strategies so there needs to be an adjustment to the fit and flexibility of the accounting firm's human capital. As the majority of staff within accounting firms are accountants so it is fit and flexibility of these accounting staff that is paramount.

Impact on Accountants

Many authors have documented the impact of globalisation and technology on the accounting industry and the associated impact on accounting graduates' competencies i.e. the so called "*competency gap*" (Brewer et al., 2014, p. 30). It is expected that the role of an accountant will enter new areas, where fundamental core knowledge areas are used as a foundation for these future roles (O'Connell et al., 2015). Gone are the days when an accountant was simply a number cruncher involved in quantitative functions. The role is now much more of a wide-ranging advisory one where they get involved in strategic decision making (Bunney et al., 2015; Wessels, 2004).

Accountants' roles are changing away from support personnel to business partners and trusted advisors which requires a mind-shift change (Jones & Abraham, 2007; Steenkamp & Wessels, 2014). This is largely expected to occur because of the reduced level of *compliance work* which will continue to form decreasing portions of the gross revenue of accounting firms (Howieson, 2003). There is a much greater focus on the fundamental and management competencies with interpersonal and social skills being in greater demand in this new environment (Naidoo, 2016).

A more of an integrative approach to educating our graduates which includes faculty, business and the students themselves is required. Students need to learn in a much deeper way and they connect classroom knowledge to the real business world (Khan, 2014). This constantly changing environment also brings with it much ambiguity so the ability to deal with ambiguity becomes a critical competency. Researchers have consistently found that accounting students (especially females) tend to be less tolerant of ambiguity (Steenkamp & Wessels, 2014). Accountants need to be able to solve unstructured problems in unfamiliar environments so if accounting students do not have this ability, then it needs to be developed. This will require a broader approach to accounting education (Jones & Abraham, 2007).

The range of areas that accountants can work is wide (Yucel et al., 2012). Howieson (2014) summarised the different expected roles and trends in the main divisions of accounting firms and this is shown below in Table 2.9 below.

Activities and skills necessary for success in various areas of public practice. Source: ICAEW (1996)

Auditing ^a	Financial reporting	Tax compliance	Tax advice and planning	Corporate finance	Insolvency and corporate recovery	Management consultancy
<i>As firms:</i> Add value to the audit by reducing the perceived risk to the users of financial statements	Exploit technology to provide/interpret relevant timely financial information	Expected to be an unattractive area of work for accountants because of changes in technology and competition from non-accountants.	Unlike tax compliance, seen as a growth area	An excellent understanding of a wide range of businesses	The entrepreneurial spirit required to run a business	To keep them selves fully up to date with the latest management techniques and thinking
Develop and diversify the range of assurance services	Champion the convergence of management and financial accounting, and non-financial performance measures, to increase users' information value	Likely to be a platform from which other types of advisory services could be sold	Combine enhanced specialist expertise with broader interdisciplinary business and team skills	A wide range of contacts in industry, commerce, the professions and government	Managerial skills	A detailed knowledge of what makes organisations succeed
Have the ability to deploy teams with the right mix of specialist skills	Understand the changing needs of new and existing users	No special skills mentioned	Be able to handle IT applications in order to access information quickly	Access to sources of capital	The skills and expertise necessary to value businesses and individual assets	Strong analytical and problem-solving skills
<i>As individuals:</i>	Analytical skills to give simple/relevant information tailored to precise needs of users		Be seen to maintain the highest standards of practice	Negotiating skills	A broad range of business skills, such as marketing	Excellent communication and change management skills

(continued on next page)

Table 2.9: Activities and skills necessary for success in different accounting firm divisions (Howieson et al., 2014)

Accountants roles do differ amongst different contexts e.g. tax versus management accountant (O'Connell et al., 2015). For example, a tax consultant will be focused more on the technical aspect of a transaction and will require greater research and written communication skills whilst a management accountant will require greater interpersonal skills as they are communicating with their multi-faceted team in resolving problems and making decisions. However today, accountants are now more trusted advisors and business partners. They are the translators of the language of business (Nwokike & Eya, 2015; Steenkamp & Wessels, 2014) and this requires a completely different skill set which incorporates advisory skills (Kennerley, 2016). This requires our accounting graduates to have a much broader range of skills (Vatanasakdakul & Aoun, 2011).

Clients and technology are doing more of the bookkeeping and transactional work themselves, especially in the SME market. There is an increasingly smaller reducing pool of traditional compliance work as a result, and that which is there, has become extremely competitive and commoditised. This then puts fee and other cost pressures on the firms who then also look to save on costs (Tuma, 2016). It is expected that in the future, accountants

will have very little involvement with transactional or compliance accounting but be acting more in a strategic level, analysing the data instead (Jackson, 2009; Palm & Bisman, 2010). Some argue that this will ultimately result in fewer accountants who will all be working in the marketplace of the “knowledge economy” (Hollis-Turner, 2015; O’Connell et al., 2015). This also means that clients have a higher expectation of their accountant so there will be a focus on creating value for clients by offering more business advisory services leading to an increased level of professionalism in the industry (O’Connell et al., 2015).

One way of looking at the emerging roles of accountants is to look at whether or not roles in the future will be specialist or generalist in nature. Specialist roles are seen as using “*domain-specific knowledge within a narrow range of parameters*” whilst generalist roles involves the use of multiple knowledge domains (Kelly et al., 2011, p. 608). In a rapidly changing world, it can be argued that generalist knowledge provides greater adaptability which would suggest that the skills required by graduates should be more generalist in nature. However, specialist knowledge can provide a source of competitive advantage. It has been found that over time, the categorisation in staff between generalist and specialist will evolve and change (Kelly et al., 2011). The changing global market trends mean that employees will be working in more multi-disciplinary teams which require a wider spectrum of knowledge which suggests that future graduates need to be more generalists in nature or *knowledge employees* (Lashine & Mohamed, 2003; Sithole, 2015). It will require graduates to acquire a more complex set of skills that are broader in nature, which they will use throughout their careers (Tempone et al., 2012).

Such multi-disciplinary teams for accountants will mean that accountants and accounting firms will need to be multi-faceted and have knowledge of marketing, IT, finance and economics, as well as the ability to integrate these not just traditional accounting (Gill & Lashine, 2003; Gow & McDonald, 2000; Howieson, 2003). Given that traditionally accounting is taught through functional areas, this may pose a problem. Whilst a balance between specialist and generalist knowledge does need to be found, it is more likely that specialist knowledge will be trained by the specific accounting firm or sourced from offshoring providers, rather than be sourced from generic university degrees (Chartered Accountants Australia & New Zealand, 2015). A new category of “gold” collar workers will emerge who will become the top advisors to business (Howieson, 2003). Accountants are potentially well suited to such roles.

Innovation and changing work practices also mean that an accounting graduate will likely change career several times in their lifetime (Bunney et al., 2015). Accountants will need to innovate, be able to think independently and critically analyse, be flexible, co-operate, research and generate ideas (Bunney et al., 2015; Khan, 2014). Continually shifting job markets will be a by-product of this, so it will be important that accountants develop lifelong learning skills which are self-directed (Dellow & Romano, 2006). Their skills need to be less operationally and more strategically based (O'Connell et al., 2015).

Life-long learning is a requirement for staying up to date in a rapidly changing global environment (van der Heijden, 2002). Universities can assist in developing these skills by ensuring that they teach students *how to learn* (Steenkamp & Wessels, 2014). The need for continual development is also required later on in the graduates' career via mandatory continuing professional development ("CPD") requirements. However, it is argued that more than just being a regulatory requirement, true lifelong learning and not just specific CPD is a must if accountants are to move from being an *informed professional* to a *complete professional* (Lindsay, 2016) This is likely to be delivered in different ways to the past, with an increased focus on online platforms as well as personalised and adaptive learning techniques being more commonly utilised. Accounting professional associations have a key responsibility to ensure that appropriate life-long learning opportunities are provided (Crawford, 2016a).

Despite the widespread acceptance in the accounting profession that roles have changed and that the industry and graduates need to adapt to this, there continues to be research that suggests that the stereotypical accountant still exists (Lightweis, 2014; Steenkamp & Wessels, 2014). In fact, it is even argued that if university curriculum comprises repetitive tasks that mirror this stereotypical role, then it will attract students who think that way. Many of the changes required in accountants require a change in the personal characteristics of accountants (Lashine & Mohamed, 2003). So for example, if introductory accounting units are boring, repetitive and imply a lack of judgement required, then there will be negative perceptions of accounting. The profession will also fail to attract the right sort of person (McDowall & Jackling, 2010; Palm & Bisman, 2010; Steenkamp & Wessels, 2014).

The increasing rate of globalisation and emergence of new technologies has meant that the role of an accountant is not what it used to be. Clients are doing much more of their own transactional work with accountants being far less of a scorekeeper (De Lange et al., 2006). The use of offshoring in accounting firms adds a further layer of complexity to the changing

role of the accountant (Caratti, Perrin & Scully, 2016). Before the impact of offshoring on employability is examined, this next section will describe how offshoring operates within accounting firms generally.

2.3 CONCLUSION

The literature review for this thesis is broken up into two distinct parts, which represents the distinct bodies of literature that impact the research questions. This chapter addresses the first part which provides an overview of the general literature on domestic graduate employability. The results of this chapter are used as an important baseline when comparing employability of graduates that work in offshoring accounting firms with those that don't.

The Chapter begins by explaining some of the key definitional terms used in this thesis, especially those of "employability" and "generic skills". The skills and attributes of graduates are a key component of employability. Split into the categories of technical, technological and other generic skills, these are then discussed and some of the wide literature in this area is catalogued according to a modified version of Jackson's Employability Skills Framework (Jackson, 2014a). The expectation gap in relation to these was then explored before potential ways to bridge these expectation gaps was discussed. These include integrating non-technical skills into the curriculum and ensuring that practical and relevant course design such as WIL and case studies are used, with closer industry collaboration. A discourse on the evolving role of the accountant due to external factors such as globalisation and technology is then provided.

The following chapter now explores the distinct body of literature in relation to outsourcing and offshoring which significantly influences the research questions. A summary of the overall gaps in the literature is also provided in the following chapter.

CHAPTER THREE LITERATURE REVIEW (OFFSHORING IN ACCOUNTING FIRMS)

3.1 INTRODUCTION

This section of the literature review is broken up into different sections. Firstly, Section 3.2 describes how offshoring can be utilised and structured in an accounting firm. How accounting firms operate generally and their competitive landscape needs to be firstly understood so that the impact on any changes that offshoring may have can be adequately examined. With the use of offshoring by the accounting profession growing, accounting firm internal business models have changed which directly impacts graduate employability and drives the research question.

Outsourcing, offshoring and Business Process Outsourcing (“BPO”) has a long and rich history in numerous service industries, in particular in IT. As a result, much of this literature review is drawn from the BPO literature. Finance and accounting services offshoring currently comprise 10% of the worldwide BPO market and the total number of accounting services outsourced is expected to increase 70% in future years (Terjesen 2010). The breadth of offshored accounting services ranges from highly transactional activities to processes that require greater detailed knowledge such as tax strategy or analysis (Maelah, Aman et al. 2010). It is this specific practice of offshoring by accounting firms that comprises the subject of this thesis.

This literature review chapter provides important context to the following research questions addressed in this thesis;

Secondary Research Question b	How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?
Secondary Research Question d	Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?

Table 3.1: Research questions that Chapter Three supports

Section 3.3 then examines the extremely limited literature combining offshoring and employability, drawing from other related disciplines such as SCM before Section 3.4 summarises the overall gaps in the literature which this thesis addresses.

Structure of the Offshoring Component of the Literature Review

This section of the literature review is structured as per Figure 3.1 below:

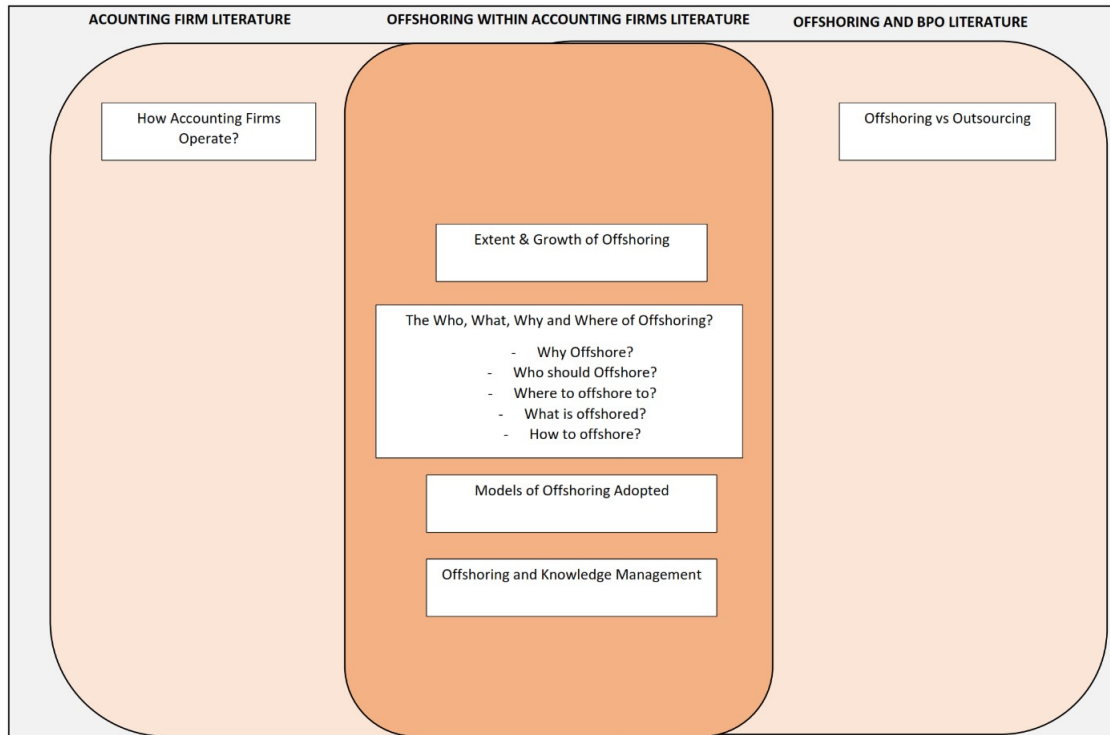


Figure 3.1: Structure of Chapter Three of the literature review

The first section provides an overview of how accounting firms typically operate to provide contextual background. A similar contextual background is then provided in the next section on offshoring generally.

The focus of the literature review then turns specifically to the use of offshoring within the accounting profession. This begins with a discussion on the extent of offshoring within the accounting profession followed by an explanation as to why firms engage in such practices. Some of the more operational areas of offshoring in accounting firms which would impact graduate roles are then discussed. The how of offshoring is then examined, with a particular focus on the different ownership models and interaction frameworks that accounting firms can and do use. This directly supports secondary research questions d and f.

Finally, the impact that offshoring has on knowledge management within accounting firms is discussed. Offshoring affects knowledge management processes in relation to graduates greatly as they may no longer be able to access tacit knowledge in the same way that they did in a non-offshoring environment.

Literature Included

As offshoring is a relatively new phenomena, only more recent literature is included. Seminal literature reviews of offshoring in the BPO and ITO sector include literature commencing around 1996 (Lacity, Solomon, Yan, & Willcocks, 2011; Dibbern, Goles, Hirshheim, & Jayatilaka, 2004). Therefore, the literature chosen for this thesis is limited to that after 1996 unless the article was seminal in nature.

The next section provides contextual background as to how accounting firms generally operate.

3.2 LITERATURE REVIEW – OFFSHORING IN ACCOUNTING FIRMS

3.2.1 HOW ACCOUNTING FIRMS OPERATE?

This thesis is focused specifically on the Australian “*profession*” or “*public practice*”. The profession is described as an organism which comprises numerous accountants which taken together, are bigger than the sum of its parts (Stephens, 2016). These firms provide professional services which APES 110 defines as “*services requiring accountancy or related skills performed by a member including accounting, auditing, taxation, management consulting and management services*” (Accounting Professional & Ethics Standards Board, 2013, p. 8). According to the Australian Bureau of Statistics, there were 9,860 accounting practices employing 81,127 people in Australia in 2002 (Australian Bureau of Statistics, 2002). By 2014, it is estimated to have increased to over 30,000 firms producing annual revenue of approximately \$17 billion (Cherry, 2016).

Accounting Firm Service Lines

Services offered by accounting firms vary, especially across the different sized firms, but generally include audit, tax compliance, tax consulting, business advisory, insolvency and management consulting. Overall, business taxation and advisory is the largest contributor to accounting firm revenue generally contributing 37% of the total accounting firm revenue in Australia (Chaplin, 2013). In the Big 4 firms, audit is still the largest revenue generator, despite its slow growth rate (Williams, 2016; IBIS World, Dec 2015).

Each of these different service lines have diverse characteristics. One way to categorise these is according to a “*Brains*” to “*Procedures*” spectrum as depicted in Table 3.2 below:

BRAINS	GREY HAIR	PROCEDURES
High Diagnosis Intensive	↔	High Execution Intensive
Highly Customised	↔	Programmatic
High Client Risk	↔	Low Client Risk
Few qualified Vendors	↔	Many Qualified Vendors
High Fees	↔	High Fee Sensitivity

Table 3.2: Spectrum of Practice (Maister, 2003)

Applying Table 3.2, a tax consulting assignment which is very peculiar to the set of client circumstances would be classified as a Brains type of assignment whilst a routine individual tax return would fall under the Procedures category.

Depending on the specific characteristics of the service line, it is appropriate to structure the work and staffing differently. For example, the increased sophistication of tax software has meant that these services have become routine and can be subject to a high level of standard procedures (Chaplin, 2013). Some industry consultants argue that the perfect accounting firm utilises offshoring as much as possible in most service lines with only some of the delivery completed by domestic staff (Nixon, 2017). This above classification can also be used to help determine which tasks and service lines are appropriate to offshore, with the Procedures type of tasks being more suitable for offshoring.

This thesis focuses on the business services and Self-Managed Superannuation Funds (“SMSF”) service lines which consists of procedural type work.

Categorisation of Accounting Firms

Within the accounting profession, accounting firms can generally be categorised as either;

1. Big 4
2. Mid-tier
3. Small firms

Whilst the composition of the Big 4 firms is clear, the definition of mid-tier versus small firms is less so. Chartered Accountants Australia and New Zealand (“CAANZ”) defines the different categories of accounting firms as per Table 3.3;

CATEGORY	DEFINITION
Big 4	The four largest global professional services firms which include Deloitte, Ernst & Young, PWC and KPMG.
Mid-tier	Normally 6 or more partners and have national and local offices, working with partners in other countries
Small Firms	Normally 1-5 partners

Table 3.3: Definitions of different sized accounting firms (Institute of Chartered Accountants, 2014)

This classification is problematic though as the distinction between Mid-tier and small firms does not apply evenly between states in Australia. A more appropriate way of classifying firms is to use one of the professions' accounting firm rankings. These rank accounting firms yearly by revenue, number of partners and staff numbers, either globally or within Australia.

One of the more popular ranking lists is the BRW Top 100 Accounting Firms which ranks Australian firms not only by their revenue, but also provides details of the number of partners and staff (Chartered Accountants Australia & New Zealand, 2017a;). For the purpose of this thesis, a mid-tier firm will be defined as a firm that is in the top 30 of the last BRW 100 Top Accounting Firms (Business News, 2016) and in the top 20 in the WA Business News listing (excluding the Big 4).

Different sized accounting firms operate in significantly different markets and have different needs in graduates (de Villiers, 2010). For example, globalisation of the traditional clients of the Big 4 has meant that they have a relationship with their clients at a supranational level and these firms have had to adapt to become truly global. In contrast, mid-tier and smaller accounting firms typically provide services to their typically national clients (Parry & Jackling, 2015). For graduates, this means that there is typically more specialisation and access to different types of clients and engagements in these larger firms compared to small firms.

However, digital innovation such as cloud computing has been found to reduce the disparity of characteristics between large, mid-tier and small firms (Hansnata & Hayes, 2017). Whilst there are still some differences, with SME clients, differences are becoming increasingly caused by the type of clients, location of work and the firm structure (Hansnata & Hayes, 2017).

Current Trends in the Accounting Profession

Accounting firms are being greatly impacted by globalisation, increased regulation and advancing technology (Islam, 2017). In addition, compliance work such as bookkeeping is being completed directly by technology such as cloud computing, big data and artificial

intelligence so there will be more of a focus on client advisory work (Williams, 2016; Palm, 2010; O'Connell, 2015; Fitness, 2015; Sledgianowski, 2017; Nixon, 2017; Lacity, 2016; Business Fitness, 2017). These technologies, especially cloud computing, are also facilitating the use of offshoring within accounting firms (BOSS, 2016; Williams, 2016). They are requiring firms to become more client centric and change their business model (Hansnata & Hayes, 2017). Business transactions are becoming much more complex, requiring greater technical expertise of accounting firms (Barac et al., 2016; Lashine & Mohamed, 2003). Data analytics through the use of big data is therefore going to increase in focus and within audits, could eventually replace statistical sampling (Barac et al., 2016; Islam, 2017; Sledgianowski et al., 2017).

In order to remain relevant, accounting firms will need to become much more multi-disciplinary and not just be focused on the numbers as clients are expecting much more from their advisors (Howieson, 2003; Pan, 2012); Freeman, 2010). There is a shift from accounting firms being number crunchers and financial historians to being trusted advisors and the scope of the accounting profession has broadened (Brewer et al., 2014; Healey, 2017; Steenkamp & Wessels, 2014; Yucel, 2012). A trusted advisor has been defined as an advisor where the relationship with the client involves discussion and exploration of virtually all issues, both personal and professional (Maister et al., 2000; Cherry, 2016). In a true trusted advisor role, the accountant becomes a business mentor, working with the client on issues ranging from technical issues to issues around family succession, divorce etc. This is depicted below in Figure 3.2.

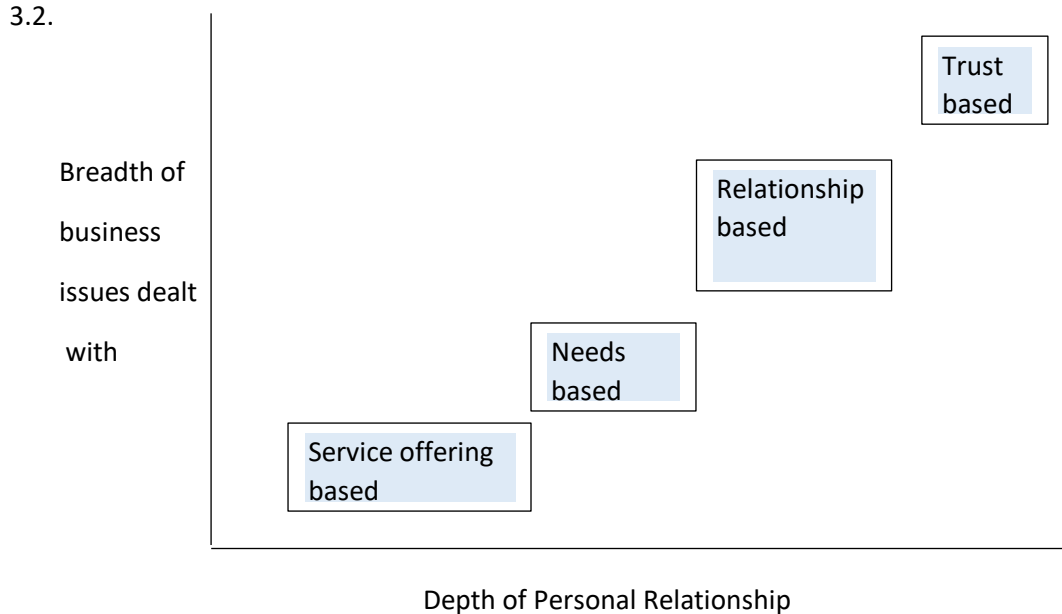


Figure 3.2: Types of accountant-client relationships (Maister et al., 2000)

The accounting profession is the subject of a significant amount of regulation (Williams, 2016). Legislation such as the Sarbanes-Oxley Act (“SOX”) introduced in 2002 has caused significant costs to the industry. This legislation introduced stringent compliance regulations in relation to financial reporting, internal controls and liability of accounting firms in order to drive increased audit and reporting quality (Barac et al., 2016; Cervantes, 2008). This is partly a signal that trust in the accounting profession, especially auditors is on the decline (Barac et al., 2016). It is estimated that in the US, SOX has meant that large companies (including their accounting advisors) have spent an additional 70,000 hours on compliance (Vera-Munoz, Ho, & Chow, 2006). Increased regulation in relation to social issues and transfer pricing is also impacting the accounting profession (Islam, 2017). However, complexity in regulations can have a positive impact for accounting firms as client’s question whether they have the internal skills to comply and consider outsourcing parts of their accounting functions to accounting firms (Cervantes, 2008).

Typical Accounting Firm Compliance Process and Firm Cost Structures

Before the nuances how graduate roles within offshoring in accounting firms can be appreciated, it is important to understand the current process of a typical task that may be offshored. Compliance work such as accounts and tax preparation is a common task that is offshored in this thesis so this will be used as an example. A typical workflow process for tax and accounting compliance services is shown in Appendix 3.1.

Accounting firms typically receive more work (excluding insolvency work) during times of high business confidence due to the increasingly active nature of their clients (Williams, 2016; IBIS World, 2015). Audits, as well as many other accounting firm functions, have become much more expensive due to increased regulation, the result being that the costs are being absorbed leading to lower margins (Daugherty, Dickins, & Fennema, 2014). A combination of difficult economic conditions and other changes in the industry have put significant pressure on the profits of accounting firms. Whilst gross accounting revenue has grown post the GFC in Australia, profit margins of accounting firms have continued to decrease (Australian Bureau of Statistics, 2002). The 2015 “Good Bad and Ugly” survey confirms the trend, noting that revenue per partner fell in 2015 and that client fee resistance is becoming a major challenge for firms (Business Fitness, 2015, 2017b). Compliance fees are increasingly getting squeezed and commoditised which is putting pressure on costs within firms (Business Fitness, 2015). Given that this survey is a voluntary annual benchmarking survey of non-Big 4 accounting firms,

focusing on the business services sector, this trend would also apply to the respondents in this thesis.

As a service industry, accounting firms are generally quite labour intensive and wages form the largest single cost of most firms (Balint, 2015; IBIS World, 2015). The combination of client fee pressure and declining profitability levels saw a third of accounting firms making redundancies in 2013 (Williams, 2016; Cherry, 2016). In 2015, globally, wages made up 45.5% of total industry revenue which has decreased from prior years (IBIS World, Dec 2015). This downward trend is not unexpected given the combination of redundancies and the increased use of offshoring is an alternative resourcing source (Williams, 2016).

The typical budgeting process of an accounting firm is often both capacity and revenue driven in its metrics. A demonstration of this is shown below in Table 3.4 below which shows that there is currently excess capacity of \$999,050 based on current staffing levels when it is compared to the revenue from prior years. Drivers such as average charge out rate and leverage within the firm is therefore considered vital to manage this. An accounting firm has two options in this scenario. It can either increase its fee revenue which if their fees are predominantly compliance based may be difficult. Alternatively, they can change their cost structure either by making redundancies, converting some of their fixed salaries to a variable component such as with offshoring or replacing graduates with a cheaper labour force such as offshore labour.

WITHOUT OFFSHORING						
STAFF MEMBER	NUMBER	CHARGE RATE	YEARLY HOURS	PRODUCTIVITY	BILLABLE HOURS	FEE CAPACITY
Partner	1	650	1725	50%	863	560625
Manager	1	520	1725	65%	1121	583050
Assistant Manager	2	450	3450	80%	2760	1242000
Senior Accountant	2	350	3450	80%	2760	966000
Accountant	2	300	3450	80%	2760	828000
Graduate	2	250	3450	80%	2760	690000
Administration	1	250	1725	30%	518	129375
Total						<u>\$ 4,999,050</u>
Prior year Fees comparison						\$ 4,000,000
Excess capacity						\$ 999,050

Table 3.4: Sample Budget of an Accounting firm

In this climate of declining profitability, it is easy to see why offshoring is such an attractive option for many accounting firms as it directly reduces their biggest cost and helps to ensure

that their fees remain competitive in a period where it is very difficult to raise them. It also can convert fixed salary costs to a more variable cost structure if the offshoring model adopted has a pay as you use pricing structure. Offshoring will now be discussed in further detail in the next section.

3.2.2 OFFSHORING VERSUS OUTSOURCING

This section of the literature review provides operational definitions of what offshoring actually is in the context of accounting firms which is important due to the level of confusion in terminology that exists. The focus in this thesis is on offshoring, (not outsourcing) and will be limited to Australian accounting firms with offshoring relationships in India.

Operational definition for the terms of outsourcing, offshoring, information technology outsourcing and business process outsourcing will be developed. Appendix 3.2 provides a summary of different definitions of various outsourcing, offshoring and Business Process Outsourcing from the literature.

Outsourcing

A commonality with each of the outsourcing definitions is that they involve using either a third party or contracting out to someone outside of the organisation. Most of these definitions are not specifically aimed at accounting firms apart from those from the APESB. Therefore, the following operational definition of outsourcing from the APESB is adopted in this thesis:

Outsourcing = Contracting any service or activity provided by an accounting firm to a third party where control is not fully exercised.

Offshoring

The majority of the definitions of offshoring incorporate getting work completed across national borders. Offshoring, is essentially a subset of outsourcing, which is completed overseas (Mihalache & Mihalache, 2015). Some author's limit the use of the term "offshoring" based on the ownership models employed (Pai & Basu, 2007). This approach is not adopted in this thesis. Therefore, the following operational definition of offshoring is adopted in this thesis

Offshoring = Outsourcing accounting activities to a location outside Australia

Business Process Outsourcing (“BPO”)

Essentially, the terms “Information technology outsourcing” (ITO) and BPO are different ways of classifying outsourcing and offshoring based on the types of work that is being contracted out (Lacity et al, 2011). With ITO, it is limited to Information technology services whilst BPO is more expansive and includes other business processes such as HR, legal and accounting. The outsourcing by accounting firms of certain processes therefore falls within the definition of BPO.

Therefore, for the purpose of this thesis, the following definitions are adopted.

Information Technology Outsourcing (“ITO”) - Outsourcing information technology services through external third parties.

Business Process Outsourcing (“BPO”) - Outsourcing business processes, including accounting processes, to external third parties

Overview of the Differences in the Offshoring Terminology

A summary of the definitions adopted discussed above, together with some additional definitions of subsets of offshoring and outsourcing are adopted is shown below in Table 3.5 below. Relationships between these definitions are depicted diagrammatically in Figure 3.3. The focus of this thesis will be on offshoring, as opposed to outsourcing, as it is used within the accounting profession in Australia. As such, offshoring relationships within this thesis will include transacting with offshore providers overseas, specifically India. The reasons for limiting the offshoring arrangements to India are discussed later in this chapter.

TERM	DEFINITION ADOPTED
Outsourcing	Contracting any service or activity provided by an accounting firm to a third party where control is not fully exercise.
Offshoring	Outsourcing accounting activities to a location outside Australia
Information Technology Outsourcing (“ITO”)	Outsourcing information technology services through external third parties.
Business Process Outsourcing (“BPO”)	Outsourcing business processes, including accounting processes to external third parties
Offshore Business Process Outsourcing (“OBPO”)	The delegation of one or more business processes to an external service provider, usually a global in-house centre or a third party (Wreford et al., 2013, p. 192).
Offshore outsourcing or third party offshore outsourcing	Involves a relationship in which outside suppliers in another country are used, and in which the hiring company has no direct ownership (Nicholson & Aman, 2008, p. 7).
Captive Offshoring	A type of offshoring where the organisation has a direct controlling interest in the ownership of the hiring company or offshore vendor.

Table 3.5: Summary of definitions adopted in this thesis

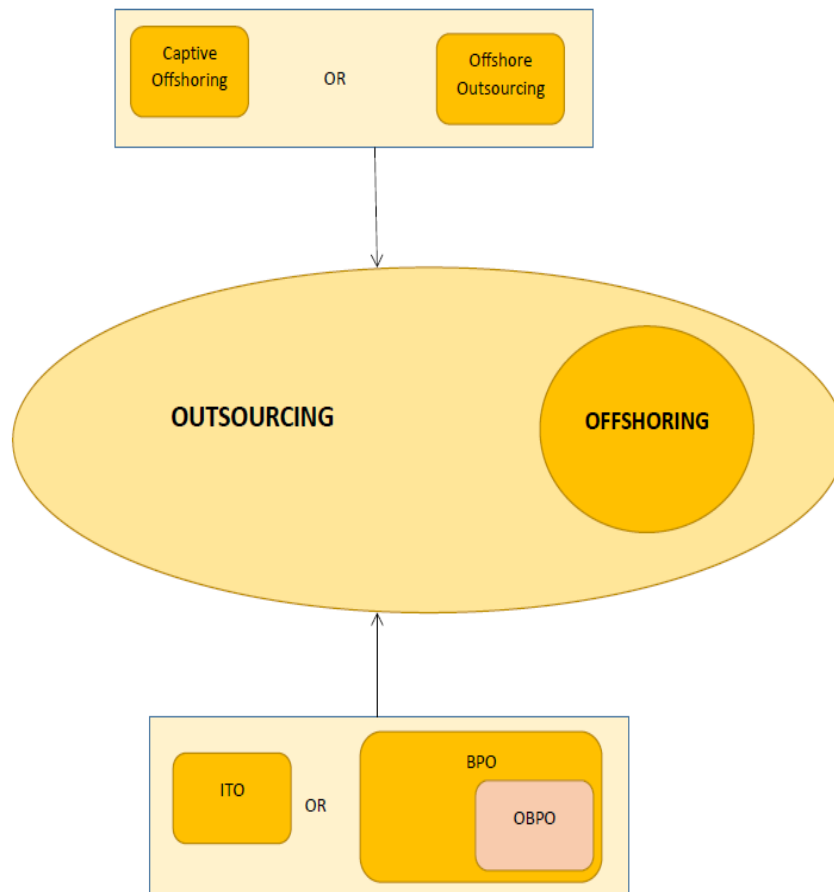


Figure 3.3: Relationship between different offshoring related terminology

The next section now explores the extent and growth of offshoring.

3.2.3 EXTENT AND GROWTH OF OFFSHORING

Globalisation and advances in technology have driven significant growth in offshoring, both generally and within accounting firms (Agrawal, Goswami, & Chatterjee, 2010; Andersson et al., 2016; Bahrami, 2009; Lashine & Mohamed, 2003). Low cost technological communication and increased internet bandwidth can be considered the driver of the growth of offshoring, much like the declining cost of shipping drove the global trade expansion 150 years ago (Levy, 2005). Technological advances associated with hosted virtual desktops, big data and cloud computing act as a significant enabler of offshoring within accounting firms (Damasiotis et al., 2015; Hastings & Solomon, 2005). This has also driven the increased use of technologies such as intranets, instant messaging, video conferencing and WebEx. Big 4 accounting firms are increasingly acquiring businesses that specialise in data analytics and cloud computing in order to gain access to these technologies (Business Fitness, 2015). In fact, 50% of organisations in a 2015 study have indicated that these technologies will cause increases in their use of outsourcing (Chartered Accountants Australia & New Zealand, 2015).

BPO and offshoring have grown exponentially since the late 1980's (Eriksson & Hatonen, 2009). Whilst it is difficult to get firm statistics, the global services market was estimated to be worth \$US86B in 1996 and was predicted to grow to \$US154B by 2004 (Kern & Willcocks, 2002). It is forecast that the worldwide BPO market will grow from \$US161 billion to \$191US Billion in 2015 (Ernst & Young & Institute of Chartered Accountants, 2011). Similarly, it has been estimated that outsourcing will grow from a \$123B industry in 2001 to \$230B in 2015 (Faraji & Abdolvand, 2016). Others estimate it to have grown at 10%-20% a year from \$140B in 2005 to up to \$350B in 2010 and to \$424B in 2014 (Lacity, Willcocks, & Rottman, 2008; Mary C Lacity, Khan, & Yan, 2016). Of this growth, the BPO sector is seen as having the highest level of growth (Bharadwaj & Saxena, 2009; Lacity et al., 2008). This sector has grown from approximately \$150 billion globally in 2000 to over \$1 trillion by 2016 with annual growth rates estimated to be between 2.2% and 4.9% (Lacity & Willcocks, 2017). Up to a third of all Australian small businesses estimated to be involved in outsourcing (Musteen, 2016; Rooney & Cuganesan, 2009).

In terms of accepting BPO services, Australia is seen as one of the most mature economies globally although we are seen to lag behind the United States and Europe and accounting and finance is seen to be approximately five years behind HR outsourcing (Krell, 2006; Pai & Basu, 2007; Terjesen, 2010). Accounting and finance services are estimated to represent 10% of the

entire BPO market (Terjesen, 2010). Whilst there was a slowdown in the growth following the global financial crisis, the upward trend has recommenced (Chartered Accountants Australia & New Zealand, 2015; Maelah, Aman, Amirruddin, Auzair, & Noradiva, 2010). According to a 2014 Deloitte study, outsourcing growth was expected to increase at 12%-26% pa (Anderson & Vita, Oct 2006; Crawford, 2015).

Others have argued that the GFC has caused organisations to “reshore” or bring back their offshoring, especially when offshoring was to a country that was located in close proximity or when they wanted to demonstrate a commitment to CSR (Delis, Driffield, & Temouri, 2017). Some industry commentators that are also predicting a decline of offshoring in the future as artificial intelligence and other technologies take over more of the work traditionally completed by offshore staff (Kearney, 2016).

Offshoring Growth in Accounting Firms

In terms of accounting firms, the overall impact of technological change and globalisation on accounting firms has been ranked as medium (IBIS World, Dec 2015). Offshoring within accounting firms is seen as one strategy to deliver on the increasing demands of clients for speed, mobility and reduced fees (Bandyopadhyaya & Hall, 2008; BOSS, 2016; Business Fitness, 2015; Daugherty, Dickins, & Fennema, 2012). In a 2017 survey of non-Big 4 firms, outsourcing was ranked as one of the top five impacts on the Australian accounting profession (Business Fitness, 2017b).

It was estimated that in 2011, 5% of U.S. audit hours were offshored with those numbers expected to increase to 20% (Daugherty et al., 2014). In the early 2000's, around 25,000 U.S. tax returns were estimated to be completed in India which grew to 350,000 in 2006 and it is expected to grow to 1.6m by 2011 (Chaplin, 2013; Cervantes, 2008). In an Australian context, Chaplin found that the majority of accounting firms were either currently involved in or considering outsourcing some of their services (Chaplin, 2013). Whilst this study used a very small sample, it did estimate that 21% of all accounting firms participated in outsourcing in 2013. This does depend on the size of the accounting firm though with 100% of Big 4, 71% of mid-tier and a smaller proportion of small firms involved in offshoring (Turner, 2015b).

Whilst obtaining accurate numbers is difficult, Table 3.6 below provides an estimate of the number of offshoring India staff obtained from one of the Big 4's internal policy documents.

FIRM	WHEN ESTABLISHED	EST. 2013 INDIA HEADCOUNT
Deloitte	2002	20,000
EY	2006	8,000
PWC	2010	1,500

Table 3.6: Estimate of India offshoring headcount in 2013 (KPMG, 2015)

Deloitte appears to lead the use of offshoring (Bullock, 2016; Daugherty et al., 2012). In 2011, they were estimated to have 8,500 Indian employees, with approximately 4000 of those involved in consulting, 1,800 in tax and 700 in audit and the remaining in administrative practices (Daugherty et al., 2012). They are now estimated to have 27,000 Indian staff in 2015 with 800 of these dedicated to providing services solely to Deloitte Australia. This represents an exponential growth in their offshoring staff with only 3,500 employed in 2005. They have stated that they were looking to employ an additional 12,000 alone in the 2016 year and are projecting to have 48,000 by 2020 (King, 2016a). Similarly, PWC were targeting to move 20% of their core audit work to India by 2014 (Daugherty et al., 2012).

Comparatively little is known about offshoring in relation to Small to Medium Enterprises (“SMEs”) such as smaller accounting firms (Eriksson & Hatonen, 2009; Palvia, 2014). A 2015 industry cost benchmarking survey of non-Big 4 accounting firms did find a 6% increase in firms that recorded costs related to outsourcing (Business Fitness, 2015). However, SMEs are expected to have additional challenges with offshoring due to the smaller volume of work that they have available to be offshored. There are less economies of scale to be had and they are more likely to be a “small fish in a big pond” in terms of the offshore vendor’s clients so may receive less attention (Eriksson & Hatonen, 2009).

The extent of offshoring within the Australian accounting profession is clearly growing. As a result, there are real practical issues that accounting firms need to deal with as they incorporate offshoring into their operations and staffing. These practical issues directly impact the employment, staffing requirements and roles of graduates within the firms so it is important that they are understood. The next section of this literature review will now examine some of these issues in more detail.

3.2.4 THE WHY, WHO, WHERE, WHAT AND HOW OF OFFSHORING

Whenever an accounting firm considers offshoring, there are a number of decisions that they need to make including why, what, where and how they will operate their offshoring (Strasser & Westner, 2015). Each of these decisions ultimately impact their resourcing and staffing

decisions. This section will explore some of these decisions in detail, focusing on how these decisions may impact graduate employability.

Why Offshore?

In a 2011 comprehensive review of the BPO literature, it was found that the main drivers to enter into a BPO relationship have been the desire to reduce costs (most commonly cited reason), the desire to improve performance, to focus on core activities, ability to scale their business and access to skills and expertise (Jathanna, 1992; Lacity et al., 2011; Lacity, Yan, & Khan, 2017).

The reasons for adopting offshoring can be broadly categorised into cost savings, to focus on core competencies and other reasons.

Offshoring to Achieve Cost Savings

Cost savings are one of the most commonly cited reasons as to why organisations generally offshore (Jeffrey Chang & de Burca, 2016; Daugherty, 2014; Kern & Willcocks, 2002; Gyamfi, 2015; Chartered Accountants Australia & New Zealand, 2015; Hirschheim & Newman, 2010; Maelah, Aman, Amirruddin, et al., 2010; Pisani & Ricart, 2015; Forman, Thelen, & Shapiro, 2015; Bandyopadhyaya & Hall, 2008; Cervantes, 2008; Nicholson & Aini, 2008). These savings primarily come from the differential in wage costs between Australia and India. The differential in wages is significant with a 138% variance in the wage of a junior accountant from \$37,800 in Australia compared to \$15,900 in India (Terjesen, 2010). Applying this wage differential to the accounting firm budget example in Table 3.4, it can be seen that there are significant cost savings of over \$600,000 made from replacing two domestic graduates with even six Indian staff. However, the differential is decreasing due to inflationary pressures in India which is said to be causing yearly increases of 12%-15% pa (Daugherty & Dickins, 2009; Ernst & Young & Institute of Chartered Accountants, 2011; King, 2016a).

In addition to savings from wage arbitrage, there are also potential cost savings from process improvement and standardisation (Chartered Accountants Australia & New Zealand, 2015; Ernst & Young & Institute of Chartered Accountants, 2011; Lacity & Rottman, 2009; Lacity et al., 2008; Tate, 2009).

Given the pressure on client fees previously discussed, many accounting firms are making cost reduction a priority with offshoring allowing them to remain competitive (Chaplin, 2013).

Offshoring to Focus on Core Competencies

Allowing an organisation to focus on its core competencies is also a key reason for outsourcing (Sofiah, Aini, Ruhanita, Rozita, & Noradiva, 2013). Offshoring allows accounting firms to remove resources allocated to peripheral non-core compliance tasks and focus on core competencies that add value (Chartered Accountants Australia & New Zealand, 2015; Pisani & Ricart, 2015). By offshoring basic tax returns and tax compliance work for example, there can be a greater focus on more profitable and value added work such as tax planning or consulting (Chaplin, 2013).

Offshoring for Other Reasons

There are several other reasons espoused for accounting firms to become involved in offshoring in the literature. Skills and staff shortages has been purported to explain why accounting firms are adopting offshoring especially in earlier years (Bandyopadhyaya & Hall, 2008; Carter & Axelson, 2016; Cervantes, 2008; Chaplin, 2013; Krell, 2006). Without adequate staff, accounting firms cannot service their clients in a timely manner. Offshoring, can therefore help to improve the client service provided by accounting firms with additional resources to improve job turnaround times. This is especially true in peak periods where there are significant tax and other deadlines (Shamis, Green, Sorensen, & Kyle, 2005). To hire these staff locally in a fixed cost capacity would mean that work would need to be found for them in other not so busy periods. Offshoring provides a solution to the peaks and troughs of deadlines and allows wages to be converted at least partly to a variable cost (Chaplin, 2013).

Access to skills that firms may not have is another reason that accounting firms may offshore. For example, many accounting firms do not have the specific skills to perform SMSF audits so this is a commonly offshored task (Chartered Accountants Australia & New Zealand, 2015; Gyamfi, 2015).

In relation to accounting firms specifically, Chaplin identified the reasons shown in Table 3.7 below as to why accounting firms specifically engage in outsourcing (2013). This research suggests that the key reason why accounting firms engage in offshoring is not to obtain cost savings, but to allow them to focus on their core competencies (Ernst & Young & Institute of Chartered Accountants, 2011). It should be noted though that the data utilised in this is from a relatively small older sample from a time when there were significant graduate shortages which is no longer the case. It also examined outsourcing, not offshoring specifically which may not necessarily produce the same results.

Importance in decision to adopt outsourcing	Very important		Moderately important		Of little importance		Unimportant		Total %
	Freq	%	Freq	%	Freq	%	Freq	%	
Provides access to special expertise	10	41.7	5	20.8	3	12.5	6	25.0	100.0
Enable a focus on core competencies	13	56.5	7	30.4	1	4.4	2	8.7	100.0
Resolves insufficient office space onshore	3	15.0	4	20.0	2	10	11	55.0	100.0
Relieves long-term staff shortages onshore	10	41.6	7	29.2			7	29.2	100.0
Is used only during peak periods			7	31.8	2	9.1	13	59.1	100.0
Provides rental savings			1	5.3	5	26.3	13	68.4	100.0

Table 3.7: Motivation for accounting firms to outsource (Chaplin, 2013)

The next section discusses how an accounting firm determines if offshoring is appropriate for them.

Who Should Offshore?

Whilst offshoring by accounting firms is growing, it is not suitable to all firms. The decision of whether or not an accounting firm should offshore or not is dependent on the nature of the work that they do and the structure of the firm (Evison, Birkinshaw, Barden, & Terjesen, Autumn 2004). For example, if the firm is primarily one of say tax consulting which is all highly unstructured work and only employs very senior staff, then offshoring may not be an appropriate strategy.

Offshoring is not just the domain of large organisations but is also prevalent in mid-tier and smaller accounting firms, although the offshoring ownership models used may differ (Chaplin, 2013; Chartered Accountants Australia & New Zealand, 2015; Crawford, 2015). Smaller firms can effectively offshore with different multi-firm models (Ernst & Young & Institute of Chartered Accountants, 2011; Sofiah et al., 2013).

Once an accounting firm has decided that it will offshore, it then needs to decide the offshoring location to use.

Where to Offshore To?

Once accounting firms decide to offshore, they then need to choose their offshoring location. This can be either to a country within close proximity through “nearshoring” or in more distant countries (Gerbl, McIvor, & Humphreys, 2016). The Global Services Location Index (Kearney, 2016) ranks the current top global services locations on a yearly basis and is shown in Appendix 3.3. This shows that India, China and Malaysia are considered the most attractive offshoring locations.

Traditionally, India has been the global centre of offshoring with 52% of the global sourcing market based in India (Chartered Accountants Australia & New Zealand, 2015; Khan, 2015; Lacity & Willcocks, 2012; Nicholson & Aman, 2008). India is still the global leader in the provision of offshoring services and most popular country for accounting firms to source their offshoring vendors. Therefore, this thesis will be limited in scope to accounting firms that use India as their vendor country. This will also ensure that the thesis is not affected by any specific country differences.

What is Offshored?

This concept of “offshorable work” is important for graduate employability if it is the type of work that a graduate would traditionally complete. A task is “offshorable” if it is considered suitable to be offshored. Often, this work will also have characteristics of being “*opaquely indifferent*” (Wreford, Penter, Pervan, & Davidson, 2011). Opaque indifference refers to “*a concept where the end user (e.g. accounting firm client) is either unaware or indifferent to the source or location of the service they are receiving*” (Wreford et al., 2013, p. 206).

Opaque Indifference is best explained through an example. An end user is likely to be opaquely indifferent where they are getting their credit card activated from but may be more sensitive and oppose discussing their personal medical condition with a professional overseas that they have not met in a call centre, even if the professional is a trained doctor. The specific factors affecting opaque indifference are shown below in Figure 3.4.

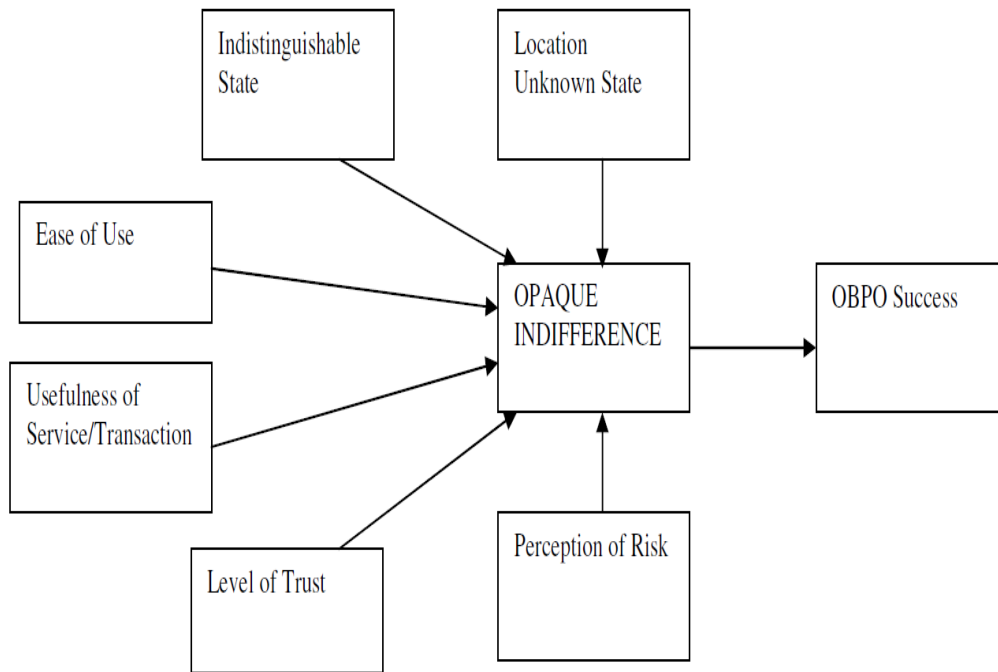


Figure 3.4: Factors in the creation of opaque indifference (Wreford et al., 2011)

Where activities require less judgement and there is a large frequency of transactions, firms are more likely to outsource (Everett, Sarens, & Rommel, 2010). This concept is also linked to the asset specificity of the task with the more complex or non-routine the task is, the less likely that it will be offshored (Everett et al., 2010; Mihalache & Mihalache, 2015).

Applying the opaque indifference concept to an accounting context would seem to suggest that specific tasks which are easier, require less trust and are less risky are more suited to offshoring. Tasks that require less face-to-face interaction, are easier to standardise and establish routines with (Andersson et al., 2016; Evison et al., Autumn 2004) are considered offshorable.

The spectrum of practice model by Maister described above in Figure 3.2 can also be used to determine which tasks are more suitable to offshore, with a focus on the “Procedure” based tasks (Maister, 2003). In his popular book on running a professional practice, Maister maintains that one of the key factors in running a professional practice profitably is to “manage leverage” in the accounting firm. This means “ensuring that the mix of skill levels on a project matches the true skill requirements of the engagement” (Maister, 2003, p. 36). Therefore, work that is high risk and cutting edge (i.e. complex tax consulting) needs to be staffed with higher skilled staff and generally a higher partner to junior staff ratio. This is not the sort of work that is appropriate to offshore. However, work that is more procedural in nature, should be staffed

with more junior and less expensive staff (Maister, 2003). Offshore staff fit into this category. This is also the type of work that is typically completed by domestic graduates.

Commonly Offshored Work in Accounting Firms

Appendix 3.4 shows some of the different tasks that are commonly offshored by accounting firms by service line. It should be noted here that the literature on accounting firms and offshoring is scarce so many of the activities generally are drawn from literature discussing offshoring accounting functions generally and from a simple checklist from CPA Australia.

Whilst the types of tasks that are commonly offshored by accounting firms in Appendix 3.4 vary greatly, there are some common trends. Most of the tasks are compliance based tasks which are non-core, low risk and non-value creating (Bandyopadhyaya & Hall, 2008; Institute of Finance and Management, 2014; Lacity & Willcocks, 2012; Terjesen, 2010). It is estimated that 35% of accounting tasks are repetitive tasks which are well suited to offshoring (Maelah, Aman, Amirruddin, et al., 2010).

However, it is not only routine type tasks that are offshored with centres of excellence developing in areas of high skill and professionalism level (Evison et al., Autumn 2004). For example, SMSF accounting is becoming a specialised skill which fewer and fewer domestic accountants are possessing. Offshoring this work for a firm in a type of centre of excellence allows efficiencies to be gained as well as greater knowledge in these offshore locations. This is why the Big 4 often have different offshore locations that globally complete different specialised tasks.

As can be seen from the above discussion, many of the tasks that are commonly offshored are easier type tasks. Traditionally, these are the tasks that graduates have completed as their initial on the job training. Therefore, this potentially has extensive repercussions for graduate training.

The next section of the literature review now discusses some of the specific processes of offshoring accounting firms. These changes in practices can significantly affect the role of domestic graduates and the type of work that they do.

How to Offshore?

There are substantial differences in how different firms actually operate their offshoring. These differences directly impact on the roles and composition of accounting firm staff, an important element of which is accounting graduates.

It has been found that there is often a lack of corporate wide offshoring strategy adopted, with different areas of the organisation operating different offshoring aspects differently (Lewin & Peeters, 2006). In an accounting firm context, this translates into different divisions or service lines of the firm e.g.: audit, tax adopting different offshoring solutions. In this thesis, the respondents are from business services and SMSF service lines so the level of diversity due to service lines will be minimised.

The general relationship between the offshore vendor and the accounting firm member is illustrated in Figure 3.5 below and it shows that usually, the ultimate client of the accounting firm does not have any direct contact with the offshore provider.

Typical Relationship - Accounting Practice

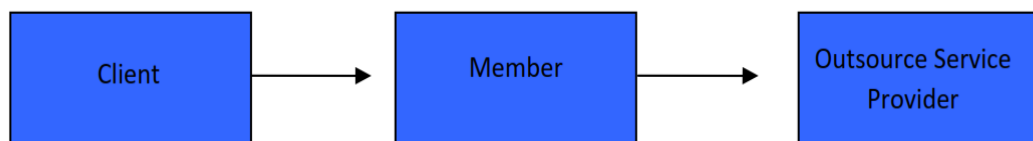
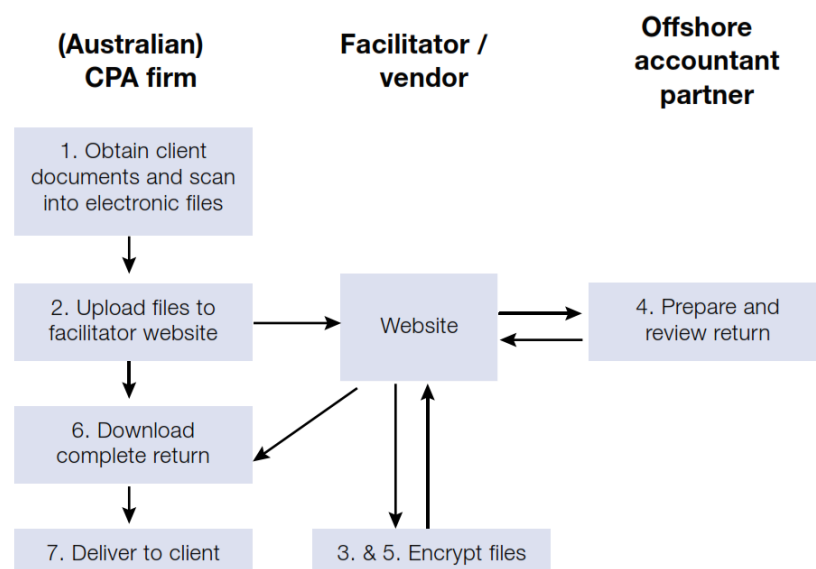


Figure 3.5: Basic relationship of accounting firm and outsource provider (Australian Professional and Ethical Standards Board, 2012)

Implementing Offshoring

As a result of adopting offshoring, there are additional steps in managing workflow often required. Whilst these steps differ considerably depending on the offshoring model and provider used, an example of such a process could include that depicted in Figure 3.6 below:



Source: Adapted from Robertson et al, 2004

Figure 3.6: Common steps in offshoring tax returns (Terjesen, 2010)

As can be seen above, there are far more processes at the *front* and *back* end of completing the work. In a non-offshoring environment, accounting graduates would complete these steps as well as completing the work. Therefore, there is a potential that the role of the graduate in an offshoring environment could include a higher proportion of menial administration tasks, compared to a non-offshoring environment.

As a result of offshoring, some firms also introduce and restructure their staffing roles. An example of such a structure is shown below in Figure 3.7. This demonstrates a recommended staffing structure by an offshore vendor. Of particular interest in this suggested accounting firm structure is the omission of any accounting graduates suggested.

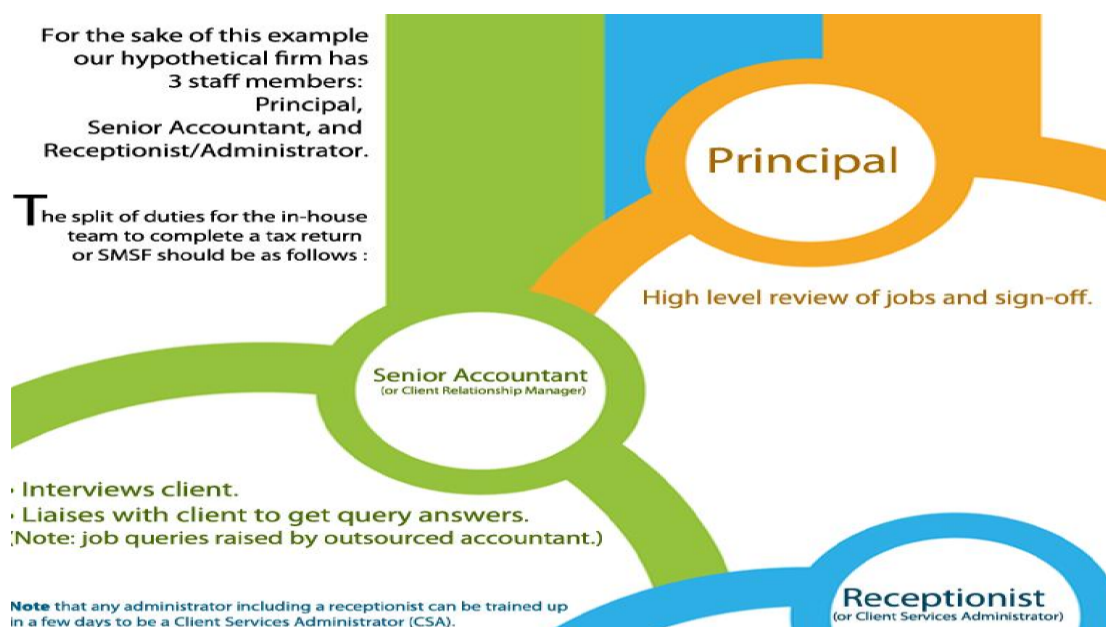


Figure 3.7: recommended structure of staffing domestically for offshoring (BOSS, 2016)

A domestic role that is commonly introduced into accounting firms that offshore is that of a “*champion*”. This role is also described as a “*boundary spanner*” in the literature and can be defined as “*individuals who facilitate the sharing of expertise by linking two groups of people that are defined by physical location, hierarchical level or function affiliation*”. They assist in bridging the cultural, technical, language, time-zone and infrastructure differences that may exist between the India and Australian operations and overcome communication barriers and assist with knowledge transfer (Rottman & Lacity, 2006; Strasser & Westner, 2015). Within accounting firms, these roles are often filled by managers and senior accountants who usually have primary contact with the offshore team.

It is important to understand these modified accounting firm workflow process, and the new roles that offshoring results in as they directly impact domestic accounting graduates. For example, if it is only the front and back parts of the accounting work that remain for graduates, then why do accounting firms even need graduates at all? Can these roles simply be filled by administrative staff? Indeed, Figure 3.7 completely excludes any role for graduates for this tax compliance type work at all. Traditionally, this was the majority of the work that graduates completed in their early formative years. Rather, it focuses on senior accountants who have the client skills to interview and liaise with clients directly. If these are the roles that are left in an accounting firm, then it implies that accounting graduates require a different set of skills or they are not needed at all in the accounting firms. These questions will be explored by this thesis.

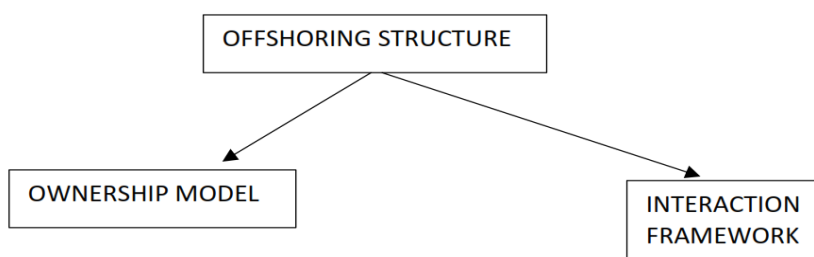
The next section extends the “how” of offshoring to the specific structuring options available to accounting firms in establishing their offshoring operations. Within this thesis, the research questions directly address how different structuring options affect graduate employability.

3.2.5 MODELS AND INTERACTION FRAMEWORKS OF OFFSHORING ADOPTED

Offshoring accounting firms may adopt a variety of different structures. These structures are continuously evolving and one size model does not fit all (Eriksson & Hatonen, 2009; Ernst & Young & Institute of Chartered Accountants, 2011). This level of diversity mirrors the level of diversity that is evident within the ITO and BPO industries generally. It is important to understand the different models and interaction frameworks that apply within the accounting profession as this understanding directly relates to the following research question;

Secondary research question d	Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?
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Within this thesis, there are two different levels of categorisation of offshoring that are explored as shown in Figure 3.8.



Ownership Model	This describes the actual ownership of the offshoring organisation and can range from zero ownership so that the vendor firms are totally independent to wholly owned subsidiaries to some form of joint venture. This is the more commonly researched area within the ITO/BPO literature.
Interaction Framework	Within each of these ownership models, there are different ways in which the vendor offshoring organisation interacts with the client accounting firm.

Figure 3.8: Different levels of categorising offshoring structures

However, offshoring structuring is complicated in that accounting firms may use one, or a combination of these models. Multi-sourcing refers to the use of more than one offshore provider by the same organisation. As each provider operates differently, this usually results in different ownership models and interaction frameworks being used within the same organisation. In an accounting firm context, this may apply for example where one service line uses one vendor or model and another service line uses another. Given the often lack of corporate wide strategy adopted for offshoring, multi-sourcing can easily develop within accounting firms (Lewin & Peeters, 2006).

Appendix 3.5 provides an overview of the final categorisations of ownership models and interaction frameworks that were used in this thesis. An explanation of what each of these models, as well as how they were developed is now discussed.

Ownership Models

Much of the literature on classifying offshoring structures, which is primarily drawn from the ITO and BPO literature, relates to ownership models. There are a number of different ways that the literature categorises and defines different ownership models.

Many of the diverse ownership models can be grouped together into three broader categories in accordance with the ITO literature (Dibbern et al., 2004; Eriksson & Hatonen, 2009; Sofiah et al., 2013). The ITO literature uses the categories of:

1. External/Outsourcing Models
2. Joint Venture Cooperative Model
3. Captive Centres/Affiliated Offshore Entities

Most of the literature in relation to offshoring ownership models is from an ITO/BPO perspective with very little from an accounting firm perspective. An exception to this is Chaplin who classifies the ownership models used by accounting firms as follows (Chaplin, 2013);

1. Offshore Outsourcing – This is similar to the external/outsourcing models in the ITO/BPO literature
2. Local Intermediary – This is where the Australian firm contracts with a local service provider who then contracts with or has an ownership interest in an offshore vendor overseas (BOSS, 2016) or
3. Captives – Commonly used by the Big 4 using their overseas offices (Cervantes, 2008; Terjesen, 2010)

However, Chaplin’s classification of ownership model excludes joint venture arrangements which are often utilised by mid-tier firms. Therefore, for the purpose of this thesis, ownership models will be classified into:

1. External Models
2. Domestic Intermediary
3. Cooperative Model
4. Captive

A summary of this is provided in Appendix 3.5 with diagrammatic representations of individual ownership model classifications shown in Appendix 3.6. Each of these are discussed in more detail below.

External/Outsourcing Ownership Models

These ownership models usually involve no direct ownership interest in the offshore vendor (Terjesen, 2010). Typically, the Australian firm (“the client”) has no real control over the process but merely gets back a result such as a completed set of superannuation fund accounts. The accounting firm generally pays for a completed result and the arrangement is predominantly governed and managed through the use of a Service Level Agreement. Under these models, the focus is more on the result and is commonly seen with smaller accounting firms.

The advantage of these ownership models is the visibility of costs and ability to participate in best practice but they can also provide greater risks with the lack of quality and other controls that they can provide (Terjesen, 2010). They also provide greater flexibility in terms of ceasing

the arrangement. However, providers will often require you to conform to their processes in order to keep their costs down (Anderson & Vita, 2006).

Domestic Intermediary

This ownership model is an extension of the external model but is modified by inserting a domestic organisation to act as an intermediary. The role of the intermediary is similar to an external shared service centre which has all of the direct dealings with the offshore vendor. This effectively converts the relationship between the Australian accounting firm and the intermediary as one of an outsourcing relationship. It is distinguished from a simple outsourcing arrangement in that the Australian firm is fully aware that the work is ultimately being offshored.

The advantage of this model is that the accounting firm does not need to communicate with the offshore provider and it reduces the potential stigma associated with offshoring to India with their staff and clients. The intermediary organisation typically either has their own offshoring captive or joint venture and is looking to either develop another income stream to their offshoring business or reduce the volume of work that they themselves need to send to make the offshoring operation viable, thereby gaining economies of scale.

Cooperative Models

These are like a partnership or joint venture where there is shared control and involvement in the operation of the offshoring arrangement. It can include joint ventures, hybrids, brand service companies or a best of breed consortium (Ernst & Young & Institute of Chartered Accountants, 2011). The basic premise of these ownership models is often to obtain a sharing of costs and savings and so the required economies of scale, but simultaneously have some control. There are various forms of this and are often used by mid-tier accounting firms to gain both some control over the process and manage economy of scale issues. There can either be single or multiple vendors and clients (Dibbern et al., 2004).

Some researchers argue that this partial or partnership type of model is the most appropriate and is growing in popularity (Baskaran, 2016; Deloitte, 2005; Dibbern et al., 2004). These hybrid models minimises some of the upfront costs of a captive but do require more of a partnership view (Baskaran, 2016). The relationship between the vendor and client is of the utmost importance here. They had the advantage of providing economies of scale without having to do all of the investment yourself (Lacity et al., 2008).

Captive Centres

A captive can be defined as “a business unit that is owned and provides services to the parent firm from an offshore location” (Oshri & Uhm, 2012, p. 270). These were the ownership model of choice in the earlier days of offshoring with their numbers growing quite quickly. They are the most common method with approximately 60% of the Indian BPO market but the least researched (Penter, Pervan, & Wreford, 2009b; Penter, 2009; Penter, Wreford, Pervan, & Davidson, 2013). In an accounting firm context, these are popular with the Big 4 and typically involve the domestic firm utilising the services of their member firm in India.

Captives allow more control over the cost and quality of output although they can result in increased fixed costs of operation (Chartered Accountants Australia & New Zealand, 2015; King, 2016a; Terjesen, 2010). However, they also have a higher potential for cost savings due to the lack of an intermediary (Deloitte, 2005). Captive models have the advantage of more easily transferring knowledge, more easily being able to control data security and more easily protect intellectual capital (Gerbl et al., 2016; Khan & Lacity, 2014; Wreford et al., 2013). It is also easier to promote trust and share tacit knowledge with captives (Penter, Pervan, & Wreford, 2009a). However, this ownership model does transfer the high risk of staff attrition in India to the domestic accounting firm (Al-Kassem, 2017; Aman, Hamzah, Amiruddin, & Maelah, 2012).

Interaction Framework

Whilst the choice of ownership model is important, they only tell part of the story. Another important dimension of offshoring structuring is that of the interaction framework adopted which involves determining the roles and responsibilities of individuals both domestically and offshore (Hale & Deutsch, 2017). In the ITO literature, this is an area that appears to be only scantily researched in the literature (Soderberg & Romani, 2017) with even less research in the accounting literature.

An interaction framework can be defined as how the staff within the offshore vendor and the accounting firm interact. For example, is there one person in the domestic accounting firm (usually a champion) who interacts solely with the offshore vendor? This type of role would be similar to a supply chain manager in the logistics industry. Alternatively, are there multiple touch points and relationships between the domestic accounting firm and the offshore provider in a more integrated approach? If the framework adopted is more integrated with more of the domestic staff communicating and interacting with the offshore provider, then the domestic staff and therefore ultimately graduates may require different skills.

These potential differences are important for the following research question;

Secondary research question d	Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?
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It should be noted that whilst there are some similarities between interaction frameworks and the relational controls of management control systems, they are not the same concept. Specifically, interaction frameworks deal with who in the accounting firm interacts with the staff in the offshore provider. The relational aspects of management control systems extend beyond this concept.

Types of Interaction Frameworks

The Task Interdependence Model (Kumar, Van Fenema, & von Glinow, 2008), from the ITO literature forms the basis of the interaction frameworks used in this thesis. This is shown in Figure 3.9 below.

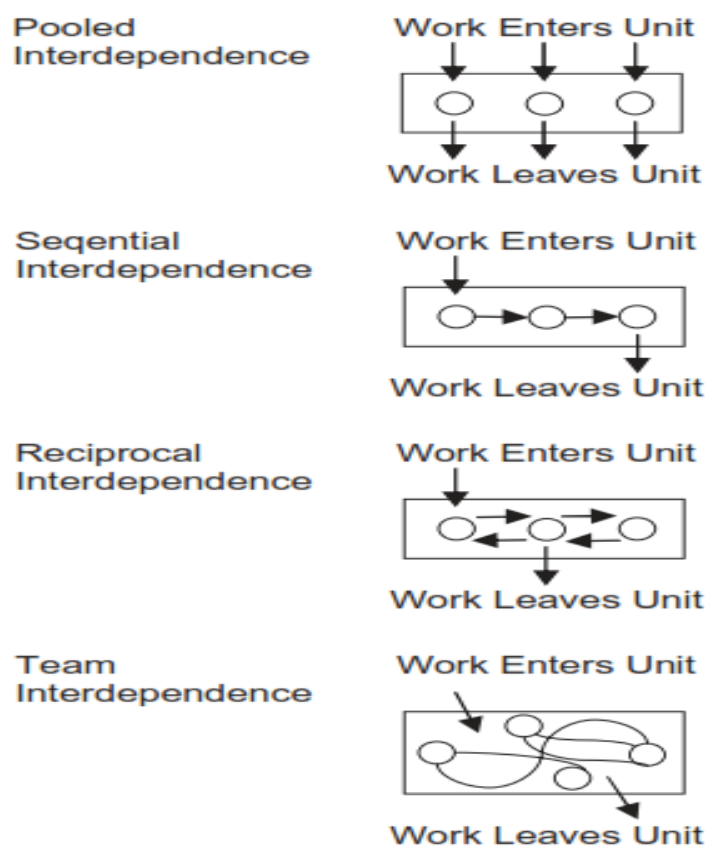


Figure 3.9: Task interdependence models (Kumar et al., 2008, p647)

Drawing initially on both the Task Interdependence Model, a broader hybrid categorisation of Interaction Frameworks has been adopted for the purpose of this thesis. Broadly, the Interaction Frameworks can be categorised according to the following for the purpose of this thesis:

1. Segregated Frameworks – Under this framework, communication is limited between one person at the client (usually the champion) and one person at the vendor who are both conduits. This has the advantage of clear lines of communication between the firm the vendor but can be high risk if one of these parties leaves either organisation.
2. Shared Service Framework – This involves interposing a specific team or entity to deal with all the communication between the domestic accounting firm and the offshore staff. Workflow management may also form part of their role. A shared service centre can be defined as "*a collaborative strategy where a subset of existing business functions are concentrated into a new, semi-autonomous business unit*" e.g. SMSF (Joha & Janssen, 2014, p. 48). It is argued that shared service centres improve efficiency, reliability and consistency of practices as they force standardisation.
3. Highly Interactive Framework – At the other end of the scale, this framework almost merges both the firm and the vendor as each person in each organisation has contact with each other. Domestic buy in from the domestic firm's staff may be enhanced in this framework, however, it can be more complex to manage.

These are demonstrated diagrammatically in Appendix 3.5. Similar to the ownership models though, these categories represent a continuum and there is likely to be multiple variations within accounting firms.

Choosing the Appropriate Interaction Framework

The choice of Interaction Framework is initially governed by the ownership model adopted by the accounting firm and in turn by the *contractual relationship* that exists with the Indian vendor. Different interaction frameworks allow different relational controls to be implemented to reduce risk. For example, in a Domestic Intermediary ownership model, a shared services interaction framework will always be adopted. However, in other ownership models, the interaction framework may vary. A captive in one Big 4 may have a completely different interaction framework that is used to a captive in another Big 4.

In a captive ownership structure, establishing a shared service centre initially can provide a good first step before full offshoring is undertaken as it forces the accounting firm to simplify and standardise their processes which is a requirement of successful offshoring (Krell, 2006).

Alternatively, the Australian interposed entity in the domestic intermediary ownership model acts as a type of shared service centre, but one that is not controlled by the Australian accounting firm.

One of the factors to consider when choosing an interaction framework is the level of employee engagement and support, which can be increased in a highly interactive framework as more staff get involved in the process of offshoring. Within IT outsourcing, allowing the client employees to be involved in each stage of the project has been shown to positively affect the success of outsourcing which suggests that a higher degree of interaction is appropriate (Dibbern et al., 2004). This can increase the level and points of trust between individuals domestically and offshore which is can decrease the need for formal governance controls. Developing these trusting relationships does require the domestic team to view and treat the offshore staff as fellow team members, not simply as an external supplier. It has been shown that when the offshore team are treated as an external supplier, the domestic team usually has higher expectations for their work and that they are more forgiving of their *own* staff, even if they are offshore (Zimmermann, Raab, & Zanotelli, 2013). A combined culture and shared vision can be created via meetings and conversations which can reduce risks associated with offshoring. These are generally low cost and effective controls the appropriate integration model (Sofiah et al., 2013).

However, there is the increased risk that disgruntled domestic employees can sabotage the offshoring operation in a highly integrated model. Domestic staff may be in fear for their job or have seen interesting tasks no longer available to them. In response, they may be motivated to avoid allocating tasks to the offshore team or avoid communicating with them so that appropriate knowledge is not transferred (Zimmermann et al., 2013). This type of behaviour then creates a self-fulfilling prophecy as the quality of the work of the offshore team consequently suffers and the onshore team then have further reasons to complain about the quality of the work. Accounting firms therefore need to demonstrate that offshoring provides opportunities for professional learning though the completion of more complex tasks and intercultural learning through collaboration with the offshore team (Zimmermann et al., 2013). The attitude of domestic staff towards the offshore staff is therefore very important, especially in a highly interactive framework so accounting firms need to foster a positive attitude towards offshoring in their domestic staff.

In an offshoring environment, graduates may no longer have the opportunity to obtain and share tacit knowledge within the accounting firm via the process of actually completing the

task. With this work now going offshore, there is likely to be a change in the way that such knowledge is managed both with the accounting firm generally and with the graduates directly. This is discussed further below.

3.2.6 OFFSHORING AND KNOWLEDGE MANAGEMENT

Within accounting firms, knowledge is viewed as one of its most important assets (Beck & Wu, 2006; Gibbins & Wright, 1999; Hsiao, 2008; Lin & Fan, 2011). The value of knowledge increases when it is shared and its value is heightened when it enhances learning and understandability (Brown, Dennis, Burley, & Arling, 2013). Accounting firms are considered to be knowledge intensive and the manner in which knowledge is shared between accounting firm employees, both locally and offshore, can in fact also be a source of competitive advantage (Sheehan, 2005; Vera-Munoz et al., 2006). In many areas of accounting firms, information is not always uniformly distributed. This is amplified in an offshoring environment. Offshore and domestic staff working on the same client need to be able to share information about their environment, business mode, operations and industry between themselves (Vera-Munoz et al., 2006).

Knowledge involves both *Explicit Knowledge* and *Tacit* knowledge. Explicit knowledge is specific and can be formalised into rules and processes whilst tacit knowledge tends to be embedded in an organisational or individual context. Sharing tacit knowledge is more difficult than sharing explicit knowledge and is generally achieved through socialisation, observation and face to face interaction (Loebbecke, van Fenema, & Powell, 2016; Park, Vertinsky, & Becerra, 2015; Vera-Munoz et al., 2006). Explicit knowledge acts as the building block whilst tacit knowledge represents the glue that binds it all together (Park et al., 2015). Examples of tacit knowledge in accounting firms would include information like background knowledge of certain clients and relationship maps of different staff both within the firm and the clients.

The issues surrounding knowledge management can be broken up into two main areas in an offshoring accounting firm as shown in Figure 3.10 below.

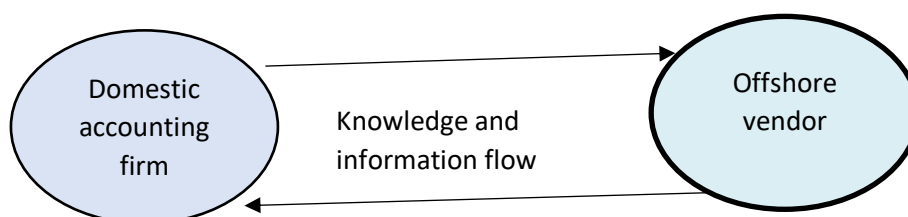


Figure 3.10: Flow of knowledge required in accounting firms

In this thesis, the focus is on ensuring that knowledge and information is transferred to and from the domestic team, in particular to graduates who may lose traditional modes of receiving this knowledge in an offshoring environment.

How is Knowledge Shared in Accounting Firms?

Knowledge sharing in an offshoring environment can be both formal and informal and it needs to be encouraged, via appropriate reward systems. Employees are not always forthcoming in sharing their knowledge as it can be used as a source of power within accounting firms, hence encouragement to share information is required (Beck & Wu, 2006; Brown et al., 2013; Faraji & Abdolvand, 2016; Gibbins & Wright, 1999; Hsiao, 2008; Lin & Fan, 2011; Vera-Munoz et al., 2006). This self-interest behaviour can be amplified in an environment where domestic staff do not support offshoring or where the offshore team is not secure in their position. The offshore team may view the additional knowledge that they have gained as a source of competitive advantage to keep so may be unwilling to share aspects of this knowledge with domestic staff including graduates. Trust between the offshoring participants is therefore key (Faraji & Abdolvand, 2016; Strasser & Westner, 2015).

However, motivation to share knowledge is not enough. If the relevant tools to do so are not there, then the process can be difficult. It has been found that more junior staff have more difficulty in gaining tacit compared to explicit knowledge which causes difficulties in their development (Park et al., 2015). This principle can be extended to accounting graduates for which conceptualising knowledge is vital as they do not usually have a deep understanding of the accounting firm's values (Brown et al., 2013). For graduates, this is a key risk as they may not have the same informal networks with the offshore team that more senior members of the accounting firm may have. If the employees involved in offshoring have difficulties developing informal networks which is the main way tacit knowledge is shared, then it is harder for them to absorb this knowledge. Time differences also provide hindrances in this regard (Strasser & Westner, 2015).

Using appropriate technology can assist in overcoming some of these challenges. Having centralised work and knowledge repositories, generally through appropriate information technology systems is important (Gibbins & Wright, 1999; Westner, Skelton, & Tinat, 2016; Vera-Munoz, Ho, & Chow, 2006). Such technologies include email, intranets (also known as electronic knowledge repositories or document management system), group support systems, video conferencing, instant messaging and access to common databases (Vera-Munoz et al., 2006). Information needs to be easily assessable, yet still deal with the various privacy,

confidentiality and other security legislative requirements that are so important to accounting firms (Gibbins & Wright, 1999).

As information and knowledge becomes dispersed amongst a broader number of staff and locations both domestically and offshore, it becomes more difficult for domestic staff to access the required knowledge that they need to perform their roles in servicing clients. This is particularly true for graduates who may not have the international communication skills and ability to interact with all of the team in order to obtain important tacit knowledge that is normally not documented. Observing others for example is a way that graduates commonly obtain tacit knowledge which is difficult to do with offshore staff (Brown et al., 2013). The impact of offshoring on knowledge management is therefore a key area of concern for domestic graduates.

The next section of this literature review now juxtaposes the literature review on general graduate employability and how offshoring within accounting firms operates. As there is very little direct literature that does this, the separate literature reviews completed in Chapter Two and Chapter Three will be applied contextually.

3.3 THE IMPACT OF OFFSHORING ON GRADUATE EMPLOYABILITY

This section of the literature review applies the literature of graduate employability generally to the literature of how offshoring is utilised within accounting firms and juxtaposes this to contextually apply offshoring upon graduate employability. Compared to the volume of literature on graduate employability and skills generally, the literature on the impact of offshoring on graduates in accounting firms is scarce and usually more industry based. This is an identified gap in the literature and is expected to be a contribution of this thesis.

Tasks that are typically offshored by accounting firms are typically the type of work that would be completed by graduates. Being such an important change in the accounting industry, offshoring is therefore likely to significantly influence Human Resource Development (“HRD”) practices such as recruitment, knowledge transfer and training in a multi-layered and complex manner in the domestic firms (Anderson, 2015). The very nature of the accounting role is changing as a result of offshoring, from one that includes a significant amount of data entry and processing of compliance work to that of a solely client facing industry.

Graduate roles are evolving not only from the influences of globalisation and technology, but also from offshoring. Therefore, graduates need to improve their employability skills so that they can adapt (Callanan, Perri, & Tomkowics, 2017).

This section of the literature review begins by looking at the impact that globalisation has had on human resource development within the supply chain management industry. Some economists and authors argue that the recent increase in offshoring is merely an extension of the globalisation of trade (Levy, 2005). The supply chain management literature is more mature than the offshoring literature so literature from this discipline is a useful starting point.

The literature review then returns to accounting firms and considers three potential areas that offshoring may impact on staff and graduates within accounting firms. These potential changes include:

- (i) The impact on graduate recruitment levels (Secondary RQa)
- (ii) The impact on the skills required in new graduates and (Secondary RQc)
- (iii) The impact on the training provided by accounting firms (Secondary RQf)

3.3.1 THE SUPPLY CHAIN MANAGEMENT EXPERIENCE

Why Supply Chain Management?

Some scholars claim that offshoring is an extension of global trade which instead of dealing with goods, deals more in services (Busi & McIvor, 2008; Levy, 2005). In fact, Levy provides a useful comparison, claiming that *“If the declining cost shipping in the past 150 years facilitated a massive expansion in trade in goods, cheap telecommunications allows for low-cost and instantaneous transmission of data that embed accounting services”* (Levy, 2005, p. 687).

Supply chain management (“SCM”) can be defined as *“the proactive management of supply chain activities and processes to maximise customer value and achieve sustainable competitive advantage through the cumulative effort of multiple entities”* (Ellinger & Ellinger, 2014, p. 118). Ultimately, SCM manages a chain of transactions in a similar way that offshoring does (Hohenstein, Feisel, & Hartmann, 2014). Whilst there are obvious differences between offshoring and SCM, the main one being that SCM deals with goods in chains of transactions, whilst offshoring deals with services, there are also a number of similarities. For example, both industries ultimately deal with the efficient allocation of resources on a global scale and are multi-disciplinary (Onar, Aktas, Topcu, & Doran, 2013). In the context of accounting firms involved in offshoring, this resource is staff performing accounting work.

Within both offshoring in accounting firms and SCM, there are a number of key roles that domestic organisations need to play. In both contexts, there is usually a domestic role of deciding on resourcing and allocating tasks as well as managing and dealing with overseas team members. In SCM, this role is known as the supply chain manager whilst in the

accounting profession, this is the role of the domestic *champion*. Beneath these roles, more junior staff such as graduates will be involved in the day to day operation of activities, liaising and often having to deal with their overseas counterparts. In addition, it is often these junior roles that will become the supply chain managers of the future. This can be compared to graduates who will often become the champions of the future.

As can be seen, there are a number of similarities between the SCM industry and the use of offshoring in accounting firms. Given that the SCM/HRD literature is more mature, it would therefore appear that there may be some lessons that accounting firms may be able to extrapolate out of this literature.

Human Resource Development in SCM

Given the similarities between SCM and offshoring in accounting firms, it is useful to review what skills and attributes have been determined as important in the SCM/HRD literature. As supply chain managers have key roles in integrating across borders, various integration skills are deemed vital. These skills include proactive communication, co-ordinated planning, innovation, general management skills and business acumen (Ellinger & Ellinger, 2014; Onar et al., 2013). In addition, with the growth of virtual teams within SCM, driven by improved communication technologies, skills in teamwork and collaboration across different time zones, cultures and geographies is becoming increasingly important (Ellinger & Ellinger, 2014). Other SCM studies argue that those involved in SCM need to be able to communicate, integrate, perform financial analysis, have a global perspective, maintain good relationships, have good project management skill and understand regulations (Wu, Huang, Goh, & Hsieh, 2013).

SCM literature argues that educators do not necessarily develop these skills in their underlying logistics. Rather, there is the focus on the more technical areas of the discipline which are not necessarily the most valued by SCM practitioners (Wu et al., 2013). This is similar to the literature in accounting education discussed above.

Human Resource Development can create and help maintain competitive advantage by helping to develop supply chain manager skills required (Ellinger & Ellinger, 2014). Training is a key component of this, with hands on training still the predominant training method adopted in SCM. There is deemed to not be enough formal training programs for supply chain personnel (Ellinger & Ellinger, 2014).

In addition to formal and informal on the job training once employed, there is also a role for universities to provide some of the required SCM skills. The format of such formal education

has been found to be quite fragmented and diverse and varies from Logistic degrees to specific units within multiple disciplines (Onar et al., 2013). Whilst these degrees and courses are not that popular or well known amongst students, there is a growing recognition of their importance for the SCM industry (Knemeyer & Murphy, 2004). The types of topics that are often included in such degrees include outsourcing and organisational alliances, metrics and performance and global issues as well as the expected inventory management and logistic units (Onar et al., 2013). Many of these units could potentially be appropriate for accounting degrees.

Implications for Accounting Firms Involved in Offshoring

Given the similarities with the use of offshoring in accounting firms, there are potential lessons to be learnt. Interestingly, the SCM/HRD literature acknowledges that there is a gap between the skills being produced by educators and those required of SCM practitioners. This is similar to the expectation gap that currently exists between accounting firm employers and accounting educators generally.

Similar to the literature on accounting graduates, supply chain employees are deemed to require a mix of hard and soft skills (Ellinger & Ellinger, 2014). Unlike traditional accounting education literature, the HRD/SCM literature adds an international dimension to skills required. This dimension is broadly missing in the accounting education literature. This therefore means that some of the skills and attributes identified as important in the SCM/HRD literature could be extrapolated to offshoring in accounting firms. For example, it could be that skills such as global focus, having good project management skills, collaborations amongst cross country and virtual teams are important for the domestic staff of accounting firms involved in offshoring. This thesis will attempt to determine if this is indeed the case.

The applied impact of offshoring on accounting firms will now be specifically examined in the next section.

3.3.2 IMPACT OF OFFSHORING ON GRADUATE RECRUITMENT LEVELS

One of the often espoused concerns of offshoring in the literature is the potential for domestic job losses. This emotive issue regularly draws the attention of the media and unions when larger corporates get involved in offshoring some of their processes. In the US in particular, the popular perception portrayed by the media is that US job losses are largely caused by offshoring (Bandyopadhyaya & Hall, 2008; Bramucci, 2016; Carluccio, Cunat, Fadinger, & Fons-Rosen, 2015; Farole, 2016; Forman et al., 2015; Khan & Lacity, 2014; Levy, 2005; Tate & Ellram, 2009). One only has to look at the success that Donald Trump has had using an anti-offshoring

platform. In an Australian context, companies such as ANZ, Westpac, NAB and Telstra have all been subjected to much negative publicity, social resistance and significant union backlash whenever they announce offshoring programs (Babin & Myers, 2015; Davidson, Wreford, Pervan, & Penter, 2014; Rodriguez-Pose, 2015; Wreford et al., 2013).

Some cynics even argue that the constant threat of offshoring even encourages increased productivity in existing staff through fear (Forman et al., 2015). This embedded level of patriotism can be used to discourage offshoring (Musteen, 2016). This negative media coverage of the impact of offshoring on jobs has also been argued to result in a reduction of the number future graduates in the more mature information system field as students feel that there are no longer as many jobs available (Hirschheim & Newman, 2010).

However, we need to look through the political propaganda and dissect exactly what the proven impacts of offshoring are on job losses and employment levels domestically. There are potentially three specific implications of offshoring on jobs:

1. Direct job losses for existing staff
2. Changing composition in the mix of staff and
3. Potentially reduced graduate intakes

Direct Job Losses for Existing Staff

Cost savings are a commonly cited benefit of offshoring. At the very core of this argument is an assumption of distribution of jobs from Australia to offshore and therefore, domestic job losses. This is the most commonly portrayed argument against offshoring and is the one that the media and various politicians usually congregate to. For example, a recent industry article stated that:

“The most glaring of these is job losses. For example, business processing jobs away, either through automation or offshoring, and the business process workers are unemployed. That’s a very simple equation.” (Crawford, 2015, p. p3)

When one looks at India/Australian wage differential, it would seem appealing from an employer point of view to swap domestic with cheaper offshore staff. For example, a MBA qualified graduate in Australia would cost between \$50000-\$60000 in Australia versus only \$25000 in India (King, 2016a). If cost is a key driver of this decision, then we would expect to see job losses locally in firms such as Deloitte dispute this. They argue that offshoring has allowed them to grow significantly and that in fact their local graduate numbers have climbed

to 460 in 2014/2015 with the local headcount overall in Australia rising by 1546 in the same space of time that India has grown from zero to 800 (King, 2016a).

Generally, the impact of offshoring on direct job losses domestically has been the subject of many quantitative studies. The job loss argument against offshoring usually assumes that the domestic countries are developed with a higher level of overall skill whilst the developing vendor countries have an abundance of lower skilled labour (Barbu & Song, 2015). There are no specific academic studies that the author has identified relating to accounting firms so this section of the literature review will draw on research from other industries.

Direct job losses appear to be more political propaganda than a real occurrence (Dellow & Romano, 2006). In the U.S., it has been found that the impact of offshoring is actually quite modest on direct job losses and on overall domestic GDP. In fact, it has been estimated that the potential exposure to job competition from offshoring is limited to only 10-20% although other studies have estimated this be between 21-32% (Demiroglu, 2008). In reality, it is quite difficult to get accurate and complete data on this (Kratena, 2010; Ottaviano, 2015; Tambe & Hitt, 2012). Other research in the United States suggests that any net job loss from offshoring is only 2% (Terjesen, 2010).

Viewing these statistics through a net job loss perspective hides the complexity of the real situation though. The impact of offshoring on direct job losses does depend on the level and nature of the roles with the middle level, more routine work going through the "*routinization hypothesis*" and "*job polarization*" which suggests that there is an increased demand for educated workers but a decline in the intermediate educated workers who are often involved in more routine-task intensive jobs (Bramucci, 2016; Ottaviano, 2015). In other words, there is a change in the mix of roles domestically with some jobs going offshore and new roles created domestically. There may not be a net loss in jobs (or a small one) but there is a change in the mix of roles in the domestic organisation. There is a difference between the negative impact on low-medium skilled labour versus positive impacts on highly skilled labour with empirical evidence utilising trade statistics in some studies actually showing that US multinationals usually increase employment as a result of outsourcing (Daley, 2008; Kratena, 2010; Moules & Nicholson, 2003; Ottaviano, 2015). The increase in different roles usually largely mitigates any negative effect of offshoring on jobs (Bramucci, 2016) although not every study comes to that conclusion (Bramucci, 2016; Ottaviano, 2015).

In summary, the various studies in this area are somewhat contradictory, although most studies do agree that conclusive and comparable data is difficult to obtain and that it is very

difficult to eliminate the impact of numerous other employment, industry and country related variables. The results appear to differ according to the country involved and by industry sector (Farole, 2016). However, most studies do suggest that if there is a net loss of jobs as a result of offshoring, then it is very minor and that there are also a corresponding increase in some roles domestically. Applying all of this to an accounting firm context, whilst offshoring often does sometimes involve job displacements, it does not always, especially where there are staff shortages (Demiroglu, 2008).

Changing Composition of Staff Mix

Many argue that rather than take away jobs, offshoring merely redistributes jobs to different roles instead (Eriksson & Hatonen, 2009; Turner, 2015a). Improved efficiencies, cost savings, additional profits and business growth generated from offshoring can be used to invest in innovation and other areas of the business which then allow different and new roles to be created as another type of economic structural change (Bramucci, 2016; Demiroglu, 2008; Ottaviano, 2015; Smith, 2012). Offshoring can also provide organisations with strategic access to foreign markets which again help to grow the business and can ultimately increase hiring. Often, these new roles involve supervision and co-ordination which can only really be done domestically, ensuring that any new roles created domestically need to be filled with domestic workers.

Some jobs are considered more offshorable than others (Barbu & Song, 2015). The types of jobs that are less likely to be offshored include low level non-routine manual roles which require face to face contact or higher level abstract tasks which are hard to codify (Busi & McIvor, 2008; Ottaviano, 2015; Tambe & Hitt, 2012). Ultimately, the traditional accounting role will be dissected into tasks that are strategic to the business which are not easily offshorable and those that can be done remotely including both advisory and transactional type of tasks (Evison et al., 2004). Roles that are more easily offshorable are those which include processes that can be easily codified e.g. bookkeeping and have a lower level of service customisation and need for physical contact (Busi & McIvor, 2008; Ottaviano, 2015). It is not only individual roles that can be affected by offshoring, but also the roles of entire teams who can also be relocated offshore (Tambe & Hitt, 2012). This essentially means that middle level and lower jobs are likely to be displaced but that there would be a greater demand for more highly skilled roles (Andersson et al., 2016). These new roles can either be provided to new employees or existing employees which are redeployed.

Within the IT industry, offshoring results in a shift in roles domestically that focus predominantly on interpersonal skills that are more interactive (Pisani & Ricart, 2015). It is expected, that this trend would also translate to the accounting industry with a hollowing out of medium skilled roles with compliance work being offshored and other higher level jobs requiring higher levels of skill remaining in the domestic firm (Chartered Accountants Australia & New Zealand, 2015; Crawford, 2015). So if there is a change in the mix of staff in accounting firms to more senior roles as a result of offshoring, does that mean that there will be less jobs for graduates available? This is now explored.

Potentially Reduced Graduate Intake

The final potential area that jobs may be affected by offshoring in accounting firms is on the number of graduates that are recruited by accounting firms. According to various accounting industry publications, professional services generally (including accounting), are undergoing a downward trend in employee numbers (Chartered Accountants Australia & New Zealand, 2015; O'Connell et al., 2015). This is part of cutting costs on their compliance services generally with a 2015 survey estimating that accounting firms are reducing these costs by as much as 25-30%. This same survey suggests that there has been a 6% increase in the number of firms involved in offshoring in the last year (Business Fitness, 2015).

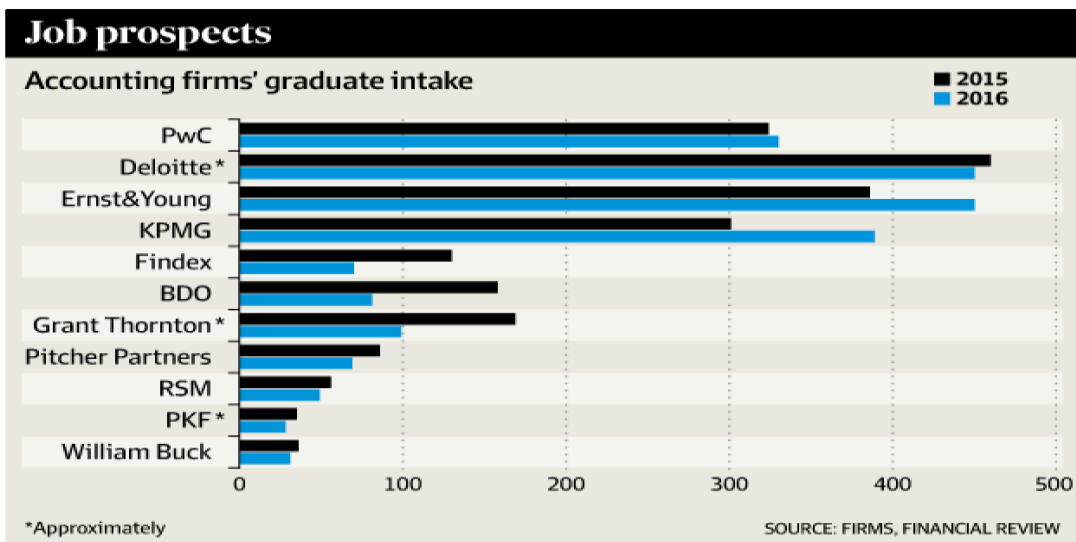
The graduate specific job loss sentiment has also been reflected in the accounting popular press with claims that offshoring has specifically led to less demand for graduates (O'Connell et al., 2015; Smith, 2012; Turner, 2016a). Roles that involve more routine tasks and that can be automated are the types of jobs that are more likely lost to offshore and completed by graduates (Dellow & Romano, 2006). It would therefore be expected that the number of graduates would be decreasing in firms that are involved in offshoring as there is less of the traditional work that they would undertake to complete (Chaplin, 2016a, 2016b; Farnet, 2016; Williams, 2016). It has also been argued by the Australian Taxation Office that if offshoring becomes the strategy of choice for accountants, then potential future accounting graduates will be put off entering the industry (Australian Professional and Ethical Standards Board, 2012).

However, does the actual data support the rhetoric? To examine this, documented graduate employment survey publications can be compared pre and post offshoring. Despite some interpretation challenges, these surveys are a useful starting point. One potential source of this information is the CAANZ employment guide which is produced by CAANZ's annual employment fair where most of the accounting firms and other accounting graduate

employers commence their graduate recruitment programs. A key outcome of this graduate employment fair is a comprehensive booklet which provides details of what each accounting firm and other employers are expected to hire in terms of graduates, the types of graduates and whether or not they would be accepting international students, broken up by each state.

Appendix 3.7 demonstrates the number of employers participating in the graduate employment fair. It shows that the overall number of firms participating is increasing from 2014. When these publications are analysed further, it can be seen that the majority of this growth between 2014 and 2016 has been in non-accounting firm employers. This has also not been consistent in each state with WA experiencing a drop in the number of accounting firm employers which is likely explained by the worsening economic conditions in WA post the mining boom. Therefore, these publications do not provide a conclusive trend.

The numbers in these publications may also be skewed by the size of firms. The number of graduate jobs that each of those firms will offer will range from one role in some small accounting firms to over 400 roles in the Big 4 (King, 2016b). The Big 4 are by far the largest employers of graduates with any of the Big 4 hiring more graduates in a year than the next seven largest accounting firms combined and unlike some of the smaller and Mid-tier firms, their graduate numbers do not seem to be declining (King, 2016b; CAANZ, 2015). This is demonstrated below in Figure 3.11.



Accounting firms' 2016 graduate intake

Figure 3.11: Accounting firms 2016 graduate intake (King, 2016b)

Overall, these publications would seem to suggest that the opportunities for graduates are not necessarily decreasing, which is inconsistent to the various employability reports.

The approach from these sources is far too simplistic due to the numerous other reasons that accounting graduate numbers fluctuate. It also poses problems because much of the data that does exist is not necessarily comparable. It doesn't split firms that offshore versus those that don't. Nor does it split it by service lines. Therefore, the publications and potential conclusions that could be drawn on the impact of offshoring is inconclusive.

In summary, whilst there is general information on the number of graduates being employed, there is no specific literature available on the impact on graduate recruitment of offshoring in accounting firms which may be a driver of some of the employed graduate numbers (Caratti, Perrin, & Scully, 2016). This is an identified gap in the literature which this thesis will attempt to fill.

The expectation is that as many of the jobs that graduates traditionally performed are now being offshored, then firms would potentially be requiring fewer graduates as the volume of work that is available to them is reduced. A potential alternative scenario though is that graduates are still being employed but are just completing different work. If graduates are more focused on completing different work, then they will require different skills and attributes. This will now be examined.

3.3.3 IMPACT OF OFFSHORING ON GRADUATE SKILLS REQUIRED

If the tasks that were previously completed by graduates are now being completed by the offshore staff and graduates are still being hired, then it follows that the graduate role will also change as a result. The graduate will be left with the non-offshorable components of the role, which may require different skills (Carter & Axelson, 2016). This then impacts the type of graduates hired and what firms look for in potential graduates.

Chaplin surveyed 143 partners/owners of primarily smaller Australian accounting firms who both were and were not involved in outsourcing and found mixed results. She found that 36% of partners indicated that they did not think the skills required by employees would change in an outsourcing environment and amongst those partners that thought there would be a change, the type of change was contradictory ranging from requiring more specialised to more generic skills (Chaplin, 2016a, 2016b). One of the aims of this thesis is to provide some clarity around whether or not graduates are expected to have different skills in an offshoring environment.

The Role of the Graduate in an Offshoring Environment

If the traditional tasks of a graduate are being offshored, then by default the role of the domestic graduate will need to be different. Their role will turn to more non-offshorable tasks (Caratti et al., 2016).

Therefore, instead of doing the basic tasks, graduates may be starting at a higher level and will be expected to value add at a much earlier level. Rather than doing the basic work, they may be involved in reviewing the work of their offshore counterparts which requires a different set of skills (Caratti et al., 2016). They may be in client facing roles much earlier than their predecessors who were often protected from these roles for their first few years (Turner, 2016a).

Some have compared the current change going on with accounting firms to that of the automation when sewing machines came in. They argue that just because someone can no longer sew by hand does not mean that they can't sew well with a sewing machine. The skills that you need to sew by hand may be different to sewing with the machine, but you are still sewing (Turner, 2016). Likewise, the skills that you need to actually prepare the basic tax returns may be different to completing these with an offshore team, but you are still achieving the same task for the client. These different skills are now discussed.

Skills Required by Graduates in these New Roles

If accounting firms are potentially hiring fewer graduates as a result of offshoring, then it becomes even more imperative that those that are hired have the requisite skills and attributes (Turley et al., 2016). Chaplin surveyed 158 Australian predominantly smaller accounting firms and identified that 73% of respondents expected that outsourcing would require some change in the required skills of existing domestic employees (2016a). Of these employers, 52% found that employees would require more specialised skills with the next most common skill type being identified was increased technical skills. Some employers in this study also identified that employees will require more generic skills, specifically analytical and critical thinking skills (Chaplin, 2016a, 2016b). It should be noted however, that this study examined outsourcing generally, not just offshoring. As offshoring encompasses transferring tasks to overseas employees, it would be expected that offshoring would potentially include slightly different results of skills required in domestic employees.

The enhanced skills that graduates are expected to require in an offshoring environment can be broadly categorised as per Figure 3.12. Details of these are discussed further below:

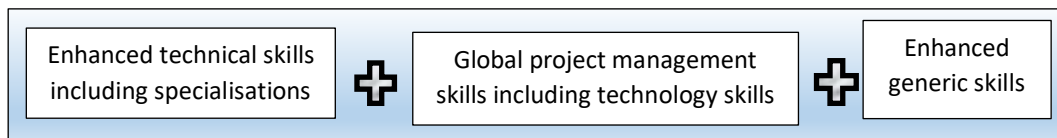


Figure 3.12: Summary of enhanced skills required by graduates in an offshoring accounting environment

Enhanced Technical Skills Including Specialisations

With the increasing level of complexity of accounting, auditing and tax, the technical skills required is expected to increase (Chaplin, 2016a, 2016b; Daugherty et al., 2012). In addition, graduates may be focusing on value add activities and reviewing work of their offshore team members at a much earlier level and without the same level of grounding as they traditionally had. If graduates are to be starting at this higher level, then their core technical skills will need to be much stronger when they leave university (Daugherty et al., 2012).

The type of technical skills required may also be different with an increased focus on specialisation. In an audit environment, there is more of a focus on data analysis and statistics although they still also require the core accounting, auditing and taxation skills as well (Daugherty et al., 2012; Richins et al., 2017; Staffreporter, 2015). Increasingly complex transactions by clients and accounting standards require a much higher level of technical skills in audit graduates (Turley et al., 2016). In other areas of accounting, they will need to be able to read and interpret a set of accounts if they are going to get more involved in advisory work, not necessarily be experts in the preparation of them (Turner, 2016).

If graduate roles are to be more client facing, then graduates need to be able to hold an intelligent conversation with clients. This requires business acumen and awareness of the commercial and business environment. Junior staff have been criticised for lacking this (Barac et al., 2016).

Global Project Management Skills Including Technology Skills

Given the evolution of accounting offshoring from the ITO, it is worthwhile examining some of the IT graduate skills literature for potential application to accounting firms. In a 2014 study of new IT working graduates, the ability to work with people from different cultures and communicate in an appropriate manner in this environment was deemed to be the area of the greatest gap (Nagarajan & Edwards, 2014).

Communication in multicultural environments is increasingly being discussed and having a team that have these skills is seen as a critical success factor in offshoring (Gerbl et al., 2016; Gerbl, McIvor, Loane, & Humphreys, 2015; Shamsuddin et al., 2015). Both the offshore team

and the remaining domestic team may both have cross-national job responsibilities which require interaction with virtual teams over borders, especially in highly interactive interaction frameworks (Anderson, 2015). Cultural differences arise in these working environments in the areas of attitudes towards power distance, individualism and masculinity versus femininity and graduates need to know how to navigate these differences (Gribble, 2016; Mukherji & Jain, 2013; Nagarajan & Edwards, 2014; Richards & Ross, 2004).

These cultural differences require a new set of cultural skills that current graduates may not possess. These skills have been described as “cultural intelligence” which can be defined as *“relating to understanding and dealing with problems of cross-cultural adjustment and cross-cultural communication which requires cultural awareness”* (Siakas & Siakas, 2015, p. 210). New graduates need to have cultural sensitivities or *“cultural quotients”* especially as some of Big 4 are making increased use of international rotations (Daugherty et al., 2012). These cultural differences can be overcome through various means including education but it does require a difference in the education approach in order to do that (Chartered Accountants Australia & New Zealand, 2015). This is not something that is generally included in the university curriculum (Daugherty et al., 2012). Ultimately, the accounting managers of the future will need to be strong in cross cultural labour management and will require social and political capital (Davidson et al., 2014).

Offshoring requires a change in the way that accounting firms deliver traditional services and a move from actually doing the routine services, to project managing them. Therefore, project management skills have been identified as a key skill requirement in the ITO literature and it could be extrapolated to accounting firms as the breaking up of the accounting process resembles a project (Hassan, Ojeniyi, & Razall, 2015; Nagarajan & Edwards, 2014; Nugroho, Afghani, Hodosi, & Rusu, 2013). These skills have also been identified as important in today’s audit environment which often includes not just offshore staff but also the use of various experts (Turley et al., 2016). This is a skill that is not traditionally associated with accounting firms. Project management and contract management in an ITO environment typically involves characterising the work, designating the resources, checking on progress and modifying any deviations from the plan.

There are a number of challenges associated with cross-cultural project management that have also been identified in the ITO literature. This includes challenges associated with cultural differences, distance induced differences and psychological contracts between the domestic and the vendor firms (Strasser & Westner, 2015). Similarly, some argue that business process

skills which incorporate different disciplines such as IT, Management and accounting are key (Seethamraju, 2012). The challenge for accounting graduates here who may be involved in this is how do you determine what is appropriate to offshore if you don't have any real base knowledge of the base processes or general processes involved in the tasks yourself? Currently, accounting degrees do not include project management in their curriculum and business process skills are typically taught from the perspective of accounting information systems only.

Part of the project management skills will be supervisory skills which accountants will require as they manage and provide feedback to offshore teams. Whilst this may not be required immediately as a graduate, it will be required much earlier on than traditionally is required in accounting firms due to the nature of who is carrying out the work (Daugherty et al., 2012). Currently, accounting degrees do not specifically develop graduates supervisory and project management skills (Daugherty et al., 2012). This could be achieved by designing assignments where students exchange, grade or provide feedback electronically on others work or involving greater collaboration between functional areas in universities (Daugherty et al., 2012; Seethamraju, 2012).

If accounting graduates will be involved with virtual teams across borders, then their technology skills will need to be enhanced. A virtual team can be defined as *"a group of geographically, organisationally and/or time dispersed workers brought together by information and telecommunication technologies to accomplish one or more organisational tasks"* (Moe, Cruzes, & Dyba, 2015, p. 33). The use of IT to process and communicate information has become vital, as has the knowledge of at least some accounting packages as clients also become increasingly technology focused (Lashine & Mohamed, 2003). In particular, being familiar with communication technologies such as video conferencing, email and instant messaging has become more important (Daugherty et al., 2012). The use of video conferencing and similar technologies are increasingly being used with global virtual teams so it is important that graduates are familiar with the technology (Stowell & Cooray, 2016). IT security, backups, operating systems, network management, and project management software are also seen as important. It has been suggested that there is a gap in knowledge in this area (Poston & Dhaliwal, 2015; Rai, 2012). In an audit context, the IT is what glues the audit team (including the offshore team) together so it is critical that graduates can navigate this (Turley et al., 2016). PwC has predicted that successful graduates will require skills in data analysis, statistics, technology and process/change management (Staffreporter, 2015).

International communication skills are a specific skill set that is directly related to working with virtual teams. In the context of offshoring, team members are globally distributed and are often culturally diverse (Jebli & Vieru, 2014; Villa Sanchez, 2016). There is a need to communicate in a global language in global teams using a variety of new technological tools (Lashine & Mohamed, 2003). The greater the level of interdependence between the Indian and domestic team (which is dependent on the interaction framework used), the higher the level of coordination and communication required (Kumar et al., 2008). As communication and production of information costs are often higher in such an offshore environment, the ability to communicate becomes even more important (Nicholson, Jones, & Espenlaub, 2006; Westner et al., 2016). Accountants may be dealing with people whose English is not their native language. If a graduate's communication skills are below par, then this simply increases the potential for miscommunication. Researchers have found that there are more conflicts within virtual teams compared to traditional face to face teams (Stowell & Cooray, 2016). Often, there are time differences between virtual teams which therefore result in greater importance being placed on written communication in the form of emails and discussion boards (Nicholson & Aini, 2008; Stowell & Cooray, 2016).

Cultural influences also affect how teams and individuals communicate and work with each other (Chartered Accountants Australia & New Zealand, 2015; Daugherty et al., 2012; Mukherji & Jain, 2013). Inter-culturally competent people are able to understand different cultural cues, can solve complicated conflicts and adapt their communication patterns to be culturally effective (Mukherji & Jain, 2013). Those with good international communication skills need to have cultural awareness as well as self-awareness and the ability to self-reflect (Cseh, Davis, & Khilji, 2013). They need to be empathetic, open, curious, humble and flexible when trying to understand others (Cseh et al., 2013; Mukherji & Jain, 2013). Not being competent in this area may lead to misunderstandings, potential conflict and wasting time which should be directed to more important areas (Forman et al., 2015; Liang, Wang, & Xue, 2015). There have been calls for an increased focus on interpersonal skills in the context of international business in business degrees (Mughan & Kyvik, 2010). In short, they will need a global mind-set (Cseh et al., 2013). For example, Indian staff culturally have different perceptions of time, having a more laid back approach. Domestic staff may interpret this as the team lacking a "sense of urgency", and this, together with differences in language and communication styles, could lead to potential conflict, especially around periods of deadlines.

Enhanced Generic Skills

Certain other generic skills are expected to take on greater importance for graduates in an offshoring environment. If there is to become more client facing, then customer relationship and interaction skills become far more important (Crawford, 2016b; Daugherty et al., 2012; Ernst & Young & Institute of Chartered Accountants, 2011; Terjesen, 2010). These are skills that are difficult to offshore (Crawford, 2015; Dellow & Romano, 2006).

The new breed of accounting professional will require enhanced generic skills such as communication skills, co-operation, team collaboration, leadership, reasoning, judgement, problem solving, analytical and interpersonal skills (Eriksson & Hatonen, 2009; Jackson, 2009; Low et al., 2015). Analytical ability to ask the right questions and interpret information becomes critical in this environment as accountants are no longer preparing the information themselves. They need critical thinking skills to question the information they are receiving and to make judgements when not all of the relevant information is available (Chaplin, 2016a, 2016b). The accountant of the future in a global economy needs to be ethically responsible, self-motivated and have a strong sense of integrity (Lashine & Mohamed, 2003).

So if it is accepted that graduate accountants in an offshoring environment require different skills, then how do the firms ensure that they recruit the appropriate graduates and staff who have these?

Impact of Enhanced Skill Requirements on Graduate Recruitment

If the skills and attributes that are required in an offshoring environment is different to what accounting employers have traditionally looked for, then there needs to be a new recruitment approach to ensure that these skills are incorporated into hiring practices. When recruiting, most firms will hire similar personalities to help ensure cultural fit (Parry, 2015). Several longitudinal studies have looked at the different personality types according to the well-known Myer Briggs Type Indicator (“MBTI”) commonly found in the accounting profession. Several longitudinal studies in 1997, it was found that across different accounting firm divisions, there was not any statistically differences with partners tending to be more intuition personality types and most staff displaying a logical thinking personality type (Schloemer & Scholoemer, 1997). They have consistently demonstrated that accountants often have similar personality traits, that of being cautious, logical, deliberate, precise and motivated by efficiency and reason (Briggs, Copeland, & Haynes, 2007; Burton et al., 2016; Schloemer & Scholoemer, 1997).

Accounting graduates usually adopt a task and goal based approach to their study which ultimately translates into the way that they approach clients in their future (Johnson, 2014). These traits are not congruent with the increasingly desired interpersonal skills, leadership, persuasion, collaboration and cooperation. The functional area that accountants work in the firms e.g. tax, audit etc or gender does not seem to have impact on this, although personality differences do begin to appear as accountants progress up the firms to more senior levels (Briggs et al., 2007; Schloemer & Scholoemer, 1997).

Therefore, if current recruiting is dominated by existing members, any selection bias towards hiring graduates with similar personalities could hamper the evolution of these skills amongst the accountants of the future (Parry, 2015). It has also been shown in the same study that graduate accountants that do not display the traditional accountant personality traits will often eventually take on some of these traits from their experienced employers and mentors, or they may leave the profession. That is, newly recruited employees begin to take on the personality characteristics of others in their working environment.

This therefore requires different hiring and mentoring techniques to ensure that the profession does not continue to breed more of the same characteristics in its staff. Some of the Big 4 firms have recognised the need for diversity in this environment and have begun reducing their reliance on graduates with accounting degrees, especially in relation to their audit graduates. This is similar to the British tradition of taking accounting graduates from outside accounting disciplines (Andon, Chong, & Roebuck, 2010; Winocur, 2016). Interestingly, if the main goal of incorporating non-accounting graduates is to increase the diversity of thinking and personality types, then this may not be the panacea that the firms desire. A 2010 study compared the personality types of traditional accounting graduates and non-accounting graduates seeking to enter the profession and found that both sets of graduates exhibited similar personality traits (Andon et al., 2010).

However, diversity is not just drawn from having different personality types. It also extends to gender and race diversity which has increased in the profession in recent years (Bahrain, 2016). Technical skill and other elements of diversity also come into play. Auditing is currently undergoing a significant industry change which has impacted not only the skills required of an auditor, but who is being recruited to work in increasingly specialist area. Questions are being asked as to whether or not it is better to hire laterally to include subject matter experts and turn them into an auditor or to hire an auditor and turn them into a subject matter expert (Turley et al., 2016; Barac, Gammie, Howieson, & van Staden, 2016). They are making a

deliberate choice to hire from non-accounting degrees such as social work, environmental sciences, counter terrorism, Mandarin, maths and IT (King, 2016b; Turley et al., 2016; Williams, 2016). Graduates from science, technology, engineering and maths backgrounds (“STEM”) are becoming increasingly popular (Farnet, 2016). This will mean though that these graduates do not have the base line technical skills so a different training approach may be required which is discussed below.

3.3.4 GRADUATE TRAINING AND CAREER PROGRESSION

Changes in accounting firm structures and processes such as from offshoring have important consequences for both training, career progression and knowledge retention (Anderson, 2015).

Graduate Training

Training can be defined as *“the act of increasing knowledge and skills of an employee for doing a particular job”* (Sundaram, 2016, p. 118). Traditionally, accounting firms have invested heavily in staff, especially their graduates. Accounting firms as employers play a key role in continuing the accounting graduate’s professional development (Chartered Accountants Australia & New Zealand, 2015; Smith, 2012).

Different stages of learning have been identified with the first being the basic acquisition of skills which commonly occurs at university. Next is the transitioning of specialised skills and then finally the integration of those knowledge and skills (Teale, 2013). It is these last two phases which are generally completed in a working environment and especially with on the job training. Typically, the more routine lower level work which is now being offshored was the core basic on-the- job training that graduates received (Chaplin, 2016a, 2016b; Shamis et al., 2005). When completing actual work, graduates accumulate client specific and tacit knowledge that is difficult to obtain from other sources. This has been described as the *learning effect* (Beck & Wu, 2006). Each time they complete these tasks, graduates built up their “transactive memory” which has been described as “encoding information for storing and retrieval, similar to a librarian entering details of a new book in the particular library system before putting it on the shelves” (Oshri, van Fenema, & Kotlarsky, 2008, p. 596). If this work is now being offshored, then how will today’s graduates learn these basic grass roots skills? There is an argument that the domestic talent pool may be depleted (Barac et al., 2016).

Graduates will therefore require a more structured graduate training program tailored toward the area that they will be working in (Turner, 2016a). The firms will need to tailor their training to ensure that the graduates still obtain that crucial basic knowledge (Chaplin, 2013).

Training can come from universities, the firms themselves and from the gaining of formal professional qualifications (Chaplin 2016) as shown in Figure 3.13 below:

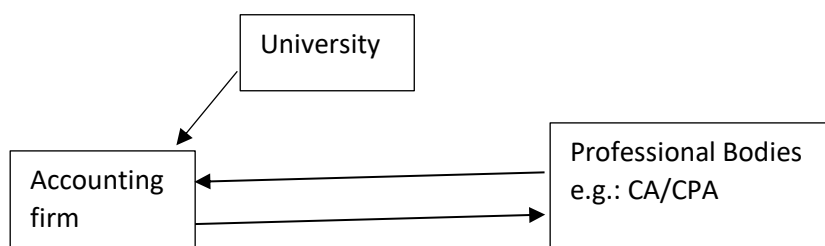


Figure 3.13: Providers and relationship of accounting education

Accounting firms and their training are central to the development of the graduate. They help to integrate, conceptualise and provide practical experience for the broader training and education provided by universities and the professional bodies. It is not realistic of employers to expect that graduates will not require any training on their part, they need to be provided with the appropriate support to succeed (Yorke, 2006a). In fact, it has been shown that on the job training positively influences quality of employee service (Wickramasinghe, 2015). There are differences however in the form of training provided by different sized firms with Big 4 and larger firms having more capacity to provide more structured graduate training as opposed to smaller firms who often focus on more *on the job training* (Tobianah, 2011).

The employers' ability to devote resources to training often predates their opinion as to who is responsible for training and as the demand for training continues, more responsibility is often pushed back to the universities (Becker, 1962; Howieson et al., 2014). This is particularly true for generic skills so employers are now looking for graduates that already possess those skills (Jackson, 2009). This is distinct from firm specific training, which their competitors are less likely to gain any benefit from (Acemoglu & Pischke, 1999; Cai, 2013). Skills currently gained at university are considered to be generalised skills, so firms are not willing to pay for these for their employees. As the work of accounting firms becomes increasingly specialised, the level of training that is considered general in nature expands and firms may be even less willing to pay for that.

However, universities cannot be all things to all stakeholders. If employers do not play their part, offshoring could potentially lead to graduate development being sacrificed due to much of the traditional training ground work that was traditionally performed by graduates no longer existing (Chartered Accountants Australia & New Zealand, 2015). That is, if much of the work

that graduates used to do is no longer being done, the firms may view this as specific training that is no longer required for their graduates.

Firms may instead convert their training to a more tailored training program. Customised training programmes would appear to be the appropriate way to fill the gap in the skills of graduates in an offshoring environment. The exact nature of the skill gap can be identified by completing a skills inventory in the accounting firm (Poston & Dhaliwal, 2015). For example, there may be a need for externally sourced training on cultural awareness or international communication (Lacity & Rottman, 2009). Project management is also a key area. Specialist training in how to do this in an offshoring environment and how to monitor work may also be appropriate as has been suggested for IT project managers (Lacity & Rottman, 2009).

There are numerous challenges for managing and working with virtual teams which the accounting graduates are not necessarily prepared for. If today's graduates do not have a solid understanding of the work that offshore staff are doing, then how will they become future managers of these processes and teams? There is a potential to have inexperienced project managers in the accounting firm dealing with inexperienced staff in the offshoring location which has obvious problems.

Barbu & Song (2015) argue that since offshoring increases the wage rate for domestic and non-offshorable positions, then there is less incentive to provide training to these roles. Training is seen as a deliberate investment that should increase productivity for both the firm and the individual (Nafukho, Hairston, & Brooks, 2004). This means that accounting firms would invest less in the training of their graduates, not more to fill the skill gap as productivity will not be increased with such an investment. This training may then be re-directed to the offshoring staff (Barbu & Song, 2015; Cai, 2013). However, this could lead to a "hollowing out" of the core competencies of the firms (Pisani & Ricart, 2015).

In addition to the training requirements of domestic graduates, the various regulatory bodies also require all staff of accounting firms to be trained (Australian Professional and Ethical Standards Board, 2015). This would extend to the offshoring staff if quality standards are to be met. Ideally, this should be incorporated into the Service level agreement to demonstrate that the requirement is being met and the training should be domain specific and incorporate compliance with the firm's relevant codes of conduct (Gettler, 2014; Rottman & Lacity, 2006).

Training can also be paid directly for by employees. Hickman and Olney (2011) show that a greater level of exposure to globalisation and offshoring corresponds with increases in enrolments in higher education, especially in urban areas. This particularly holds for lower

skilled workers, who when faced with increased competition for jobs from offshore staff, are incentivised to increase their skills and qualification levels. In terms of accounting graduates, this translates into the graduates going back to university and completing further studies such as Masters Degrees when they cannot get an immediate graduate position.

Accounting firms, whether in Australia or India do not want to be the training resource for future competitors so staff retention needs to be a key focus (Nicholson & Aman, 2012). One way of doing this is to provide graduates with career progression which is now discussed.

Career Progression

Despite the potential impact on graduate recruitment numbers, offshoring can be viewed as a career opportunity for employed graduates. Employers argue that offshoring the commonly offshored routine tasks allows junior employees to fast-track to higher level work (Barac et al., 2016; Chartered Accountants Australia & New Zealand, 2015; Smith, 2012). Graduates in an offshoring environment are exposed to client-facing roles and can work on more interesting tasks much faster than they traditionally would have (Chartered Accountants Australia & New Zealand, 2015; Daugherty et al., 2012; Turner, 2016a). This can potentially lead to faster career progression.

This should mean greater career progression as their rate of learning in the accounting firms should be accelerated. At the very least, this will change the career path of the accountant (Smith, 2017). This may not always be a positive change though the conversion of accounting firms to a flatter and less pyramid structure as previously discussed and the potentially reduced number of graduates being employed could mean that the potential promotion opportunities are reduced.

For those accountants involved in the management of the accounting offshoring operation (the “*champions*”), there are significant opportunities within an organisation. These are key roles in an accounting firm which are pivotal to the success of offshoring in the firm (Willcocks & Griffiths, 2010). Future managers in these roles require a blend of new leadership abilities which have been shown to translate into premium salaries. The specific skills identified as being required in these higher level management positions include deal making and negotiation, partnership governing, change management and strategic thinking (Anonymous, 2001). With the increasing level of offshoring in firms, these skills will either need to be trained by the firms and/or universities will need to start to develop these in graduates who will be the future managers and leaders of the firms.

With the changes in roles and less staff physically doing the mundane but not unimportant work of an accounting practice, there is a potential for a loss of knowledge within the firm.

Knowledge Retention

Offshoring also impacts knowledge retention in the domestic firm (Lacity et al., 2008). This arises in an accounting firm context if the basic work is completed by the offshore provider, then there is a potential loss of practical skills in particular in the accounting firm. In the early stages of offshoring, this is not an issue as most of the staff at one point have completed the tasks undertaken by the offshore staff. After a few years involved in offshoring though, domestic natural attrition may cause a loss of knowledge in these practical areas which is too expensive to replace. Therefore, it is deemed critical that some knowledge is retained in the firm. This is not a new phenomenon and is a readily acknowledged problem in the ITO and BPO literature.

This completes the literature review of both graduate employment generally, modes of offshoring operation by accounting firms and the juxtaposition of these two bodies of literature. The next section will now discuss the identified gaps in the literature.

3.4 IDENTIFIED GAPS IN THE LITERATURE

This section reviews and identifies the gaps in the literature associated with the research questions. Research gaps act as a starting point for research and represent “*gaps in sets of information*” (Muller-Bloch & Kranz, 2015, p. 11). The resulting research gaps are displayed using the “sequential presentation method” where the literature synthesis is presented and then followed by the presentation of the research gaps (Muller-Bloch & Kranz, 2015). The resultant research gaps are now discussed below.

Impact of Offshoring on Graduate Employability Skills

There have been calls for continued research on employer perceptions of graduate attributes, with a focus on research that is more context sensitive (Tempone et al., 2012). Offshoring is one such important context. Whilst there is a substantial amount of research on the impact of globalisation on graduate skill requirements, there is very little research on the impact of offshoring specifically on this.

The academic community has been relatively slow to research the impact of offshoring on the accounting profession. This was similar to the emergence of the ITO and BPO literature where

this was initially driven by practitioners (Dibbern et al., 2004). Much of the literature on offshoring in an accounting firm environment is in industry publications, with little coming from the academic community. Yet, offshoring has a huge impact on the profession, in particular in relation to accounting graduates and their employability and future.

Impact of Offshoring on Accounting Graduate Roles

As more and more basic tasks are offshored by accounting firms, graduate roles are expected to change. Much of the practitioner rhetoric and literature has identified this (Crawford, 2016b; Turner, 2016). However, there is very little academically researched literature which explores exactly what those different roles are and confirmation of in fact, the roles have actually changed.

As the roles of graduates potentially change in an offshoring environment, there is a possible “hollowing out” of competencies for accounting firms, the impact of which has not been examined in the current literature in relation to offshoring services (Pisani & Ricart, 2015).

Impact of Offshoring on Graduate Recruitment Numbers

Given the large array of different variables that affect graduate numbers, a more detailed analysis of these results from the literature is required to determine the reasons for the changes, and in particular, whether or not offshoring impacts this. The large data sets from which graduate employment numbers are usually obtained do not differentiate firms that offshore and do not offshore. This is more easily conducted in a qualitative approach where trust with respondents can be obtained. By comparing firms that do and do not engage in offshoring and reviewing their graduate numbers over the same period of time, many of the external factors incorporated in the larger data sets can be removed and accounted for.

In her 2015 review of the HRD literature, Anderson identifies more than 250 peer reviewed articles that consider outsourcing, yet only one of these, a conceptual article, considered offshoring and HRD specifically. This article specifically identifies numerous areas for further research which link HRD and offshoring, of which the research questions of this thesis are included (Anderson, 2015).

The literature also identifies that it is difficult to get access to appropriate data in the accounting field, given that offshoring is seen as a source of competitive advantage so firms do not want to risk losing this and the topic is considered so sensitive (Nicholson & Aman, 2008). This thesis also fills this void through access to such rich data.

Therefore, the results of the different components of the literature review highlight a number of different gaps in the research. This thesis, and specifically the research questions, will address these.

3.5 CONCLUSION

This chapter provides a review of the literature of offshoring within accounting firms and describes the important context that the research questions are applied against. It also juxtaposes the Chapter Two literature review against this context before detailing the gaps in the literature.

The chapter firstly draws on the ITO and BPO literature to examine different ways of structuring and operating offshoring, but through the lens of an accounting firm. It develops the classification of offshoring ownership models and interaction frameworks which are key concepts used in the research questions.

The chapter then brings together the more sparse research on the impact of offshoring on graduate employability in accounting firms. This begins by reviewing the literature from the disciplines of SCM and HRM, which has some similarities with the journey that graduate employability in offshoring accounting firms has taken. Following this, the literature identified previously will be juxtaposed and applied to the impact on graduate recruitment numbers, the skills and attributes that are required as well as the impact on training and career progression of the graduate. At the core of this discussion, is the altered role of a graduate in an offshoring environment.

A key outcome of this literature review is the assembly of a modified Employability Skills Framework (“ESF”) which is used as part of the research method and is discussed further in Chapter Five. This will act as a base line of skills and attributes of graduates who both are and are not involved in offshoring.

Finally, gaps in the literature overall are identified which form the basis of the research questions, the main one being the lack of offshoring context on the general graduate employability literature. The next chapter now discusses the theoretical framework that will be applied in this thesis.

CHAPTER FOUR THEORETICAL FRAMEWORK

4.1 INTRODUCTION

This chapter describes the overall process used in identifying a suitable theory for this thesis, concluding that Human Capital Theory (“HCT”) is the most appropriate theory to support the research questions and ultimately, the thesis results. The application of a theoretical lens allows order to be placed amongst the concepts and findings of research (Swanson, 2007). Within this thesis, the application of Human Capital Theory (“HCT”) is important for two reasons. HCT firstly provides the lens or perspective for the research questions and research design. Secondly, it will be used to help explain the behaviours and attitudes of the respondents (Creswell, 2014). Therefore, HCT is used as a tool to “theoretically inform” the thesis.

Figure 4.1 below provides an overview of the structure of this Chapter.

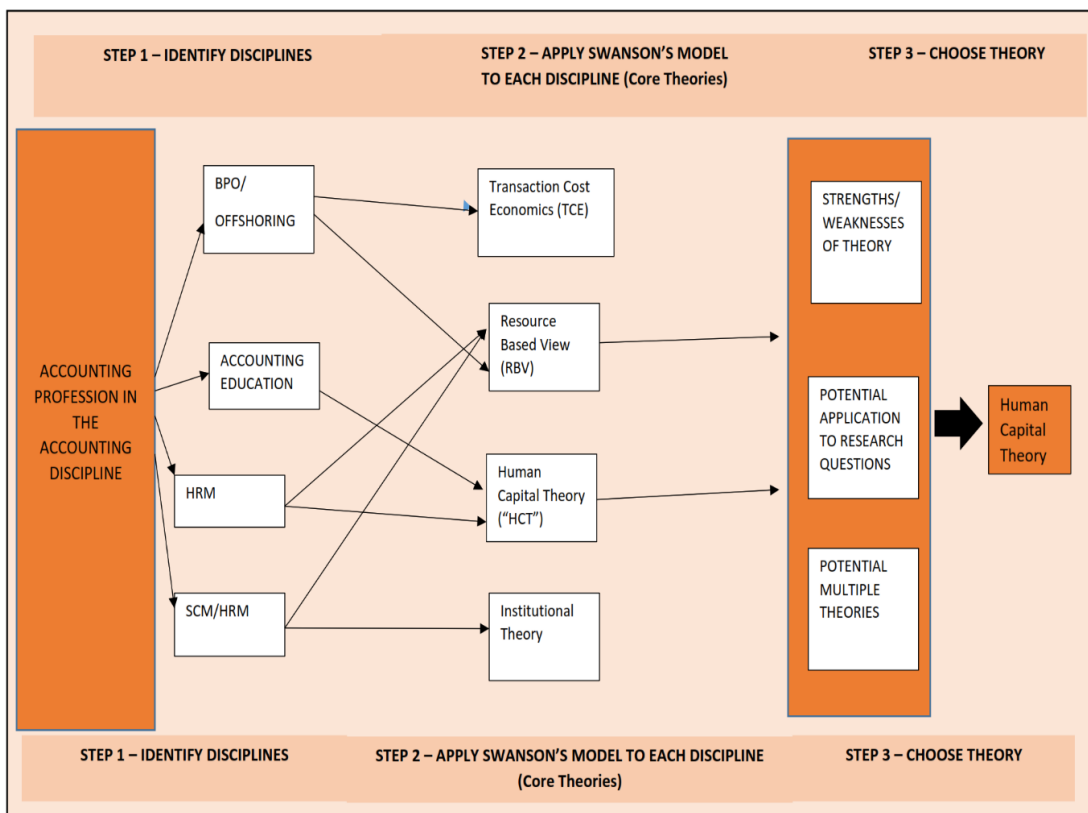


Figure 4.1: Concept map of Theoretical Framework chapter

Firstly, an explanation of Swanson’s Theoretical Framework (2007) which is the method for determining the applicable theory of this thesis is provided. This process commences by identifying the relevant disciplines that affect the research questions before identifying the useful theories of each discipline. This reduces the pool of potential useful theories to

Transaction Cost Economics (“TCE”), Resource Based View (“RBV”), Institutional Theory and Human Capital Theory (“HCT”). Further applying Swanson’s theoretical framework, TCE and Institutional theory are then eliminated leaving RBV and HCT as possible multiple theories that could apply. The chapter then compares the characteristics and applicability of each of HCT and RBV. Based on this, Human Capital Theory is then selected as the sole theory for this thesis.

4.2 APPROACH TO DETERMINING THEORETICAL FRAMEWORK

The research questions within this thesis are drawn from a number of different disciplines including BPO/Offshoring, Accounting Education, Human Resource Management (“HRM”) and Supply Chain Management/HRM. As applied disciplines, these have a history in the literature on drawing on many different theories and not necessarily being grounded on one seminal theory. Therefore, the number of potential theories that could be used in this thesis are many. As a result, there needs to be a rigorous process whereby the most appropriate theory is identified and selected.

Swanson has developed a theory framework appropriate for applied disciplines (Swanson, 2007). Figure 4.2 provides a diagrammatical representation of this theory framework.

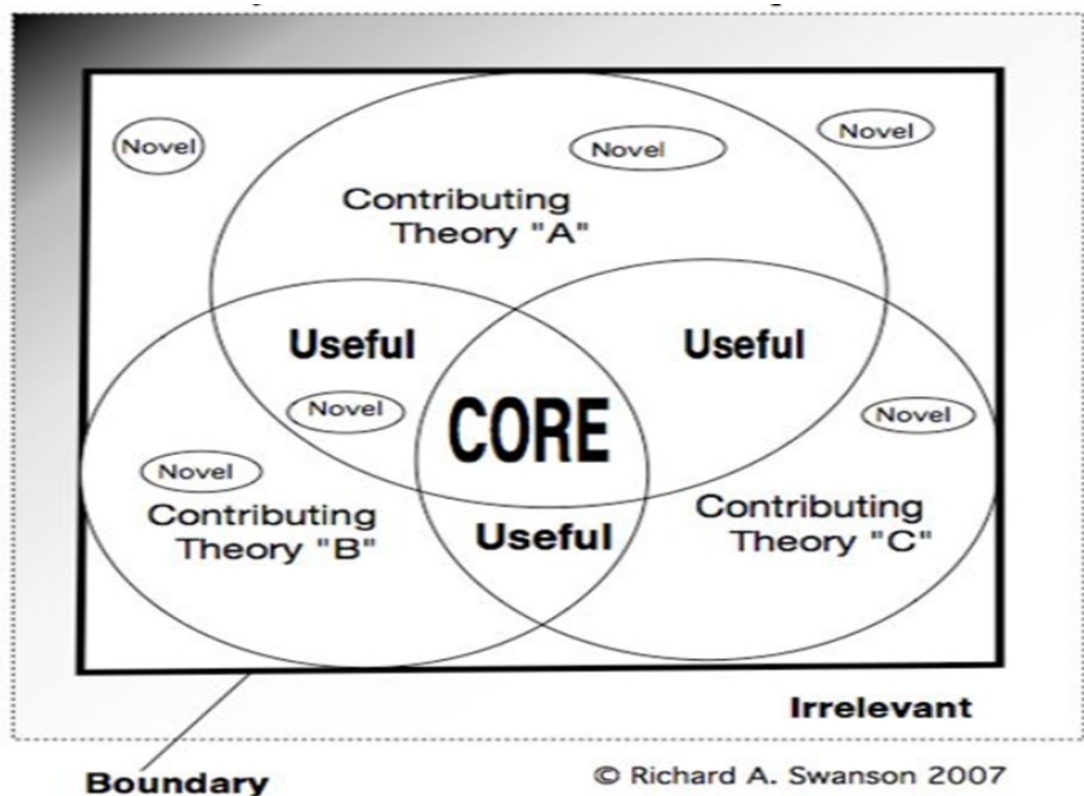


Figure 4.2: Theory Framework (Swanson, 2007)

The basic premise of this model is that all of the potential theories that may apply to an applied discipline are identified and classified under the framework components of this model (Swanson, 2007). All of the contributing, useful, novel and irrelevant theories need to be firstly identified. A Useful Theory can explain selected components within a discipline whilst a Core Theory represents the essential theory of the applied discipline (Swanson, 2007). Where there is cross over, a Core Theory is then identified which becomes most appropriate to apply in the relevant discipline.

In the context of this thesis, choosing the relevant theory for the research questions will be applied in three distinct steps as described below in Table 4.1:

Step One	Identifying the relevant disciplines that apply to the research questions and establishing clear boundaries for each discipline.
Step Two	Applying Swanson’s theoretical framework to each of the disciplines identified in Step One to determine the ore theory for each, as it relates to the research questions. This will result in a smaller number of potential theories.
Step Three	Examining the identified core theory of each discipline in more detail including their weaknesses and potential application to the research questions to then determine the appropriate theory for this thesis. This will include examining the potential application of multiple theories in this thesis.

Table 4.1: Steps involved in determining the grounding theory in this thesis

The result of applying these steps will be the most appropriate theory for the research questions in this thesis.

4.2.1 STEP ONE – RELEVANT DISCIPLINES

The first step is to identify the disciplines that impact the research questions as shown below in Figure 4.3:

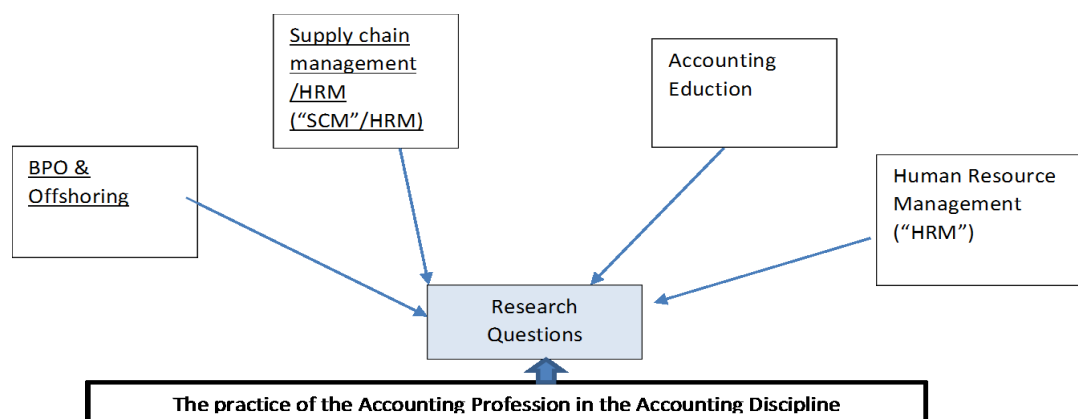


Figure 4.3: Summary of the disciplines influencing the research questions

These impact the research questions as follows;

BPO and Offshoring Literature - The discipline of offshoring, which draws on the BPO and ITO literature directly impacts this thesis due to their similar characteristics to accounting firm offshoring. Accounting firms are undertaking a specific form of offshoring which may impact graduate employability.

Accounting Education – Graduate employability, skills and capabilities in relation to accounting graduates has been studied extensively and serves as an **important** grounding for all of the research question.

Supply Chain Management (“SCM”) – This is identified as one of the main streams of the outsourcing literature in a seminal 30 year review of the literature (Eriksson & Hatonen, 2009).

Human Resource Management (“HRM”) – This focuses on the various practices used to manage people and the discipline affects this research both from a skills and recruitment perspective which are all directly linked to the research questions.

HRM is examined in isolation as well as a sub-discipline of SCM. In their 2014 review of the combined SCM/HRM literature, Hohenstein, Feisel and Hartmann identified a number of research streams in this area including hiring and recruiting, education and teaching and training and development. Many of these are relevant for the research questions in this thesis.

All of these influencing disciplines are viewed from the point of view of the practice of the accounting profession.

4.2.2 STEP TWO – IDENTIFYING THE CORE THEORY FOR EACH DISCIPLINE

In this section, Swanson’s theory framework is used to identify the core theory that would apply in each related discipline, considering the research questions. Table 4.2 below provides a summary of the application of Swanson’s theory framework to each of the identified disciplines.

	BPO/OFFSHORING	SCM/HRM	HRM	ACCOUNTING EDUCATION
Contributing Theory	TCE RBV Social Exchange Theory Network theory Institutional theory	TCE RBV Institutional Theory Network Theory HCT	HCT RBV Career theories Knowledge based view theory Labour Market Theory	HCT Bourdieu Theory
Useful Theory	TCE, RBV	RBV Institutional theory	HCT	HCT
Novel Theory	Modular systems theory	Agency Theory	Career theories Knowledge based view theory Labour Market Theory	Bourdieu Theory
Irrelevant Theory	Agency theory	Network Theory	Psychological contract theory Developmental state theory Structuration theory	
Core Theory	RBV	RBV	RBV HCT	HCT

Table 4.2: Summary of Swanson’s (2017) theory framework application to relevant disciplines

Core Theory Identification – BPO and Offshoring

Many authors in this field identify a lack of one overarching theory to explain the BPO and ITO disciplines (Khan & Lacity, 2014; Lahiri & Kedia, 2011; Schermann, Dongus, Yetton, & Krcmar, 2016; Schmidt, Muller, & Rosenkranz, 2015).

Several seminal authors (Eriksson & Hatonen, 2009; Strasser & Westner, 2015; Zhang, 2006) have summarised the theories used in this discipline as shown in Appendix 4. Of these theories though, TCE and RBV are applied the most consistently in the offshoring literature and are therefore considered the Useful Theories as per Swanson’s Theory Framework.

Transaction Cost Economics (“TCE”)

One of the dominant theories in the BPO/Offshoring discipline is that of Transaction Cost Economics (“TCE”) (Eriksson & Hatonen, 2009; Williamson, 1975; 1985). This economically based theory argues that if a lower overall transaction cost can be achieved by using other markets, then a good or service should be outsourced (Coase, 1937; Dibbern et al., 2004; Eriksson & Hatonen, 2009; Aman et al., 2012; Jeffrey Chang & de Burca, 2016; Westner, 2016).

Limited rationality and opportunistic behaviour is the main assumption of this theory and it has a focus on individual transactions, especially whether or not outsourcing should be pursued (Dibbern et al., 2004; Williamson, 2008; Larsen, Manning, & Torben, 2013; Musteen, 2016).

However, TCE only has limited application for other aspects of offshoring (Pisani & Ricart, 2015; Nicholson, 2006; Schermann, 2016; Kamyabi et al, 2011). The research questions of this thesis focus on the “how” of offshoring and in particular, the how of employability of graduates domestically in an offshoring environment. Many have argued that Resource Based view (“RBV”) theories superseded TCE from the 1990’s to the early 2000 as the dominant theory applicable to outsourcing (Eriksson & Hatonen, 2009). RBV also has potential application to employment decisions and so is considered to the Core Theory for this thesis in relation to the Offshoring discipline.

Core Theory Identification – SCM/HRM

The main theories adopted in the SCM literature generally, mirror those in the offshore literature and include TCE, RBV and Network Theory (Skjoett-Larsen, 1990). Each of these would be considered Contributing Theories. Of these, TCE has more of a limited application to decisions of whether or not activities should be outsourced and struggles to explain relationships between key stakeholders. The RBV and Network theory perspectives are seen as the broader application as they factor in the level of cooperation required in SCM (Skjoett-Larsen, 1990).

Similar to the offshore discipline, there is a lack of a strong underpinning theory in the SCM/HRM literature (Onar et al., 2013; Skjoett-Larsen, 1990). A content analysis covering 1998-2014 of the theories used in the SCM/HRM discipline found that 74 of the 109 papers reviewed did not explicitly state a theory (Hohenstein et al., 2014). Of those that did, RBV, followed by Institutional theory was the most common theory used (Hohenstien, 2014).

Institutional Theory

Institutional Theory argues that organisations are seen as social entities whereby they seek approval for their performance in their environments (Hohenstien, 2014; Powell & Di Maggio, 1983). The theory produces a kind of industry “group think” as each organisation in the SCM/HRM discipline undergoes “isomorphism” (Powell et al, 1983; Covalleski, Dirsmith, & Samuel, 1996; Khan & Lacity, 2014). If offshoring staff within SCM becomes the norm or expected in the industry, then this is what organisations will do, they will follow the leader.

Institutional Theory has a greater level of explanatory significance in more regulated industries (Khan & Lacity, 2014). SCM is not highly regulated so Institutional Theory may not be as prevalent. Also, Institutional Theory is often associated with newer phenomena within industries, which SCM would not be considered (Hoque, Covalleski, & Gooneratne, 2013). As offshoring and other HRM practices within SCM becomes more prevalent, Institutional Theory would therefore have less of an ability to explain graduate and other employment decisions in the SCM/HRM discipline. For this reason, Institutional Theory is not taken as a Core Theory of SCM/HRM.

Taken together with the general SCM literature, this means that the Contributing Theories of SCM/HRM are TCE, RBV, Institutional Theory, HCT and Network Theory. The Useful Theory adopted for SCM/HRM as defined by Swanson’s Theory Framework will be RBV. This theory is useful to SCM/HRM as it can help explain why certain hiring and training decisions are made in SCM, based on prioritising and accessing human capital resources (McIvor, 2009). These decisions are also embedded in the research questions of this thesis. RBV can therefore explain the sub-discipline of SCM/HRM in its entirety and will be considered to be Core Theory for SCM/HRM.

Core Theory Identification – Human Resource Management

International Human Resource Development (“IHRD”) is the *“processes that address the formulation and practice of HRD systems, practices and policies at the global, societal and organisational levels”* (Anderson, 2015, p. 3). The concept of graduate employability, which is central to the research questions, includes recruiting and training, these being key elements of HRM.

A conceptual review of the link between IHRD and Offshoring provides a summary of the theories that underpinned IHRD (Anderson, 2015). These form Contributing Theories and

include Career Theories, Knowledge Based View, HCT, Labour Market Theory, RBV, Developmental State Theory and Psychological Contract Theory (Anderson, 2015).

In recent years, RBV has becoming increasingly associated with the Strategic HRM literature (Wright, Dunford, & Snell, 2001). HCT explains from when different staff are hired, trained and rewarded from an economic perspective. Therefore, of the contributing theories identified, HCT and RBV will be considered the Useful and Core Theories.

Core Theory Identification – Accounting Education

The discipline of accounting education covers accounting education design, graduate attributes and employability, all from an accounting graduate perspective. A review of the accounting education literature provides a surprising lack of clear discussion on the underpinning theories adopted (Apostolou et al., 2016; Jackson et al., 2014; Warwick & Howard, 2015). One potential reason for this may be due to the fact that HCT (Becker, 1962) is seen as the cornerstone of education based literature and authors no longer feel the need to state the obvious theoretical grounding underpinning their studies.

However, this perspective may be presumptuous and there is a growing body of literature suggesting that the dominance of HCT in the discipline of accounting graduate employability and skill may not suffice. One novel theory that some authors have suggested for the accounting education discipline is that of Bourdieu Theory of higher education. This theory argues that skills are socially constructed of different forms of capital and that there are multiple sources where graduate skills are obtained and transferred (Kalfa & Taksá, 2015). However, Bourdieu's Theory has mainly been applied in the graduate attribute literature which is only a component of the accounting education discipline. Therefore, it would perhaps be considered a Useful theory but not necessarily a Core Theory. HCT has been far more widely used and accepted in this discipline so will be the Core Theory that is identified in this thesis for the accounting education discipline.

This section has applied Step Two and Swanson's Theory Framework to the relevant disciplines associated with the research questions. The following section will now complete Step 3 where the potential application of the identified core theories of RBV, Institutional Theory and Human Capital Theory are examined in more detail.

4.3 APPLICATION OF THE CORE THEORIES

As discussed in Table 4.2, Step Three involves examining each of the identified core theories of RBV and HCT and how they could apply to the research questions. This step also considers the potential use of multiple theories in this thesis.

4.3.1 DESCRIPTION OF RESOURCE BASED VIEW (“RBV”)

RBV was originally espoused by Penrose (1958) but then clarified further in the seminal works of Wernerfelt (1984) and Barney (1991). RBV implies that firms should only invest in activities that are its core competences and outsource all others (Mohiuddin, 2010; Ali, 2012; Ali & Green, 2012; Eriksson & Hatonen, 2009).

Core competencies can be described as a tree root with the trunk and main limbs being the core service lines e.g.: tax and the leaves and flowers being the end product e.g.: tax return (Prahalad & Hamel, 1990). Therefore, the core competencies can be said to be the team and knowledge that provide the foundations for each of the service lines which is heavily reliant on the recruiting, training and knowledge transfer between staff including graduates.

This theory views resources related to human knowledge and skills as a valuable resource (Poston & Dhaliwal, 2015; Wright & McMahan, 2011). Whilst resources can be physical, human or organisational capital resources, this thesis focuses on human capital resources (Barney, 1991). RBV considers that there is a sustainable competitive advantage for a firm if resources such as human resources are value adding, rare or scarce, costly to imitate and have limited transferability (Barney, 1991; McIvor, 2009; Skjoett-Larsen, 1990).

Organisations that offshore non-core functions and exploit their own core competencies whilst exploiting the competencies of their offshore providers are following the RBV view of the firm (Bierstaker, Chen, Christ, Ege, & Natalia, 2013; Chaplin, 2013; Lacity et al., 2008). This is consistent with Michael Porter’s traditional “value chain” concept which argues that a firm needs to identify its core competencies and determine if there is in fact any value added by the firm carrying out those tasks outside of its identified core competencies (Jathanna, 1992; Terjesen, 2010).

4.3.2 CRITICISMS OF RESOURCE BASED VIEW

Some authors question whether or not the basic assumptions of RBV continue to hold true today. In a rapidly changing global economy, core competencies may now only be temporary and it is questionable whether the RBV view is a fluid enough lens (Eriksson & Hatonen, 2009).

RBV also relies on the assumption that commodities, whether they be human capital or skills or specialised knowledge, are rare and non-imitable. It is questionable whether this key

assumption is correct in an environment where functions are being commoditised on a global scale or there is a large amount of uncertainty (Doh, 2005; Pisani & Ricart, 2015). This is particularly an issue in the accounting profession where compliance services are increasingly being commoditised.

Generally speaking, RBV takes a collective perspective and the unit of analysis is the firm as a whole. As a result, RBV has been used extensively in analysing situations where firms have human capital ownership advantages (Pisani & Ricart, 2015). However, RBV tends to ignore the important individual perspective and is not easily applied where the unit of analysis is the individual.

4.3.3 POTENTIAL APPLICATION TO THE RESEARCH QUESTION

RBV application within accounting firms suggests that the firms should identify what their sources of competitive advantage are and ensure that the skills required to deliver this to clients are available. The more commoditised and generic the skills are, the more likely a particular task is to be offshored.

As previously discussed, the most common types of tasks that accounting firms are offshoring are tasks that they are compliance and transactional in nature. That is, they require general and often low level accounting skills which are not specialised at all. Therefore, the adoption of offshoring in accounting firms for these compliance services can be explained using RBV (Bandyopadhyay & Hall, 2009).

RBV can also explain offshoring in SMSF work by the fact that it has become increasingly difficult to obtain SMSF accountants in Australia. Whilst specialised, the actual accounting is extremely transactional often involving a large amount of bank statement coding and share investment reconciliations and once you have understood the specialised rules of SMSF, each fund is virtually the same. This can make SMSF work very mundane and routine which many accountants and graduates find very uninteresting. The transactional nature of this work, together with the shortage of skills in Australia in this area makes offshoring the perfect solution as “centres of excellence” can be developed in order to provide an efficient and cost effective client service.

Despite some criticisms, it is still felt that this theory is appropriate to be adopted as one of the potential theoretical bases for this thesis. Whilst it is recognised that the RBV can be limited in industries undergoing transformational change as in the accounting profession, one of the key changes is that many of the traditional compliance roles of accountants are becoming less important to the profession which means that they can be more easily

commoditised. As such, these skills and products are no longer the core business of accounting firms. It is this change in the definition of the core business of accounting firms which may require different skills amongst accounting graduates that ultimately makes RBV a potential core theory for this thesis.

4.3.4 DESCRIPTION OF HUMAN CAPITAL THEORY (“HCT”)

This economically based theory, originally developed by Adam Smith and Becker, permeates much of the HRD literature (Anderson, 2015; Becker, 1962; Preston, 1997). Central to this theory is the concept of Human Capital (Anderson, 2015; Becker, 1962; Jackson, 2009). Definitions of Human capital usually include aspects of the knowledge, ideas, skills, and information of individuals (Becker, 1962; Dibbern et al., 2004; Kelly et al., 2011). For the purpose of this thesis, Becker’s definition of human capital is adopted as:

“the knowledge, information, ideas, skills and health of individuals” (Becker, 1962, p. 9)

This definition can either be at the individual level, or at the unit level, where there is an accumulation of the aggregate human capital of each individual (Wright & McMahan, 2011). Human capital is said to be the *“mediator in the relationship between HR practices and performance”* (Wright & McMahan, 2011). Graduates, are an important type of human capital.

This theory argues that human capital (or graduates) are assets that yield income and other outputs and inputs such as education and training increase this output and therefore productivity (Wright & McMahan, 2011). It suggests a causal relationship between education, training and productivity. There is a cost benefit approach to the provision of training with training only occurring if the marginal returns are greater than the marginal costs (Bridgstock, 2009; Hahn, 2007; Nafukho et al., 2004; Preston, 1997). That is, investing in human capital through the imbedding of resources in people will only occur where there is a net benefit to the organisation in doing so (Becker, 1962).

A distinction between specific and general training was made by Becker who argued that firms would be more willing to train in specific firm skills because staff would be less likely to benefit or transfer those skills to future employers (Acemoglu & Pischke, 1999). This view is not shared by the recent literature though which provides numerous examples where staff will take lower wages in return for some of this general training and argues that Becker’s distinction was too simplistic (Acemoglu & Pischke, 1999).

Often, such investments in human capital include both formal education and informal training and this usually continues at a decreasing rate once people enter the workforce. This also has

a link to wages which according to HCT, rise at a decreasing rate early in one's career until they reach a plateau with the slope of the growth varying depending on how much is invested into training (Preston, 1997).

4.3.5 CRITICISMS OF HUMAN CAPITAL THEORY

HCT in its original form condenses the decisions of employment and provision of training to mathematical equations and an asset that produces yield income and other useful outputs (Becker, 1962). In reality though, the employment market and a graduates ability' are often fraught with uncertainty and motivation is important as it can bridge the gap between behaviour and human capital (Wright & McMahan, 2011; Cai, 2013). At an individual level, HCT also assumes that graduates are rational and always make decisions in relation to their employment and training purely on economic grounds which may not always be the case (Cai, 2013; Kalfa, 2015). It is questionable whether this assumption of rationality within human capital is appropriate.

HCT may ignore many of the subtleties of human behaviour in HRM. However, Preston examined the application of HCT today and found that even in a non-competitive environment such as Australia, it did still provide a useful framework for determining wages, although there was acknowledgement that HCT could not explain some of the subtle nuances of wage differentials (Preston, 1997). When examining graduate employability, being bound by rationality would suggest that education derived at university would automatically transfer to employers who would then be able to take advantage of this human capital (Kalfa & Taksa, 2015). As demonstrated by the various models of employability discussed earlier, this is clearly not always the case as there are number of requirements for graduates to be able to transfer their knowledge and therefore provide human capital to their employers (Jackson, 2013a). The main criticism of Human Capital theory is therefore whether or not the assumption of bounded rationality, especially at the individual level, actually holds true and can be relied upon.

4.3.6 POTENTIAL APPLICATION TO RESEARCH QUESTIONS

Many studies use Human Capital Theory to explain HRM and graduate education and employability (Cai, 2013; Jackson, 2009). There are two main areas where in relation to the research questions that HCT could apply.

The first of these is in relation to graduate employment and whether or not domestic graduates or offshore staff are recruited. This is directly related to the primary research question as well as secondary research questions a and b. Similar to Poston's RBV analysis (2015), Becker provides an interesting example with the military who typically pay for training costs but offer

lower salaries in return and he makes the point that they have easy access to students as a result (Becker, 1962). Students generally recognise that they require additional training and value this in their first roles out of school or university. Once they have obtained this training, they often leave in search of higher salaries, recognising that they no longer require the same level of intensive training, hence this strategy of hiring students typically translates into heavy graduate losses (Becker, 1962; Poston & Dhaliwal, 2015). This is one of the reasons that the military requires staff who have had their university degrees funded by them to remain in employment with them for a certain number of years or they are required to pay back the funding.

This example can be extrapolated to accounting firms. Accounting graduates may obtain employment in a number of areas including both accounting firms and commerce. Typically, accounting firms provide better initial training (especially CA training) compared to commerce employers, but pay slightly lower starting salaries (Hays, 2015). Big 4 accounting firms usually take on a larger proportion of graduates compared to other smaller accounting firms. They also tend to lose a large proportion of them once they obtain their professional qualification with accounting firms often seen as “sweat shops” (Taylor & Cosenza, 1998). This can be directly explained by HCT in the same way as it applies to the military example discussed by Becker (Becker, 1962).

HCT has also been applied to offshoring and domestic employment (Barbu & Song, 2015). One of the commonly cited reasons for the use of offshoring in accounting firms is to access cheaper labour through a reduced wage rate (Deloitte, 2005; Maelah, Aman, Amirruddin, et al., 2010). The offshore team, at least to some degree, would replace graduates and the mix of staff within accounting firms domestically would change to more non-offshorable roles which require more specialised skills. Studies have also shown that offshoring may raise the wages of non-offshorable occupations domestically (Andersson et al., 2016; Bramucci, 2016; Ottaviano, 2015). This could be because either the roles are at a higher level or that there are less low paid graduates being employed. HCT suggests that this would be because there is no longer a cost/benefit in employing a large number of graduates that require significant upfront training. This is examined in secondary research questions a and b.

The other area where HCT may directly apply is in relation to the skills required and the training provided which directly relates to secondary research questions e and f. One of the findings of Becker’s original work is that earnings will generally increase at a decreasing rate as someone gets older, and younger people will receive more on the job training than older

persons. He also finds that these trends are steeper in more highly skilled and educated fields such as accounting (1962). Essentially, younger staff pay for their training via a reduced wage. Most graduates are usually younger so it follows that under HCT, they should receive a larger proportion of the training funds available to the accounting firm.

However, if accounting firms are involved in offshoring, HCT would suggest that the training investment that would have been directed at domestic graduates would instead be directed at the cheaper offshore team or to domestic staff with non-offshorable roles (Barbu & Song, 2015). Accounting firms may then attempt to transfer more of the general skills training back to universities as there is less cost benefit to them to invest in such training (de Villiers, 2010). This means that firms may be more willing to spend time training on say their specific processes in relation to offshoring but less on core technical or soft skills which are more easily transferable. The issue of exactly what skills domestic graduates will require in an offshoring environment then becomes relevant and this is represented in secondary research question c and d. The above discussion confirms that HCT can be applied as one of the theories for this thesis.

This means that both RBV and HCT could be applied in this thesis. The next section will examine whether or not it is appropriate to rely on both of these theories as multiple theories or if one of these theories is more appropriate.

4.4 STEP THREE - THEORY ADOPTED IN THIS THESIS

4.4.1 IS A MULTI-THEORY APPROACH APPROPRIATE?

The application of Swanson's theory framework and subsequent analysis suggests that RBV and HCT (or a combination of both) are potentially appropriate theories to apply to the research questions.

The use of multiple theories, also known as theoretical triangulation or theoretical pluralism involves *"using factors from different theoretical perspectives concurrently to examine the same dimension of a research problem"* (Hoque et al., 2013, p. 1173). Multiple theories are used by many authors, especially in the accounting and organisational practices fields, offshoring and other disciplines that this research draws from (McIvor, 2009). There is a history of the use of multiple theories in the respective literature of many of the impacting disciplines and of theoretical triangulation within accounting research (Hoque et al., 2013). Accounting represents a combination of rational economic judgements as well as social and

human elements. The two approaches are different, so to try to represent these with one theory could potentially suppress anomalies that may exist (Hoque et al., 2013).

However, the use of a multiple theory approach is not supported by everyone. The diversity of adopting multiple theories can lead to isolated lines of research meaning that different research cannot build on each other and a lack of clear framing or advancing of a discipline (Hoque et al, 2013; Swanson, 2007).

Therefore, multiple theories do need to be applied with caution, in particular in areas where there are contradictory explanations (McIvor, 2009). They should only be applied if the use of multiple theories adds value. That is, both HCT and RBV should be used in this thesis simultaneously as multiple theories only if the explanation provided for the research questions is better and more complete than if only one of these theories is adopted on its own. The next section will demonstrate why this is not the case and argue that the use of multiple theories is not warranted in this thesis.

4.4.2 JUSTIFICATION

Both RBV and HCT appear to potentially provide a suitable grounding theory for this thesis. In order to decide whether or not to utilise RBV and/or HCT as the grounding theory for this thesis, a comparison of each of the characteristics of the theories has been made in Table 4.3.

CHARACTERISTICS	RBV	HUMAN CAPITAL THEORY
Behavioural Assumptions	Bounded rationality trust	Bounded economic rationality
General Approach	Strategic	Economic
Problem Orientation	Internal competence development	Only invest in human capital where there is a cost/benefit
Time Dimension	Dynamic	Static
Unit of Analysis	Resources and capabilities	Human capital investment
Level of Analysis	Organisational	Individual and Organisational
Nature of Relations	Access to complementary resources	Human Capital

Table 4.3: Comparison of alternative theories (adapted from (Skjoett-Larsen, 1990))

The main criticism of RBV is that it suggests that core competencies are rare and non-imitable. Given the commoditisation of accounting, this assumption is not likely to hold true today. In contrast, the main criticism of HCT is that it may ignore the subtleties of human behaviour. However, Chapter Three revealed the increasing financial pressure on accounting firms, and the fact the decision to offshore is often motivated by cost in accounting firms. This would

suggest that the behavioural assumption of HCT of bounded economic rationality will still apply within accounting firms.

It is also important to consider the unit of analysis that each theory relies on. It is difficult to integrate theories when there are competing theories are based on different units of analysis (Hoque et al., 2013). There are difficulties if the unit of analysis of the chosen theory is not consistent with the unit of analysis of the research questions. RBV is a strategically based theory that focuses on the firm as a collective pool of skills and knowledge only. In contrast, Human Capital Theory is an economic based theory that argues that these skills and knowledge are owned by the individual but can also be pooled collectively. That is, Human Capital Theory focuses on the individual and the organisation as the unit of analysis whilst RBV views the collective skills and knowledge belonging to the firm which becomes the unit of analysis (Wright et al., 2001). Accounting firms have access to individual staff and graduates who may possess appropriate skills but may not be able to harness these because their HR practices do not support them.

	LEVEL OF ANALYSIS
Primary RQ	Individual
Secondary RQ a	Organisational
Secondary RQ b	Organisational
Secondary RQ c	Organisational
Secondary RQ d	Organisational
Secondary RQ e	Organisational
Secondary RQ f	Organisational

Table 4.4: Level of analysis applying to each research question

Table 4.4 demonstrates that there is a mixture of research questions that focus on both the individual and the organisation as a whole. Both RBV and Human Capital theory applies to both individuals and at the organisation level so it will therefore be able to explain the research questions more appropriately from both of these perspectives.

Multiple theories should only be adopted when each theory adds a unique perspective to explaining and grounding the research. As can be seen from Table 4.3, HCT can potentially provide an explanation for each research question whilst RBV cannot. RBV only applies at an organisational level whilst the primary research question applies to the individual level. In addition, the underlying assumption of HCT is consistent with accounting firms whilst this is not the case with RBV. This would suggest that the use of multiple theories in this thesis are not required and that HCT alone can adequately explain this research.

4.4.3 SUMMARY OF THEORY ADOPTED

In summary, Human Capital Theory will be the sole theory that will be used to explain and help triangulate and ground this thesis and the research questions within it. Whilst RBV would have provided a sound explanation, it cannot address the primary research question due to its focus at an organisational level. In addition, the assumption that core competencies within accounting firms still remain rare and non-imitable is questionable in an environment where accounting work is becoming increasingly commoditised.

As there is not a sufficient argument to apply multiple theories as alone, HCT can provide a potential application of each of the research questions and can be used in both an individual and organisational context. Whilst there are criticisms of HCT within the literature, they are not considered to be significant enough to overshadow the strength of the potential explanations of the research questions.

4.5 CONCLUSION

This chapter applies a rigorous approach to identify Human Capital Theory as the appropriate theory to explain this thesis and its associated research questions. The approach began by considering the different disciplines, and their associated theories that influence the research. Many of these disciplines had multiple theories that had been applied to it within the literature. Swanson's Theory Framework was then used to ultimately select one core theory from each discipline, those being RBV, Institutional Theory and HCT.

In particular, how they would apply to the specific research questions is examined. As part of this process, consideration was given as to whether or not it would be appropriate to adopt multiple theories. However, the final analysis revealed that Human Capital Theory provided the most complete and appropriate potential explanations for this thesis and the research questions it contains.

CHAPTER FIVE RESEARCH METHODOLOGY

5.1 INTRODUCTION

The purpose of this chapter is to explain the research methodology used in the thesis, why this approach was taken and how it relates to the research questions. It begins by describing the overall research paradigm adopted before explaining why a qualitative approach is appropriate for this exploratory research. An explanation of the appropriateness of the phenomenology line of enquiry is then discussed. Next, a detailed description of the respondent selection, and an explanation of how purposeful sampling was used to choose these is provided. A discussion of the development of the interview protocol is then provided, together with the process of conducting the interviews generally. The coding process and other components of data analysis methods are then discussed. Methods of ensuring rigor in this thesis are then described with a focus on how triangulation will be used. Finally, details of how the results and ethical considerations will be presented is discussed.

A good thesis can be defined as one where the research method is sufficiently rigorous and appropriate to the research questions (Rudestam, 2007). This chapter will describe how this thesis fulfils that criteria. A Chapter summary structure provided below in Figure 5.1:

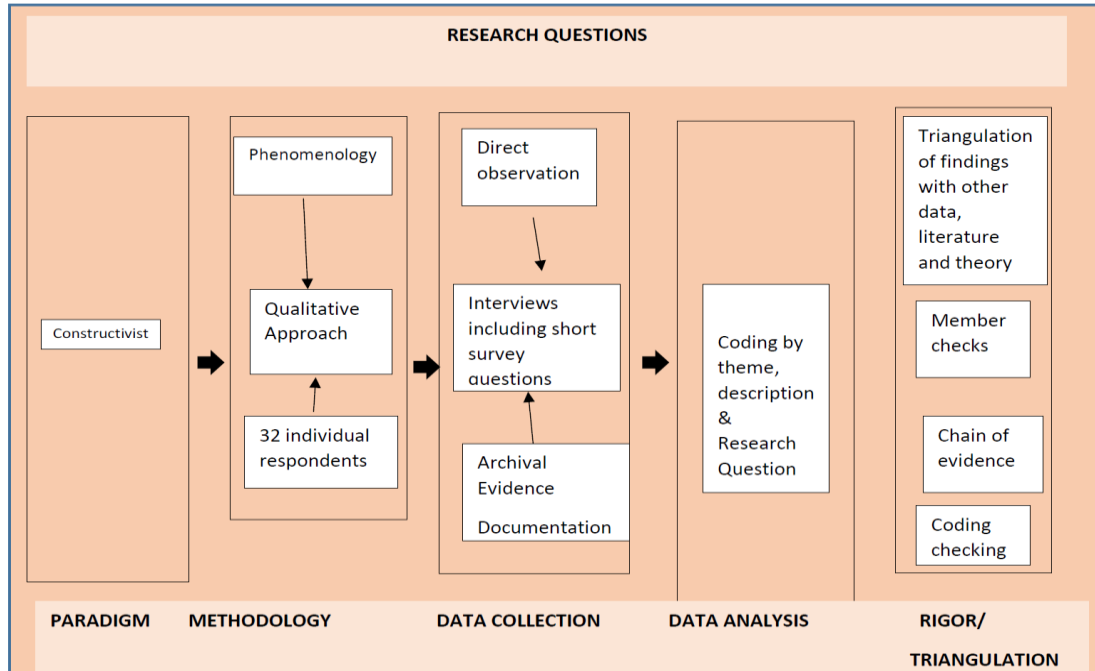


Figure 5.1: Concept map of the Research Methodology chapter

5.2 RESEARCH METHODOLOGY

5.2.1 OVERALL RESEARCH METHODOLOGY

The overall research methodology of this exploratory thesis is a qualitative one with a focus on the phenomenology line of inquiry. A constructivist philosophical worldview and associated assumptions have influenced the adoption of this approach, as has the specific research questions being addressed (Creswell, 1998, 2014). The research is applied in nature as it helps accounting firm practitioners and educators develop and recruit graduates (Neuman, 2000). A summary of the overall research methodology of this thesis, adapted from Patton's qualitative framework (2001) and Creswell (1998), is provided in Appendix 5.1.

Philosophical Worldview/Paradigm

A paradigm can be defined as *"a basic set of beliefs or assumptions that guide action"* (Creswell, 1998; Lincoln & Guba, 2000, p. 73). A paradigm is essentially the umbrella term used to describe the general beliefs and assumptions that create a paradigm worldview that is then used to understand and guide research overall (Creswell, 2014).

Traditionally, paradigms have been classified as either positivist or constructivist (Rudestam, 2007). Creswell (and others) expand on these worldviews to also include a transformative and pragmatism worldview which typically relate to action research and mixed method research (Creswell, 1998; Grafton, Lillis, & Mahama, 2011).

According to Creswell (1998), each paradigm can be differentiated by their assumptions. These assumptions are shown in Appendix 5.2, using the Constructivist Paradigm adopted in this thesis. Most research adopts the positivist paradigm which focuses on the need to assess causes that influence outcomes in the external world, usually through testing of data through the use of empirical observation and measurement (Creswell, 2014; Fraser, 2014). In contrast, constructivist paradigms suggest that individuals develop subjective meanings of their experiences and the researcher relies on participants' views.

The constructivist paradigm is considered appropriate for this thesis as it is commonly used in exploratory research investigating social interactions (Bryman, 1988). The primary research question of *"How does the adoption of offshoring affect the employability of domestic accounting graduates?"* draws on a recent phenomenon within the accounting profession. The contemporary nature of offshoring in accounting firms and the lack of rich literature in the area means that a deeper approach is required (Caratti et al., 2016; Darke, Shanks, & Broadbent, 1998; Yin, 2014). In addition, the "sensitive" nature of offshoring within

accounting firms means that they are reluctant to participate in research related to this topic as discussed by other researchers (Bandyopadhyaya & Hall, 2008; 2009; Daugherty & Dickins, 2009). Therefore, the success of this research is the researcher's ability to build respondent trust which is easier to obtain with a constructivist epistemological assumption where the distance between researcher and respondent is lessened (Bandyopadhyaya & Hall, 2009; Davidson et al., 2014; Forman et al., 2015; Lacity & Rottman, 2008; Lyubimov, Arnold, & Sutton, 2013). Building a trusting closer relationship with a smaller number of accounting firms and respondents within these firms is therefore a focus of this research.

Research Method

The research method is generally derived from the overall paradigm of the research and also needs to be appropriate for the research problem (Creswell, 2014; Fraser, 2014). There are three main methods available to researchers which are quantitative, qualitative and mixed methods (Creswell, 2014). A summary of these research methods is shown in Appendix 5.3. Quantitative research is traditionally the most common type of research conducted and the most widely published (Creswell, 2014; De Vries, 2006; Fraser, 2014; Lee & Humphrey, 2006). However, it is not considered appropriate for all research and in social sciences (including this thesis) as there is a tendency to overestimate the value of statistically significant findings at the expense of socially significant findings (Rudestam, 2007).

Qualitative research methods focus on generating meaning through social interactions with a human community, often through interviews and other data collection methods (Parker, 2012). It is a *"situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible"* (Denzin & Lincoln, 2000, p. 3). The researcher aims to get close and become an insider, "bracketing" objective reality as they seek to demonstrate multiple realities (Bryman, 1988; Gephart, 1999; Silverman, 2013). Qualitative research is also usually associated with the interpretive ontology which this thesis adopts.

The use of qualitative research methods is increasingly being used in the accounting literature, especially in the management accounting literature and the study of global teams (Fraser, 2014; Garcia & Gluesing, 2013; Lee & Humphrey, 2006; Lillis & Mundy, 2005; Parker, 2012). In the organisational change literature, there have also been calls for the increased use of qualitative research methods to help understand new and complex work contexts such as offshoring (Garcia & Gluesing, 2013). Bisman (2010) also specifically rejected the suitability of the positivist approach on the claimed cost benefits of outsourcing.

Mixed Method research typically combines elements of both quantitative and qualitative research including typically some statistical analysis (Creswell, 2014). Statistical analysis by its very nature requires larger sample sizes. The sensitive nature of the subject matter of this thesis makes it inherently difficult to obtain sufficient data to robustly carry out any meaningful statistical analysis. Therefore, a mixed method approach is not considered appropriate for this thesis.

The thesis research questions are essentially centred on human actions within accounting firms in relation to a sensitive topic, it is important that the researcher gets close to the respondent. Quantitative methods, especially in new and emerging phenomena do not go “deep enough”. Therefore, the research method adopted in this thesis will be qualitatively based.

There are however, criticisms of the rigor of qualitative research which is traditionally seen as unscientific or solely exploratory (Denzin & Lincoln, 2000; Lillis, 1999; Miles & Huberman, 1994; Neuman, 2000; Parker, 2012; Riege, 2003). These criticisms and the methods used to resolve them are discussed further in Section 5.7.

Phenomenology Methodology

Creswell (1998) identifies a continuum of approaches used in qualitative research, categorised according to the extent to which theory is used in the research. He describes these categories as the “Five traditions of inquiry” and these include Biography (or narrative), Phenomenology, Grounded Theory, Ethnography and Case Study (Creswell, 1998). Each of these incorporate and use some form of text analysis to categorise responses and identify themes (Rudestam, 2007).

In this thesis, the focus will be on a phenomenological research design. This research design originates from philosophy and is based on describing the lived experiences of individuals. In this case, it is those individuals involved in offshoring in accounting firms and their graduate employment experiences that is being examined (Creswell, 2014). This methodology attempts to go further than how people describe their experience to get to the essential nature of ideas (Rudestam, 2007).

Originating in 1931 by Husserl and championed by the 1994 work of Moustakas, there are two main branches of phenomenological research (Conklin, 2007). The first of these is “empirical phenomenology” which uses reflective analysis of a respondent’s story told through open-ended questions to describe the structure of their experience (Rudestam, 2007). The other is known as “heuristic phenomenology” which extends narrative description to include other

sources of data (Rudestam, 2007). Heuristic phenomenology is the approach utilised in this thesis as other supporting data in addition to interviews will be incorporated into the analysis. Ultimately, the end result of the phenomenology methodology is to have a nonreductive structure uniting the elements of an experience as lived by the respondents (Conklin, 2007).

The above section describes the broad research approach that has been taken in this thesis. The following section will now discuss the specific data collection methods employed.

5.2.2 OVERVIEW OF DATA COLLECTION METHODS

This section discusses the practical steps of the research method that was used in this thesis.

These broad steps are summarised below in Figure 5.2:

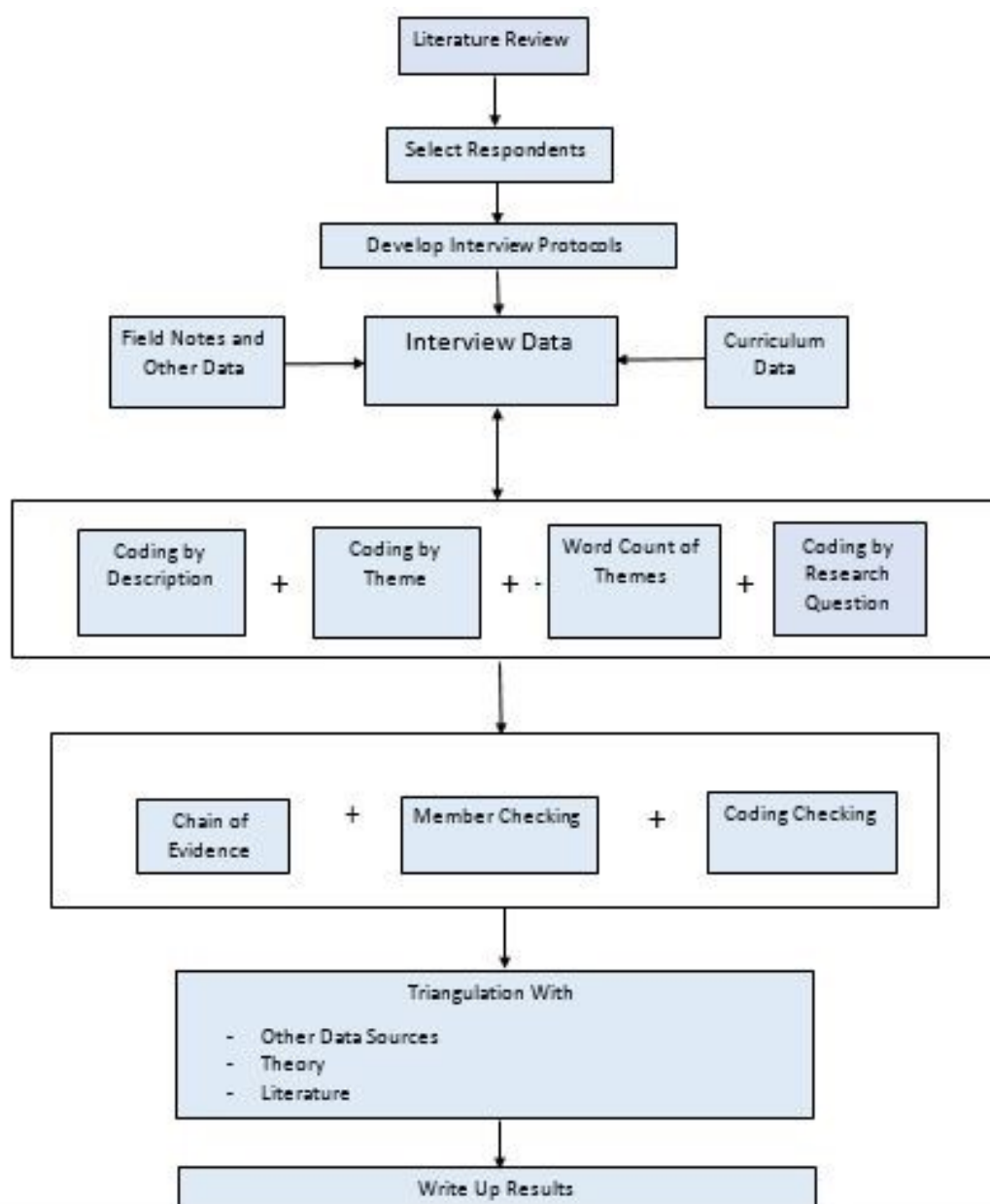


Figure 5.2: Summary of Research Method adopted in this thesis

Interviews will be the primary method of data collection in this thesis. Additionally and in accordance with the heuristic phenomenology methodology, other forms of data will be used. Table 5.1 below provides a summary of the different types of data and evidence that will be incorporated into this thesis.

SOURCE OF EVIDENCE	EXAMPLE	USED IN QUALITATIVE/ QUANTITATIVE ANALYSIS	STRENGTH	WEAKNESS
Documentation	Internal procedures used by respondents internal records news clippings case firm Transparency reports of respondent's firms Respondent's firm websites	Qualitative	Stable Unobtrusive Specific Broad	Retrievability Biased selectivity Unknown reporting bias Limited access
Archival Evidence	Survey data produced by others CAANZ Employment guides Unit plans of university curriculums	Qualitative	As for Documentation Precise	As for documentation
Interviews	Shorter Semi-structured interview incorporating both open ended and closed ended questions.	Qualitative	Targeted Insightful	Potential bias Reflexivity of interviewee to interviewer Inaccuracies due to poor recall
Survey	Survey style questions within the interviews	Quantitative	Targeted Measurable	Potential poor construction
Direct Observation	Observing respondent in their firms	Qualitative	Immediacy Contextual Unobtrusive	Time consuming Selectivity Reflexivity

Table 5.1: Sources of evidence used in this thesis (adapted from (Yin, 2014))

The inclusion of some quantitative data has been suggested as a valid strategy to complement purely qualitative research (Maxwell, 2010). Research in relation to employability consists of differing terminology for many of the same concepts (Tempone et al., 2012). Therefore,

incorporated into the interview questions are a small number of closed survey style questions to help bring some consistency in the results and attempt to deal with the differing language used.

This also assists with triangulation of the findings and can identify both converging and non-convergence of evidence which assists in improving the construct validity of qualitative research (Yin, 2014). Secondary data such as documentation was also gathered from corporate web sites and internal publications made available by the respondent firms. However, care was taken to avoid any potential bias of documents produced by the various accounting firms. A research diary was also maintained to capture observations of interaction of people. In addition, archival data such as university curriculums, CAANZ employment evening data and other externally produced industry surveys was used within this thesis.

Unit of Analysis

Miles and Huberman (1994, p. 25) define the unit of analysis as “*a phenomenon of some sort occurring in a bounded context*”. The unit of analysis of this thesis is drawn from the research questions and needs to allow for sufficient depth and breadth of data to be collected (Darke et al., 1998). A mapping of each research question together with its associated unit of analysis is provided in Table 4.4. The unit of analysis used in this thesis is the individual graduate. This is due to the fact that employability, the cornerstone of the research questions, is a concept attached to the individual graduate position.

Role of Theory

The role of theory in research differs according to the paradigm adopted (Yin, 2014). As this thesis has a primarily constructivist paradigm, theory will be used to capture the perspectives and meaning attributed to data from different participants prior to data collection. In addition, Human Capital Theory will also be used as part of the triangulation process and to generalise the findings to theoretical propositions (Silverman, 2013; Yin, 2014).

Data Management

Given the volume of data collected, data management will be considered an important part of this research. This has been defined as “*the operations needed for a systematic, coherent process of data collection, storage and retrieval*” (Huberman & Miles, 1998, p. 180). Data collected for this research will be organised and collated in a “Respondent Database” grouped around the different respondent and their firms as suggested by Yin (2014). Not only will this

include all the documents, interview transcripts (including survey results for a subset of respondents), but it will also include field notes taken by the researcher.

The above section has discussed the overall research approach used and the types of data is used. In the following section, a more detailed discussion of the development of some of these specific types of data will be discussed, namely the interview data and the survey instrument adopted in this thesis.

5.3 INTERVIEWS

This section describes the detail of the interview data collection process which forms the main data collection method for this thesis, the steps of which are summarised in Figure 5.3;

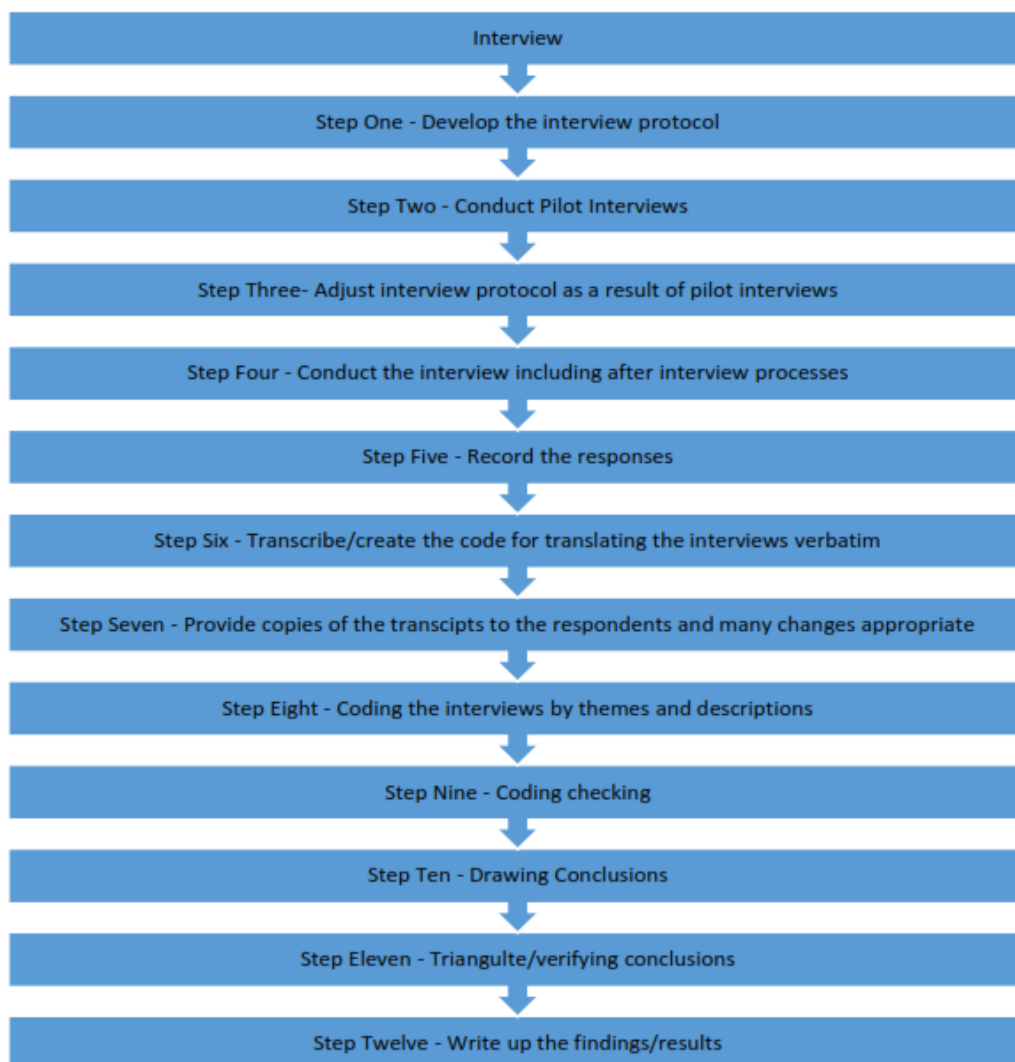


Figure 5.3: Basic steps involved in interview data collection

5.3.1 DEVELOPMENT OF INTERVIEW PROTOCOL

The main method of data collection is in-depth semi-structured interviews. Interviews were chosen as the primary mode of data collection as they allowed for a deeper rapport to develop

between the researcher and respondent which is more likely to lead to more honest responses. Offshoring is a highly sensitive topic and interviews allow the researcher to clearly articulate confidentiality and to build trust (Lacity & Rottman, 2009). The structure of the interviews also provides the researcher with an opportunity to provide respondents with information that they were interested in which meant that I could “give back”.

An interview protocol was developed in accordance with research guidelines (Creswell, 2014; Yin, 2014) which outlines the procedures governing the interview and the conduct of the researcher and interview data collection. This includes details of both the interview plan and the interview schedule (Creswell, 2014; Whiteley et al., 1998). In addition to helping avoid bias, the interview protocol helps to provide a frame of reference for the data collection and to ensure completeness in the terms of reference of the thesis (Lillis, 1999). It is however, designed to be used flexibly. The interview protocol is developed in accordance with the Interview Protocol Refinement Framework (“IPR”) (Castillo-Montoya, 2016). The steps of the IPR, together with where they are addressed in this thesis is shown in Appendix 5.4. A copy of the interview protocol is provided in Appendix 5.5.

The development of the interview questions was based on a review of the literature and tailored to the cross-section of respondents which ranged from partners to graduates of accounting firms (Chadwick, 1984). Appendix 5.6 provides a summary of how each of the interview questions, as well as other sources of data align with the research questions of this thesis.

Initial contact with the respondents was made via phone. Usually, there were several respondents from the same firm so the initial call and interview was with a partner in each of the applicable accounting firms to discuss participation in the research. This was important as they would provide the authority to speak to some of the other respondents and they were effectively the “gatekeepers” of access to their potential respondent staff (Darke et al., 1998). In addition, they would often provide details of other potential respondents from within the same firm as part of “snowball sampling” (Miles & Huberman, 1994). Prior to the first meeting, a summary outline of the research, together with a letter requesting the respondent participation was provided to each of the respondents in accordance with the ethical requirements. A copy of this letter and participation sheet is provided in Appendix 5.8.

Once there was an agreement to participate in the interview, a suitable meeting time was made. Background information from websites and other publicly available information was gathered on the specific accounting firm before attending the interviews. Prior to the

commencement of the interview, the researcher re-iterated the process, noting that the interview would be recorded and stressed the confidentiality aspects of the research as many of the respondent firms had initially expressed concern about confidentiality.

5.3.2 PRELIMINARY SPECIALIST (PILOT) INTERVIEWS

Preliminary interviews were held with contacts of the researcher who are offshoring champions in accounting firms that have been involved with offshoring for numerous years. In accordance with reasons suggested by Yin (2014), these interviewees were selected because of their accessibility, expert knowledge and the complexity of their situations which allowed a greater number of issues to be identified. In exchange for their participation, these pilot interview respondents were provided with technical material derived from the literature review and results of the thesis.

The reasons for conducting these pilot interviews was to:

- Discuss the proposed research with expert practitioners involved in accounting firm offshoring
- Refine the interview questions developed from the literature review and identify any areas that was missed.
- To test the interview and post interview process.

All of the pilot respondents interviewed were champions who were very experienced and involved in the establishment of offshoring in their organisations in the U.S. and the U.K. They were all passionate about the benefits and potential impacts of offshoring within accounting firms. As a consequence of the pilot interviews, a number of changes were made to the interview protocol.

Firstly, it was found that the issue of job losses, or more precisely, hiring Indian staff in favour of domestic staff was not adequately being addressed in the interview questions. Whilst it was clear that none of the firms interviewed had made redundancies, their choice of hiring from a domestic versus offshore source was being affected, even if they were not explicitly suggesting this. Therefore, specifically more discrete and closed questions were introduced to capture this information in order to further fully address secondary research question b. By having this as a standard question generating numbers of staff and graduates in each accounting firm, it

would also be easier to compare between respondents that do and do not offshore. These additional questions are represented in the new questions of 53-58 (Refer Appendix 5.5).

The other significant change in the interview protocol was the introduction of a short structured survey on graduate attributes for a subset of the respondents. This allowed both the benefits of both open-ended and closed questions to be gained. It was found that the answers provided to question 41 in relation to what the accounting firms specifically look for in your graduates were very vague. As this question is key to secondary research question d, a short survey to elicit more quantitative based answers was developed. This survey and its development is discussed in the following sections of this chapter.

In conclusion, whilst the pilot interviews demonstrated that the interview questions supported the research questions, it was found that additional sources of data needed to be included, such as a survey component for an applicable subset of the respondents.

5.3.3 INTERVIEWS

Due to the location of some of the respondents, interviews were conducted either face to face or through Skype if the respondents were outside of WA. All interviews were conducted over a 13 month period between December 2015 and December 2016. The interview itself incorporated six sections and 62 specific questions and each interview used the interview protocol. Each interview ran between 20 minutes to 90 minutes, depending on the role of the respondent within the accounting firm, and whether or not the accounting firm was involved in offshoring, as not all questions were applicable to each role/respondent.

Depending on the answers provided by the respondents, the order of the questions are altered to ensure that the interview logically flowed. Castillo-Montoya (2016) identifies different types of interview questions including introductory, transition, key and closing questions. The classification of each of the interview questions is shown in Appendix 5.6. Introductory questions were always completed first though as these were easier for the respondents to answer and helped to relax the participant (Chadwick, 1984). The questions in relation to the respondent's involvement in offshoring were designed to ensure that they had an appropriate understanding of the research area which is deemed important for an effective interview (Whiteley et al., 1998). Most of the questions were open ended, with only a few questions in relation to graduate numbers being closed ended. The interviews were semi-structured which means that questions ranged between a free form conversation and a highly structured questionnaire. One of the benefits of these semi-structured interviews was that the

respondents were able to provide un-interpreted descriptions and emphasis of topics which is an important component of the interview data collected (Kvale, 1983).

Care was taken during the interview process to avoid common pitfalls of interviews such as not assuming too much or reading from the questions as identified by Chadwick (1984). Whilst introducing the interview, all respondents were told why they were chosen. All of the interviews were recorded on an iPad so that the researcher could put their full attention into listening to and engaging with the respondents (Meyer, 2001).

However, there were some problems encountered in some of these interviews. In particular, as each respondent's role was slightly different, not all of the questions were relevant to them so the researcher had to adapt which questions were asked. In later interviews, the researcher prepared for this by trying to identify beforehand which questions would be relevant. In one case, two of the respondents wanted to be interviewed together which was declined and the reasons for this explained. Another problem in some of the interviews was that different respondents had a different and extended definition of a graduate. Generally, the more experienced the respondent, the broader the definition of graduate that they used. In later interviews, the definition adopted by the researcher and any variations was discussed with the respondent within the interview for clarification.

5.3.4 POST INTERVIEW PROCESS

For some of the interviews, there was additional data collected from the respondents. This included:

- 1) Provision of other documentation from the accounting firm used in the triangulation of the data. The observation period occurred in the offices of the respondents both before and after the interviews.
- 2) Data from the completion of a short survey as discussed later in the chapter. The survey was completed by a sub-set of the interview respondents who were either a graduate themselves or involved in graduate recruitment, with a slightly different version of the survey for each of these types of respondents. For the convenience of the respondent and researcher, the interview and survey (in paper format) were combined as part of the interview.

At the conclusion of each interview and direct data collection from the respondents, detailed field notes were made in an Interview Summary Sheet (refer Appendix 5.9). This document identified the key points raised, protocol problems identified, direct observation notes and any follow up reminders. For example, many of the respondents were very interested in obtaining

general material on the application of offshoring in accounting firms and the provision of this type of information was often a follow up point. In this way, the researcher was able to provide reciprocity and give back to the respondent. This has been identified as one of the key elements of rigor in qualitative research (Lincoln, 1995).

Each interview was transcribed within four weeks of the date of interview. In order to improve the reliability of the interviews, every effort was made to produce a verbatim transcription so as to provide a faithful reproduction of the interview (Poland, 1995). All transcribing was conducted personally by the researcher with the audio being played back after completion to check for any errors in the process after the initial transcription. The syntax of the verbal speech within the interviews was not as controlled as it would have been with the respondent's written communication and this caused the researcher to adopt some judgement when transcribing (Poland, 1995). It is acknowledged that it is difficult to capture every utterance of tone and context from the interview. This is one of the reasons for taking field notes in the post interview summary sheet as previously discussed. It is therefore acknowledged that the process of transcription itself was an interpretive activity (Poland, 1995) and is one of the reasons that the researcher chose to complete this process personally.

The transcription was returned to the respondent for verification as to the accuracy of their answers provided in the interview as a form of member checking. Most respondents were surprised at the level of syntax demonstrated in their transcript so in later interviews, the researcher warned the respondents that this would likely happen. In a limited number of interviews, there were some minor changes suggested and these were the transcripts were changed to incorporate those changes.

5.4 SURVEY QUESTIONS INCLUDED IN THE INTERVIEWS

This section of the chapter describes the development of the survey instrument used with a sub-set of the respondents who were either graduates themselves or involved in the graduate recruitment process. The survey data therefore represents additional data for a subset of the respondents. A survey component in the data collection was deemed appropriate in order to introduce some more comparable quantitative data in relation to graduate attributes which could not be obtained from interview or other data alone.

A survey method refers to a *“group of methods which emphasise quantitative data”* (Gable, 1994, p. 2). Surveys are used by a majority of studies that collect and rank graduate attributes (Osmani et al., 2015). In this thesis, the purpose of the survey questions in the interview process was to collect data for secondary research question c and d. Surveys are deemed an

appropriate method for collecting data on attitudes and beliefs which are the subject of these research questions (Chadwick, 1984; Neuman, 2000).

The various steps involved with the data collection from the short survey instrument incorporated in the interviews include:

- 1) Determine the survey variables based on the literature
- 2) Develop the survey instrument
- 3) Determine the survey sample
- 4) Obtain survey data
- 5) Produce descriptive statistics
- 6) Complete Importance-Expertise and Importance-Satisfaction Analysis
- 7) Interpret findings
- 8) Triangulate the data

Developing the Survey Instrument

If the survey is to even be able to provide descriptive statistics, it needs to ask the right questions in the right way (Gable, 1994). The first step in developing the survey instrument was therefore to determine the survey variables. This was completed after a comprehensive literature review of the graduate employability literature which is discussed in Chapter Two in detail.

In designing the survey questions, particular attention was also paid to some of the common problems identified with survey questions such as use of jargon, being specific and avoidance of leading statements (Charbonneau, 2007; Neuman, 2000). Care was also taken in the presentation of the questions to ensure that they were aesthetically pleasing to assist with completion by the respondents (Christian, Parsons, & Dillman, 2009).

The survey questions used in this thesis consists of three distinct questions with a different version/perspective of the survey for both graduates and employer respondents. That is, graduates and those responsible for graduate employment were stratified in the sample to take into account their different perspectives, thereby utilising a Delphi technique (Neuman, 2000). Table 5.2 provides broad details of the questions asked.

	EMPLOYER VERSION	GRADUATE VERSION
Question 1	Please rate the level of your graduates expected ability to demonstrate the following behaviours at initial employment and classify the importance that you place on each behaviour.	When you were first employed, at what level would you expect your skills in each of the following to be at?
Question 2	How important is it that graduates demonstrate the following behaviours at initial employment?	At initial employment, how important do you think each of the following skills are for you?
Question 3	Please rate the current level of your current graduate's ability to demonstrate the behaviours below at initial employment?	Please rate the current level for each of the following behaviours?

Table 5.2: Questions asked in the survey component of data collection

The individual attributes addressed in each of the survey questions have been derived from the literature review in Chapter Two and Chapter Three. These include both technology and other generic skills and attributes, some of which is drawn from the SCM and BPO literature. Technical skills are omitted from the survey for the reasons discussed in Chapter Two. It should be noted that the technology skills included was purposely keep to a small number in order to ensure that the survey was not too long for the respondents.

TECHNOLOGY SKILLS	INCLUDED (YES/NO)	JUSTIFICATION
Spread sheeting Skills	Yes	Refer to Chapter Two discussion.
	Yes	Heavily cited by various articles and in the top 10 of the rankings. Also included due to their link with written communication skills.
Power point Skills	Yes	Heavily cited by various articles and in the top 10 of the rankings. Also, included due to their link with oral communication skills
Digital Communications	Yes	In the top 10 of the rankings and heavily cited. The skill is also directly required in dealing with offshore staff.
Internet Skills	Yes	In the top 10 of the rankings and heavily cited. The skill is also directly required in dealing with offshore staff.
Database Skills	Yes	Heavily cited by various articles.
Network Operations Skills	No	Excluded as accounting graduates rate themselves very highly in this area.
Accounting Package Skills	No	Excluded due to the large variety of accounting packages available and due to the fact that the respondents in this thesis are from different functional areas which have different specific packages that are used. Employers are also willing to provide training on specific accounting packages (Jackling & De Lange, 2009).
Security Skills	No	Excluded due to the lower number of citations compared to the other skills.
Generic skills as per the ESF (excluding technology and numeracy)	Yes	As the ESF forms the basis of the survey instrument
Leadership	No	Excluded as are incorporated into "Working effectively with others".
Project Management	Yes	Discussed further in the thesis
Commercial knowledge	Yes	Included due to the number of citations found in the literature review.
Health and Safety	No	Excluded due to the lack of citations and ranking of importance in the content and Delphi ranking analysis.
Research skills	No	Excluded due to the lack of citations and ranking of importance in the content and Delphi ranking analysis.
Functional skills	No	As are a proxy for technical skills, these are excluded.
International Communication Skills	Yes	Included due to the number of citations found in the literature.

Table 5.3: Summary of skills from the literature included in the survey instrument

Appendix 5.10 provides a copy of the survey instrument. Survey respondents were asked to indicate the level of emphasis and importance using a five point Likert scale on different employability skills. The survey was limited to three questions to minimise any respondent frustration which can have the effect of reducing reliability of the results (Barnette, 2007). The use of a Likert scale assists in making the importance of each employability behaviour explicit.

Administrating the Survey

The survey questions were self-administered to a sub-set of the respondents. A copy was printed out and completed at the end of each of the applicable interviews for convenience. An explanation sheet of the generic skill variables was made available to the respondents to provide clarification on what these terms meant. On average, these questions took 10-15 minutes to complete.

One of the potential problems when administering this survey was the difference in definition of a “graduate” adopted by different respondents. In order to address this potential problem, the researcher asked each respondent to consider the most junior accountant that they had hired in recent years. If this person did not meet the definition of a graduate adopted in this thesis, then the survey was not provided to that respondent.

The survey instrument was uploaded to Qualtrics and results of the survey manually entered into the program by the researcher following the completion for analysis. For respondents that had their interview conducted by skype or phone, they were provided with a web-link to the survey so that they could complete this directly. Once survey responses were collected, the data provides information that can be used to identify perceived gaps in the employability attributes and skills of graduates.

5.5 SELECTION OF RESPONDENTS

This section provides an explanation of how the 32 respondents were chosen generally for the thesis and how the subset of 18 respondents that completed the survey component of the interview were identified.

5.5.1 NUMBER OF INTERVIEW RESPONDENTS

Respondent selection needs to be theoretically guided and the goal should be to generalise theories (Yin, 2014). One way to demonstrate rigor in qualitative research is to comply with the basic requirements of sample size (Marshall, Cardon, Poddar, & Fontenot, 2013). The key concept of data saturation is key for determining the appropriate sample size and number of interviews to conduct. Data saturation can be defined as “*bringing new*

participants continually into the study until the data set is complete, as indicated by data replication or redundancy" (Marshall et al., 2013, p. 11). The quality of the research increases with each interview to the point of data saturation at which point, there are diminishing returns. Whilst this concept is widely quoted and generally understood within the qualitative literature, there is less specific guidance on how to practically achieve it (Marshall et al., 2013; Mason, 2010). The number of selection criteria, types of data collection methods used and resources available are some of the factors that influence the sample size of interview respondents (Mason, 2010).

In this thesis, a total of 32 respondents are interviewed. This quantum of respondents is in accordance with the literature that suggests that studies should have between 20 and 30 interviews (Marshall et al., 2013). The average number of interview respondents identified by some authors is 24 (Marshall et al., 2013) or 31 by others (Mason, 2010). The most common sample sizes have been found to be 20 and 30 although studies have shown a wide variance to these averages, when compared by journal publication or research method adopted (Mason, 2010). It is considered questionable if studies with less than 20 interviews could achieve data saturation and if studies with more than 40 interviews could devote sufficient time to each respondent (Marshall et al., 2013; Mason, 2010).

Based on prior research (Marshall et al., 2013), the 32 interviews that were conducted is above the average for most research of this type and is considered appropriate. Within this thesis, it is evident that the use of 32 interviews has also achieved data saturation. This is demonstrated by the fact that 88% codes were developed in the analysis stage from the first 19 interviews. Interviews lasted between 45 to 90 minutes.

5.5.2 OVERVIEW OF RESPONDENTS CHOSEN

Purposeful sampling was adopted in this thesis to determine the appropriate interview respondents (Marshall et al., 2013; Silverman, 2013). This can be defined as "*selecting cases with a specific purpose in mind*" (Neuman, 2000, p. 198) and involves purposely choosing not only the number of respondents, but also the type, characteristics and length of contact with each respondent and includes intentionally choosing deviant cases (Silverman, 2013).

Respondents included in this thesis are chosen because they illustrate some feature that is interesting, and where the processes being studied are likely to occur. In accordance with Miles & Huberman (1994), there are different types of purposeful sampling identified which a number of different approaches being used in this thesis. These include:

- 1) Combination Sampling – Sampling which meets the needs of triangulation, flexibility and meeting multiple interests and needs;
- 2) Snowball Sampling – Where respondents of interest are obtained from existing respondents.

Initially, respondents were drawn from the researcher's professional networks who were considered to have the expertise required and purposely included a mixture of respondents that were involved in offshoring and were not, and from a combination of different sized firms. This stratification into subgroups of respondents was used in order to facilitate comparison (Miles & Huberman, 1994). In this way, combination sampling was adopted. In addition, the initial partner respondent from a firm was asked for other potential respondents within the firm as a form of snowball sampling.

Other researchers of accounting offshoring have described the difficulty in being able to access suitable respondents due to the sensitivity of the information and the fact that offshoring can be seen as a source of imitable advantage (Nicholson & Aman, 2008). The ability of the researcher to access these respondents therefore makes this thesis unique and also explains why a combination of different methods of purposeful sampling was adopted.

In the context of this thesis, this means that respondents were selected according to the following criteria:

- Respondents had a mix of firm size between Big 4, mid-tier and small that all were involved in offshoring, using India as the offshore provider and all located in Australia.
- Some respondents from accounting firms with graduate positions across the different firm sizes were chosen that were not involved in offshoring to allow for comparison.
- As the unit of analysis was the individual graduate position within a firm, every firm had at least one graduate position, or was contemplating one.
- For comparability purposes, all respondents were involved in business services or compliance services lines. This includes tax, accounting, SMSF and bookkeeping. Other service lines were excluded to ensure consistency and for comparative purposes.

An overview of the selected firms that the individual respondents was from is provided below in Table 5.4.

FIRM SIZE	INVOLVED IN OFFSPRING	NOT INVOLVED IN OFFSPRING
Large	FirmLarge1 FirmLarge2	N/A*
Mid-tier	FirmMidtier1 FirmMidtier3 FirmMidtier4	NonMidtier1 NonMidtier2
Small	FirmSmall2 FirmSmall3	NonFirmSmall4

***All large or Big4 firms engage in offshoring so it is not possible to compare large firms with any large firms that do not engage in offshoring.**

Table 5.4: Summary of stratification of firms used in this thesis

Where respondents were involved in offshoring, the respondents chosen were limited to those with offshoring operations based in India. All respondents were also based in Australia in order to eliminate any influences from country differences. India was chosen as the offshoring location because it traditionally has been the global centre of offshoring of accounting services (Cervantes, 2008; Chartered Accountants Australia & New Zealand, 2015; Lacity & Willcocks, 2012).

Respondent roles include graduates, offshoring champions, managers, partners and HR managers. Despite the role of HR managers in recruitment, very few of the accounting firms actually had a dedicated HR manager so only two HR managers were available to interview.

Purposeful sampling included ensuring that respondents from firms of all sizes were selected which were categorised as either small, mid-tier or large. The classification of accounting firm size was based on a “Business News” annual ranking of accounting firms.

There was also a purposeful mix of respondents that are and are not involved in offshoring chosen. Given that all Australian large accounting firms offshore, the respondents that were not involved in offshoring worked in Mid-tier and small accounting firms. The reason for this was to specifically address secondary research question b, c & d. In order to compare aspects of graduate employability such as skills required between accounting firm that do and do not offshore, an appropriate mix of respondents that do and do not offshore are required. The respondents that are not involved in offshoring effectively provide a baseline for comparison.

Any outlier respondents were removed from the sample. Business services and SMSF were the dominant business areas examined in each accounting firm. FirmMidTier2Partner was interviewed but eliminated from the thesis due to their operating in the area of audit which was felt to be too diverse compared to the other services lines and would potentially introduce other variables/reasons into the interpretation of results. In addition,

FirmSmall1Partner was eliminated due to them being too small to hire any domestic graduates, choosing to operate with only offshore staff instead.

Determining the Survey Sample

As these research questions focus specifically on graduate employability, only those respondents who were either graduates themselves or directly involved in the graduate recruitment process were chosen to complete the survey component of the interview. This represents a subset of 18 out of the overall 32 respondents. These 18 respondents were considered to have sufficient knowledge and expertise to complete the survey. Appendix 5.11 identifies which of the respondents also participated in the survey component of the interview.

A summary of the respondents from each firm is shown below in Table 5.5:

FIRM OF RESPONDENT	NO OF RESPONDENTS	SERVICE LINES	POSITION IN FIRM
FirmLarge1	11	Business Services – 9 SMSF – 1 HR - 1	Partner -2 Manager – 3 Accountants -4 Graduate – 1 HR - 1
FirmLarge2	2	Business Services – 1 Tax Consulting - 1	Accountants - 2
FirmMidTier1	3	Business Services - 3	Partner – 1 Manager – 1 Graduate - 1
FirmMidTier2	Excluded		
FirmMidTier3	3	Business Services – 3	Partner – 1 Graduate - 2
FirmMidTier4	2	SMSF – 2	Partner 1 Manager - 1
NonMidtierFirm1	2	Business Services - 2	HR – 1 Graduate – 1
NonMidtierFirm2	1	Business Services -1	Partner – 1
FirmSmall1	Excluded		
FirmSmall2	3	SMSF – 3	Partner – 1 Manager – 1 Graduate - 1
FirmSmall3	3	Bookkeeping – 3	Partner – 1 Manager – 2
NonSmallFirm4	2	Business Services - 2	Manager – 1 Graduate - 1
Total	32		

Table 5.5: Summary of individual respondents in the data sample

The overall summary of the firms and a full description of each individual respondent is provided in Appendix 5.11.

Following is a description of the different data analysis techniques that was used on different data collected as part of this thesis.

5.6 DATA ANALYSIS

This section describes the different methods of data analysis adopted within this thesis. It firstly discusses the specific data analysis of specific types of data before combining these to provide an overall analysis.

5.6.1 OVERVIEW OF DATA ANALYSIS

Data analysis can be defined as “*a search for patterns in data – recurrent behaviours, objects or a body of knowledge*” (Neuman, 2000, p. 426). The data analysis within this thesis follows the structured data display approach adopted by Miles and Huberman (1994) which provides a consistent and uniform approach.

The data obtained in this thesis includes interview data as well as some survey and other data which requires a different type of analysis. When all of this analysis is combined, the result is a more thorough result which can be more easily triangulated with enhanced rigor.

Often, the analysis of qualitative data has been criticized as not being open to inspection or explicit (Neuman, 2000). This thesis is systematic and explicit in its approach. A summary of these techniques, as well as the processes for ensuring rigor in the process is shown below in Table 5.6:

DATA TYPE	DATA ANALYSIS METHODS USED	METHODS FOR ENSURING RIGOR
Interview data	Coding into themes and descriptions using Nvivo 11	Triangulation Establish chain of evidence Use of interview protocol Member checking Coding checking and validation
Survey data incorporated into the interviews	Descriptive statistics (using Qualtrics and SPSS) Importance-Expertise Analysis Importance-Satisfaction Analysis	Triangulation Establish chain of evidence
Field notes from direct observation	Coding into themes and descriptions using Nvivo 11	Triangulation
DATA TYPE	DATA ANALYSIS METHODS USED	METHODS FOR ENSURING RIGOR
University curriculums and unit plans	Displaying key attributes in matrix Importance-Expertise Analysis	Triangulation
Literature	Coding into themes using Nvivo 11	N/a
<u>Documentation</u> internal records transparency reports accounting firm websites etc.	Coding into themes and descriptions using Nvivo 11	Triangulation Establish chain of evidence

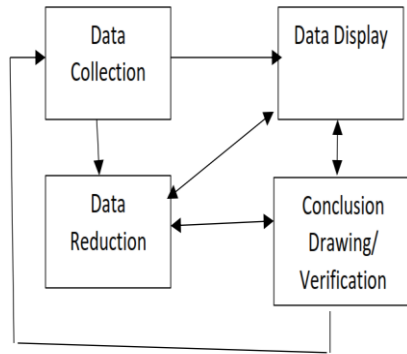
Table 5.6 – Summary of data analysis techniques used for different types of data

Initial results of data analysis are compared to the expected results from applying Human Capital Theory and the existing literature as a template for analysis. Both contradictory and similar findings are important as they minimise the chance that a new theme is missed and also help to triangulate and improve the rigor of the results generally (Meyer, 2001; Ryan & Bernard, 2000). The final interpretation is then written up in the overall results section of this thesis found in Chapter Seven.

The following sections now describe the specific analysis that was undertaken by data type.

5.6.2 ANALYSIS OF INTERVIEW DATA

The interview data analysis via coding represents a form of content analysis. It is suggested by Miles and Huberman (1994) that analysing qualitative data consists of data reduction, data display and conclusion drawing/verification activities as shown below in Figure 5.4:



Data reduction	“the process of selecting, simplifying, abstracting and transforming the raw case data”
Data display	“the organised assembly of information to enable the drawing of conclusions”
Conclusion drawing/verification	“Drawing meaning from data and building a logical chain of evidence” (Darke et al., 1998)

Figure 5.4: Components of data analysis in qualitative data (Miles & Huberman, 1994)

The use of such a structured approach enhances the level of trust in the data by:

- 1) Providing an audit trail from the transcripts to the final results
- 2) Ensuring all cases are used in analysis
- 3) Providing an analytical framework (Lillis, 1999)

A summary of the specific steps involved in analysing the interview data is shown below in Table 5.7. These steps are then discussed in further detail under the categories of data reduction, data display and conclusion drawing/verification.

STEP	DESCRIPTION	STAGE OF DATA ANALYSIS
Step 1	Examine the interview data as a whole	Data Reduction
Step 2a	Coding for themes – Open coding	Data Reduction
Step 2b	Coding for Research Question – Open coding	Data Reduction
Step 3	Coding for themes - Axial coding	Data Reduction
Step 4	Coding for themes – Determine most appropriate description of codes and turn them into categories and abbreviations	Data Reduction
Step 5	Coding for themes – Selective coding	Data Reduction
Step 6	Using the themes determined, produce an initial data sheet for each transcript	Data Display
Step 7	Complete a word count of the final themes determined	Data Reduction
Step 8	Coding for descriptions – Open coding	Data Reduction
Step 9	Coding for descriptions – perform Axial and selective coding	Data Reduction
Step 10	Add the results from the description coding to the data sheet for each interview.	Data Display
Step 11	Interrelate themes/descriptions	Drawing conclusions
Step 12	Combine the results from the interviews with other data from other sources.	Data Display
Step 13	Display key themes and attributes in role ordered and checklist matrices, sorted by research question	Data Display and drawing conclusions

Table 5.7: Steps involved in analysing interview data

Data Reduction

Before the commencement of the coding process, the interview data as a whole is examined to get a sense of its overall meaning. As recommended by Creswell (2014), this includes getting some general ideas as to the tone of the respondents and the overall depth, credibility and use of the information.

Coding can be defined as “*the process of organising the data by bracketing chunks and writing a word representing a category*” (Creswell, 2014, p. 198). The process involves both the activity of mechanically reducing data as well as the analytical categorisation of the data into

different themes (Neuman, 2000). It incorporates both coding of key concepts or themes as well as descriptions of the people, places and events of the setting of the interviews (Creswell, 2014).

For the coding of themes, a combination of the approach suggested by Tesch (1990), Lillis (1999) and Neuman (2000) is used. This process of coding essentially involves passing through the data three times, using a different coding each time in open, axial and selective coding (Neuman, 2000). The codes are a combination of the expected codes (as per the literature review), codes that were surprising and that were unusual (Creswell, 2014). During the preparation of the literature review, each article was coded within Nvivo 11 according to themes and these were used as a starting point of the coding process for the interview and other data.

This coding process was then repeated for descriptions in each interview transcript which produces information that is used in the results and respondent write ups. Using the questions suggested by Roulston (2016), each transcript is coded and analysed from a reflective interviewer perspective. In addition, this stage of the coding focuses on the different characteristics of each respondent and how this may have influenced the data. In this way, potential biases derived from the interviewer's performance during the interview process and the background characteristics of each respondent are identified. The coding from the themes and descriptions is then interconnected and analysed.

Nvivo 11, a program used to assist with indexing the data, was used to code the interview data. Within the index system used in Nvivo 11, each code is labelled a "node". Each node is organised into hierarchal trees, in order to organise the concepts into categories and sub-categories (Jackling & De Lange, 2009). Within the Nvivo 11 program, the rich data that is associated with qualitative research can maintain its integrity but it can also be summarised into different nodes or codes (Richards,1999). This is achieved by each phrase or sentence being given a number so that it can be traced back to each individual transcript. As the analysis progresses, nodes can be added, revised, grouped and summarised. The use of Nvivo 11 also assists with ensuring there is a chain of evidence.

For ease of reference, reporting and later data interpretation and conclusion drawing, several different categories of "nodes" are used in Nvivo 11. These are summarised in Table 5.8 below:

General Theme	Nodes by key theme which will be similar to those used in the literature
Research question	Nodes specifically characterised by research question
Description	Nodes by description of different characteristics of the respondent or case e.g. interviewer reflection, interviewer characteristic etc.

Table 5.8: Summary of different nodes used within Nvivo 11

Several “tactics” have been suggested by Miles and Huberman (1998) to generate appropriate coding and meaning from qualitative data. Of these, noting patterns and themes, clustering by conceptual grouping and word counting are incorporated into this thesis.

The word counting technique is a helpful tool to discover themes in texts as well as to support interpretations made (Maxwell, 2010; Ryan & Bernard, 2000). Nvivo 11 provides a tool to do this within the software and it provides a descriptive statistic of frequency for the interview data. Generally speaking, the greater the word count for a particular word, the more chance it is likely to be a theme that needs to be analysed within the data. In addition, the use of word counts provides numerical data within qualitative research (also known as quasi statistics) which gives some precision to statements in the results about frequency of particular themes. This also helps to present evidence for interpretations within the qualitative data which counters some of the criticisms of qualitative research (Maxwell, 2010). These counts are also presented in the results found in Chapter Six.

Data Display

The method of data display is important as a clear format for the representation of the data can make the process of identifying patterns or overall themes easier. Recommended modes of data display include matrixes and networks (Miles & Huberman, 1994). For the purposes of this thesis, checklist matrices were used. This is a “*format for analysing field data on a major variable or general domain of interest*” (Miles & Huberman, 1994, p. 105). In addition, role ordered matrices are used when comparing respondents of different roles e.g. employer versus graduate. These final coding clusters and displayed data were then used as the basis of conclusion drawing/verification. In addition, with each identified theme, a word count is provided before providing other extracts supporting the theme.

Conclusion Drawing/Verification

The drawing of conclusions from the data is completed using all of the data in relation to the respondents, not just from the interview data. This process is now discussed.

5.6.3 ANALYSIS OF SURVEY DATA

A survey was conducted as part of the interview on a subset of 18 out of the 32 respondents. The data from this survey, which identifies which are the most important graduate skills for graduates, is to be used in the analysis of secondary research questions c and d which relate to graduate skills. These respondents were chosen because they were either graduates themselves or directly involved in the graduate recruitment process and therefore possess the expertise and knowledge to directly answer the applicable research questions. A summary of the survey subset sample is shown below in Table 5.9:

SURVEY SAMPLE BY ROLE	SURVEY SAMPLE BY FIRM SIZE	SURVEY SAMPLE BY OFFSHORING INVOLVEMENT
9 employers 9 graduates	5 from small firms 10 from mid-tier firms 3 from large firms	4 not involved in offshoring 14 involved in offshoring
18 Total	18 Total	18 Total

Table 5.9: Summary of Survey responses

The ultimate data produced by the survey was both importance and expected levels rankings from a Likert scale of different graduate skills by the 18 graduate and employer survey respondents. Analysis of this data was limited to providing descriptive statistics and utilising the Importance-Expertise Framework. This was due to the small sample of the survey.

Descriptive Statistics

Firstly, descriptive statistics are calculated on the survey data. These are useful in describing the respondents and in identifying differences/similarities between the data generally (Raines, 2013). Those included are measures of frequency, central tendency and variability. Specifically, the following statistics as identified in Table 5.10 below are included:

CLASSIFICATION OF DESCRIPTIVE STATISTIC	SPECIFIC DESCRIPTIVE STATISTIC USED
Frequency	Count of frequency of graduate skill
Central Tendency	Mean and Median of occurrence of graduate skill

Table 5.10: Descriptive Statistics used

Whilst some of these descriptive statistics could be obtained from the Qualtrics survey program, there was insufficient reporting available for the completion of the descriptive

statistics. Therefore, the raw survey data was exported out of Qualtrics into SPSS (Statistical Package for Social Sciences) for ease of analysis.

To reduce the number of variables (i.e. graduate skill) and to remove the impact of potential correlation, the variables were grouped according to Jackson's (2014b) original employability framework, with any outliers as identified being separated. The result of the transforming of this data is shown in Appendix 5.12:

Descriptive statistics obtained included the following:

- 1) Groupings by firm size
- 2) Groupings by gender
- 3) Groupings by age
- 4) Groupings by service lines
- 5) Groupings by whether or not they offshore
- 6) Groupings by level/role within the accounting firm
- 7) Mean of variables (i.e. graduate skills) by differing characteristics
- 8) Median of variables (i.e. graduate skills) by differing characteristics

Appendix 5.13 demonstrates the results of some of these descriptive statistics.

Importance-Expertise Analysis

The survey data was also analysed using Importance-Expertise Analysis (IEA) and Importance-Satisfaction Analysis (ISA) of graduate skills (Martilla & James, 1977). This type of analysis is commonly used in the fields of organisational change, marketing and tourism and has also been applied to analysing components of business curriculum and graduate skills (Nale, Rauch, Wathen, & Barr, 2000; Oh, 2001; Oliver & Whelan, 2011; Oliver et al., 2011; Rai, Vatanasakdakul, et al., 2010). The analysis of studies using IEA and ISA conducted by Oh supports and is consistent with the use of this technique in this thesis (2001). In that study, aspects such as number of attributes, sample size and importance scales of a number of studies incorporating IEA and ISA into their research method were compared (Oh, 2001). The technique provides an easy way to both apply and present data and the basic premise of the analysis technique is that a set of key attributes of a target product is generated with respondents rating each attribute for its importance or satisfaction (Chen, 2017; Oh, 2001).

There are two main forms that this analysis takes as described below:

- 1) Importance-Expertise Analysis (“IEA”) - this combines information of both the importance and the expected level of expertise of different graduate skills.
- 2) Importance-Satisfaction Analysis (“ISA”) - this combines information of both the importance and satisfaction levels of expertise of different graduate skills.

By combining and merging data on the level of importance and satisfaction/expertise, the full potential of this data is more likely to be realised (Graf, Hemmasi, & Nielsen, 1992). For example, with ISA, specific areas requiring improvement are more easily identified (Graf et al., 1992).

To complete this analysis, raw data collected of the different graduate skills from the survey instrument is converted to mean scores for each graduate skill. A two dimensional graph or action grid is then constructed, with the importance and either satisfaction or expertise shown on the horizontal and vertical axis (Graf et al., 1992). The mean for each graduate skill is then plotted in a scatter diagram format with the position of each skill providing information on suggested priorities and strategies. This is done for the respondents generally, and then extrapolated by respondents that offshored and did not so as to compare. An example of this is shown below in Figures 5.5:

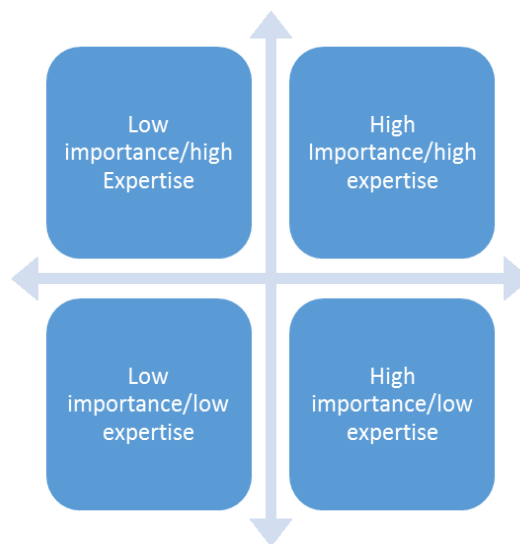


Figure 5.5: Importance-Expertise Analysis sample

Other studies have demonstrated that there is generally a skewing of the means towards high perceived importance and expertise when completing an IEA action grid (Nale et al., 2000). Several approaches have been suggested to deal with this. The first, as originally suggested by Martilla and James (1977), is to use the median, rather than the mean where there is insufficient variance. The other, as suggested by Nale (2000) is to standardise the

mean score was by subtracting the average mean ratings and then dividing this by the standard deviation to convert each graduate attribute to a z-score which was then plotted on the action grid. Within this thesis, the median approach is adopted due to the limited number of respondents.

Another identified potential problem with this analysis technique is that whilst the survey may have measured the attribute independently, there may actually be some correlation between the different attributes (Oh, 2001). To address this problem, it is suggested that the number of attributes are reduced in some kind of pre-test which has been done in this thesis (Oh, 2001). Appendix 5.12 shows the result of this reduction process.

5.6.4 PULLING THE ANALYSIS TOGETHER

Once the data has been reduced, the data needs to be interpreted and conclusions drawn and verified. As identified by Yin (2014), there is no set way to complete the process of identifying and interpreting the conclusions from the vast array of data collected. This stage of the analysis involves interpreting the data, trends, themes and descriptions so as to arrive at the ultimate results.

The approach taken to interpret the overall results in this thesis involves the following steps as shown in Figure 5.6 below:

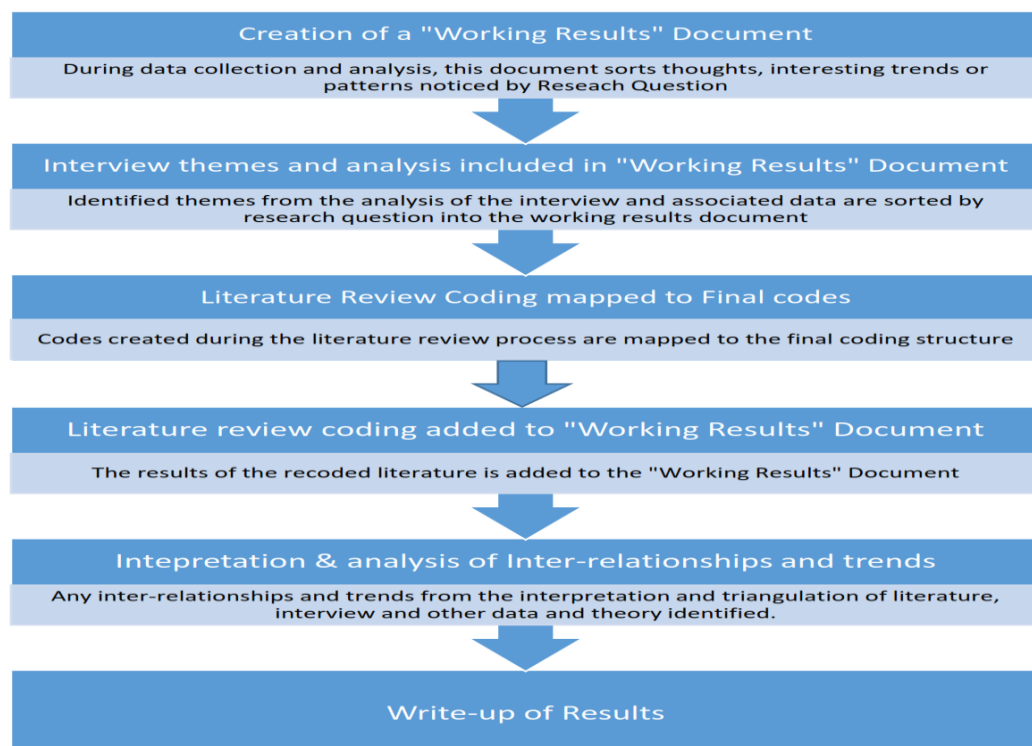


Figure 5.6: Steps in pulling all the analysis together

During this phase of the results analysis, particular focus will be on comparing the following:

- a) Respondents from firms that do offshore
- b) Respondents from firms that do not offshore
- c) Respondents from firms of the same size
- d) Respondents that have the same roles
- e) Respondents from firms that utilise the same ownership model
- f) Respondents from firms that utilise the same interaction framework

To make it easier to identify patterns, each of these comparisons will be set out in tabular format or word tables which display the data according to one or more categories for individual respondents (Yin, 2014). This approach therefore allows the examination and identification of the following relationships:

- Within the respondents including all of the data in relation to that respondent
- By theme
- By research question

Once conclusions have been drawn, they need to be tested and verified, the process of which is discussed below.

5.7 VALIDITY AND RELIABILITY

This section will describe the different methods adopted in this thesis to ensure that the results are subject to rigor, are valid and reliable.

5.7.1 METHODS TO ENSURE RIGOR

Qualitative research methods historically attract a number of criticisms' in relation to its perceived lack of rigor (Parker, 2012; Shenton, 2004). Rigor in this thesis comprises both validity and reliability checks. Validity is the "*credibility of the interpretations*" (Silverman, 2013, p. 285) and is considered a strength of qualitative research (Creswell, 2014). Reliability can be defined as "*the degree of consistency*" (Silverman, 2013, p. 302). One approach used to examine the validity and reliability of qualitative research is to apply the same criteria as is typically used in quantitative research (Meyer, 2001). When applied to qualitative research, it is often argued that each of the quantitative based tests of rigor have a corresponding design tests of confirmability, credibility, transferability and dependability as per Figure 5.7 below (Riege, 2003; Shenton, 2004).

<i>Quality criterion</i>	<i>Possible provision made by researcher</i>
Credibility	Adoption of appropriate, well recognised research methods Development of early familiarity with culture of participating organisations Random sampling of individuals serving as informants Triangulation via use of different methods, different types of informants and different sites Tactics to help ensure honesty in informants Iterative questioning in data collection dialogues Negative case analysis Debriefing sessions between researcher and superiors Peer scrutiny of project Use of “reflective commentary” Description of background, qualifications and experience of the researcher Member checks of data collected and interpretations/theories formed Thick description of phenomenon under scrutiny Examination of previous research to frame findings
Transferability	Provision of background data to establish context of study and detailed description of phenomenon in question to allow comparisons to be made
Dependability	Employment of “overlapping methods”
Confirmability	In-depth methodological description to allow study to be repeated Triangulation to reduce effect of investigator bias Admission of researcher’s beliefs and assumptions Recognition of shortcomings in study’s methods and their potential effects In-depth methodological description to allow integrity of research results to be scrutinised Use of diagrams to demonstrate “audit trail”

Figure 5.7: Tests and techniques for establishing validity and reliability in qualitative research (Shenton, 2004, p73)

In addition, Creswell & Miller (2000) suggest a variety of different validity procedures techniques that are appropriate for qualitative research which are shown in Figure 5.8 below:

Paradigm assumption/Lens	Postpositivist or Systematic Paradigm	Constructivist Paradigm	Critical Paradigm
Lens of the Researcher	Triangulation	Disconfirming evidence	Researcher reflexivity
Lens of Study Participants	Member checking	Prolonged engagement in the field	Collaboration
Lens of People External to the Study (Reviewers, Readers)	The audit trail	Thick, rich description	Peer debriefing

Figure 5.8: Validity procedures applicable for a qualitative lens (Creswell & Miller, 2000, p126)

Within this thesis, a number of different methods of rigor have been used. Table 5.11 below demonstrates which specific techniques have been used against each of the different tests of research rigor.

QUANTITATIVE TEST OF RIGOR	EQUIVALENT QUALITATIVE CRITERIA	SPECIFIC TECHNIQUES ADOPTED IN THIS THESIS
<u>Construct Validity</u> <i>“the legitimacy of the application of a given concept or theory to established facts”</i> (Meyer, 2001, p. 345).	Conformability	Triangulation to reduce investigator bias In-depth methodological description to allow scrutiny of the research integrity Providing a chain of evidence (via Nvivo 11 and Coding checking)
<u>Internal Validity</u> How valid the relationships between the concepts are and how logical the reasoning for the conclusions are (Gibbert, Ruigrok, & Wicki, 2008; Meyer, 2001).	Credibility	Use of well recognised research methods of interviews. Triangulation of other data, literature, theory and investigators. Looking for disconfirming evidence. Use of “reflective commentary” Member checks of data Use of coding checking and validation Use of thick, rich descriptions Examination of prior research Providing a chain of evidence
External Validity	Transferability (of analytical generalisations, not amongst populations (Meyer, 2001))	Use of purposeful sampling Providing background data and detailed description of the phenomenon.
<u>Reliability</u> This focuses on whether or not the research process is consistent and stable over time and is absent from random error (Gibbert et al., 2008)	Dependability	Use of interview protocol In-depth description of methods adopted Employing “overlapping” methods e.g. survey questions

Table 5.11: Application of specific techniques used to ensure rigor in this thesis

Silverman (2013) also expands on the traditional quantitative criteria for quality research and uses the following criteria for specifically evaluating qualitative research:

- 1) Can the research demonstrate the conceptual apparatus of social science and help to build useful theories?
- 2) Does the data satisfy the criteria of validity and reliability?
- 3) Are the research methods careful weighting of the alternatives or responses to time and resource constraints?
- 4) How does the study contribute to practice and policy? (Silverman, 2013, p120)

This criteria is directly applied in this thesis. For example, the process of triangulation with the selected theory of Human Capital Theory helps to build the theory in relation to the research questions. The criteria of validity and reliability are specifically addressed. In addition, Chapter Seven discusses in detail how the research can be applied to the profession and tertiary institutions.

The application to practice is also a test of rigor suggested by Lincoln (1995) who argues that reciprocity is a characteristic of high quality interpretative research. Given the importance of trust between the researcher and the respondents in this research, this particular type of rigor is vital in this thesis (Caratti et al., 2016). Therefore, a key requirement of the interviews is to provide each of the respondents with a tailored summary of the results to meet the “*what’s in it for me*” test (Darke et al., 1998). All of the respondent firms have expressed a keen interest in receiving these generalised results and these results will be provided.

The above has discussed the main methods used to ensure rigor. A brief discussion on specific methods of rigor on different types of data included is now provided.

Specific Techniques of Rigor for Interview Data

As interview data is qualitative in nature, the traditional modes of ensuring rigor need to be modified, predominantly due to the inherent biases that may be present in interviews.

These biases can be the researcher’s own beliefs and prior assumptions and the effects of the researcher on the behaviour of the respondents (Darke et al., 1998). In addition, biases may be caused by data overload, salience of first impressions or overconfidence in specific data (Huberman & Miles, 1998). Whilst qualitative data is inherently value laden and full of the researchers’ interpretations, it is not appropriate for it to be full of the researcher’s prejudiced and prior experience (Meyer, 2001).

Coder Checking

One key technique used is that of coder checking to ensure that a sufficient measure of reliability was achieved. This assists in providing definitional clarity but also helps with the reliability of the analysis. After a small number of initial interview open coding, a code checker was used to determine the degree of reliability of the coding process. Approximately 10% of the interviews were checked in this manner as recommended by Miles & Huberman (1994). A similar process is then completed about two thirds of the way through the coding process.

Once coded, the researcher and the independent coder discuss the codes and additional checks were made until a sufficient degree of reliability was achieved.

The reliability can be measured as:

$$\text{Reliability} = \frac{\text{Number of Agreements}}{\text{Total number of agreements + disagreements}}$$

A suggested reliability rating of approximately 90% is recommended although the first coding will usually result in a reliability rating of inter-coder reliability (Miles & Huberman, 1994). The results of this coder checking were consistent with the recommendations as shown below in Table 5.12:

INTERVIEW CHECKED	NO OF DISAGREEMENTS	NO OF AGREEMENTS	% RELIABILITY OBTAINED
Firmlarge2Acct2	17	54	76%
Firmlarge1Manager2	6	26	81%
Firmsmall2Partner1	0	29	100%

Table 5.12: Results of inter-coding reliability by order of inter-coding conducted

As can be seen from Table 5.12 above, the reliability percentage steadily improved to 100% with each interview code checked. The initial differences identified in Firmlarge2Acct2 arose due to differences in interpretation. To resolve these, the researcher and code checker went through individual differences in detail and came to a conclusion as to how the content should be interpreted. In the next transcript of Firmlarge1Manager2, the level of differences were less and the process of going through differences together was repeated. This process was successful as is demonstrated by the 100% agreement in the transcript of Frimsmall2Partner1. Therefore, overall, the results of the inter-coding of 100% meet the recommended reliability levels of Miles & Huberman.

Use of Other Non-Interview Data

Using additional sources of non-interview data and triangulation can also help counteract biases. The use of a chain of evidence that requires interpretations to be made that can be ultimately traced back to the ultimate data also assists. Within this thesis, Nvivo 11 coding which traces individual items of data and the interview summary reports completed is used to achieve this. The researcher also uses the technique of Disconfirming evidence whereby they purposely looked for data that was inconsistent with proposed themes as a way of increasing objectivity and removing the potential impact of biases (Creswell & Miller, 2000).

There are also other limitations of interview data that have been identified including the inability of the respondent to provide some data and the respondent's selective memory (Whiteley et al., 1998). Triangulation with multiple sources of data for each respondent addresses these limitations of interview data. For example, many of the respondents struggled to articulate or describe the specific attributes that they looked for in graduates in an offshoring environment. The use of a survey instrument which gave them a list of pre-determined attributes to rank alleviated this issue. Triangulation is a key specific strategy used to achieve rigor in this thesis. This is now discussed in further detail in the following section.

5.7.2 METHODS OF TRIANGULATION

The use of triangulation is a key strategy recommended to support research and enhances data quality through confirmation and verification of findings (Baxter & Jack, 2008). Triangulation has been defined as *"the means by which an alternative perspective is used to validate, challenge or extend existing findings"* (Turner & Turner, 2009, p. 171). It assists to counteract potential biases in the researcher's collection and analysis of data, as well as improving internal validity (Darke et al., 1998; Gable, 1994). Effective triangulation allows the researcher to "bracket" findings (Miles & Huberman, 1994).

Triangulation can be classified according to the type (data, investigator, theory or methodological) or by the form of it (hard versus soft) (Turner & Turner, 2009). Hard triangulation challenges interpretations made to help ensure the validity of conclusions drawn whilst soft triangulation merely extends or confirms findings (Turner & Turner, 2009). Within this thesis, both hard and soft triangulation was used. Different types of triangulation included:

- 1) Across different data sources (e.g. survey, websites)
- 2) With theory
- 3) By different methods
- 4) Among different investigators (Creswell & Miller, 2000)

Once the results have been verified, they need to be communicated. The following section discusses how this is done within the thesis.

5.8 COMMUNICATION OF THE RESULTS

There have been several criticisms directed at how the results of qualitatively based research is presented. For example, some authors describe qualitative research reports as “*boring to read*” (Caulley, 2008, p. 424). Qualitative research is often difficult to present concisely due to their richness (Baxter & Jack, 2008).

To combat this, within this thesis, the results were communicated using a combination of matrices, graphs and narratives. The narrative has the benefit of portraying some of the richness of the data whilst matrices help to provide a snapshot of the results for ease of reading. In addition, as suggested by some authors, “quasi-statistics” such as theme counts were used (Maxwell, 2010). These numbers assist to present evidence and strengthen the arguments for any interpretations made.

The results of this thesis are presented by research question. This approach has the advantage of ensuring that the research and the results are focused on the research questions (Baxter & Jack, 2008).

5.9 ETHICAL CONSIDERATIONS

Given the sensitivity of the topic, ethical considerations were particularly important in this thesis. Processes to ensure ethical considerations were incorporated into all aspects of the research and all Curtin University of Technology ethical protocol, rules and regulations were followed. Documentation provided as part of Ethics Approval Number RDBS-96-15 demonstrate this.

In particular, great care is taken to ensure the confidentiality of all of the respondents which involves not releasing information that permits linking specific individuals or cases to responses (Miles & Huberman, 1994; Neuman, 2000). This was a key concern for some respondents who questioned the researcher in detail regarding this aspect. However, when the ethical processes and de-naming processes were explained in both the beginning of interviews and in initial conversations respondents’ fears were alleviated. Ensuring confidentiality requires more than de-naming respondent accounting firms or respondents

as readers who are familiar with the accounting profession may be able to infer which accounting firm they are, especially with the large firms. To resolve this, limited details of location and identifying facts were provided in the respondent descriptions.

All interviews were conducted using the same interview protocol and all transcripts were provided to each respondent for checking and approval of the final contents. Respondents are provided with assurances that survey and other data collected would also be treated in accordance with the ethical considerations required in the Ethics Approval documentation.

5.10 CONCLUSION

This chapter describes the overall research methodology adopted in this thesis. A constructivist paradigm is adopted, incorporating a phenomenology based qualitative methodology. Data collected is primarily from interviews with some additional sources including documentation, archival evidence and some short quantitatively based survey questions within the interview.

Overall, there were 32 individual respondents, 18 of which also provide survey data. The respondents are chosen using purposeful sampling and included respondents from firms that did and did not utilise offshoring as well as a variety of different sized accounting firms, thereby incorporating both snowball and combination sampling. The survey variables were developed following a comprehensive review of the graduate attribute literature and was adapted from Jackson's Employability Skills Framework (2014b). Interviews were conducted following an interview protocol that was developed from the literature and then adapted following several pilot interviews.

Analysis of the survey data included descriptive statistics as well as Importance-Expertise and Importance-Satisfaction Analysis. Interview data is reduced and analysed by coding the data both by research question, theme and descriptions. All of the data for each respondent is then combined and conclusions drawn. All derived conclusions are then subjected to various processes of rigor. This included a detailed process of member checking, coding checking. In addition, triangulation was incorporated with non-interview data, with the literature and with the theory which this research is based in addition to other techniques designed to ensure rigor in the results. The method of communicating the results, both in a narrative, graph and matrix form is then described. Finally, ethical considerations of this research, with a focus on how confidentiality was achieved is discussed.

6.1 INTRODUCTION

The primary focus of this thesis is to examine the impact that offshoring has on the employability of domestic graduates in Australian accounting firms, specifically in the business services and SMSF divisions. Detailed results relating to this are presented and explained in this chapter.

Overall, the results of this thesis indicate that there are many consequences on the employability of domestic graduates as a result of the decision by accounting firms to utilise offshoring. Most of these consequences relate to a reduction in the number of graduates actually being recruited, which is seen as an economic resourcing issue by employers. Despite the focus of the literature on the importance of different graduate skills, the thesis results indicate that this is almost viewed as a secondary issue by offshoring accounting firms compared to the initial decision whether or not to even hire them. Offshoring is a resourcing issue for accounting firms.

Decisions relating to what human capital resources are required appear to be made without consideration of HR implications and there appears to be a disconnect between the service and HR divisions of offshoring accounting firms. In short, the HR team are not consulted when decisions relating to offshoring are made.

The reduction in graduate recruitment numbers seems to be partly driven by changes in the domestic structure of the accounting firm to a much flatter and therefore less hierarchical structures. The Indian staff are considered as a direct substitutes for domestic graduates. Whilst offshoring firms are still hiring domestically, there is a shift towards more experienced and senior staff who already have the skills to do more complex advisory and consultancy work without the need for additional training.

There is also an interesting relationship identified between an increased supply of graduates, and a reduced demand for them by the accounting firms. Increased graduate supply occurs due to the broadening definition of graduate to more than a 21 year old recently graduated student to include cadets and more mature graduates who already have some experience. In addition, graduates who have a background in non-accounting degrees are also being recruited, especially by the larger accounting firms. At the same time, accounting firms are demanding and requiring a lower number of graduates as they move their human capital in their business models to staff with a greater level of experience. Also, offshoring partners

are intentionally reducing their graduate intake to not give managers an option to choose a domestic graduate over an Indian staff member as a way of effectively forcing their managers to use the Indian staff. This strategy, in many cases, has come as a direct result of Partners' prior experiences in other firms of using an offshore operation.

The resulting change in the type of work that is being done by accountants also impacts the skills required in those staff. Accounting firms have a choice of either training their domestic graduates in this more difficult work or they can directly hire staff that already possess those skills. Many are choosing the hiring option.

The training landscape of offshoring accounting firms is also changing with an increased focus on ensuring that all formal training in particular is as cost effective as possible. Within offshoring firms, there is a reduction in the amount of specific on the job training that is available for domestic graduates. Offshoring accounting firms are having to rethink how they structure their training, in an environment where domestic graduates continue to have such high training expectations.

Structure of the Chapter

As described in Chapter Five, the source data of interview transcripts, curriculum information and other field notes was analysed by description, themes, and by research question. Of the 32 interview respondents, 18 of these also completed a short survey instrument. In relation to the data from these surveys, descriptive statistics as well as Importance-Expertise and Importance-Satisfaction analysis was prepared.

A sample of the researcher's coding process checked by an external coder to ensure rigor in the data analysis process is provided in Appendix 6.1. The resultant open codes were then summarised in a series of steps to consolidate the codes into firstly axial codes, then selective codes. A summary of the axial and selective codes is provided in Appendix 6.2. These were then grouped into themes. These resultant overall themes were then grouped into research questions. A comparison of the results by different respondent characteristics as well as between respondents was also undertaken.

The results are then triangulated with other data sources, the literature and the relevant theory as discussed in Chapter Five. For comparability and ease of triangulation purposes, the same broad structure of different impacts of offshoring on domestic graduates has been used in this results section, as was used in the literature review. The secondary questions are mapped to this literature review structure as follows;

LITERATURE REVIEW CATEGORY OF IMPACT OF OFFSHORING ON DOMESTIC GRADUATES	CORRESPONDING SECONDARY RESEARCH QUESTIONS
The impact on graduate recruitment levels in an offshoring environment	<p>RQa) What impact has offshoring had on the number and type of domestic graduates that accounting firms recruit?</p> <p>RQb) How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?</p>
The impact on the skills required in new graduates in an offshoring environment	<p>RQb) How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?</p> <p>RQc) Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?</p> <p>RQd) Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?</p> <p>RQe) Is the current university accounting curriculum developing the skills required in an offshoring environment?</p>
The impact on the training provided by accounting firms in an offshoring environment	<p>RQf) How do offshoring accounting firms train their domestic graduates when much of the traditional training work that graduates completed is now being offshored?</p>

Table 6.1: Mapping of secondary research questions to Literature Review and Analysis

The presentation of these results includes a combination of theme counts, matrices, direct interview quotes and narratives. Counts refer to the number of times within the data that these themes were identified.

Detailed findings are structured and grouped together by research questions. Firstly, the results of the primary research question are presented followed by the results of the secondary research questions which expand and help clarify the results. Within the analysis of each of these research questions, the individual themes are identified, supported by direct quotes and other data. A count of the number of times that the theme has arisen is also provided. The theme is then triangulated with the literature and theory application. Once all of the individual themes for each research question have been addressed, an overall summary of the result for that research question is provided. This process is repeated for

each research question. The impact of different respondent characteristics on the results is then compared and explored to evaluate their potential impact on the overall results. In particular, the characteristics of firm size, respondent role and service line are reviewed.

Figure 6.1 below provides a pictorial representation of the structure of Chapter Six.

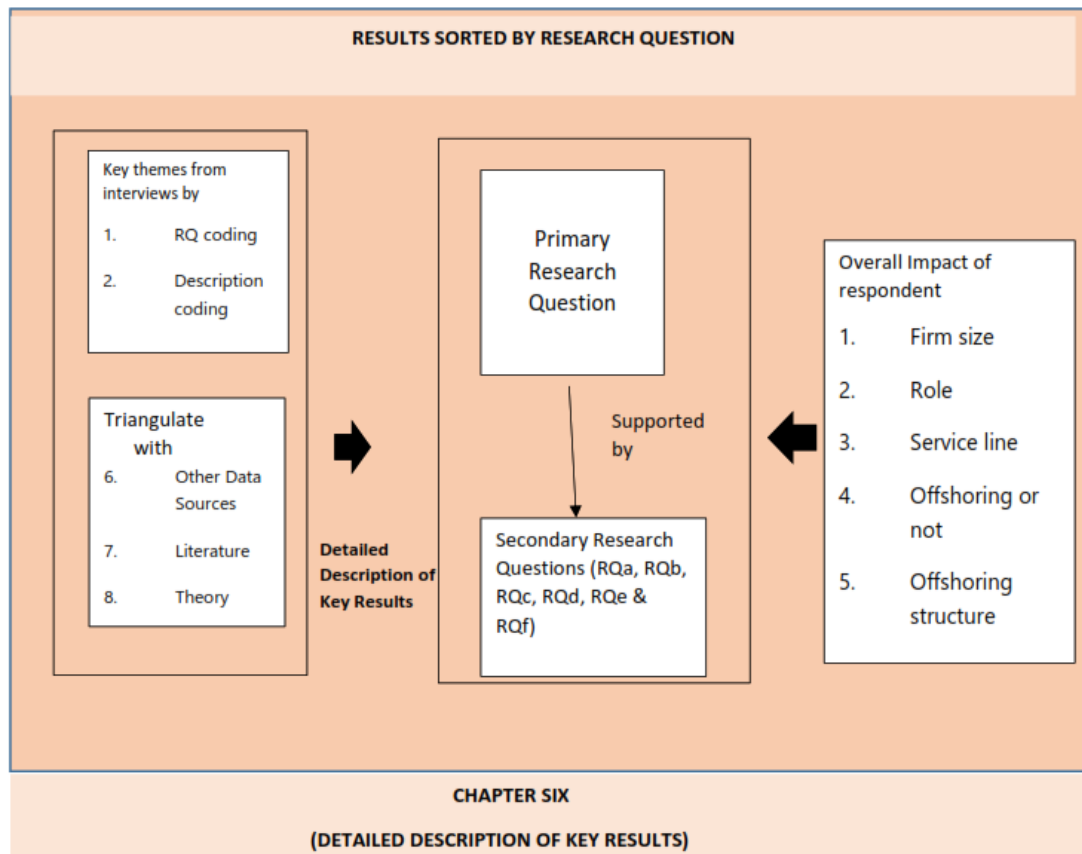


Figure 6.1: Concept map of Results Chapter

6.2 PRIMARY RESEARCH QUESTION

How does the adoption of offshoring affect the employability of domestic accounting graduates?

There are a number of resultant themes from this thesis that apply directly to the primary research question, and these are now explored before the themes from the secondary research questions are discussed in greater depth. Each of theme's discussions will begin by presenting the data in relation to that theme. Included in this data will be a count of the number of times that the theme was identified within the data analysis as described in Chapter Five. Triangulation with some of the literature and theory application is then carried out before an overall summary of that theme is then provided.

Theme THi: Resourcing by service lines and graduate recruitment are seen as different and detached items, which also differ between service lines (count= 35).

The HR staff interviewed generally saw themselves as having a very distinct roles which had nothing to do with resourcing decisions. Resourcing was clearly viewed as simply a business decision to which they had no part of. This can be seen below:

“So my role is to look after the graduate and vacationer role recruitment for WA, SA and NT.... Yeah. I don’t think it is really me, our. The business understands what the work they have and what they have on and in terms of what someone might think is basic level, might be different to someone else. But for the clients, if the service isn’t there, if those clients are not there. We may not see the generics completely up to the business.” (Firmlarge1HR1)

“But I don’t find it a great deal different between private, professional services all have been pretty similar, so the last 9 or so years, have all been pretty similar.” (NonMidtier1HR1)

Managers and Partners also suggest that there was a large disconnect between resourcing and the HR. Even a former Partner in charge of a Business services division, who had been at the firm for over 30 years admitted he did not understand the HR graduate employment process as seen below:

“I don’t know, actually to be honest, that first step in recruiting which is our HR teams get 1000 or 2000 CV’s and they cull it down to you know 100 and the 100 gets dispersed to all the divisions depending on which box the kids tick.I don’t know, it’s a black box.... There is a lack of understanding. I don’t have a clue who makes the decision of what is the sort of, the preferred look of a CV” (Firmlarge1Partner1)

“Yeah, that sort of. We don’t really listen to a lot of what HR department says.” (Midtierfirm4Manager1)

The role of HR is ultimately to determine the fit of recruited graduates and staff whilst the divisions generally make strategic business decisions. If there is a disconnect between HR and the divisions, then how is the needs of offshoring incorporated into the type of person that is recruited? The answer to this is that they are not. In fact, when questioned on this point, Firmlarge1HR1 was quite perplexed as to the relevance of the question as shown below:

“But in terms of offshoring, no. My role, I don’t even. It’s all in the business.Yeah. I don’t think it is really me, our. The business understands what the work they have and what they have on.” (Firmlarge1HR1)

As discussed in Section 2.2.6, the strategic human resource management literature suggests that human capital needs to both fit and be flexible in relation to organisational strategies (Wright & Snell, 1998). This is particularly important in industries undergoing significant

change such as accounting firms which have adopted offshoring. In this context, “fit” refers to how well the objectives, needs and demands of individual staff are congruent with the objectives, needs and demands of the accounting firm. In contrast, “flexibility” refers to how well accounting firms are able to respond to dynamic environments which is important given the changing role of professional accounting caused by globalisation and technology. As can be seen in this model, both fit and flexibility should be derived from the underlying strategy of the accounting firm. Whilst they may then take different paths, both are then key contributors to the ultimate success of the accounting firm. The results of this thesis indicate that this model is modified in accounting firms that are involved in offshoring. Appendix 6.3 demonstrates this adapted model.

Whilst overall strategic direction is made at the overall accounting firm level, most of the resourcing decisions are ultimately made at the divisional level i.e. Business services and SMSF. Resourcing decisions’ generally undertaken by the individual accounting divisions represent the “flexibility” component of the model. Once the number of required graduate positions is decided on by the division, a decision which takes into account the proportion of resourcing that will be done either domestically or via using an offshore resource, then this number is communicated to the appropriate HR staff. It is the HR staff that then canvas and shortlist candidates, ensuring that there is sufficient “fit” for the accounting firm generally before providing the division with a shortlist from which to ultimately make a decision on.

What is prominent in this modified model is that HR and the divisions operate so distinctly and that the “fit” component does not necessarily consider offshoring at all. This important finding is consistent with the literature that finds that there is often not a general organisation wide strategy in relation to offshoring (Lewin & Peeters, 2006). This also explains many of the results in the secondary research questions, especially in relation to why graduate skills required are not vastly different to accounting firms in non-offshoring environments. Refer to the discussion on RQc in relation to this.

The application of Human Capital Theory (“HCT”) also triangulates this result. HCT is an economic based theory and ultimately, resourcing decisions, are an economic decision (Becker, 1962). In an accounting firm environment, where graduates and offshore staff are largely viewed as substitutes (refer to THiii), cost and economics form the foundation for any decision making. However, this purely economic view of HCT is also one of its criticisms (Preston, 1997). Opponents of HCT argue that the theory does not adequately consider the subtleties of human behaviour. This is where the “fit” and overlay of HR staff is incorporated

into the employment process. They overlay the human element of what would otherwise be a purely economic decision.

This result explains many of the results in the secondary research questions in relation to graduate skills and it is one of the reasons why specific offshoring skills are not incorporated into the hiring of graduates in an offshoring environment. The level of disconnect of HR from the business units, even in a Big 4 environment was a surprising result of this thesis. It also explains why the results and differences in offshoring accounting firms centred on the number of graduates hired, and not so much the actual skills required in the graduates.

The following section now discusses a theme in this thesis of how individual accounting firm division structures are changing.

Theme THii: Accounting firm structures are becoming far more flat and less hierarchical (count = 63).

The respondents in this thesis suggested that the accounting firm structure is evolving. For example, Nonmidtier2, which specialises in more corporate tax advisory work with some business services, suggest that they have an “inverse triangle” as described below:

“3 directors, 2 principals, senior manager, I don’t know, maybe 7 or 8 managers. So quite high end.Yes, very top heavy in terms of experience.We’ve only got 2 graduates that started this year. And then it might be 4-5 experienced staff so very top heavy in terms of experience. We’ve seen that that is what clients want, they want access to people that know what is going on as well. Not so much the model of the typical triangle.” (Nonmidtier2Partner1)

Another example is Firmmidtier1, which recently began their new practice with 16 domestic staff, of which only two were below manager level. The rest of the staff were managers or above all of which had senior client roles. However, as their work is more business services and compliance based, they had to compensate for their structure by leveraging off Indian staff. They recruited 6 offshore staff to help with the procedural compliance work. This represents a significantly flatter structure than what would normally be seen in an accounting firm.

Firmlarge1Partner1 also described the “model of the future” which they were working towards as:

“It’s one, one to one or two or something. That’s the manager and partner level, an inverse pyramid I think there is a slight flaring but not. Not very much. You know what, we’ve got the model of the future.But we are not in the future yet..... India ought to be the pyramid and the manager group should be the core of it so we

should have nearly as many grad's and juniors as we do managers because India is going to supplement that junior staff. And we want them working on and focusing on different things. So we get India to do the work that we need to be done quickly and efficiently and cheaply and we need our people locally to have."
(Firmlarge1Partner1)

Therefore, it seems many accounting firms are beginning to create an inverse pyramid structure domestically, using less expensive Indian staff to compensate and leverage lower rates. A further example of this is provided in another new firm in Firmsmall3 as shown below:

"We are very top heavy. It just happened to be as it is and we could afford to because we have the offshoring." (Firmsmall3Partner1)

The literature also supports this changing accounting firm structure model. According to Maister (2003), the structure of the typical accounting firm is that of a pyramid with three levels being staff, managers and partner. Traditionally, partners have been responsible for client relationships, managers for supervision and project coordination and other staff for the technical tasks (Maister, 2003). The specific ratio of partners to managers to staff is generally determined by the mix of client work that the accounting practice has. The greater the proportion of more difficult consulting work, the greater the proportion of partners. In the traditional model, junior graduates and staff are leveraged to make the partners profits, for which they are repaid in the form of training (Maister, 2003). This traditional model demonstrates a clear example of HCT.

However, as client work evolves with clients doing more of the easy work traditionally completed by graduates themselves, this model also needs to change. The role of an accountant in business services is now much more of an advisory one, with a focus on being a trusted advisor (Bunney et al., 2015). This means that much of the work that was traditionally completed by more senior people now needs to be completed by less experienced staff. There is also less procedural type of work available for graduate and junior staff to complete. The result of this is that the accounting firm structure is much flatter and also less hierarchical. That is, the domestic accounting firm structure is becoming more like Figure 6.2 below:

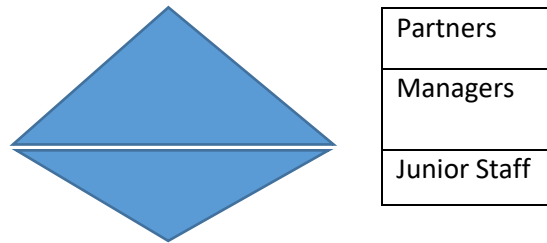


Figure 6.2: Diagrammatic representation of future accounting firm structure

A higher proportion of staff are becoming client managers who are responsible for client advisory work and client relationships with this work no longer being the domain of partners. This is also the ideal structure that is proposed for accounting firms by industry accounting firm consultants (Nixon, 2017). As a result, there is also less of a need for domestic staff to do the lower end work as this is being replaced both by Indian staff and technology.

Therefore, it is clear that in the accounting firm models of the future, there is far less room for domestic graduates. They do not have the necessary experience to complete the more difficult advisory work and are therefore not being hired. In their place, to assist in providing a lower cost structure, Indian offshore staff are being used. RQa and the following theme discusses this in greater detail.

Theme THiii: India offshore staff are viewed as a substitute for domestic graduates (Count – 88).

There are several demonstrations of Indian staff being viewed as direct graduate substitutes by the respondents in this thesis. For example, when Firmmidtier1 was created a few years ago, there was a deliberate hiring strategy to replace domestic graduates with Indian staff as evidenced below:

“16 staff here with 6 in India. Um, So 22 staff altogether with a mixture of guys that are transitioning into retirement so we’ve got two guys that are here part-time transitioning into retirement. And then the rest are managers. We’ve got 2 below managers and the rest are managers or above. So we are top heavy which is why we rely on the India team.” (Firmmidtier1manager1)

Firmmidtier1’s website also displays a consistent message with their hiring page of their website clearly only targeting experienced staff.

Firmlarge1Partner2 provided an interesting perspective, clearly viewing graduates as simply a resource, to the extent that all resourcing decisions were made by a separate partner nationally for the Business services division, separate to the local office. This theme can be seen in the following quote by Firmlarge1partner2:

“So we need less. Offshoring makes sense for us if it replaces Australian costs. If it

is just on top of the Australian costs, then, um, it doesn't really work. So we need to be making different recruitment decisions" (FirmLarge1Partner2)

The work of graduates has traditionally been the easier, more repetitive type of work as explained in Chapter Two. This is also the main type of work that is being offshored to Indian staff (Carter & Axelson, 2016). As a result, employers tend to view the Indian staff as a direct substitute for domestic staff. HCT also supports this and suggests that employers treat human capital as assets that yield them income, so they are only willing to invest in graduates if they expect to see an appropriate return. Given the training requirement of both graduates and offshore staff is a cost to them, they would be looking to spend the least amount possible which is often the offshore staff.

It then follows that if offshore staff are seen as substitutes for graduates, then the number of jobs available for graduates is reduced and the employment market for domestic graduates becomes more challenging.

Theme THiv: There is a greater supply of domestic graduates in a market where there is less demand for them (count = 70).

The interview data from this thesis also shows that the demand for domestic graduates is decreasing. Many of the accounting firm employers directly stated that their graduate intake numbers were dropping due to supply and demand reasons as can be seen from the quotes below:

"We normally take, say 16, 17, 18 in Perth.I reckon the big lines are dropping one or two. So probably down to 10, 11 or 12. It's continual. It will get bigger. I mean think some of it maybe needs to be weighted a bit for the local economy because things are not great." (Firmmidtier3Partner1)

"I think we might only recruit one person per year going forward. And the reason for that?That is directly to do with offshoring.So we need less. Offshoring makes sense for us if it replaces Australian costs. If it is just on top of the Australian costs, then, um, it doesn't really work. So we need to be making different recruitment decisions" (Firmlarge1Partner2)

One of the identified factors affecting employability in the literature is the buoyancy of the labour market generally (Jackson, 2016b). From an economic view point, this would consist of both supply and demand drivers. Supply drivers refer to the number of accounting graduates that are being produced or are entering the market for employment. Demand drivers refer to the number of accounting graduates role vacancies in the market.

A 2017 study indicated that 6% of employers intended to abolish their graduate programmes entirely in the next 10 years (Chartered Accountants Australia & New Zealand). This

represents a sign that there are going to be reducing graduate roles in the future. From a demand point of view, there are various factors that are currently limiting the number of accounting graduate roles. Drawn from both the literature and the results of this thesis, these include those identified in Table 6.2 below;

DEMAND DRIVERS OF GRADUATE EMPLOYABILITY	EXPLANATION
General economic conditions	Refer to Section 2.2.2
Accounting firms widening their pool and definition of who they consider to be an accounting graduate	Refer to Section 2.2.2
General flattening of domestic accounting firm structures which include less graduates	Refer to the discussion above in THii)
Technology taking over some of the work traditionally being done by graduates	Refer to Section 2.2.2

Table 6.2: Non-offshoring demand drivers of graduate employability

There is a similar increasing pool from the supply point of view with a greater demand for accounting firm graduate roles. Some of the reasons for this are shown below:

SUPPLY DRIVERS OF GRADUATE EMPLOYABILITY	EXPLANATION
1) General economic conditions	If economic conditions are poor, then graduates take longer to find full –time employment. They may take other part-time roles as a temporary measure but then attempt to re-enter the market again later on so that current year graduates are then competing with prior year graduates as well.
2) Other graduate disciplines applying for roles in accounting firms	If other disciplines such as engineering have reduced job prospects, these students will often add on an accounting component to their degree to become attractive to larger accounting firms.

Table 6.3: Non-offshoring supply drivers of graduate employability

All of these supply and demand drivers are making the employability landscape more difficult for accounting graduates. The increase of the use of offshoring in accounting firms makes this situation more acute. As discussed further in THiii, offshore Indian staff are viewed as direct substitutes for accounting graduates which therefore have a direct supply impact on the employability of domestic accounting graduates. Therefore, offshoring directly reduces the desire of accounting firms to hire graduates (Turner, 2016a). In addition, offshoring firms

often deliberately decrease their domestic graduate intake as a way to encourage domestic managers to utilise their offshore staff as discussed in Thv.

Like HCT, the concepts of supply and demand are economic based theories. Under HCT, accounting graduates are viewed as a resource from which to derive revenue from. If employers don't have the volume of work there to hire additional staff, then hiring an additional resource through more graduates is not going to increase their profit.

The results for RQa) expand on this finding. Therefore, it appears that domestic accounting graduates face a difficult and complex environment, whereby structural change both within the accounting industry and the increased use of offshoring is making it more difficult for them to find employment. This is both from the supply point of view with a greater number of graduates entering the employment pool and on the demand side with employers having less of an appetite for domestic graduates.

The following section examines the employability demand drivers of deliberately not hiring domestic graduates to encourage the use of the offshore resource discussed above in more detail.

Theme THv: Not hiring domestic graduates is a deliberate strategy to encourage offshoring buy in by managers (count = 69).

The results demonstrate that managers generally find it easier and would prefer to use their local domestic staff over their offshore staff if given a choice. This is demonstrated below:

"if we send all our work offshore, what are we going to get our graduates that we have to do. Which is a very traditional, you know comfort, this is what I have always done.I guess it is easy and I guess if you are under pressure, you haven't always got time to be rethinking how you are going to do everything. You just need to get the job done. And if you are under pressure, you go back to what is easy.....Yes, well most of it is about building relationships with people that you working with. And because there is a wall there, so there is no relationships being built so you don't come to trust. It is easier to distrust someone that you haven't seen face to face."
(Firmlarge1Manager1)

Deliberately not hiring domestic graduates is a strategy that has been used by accounting firms to effectively force their managers to use the Indian staff. This is especially the case when the concept of offshoring is being introduced, when effective change management strategies are required. Examples of this can be seen below:

"I don't have a lot of choice because I have no junior staff trained and I am not allowed to train any new ones." (Firmlarge1Manager2)

“we intentionally took on managers/partners and essentially pretty much forced process to use the team as there wasn’t much of a team otherwise.” (Midtier1Partner1)

“Interviewer: It forces the managers to give them work as they have no-one else?”

Respondent: I suspect that this a little bit, I suspect this is one of the levers they are using to make this thing work.” (Midtier3Partner1)

The reasons for adopting this strategy is supported by the literature. For offshoring to succeed, there needs to be a sufficient scale of work that it is being used for. Within the structure of an accounting firm, it is usually the managers that are responsible for allocating work to specific staff, whether that be to domestic or offshore staff. Most managers would prefer to use domestic graduate staff who they already have a relationship with and who they can see and communicate with on a daily basis. It makes their jobs easier to use domestic staff, for whom they are also usually responsible for the development of. Therefore, managers may be motivated to give work to their domestic team in favour of the offshore staff and thereby effectively sabotage the success of the offshoring operation (Zimmermann et al., 2013).

One way to potentially minimise the impact of this is to not give managers any choice as to which staff to allocate their work. If they do not have domestic graduates available that they can easily give work to, then they have no choice but to allocate the work to the offshore team unless they want to do it themselves. This strategy effectively forces them to use the Indian team and helps to encourage buy in from a key group of stakeholders in the offshoring process.

Therefore, ensuring domestic buy in of senior management by not recruiting domestic graduates to ensure that the substitute Indian staff are used also impacts the demand for jobs for domestic graduates. This in turn negatively impacts their employability prospects.

The next theme now discusses how and where these changes in domestic graduate employability practices are derived from in the accounting firms.

Theme THvi: Prior offshoring experience by employers influences domestic graduate employment. (Count = 69)

Several of the respondents discussed how they had learnt and are still learning a lot from their offshoring experiences, especially in relation to how they structure their domestic staffing. This has a considerable impact on the employability of domestic graduates. For example, FirmSmall2Partner1 discussed the following:

“We are talking about these questions and going. What, how should this impact on our staff mix and different people around Australia have different approaches? Because we haven’t been doing it for very long. We don’t know what the right answer is.” (Firmlarge1Partner2)

This demonstrates that offshoring accounting firms are still experimenting with exactly what the optimum domestic staff mix actually is. Other firms have clearly learned that in an offshoring environment, it is best not to hire domestic graduates at all as there is no need for them and it reduces the amount of work that can go to the offshore team. This is demonstrated below:

“I think that the experience we had with the bookkeeping we learnt a lot from of it. Um. The point of view that um, in my view you need to have a business that you can have sufficient scale offshore to ensure the processes and the systems Um and it needs to have a certain scale to function properly. So that’s a lesson I learned from the bookkeeping. It’s not possible to do it on a small scale.” (Firmsmall2Partner1)

This then swayed his recruitment policies when he moved his SMSF work to an Indian offshore provider. Firmsmall2 now longer hires or uses graduates to do the SMSF work and has moved all of it to the India provider to ensure that there is sufficient scale.

Midtier1, which has now been involved with offshoring for several years, started out with the same approach of not hiring graduates. This was due for both achieving economies of scale and for domestic buy in as discussed in THv. However, they have now evolved and learned from the process that they need to consider hiring at least some graduates for succession planning purposes as discussed below:

“Yeah, it was designed that way to some extent but we, at the same time now, we still um you know changing to make sure we have some junior staff coming through locally.” (Midtier1Partner1)

This suggests that at least some of the offshoring firms are aware that ceasing the employment of domestic graduates is not sustainable longer term due to the succession planning issues that this may cause. This is explored further in Chapter Seven.

The literature also supports these results. It has been found that managers are highly influenced by their prior experiences in deciding how to structure their offshoring and even whether or not to continue with it (Delis et al., 2017; Musteen, 2016). There is often a level of experimentation that occurs in determining exactly what works best in how to structure staffing and other operational aspects of offshoring (Caratti, Perrin, & Scully, 2017).

Summary of RQ Results

As can be seen from the above discussion, offshoring has significantly affected the employability of accounting graduates. This has mainly been through a reduction of domestic graduate recruitment. There has been a reduction in the demand for graduate accountants, which coupled with an increase in the supply of graduate accountants, has produced an unenviable situation for graduating accounting students.

The reason why most of the impact has been on the initial recruitment of graduates, rather than on the other areas of employability, appears to be because of the separation of the resourcing (flexibility) and HR (fit) roles within accounting firms. Offshore staff are viewed as direct substitutes of domestic accounting graduates so the decision of whether or not to hire a domestic accounting graduate or Indian staff member is often a mutually exclusive one.

One of the reasons for a reduced demand for accounting graduates is the evolving accounting firm structure to more of a flat structure, where there are less junior staff required. The nature of the work is also changing and accounting firms are finding it easier to recruit in those required skills, rather than train up their existing staff. Any remaining basic compliance work can be completed by the Indian staff. Reducing or halting the annual graduate intake also helps to encourage managers to delegate their work to the Indian staff as they have effectively been left with no choice. Offshoring accounting firm partners have learned this lesson from their prior offshoring experiences.

In conclusion, offshoring has considerably affected the employability of domestic graduates, mainly through a reduction in their initial employment prospects. However, the impact is much wider and deeper than simply this. The following sections explore these results in much greater detail through a series of related secondary research questions.

6.3 SECONDARY RESEARCH QUESTION A (GRADUATE RECRUITMENT)

What impact has offshoring had on the number and type of domestic graduates that accounting firms recruit?

This section now explores each of the secondary research questions in the same manner as the primary research question results are structured.

Theme Thai: With less roles available for domestic graduates, employers are becoming more selective and adopting more stringent recruitment methods. (Count = 44)

Offshoring and other technological factors have reduced the pool of positions available for business graduates (O'Connell et al., 2015). This can be seen in FirmSmall2 which has recently offshored their SMSF work:

“And yeah, so we’ve decided to look to recruit people that have got the experience that don’t need intensive training. So we, at the moment, our thought process is that we are not looking to recruit any more cadets or graduates.” (FirmSmall2Partner1)

This sentiment was echoed by both graduate and employer respondents in this thesis. For example, a recent graduate of FirmMidtier3 lamented that:

“Yeah, it is really tough. Even like you have to do so many steps to the interview and then it is like, no sorry.” (FirmMidtier3Graduate2)

Employers also acknowledge that the recruitment process has become far more extensive as their graduate intake reduces as demonstrated below:

“We do assessment learning training where they come in for two weeks, they build stuff and they get watched by phycologists..... We do speed dating with them. So we are trying so much stuff, we couldn’t do much more I don’t think.” (FirmMidtier3Partner1)

“I think that the level of compliance testing that we put grad’s through every year and has developed. It is definitely getting harder for the graduates, for the university students. Unfortunately as the jobs gets smaller, we get pickier.” (FirmLarge1HR1)

The websites of some of the larger graduate employers also supports the increasingly sophisticated nature of the recruitment process. For example, the graduate recruitment webpages of FirmLarge2 shows a total of no less than seven separate steps/assessment points after the initial application is made.

The accounting graduate employment market has become saturated, which has allowed employers to become far more selective and put more stringent requirements on their potential graduates (King, 2016b; Williams, 2016). Selection methods are also becoming far more sophisticated extending to far more than the traditional interview.

This is supported by HCT which would suggest that if graduates are assets from which to earn income, then employers would be looking for the best value asset which would provide them with a greater return on investment. Their selection processes would therefore become more sophisticated to identify these better graduates amongst the increasing pool.

Therefore, it is clear that the recruitment landscape for accounting graduates is becoming increasingly difficult. Whether or not employers are concerned with this is now explored.

Theme THaii: Whilst employers empathise with graduates who are struggling to find jobs due to offshoring, they accept that this situation is simply inevitable (count = 43).

The results of this thesis finds that many partners and managers feeling compassion for graduates as shown below:

*“So I am very concerned about, employment opportunities for graduates.”
(FirmMidtier3Partner1)*

However, this Partner then went onto point out that their graduate recruitment numbers were reducing significantly from 18 to 10 in the current year as a direct result of offshoring in his Business Services division. This therefore demonstrates that despite feeling sympathy for graduates, it was not enough for him to take a reduction in profit by hiring more graduates. This was a sentiment echoed by many of the partner respondents who ultimately are the owners of the accounting firms.

The literature echoes this sympathy for the plight of graduates with much of the popular press full of empathetic firms citing the need to keep and retrain our graduates (Turner, 2016a).

One of the criticisms of HCT is that it assumes that employers will be completely rationale in their employment decisions, which some suggest is not correct. If this criticism is correct, then in the context of an offshoring environment, employers would ignore the economics of cheaper Indian labour and continue to hire graduates regardless. However, the results indicate that ultimately, profits come first which would support the HCT argument.

Is this same sentiment shared by managers in the offshoring firms though? This is now discussed in the next theme.

Theme THaiii : Managers generally prefer to utilise domestic graduates compared to offshore staff due to the increased level of control that they have over domestic graduates (count = 15).

This thesis demonstrates that managers indeed do have different priorities when it comes to offshoring. They are more interested in knowing that the job will be done and that it will be done well. As they are being held accountable for the efficiency and quality of jobs, they need to feel that they have control over the process which is often perceived to be easier to achieve with a domestic graduate as demonstrated below:

“Because if I give a job in the Perth office to a junior, I get to talk to them. I get to hear, I don’t know, if they are scared in their voice, if they are excited to get this job. It just

gives you a feel for the person and their work ethic.” (FirmLarge1Champion1)

“Yeah, I can’t do anything, I can’t plan. I can’t react. When will your superfund be ready if I use offshoring, I can’t tell you whereas if I do it myself, I can say with a reasonable estimate.” (FirmLarge1Manager2)

The manager role usually involves the training and development of junior staff and in ensuring all client work is completed cost effectively. The manager is more likely to be interested in how easily they can complete their job as they are ultimately the ones using the Indian team as their key resource. Their support is therefore considered vital to offshoring success as if they choose not to use them, then offshoring will fail (Terjesen, 2010).

Managers do not have the same profit motive as the partners of accounting firms as they usually do not hold any ownership interest in the accounting firm. HCT is therefore less likely to apply to their roles due to the comparative lower interest in the profit of the accounting firm.

Dealing with domestic staff allows the managers to have more control, something which is important to them. Therefore, whilst partners may have an incentive to utilise offshoring in order to achieve cost savings, this same motivation does not appear to be as prevalent with managers who have the day to day responsibilities of getting the actual work completed.

Summary of RQa Results

In addressing the secondary research question above, the findings suggest that it is not so much the type of domestic graduate employed that is affected by offshoring, but the number of graduates employed that is impacted. The majority of respondents indicated that they have reduced or intend to reduce the number of graduates employed as a result of the introduction of their offshoring operations. This also allows them to be far more selective in the domestic graduates that they ultimately hire.

The cost savings associated with offshoring, supported by HCT, mean that partners, who are motivated by profit, will often choose offshore staff rather than hiring domestic graduates. Managers however, do not have the same motivation. Whilst there appears to be a general consensus and level of empathy for the plight of current and future graduates, this does not seem to be sufficient to override the profit motive.

6.4 SECONDARY RESEARCH QUESTION B (GRADUATE WORK)

How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?

The overall result for this research question can be broken down into three separate but linked themes, the details of which are provided below.

Theme THbi: Work requiring specialist skills where there are skills shortages are common types of work to offshore. Domestic graduates are therefore less likely to do this type of work (count = 9)

The results indicate that many of the respondents have offshored work that requires some specialist skills where there is a shortage of appropriately skilled staff. This was demonstrated by Firmsmall2partner1 and Midtierfirm4partner1 in:

“Um, we don’t have perhaps the junior staff member or members that would have been doing some of the low level superannuation work. They’re no longer doing superannuation work. That’s probably the only structural change.” (Firmmall2Partner1)

“Particularly I think with the SMSF space, it was also um, traditionally quite um challenging to get a workforce that was happy to sit there and punch dr and cr for the rest of their life. They exist, no doubt. But, generally if you wanted to give you a career path.” (Midtierfirm4partner1)

If the Indian resource can become a centre of excellence, then it also reduces the training costs and provides for economies of scale for specialised type of work that the accounting firm needs to provide. This is true of all specialised work, not just SMSF work. For example, Firmlarge2 uses their Indian staff for specialist benchmark research for transfer pricing reports. Because the Indian staff now do so many of these, they have developed economies of scale and specialist knowledge to become quite efficient at it as demonstrated by:

“I did one..... But it took me so long and I am not really good at it. Yes, because for my time to benchmark for one week it would blow out the whole budget already for the report.” (Firmlarge2Accountant1)

The literature supports this approach. As SMSF work is compliance based and fairly repetitive, with the same low margins as most compliance work, it is ideal to offshore (Maelah, Aman, Hamzah, Amiruddin, & Sofiah Md, 2010). In addition, SMSF’s have a complex set of governing rules and as a result, it can be difficult to obtain staff that have sufficient specialist knowledge, and that are sufficiently low cost to allow accounting firms to make money on this type of work. Most accounting firms often do not have the critical mass of this type of work to hire staff with that specialised knowledge, of which there is a shortage. Therefore, offshoring this work to “Centres of excellence” resolves this issue (Evison et al., 2004).

This is also consistent with HCT because the work is going to the resource that will yield the greatest return at the lowest cost. Therefore, in addition to traditional compliance work, specialist repetitive work, where it is difficult to get staff with the required knowledge and who are cheap enough, represents another type of work that graduates are no longer being involved in within firms that offshore. So what work is then left for domestic graduates to complete? This is discussed in the next theme.

Theme THbii: Employers that offshore suggest that they want their graduates to perform more advisory type work with greater client contact but don't necessarily get them to do that work (count = 118).

Many of the respondents expressed a need for domestic graduates to become involved in advisory type of work. This is demonstrated by Firmmidtier1manager1 in:

"There is still going to be a need for client facing, a huge need for client facing. A huge need know that the accounting industry is going from compliance base to business advisory." (Firmmidtier1Manager1)

An interesting finding of this thesis though is that despite the rhetoric, this does not necessarily translate into reality. Even at a senior advisor level with approximately 5 years of experience, the shift in focus of the role to an advisory one has not eventuated yet as can be seen in:

"Most of the work that I do actually is compliance work. I'm a senior advisor as I just said. And we deal with private companies, high wealth individuals, doing compliance work." (Firmlarge1Champion3)

By its very nature, advisory work generally requires a greater level of earlier and direct client contact. Therefore, it would be expected that domestic graduates working in an offshoring environment would have much earlier client contact and be doing more of this work. The findings of this thesis do not support this for all firms, both from a graduate and an employer perspective. For example, Firmsmallgraduate1 was previously the receptionist at Firmsmall2 before getting promoted to a graduate. Yet, even with her proven communication skills, she was still not provided with client contact in her new graduate role as shown below:

"No, not yet. I've only just started emailing some so. Yep. Nothing to do with accounting." (Firmsmall2Graduate1)

The partners of some of the offshoring firms echoed this sentiment although some of the partners were clearly aware and embarrassed by the irony of the situation as shown in:

"They'd probably work with a manager or senior accountant and produce, at the

moment, produce financial statements and draft tax returns and they'd be taught to use our software argh to do that so they would have very little client contact.” (Firmsmall2Partner1)

“ah, that is a terrible question. Do I have to answer that? Is it expecting or what are they doing?

Both really. What they do is low level work and that hasn't changed in my lifetime. An example is, you know, basic tax returns, basic accounts, basic compliance work like BAS's, yeah. What should they be doing? If we are going to be a valuable resource in the future, its learning other things. Learning, interpretive skills and things like that, analytical skills, problem solving.” (Firmlarge1Partner1)

Some of the respondents working for less traditional firms were clearly making efforts to change this, although this did not represent the majority of respondents. For example, Firmmidtier3 which had recently become involved in offshoring had put in place a KPI for graduates that they needed to attend at least one client meeting every six months. Those graduate respondents that were introduced to client contact earlier clearly appreciated this as demonstrated in:

“I was surprised because the client meeting wasn't just about the job, it was their children, their holiday. It was very interesting. It went for about one hour, easy. And it was just about those different things that were not related to accounting.” (Firmmidtier3Graduate2)

Within the literature and popular press, there is much rhetoric for the need for the accounting profession generally, and in particular graduates to be involved in more client advisory type of work. This work adds value to clients by interpreting information and providing appropriate recommendations (Brewer et al., 2014; Bullock, 2016; Howieson, 2003; Nixon, 2017; Stephens, 2016).

However, this is not necessarily happening. Instead, a portion of the Indian work was retained in-house for graduates both from the desire to keep graduates busy and to help train the domestic graduates (Refer to the THfiv results). In addition, these graduates in offshoring firms are then also provided with a large amount of administration type work as discussed below.

Theme THbiii: Domestic graduates in an offshoring environment generally do a lot of administration type work, then make a large jump to far more difficult work (Count =96).

Domestic graduates in offshoring firms typically get involved in work such as scanning of documents, packaging jobs up for the Indian staff and then packaging the client jobs after

they have been completed for delivery to the clients. For example, Firmlarge1graduate1 who has nearly two years of experience now is still involved in this work as demonstrated in:

“Usually I would scan in documents, anything that the client sends in. I’ll scan it in and we complete a sort of worksheet to send out to the offshoring entity which we send the documents to. Then basically I wrap up all the documents and put it all in a binder and send it to a manager to review and then send off.” (Firmlarge1graduate1)

In contrast, in a non-offshoring environment, graduates are typically doing much more of the compliance work which then develops with time into more difficult work and are exposed to a greater breadth of work. Whilst they may still do some of the administration work, there is usually less of that as a component of their overall role. The domestic graduates development appear to be more of a focus so there appears to be greater thought put into the type of work that graduates are provided with as demonstrated below:

“But a lot of it is the basic stuff, so tax returns, bank reconciliations. We will send them out to clients. It depends on the individual and what they are like. Whereas this year’s one is a real go getter. So he is getting a little different type of work than the one from last year because that is their preference.” (Nonmidtier1HR1)

“But in the first year, they will be going through and really doing everything, they are doing accounts, they are doing tax returns and we make sure they get the full variety of structures, so the trusts, partnerships, individuals and getting all of that. Trading businesses, investment entities. So they are seeing that different.” (NonMidtier2partner1)

NonMidtier2 even uses this as a point of distinction in their graduate recruiting with their website stating that:

- Our people have a chance early in their careers to gain a high profile with clients and to gain experience in the full range of our practice.
- This broader experience translates into a faster rate of professional development and gives employees the opportunity to progress within the firm to achieve key career goals in less time than at other firms.

Figure 6.3: Extract from nonMidtier1 website on graduate recruitment

Firmlarge1Graduate1 provides a similar interesting perspective. He began his career in a small non-offshoring firm (which was later acquired by offshoring Firmlarge1) approximately six months after he started. This respondent argues that whilst the actual clients were smaller at the first firm, he was provided with opportunities to complete the entire job

including getting access to client contact and meetings from a very early point in time. When he joined Firmlarge1, whilst the actual clients were bigger and much of the compliance work was offshored, he found himself doing more administration and saw that other graduates were only doing parts of jobs and missing out on client contact until much later.

This is a sentiment echoed by other respondents who suggest that graduates face a steeper learning curve in an offshoring environment because they go from doing small parts of jobs and administration type work, to then moving into larger jobs and/or reviewing some of the Indian work.

“I think, I actually think they sort of get thrown in the deep end a little bit. Um, and also you know I think the benefit of doing the work yourself. You don’t really understand it until you do it. I think it is asking a bit much too I think to say to get a return back. And you are then sitting there, I don’t even really know what I’m reviewing because I’ve never really done this stuff.” “Because it is that high level, it is really hard for a grad I think to pick it up. It took me three months to pick up what I was actually doing as well so you can imagine a grad.” (Firmlarge2Accountant2)

If graduates no longer have as much basic compliance work to complete and they are not really getting involved with more difficult advisory work yet, then their time needs to be filled up with other work. HCT would suggest that they need to be given additional work in order to ensure a sufficient return on their employment investment.

It would appear that at least initially, this additional work consists of either doing very simple compliance work or assisting with administration or smaller parts of larger jobs directly for their manager. Offshoring graduates then face a steep learning curve as they are then expected to complete more difficult work earlier.

Summary of RQb Results

Traditionally, the type of work provided to graduates in business services divisions is compliance work such as simple tax returns, which then progresses to the preparation of larger financial statements, with the groups that the graduate is exposed to getting more and more complex. Direct client contact would be introduced with time as the graduate’s technical skills improve. More complex and higher margin advisory work has historically been the domain of managers and partners. This is broadly consistent with the type of experience that graduate respondents not involved in offshoring described in this thesis.

The results indicate that there are indeed differences between the work completed by graduates working in offshoring firms compared to those that do not. However, the differences are not what would be first expected.

With the respondents involved in offshoring, the role of the graduate, at least initially, appeared to be far more fragmented, with a large portion of administration work. They also are no longer exposed to specialist type of work such as SMSF accounts which is more likely to be offshored. Whilst it is suggested that these graduates are then freed up to focus on advisory work and obtain enhanced client contact, this does not seem to be happening in reality. These graduates are then “*thrown into the deep end*” with advisory and technically more difficult work, without necessarily getting the same initial breadth and depth of experience.

The implications of the differing type of work graduates are doing in an offshoring environment on the skills that they require is now discussed.

6.5 SECONDARY RESEARCH QUESTION C (GRADUATE SKILLS)

Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?

The results for this secondary research question are drawn from both interview data and the survey which was administered to 18 of the 32 in the interview respondents. This survey asked the respondents which involved rating a number of key skills developed. Whilst there is an insufficient sample to perform much more than descriptive statistics, the data collected from these surveys was enough to produce Importance-Expertise analysis. This analysis plots the expected level of a particular skill against the relative importance of it and it was completed separately for both offshoring and non-offshoring respondents.

The detailed results for these surveys, together with the Importance-Expertise analysis for offshoring and non-offshoring respondents is shown in Appendix 6.4. The results of this analysis reveal that generally, the skills considered important by offshoring and non-offshoring respondents are broadly the same. Specific graduate skills form part of the “fit” to an accounting firm. However, as discussed in THi, the decisions around the suitability of the fit of a graduate to an accounting firm is being made by HR staff who are not involved at all in decisions of offshoring resourcing at all. There are some differences which are identified as separate themes for this secondary research question.

The literature suggests that if graduates in offshoring firms are doing different work to graduates in non-offshoring firms, then it would be expected that the skills required by these distinct groups of graduates would also differ. For example, the SCM/HRD literature suggests that skills such as having a global perspective, project management skills and excellent

communication skills are important (Wu et al., 2013). From an accounting perspective, the literature suggests that accounting students will require enhanced technical skills as there will be less grounding work available to learn these skills (Daugherty et al., 2012; Staffreporter, 2015).

The survey results also provides an interesting comparison of graduate skill satisfaction. Figure 6.4 below maps the expected level versus current perceived level of each of the different skills, extrapolated by offshoring and non-offshoring respondents.

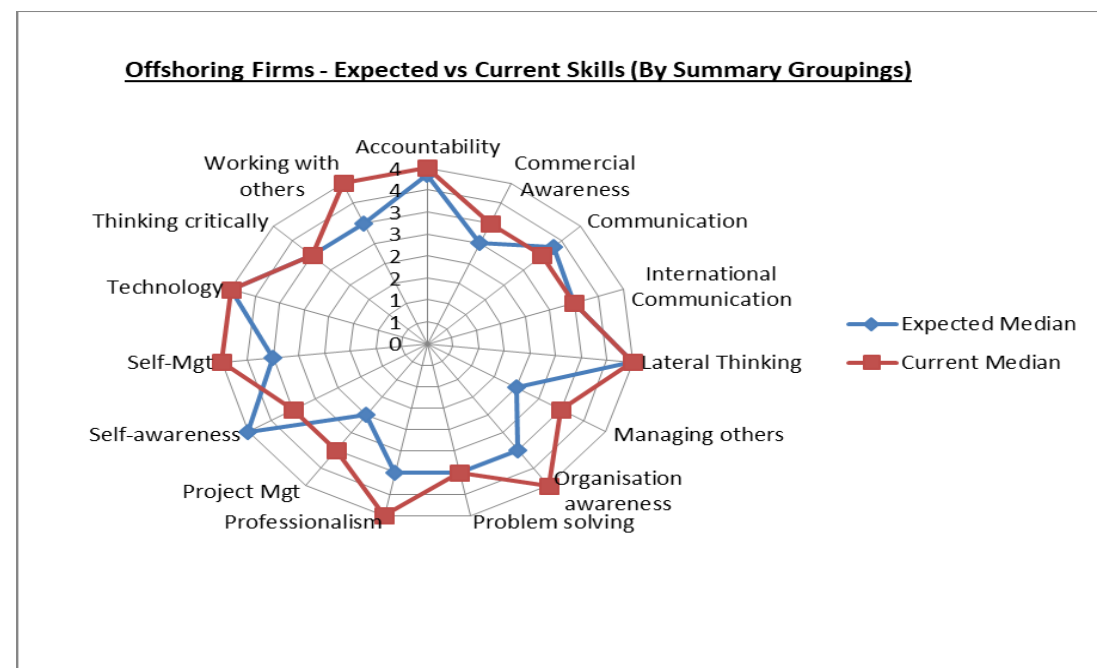
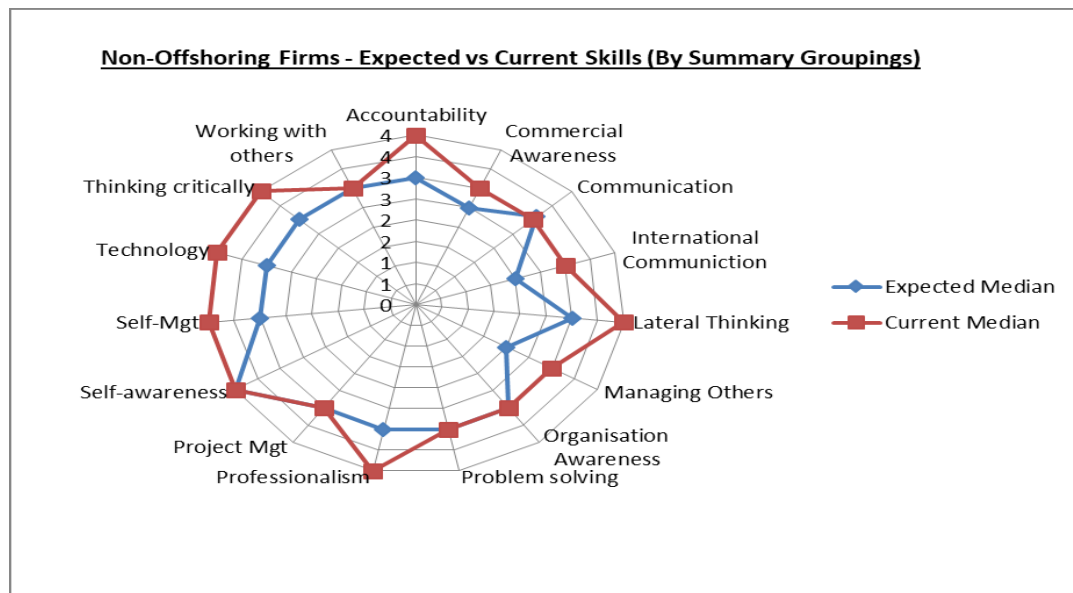


Figure 6.4: Comparison of graduate skill satisfaction between offshoring and non-offshoring respondents

As seen above in Figure 6.4, a finding of this thesis is that offshoring respondents typically have greater expectations for their graduates, especially in relation to technology, accountability and international communication. Respondents in non-offshoring firms generally perceive their graduate skills to be better than their offshoring counterparts. This is also supported by HCT because in an offshoring environment, graduates are perceived to be the more expensive resource (in comparison to Indian staff) so to yield more, they should require less training and already come with higher levels of skills.

As can be seen from the above discussion, the skills expected in graduates are similar and are in line with the general accounting education literature for both graduates in offshoring and non-offshoring firms. However, there are some differences identified, the more important of which are discussed further below as key themes. Some of the other minor differences include:

- International communication was deemed to be slightly less important in non-offshoring respondents. Given that these respondents do not have to communicate with offshore staff, this is not surprising.
- Technology skills were considered slightly more important in offshoring respondents. Again, this is perhaps not surprising given that to make offshoring work, more advanced technology is generally required.
- Accountability was deemed to be slightly more important in offshoring respondents and lateral thinking more important in non-offshoring respondents. Both of these skills are associated with higher level advisory work.

The following themes for Secondary research question c now discuss some of these expected skill differences in more detail.

Theme THci: Soft skills and client advisory skills are seen as more important in an offshoring environment (count = 56).

One of the differences in skills expected between offshoring and non-offshoring respondents is in relation to client advisory skills. Most offshoring employers agreed that domestic graduates require a higher base level of technical knowledge than they would have in the past when coming out of university in order to complete client advisory work as demonstrated below by FirmSmall2Partner1:

“there is going to be more an emphasis, less emphasis on the accounting function perhaps and more emphasis on specialist knowledge, tax knowledge, there would be specialisations that they would be coming out with that can slot into more an advisory type business.” (FirmSmall2Partner1)

Employer respondents also echoed the importance of client advisory and communication skills as can be seen below when offshoring employers were explaining what they looked for in their graduates:

“We were confident that she would do a really good job and impress clients and would be able to explain things quite well to clients.” (Firmmidtier1Manager1)

“because in this day and age, it is all about clients and being able to communicate” (Firmlarge1HR1)

“We really need people that are creative and solutions based people. I mean you need to understand a Dr and Cr but that is a given.” (Firmlarge1Partner1)

These comments are also triangulated and consistent with information on firm websites for graduates. For example, Firmlarge1 states on their website that they recruit for behavioural capabilities such as driving collaboration and inclusion which focuses on team work skills, making an impact which includes being a good listener and having good interpersonal skills and demonstrates innovation and curiosity.

It was not only the employers, but also the graduates who agree that communication and soft skills were important for them to succeed in their roles. For example, Firmlarge1graduate1 felt the customer and interpersonal skills that he had at his retail job whilst at university helped him enormously for his current role as a graduate accountant as can be seen in:

“I had a bit of retail background as well which helped a lot I think. Because a lot of that was client management and that kind of thing. Especially with angry clients You sort of have to adjust the way that you speak to different people.” (Firmlarge1Graduate1)

The survey results also support and triangulate these results. For example, respondents involved in offshoring rated verbal communication, a vital skill in communicating with clients, as more important than non-offshoring respondents.

The results of RQb) indicate that employers have a desire to get their graduates performing more client facing and advisory work. If employers expect graduates to be advising clients from an earlier point in time, then graduates need to have greater core technical skills earlier (Daugherty et al., 2012). Also, if graduates are expected to be client facing and completing more advisory and analytical type work from an earlier point in time, then they will require an increased level of critical thinking and analytical skills (Chaplin, 2016b). A key skill needed

by those graduates doing client advisory work is the ability to deal with and effectively communicate their advice to clients. Therefore, customer relationship, communication and interaction skills take on increasing importance (Crawford, 2016b; Daugherty et al., 2012; Ernst & Young & Institute of Chartered Accountants, 2011; Jackson, 2009). This is also consistent with the application of HCT as if accounting firms view domestic graduates as more expensive compared to their Indian staff counterparts, then they will not be willing to invest in training for these generic skills and will expect the domestic graduates to already have them.

Theme THcii: The requirement for project management skills is greater in offshoring firms but this is something that employers believe can be taught on the job (count = 10)

Another area of differences between offshoring and non-offshoring respondents is in the area of project management skills. The nature of offshoring work to Indian staff, involves an element of project management, especially for those that are ultimately responsible for the actual client job. When specifically asked if it would be useful for graduates to have project management skills, most respondents agreed with this statement. However, they were not very concerned if graduates did not have initially these as evidenced below:

“it is certainly true if they have it, if they are really good with technology, good with technology things, good with project management, then they will do well quicker but if they’re not or they don’t have those skills then we will try and teach them. Just in the way that people that always learnt on the job” (Firmlarge1Partner2)

“I have started to bring in more people and it more people and I would never have said that the people that I have brought in have been project managers. But some of them, because of this have had to learn to do that” (Midtierfirm4Manager1)

Therefore, whilst employers appreciate these skills, it would appear that they are considered an optional extra and if their graduates don’t possess them, then they are prepared to train them, unlike some of the other skills such as communication and client advisory skills. This sentiment is also echoed in the respondent surveys where all respondents (whether they offshored or not), viewed project management skills as only of medium importance. International communication skills also had the same medium importance ranking amongst both groups.

This result is in contrast with the literature. The literature suggests that project management skills take on an increased level of importance in an offshoring environment (Nugroho et al., 2013). However, project management in an offshoring environment is complicated in that it involves crossing borders and working with virtual overseas teams. This requires an

enhanced cultural intelligence and the ability to communicate internationally (Siakas & Siakas, 2015). In order to do this effectively, different forms of technology need to be utilised so the ability for graduates to be able to use these becomes increasingly important (Gill & Lashine, 2003; Stowell & Cooray, 2016). This is also consistent with the application of HCT. Domestic graduates are more expensive compared to their Indian staff counterparts, so there will be an expectation that domestic graduates already have these skills.

The likely reason for the contrasting result in the thesis would be to do with the level of interaction with the India team that graduates actually have. As discussed in THiii, if the Indian team is viewed as a substitute for graduates, then they are not necessarily going to be managing or controlling a job that the Indian team member is doing. They may be dealing with the administration side of setting the jobs up and packaging them up at the end, but this is still very low level work that does not require them to manage the job in its entirety so those skills would not be considered critical yet.

So if these skills are not seen as overly important for domestic graduates to possess, is there anything different that offshoring employers look for? This is discussed in the next section.

Theme THciii: Employers who offshore look for domestic graduates that are open to offshoring when recruiting for cultural fit (count = 11).

The results of this thesis indicate that offshoring employers expect their graduates to be open to offshoring. This is demonstrated below with Firmlarge1 who puts all of their graduates through a vacation program first to see if they will indeed fit in with their culture.

“Most of our recruitment come from our vacation work so we see them for a month and we get a pretty good idea of what they are going to be like At the end of the day, it is a very personal thing. You get, you know, do people fit in”
(Firmlarge1Partner2)

FirmMidtier1 and Midtierfirm4 specifically looks to hire domestic staff from different cultural backgrounds. This helps to encourage diversity in thinking and openness to the Indian team as demonstrated in:

“Yes, I guess we try to make sure that the staff back in Canberra have got a bit of a different variety of backgrounds. I mean one of the guys is from Pakistan so he a different background again” (Midtier1Partner1)

“I wanted this person who might challenge the norms and be almost comfortable with this concept of outsourcing.” (Midtierfirm4Partner1)

The literature suggests that one of the critical success factors of offshoring is the level of buy in of the staff as without this, disgruntled staff may indirectly sabotage the success of offshoring by not accepting and using the India staff (Zimmermann et al., 2013). Introducing offshoring within an accounting firm often requires a significant change of culture towards the acceptance of offshore staff. Many professional services firms emphasise cultural fit as an overarching principle in recruiting, especially in relation to graduates (Parry & Jackling, 2015). Therefore, when new staff are hired (especially graduates), there needs to be an appropriate “culture fit” for team members that are comfortable and open to working in an offshoring environment.

Under HCT, graduates are viewed as comparatively more expensive than the Indian team substitutes, so there is less incentive to invest in implementing culture change programs with graduates. As all accounting graduates are approximately the same cost, employers are likely to choose those graduates that are already open to offshoring as they will not require the investment to change their attitudes.

So given the additional expectations of graduates to complete different advisory work in an offshoring environment, do graduates feel that they have the appropriate skills to complete this? The next section will explore this.

Theme THciv: Graduates are fearful and lack confidence in the new skills they require in an offshoring environment (count = 20).

As part of obtaining buy in from domestic staff, graduates in accounting firms that are involved in offshoring are being told that their roles will be changing to more of an advisory and client facing one. The results of this thesis provide evidence that graduates are indeed fearful of their new expected roles and feel that they are not necessarily ready for it. They take comfort in the grounding compliance work which they feel provides them with practical training. This is evidenced below through some of the graduate respondent comments:

“It will probably be more advisory um yeah, which sounds harder.”
(FirmLarge1Accountant1)

“It is just scary as well. I feel like tax returns, doing just the basics has helped me start at, compared to coming here and expecting us to just give advice to clients. I can’t imagine myself doing that until I feel comfortable about that myself so I think that is a challenge.” (FirmMidtier3Graduate2)

“Um, but I don’t feel like I feel confident enough to go by myself. And sometimes the clients ask questions that are not on the paper.” (FirmMidtier3Graduate2)

The literature confirms this result. Involvement with offshoring will require greater technical skills as well as enhanced communication, interpersonal and client advisory skills. However, currently, all these skills are not necessarily well developed in an accounting degree (Turner, 2016c). Graduates feel that their insufficient level client skills, as well as interpersonal skills in the workforce are one of their biggest challenges (Low et al., 2013). They also rank themselves quite low in functional and technical skills (Oliver et al., 2011).

If graduates lack confidence in these key skills which are crucial in an offshoring environment, then they will expect their employers to provide some additional training in these areas. HCT would suggest that employers are expecting their graduates to already have these skills embedded so there is a training expectation gap that arises, which is discussed further in RQf.

Summary of RQc Result

The expected skill levels of graduates is linked to the type of work that they are to be doing. These results suggest that employers in offshoring accounting firms have greater expectations of their graduates than those in non-offshoring firms. However, the types and importance placed on generic skills that they desire in graduates are broadly the same when compared with non-offshoring employers. This is the case for all but communication, client and general advisory skills which is slightly higher for employers involved in offshoring. They also expect their graduates to be open to the concept of offshoring to ensure that they will fit into their culture.

Whilst they may desire these higher levels of skills, they do not always take advantage of them by getting their graduates to complete the higher value advisory work from the start, or liaising with India directly to manage jobs. Instead, the work that these offshoring graduates do initially is generally a smaller amount of simpler compliance work held over from India and offshoring administration type work before they are then suddenly given much harder work. The reason for this might be that whilst they may have the desire for graduates to do this type of work straight after university, the graduates (and employers) may not be confident enough or feel that they are ready. Employers may also want to give them some initial technical grounding before getting them onto more advanced work.

The next section breaks down these different skills in offshoring graduates further to identify whether or not having different ownership models or interaction frameworks has any impact.

6.6 SECONDARY RESEARCH QUESTION D (OFFSHORING STRUCTURES)

Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?

This research question examines the graduate hiring practices of respondents involved in offshoring in more detail, specifically to determine if there is any relationship between the offshoring structure used and what is required in the staff. As previously discussed, offshoring structures can be broken down into different offshoring ownership models and interaction frameworks. The results firstly consider any differences in offshoring models, before examining the impact of interaction frameworks.

Theme THdi: There is no difference in domestic graduate skills required by accounting firm employers using different offshore ownership models (count = 22).

In the context of offshoring, ownership models represent the level of ownership by the domestic accounting firm in the offshoring organisation. This thesis broadly categories these into external, joint venture and captive ownership models. Within the offshoring respondents, most of these ownership models are represented, with some respondents also involved in multi-sourcing. This variety of ownership models therefore provides a useful basis of analysis to determine if there is any differences in skills required in graduates between these different respondents.

The results reveal that the ownership model adopted by the respondents did not have any impact on the skills required in their domestic graduates. In fact, to take this even further, many of the offshoring respondents (especially managers and those responsible for graduates) did not even think that the ownership model made any difference at all to their offshoring success. For example, FirmMidtier3Partner1 was not even entirely sure which ownership structure or who actually owned the offshoring operation. Other respondents also suggested that the success of the offshoring operation was based more on the relationships with the offshore provider rather than any ownership interest as evidenced by:

“Interviewer: So you don’t think it matters necessarily not having an ownership, versus just being a user?”

Respondent: Um, I don’t think so, not at the moment, no. We’d certainly not disadvantaged in any way or don’t feel like we got an input or say at all”
(FirmMidtier1Partner1)

Respondents from larger firms where data security was more important, tended to have at least partly a captive ownership model. For those respondents from firms where they

wanted to minimise their initial cost of offshoring or where they wanted to remain agile and flexible in relation to their offshoring, domestic intermediaries or external ownership models were favoured. This was because they could “buy off the shelf” and easily remove themselves from the arrangement by simply cancelling their Service Level Agreement (“SLA”) (Caratti et al., 2017).

The following results examine whether or not the type of interaction frameworks influence the type of graduate skills that are required in graduates.

Theme THdii: In accounting firms that use a highly interactive framework, the India staff are a key part of your team, so it is critical that domestic graduates are open to offshoring for cultural fit within the firm (count = 31).

The results indicate that in contrast, highly Interactive frameworks, do influence the composition of domestic staff within the firms of offshoring respondents. An interaction framework describes who communicates and develops relationships between the offshore provider and the domestic firm (Caratti et al., 2017) Interaction frameworks range from highly segregated to highly interactive.

This success of a “team” based approach has been used by many of the respondents who claim that this is a key success factor in getting their offshoring to operate effectively. This is demonstrated below:

“They’re not just a number, and I think that is part of the success, you’ve got to treat them as a human, not just a resource.” (Firmmidtier1Manager1)

“They are my team, they are my team. We communicate with them, we have workflow meetings, you know. We ring each other to talk about, they love cricket But yeah, there is, it’s a team. That’s why it works.” (Midtier4Partner1)

Similarly, in Firmlarge1, where the success of their offshoring has been rated quite poorly by the respondents, the lack of team focus and contact was seen as one of the major reasons for this failure as shown below:

“Yes, well most of it is about building relationships with people that you working with. And because there is a wall there, so there is no relationships being built so you don’t come to trust. It is easier to distrust someone that you haven’t seen face to face.” (Firmlarge1manager1)

The literature supports this approach taken by many of the respondents. Getting domestic staff involved in the offshoring process, which includes dealing directly with the Indian team, has been shown to positively affect the success of outsourcing (Dibbern et al., 2004). This is

because it can increase buy in for the domestic team and increase the level of acceptance of the Indian team. The less the Indian team are viewed as simply an external supplier, the more accepting and forgiving domestic staff generally are as they view them as part of their “team” (Zimmermann et al., 2013).

This team based approach requires quite a different attitude of the domestic staff, one which is accepting of this different team make up. Often, this requires cultural change to achieve this and it is easier to achieve with new staff such as graduates who are already open to this concept. This is a direct application of HCT as discussed in THciii. Due to the comparative cost of domestic graduates compared to offshore staff, employers are more likely to choose domestic graduates that are already open to offshoring, rather than invest in spending resources in converting them.

With segregated interaction frameworks, this is not as much of an issue as the same level of interaction is not going to be required. Therefore, this level of openness is required more in graduates involved in highly interactive, rather than segregated interaction frameworks.

The next section examines the need for specific skills that graduates involved in offshoring firms will require.

Theme THdiii: As graduates do not generally interact with the India team until they are more senior, they do not require any differing skills in different interaction frameworks. This changes when they develop and start to communicate with the India team (count = 101).

The results of this thesis reveal that graduates are not usually exposed to dealing with the Indian team (i.e. their substitute) until later on in their careers. This is because of the type of work that they are doing initially which tends to be parts of jobs but not managing entire jobs with India which is demonstrated below:

“Um, they generally get given all of the grunt work, like the low value tasks, doing risk, you know the annual every 3 year the risk assessments, small jobs, data entry type work, yeah.” (Firmlarge1Champton2)

However, as graduates become more senior and are managing entire jobs themselves, then their interaction with the Indian team and the skills that they need for this becomes more important. The skills that domestic graduates learn from doing this work also improve as they begin to interact with the Indian team as demonstrated below:

“But that being said, I think they are going to get pretty good at other soft skills like delegating and time management. Which you know, does come anyway, but I think they will be better at that because they have to.” Firmlarge2Accountant2)

As previously discussed, working with a team based overseas is complicated in that it involves crossing borders and working with virtual overseas teams. Enhanced cultural intelligence and the ability to communicate internationally with advanced types of technology are generally required to work with these offshore teams (Siakas & Siakas, 2015). Project management skills also become more important as domestic staff begin to use the Indian team as a resource to help them complete their jobs.

By its very nature, segregated interaction frameworks involve limited points of contact and therefore limited communication between most domestic staff and the offshore team. In contrast, with highly interactive interaction frameworks, more domestic staff are required to form these relationships and communicate with the Indian team. This means that a higher proportion of staff are required to have the required skills to be able to do so. Graduates operating in highly interactive interaction frameworks are also theoretically be more exposed to this.

Therefore, whilst graduates may not get involved in dealing with and delegating work to India early on, they will need additional project management and international communication skills when they do start. This is particularly the case in highly interactive frameworks where more domestic staff are involved with the Indian team.

Summary of RQd Result

The results of this thesis reveal that the ownership structure is not considered important by the respondents, and has no relationship with the skills that respondents look for in graduates. However, the relationship with interaction frameworks is more complex. By their very nature, highly interactive interaction frameworks require the domestic team to be communicating more with a greater number of communication points between the Indian and domestic team. The Indian team in these types of firms are considered an integral part of the entire team so it is important that they are accepted and that the domestic staff are able to effectively communicate with them.

However, this interaction is not generally made at graduate level, but rather at senior accountant and above level. This is because the graduate’s role generally involves doing smaller parts of a compliance job or administration set up and packaging up of jobs for India. At this stage, they are not project managing or managing a job themselves so do not have a

need to work closely with the Indian team. Therefore, whilst additional skills such as project management and international communication skills may be important for other staff, it is not considered a key skill for graduates as their role involves minimal interaction with the Indian team.

The results of the next secondary research question will review whether or not the current university curriculum adequately prepares graduates with these additional skills that they require in an offshoring environment.

6.7 SECONDARY RESEARCH QUESTION E (UNIVERSITY CURRICULUM)

Is the current university accounting curriculum developing the skills required in an offshoring environment?

This research question compares the skills that have been identified as important in an offshoring environment with what the University curriculum is focussing on developing.

In order to explore this, a detailed examination of the graduate attributes of the curriculum and units within a Perth's University's Bachelor of Commerce was undertaken. Whilst it is acknowledged that this is only one University, the units chosen are the core units that CPA require in order for students to become CPA members (Certified Practising Accountants, 2017). Given the rigorous accreditation process that CPA Australia and CAANZ undertake of university degrees and units, it is felt these units provided an appropriate proxy for accounting degrees across Australia as all of the accounting degrees are certified by CPA and CAANZ adopt a similar approach for their CPA units.

The first step was to map the Perth University's graduate attributes to the graduate skills used in the thesis survey used. This mapping is shown below in Figure 6.5.

CODE	FULL NAME	SURVEY EQUIVALENT/MAPPING
DK	Apply discipline knowledge	Technical Knowledge
Comm	Communication skills	Communication
Intern	International Perspective (value the perspectives of others)	International Communication
Think	Thinking skills (use analytical skills to solve problems)	Critical Thinking
Tech	Technology skills	Technology
Cult	Cultural understanding (value the perspectives of others)	Working with others (cultural and diversity awareness)
Info	Information skills (confidence to investigate new ideas)	Problem Solving
Learn	Learning how to learn (apply principles learnt to new situations & confidence to tackle unfamiliar problems)	Self-Awareness (Lifelong learning)
Prof	Professional skills (work independently and as a team & plan own work)	Working with others

Figure 6.5: Mapping of graduate attributes to survey graduate skills used

The following sections now explore the detailed results of this secondary research question through the identification of three themes.

Theme THei: There is a difference of opinion amongst employers as to whether or not the university curriculum should produce work ready graduates or graduates that have the ability to learn. Offshoring employers have a greater expectation that universities will produce work ready graduates (count = 30).

One of the preliminary results for this research question was a disparity in views portrayed of the respondents in exactly what the role of University was. Several of the respondents stressed the importance of graduates having an ability to learn as shown below:

“So their appetite for learning is a big issue for us.....But definitely academic is important and that suggests their appetite for wanting to continue and learn. Because we spend so much time training, if they are not really excited about that.”
(NonMidtier2Partner1)

“so they were looking for someone that would be a good fit in the team. Someone who looks like they have the ability to learn and adapt” (Nonmidtier1graduate1)

The requirement for someone who had a hunger and ability to learn was also triangulated to Nonmidtier2's website where one of the key questions for potential graduates on their graduate recruitment page was *“Are you keen to learn and continually develop your skills?”* This firm in particular placed a strong emphasis on the graduate ability to undertake lifelong learning which could be explained by the fact that the type of work that this firm did was heavily tax consulting focused. Their graduates became involved in more difficult tax consulting work much earlier than in many other firms that focused more so on traditional business services.

An interesting observation is that the firms that really stressed the skill of lifelong learning were all not involved in offshoring. Therefore, they did not have cheaper Indian substitutes which would imply that they are willing to invest in more graduate training so it becomes important that the graduates that they hire are open and able to take advantage of this training through an appetite for learning. This also relates to the level of training that they provide which is discussed in further detail in following sections.

In contrast, many of the respondents were clearly focused on being able to access work ready graduates. This came through in how they defined graduates, many using the term very liberally to include staff that had a couple of years' experience that could perform and do work straight away. This can be seen in some of the respondent comments below:

*“Interviewer: So when you say grad, do you mean traditional grad straight out of uni?
Respondent: No, yeah, probably not a grad actually. It's probably more someone with 2-3 years' experience and CA experienced if we can get that?”* (FirmMidtier1Manager1)

“Um, yeah similar to doing internal management systems. Also, I worked at a firm before I finished my degree at an accounting firm I guess that sort of helped me.”
(Firmmidtier3Graduate1)

“The most latest recruits were people with 2-3-4 years’ experience that had already had the training and were productive.” (Firmsmall2Partner1)

Therefore, it can be seen that some respondents were clear that an accounting degree should be producing graduates that are “work-ready” whilst others believed that the result of a university degree should be to teach graduates how to learn. This disparity in responses represents a fundamental difference in approach which is difficult to reconcile for universities.

This disparity is also mirrored in the literature. As discussed in Chapter Two, there are generally two different schools of thought as to the purpose of a university accounting degree. The first is that of “McDonaldisation” where accounting education is part of an economic market whereby, graduates and employers are the end consumer. The product under this viewpoint is a work ready and employable graduate that employers can benefit from immediately (Jackson et al., 2014; Jones & Abraham, 2007). This is a relatively common view of employers with it being shown that 69% of employers expect their graduates to be effectively contributing to the success of the business within six months of employment (Jackson, 2009).

The other alternative viewpoint is that given the differing requirements of employers, industry and the continually changing roles and employment market for accountants, producing work ready graduates is an unrealistic goal. Rather, universities should be focusing on producing graduates that are employable by ensuring that they “*have a yearning for learning*” which helps to build an agile profession that can adapt to changing circumstances (Bui & Porter, 2010; Gill & Lashine, 2003; Guthrie, 2017).

All of the respondents expressing the McDonaldism view came from respondents involved in offshoring which indicates that they have a greater desire for work ready graduates and therefore, have expectations of universities to produce graduates that can enter the work force and be immediately productive. This is consistent with HCT which suggests that in offshoring firms, graduates are not the cheapest human capital so employers are looking for a greater return on their investment from their graduates without having to spend much on training.

The next section focuses the perception of the respondents as to whether or not the graduates being produced are in fact work ready and meeting the offshoring employer's requirements.

Theme THEii: The university curriculum is not keeping up with the needs of the accounting profession in relation to offshoring and employability skills which are not being transferred to actual employment (count = 20).

Against the backdrop of differing perceived roles of universities, the mapped graduate attributes developed by a Perth University's accounting degree were extracted out in each of the core units of that degree. Their relative importance, based on the number of times each attribute was cited, was then calculated as a percentage. A summary of the core units required for CPA accreditation of the Bachelor of Commerce degree at a Perth university, together with a summary of the graduate attribute that is being assessed with each learning outcome is shown below in Table 6.4.

UNIT CODE	UNIT NAME	DK	Comm	Intern	Think	Tech	Cult	Info	Learn	Prof	Total
LAWS1000	Introduction to contract Law	2	2		2	1		2	1	2	12
LAWS1005	Legal Foundations		4	1	1		2	2		2	12
BLAW1004	Business Law	3	1	1	3						8
BLAW2006	Company Law for Business	4	1		3	1		3			12
TAXA2000	Introduction to Australian Tax Law	5			3			2			10
FNCE2003	Introduction to Financial Statement Analysis	4	1		1			1		1	8
ECON1000	Introductory Economics	2	1	1	2			1		1	8
ISYS1000	Introduction to Business Information Systems	5	1			4					10
ACCT3001	Management Control Systems	3	2	1	2		1		2	1	12
ACCT2002	Management Accounting	1	1		2	1	1	3		3	12
ACCT2006	Financial Reporting	1	1	3	2		1	3		1	12
ACCT2000	Accounting Systems	1			3	2		2			8
ACCT2005	Financial Accounting	1		2	3	1		4		1	12
ACCT3004	Accounting Theory & Analysis	2		1	2	2	2	1	1	1	12
ACCT3000	Auditing	1	1	1	1		1	3	1	3	12
ACCT1000	Introduction to Accounting	3			2			2			7
	Total	38	16	11	32	12	8	29	5	16	167

Table 6.4: Breakdown of graduate attributes developed in a Perth University core Bachelor of Commerce units

The summarised graduate skills from the offshoring respondents was then ranked in importance, with 1 being the most important and 14 not being ranked or included at all. The university attributes were then plotted against the graduate skills importance ranking from the offshoring respondents and the results of this are shown in Figure 6.6 below. It should be noted that the graduate attributes and skills mapped here are the ones that are considered important and does not consider how effectively graduates actually demonstrate those attributes and skills. That is, it highlights which graduate attributes and skills Universities' and employers deem important and focus on only.

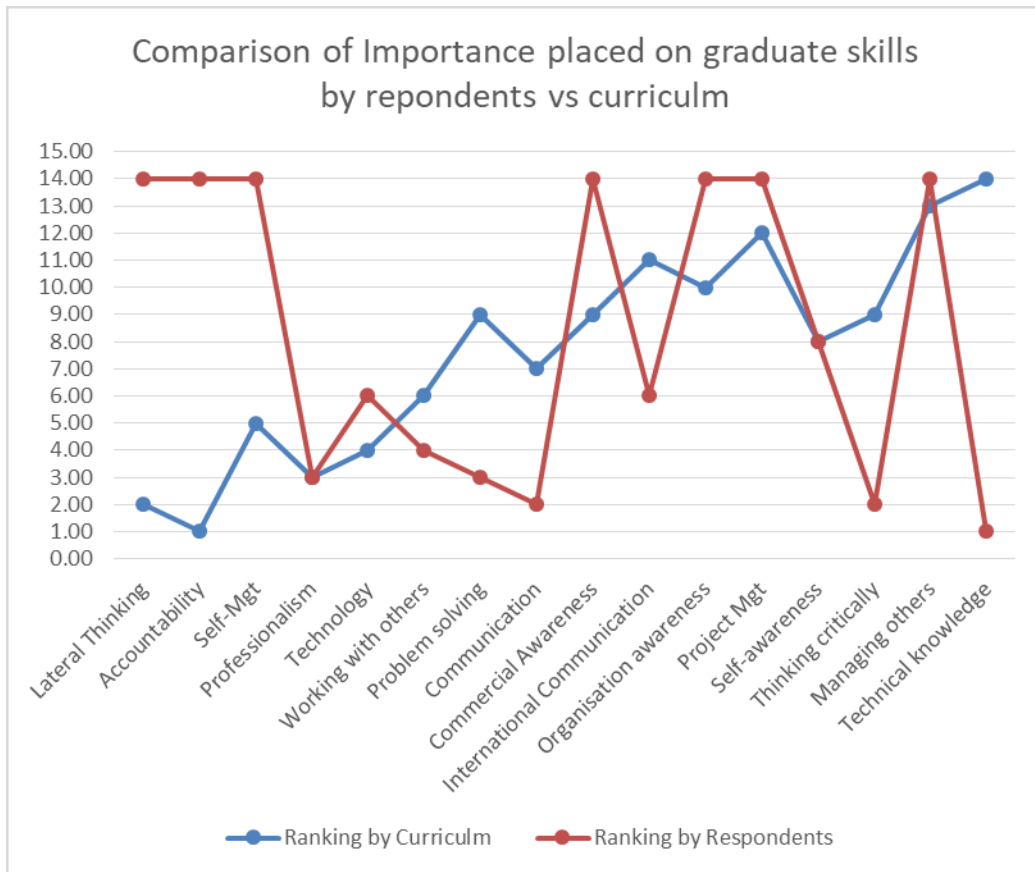


Figure 6.6: Comparison of Perth University’s graduate attribute importance to offshoring respondents ranking of most important graduate skills

Figure 6.6 highlights some interesting results. Firstly, several of the graduate skills that formed part of the respondent survey, were not easily represented in the University graduate attributes. These included managing others, organisational awareness, project management, self-management, accountability and lateral thinking. Of these, the lack of focus by the Perth University’s attributes of lateral thinking, accountability and self-management is the most striking as these were ranked very highly by the offshoring respondents. This is also demonstrated in some of the respondent quotes and some of the questions that graduates were being asked in their interviews as per below:

“Then you need to be a person to come up with creative ideas, solutions, and ways for solving problems,” (Firmlarge1Partner1)

“The questions were quite different actually. They were like, if you were an animal, what animal you would be. I told them I would be a bird because a bird can travel around the world and I am very patient so like a bird, I would build my nest, slowly, slowly, slowly.” (Firmmidtier3Graduate2)

This demonstrates a clear expectation gap between offshoring respondents and educators where these skills do not appear to be developed in accounting graduates.

Technical knowledge was the most highly focused on graduate attribute by the Perth University but this is excluded in the respondent survey so could not be compared. This is considered a limitation of this thesis. However, quotes from the offshoring respondents do still indicate that technical skills are still important as shown below.

“I went to Curtin so I’m pretty sure we put a lot more weighting on Curtin because it produces a lot more practical candidates, with a lot more practical experience.”
(Firmsmall2Partner1)

“Well, I think the grad’s that are hired elsewhere in the firm are still hired under the same grad type proposition like that we have been doing for the last 20 years. What are their marks like?” (Midtierfirm4Partner1)

Some of the graduate skills ranked broadly the same in importance level. For example, self-awareness, working with others and technology ranked similarly by both the educators and offshoring respondents. There were other attributes that the Perth University ranked higher in importance compared to offshore providers. These include thinking critically, international communication, communication and problem solving. Given the results in THci) above, this disparity in ranking makes sense as offshoring employers do not place an emphasis on communication with the Indian team until later on in the graduate’s career. Whilst problem solving and thinking critically was still ranked as relatively important by the offshoring respondents, they were not seen as important as lateral thinking and accountability.

Interestingly though, when employer offshoring respondents were asked what was important to them, critical thinking and analytical skills were one of the first mentioned as demonstrated below:

“What should they be doing? If we are going to be a valuable resource in the future, its learning other things. Learning, interpretive skills and things like that, analytical skills, problem solving.” (Firmlarge1Partner1)

“we would be looking for someone that can actually you know talk to a client maybe and have those more analytical skills perhaps.” (Firmlarge1Champion4)

This seems to follow the trend identified in THcii whereby employers identified advisory skills as being highly valued and sought after but did not necessarily use them in their graduates.

In addition, many of the offshoring respondents identified the difficulty that graduates had in transferring their skills from university to a work environment. This was clearly identified by the respondents as evidenced below:

“University is one thing and coming into the profession is something else. And that can be quite a rude shock when you find out that it is nothing like you have learnt for the past 2-3 years.” (Nonmidtier2Partner1)

“The technical aspect, you get a good, grounding, a good base work but then when it comes to applying it in a real scenario, you don’t really get that a whole lot.” (Firmlarge1Graduate1)

Under HCT, there is a clear need and desire for graduates to be productive as soon as possible. Accounting firms do not want to spend a large amount of time or money in assisting graduates make the transition with 49% of small accounting firms not having a clear on-boarding process for newly hired staff (Karbon, 2017).

Whilst the curriculum seems to place equal importance on skills such as technology, professionalism and self-awareness, the results reveal that there are indeed differences between what the curriculum is developing and the expectations of offshoring respondents. Of particular note is complete lack of inclusion of the graduate skills of lateral thinking and accountability into the curriculum, which were considered to be the most important of the soft skills by offshoring respondents.

These results are triangulated with the employer expectation gap identified in the literature which was summarised in Chapter Two (Apostolou et al., 2016). Much of the literature suggests that accounting degrees are not keeping up with changes within the profession, with industry literature in particular, being vocal of this gap (Karbon, 2017). A recent report by the Karbon group, was highly critical of universities quoting that only 12% of accounting graduates are equipped to work in the modern accounting profession (2017).

Within the general accounting education literature, the employer expectation gap is not targeted at technical, but rather soft skills, with communication and other interpersonal skills being highlighted as needing improvement (Low et al., 2015; Tempone et al., 2012). In a Delphi 2011 study of 466 respondents (including graduates and employers), the employer expectation gap in particular is highlighted for all skills except for technology skills (Oliver et al., 2011). This is summarised in Figure 6.7 below.

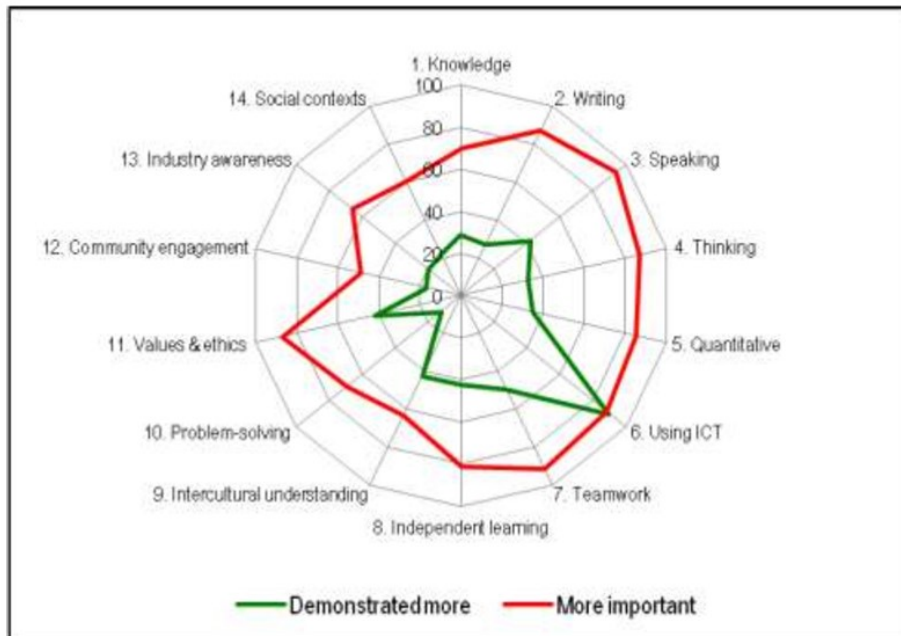


Figure 2: Comparison of employer perceptions of the capabilities demonstrated more (percentage agreement with 'quite a bit' or 'very much') versus capabilities that are important (percentage agreement 'quite' or 'very important')

Figure 6.7: Employer expectation gap (Oliver et al., 2011)

When viewed through the lens of HCT, the resultant expectation gap is not a surprise. As the accounting profession becomes more and more competitive, graduates are increasingly viewed as a commodity and if employers are under increasing cost pressures, then they would be looking for and expecting more in their graduates which therefore leads to an expectation gap.

However, the plethora of literature in this area focuses on accounting graduates and employers generally. This thesis and research question breaks this down further to examine if there is indeed an expectation gap from the viewpoint of offshoring accounting employers. The results indicate that there does appear to be an expectation gap in terms of what graduate skills are important and should be focused and developed within an accounting degree between educators and offshoring employers. Specifically, there appears to be a greater need for transferability of employability skills so that graduates can become productive from an earlier point in time. In addition, educators place greater importance on critical thinking and international communication skills whereas offshoring accounting employers have a greater desire for accounting graduates with stronger lateral thinking and accountability skills.

Lateral thinking skills in particular often require a different creative way of looking at situations. One way to achieve this is to incorporate diversity into the workforce. The next section reviews the increasing diversity of graduates, to graduates who do not necessarily have an accounting degree.

Theme THeiii: The hiring of graduates without an accounting degree is becoming more prevalent (count = 12).

The results indicate that there is indeed a trend generally in firms to look for these different type of graduates, especially in the Big 4. The HR consultant of Firmlarge1, who is responsible for graduate recruitment across the entire firm was clearly passionate about the benefits of such diversity as seen below:

“I met with one of our business units IR, which is Internal Auditing and risk control services and they take a graduate who had studied geology, had taken graduates that had studied engineering, people that have done law and that has worked out really well. They sort of have to have a business acumen so normally in their extracurricular activities or they may have taken those extra units to sort of get that business mind and sense to sort of link it back into professional services” (Firmlarge1HR1)

“We love diversity, we love gender equality, we want people to think differently to challenge the normal quota. We don’t mind the black sheep.” (Firmlarge1HR1)

However, do business services and superannuation divisions differ? It seems that some of the offshoring respondents have been open to changing their hiring strategies to beyond accounting graduates, even within business services and tax. For example, the Firmlarge2Accountant2 who works in the transfer pricing division previously studied Dentistry before switching to accounting. She was the only one with an accounting degree in the division though with all others in that division being lawyers. Other offshoring firms have also had success with this diversity strategy as can be seen below:

“That would be all services, all services. Because we have found, I have to say it has been a massive success. I don’t think it is easy to find these kinds of people. But, they have really just brought someone different. And obviously they have been prepared to getting up to spec on.” (Firmmidtier3Partner1)

Other offshoring respondents see business services as distinct from other areas such as audit and whilst they appreciate diversity, they do appreciate some of the base technical skills that an accounting degree can provide. This is seen as per below:

“Don’t get me wrong, I think, it will be important to have some different types of people in PE going forward It would be great to get a bunch of people like him who think

differently but we wouldn't want too many of those. We still need a mix of people.”
(Firmlarge1Partner2)

“What Enterprise does is really what big accounting firms used to do 40-50 years ago. We are really the historical core of accounting, dealing with small businesses and accounting and business advice and tax compliance whatever. But Enterprise is the bit of xxxxxx which is not changing so much or the bit that you would recognise 50 years ago” (Firmlarge1Partner2)

“Actually it is interesting that question of whether. So what they are doing is not that they are not hiring accountants, but they are hiring not just accountants.”
(Firmlarge1Partner1)

This identified trend towards greater graduate diversity is supported by the literature. Graduates from STEM disciplines such as science, technology, engineering and maths have been targeted, especially in Big 4 accounting firms (Farnet, 2016; Turley et al., 2016). The reason for this is that graduates from these fields are said to be able to offer not only a different way of thinking, thereby improving lateral thinking skills in audit teams, but also can provide specialist skills that traditional accounting graduates cannot provide such as with data analytical techniques etc. HCT would support this practice. Graduates are seen as human capital to earn a return from, so if accounting firms can acquire a graduate with specialist skills without the need for training, then they can increase their return on investment.

However, much of the literature on this trend has been in the audit area. What about other divisions such as business services and superannuation which is the subject of this thesis? The results indicate that whilst there is some push towards getting more graduates from outside of the typical accounting degrees by offshoring business services respondents, this does not appear to be as widespread as with other divisions and other type of work. This is more so to do with the nature of the work which is seen as not changing as fast and this viewpoint is consistent with the comments in THbiii and Section 6.3.

Whilst it is acknowledged that non-accounting graduates can bring diversity, different skills and divergent thinking to accounting firms, it is also recognised that they do need additional training in base accounting knowledge which is discussed further in RQf.

Summary of RQe Results

Based on the results of this thesis, it would appear that the accounting curriculum is not completely developing the skills required in an offshoring environment. There appear to be several reasons for this.

Firstly, employers cannot seem to agree exactly what the role of the accounting degree and university actually is. Some respondents and employers suggest that it is unrealistic for universities to completely prepare students for the workforce, but rather, that they need to learn how to learn. It appears that it is mainly the non-offshoring respondents that expressed this view. In contrast, many offshoring respondents seemed to place a greater focus on making graduates work-ready and be able to transfer employability skills directly. This is consistent with the HCT view of employment and seem to suggest that offshoring respondents are more demanding of their graduates as they see them as more expensive substitutes of their offshore staff. If employers cannot agree on exactly what the role of the university accounting degree is, then how are educators supposed to design a curriculum that meets all of their needs when those needs are inconsistent?

If the “McDonaldism” role of accounting degrees which focus on work-ready graduates, proposed by many of offshoring respondents is accepted, it would appear that not all of the expectations of offshoring respondents are being completely met. In particular, graduate skills such as accountability and lateral thinking are not even being considered in the Perth University’s graduate attributes. Others such as international communication, problem solving and communication generally are ranked higher by the Perth University compared to offshoring respondents. International communication does not seem to be important for offshoring respondents until graduates start communicating with India and as discussed in THcii). An interesting result is the difference in importance placed on critical thinking and problem solving by offshoring respondents and the curriculum. It could be that it is not that employers don’t believe these skills are not important, but rather that underdeveloped skills such as lateral thinking and accountability are seen as more important.

The transferability of these skills and employability skills generally also seems to be lacking as evidenced by the comments of the offshoring respondents. In line with the HCT view, offshoring respondents want their graduates to be “hitting the ground running” and are not necessarily prepared to invest in helping their graduates get to this point. This is discussed further in the next section.

One way of directly obtaining different lateral thinking skills is to hire non-accounting graduates in order to build diversity, especially in divisions such as audit. However, whilst some business services respondents have begun to do this, the trend does not appear to be as widespread with many offshoring respondents still recognising the benefits of a traditional accounting degree. There is a recognition that the base technical skills gained in a traditional accounting degree are still useful in graduates, despite the perceived panacea of future advisory works and skills required for that which many of the offshoring respondents are yet to take advantage and capitalise on.

The next section looks at the important implications of the changing work actually done and skills required on graduate training within accounting firms as a result of offshoring.

6.8 SECONDARY RESEARCH QUESTION F (GRADUATE TRAINING)

How do offshoring accounting firms train their domestic graduates when much of the traditional training work that graduates completed is now being offshored?

Accounting firms have traditionally played an essential role in training graduates, both through on the job training and other more formal training programs. The results of this secondary research question identify four related themes that describe how the provision of graduate training is both reducing and changing within offshoring accounting firms.

Theme THfi: Graduates have similar high expectation of the level of training that both offshoring and non-offshoring accounting firms will provide (count = 28)

The high training expectation that graduates have of their employers is shown in this theme. With many of the graduates, there is a deep hunger and thirst for knowledge as is evidenced below:

*“Well, I don’t like going into things without knowing the background of things so if someone asks me a questions, I might not be able to answer if I don’t know the background. Ok, so what sort of training is out there that I can access?”
(FirmMidtier1Graduate1)*

“And I feel that if I don’t have something that engages me, I just feel like a robot. So I like something that makes me think in a way.”(Firmmidtier3Graduate2)

Accounting firms focused on recruiting good quality graduates are also aware of this and use their training programs as an inducement to these graduates. The importance of a good training program was also highlighted in Nonsmallfirm4Graduate1 who had moved from a job where she liked the job and people but felt she was not getting sufficient training. There

is a clear difference in the way the graduate and partner describe the same training provided by FirmSmall2Graduate1 as shown below:

“It’s not great. We get Tax on the couch where we sit and watch a screen for an hour and a half So the laws that I didn’t really pay much attention to because I didn’t think it applied to me so yeah, I haven’t had the greatest training.” (FirmSmall2Graduate1)

“It’s on the job training and we do, we have a pretty extensive um training program which is more technical tax orientated than anything else.” (FirmSmall2Partner1)

The literature supports the essential role that accounting firms have as key providers of a domestic graduate’s training post university (Chartered Accountants Australia & New Zealand, 2015). One of the key things that domestic graduates look for in a future employer is the quality of the training that they will receive and this is often a key determinant of which size of accounting firm graduates choose to work for (Tobianah, 2011). On the job training in particular is highly valued by graduates, with formal training viewed as less important (Thomason, 2017). In exchange, graduates receive a lower salary (Taylor & Cosenza, 1998). This is a direct application of HCT whereby domestic graduates are effectively paying for their training in their first few years of working via a lower salary. According to HCT, the less accounting firms need to train, the higher the starting salaries of graduates. For example, it has been shown that graduates who have had previous full-time work experience have an approximately \$5000 pay advantage over graduates who do not have any prior full-time work experience (Graduate Careers Australia, 2015). This is because employers do not need to train for certain transferable employment and generic skills as these would have been learned in their prior role.

This theme demonstrates that graduates can have a difference in perception as to the quality of the training provided. One of the reasons for this perceived quality difference is the cost of training provision which is discussed further in the next theme.

Theme THfii: Providing training is expensive and offshoring employers in particular are trying to do this as cheaply as possible, focusing with on the job training (count = 169).

Amongst both the offshoring and non-offshoring respondents, there was a variety of different training that was provided. In addition to specific on the job training, a summary of the formal general training is provided in Appendix 6.5. This excludes any training that is specifically provided to support graduates with their CA or CPA education. A ranking of extensive, medium or basic has been provided to each, depending on the level of investment provided.

As can be seen from Appendix 6.5, some of the respondent's firms are providing fairly extensive and potentially expensive training. Whilst the large firms do have access to more resources to complete their training, they are generally outsourcing this to external providers, especially general tax training. Many of the respondent firms are also making their graduates undergo some of the Tax Institute modules as a way of gaining a Chartered Tax Advisor ("CTA") qualification. This then provides an exemption to the Tax unit within the CA program and is graduate specific training. By doing this, the respondent firms do not need to create the material and the training is conducted in the graduate's own time so it helps to reduce the cost of the training to the respondent firm. In contrast, much of the other formal training provided is aimed at all of the domestic staff, including Partners and so the marginal cost of providing this to graduates is very low as it is being provided anyway to the domestic team. However, graduates may not be in a position to fully appreciate and understand this whole of firm training due to their limited experience.

Non-offshoring firms generally place a greater emphasis on formalised training with all of these respondent firms ranking either extensive or medium. In contrast, some of the offshoring firms ranked as low as basic. Whilst it is acknowledged that some of those firms are small and may not have access to the same level of resources, so too is Nonsmallfirm2 which is of a similar size but that still provided a medium level of training. Also, only one firm, that being FirmMidtier1 provides no graduate formal training at all. This is also the firm that only has one graduate.

In an offshoring environment, employers do not necessarily see the benefit of investing large amounts into general graduate training as evidenced below:

"What we found is that we spent a lot of time training cadets and graduates and were finding it very difficult to keep them and to really leverage off that training. And yeah, so we've decided to look to recruit people that have got the experience that don't need intensive training. We just found that we went through the process of continually, we were quite a young team and it was really intensive in terms of training"
(Firmsmall2Partner1)

"Huge cost though. And when they turnaround and leave. That is the quandary that we are in. We package them all up but then if we are losing them." (Firmmidtier3Partner1)

Therefore, the focus of graduate training appears to have shifted to more specific and targeted on the job training. This is both efficient and targeted into achieving a direct return as work is being carried out at the same time which results in revenue for the accounting

firm. Many of the graduate respondents cited the practical on the job training as the most useful for learning as demonstrated below:

“I feel like I’ve learnt more by doing a job rather than the actual training. The training does help but it doesn’t help until I actually put it into practice.”
(Firmmidtier3Graduate2)

“It has pretty much just been all on the job, as every job is a little bit different and has new things..... but yeah, most of it you come across new things in a job.”
(Nonmidtier1graduate1)

The provision of training is not a costless exercise and not only requires a direct monetary cost but often also the use of other limited resources such as time. Training takes graduates and other staff away from completing chargeable work for which the accounting firm will directly earn revenue. Domestic graduates may desire training but it can be a costly investment for the employer.

These results are supported by the application of HCT which suggests that an investment in training would only be made if there is an appropriate return on investment. In an offshoring environment, domestic graduates are no longer the lowest cost human capital so training funds are likely to be diverted to the Indian staff as this will result in a greater return on the training investment. A comparison of median older and younger graduate salaries demonstrates this. Older graduates have been found to have a higher starting median salary, presumably due to the greater life and generic skills that maturity provides them that employers do not need to train for (Graduate Careers Australia, 2015). A return on investment will usually be in the form of improved performance resulting in better quality or more efficient work that can lead to greater profits (Nafukho et al., 2004). As a result, there is often pushback to get universities to provide this training investment, rather than the employer (Becker, 1962; Howieson, 2003).

Training can be categorised as either generic or specialised in nature and the main benefactors of generic training is usually the graduate. If and when the graduate eventually leaves the employer, they will no longer receive any return on this provided training. Generic skills gained by training therefore often provides benefits to graduates’ future employers, who may also be the accounting firm’s competitor. As a result, offshoring employers have less incentive to provide this type of training. In contrast, with training that is specific to the accounting firm, the employer is likely to get a greater return on investment and so there is more incentive to provide this (Acemoglu & Pischke, 1999).

Given that the offshore staff are effectively substitutes for domestic graduates, the overall training investment will need to be spread not only to domestic graduates, but also to the offshore staff, in order to avoid a reduced return on investment (Barbu & Song, 2015). This therefore puts additional pressure on accounting firms to deliver their domestic graduate training in the most cost-effective manner possible. The cheapest (and most important) form of training that can be provided is therefore on the job training which is the most highly valued form of training by graduates. A 2016 ACCA study indicated that 52% of respondents found this to be the most beneficial learning activity for career development (Thomason, 2017). It is also the most common form of training provided by employers with 72% of employers indicating that they provide this (Chartered Accountants Australia & New Zealand, 2017b).

However, it is this cost effective on the job training that is most at risk in an offshoring environment. This is explored further in the next section.

Theme THfiii: Offshoring causes a reduction in the level of on the job training available (count = 16).

The results in THfii highlighted that the provision of on the job training was at risk within offshoring firms. This was clearly a concern for both offshoring graduate and employer respondents in this thesis. From a graduate perspective, respondents were aware of how much they learned from actually doing some of the easier work and were concerned that taking this work away from them would hamper their development. They were worried that they would miss out on getting those important basic skills that they did/could not get at university. The following quotes demonstrate this:

“I think was a massive benefit because you get to see the internal administration side like what happens behind. In particular, I was doing individual tax returns so that was just the compliance and that was basically return after return after return for the first 6 months at xxxxx. And that is where I think I got a lot of the technical skills from.” (FirmLarge1Graduate1)

“Um, definitely starting with the small individuals helped me to get into the tax returns and concepts of tax and compliance work and um” (FirmMidtier3Graduate1)

“It will be very different for the grads who come in a few years’ time and don’t have that to do. It’s really tough not to have that to do because that is the grounding..... It does in a way, because as grads, that is how we build up our skills and how we understand how things work.” (FirmMidtier3Graduate2)

“It has pretty much just been all on the job, as every job is a little bit different and has new things..... but yeah, most of it you come across new things in a job.” (NonMidtier1graduate1)

Employers, especially managers who are generally responsible for their graduate's development also share this concern as demonstrated below:

"Yes. I think it is probably going to be tougher for them to get a grasp on technical skills because they are not doing the work to start with." (FirmLarge2Accountant2)

"But you won't have the grounding of coming through, sitting there on the tools, spending 5 years processing you know tax returns." (MidtierFirm4Manager1)

"Yeah, yeah. You know, I can't review a mechanics work unless I understand how a car functions." (FirmSmall3Manager1)

"And this manager's comment was that this person that had come from our group was better at reviewing the files because she had actually to do returns and work papers herself before so it was interesting that from a perspective of someone who's, you know always been the offshoring environment, they could see the benefit of people actually doing things themselves before they have to review them." (FirmLarge1Champion2)

However, the concern of employers and managers is not just from the graduate development perspective. They also have a concern that if they are not training graduates in this type of work, the firm generally is losing key knowledge and is therefore exposed with the Indian offshore provider taking advantage of them from a risk point of view. This is demonstrated below:

"Training, I wish to maintain a skill set here in,,,,,. And I want a team that can walk out on a Wednesday and say, you know Mureli doing it yesterday and I am doing it today. So I was very intent on not killing our workforce here which a lot of firms have done." (Midtierfirm4Partner1)

"And then if something happens and you can't call on India for 2 weeks, what happens, your firm going busted, I hope not." (SmallFirm3graduate1)

"how are the more senior the managers and senior managers of the future, where are they going to learn their skills if this is all done in India." (FirmLarge1Partner2)

As Indian staff are effectively viewed as substitutes for domestic graduates, much of the work that was traditionally completed by graduates is now being completed by the offshore staff in an offshoring environment. There is only a limited pool of this type of work available in accounting firms and if it is being redirected to the offshore staff who can complete it at a cheaper rate, then logically there is less of that type of work available for the domestic graduates to complete.

The literature also supports these findings. This routine and simpler work generally formed the basis of the on the job training that graduates received (Chaplin, 2016b; Shamis et al., 2005). The tacit knowledge obtained from this type of work is difficult to obtain from other sources. If there is a reduction in this on the job training work available, then domestic graduates will therefore not have access to the important training that it provides them. HCT would also suggest that the training benefits of this type of work should also be redirected to the lower cost human capital assets, that being the offshore staff. Ultimately, the domestic graduates skills overall may therefore be depleted (Barac et al., 2016). If this is not addressed then there is likely to be a “hollowing out” of these core basic skills (Pisani & Ricart, 2015).

So if employers in offshoring firms are concerned about this effect, how are they addressing this? The next section explains their deliberate strategy of retaining some of the basic compliance work for their domestic graduates.

Theme THfiv: Employers are deliberately holding back work from their offshore staff to provide some on the job training for their domestic graduates (count = 20).

The reduction of basic work for domestic graduates depletes the amount of on the job training that is available within offshoring firms. The results of the thesis reveal that to get around this, and to still ensure that their domestic graduates are still getting some on the job training in a cost effective manner, many of the offshoring employers were intentionally retaining some of the basic work for their domestic graduates to complete. This is being done both for knowledge retention purposes for the accounting firm as well as training purposes. The following quotes from offshoring clearly demonstrate this:

“Which is why I think you need to have staff doing SMSF, one or two, so they learn how to the accounts. I realise it is not efficient but by learning the accounts you learn the rules which then means you can use them to do technical advice which is what I get asked to help with” (FirmLarge1Manager2)

“So now, ..., you’ve got to keep some of those returns here and you’ve got to get a grad, the next time next year. One of the grad’s is going to learn so that they get 3-4 year’s experience on the 10-15% that we keep here. Only because you need to see some of that to understand how to talk about the big picture issues that affect your clients. Not the compliance. I don’t care. The compliance, if you could learn everything else without the compliance, I wouldn’t have a problem. But I think with the compliance, there is a lot of learning. You don’t know it is happening, but it is happens just by default.” (FirmLarge1Partner1)

“I think it is a problem but the response at the moment is that we are not sending everything offshore so you get some hands on exposure and then they get. “ (FirmLarge2Partner2)

“But we also, in training, we have just left certain funds that we have given them to do.

A fund that for all other purposes, we would have offshored or sent to India. We leave to do here as training.” (FirmMidtier4Manager1)

However, this doesn't necessarily completely resolve the knowledge retention issue, when you consider that the overall number of pool of graduates being recruited is reducing as per RQa. Firmlarge1Partner2 articulates this problem clearly in:

“The real problem though. We might be teaching one or two people a year picking up these skills. But you know, what if they leave. The previous model was that you employed 5 people and then kind of maybe 2 of them were still left 5 years later and then kind of maybe one of them stays on forever, you know. But if you employ one person each year, then it only takes one decision and you've got none.” (FirmLarge1Partner2)

The literature also supports this result which also acknowledges the potential training problem caused by offshoring. As this traditionally formed a large proportion of the training for domestic graduates, employers need to rethink and alter the way in which they structure their training for domestic graduates if they want to ensure that these graduates still get the base skills (Chaplin, 2013). Industry commentators even go far as suggesting that domestic graduates will need a more structured graduate training program tailored toward the area that they will be working in (Turner, 2016). However, to implement a more structured training program is expensive and according to HCT, employers are unlikely to want to invest that extra cost into what they consider to be more expensive human capital.

Even with retaining some of the basic compliance work for domestic graduates to do, there still won't be enough to keep them busy so there is an element of more difficult work that needs to be provided to them earlier. The following section discussed the impact of this on the domestic graduates' development.

Theme THfv: Domestic graduates have an opportunity to progress faster in an offshoring environment as they are doing and getting on the job training on harder work earlier. However, few employers are investing in providing domestic graduates with training to upskill them in those areas (count = 68).

Despite some of the negative implications of offshoring on graduates, there are some potential benefits for graduates. As already identified in THbiii, domestic graduates will be pushed into doing more difficult client facing work earlier than they traditionally would be.

This has in fact been the experience of some of the respondents in this thesis. Some of the respondents from Firmlarge1 highlighted this trend as a benefit to graduates as shown below:

“It has freed up a lot of the younger accountants here, sort of senior accountant type level, assistant manager level to um do some more higher level work, advisory work. They can get out of the office a bit more and meet with clients. So I think it helps to almost push people. Some goes before they are ready, doing more of that advisory type and relationship type work as opposed to sitting at a desk and doing tax returns. So I think from that point of view it is a good thing. To sort of see evidence of that here, or even just not getting it done or getting the work reviewing rather than doing it themselves. Sort of promotes that development a little sooner that would normally be the case.” (FirmLarge1Champion4)

“If I had a choice of starting, I think I would actually rather (offshoring) just because you kind of get straight into the work I suppose. Obviously the exciting thing is getting into those um big family groups, companies and trusts” (FirmLarge1Graduate1)

Another interesting example is FirmSmall3Graduate1 who has made remarkable career progression. She began her career as a graduate in a mid-tier firm involved in offshoring a short 5 years ago and at the time of being interviewed, was already an Associate Director of a small accounting firm. She credits her fast progression to her involvement in reviewing Indian staff members work in an offshoring firm as described below:

“I saw actually helping me to improve skills faster and helping me to learn things way quicker compared to if I was just doing the job and sitting all day in front of the computer and doing just the tax work. Now that I have to explain and use different resources and he asks me questions and I have to answer them. Suddenly it has opened all way bigger areas for learning and it has encouraged me to ask the big management different questions that were a bit above and that is how I learned. It is just accelerating the learning of grads way quicker.” (FirmSmall3Graduate1)

However, this advanced career progression does depend on being able to upskill domestic graduates in the more difficult advisory and consulting work. This is something that is not necessarily done very well and many of the respondents were struggling with this. Even FirmLarge1Champion4 above acknowledged that at times, graduates were sometimes pushed up before they were ready. Further examples of this are provided below:

“But I am highly concerned about creating advisors who will know nothing about basic tax. You know, I think there is a big risk that if you are outsourcing/offshoring all of that. Um, we say that we want to be advisors to the middle market, well you need to understand. You need to be able to speak to the mum about her wills, you need to know what a BFA is. You need to know all of that.”(FirmMidtier3Partner1)

The literature reinforces these results in that offshoring should accelerate graduate learning (Barac et al., 2016; Chartered Accountants Australia & New Zealand, 2015; Smith, 2012). HCT would also support this view because domestic graduates are no longer viewed as the

cheapest form of human capital in the offshoring accounting firm so should be charged out doing more difficult work that will attract a higher return.

Summary of RQf Results

The on the job training provided by accounting firm employers in a business services or superannuation division has traditionally comprised of basic compliance work which over time increase with difficulty, supplemented with internal training and their CA/CPA professional training. This has led to an expectation of accounting graduates that they will receive this training in exchange for a lower graduate salary.

However, the results of this thesis reveal that graduates can no longer rely on this traditional pathway to their development. Whilst their expectations may still be there, offshoring employers are no longer willing to invest in as much formal training and as discussed in RQe, have a greater expectation of their graduates leaving university. As domestic graduates are increasingly seen as a more expensive substitute for their Indian staff, employers are looking to reduce the amount expended on domestic training as they perceive less of a return on investment on this spending. With the reduction of the number of graduates being hired as discussed in RQa, graduate training per person becomes more expensive as they are not able to achieve the same economies of scale as could be achieved with a larger number of graduates at the same time.

A summary of the formal training provided to each of the respondent firms provides an interesting comparison between the offshoring and non-offshoring firms. It is clear from Appendix 6.5 that overall, the non-offshoring firms provide more extensive formalised training compared to the offshoring respondents. There is also a trend to either combine the overall staff training with graduate training and to effectively outsource basic formal tax training to external providers such as the Tax Institute, who require the graduates to complete this in their own time. This provides an additional saving to the accounting firm as domestic graduates then have more time to directly produce revenue for them.

In addition, simple compliance work, the traditional work that is used to provide on the job training, is the work that is mainly being offshored. This leaves less work available for domestic graduates to practically learn the basics that they need. Transferability of employability in this environment therefore becomes far more important.

To counter this, many of the offshoring respondents are intentionally retaining some of their compliance work from their Indian team to act as training material for their domestic

graduates. This combined with more administration work in the early part of the graduate's career means that they are not necessarily getting the same breadth and depth of on the job training that they traditionally received.

However, the fewer number of domestic graduates and diminished amount of easier compliance work means that these graduates are then pushed into more difficult work at an earlier stage which helps to escalate their development. Unfortunately, this is often done without the appropriate support and training to upskill those graduates in the skills that they need to do this more difficult work. For these graduates, it means they have a more challenging task which if they can achieve, provides them with an opportunity to develop at a much faster pace.

The next section of this chapter overlays differing characteristics of the respondents over the results to determine if these impact the results.

6.9 OVERALL IMPACT OF DIFFERING RESPONDENT CHARACTERISTICS

Background

The above discussion describes and explains the results by research question. However, it could be argued that some of the results are also influenced by different characteristics of the respondents. This section will examine how some of the differing demographic characteristics affect the results.

Appendix 5.13 provides an overview of the different demographical and other characteristics of each of the respondents in this thesis. The respondents differ according to:

- 1) Whether or not they offshore or do not?
- 2) Offshoring ownership model used
- 3) Offshoring interaction framework used
- 4) Role in the accounting firm
- 5) Service/Business line
- 6) Firm Size

A review of the impact of each of these characteristics will now be provided to examine the impact on the results in the research questions. This will be conducted for all characteristics apart from whether or not they offshore, the ownership and interaction framework used because these have already been specifically examined in the Primary Research Question and secondary research questions.

Impact of the Respondent's Role in the Accounting Firm

Within the respondents, there is a variety of different roles including Partner, Manager, Accountant, Champion, Graduate and HR professional (Maister, 2003). The respondent's perspective could be influenced by the type of role that they perform.

The results in THi discussed above have already determined that there is a dis-connect between the views of the HR professionals and the actual business units which comprise all of the other roles so the results from a HR professionals perspective will differ.

A cost reduction and profit motive is clearly demonstrated by the partners within this thesis. Whilst they may feel for the negative impact that offshoring is having on domestic graduates, their focus is still on producing a profit. The following clearly demonstrates this:

"So we need less. Offshoring makes sense for us if it replaces Australian costs. If it is just on top of the Australian costs, then, um, it doesn't really work. So we need to be making different recruitment decisionsBecause the other work we do, is something that graduates. You need experience, so graduates we don't have, we don't have the volume the compliance work for year 1, 2, 3, 4 people." (FirmLarge1Partner2)

This profit motive is triangulated with the literature and can be seen in various industry benchmarking that is done for partners where most of the KPI's produced focus on these financial type of measures (Business Fitness, 2017b). They clearly and clinically apply HCT in their decision making in relation to domestic graduates.

The role of the champion is unique to offshoring firms. This role is usually the conduit between the Indian team and the domestic team, responsible for work allocation to the Indian team, profitability of the Indian operation and the general success of the Indian team. Whilst the champion is often a manager or other senior staff member, their perspective is likely to be less focused on domestic graduates and more focused on the effectiveness of the Indian operation. An explanation of their role is provided below:

"So, um, the role, on paper, was to manage a team and manage workflow which is what we did as well." (FirmLarge1Champion3)

Therefore, champions are likely to be less sympathetic to the plight of domestic graduates and be more in line with the partner perspectives. They are also more likely to see the positives for domestic graduates of offshoring. This was found to be the case in the results as is shown below:

“Look, from a local point of view, because we have only maybe 2, at most 3 grad’s, we typically find work for them. So I wouldn’t say locally I would say it has been a huge impact. I know there was some murmurings probably early on, about the amount of work to be offshored and you know, that is 30% of my work and what am I going to do for that part of year.

I don’t think anyone has really struggled with the type of work that they’ve done from what I’ve noticed/heard. It’s probably more if we weren’t offshoring, they would still be, whether they were ready or not, they would still be doing the lower level work and wouldn’t have the opportunity to get out a bit more and test their skills with meetings with the clients and talking to the clients about more business critical type issues. Rather than this is your tax return, this is your refund type stuff. Yeah, I think it is just, it has given people the opportunity and it been pretty well taken on board.”
(FirmLarge1Champion4)

Managers on the other hand are usually responsible for developing their team as well as making a profit for the partners. They are often the staff that deal far more directly with graduates and have a greater level of empathy for them. They are generally far more concerned with graduate training and development and in ensuring clients are serviced at an appropriate cost. This means that they are likely to want to employ domestic graduates and invest in their training and may not want to waste their time in having to deal with Indian staff overseas. This is demonstrated in:

“But then at the same time, it is so important to have graduates here to do the work that you just need done super quickly or whatever else. But I think it is as learning of graduates and things, I think it does hinder them a bit.” (FirmMidtier1Manager1)

“have to keep people at the lower level and if we send all our work offshore, what are we going to get our graduates that we have to do.” (FirmLarge1Manager1)

In contrast, graduates are generally concerned with getting a job and in their own development. They want to improve their employability and are really focused on themselves. The profit levels of the accounting firm is not their primary concern as demonstrated below:

“Um, a little bit daunted because Us grads, when we come here, that is what we do. That is what we start with. It will be very different for the grads who come in a few years’ time and don’t have that to do. It’s really tough not to have that to do because that is the grounding.” FirmMidtier3Graduate1)

“But then from employee’s point of view, I think there is a lot. In the first instance we are not having so many opportunities because jobs are really scarce.”
(NonFirmSmall4Graduate1)

There are also differences in the expected skills required in graduates by respondents in each of these roles. A summary of this is shown below in Figure 6.8.

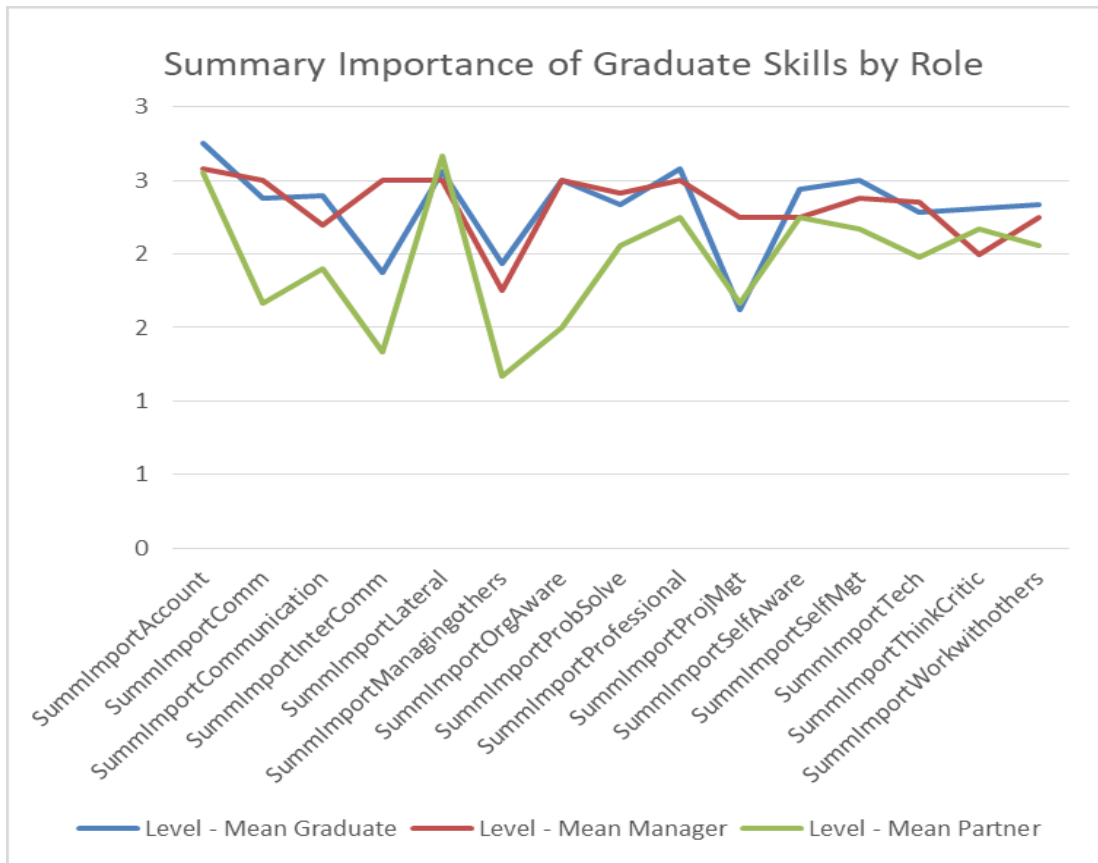


Figure 6.8: Comparison of importance placed on different graduate skills by different respondent roles.

Figure 6.8 above reveals that the more senior the role, the less importance placed on the skills of managing others, working with others and organisational awareness. Overall, managers seem to place a greater importance on a wider range of graduate skills, including project management which is in contrast to the overall results in THcii). Partners overall seem to have a more pronounced level of importance on lateral thinking whilst managers seem to view technology skills as the most important. This means that depending on who is doing the actual graduate recruitment. For example, managers or partners will place greater emphasis on different skills.

Therefore, this thesis shows that there are indeed differences in the results based on the different roles of each of the respondents. Partners and champions typically focus on the cost and profit benefits of offshoring and whilst they may acknowledge that there can be problems with reduced employment and training with domestic graduates, this is not their primary concern. Managers are responsible for both achieving profitable work as well as graduate development so their perspective is mixed, although they often prefer to provide work to domestic graduates and develop them, rather than use an Indian team. Finally,

graduates are the most concerned with the impact of offshoring on their employability. They realise that there is decreasing amount of graduate jobs and are concerned about the type of work and training that they will receive in an offshoring environment.

Impact of the Service/Business Line

This section of the results examines whether or not this differing demographic alters or affects the results to the research questions. The respondents were drawn mainly from the service lines of Business services and SMSF as per Table 6.5 below.

Service Line	Frequency	Percent
Superannuation	6	19%
Business Services	24	75%
Other (eg HR)	2	6%
Total	32	100%

Table 6.5: Breakdown of respondents by Service line

The nature of SMSF work can be highly specialised and complex in terms of legislation but at the same time, very transactional focused with much of the compliance work involving processing bank statements and share transactions. This means that obtaining suitably qualified staff to do SMSF work who are also prepared to do the more mundane compliance and processing part of the work can be difficult.. This difficulty of attracting quality domestic graduates and staff to SMSF work was explained by Midtierfirm4Partner1 in:

“particularly I think with the SMSF space, it was also um, traditionally quite um challenging to get a workforce that was happy to sit there and punch dr and cr for the rest of their life.Sure. I think, not only at my firm, but most firms, the team at SMSF was traditionally made up of people that either a very small % that were very passionate about the industry and passionate about the work. And wanted to specifically focus on that area. And that was a very small percentage. The remainder, traditionally of SMSF super teams were made up of people within a firm that may not be able to cut it in audit or not be able to cut it in BAA. I mean, this is honest, this is what it is.” (Midtierfirm4Partner1)

Such skills shortages are often a driver of accounting firms wishing to engage in offshoring (Daugherty & Dickins, 2009; Mihalache & Mihalache, 2015).

In addition, many accounting firms do not have a large number of SMSF’s thus making achieving economies of scale of specific SMSF training difficult to achieve. By offshoring

SMSF work to vendors that specialise in this type of work, there are substantial cost savings that can be made as evidenced below:

“We’ve making a mark-up where as previously we weren’t. We’re now getting write-ups. That the main kpi. Um, official kpi. But I do sense that we are also turning the work around a bit quicker.” (FirmSmall2Partner1)

Therefore, the nature of SMSF work, and the associated skilled staff shortages in that service line make this type of work very attractive to offshore. Given that offshore staff are viewed as direct substitutes for domestic graduates, this translates into a reduction of employment of junior staff into SMSF divisions. It should also be noted that amongst all of the respondent firms, only one made any redundancies as a result of entering into offshoring. That was a respondent in the SMSF division of MidtierFirm4. In addition, FirmSmall2 which also offshored their SMSF work is one of the few respondent firms who has resolved to now stop hiring graduates as a result.

In contrast, business services is viewed as far more generalist in nature with a much broader pool of domestic staff so the reduction in offshoring. The impact on graduate recruitment numbers in this area appears to be less severe.

From a graduate skill point of view, there also appear to be some differences in graduate skills required. A summary of this is shown in Figure 6.9 below.

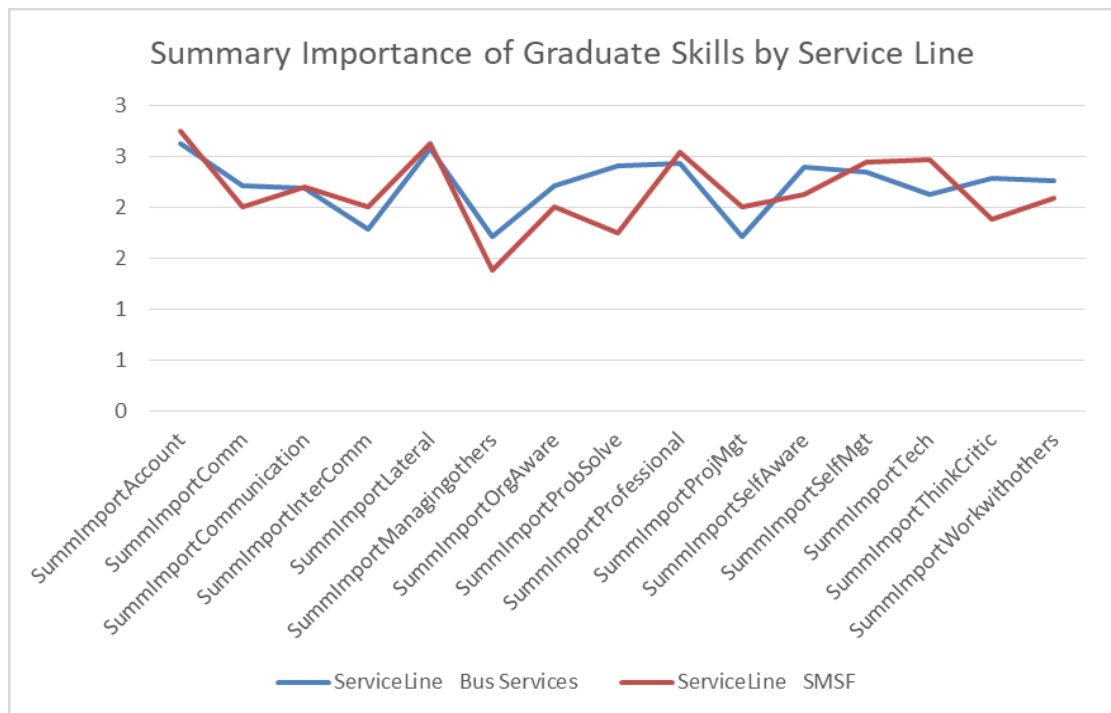


Figure 6.9: Comparison of importance placed on different graduate skills by service line

As can be seen in Figure 6.9, the SMSF service lines place more focus on technology skills and less on working with others. This can be explained by the highly transactional nature of SMSF compliance work which is increasingly becoming streamlined through the use of technology. The work is also quite discrete which means that there is potentially less requirement to work in teams so graduates need to also be more accountable for their own work which can also be seen in Figure 6.9. Project management skills are also viewed as more important in SMSF service lines, perhaps due to the high level of offshoring used in SMSF work compared to Business services work.

The specialist nature of SMSF work also means that the respondents working in this service line were far more aware of the need to retain some knowledge within their firms of this type of work. These respondents were very clear, more so than their business service counterparts, that they needed to retain some of the SMSF's to complete locally as part of on the job training. Examples of this can be seen below:

“You go into our office today, you will find 2 managers and..... who knows Um, for me that is, no one knows anything about pension funds, how is the decision making, how you can help clients and can add value to a client. So that is a massive gap” (FirmLarge1Partner1).

“At some point I think this work will actually come back on-shore. And that might not be this year, next year or 5 years but at some point this work will come back on-shore. And I want a team that can walk out on a Wednesday and say, you know Mureli doing it yesterday and I am doing it today. So I was very intent on not killing our workforce here which a lot of firms have done.” (MidtierFirm4Partner1)

Therefore, the results of this thesis are impacted by the service line and type of work that is being completed domestically. The resultant impact on graduate employability appears to be much more acute with the SMSF service line. The differences in nature of work are explored further below when comparing respondent firms of different size.

Impact of Firm Size

As described in Chapter Two, respondents were classified as either large, midtier or small. A summary of the representation of respondents by different firm size is shown below in Table 6.6.:

SIZE	FREQUENCY	PERCENT
Small	8	25%
Mid-tier	11	35%
Large	13	40%
Total	32	100%

Table 6.6: Breakdown of respondents by firm size

The one common denominator with the thesis respondents of different sizes is the type of work or service line that is being examined which are either business services or SMSF work. The prior results of THi found that in terms of employment and resourcing decisions, even when there is a separate HR role, these decisions are usually made within the business unit. Therefore, we are still comparing separate business units doing the same type of work within each respondent firm.

Traditionally, firms of different sizes have focused on different markets and different types of client work. For example, the Big 4 are generally considered to be more “professional services” of various different divisions firms (Parry & Jackling, 2015). Smaller firms generally service the SME market and don’t normally have the breadth of services of the large and mid-tier firms. Traditionally, large firms had limited involvement in the SME market. However, this has changed in recent years with many of the large firms increasing their business services work by acquiring smaller accounting firms (Williams, 2016). Cloud computing and technology has allowed large and mid-tier firms to re-enter the bookkeeping market to allow them to increase their SME market share. At the same time, small firms are using innovation and technology to diversify their offerings (Hansnata & Hayes, 2017). Therefore, the literature supports the increasing intermingling of different service lines amongst different firm sizes which is the approach that this thesis also takes.

To determine if firm size influences the results of the research questions, we need to compare the results in each firm size class of large, mid-tier and small. The overall results in RQ1 is that domestic graduates are viewed as direct substitutes for offshore staff and so the overall number of graduates being hired is decreased. None of the respondents indicated that they were increasing their graduate numbers. For example, refer to the following quotes from firms of different sizes below:

“so more recently we have had a policy of employing more client facing, more senior, more client facing people and less, less lower level people” (FirmSmall2Partner1)

“15 years ago for the amount of funds that I do at the moment, I would have traditionally had a team of 20 or 25 people. Um I’ve still got that team, it’s just that they are not all here.” (FirmMidtier4Partner1)

“But what we do have is a strategy that we are not going to recruit graduates and in Perth at the moment, in our particular market, we are not um we are not looking to recruit more staff into Enterprise.” (FirmLarge1Partner2)

Contradicting these findings though is published information that the Big 4, unlike mid-tier and other smaller firms are actually increasing their graduate intakes overall (King, 2016b).

This potentially indicates that large firms are different and the results in this thesis could be distorted by their inclusion. However, this contradiction can be explained in that within large firms, business services and SMSF work represents a very small proportion of the overall firm’s revenue. For example, in Largefirm1, one of the partners noted that business services represented approximately 10% of the size of the overall firm nationally. The overall large firm data on graduate employability therefore cannot effectively be compared. This is also confirmed by the following quotes from large firm respondents:

“Compared to other offices around the country, PE is kind of the runt of the litter if you like.” (FirmLarge1Champion4)

“What Enterprise does is really what big accounting firms used to do 40-50 years ago. We are really the historical core of accounting, dealing with small businesses and accounting and business advice and tax compliance whatever.”(FirmLarge1Partner2)

Therefore, it appears that the type of work being done is far more important than the actual firm size when analysing the results of this thesis.

In terms of importance placed on different graduate skills, there are some minor differences between the firms of different sizes. These are displayed in Figure 6.10 below.

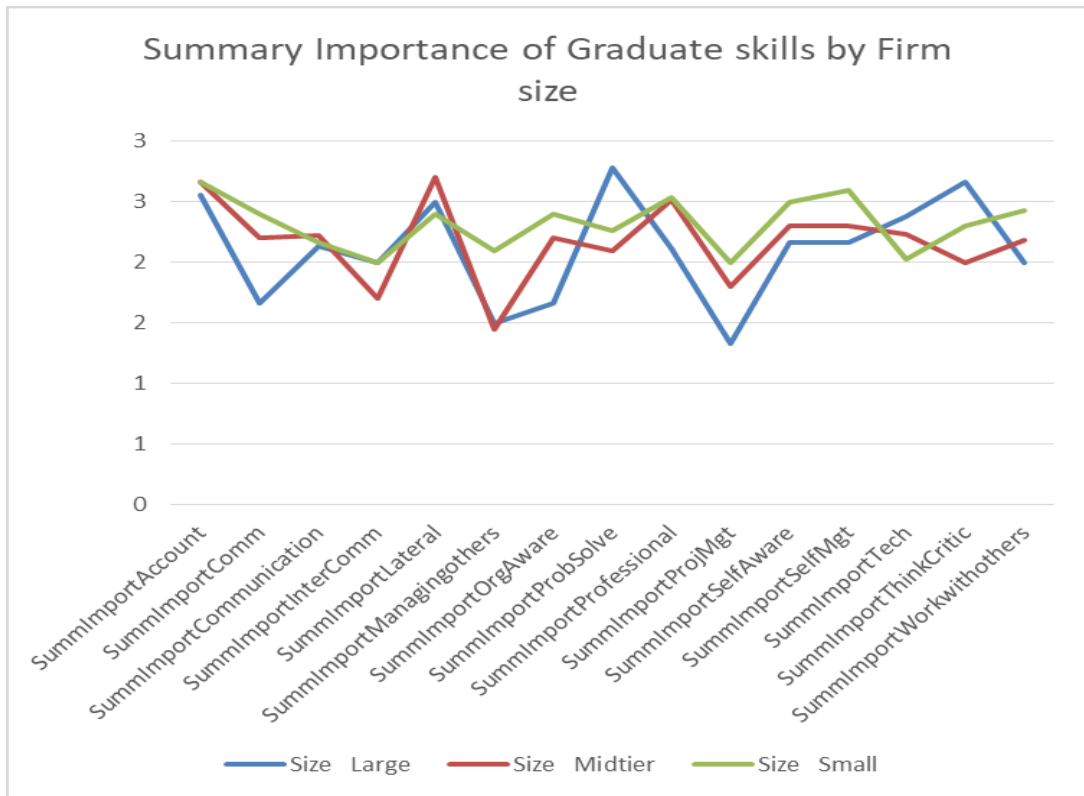


Figure 6.10: Importance of different graduate skills by firm size

Figure 6.10 reveals that teamwork, project management and working with others is given a higher priority in small firms whilst problem solving and critical thinking is seen as more important in large firms. This could be explained by the fact that in a small firm, there are less people working there so the implications of not getting along with the team are more pronounced. The projects in large firms are also expected to be larger so graduates would not be involved in those but may be involved in smaller projects in smaller firms.

As discussed in THfii, offshoring respondents seemed to be focused on ensuring their formal training is cost effective and non-offshoring respondent firms seemed to place a greater emphasis overall on formal training. On balance, as shown in Appendix 6.5, there is little difference in the level of formal training provided by mid-tier and large firms. However, the small firms did appear to invest less in formal training. The reason for this is likely to be the comparative cost as they do not have large number of graduates to make it cost effective to have specialised training just for them.

Therefore, it would appear that apart from some differences in formal training provided, the size of the firm does not seem to greatly impact the results of this thesis. Rather, it is the type of work, or service line in particular, which is often assumed to be different in the different firm sizes that is driving the thesis results.

Summary of Differing Characteristics Impact

This section of the results has examined the potential distorting impact of role, service line and firm size on the overall results of this thesis. It has been found that role and service line do moderate the impact of offshoring on graduate employability.

Partners and champions are generally far more cost focused and make employment decisions in line with the economics of HCT whilst managers are also focused on the development of their graduates and in making their own working life more efficient by dealing with staff they can easily access. The nature of SMSF work in comparison to business services type of work also makes the impact of offshoring on graduate employability more pronounced with SMSF divisions, mainly due to the more specialised nature of that work which leads to a more acute skills shortage.

Generally though, firm size does not seem to impact the thesis results greatly due to the similarities in the nature of work being examined. Given that many of the employment and resourcing decisions are made by the divisions, not by general HR staff, it is the characteristics of the division or service line that seems to influence the results.

6.10 CONCLUSION

This chapter provides a detailed analysis of the results of this thesis. It addresses the overarching research question of how the adoption of offshoring affects the employability of domestic accounting graduates by accounting firms. This is done by firstly examining employability generally through the primary research question before exploring the issues in more detail via a number of related secondary research questions.

Offshoring generally has a number of negative implications on the employability of domestic graduates. These are mainly through a reduced level of domestic graduate employment generally with most of the respondents stating that they were either reducing or ceasing their graduate employment programmes completely. These decisions are not being made from the HR professionals in the accounting firms, but rather from within the divisions themselves. One of the key findings of this thesis is that of the separation of resourcing and HR decisions, to the point that HR do not even consider offshoring in their decision making. The diminishing recruitment of domestic graduates is being driven not only by offshoring staff, which are viewed as direct substitutes for domestic graduates, but also by a number of different demand and supply driven reasons. These reasons include an evolving domestic structure in accounting firms generally to one that is far flatter and more client centric.

Whilst many of the respondents felt for the future of domestic graduates, the economic realities of HCT prevailed, especially with partners who primarily interested in making a profit. The reduced number of domestic graduate positions also means that employers can afford to be pickier and more stringent in their recruitment practices, thereby obtaining better quality graduates for the same graduate salary, thereby also increasing their return on their human capital resources.

Traditionally, much of the employability literature has focused on what skills and attributes are required in order to make domestic graduates more employable. The literature argues an over simplified implied relationship between graduates having greater skills and their chances of getting employed. This thesis argues that this is not a key focus of employers, but rather the decision of whether or not to even hire graduates at all is a far more relevant question when looking at graduate employability in an offshoring environment.

Despite this, the results still demonstrate some differences between the skills required in domestic graduates in offshoring respondents compared to those that do not offshore. Specifically, offshoring respondents have slightly higher expectations of their graduates, due to the fact that in accordance with HCT, they are viewed as the more expensive resource compared to offshore staff and they want to achieve a greater return on their investment. In particular, offshoring respondents ranked international communication, technology and client advisory skills as slightly more important than non-offshoring respondents. They also looked for graduates that were going to be open to offshoring to ensure that they culturally fit within their firm.

The offshoring ownership model used by accounting firms does not seem to affect the graduate skills required although the interaction framework does, especially in firms that adopt a highly interactive framework. This is because in those offshoring firms, the Indian team members are generally seen as an integral part of the team so openness to cultural diversity and offshoring are critical in hiring graduates in that type of environment.

For those employers and graduates that view the role of universities to produce work ready graduates, there is a perception that they are not providing graduates with the skills necessary to operate in an offshoring environment and that employability skills are not being transferred effectively to the work force. However, given that employers cannot even agree on whether the role of university is to teach students to learn or be work ready, it is not surprising that there is some level of expectation gap. The two roles of educating students are quite different and it is perhaps unrealistic for universities to achieve both.

However, the work that offshoring firms are then getting their graduates to complete does not take into account their apparent required skills. Whilst there is some basic compliance work that is being retained for graduates to complete, most of this work is being offshored. Graduates are then spending the balance of their time doing administration work supporting the Indian team. This type of work does not require those client advisory skills that they claim are important in graduates, especially when most of these graduates are not getting any client contact. After a period of time, offshoring graduates are then being pushed into doing more difficult work without necessarily gaining the grounding that they need or would traditionally receive to complete this.

Graduates have a traditional expectation that accounting firms will provide them with extensive training to allow them to develop, in exchange for them receiving a lower salary. However, these expectations are not necessarily being met. As domestic graduates are viewed as more expensive relative to their Indian counterparts, offshoring accounting firms look for less expensive ways to develop their graduates. This includes outsourcing some of the general technical training and increasing their expectations of universities. There is also a decrease in the amount of cheaper on the job training type of compliance work available in offshoring firms. Therefore, graduates are not exposed to the same depth and breadth of on the job training as in non-offshoring firms. To try and counter this, as well as to ensure knowledge retention in the domestic firm, offshoring firms are deliberately retaining some of the work that would normally be offshored for domestic graduates to do to give them some practical grounding. The ability to access more difficult work sooner in an offshoring environment does allow the domestic graduate to progress faster.

These results are moderated by a number of demographical characteristics of the respondents. In particular, the role and service line of the respondent is important. Partners and champions generally have a more economically focused perspective of graduate employability. They may feel empathy for them but ultimately, the profitability of the firm and the Indian division is of paramount importance so they are less inclined to hire and train domestic graduates. In comparison, managers are looking for an easy way to complete their work without complications so would generally prefer to hire domestic graduates. As managers are also responsible for their team's development, they have a vested interest in ensuring that the domestic graduates have sufficient work to do locally to provide them with on the job training. To counter this, partners are also reducing the number of graduates hired to effectively "force" managers to use the Indian resource.

There are also differences between the different service lines of business services and SMSF examined in this thesis. SMSF work is highly specialised but also highly transactional so it is difficult to attract staff to this area. Business services work is far more generalist and there is a greater pool of domestic staff who can do this work. Therefore, the results discussed above are far more acute in the respondents who work in the SMSF service line. In contrast, firm size was found to not greatly influence the results, but rather, it was the type of work being done that had the greatest impact.

All of the above results can be triangulated not only with the literature, but also with the application of HCT, survey results, interview and other data provided by the respondents.

The following chapter will now discuss the implications and contributions of these findings both to industry and the literature.

CHAPTER SEVEN RESULTS CONCLUSION AND CONTRIBUTIONS OF THE THESIS

7.1 INTRODUCTION

This chapter draws together the overall conclusions discussed in Chapter Six and discusses the implications and contributions of this thesis. The overarching results discussed in Chapter Six are that offshoring in accounting firms has numerous implications for the employability of domestic graduates. In particular, this is in relation to the levels of graduate recruitment and training provided by business services and SMSF divisions of accounting firms. These results are generally supported by the application of HCT and in some instances some of the theories considered but not primarily used in this thesis as discussed in Chapter Four. The directly relate to the following research questions of:

Primary Research Question	How does the adoption of offshoring affect the employability of domestic accounting graduates?
Secondary Research Question a	What impact has offshoring had on the number and type of domestic graduates that accounting firms recruit?
Secondary Research Question b	How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?
Secondary Research Question c	Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?
Secondary Research Question d	Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?
Secondary Research Question e	Is the current university accounting curriculum developing the skills required in an offshoring environment?
Secondary Research Question f	How do offshoring accounting firms train their domestic graduates when much of the traditional training work that graduates completed is now being offshored?

Table 7.1: Research Questions

This chapter briefly summarises the results from Chapter Six before discussing the implications and contributions of these results for both academia and the accounting profession. In particular, the implications and contributions for universities, accounting graduates, accounting firms and the accounting profession generally are explored.

Therefore, this chapter addresses the “so what” of the thesis and explains why this research is important for graduates, academia and the accounting profession. In addition, limitations of the research are acknowledged and areas for future research are suggested.

Figure 7.1 below provides a pictorial representation of the structure of this chapter.

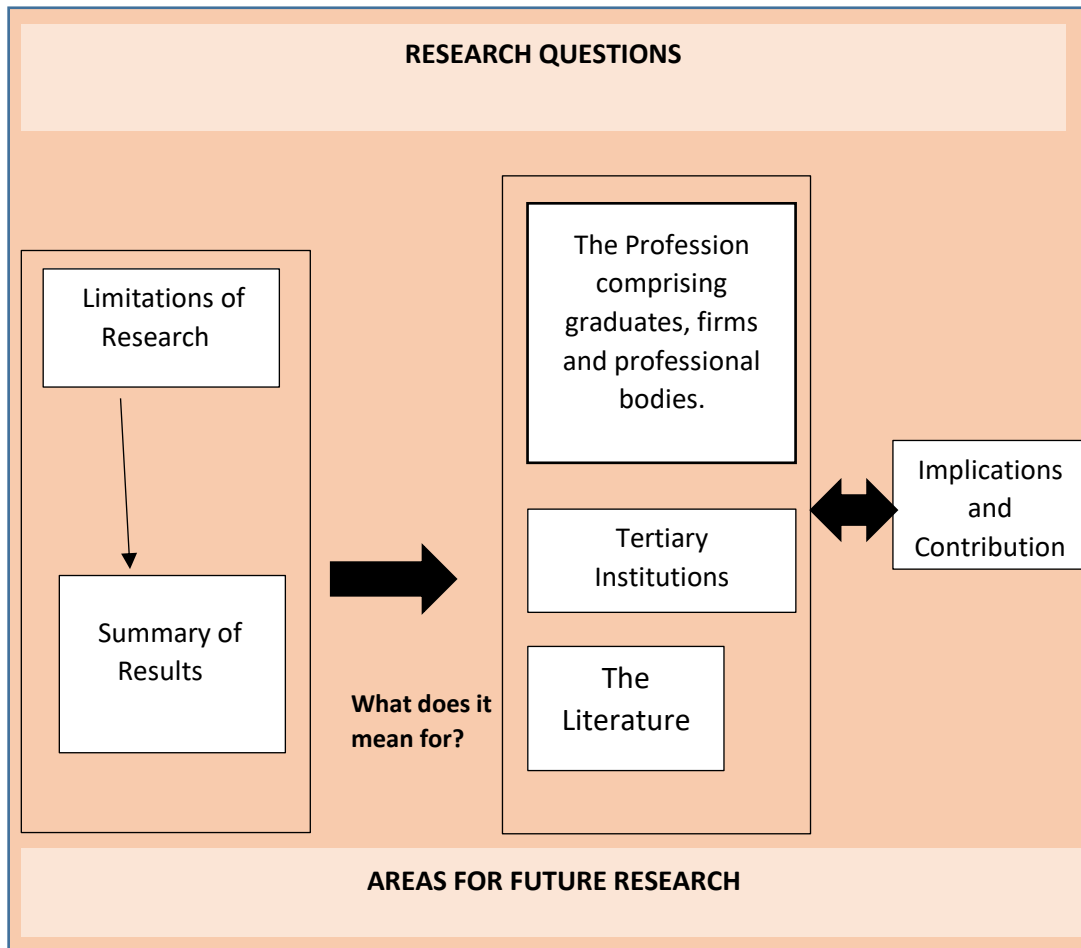


Figure 7.1: Concept map of Chapter Seven

7.2 MAJOR FINDINGS AND DISCUSSION

Table 7.2 below provides a summary of the results which were discussed in detail in Chapter Six.

RESEARCH QUESTION	SUMMARY RESULT	DETAILED THEME
<p><u>Primary Research Question (RQ)</u> How does the adoption of offshoring affect the employability of domestic accounting graduates?</p>	<p>There is a shift in the demand within service lines of accounting firms that offshore, away from domestic graduates to Indian staff who are viewed as a cheaper substitute resource. This reduces the employability of domestic graduates in offshoring accounting firms and also is driven by flatter accounting firm structures and a strategy to encourage managers to use the Indian staff.</p>	<p>THi) Resourcing by service lines and graduate recruitment are seen as different and detached items, which also differ between service lines.</p> <p>THii) Accounting firm structures are becoming far more flat and less hierarchical.</p> <p>THiii) Indian offshore staff are viewed as a substitute for domestic graduates.</p> <p>THiv) There is a greater supply of domestic graduates in a market where there is less demand for them.</p> <p>THv) Not hiring domestic graduates is a deliberate strategy to encourage offshoring buy in by managers.</p> <p>THvi) Prior offshoring experience by employers influences domestic graduate employment.</p>
<p><u>Secondary Research Question a (RQa)</u> What impact has offshoring had on the number and type of domestic graduates that accounting firms recruit?</p>	<p>Because Indian staff are considered direct substitutes for domestic graduates, offshoring has reduced the number of domestic graduates that are being recruited by accounting firms, despite the general preference of managers to recruit domestic graduates. This allows firms to become more selective in their recruitment process thereby influencing the type of graduates that they hire towards a broader definition of what they consider to be a graduate.</p>	<p>THai) With less roles available for domestic graduates, employers are becoming more selective and adopting more stringent recruitment methods.</p> <p>THaii) Whilst employers empathise with graduates who are struggling to find jobs due to offshoring, they accept that this situation is simply inevitable.</p> <p>THaiii) Managers generally prefer to utilise domestic graduates compared to offshore staff due to the increased level of control that they have over domestic graduates.</p>

RESEARCH QUESTION	SUMMARY RESULT	DETAILED THEME
<p><u>Secondary Research Question b (RQb)</u> How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?</p>	<p>Despite the suggestions of offshoring employers that they want their graduates doing advisory work much earlier, graduates employed by offshoring accounting firms are initially involved in more administration type work compared to those not involved in offshoring. This appears to be a timing issue with these graduates then making a large jump to far more difficult work without the same level of grounding as non-offshoring graduates.</p>	<p>THbi) Work requiring specialist skills where there are skills shortages are common types of work to offshore. Domestic graduates are therefore less likely to do this type of work.</p> <p>THbii) Employers that offshore suggest that they want their graduates to perform more advisory type of work with greater client contact but don't necessarily get them to do that work.</p> <p>THbiii) Domestic graduates in an offshoring environment generally do a lot of administration type work, then make a large jump to far more difficult work.</p>
<p><u>Research Question c (RQc)</u> Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?</p>	<p>Compared to non-offshoring firms, accounting firm employers look for graduates that are more open to offshoring as a way of achieving cultural fit. Like non-offshoring firms, they view client advisory skills as very important. Project management skills are used more prominently in offshoring firms but they do not specifically look for these skills as they are prepared to train for this.</p>	<p>THci) Soft skills and client advisory skills are seen as more important in an offshoring environment.</p> <p>THcii) The requirement for project management skills is greater in offshoring firms but this is something that employers believe can be taught on the job.</p> <p>THciii) Employers who offshore look for domestic graduates that are open to offshoring when recruiting for cultural fit.</p> <p>THciv) Graduates are fearful and lack confidence in the new skills they require in an offshoring environment.</p>

RESEARCH QUESTION	SUMMARY RESULT	DETAILED THEME
<p><u>Research Question d (RQd)</u> Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?</p>	<p>There is no real difference between graduate skills required in offshoring firms using different ownership models. However, firms that use a highly interactive framework, which views the Indian staff as a key part of their team, have a greater requirement for graduates that are open to offshoring.</p>	<p>THdi) There is no difference in domestic graduate skills required by accounting firm employers using different offshore ownership models.</p> <p>THdii) In accounting firms that use a highly interactive framework, the Indian staff are a key part of your team, so it is critical that domestic graduates are open to offshoring for cultural fit within the firm.</p> <p>THdiii) As graduates do not generally interact with the Indian team until they are more senior, they do not require any differing skills in different interaction frameworks. This changes when they develop and start to communicate with the Indian team.</p>
<p><u>Research Question e (RQe)</u> Is the current university accounting curriculum developing the skills required in an offshoring environment?</p>	<p>Offshoring accounting firms have greater expectations that universities produce work-ready graduates and they do not believe that the university curriculum is keeping up with their needs.</p>	<p>THEi) There is a difference of opinion amongst employers as to whether or not the university curriculum should produce work ready graduates or graduates that have the ability to learn. Offshoring employers have a greater expectation that universities will produce work ready graduates.</p> <p>THEii) The university curriculum is not keeping up with the needs of the accounting profession in relation to offshoring and employability skills are not being transferred to actual employment.</p> <p>THEiii) The hiring of graduates without an accounting degree is becoming more prevalent.</p>

RESEARCH QUESTION	SUMMARY RESULT	DETAILED THEME
<p>Research Question f (RQf) How do offshoring accounting firms train their domestic graduates when much of the traditional training work that graduates completed is now being offshored?</p>	<p>Offshoring employers are deliberately holding back some compliance work from India in order to train their domestic graduates. However, there is a reduced amount of formal and on the job training provided overall to domestic graduates. They do provide their graduates with earlier on the job training opportunities for more difficult work which allows them to potentially progress faster than non-offshoring graduates.</p>	<p>THfi) Graduates have similar high expectation of the level of training that both offshoring and non-offshoring accounting firms will provide</p> <p>THfii) Providing training is expensive and offshoring employers in particular are trying to do this as cheaply as possible, focusing with on the job training.</p> <p>THfiii) Offshoring causes a reduction in the level of on the job training available.</p> <p>THfiv) Employers are deliberately holding back work from their offshore staff to provide some on the job training for their domestic graduates.</p> <p>THfv) Domestic graduates have an opportunity to progress faster in an offshoring environment as they are doing and getting on the job training on harder work earlier. However, few employers are investing in providing domestic graduates with training to upskill them in those areas.</p>

Table 7.2: Summary of results

In summary, and specifically in relation to the primary research question, offshoring significantly impacts the employability of graduates, particularly in relation to the number of graduates employed. Recruiting decisions are being made by the individual service lines, with limited HR involvement in the resourcing component of the decisions. As a result, the service lines are making an economic decision to reduce or cease the number of graduates that they are hiring. This is largely because offshore staff are viewed as direct substitutes for domestic graduates. Together with other supply and demand factors and changes in accounting firm structures, the overall roles available for domestic graduates is decreasing. Whilst offshoring employers certainly empathise with domestic graduates, ultimately the application of the economically based HCT and the deliberate strategy to reduce graduate intake forces managers to buy into the offshoring operation. This finding would also be supported if RBV had been used as the primary underlying theory.

The reduction of graduates and the generally changing role of accountants as a result of offshoring also translates into a different type of work that domestic graduates are completing. Offshoring employers often express the increased opportunities for domestic graduates to do more complex, interesting advisory work, and correspondingly argue for some different skills within graduates. However, the findings in this thesis suggest that domestic graduates in offshoring firms are still required to do basic compliance work (albeit a reduced amount) and do not have any greater access to direct client contact or advisory work. In addition, the reduced amount of compliance work available in offshoring firms means that offshoring domestic graduates are often involved in comparatively more administration type work such as providing administration support for the Indian and other operations of the business.

Overall, the skills required in domestic graduates that are and are not involved in offshoring do not appear to differ greatly. There are certainly some differences identified in offshoring environments such as the increased focus on advisory and soft skills, especially lateral thinking skills. Possessing an attitude of openness to offshoring is considered important for graduates that are involved in offshoring. However, employers involved in offshoring believe that they can teach other specific skills such as international communication and project management skills as these will become important for interacting with the Indian team later on. These graduate skill differences are more pronounced in accounting firms that utilise a highly interactive framework. This has implications for career development learning amongst accounting graduates.

However, despite these differences, the skills required by employers in offshoring and non-offshoring firms are broadly the same. This can be explained by a potential disconnect between resourcing decisions which are made by the specific service lines and the “fit” decisions made by HR staff who do not consider offshoring at all.

The expectations of universities by employers vary greatly with a clear split of employers who believe that the role of the university accounting degree is to teach students how to learn compared with those employers who believe that universities should focus on producing work ready graduates. This dichotomy of opinion is broadly characterised by employers that do and do not offshore with the latter placing a greater focus on producing work ready graduates. As supported by HCT, these offshoring employers have greater expectations of their graduates and do not necessarily believe that universities are keeping up with the demands of the accounting environment.

The results also demonstrate key implications for the training provided to domestic graduates. Offshoring employers view domestic graduates as a more expensive resource compared to their Indian staff. They are therefore more focused on providing cost effective graduate training. Overall, this thesis found that offshoring firms provide lower levels of formal graduate training compared to non-offshoring firms. This is in line with the application of HCT. There is greater focus placed on “on the job” training which is seen as a less expensive option and more specific to the accounting firm. However, in an offshoring environment, there is less of this available for domestic graduates and respondents are generally holding some of the work that would normally go to the offshore staff back for their domestic graduates to achieve this. The reason for this is both to act as a training source and to help ensure knowledge retention domestically within the firm. Whilst this means that domestic graduates don’t have the same breadth and depth of on the job training, there is the potential for domestic graduates to progress faster in an offshoring environment as they will be doing more difficult work sooner after a period of increased administration type work.

These results are affected by the role of the respondent as well as the service line, with respondents in SMSF service lines demonstrating these results more acutely than those in business services. This is due to the highly specialised, but also highly transactionally based, nature of SMSF work compared with the more generalised Business services work. Firm size did not seem to generally affect the results, but rather, it was the nature of the work being completed that was of greater importance.

In the next section, the significance and implications of those results relative to the profession, tertiary institutions and the academic literature are discussed.

7.3 IMPLICATIONS AND CONTRIBUTIONS OF THE RESEARCH FINDINGS

There are a number of important implications for both academia and the profession arising from the findings of this thesis. From an academic perspective, there are numerous contributions both to the literature and strategic implications for tertiary institutions in how they design and structure their courses. For the accounting profession, the implications and contributions apply not only to the profession holistically, but also for its components of the professional bodies, individual accounting firms and graduates themselves.

One of the most important contributions of this thesis is to highlight the increasing importance of academia and the profession working together. The blurred lines of responsibility for graduates are continually evolving and without genuine collaboration, the graduate and the profession will ultimately suffer.

Each of these contributions will now be discussed in the following sections.

7.3.1 CONTRIBUTIONS TO THE ACADEMIC LITERATURE

There is a rich body of literature in relation to accounting education, with much of it focused on the skills and attributes required in accounting graduates. This is demonstrated by the fact that there are extensive yearly reviews of the direction of the accounting education literature published in the Journal of Accounting Education (Apostolou et al., 2015; Apostolou et al., 2016, 2017; Apostolou et al., 2013). Similarly, there is a large body of research in relation to ITO and BPO. However, very little of this is aimed at accounting firms, which have a unique set of characteristics, as described in Chapter Three.

As previously identified, there are gaps in the literature in relation to the impact of offshoring on graduate employability as a key contemporary and contextual issue. This thesis has addressed these identified gaps as well as added to the literature in other key areas. The specific contributions to the academic literature are now discussed.

Accounting Graduate Research in a Contemporary Context

Whilst there is extensive literature on accounting graduate employability, there are criticisms of the literature that need to be more contextually sensitive (Anderson, 2015; Tempone et al., 2012). This thesis addresses those concerns by reviewing accounting graduate employability through the lens of offshoring, a contemporary context.

Whilst there are a number of broad graduate surveys which analyse graduate recruitment numbers including by the accounting profession, this research is not contextualised to examine the specific impact that offshoring has on graduate recruitment numbers (King, 2016b). In reality, this data is extremely difficult to acquire due to the sensitive nature of offshoring within accounting firms (Bandyopadhyaya & Hall, 2008). This thesis addresses this.

There are many published industry articles claiming that the role of the accounting graduate will need to change in an offshoring environment (Crawford, 2016a; Turner, 2016). Whilst there is some research on the changing role of accountants generally, there has been little or no research specifically looking at the changing roles of domestic graduates directly as a result of offshoring.

This thesis addresses this gap in the literature finding that domestic graduates in an offshoring environment are still completing basic compliance work. This is contrary to the limited research in this area which suggests that accounting graduates are starting out with more difficult work (Daugherty & Dickins, 2009). However, the results reveal that after a period of time, domestic graduates are then accelerated to more difficult work sooner as the volume of available compliance work reduces.

Impact of Offshoring on Graduate Skills Required

The concept of employability is much larger than if graduates have sufficient attributes and skills. Much of the literature on accounting education focuses on the specific graduate skills and attributes that accounting graduates should possess in order to be a valuable employee. In fact, in a review of accounting education publications, it was found that 67% of the publications related to core competencies and graduate attributes (Apostolou et al., 2016).

Whilst this graduate skill research is important, this thesis demonstrates that when the contextual lens of offshoring is applied to graduate employability, the research focus needs to also highlight other employability demand drivers. Offshoring is a key demand factor driving graduate employability.

The findings in this thesis demonstrate that there is still an expectation gap for offshoring employers who believe universities should be providing work-ready graduates with transferable skills. In recent years, there has been an increasing amount of literature in relation to this and associated programs such as work integrated learning to improve this (Jackson, 2013b, 2015). A contribution to the literature of this thesis is to suggest that this research needs to continue.

Relevance of Human Capital Theory

There are numerous criticisms aimed at the continued relevance of Human Capital Theory (“HCT”) in today’s complex employment markets. That is, there is an increasing amount of literature that suggests that HCT is not considered as relevant to employability related research as it once was. It is argued that HCT ignores the subtleties of human behaviour and that the assumption of bounded rationality, a cornerstone of HCT, is no longer relevant (Cai, 2013; Kalfa & Taksa, 2015). As discussed in Chapter Four, other theories are beginning to be used in place of HCT in such studies.

However, an unexpected finding of this thesis is to support the ongoing use of HCT as a relevant theoretical framework for examining complex employment markets. This thesis was not theoretically driven and did not have as a primary focus to test HCT as a suitable theory. Given the level of triangulation of the overall results that was able to be achieved with HCT, this thesis provides a contribution to the literature, finding that there is still a role for HCT (Preston, 1997). HCT helps explain most of the results of this thesis. This is because most of the employment related decisions in specific business units are viewed as economic resourcing decisions whereby domestic graduates and offshore staff are viewed as substitutes. As domestic graduates are viewed as the comparatively more expensive resource, accounting firms are also not prepared to spend as much on formal training as this will result in a reduced return on this human capital investment. This thesis has therefore contributed to refining the use of HCT in research relating to complex employment markets.

Strategic HR Management in Accounting Firms

This thesis draws on the Fit/Flexibility Model of Strategic Human Resource Management developed by Wright and Snell (1998). The results reveal that the flexibility component of this model is similar to the resourcing decisions made by the different service lines within an accounting firm. This includes resourcing decisions such as whether or not to hire domestic or offshore graduates, or simply hire more experienced staff instead. The fit component of this model is generally carried out separately by HR staff. Under this model, both fit and flexibility should then combine to determine firm performance and should both be grounded on the strategy of the accounting firm.

However, the results of this thesis reveal that this relationship does not necessarily exist and that there is a disconnect between HR and the various service lines. HR staff are generally told the number of graduates to hire and then apply a virtual “black box” in the initial shortlisting process. There is no real regard had by the HR staff by the strategic choices made by the various service lines. A modified fit/flexibility model of Strategic Human Resource Management is therefore proposed for accounting firms, thereby contributing to the strategic HRM literature.

Nature of the Work, Not Firm Size

Much of the accounting firm specific research stresses the differences between large, mid-tier and small accounting firms (Chia, 2014). There is a perception that the graduate experience is different depending on which size firm a graduate is ultimately employed by.

However, this thesis contributes to the literature by demonstrating that it is not only the firm size that is critical, but also the service line or nature of the work that makes more of a difference. Given that much of the accounting firm literature focuses on the fields of audit and financial reporting, this thesis suggests that there is a need to also focus on other less researched areas such as business services and SMSF compliance work performed by accounting firms and graduates.

7.3.2 IMPLICATIONS AND CONTRIBUTIONS FOR TERTIARY INSTITUTIONS

This section discusses the practical implications of the results of this research for Tertiary Institutions. The focus of this section is from an educators’ perspective, as opposed to a research and literature focus. Accounting degrees are one of the key contributors to university financial stability. Therefore, their success and the employability success of their graduates is important. There are several practical implications of this research on the structure and nature of the accounting degrees run by universities which are now discussed.

Addressing Expectations of Accounting Degrees

Consistent with the literature discussed in Chapter Two, the findings of this thesis confirm the differing views of the roles of accounting degrees. There are differing schools of thought presented by the respondents. One is that the key role of universities is to teach students how to learn whilst the other is that universities should be producing work ready graduates. The findings suggest that respondents that are involved in offshoring have greater

expectations that graduates leaving university should be productive in the workforce immediately. If offshoring continues to grow as a practice within the accounting profession, then it would be anticipated that these expectations on universities will also increase.

Universities cannot be all things to all stakeholders. Given the diversity of employer needs, it would be unrealistic to expect graduates to leave with an accounting degree that equips them with the employability skills for the range of potential employers that they may join. Against this backdrop of increasing expectations, universities need to more clearly articulate and explain their role in order to minimise any expectation gaps from both employers and graduates. This involves working more collaboratively with employers to allow for better communication and understanding of each other's needs.

How Many is Too Many Graduates?

One of the key findings of this thesis is that offshoring accounting firms are either ceasing or reducing their domestic graduate recruitment. When extrapolated across the entire profession, in an environment where the rate of offshoring is increasing, this is contributing towards a reduced number of graduate positions available for domestic graduates. When added with the other supply and demand drivers of graduate employability discussed in Theme THiv, it is clear that there are fewer graduate positions available for an increasing number of graduates.

Accounting graduates are ultimately produced by tertiary institutions. Whilst the role of the university degree is not simply to produce work ready graduates, it is arguable that there still needs to be a market for the graduates. If this market is diminishing, then universities may need to consider adapting and redirecting some students to other areas where there is a more robust employment market.

In addition, if the profession is hiring less domestic graduates, then it is difficult to argue that there is an accounting skills shortage given the number of graduates that the universities are producing. Currently, the skills shortage argument is the primary reason that accounting is on the list of degrees that international students can access permanent residency from. The argument is that if international students come to Australia to study accounting, they can then obtain their permanent residency in working with Australian employers in order to fill a skills shortage. However, if overall the profession is hiring less domestic graduates (which would include these international students) and those graduates are finding it difficult to find employment, then how can they argue that there is still a skills shortage?

Curriculum Design

The findings in this thesis also have direct implications on how universities design their accounting degrees. One of the findings of this thesis is that there is a concern about the transferability of employability skills in accounting graduates. There is a developing body of research that suggests that the use of different methods under the umbrella term of “Work Integrated Learning” (“WIL”) are a key method of helping to improve the transferability of employability skills (Gallagher, 2015; Jackson, 2015; Paisey & Paisey, 2010). Driven by national funding requirements, Australian universities are now beginning to formerly incorporate these programs into their accounting degrees and the results of this thesis support this (Universities Australia et al., 2015). By placing these graduates in accounting firms that place greater importance on work ready graduates, it also helps the collaboration between universities and employers as well as providing many benefits for the students themselves.

However, it is not practical for all students to be placed into internships or placement forms of WIL due to the high relative number of students compared to the number of employers willing to take them on. Therefore, alternative forms of WIL need to be considered. This could include increased use of real life case studies, guest speakers and generally more industry involvement. This would also help to bridge the expectation gap on the role of universities that currently exists. By focusing more on real life scenarios, it is also much easier to develop lateral thinking and client advisory skills in graduates compared to simply teaching out of a textbook. The findings demonstrate that these are considered important skills by employers that are currently not being well developed in the curriculum.

A further contribution of this thesis is therefore to encourage the increased collaboration and use of WIL techniques within the curriculum to improve the employability and other specific client advisory skills that employers are looking for. With the reduction of the amount of easy work that employers have traditionally used as on the job training, these techniques may also help to supplement this.

The findings suggest that offshoring firms are specifically looking for graduates that are open to offshoring, especially in firms that adopt a highly interactive interaction framework (refer Results Themes THdii and THciii). However, graduates are not being exposed to offshoring and in many cases, not even aware of the practice. A contribution of this thesis is therefore to encourage universities to openly discuss and expose graduates to offshoring. How are graduates going to be open to offshoring if they don’t even know how it works or what it is?

Therefore, there is a role for universities to at least expose them to offshoring through the curriculum to reduce this barrier. This could be done through the use of case studies, incorporating the concept into assignments or working more closely with students doing the same degree from university partners at other campuses.

Another contribution of this thesis is to demonstrate that there are significant differences in the nature of the work within different service lines. This thesis specifically focuses on business service and SMSF service lines and it was found that they are quite different to other service lines. Many of the smaller accounting firms generally operate these service lines which are targeted more to SME clients. Given some of the differences in these service lines, it is important that students are at least exposed to these during their university degree. Much of the accounting degree is focused on areas such as audit and financial reporting which tend to be focused on listed and larger businesses. Therefore, there is potentially a lack of exposure to this type of accounting work. An implication of this thesis is that universities should at least expose students to areas such as business services and SMSF so they can become aware of what is involved. This can be done through appropriately designed case studies or formal WIL programs to smaller accounting firms which largely do this type of work. This would also help with collaboration as these smaller firms often do not have formal graduate training programmes (Gallagher, 2015). This will have the added benefit of improving the transferability and awareness of skills required to work in these service lines.

Additional University Revenue Streams?

The results also highlight several gaps in the training that is being provided by the accounting firms which could be viewed as potential new revenue streams for universities. Accounting firms involved in offshoring have less simple compliance work available to them to provide on the job training to their graduates. In addition, offshoring firms are continually looking for cost effective ways to provide formal training. The results also demonstrate that graduates in offshoring firms face a large jump in level of work without necessarily getting the appropriate technical or client advisory skill grounding. Additionally, if the pool of domestic graduates is partly coming from non-accounting degrees, then there is a need to upskill these graduates technically.

All of these gaps represent opportunities for universities to develop a separate product to help fill this void. For example, the increased number of graduates from non-accounting degrees should translate into a greater demand for a Masters of Accounting Degree to provide non accounting students with technical accounting skills. Given the differences in

the different service lines that have been identified in this thesis and the approximate year gap before domestic graduates start their professional qualifications, service line specialisations could be incorporated into a fourth masters year of the accounting degree. This could be incorporated into the formal intern program and it could operate that once a graduate has secured a role in an accounting firm, then the university provides an interim course. It could be similar to a Masters specialising in the basic technical skills and client advisory skills of that service line e.g.: business service, SMSF etc. This would help to fill the void of the reduced amount of formal and on the job training that graduates are receiving in the offshoring accounting firms. The graduate would then move into the more difficult professional qualification i.e.: CA or CPA. In that way, the employer is not paying for this and the university has developed an additional revenue stream.

A key result of this thesis is that domestic graduates are viewed as direct substitutes for offshore staff. An implication of this is that offshore staff are therefore another potential pool of students for universities. For example, Indian students could be a future new market as they could learn how accounting operates in Australia (including Australian culture, tax, legislation etc). These skills would make them very attractive and employable in Indian offshore providers. From an Australian university perspective, these would be more profitable full fee paying students.

7.3.3 IMPLICATIONS AND CONTRIBUTION FOR THE PROFESSION

There are a number of important contributions of this thesis for the accounting profession. The accounting profession comprises all of the graduates, staff, accounting firms and professional associations, each of whom have a common goal in ensuring that clients are serviced appropriately and that there is sustainable future for all involved. It also encompasses a number of different specialisations including auditing, tax consulting, insolvency, business services and superannuation. This thesis focuses primarily on business services and superannuation services.

Offshoring within the accounting profession provides direct benefits for clients via reduced or sustainable cost of services. It also significantly impacts those stakeholders and professional associations that work to provide those services. Some of the specific contributions of this thesis to the profession generally are now discussed.

Not All Service Lines are the Same

There has been much written about the changing nature of the profession and accountants' roles within industry publications and the literature in general. Usually, this discussion is based on the work that accounting firms complete generally, with little regard to the nature of the different service lines. However, as seen in Chapter Six, both business services and SMSF service lines have distinct features and are different to other areas of professional practice such as audit etc.

One of the contributions of this thesis is to highlight these differences and encourage these differences to be taken into account when reviewing how changes will impact the profession. This also highlights why it is important that within accounting firms, service lines and HR departments have good relationships. There is a large body of research that suggests that in order to be truly effective, HR management needs to be strategic in nature (Wright & Snell, 1998). It becomes difficult to achieve the strategic goals of the accounting firm as a whole is there is a dis-connect. One of the implications of this thesis is that HR and the service lines need to collaborate more effectively in order to achieve a more structured solution to the issues of skill development, training and career development in an offshoring environment, not work in isolation.

Long Term Impact of Reduced Graduate Recruitment on Career Paths and Succession Planning

One of the key findings in this thesis is the reduction or cessation of graduate recruitment amongst offshoring firms. Given the large number of accounting firms that are involved in offshoring, collectively, this means that the profession is also reducing their overall number of graduates hired.

More importantly, this development threatens the sustainability of the accounting profession in the medium to longer term. The reduced number of domestic graduates entering the profession will mean that there will be fewer future managers and ultimately fewer future partners. If this is the case, then who will be the partners and leaders of the future? In the medium term, accounting firms may recruit laterally from other firms but there will be an overall limited supply of trained talent. Therefore, it is imperative that the profession addresses this potential future leadership void for the sake of its own success planning. The professional bodies have a key role to play to ensure a sustainable profession that continues to revitalise with fresh talent.

This finding also impacts accounting firms' own succession planning. Traditionally, the career path of an accountant in public practice has been Graduate to Senior Accountant to Manager and then ultimately to Partner who are also the owners of the accounting firm (Maister, 2003). Succession planning is a critical issue in accounting firms as traditionally, when partners retire, they sell their equity to new partners being promoted. Without an appropriate succession plan, partners cannot realise their wealth created in the firm. Therefore, accounting firms need to devise strategies for retaining and rewarding their top talent via appropriate and clear career paths to ensure that there is a succession in place for the firm.

From the graduate's perspective, offshoring is having a detrimental effect on their employability initially through a reduced number of potential roles for them. Whilst the concept of employability is wider than simply being able to achieve a graduate role, this is a core component of employability. Therefore, domestic graduates require more realistic expectations of their future employment prospects if they are to succeed. This means that they need to focus on transferability of skills and career skills whilst at university and take a greater level of responsibility for their own employability. They need to be aware of and prepare for the advanced recruitment methods being adopted by many of the accounting firms. Extending beyond this though, domestic graduates need to have a more realistic expectation of the training that they will be provided with if and when they do obtain full time employment. They need to become more self-directed in their development as offshoring firms are not providing them with the same level of graduate training as was traditionally the case.

However, once employed, graduates have the opportunity to access more difficult work at an earlier stage in their career. This may mean that they can progress at a much faster rate than a traditional accounting graduate, especially given the reduction in competition.

Impact on Professional Training Programmes

One of the key results from this thesis is that offshoring firms are less likely to invest in formalised training for their domestic graduates and that there is a decreasing amount of on the job training that is available in an offshoring environment. This will potentially lead to a "hollowing out effect" in that domestic graduates are provided with less training and then move onto more difficult work without going through the same rigorous breadth and depth of on the job training that would help to prepare them for client advisory work. Offshoring firms are looking for domestic graduates who possess good client advisory skills and lateral

thinking skills but appear unwilling to invest any significant resources into developing those. Further, whilst offshoring firms also recognise that in an offshoring environment, project management skills are required, their formal training programs do not reflect this nor do university courses address this gap.

The identification of this potential training void is one of the key implications and contributions of this thesis. This means that accounting firms need to rethink their approach to graduate training.

Knowledge Retention

Offshoring firms have recognised that there is a risk associated with having offshore staff complete all of their basic compliance work. If there is a problem with the offshore staff or vendor, then accounting firms need to be able to still have the necessary skills within their firm to be able to complete the work at an affordable cost. That is, there needs to be a knowledge retention strategy within the firm as a form of risk management.

Some of the offshoring firms have attempted to address this by retaining some of the work as a training ground for their graduates. However, this may not solve the issue as if there are fewer graduates being hired, and the graduate that had been trained leaves, then the firm has effectively lost that skill. In times when there were more graduates being hired, this risk was reduced as there would be other graduates with that knowledge that would remain. Therefore, accounting firms need to devise suitable knowledge retention strategies for offshored work in an offshoring environment.

Academia and the Profession: The Need for Genuine Collaboration

One of the implications of this thesis is to highlight the importance of academia and the profession working together. This contribution is not entirely new, with various authors suggesting that there is a need for greater collaboration between academia and industry (Jackson, 2009). The findings from this thesis demonstrate the problems that occur when there is a dis-connect between academia and the profession. Some of these potential problems include:

- University degrees not incorporating appropriate technical content in their degrees
- University degrees not making students aware of offshoring and how it will impact their careers

- A reduced level of transferability of employability skills if academia and the profession work in a vacuum
- Universities focusing on producing graduates for roles that no longer exist
- Increasing the expectation gap of what the role of a university degree should be for
- Focusing research in areas that are not as relevant as they should be
- Universities missing out on potential new revenue streams by not understanding the market

There needs to be collaboration between universities, the professional associations as well as with accounting employers. The professional associations are often the conduit but as this thesis demonstrates, there is considerable blurring of the roles and responsibilities in relation to the employability and developing appropriate accounting graduates. This lack of mutual understanding causes expectation gaps and frustration for these stakeholders. Ultimately, it is the domestic graduates who suffer in their employability and careers. For the sake of the employability of our future accounting graduates, there needs to be far more collaboration between universities and the profession generally.

7.4 LIMITATIONS OF THE RESEARCH

Whilst best attempts have been made to complete this research in the most thorough and rigorous manner, there are some limitations within this thesis.

Some of these limitations relate to the research methodology employed in this research. This study is interpretive in nature, being primarily being based on heuristic phenomenology. The main form of data collected is interview data which has been extended to include other sources of data. Generalisation of the results beyond the sample is therefore restricted by the interpretive nature of the study. A further limitation is drawn from the different roles of the respondents which included graduates, managers, partners and champions. Given these diverse roles, not all respondents were able to answer all of the interview questions asked.

There are also some limitations derived from the sample size. Whilst the number of respondents meets the requirements of data saturation for this type of research, there was a relatively small sample size of 18 respondents who were in a position to answer the survey. This limited the type and nature of analysis that could be performed on this data to little more than descriptive statistics.

It is acknowledged that the survey instrument was limited in that it did not include any questions relating to accounting technical skills. At the time of developing the survey

instrument, this was a deliberate decision based on the literature that suggested that there is too much emphasis placed on technical skills. However, when undertaking the analysis of the university curriculum for secondary research question e, it became apparent that having access to this data would have made the results for this research question more robust.

The fact that the sample of respondents is restricted to Australian based domestic firms and offshore staff based in India may limit the generalisation of the findings to other geographical locations. The focus on business services and SMSF areas of accounting firms, whilst ensuring greater rigor and reliability in the results, may also be considered a limitation as there may be particularities that apply to these accounting firm service lines that may not apply to others.

Offshoring is a very contemporary phenomena which is evolving at a rapid rate within the accounting profession. A further limitation of this thesis is the time that has elapsed between the collection of the data and the release of the results. Whilst every effort has been made to analyse and write this thesis in a timely manner, some delay has been unavoidable due to the volume of work involved so a limitation may be the currency of the results.

Despite these limitations within this thesis, the author is satisfied that the appropriate rigor to the design and analysis of this thesis has been applied to ensure that a substantial contribution to both academia and the profession is made.

7.5 AREAS FOR FURTHER RESEARCH

Whilst this thesis has answered the research questions proposed, it has also identified a number of other areas for potential further research.

Obtaining a Better Understanding of the Extent and Impact of Offshoring on the Profession

There is a very limited number of survey based studies that attempt to quantify the extent of offshoring within the profession. Many of these are very broad in nature and typically have a very small sample and response rate. It would be beneficial to research and quantify the true extent and nature of offshoring in accounting firms. This should include stratifying this data by service lines and country of offshoring, so as to allow for a more in-depth understanding of the extent of how offshoring is used in different service lines. In addition, increasing the quantity and depth of respondents (for example, by including respondents from professional bodies) would have allowed a more mixed methods approach to be used which would provide deeper and broader research.

During the course of this thesis, there were several commonalities identified in the type of work that was being offshored. As the resource decisions of whether to get different work completed in Australia by graduates or by an offshore resource is generally an economic decision, further research as to what is the most effective type of accounting firm work to offshore would be valuable. This could then be used to develop a framework of best practice for the profession.

This thesis is limited to the impact of offshoring on the employability of domestic graduates. It is focused on graduates at a particular point in time. A valuable extension to this research would be to extend this longitudinally to compare the development and progression of the graduates that were and were not involved in offshoring firms over a number of years. One of the results of this thesis was that graduates in offshoring firms had an opportunity to progress faster. Longitudinal research to confirm if this is indeed the case in reality would be worthwhile. This research could also compare the career paths of these graduates.

As discussed throughout this thesis, the concept of employability is broad. One area which is becoming increasingly researched is the role of professional identity in relation to employability (Jackson, 2016). A further area of research would be to examine the impact that the use of offshoring in accounting firms has on the professional identity of graduates. The additional challenges and steeper learning curve identified in this thesis for domestic graduates in accounting firms that do offshore also mean that these domestic graduates may require greater resilience as they cope with potentially an increased level of failure. This represents a further area of study.

Whilst this thesis is focused on graduates, it is evident that the greatest impact on different skills required is on the champions involved in the offshoring operation. These individuals generally have no formal training for these roles and have to effectively learn on the job. Further research into their roles and the skills required would contribute to a gap in the literature and provide practical implications.

Future of Offshoring in Accounting Firms

There is an expanding body of research that examines the impact of technology, including cloud computing and artificial intelligence, on the accounting profession. Some industry commentators and some of the respondents have suggested that ultimately this will eliminate the need for offshoring and graduates (Healey, 2017; Richins et al., 2017). Further research on the interaction of technology and whether or not this will in fact replace

offshoring is required. If it is found that technology is taking over the role of offshoring, then there are serious implications of how this back-sourcing and the associated knowledge management issues with the domestic staff will be managed.

7.6 CONCLUSION

This chapter provides an overview and summary by research questions of the detailed results found in this thesis. The results reveal that employability of domestic graduates is impacted by offshoring, via a reduced number of available graduate positions and reduced amount of training available to them once they are employed by offshoring accounting firms. Offshore staff and domestic graduates are viewed as direct substitutes. The skills required by graduates in an offshoring environment are broadly the same as non-offshoring environments, with only some differences identified. Graduates employed by offshoring firms initially still complete the same basic work, together with some administration work, but are then given much harder work earlier. Whilst this does not give them the same level of grounding, it does provide these graduates with the ability to progress in their careers at a faster rate. Most of these results are supported by Human Capital Theory.

The implications and contributions of these results, both to academia and the profession are then discussed in depth. Contributions to the profession include highlighting the potential longer term impact of a reduction in graduate recruitment on the career paths of domestic staff as well as on the succession planning of existing partners and the sustainability of the profession more generally. A potential hollowing out effect on the technical skills of domestic graduates as well as knowledge retention problems for accounting firms was also identified as an implication. These are caused by the changes in the nature of graduate training provided by offshoring accounting firms. The need for better communication and strategic collaboration between HR and the distinct service lines in resourcing and recruiting and staff development was recognized, after a dis-connect was identified in the results. For domestic graduates themselves, whilst it is more difficult to initially get employed and obtain the required grounding needed, there is the potential for faster career progression.

Several contributions to the academic literature of this thesis were also identified. These include the depth of analysis that this thesis was able to provide as well as highlighting that in terms of accounting education research, the contemporary nature of offshoring is an important contextual factor. This thesis also reconfirms the relevance and applicability of Human Capital Theory as a grounding theory in the accounting graduate employability literature.

There were also several important implications for universities discussed including for their structuring of their accounting degrees. Several opportunities for additional university revenue streams are identified as a consequence of the results given that the sustainability of the current levels of domestic accounting graduates being produced is also questioned.

A key contribution of this thesis is that offshoring within accounting firms is having a largely detrimental effect on the employability of domestic graduates. If left unchecked, this will lead to long term succession planning issues for the profession and significant loss of revenue for universities. Only genuine collaboration between academia and the profession will resolve this. The future of our domestic graduates depends on it.

Finally, some limitations of this thesis are acknowledged before suggestions for areas of potential future research were made.

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APPENDICES

APPENDIX 2.1: DEFINITIONS OF EMPLOYABILITY IN THE LITERATURE

DEFINITIONS OF EMPLOYABILITY IN THE LITERATURE
<ul style="list-style-type: none">• <i>“the ability to potentially obtain a job, future jobs and to contribute to the enterprise”;</i>• <i>“work readiness” (Nagarajan & Edwards, 2014, p. 16);</i>• <i>“Skills required not only to gain employment but also to progress within an enterprise so as to achieve one’s potential and contribute successfully to enterprise strategic directions” (Bunney et al., 2015, p. 257);</i>• <i>“the skills that are directly pertinent to obtaining and maintaining work” (Bridgstock, 2009, p. 36);</i>• <i>“students and graduates can discern, acquire, adapt and continually enhance the skills, understandings and personal attributes that make them more likely to find and create paid and unpaid work that benefits themselves, the workforce, the community and the economy” (Oliver, 2015, p. 59);</i>• <i>“skills required not only to get employment but also to progress within an enterprise so as to achieve one’s potential and contribute successfully to enterprise strategic enterprise”(Australian Core Skills Framework per (Cigar, 2017, p. 28)</i>• <i>“The skills that an employee can transfer from job to job” (Ahmed et al., 2017, p. p139).</i>

Appendix 2.1: Employability definitions in the literature

APPENDIX 2.2: CONTENT ANALYSIS OF THE TECHNOLOGY SKILLS LITERATURE

IT BROAD CATEGORY	SPECIFIC IT SKILL	ABBREVIATION ADOPTED
General Office	Word	GW
	PowerPoint	GP
	Spreadsheets	GS
	Internet Searches	GI
	Access	GA
	Email & Communication Software	GE
Data Management	Electronic Databases	DE
	Data Sharing & Groupware Tools	DD
Accounting Application	Accounting Software	AA
	Tax Software	AT
	Billing Software	AB
Advanced Automation	ERP System	AAE
	Electronic data interchange ("EDI")	AAEDI
	Decision support	AAD
Audit Automation	Electronic working papers including adobe	AUW
	Audit Software	AUS
	Test Data including Big Data	AUB
Systems Development	System Development Methodology	SM
	Flowcharting	SF
	Simulation Software	SS
	Programming Tools	SP
	Project Management Software	SPM
Network Operation	Operating Systems	NO
	Client & Server Technologies	NC
	Digital Technologies	ND
	Network Configurations	NN
Security Management	Anti-virus software	SecA
	Encryption software	SecE
	Firewalls	SecF
	User Authentication Systems	SecU
	Backup & Disaster Recovery	SecB
	Intrusion Detection Tools	SecI

Appendix 2.2a: Summary of IT classifications adopted in this thesis

JOURNAL	GENERAL OFFICE					
	GW	GP	GS	GI	GA	GE
P. Rai, Savanid et al., 2010	X	X	X	X	X	X
Amirul, R.Mail & Ripain		X	X			
Lashine & Mohamed, 2003	X	X		X		
Yu, Churyk & Chang, 2013			X			
Chang & Hwang, 2003						
Nwokike & Eya, 015	X	X	X	X		
O'Connell et al., 2015			X			
Rhodes, 2015						
Strong & Portz, 2015	X	X	X			
Rackliffe & Ragland, 2016			X			X
Sithole, 2015	X	X	X			
Hastings & Solomon, 2005			X		X	
JOURNAL	DATA MGT		ACCOUNTING APPLICATION			
	DE	DD	AA	AT	AB	
P. Rai, Savanid et al., 2010	X	X	X	X	X	
Amirul, R.Mail & Ripain	X	X	X	X	X	
Lashine & Mohamed, 2003	X					
Yu, Churyk & Chang, 2013						
Chang & Hwang, 2003	X		X			
Nwokike & Eya, 015	X	X	X			
O'Connell et al., 2015			X			
Rhodes, 2015						
Strong & Portz, 2015	X		X			
Rackliffe & Ragland, 2016						
Sithole, 2015	X		X			
Hastings & Solomon, 2005			X	X		
JOURNAL	ADVANCED AUTOMATION			AUDIT AUTOMATION		
	AAE	AAEDI	AAD	AUW	AUS	AUB
P. Rai, Savanid et al., 2010	X	X	X	X	X	X
Amirul, R.Mail & Ripain				X	X	X
Lashine & Mohamed, 2003				X		
Yu, Churyk & Chang, 2013						
Chang & Hwang, 2003						
Nwokike & Eya, 015		X		X		X
O'Connell et al., 2015						
Sledgianowski et al, 2017						X
McKinney et al, 2017						X
Rhodes, 2015						
Strong & Portz, 2015				X		
Rackliffe & Ragland, 2016						
Sithole, 2015						
Hastings & Solomon, 2005	X					

JOURNAL	SYSTEMS DEVELOPMENT					
	SM	SF	SS	SP	SPM	
P. Rai, Savanid et al., 2010	X	X	X	X	X	
Amirul, R.Mail & Ripain		X				
Lashine & Mohamed, 2003	X					
Yu, Churyk & Chang, 2013						
Chang & Hwang, 2003						
Nwokike & Eya, 015	X			X		
O'Connell et al., 2015						
Rhodes, 2015						
Strong & Portz, 2015						
Rackliffe & Ragland, 2016						
Sithole, 2015						
Hastings & Solomon, 2005				X		
JOURNAL	NETWORK OPERATION					
	NO	NC	ND	NN		
P. Rai, Savanid et al., 2010	X	X	X	X		
Amirul, R.Mail & Ripain	X		X			
Lashine & Mohamed, 2003	X		X			
Yu, Churyk & Chang, 2013						
Chang & Hwang, 2003						
Nwokike & Eya, 015	X	X	X	X		
O'Connell et al., 2015						
Rhodes, 2015						
Strong & Portz, 2015	X	X	X	X		
Rackliffe & Ragland, 2016						
Sithole, 2015						
Hastings & Solomon, 2005						
JOURNAL	SECURITY MANAGEMENT					
	SecA	SecE	SecF	SecU	SecB	SecI
P. Rai, Savanid et al., 2010	X	X	X	X	X	X
Lashine & Mohamed, 2003						
Yu, Churyk & Chang, 2013						
Chang & Hwang, 2003	X	X	X	X	X	X
Nwokike & Eya, 015		X			X	
O'Connell et al., 2015						
Rhodes, 2015						
Strong & Portz, 2015						
Rackliffe & Ragland, 2016						
Sithole, 2015						
Hastings & Solomon, 2005		X				

Appendix 2.2b: Content analysis of IT skills required in accountants

IT CATEGORY	IT SKILL	RANKING PER	RANKING PER	RANKING PER
		P. RAI SAVANID ET AL, 2010	NWOKIKE & EYA, 2015	AMIRUL, MIL & RIPAIN (2017)
General Office	GE	1	16	
General Office	GS	2	8	11
Security Management	SecA	3		
Security Management	SecB	4		
Network Operation	NO	5	1	
Security Management	SecF	6		
General Office	GI	7	4	
Acctg Application	AT	8		1
General Office	GW	9	5	
General Office	GP	9	14	10
Security Management	SecU	10		
Network Operation	NC	11	11	
Acctg Application	AA	12	2	2
Acctg Application	AB	13		1
Network Operation	NN	14	7	
Security Management	SecI	15		
Network Operation	ND	16		7
Data mgt	DD	17	13	5
Data mgt	DE	18	6	4
Audit Automation	AUW	19	9	8
Security Management	SecE	20		
Audit Automation	AUS	21		9
Adv. Automation	AAEDI	22	12	
Adv. Automation	AAE	23		
Adv. Automation	AAD	24		
Audit Automation	AUB	25		3
Systems Development	SF	26		6
Systems Development	SPM	27		
Systems Development	SS	28		
Systems Development	SM	29		
Systems Development	SP	30	3	
General Office	GA	n/a		

Note: Where there are two rankings provided for the same category, this means that there some studies break up these skills into sub skills.

Appendix 2.2c: Ranking of importance of different IT skills by various literature.

APPENDIX 2.3: DEFINITIONS OF GENERIC SKILLS FOUND IN THE LITERATURE

DEFINITIONS OF GENERIC SKILLS FOUND IN THE LITERATURE
<ul style="list-style-type: none">• <i>“Personal qualities, attributes, or the level of commitment of a person that set them apart from other individuals who have similar skills and experience” (Low et al., 2013, p. 4). or</i>• <i>“Persona attributes that enable someone to interact effectively and harmoniously with other people”(Low et al., 2013, p. 4) or</i>• <i>“Skills that are generic and so not subject domain specific” (Warwick & Howard, 2015, p. 167) or</i>• <i>“Intangible, nontechnical, personality-specific skills that determine one’s strengths as a leader, facilitator , mediation and negotiator” (Warwick & Howard, 2015, p. 167) or</i>• <i>“Cognitive and soft skills that graduates require to apply their disciplinary knowledge and skills in the workplace” (Jackson & Chapman, 2012, p. 95).</i>• <i>“Skills that are not subject specific but are desirable for employability purposes” (Webb & Chaffer, 2016, p. 350)</i>• <i>"Interpersonal, human, people or behavioural skills needed to apply technical skills and knowledge” (de Villiers, 2010, p. 2)</i>• <i>“Those skills required in any job which allow workers to be flexible and adaptable between workforces” (Gibbs et al., 2011, p. 373)</i>• <i>“An integral substrate of discipline knowledge and are the core of all scholarly knowledge and learning” (Barrie, 2006, p. 229)</i>

Appendix 2.3: Definitions of generic skills found in the literature

APPENDIX 2.4: GENERIC SKILLS CONTENT ANALYSIS JOURNALS AND MAPPING

JOURNAL ARTICLE	JOURNAL
Andrews & Higson, 2008	Higher Education in Europe
APESB, 2012	Report
Barac et al, 2016	Report
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998	Journal of Accounting Education
Bridgstock, 2009	Higher Education Research & Development
Briggeman & Norwood, 2011	Journal of Natural Resources & Life Sciences Education
Bui & Porter, 2010	Accounting Education: An International Journal
Bunnney & Therry, 2010	eCulture
Chia, 2015	Accounting Education: An International Journal
Crawford, 2016b	Acuity
Daff et al, 2012	Issues in Accounting Education
Dale-Jones, Hancock & Willey, 2013	Accounting Education: An International Journal
De Lange, 2015	AFAANZ
De Lang, Jackling, Gut, 2006	Accounting and Finance
de Villiers, 2010	Meditari Accountancy Research
Gill & Lashine, 2013	The International Journal of Education Management
Gray, 2010	Business Communication Quarterly
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009	Australian Accounting Review
Howieson et al, 2014	Journal of Accounting Education
Jackling & de Lange, 2009	Accounting Education: An International Journal
Jackson & Chapman, 2012	Education and Training
Jackson 2013b	Higher Education Research & Development
Jackson et al, 2013	Journal of Teaching and Learning for Graduate Employability
Jackson et al, 2014	Education and Training
Jackson, 2009	Journal of Management & Organisation
Jackson, 2014a	Higher Education
Jackson, 2014b	Assessment & Evaluation in Higher Education
Jackson, 2016	Studies in Higher Education
Jones & Abraham, 2007	The Quantitative Analysis of Teaching & Learning
Jones, 2010	Accounting Education: An International Journal
Jones, 2014	Accounting Education: An International Journal
Keneley & Jackling, 2011	Accounting Education: An International Journal
Lashine & Mohamed, 2003	Managerial Finance
Lightweis, 2014	Higher Education Studies
Low et al, 2013	e-Journal of Business Education & Scholarship of Teaching
Low et al, 2015	International journal of Learning, Teaching & Education
MA Khan, 2014	International Journal of Information and Education Technology
Malthus, 2015	AFAANZ
McKinney, Yoos & Snead, 2017	Journal of Accounting Education
McPhail, 2004	Critical Perspectives on Accounting
Moore & Morton, 2015	Studies in Higher Education
Nagarajan & Edwards, 2014	Journal of Teaching and Learning for Graduate Employability
Naidoo et al, 2012	AFAANZ
Naidoo, 2016	Asia-Pacific Management Accounting Journal
Nwokike & Eya, 2015	World Journal of Education
O'Connell et al, 2015	Report
Oliver et al, 2011	Journal of Teaching and Learning for Graduate Employability
Osmani et al, 2015	Tertiary Education & Management
Paguio & Jackling, 2016	Accounting Research Journal
Pan & Perera, 2012	Accounting Forum
Parry & Jackling, 2015	Accounting Education
Rajput & Bharti, 2015	International Journal of Humanities & Social Sciences
Riebe, Girardi & Whitsed, 2016	Teaching & Learning Forum
Riebe, Roepen & Santarelli, 2010	Education and Training
Robles, 2012	Business Communication Quarterly
Samkin & Stainbank, 2016	Meditari Accountancy Research
Schmutte, 1998	Journal of Accounting Education
Shamsuddin et al, 2015	South East Asia Journal of Contemporary Business Economics and Law
Sledgianowski, Goma & Tan, 2017	Journal of Accounting Education
Sithole, 2015	European Scientific Journal
Stoner & Milner, 2010	Accounting Education
Strong & Portz, 2015	Review of Business Information Systems
Tempone et al, 2012	Accounting Research Journal
Warwick & Howard, 2015	International Journal of Academic Research in Business and Social Sciences
Webb & Chaffer, 2016	Accounting Education
Yorke, 2006a	The Higher Education Academy
Yu, Churyk & Chang, 2013	Global Perspectives on Accounting Education
YuceI, Sarac & Cabuk, 2012	Business and Economics Business Journal

Appendix 2.4a: Summary of journals incorporated in the generic skills content analysis

EMPLOYABILITY SKILL	BEHAVIOR AS PER ORIGINAL ESF	ABBREVIATION	ALTERNATIVE TERMS INCLUDED
Working Effectively with others ("W")	Task collaboration	WTC	
	Team working	WTW	Interpersonal skills, Flexibility, Courtesy
	Social Intelligence	WSI	Emotional intelligence
	Cultural and diversity awareness	WCD	International perspective
	Influencing others	WI	Political Skills
Communication effectively ("C")	Conflict Resolution	WCR	
	Verbal Communication	CV	
	Giving & Receiving Feedback	CF	
	Public speaking	CPS	
	Meeting participation	CMP	
Self-awareness ("S")	Written communication	CW	
	Meta-cognition	SMC	
	Lifelong learning	Slife	
Thinking Critically ("TC")	Career management	Scareer	CV skills, Job Search Skills, Interview skills
	Conceptualisation	TCC	
Analysing data and using technology ("A")	Evaluation	TCE	
	Numeracy	Anum	Financial/non-financial integration
Problem solving ("PS")	Technology	Atech	
	Information Management	Ainfo	
	Reasoning	PSR	
Developing Initiative and enterprise ("I")	Analysing and diagnosing	PSA	
	Decision making	PSD	
	Entrepreneurship -intrapreneurship	II	Strategic Thinking
	Lateral thinking and creativity	Icreat	
Self-management ("SM")	Initiative	Iinit	
	Change Management	Ichange	
	Self-efficacy	SMSE	Positive Attitude, Self-confidence
	Stress tolerance	Smstress	
Social responsibility and accountability ("SR")	Work-life balance	SMBalance	
	Self-regulation	Smreg	
	Social responsibility	SRSR	
	Accountability	SRA	
Developing professionalism ("P")	Personal Ethics	SREthics	
	Organisational awareness	SROrg	Company culture
	Efficiency	Peff	Organisation
	Multitasking	Pmulti	
Others not included in original ESF	Autonomy	Paut	
	Time management	Ptime	
	Drive	Pdrive	
	Goal and task management	Ptask	
	n/a	Lead	Leadership
	n/a	Project	Project Management Skills
n/a	Comm	Commercial knowledge	
n/a	Health	Health & Safety	
n/a	Sales	Marketing & Selling	
n/a	Research	Research skills	
n/a	Functional	Functional skills (including variety of specific technical skills)	

Appendix 2.4b: Abbreviations and mapping of generic skill terms used

APPENDIX 2.5: GENERIC SKILLS CONTENT ANALYSIS

JOURNAL	WORKING EFFECTIVELY WITH OTHERS ("W")						
	OVERALL	WTC	WTW	WSI	WCD	WI	WCR
Andrews & Higson, 2008			X				
APESB, 2012			X				
Barac et al, 2016	X		X			X	X
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998							
Briggeman & Norwood, 2011			X				
Bui & Porter, 2010			X				
Bunnney & Therry, 2010			X				
Chia, 2015				X			
Crawford, 2016b			X				
Daff et al, 2012			X	X			
Dale-Jones, Hancock & Willey, 2013							
De Lange, 2015			X	X			
de Villiers, 2010			X				
Gill & Lashine, 2013					X		
Gray, 2010							
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009			X				
Howieson et al, 2014							
Jackling & de Lange, 2009			X				
Jackson & Chapman, 2012						X	X
Jackson 2013b			X				
Jackson et al, 2013			X				
Jackson et al, 2014		X			X	X	
Jackson, 2009			X				
Jackson, 2014a	X						
Jackson, 2014b							
Jackson, 2016			X				
Jones & Abraham, 2007			X			X	
Jones, 2010			X				
Jones, 2014			X				
Keneley & Jackling, 2011			X				
Lightweis, 2014							
Low et al, 2013			X				
Low et al, 2015			X	X			
MA Khan, 2014			X				
Malthus, 2015			X			X	
McPhail, 2004				X			
Moore & Morton, 2015							
Nagarajan & Edwards, 2014	X		X		X		
Naidoo et al, 2012			X				
Naidoo, 2016	X	X	X		X		X
Nwokike & Eya, 2015							
O'Connell et al, 2015			X				
Oliver et al, 2011			X	X	X		
Osmani et al, 2015			X	X	X	X	X
Paguio & Jackling, 2016			X				
Pan & Perera, 2012							
Parry & Jackling, 2015							
Rajput & Bharti, 2015			X				X
Riebe, Girardi & Whitsed, 2016			X				
Riebe, Roepen & Santarelli, 2010			X				
Robles, 2012			X				
Samkin & Stainbank, 2016				X			X
Schmutte, 1998							
Shamsuddin et al, 2015			X				
Sithole, 2015			X		X		
Stoner & Milner, 2010							
Tempone et al, 2012			X				
Warwick & Howard, 2015			X				
Webb & Chaffer, 2016							
Yorke, 2006a							
Yu, Churyk & Chang, 2013							
Yucel, Sarac & Cabuk, 2012			X				

JOURNAL	WORKING EFFECTIVELY WITH OTHERS ("W")						
	OVERALL	WTC	WTW	WSI	WCD	WI	WCR
Andrews & Higson, 2008			X				
APESB, 2012			X				
Barac et al, 2016	X		X			X	X
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998							
Briggeman & Norwood, 2011			X				
Bui & Porter, 2010			X				
Bunnney & Therry, 2010			X				
Chia, 2015				X			
Crawford, 2016b			X				
Daff et al, 2012			X	X			
Dale-Jones, Hancock & Willey, 2013							
De Lange, 2015			X	X			
de Villiers, 2010			X				
Gill & Lashine, 2013					X		
Gray, 2010							
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009			X				
Howieson et al, 2014							
Jackling & de Lange, 2009			X				
Jackson & Chapman, 2012						X	X
Jackson 2013b			X				
Jackson et al, 2013			X				
Jackson et al, 2014		X			X	X	
Jackson, 2009			X				
Jackson, 2014a	X						
Jackson, 2014b							
Jackson, 2016			X				
Jones & Abraham, 2007			X			X	
Jones, 2010			X				
Jones, 2014			X				
Keneley & Jackling, 2011			X				
Lightweis, 2014							
Low et al, 2013			X				
Low et al, 2015			X	X			
MA Khan, 2014			X				
Malthus, 2015			X			X	
McPhail, 2004				X			
Moore & Morton, 2015							
Nagarajan & Edwards, 2014	X		X		X		
Naidoo et al, 2012			X				
Naidoo, 2016	X	X	X		X		X
Nwokike & Eya, 2015							
O'Connell et al, 2015			X				
Oliver et al, 2011			X	X	X		
Osmani et al, 2015			X	X	X	X	X
Paguio & Jackling, 2016			X				
Pan & Perera, 2012							
Parry & Jackling, 2015							
Rajput & Bharti, 2015			X				X
Riebe, Girardi & Whitsed, 2016			X				
Riebe, Roepen & Santarelli, 2010			X				
Robles, 2012			X				
Samkin & Stainbank, 2016				X			X
Schmutte, 1998							
Shamsuddin et al, 2015			X				
Sithole, 2015			X		X		
Stoner & Milner, 2010							
Tempone et al, 2012			X				
Warwick & Howard, 2015			X				
Webb & Chaffer, 2016							
Yorke, 2006a							
Yu, Churyk & Chang, 2013							
Yucel, Sarac & Cabuk, 2012			X				

JOURNAL	SELF-AWARENESS ("S")			THINKING CRITICALLY ("TC")			
	OVERALL	SMC	SLIFE	SCAREER	OVERALL	TCC	TCE
Andrews & Higson, 2008							
APESB, 2012							
Barac et al, 2016			X		X		X
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998					X		
Bridgestock, 2009				X			
Briggeman & Norwood, 2011					X		
Bui & Porter, 2010			X				
Bunnney & Therry, 2010					X		
Chia, 2015							
Crawford, 2016b					X		
Daff et al, 2012							
Dale-Jones, Hancock & Willey, 2013							
De Lange, 2015				X	X		
de Villiers, 2010					X		
Gill & Lashine, 2013					X		
Gray, 2010							
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009							
Howieson et al, 2014					X		
Jackling & de Lange, 2009			X				
Jackson & Chapman, 2012		X					
Jackson 2013b							
Jackson et al, 2013					X		
Jackson et al, 2014							
Jackson, 2009			X		X		
Jackson, 2014a	X				X		
Jackson, 2014b							
Jackson, 2016					X		
Jones & Abraham, 2007	X		X		X		
Jones, 2010					X		
Jones, 2014					X		
Keneley & Jackling, 2011			X		X		
Lashine & Mohamed, 2003					X		
Lightweis, 2014					X		
Low et al, 2013			X		X		
Low et al, 2015							
MA Khan, 2014			X		X		
Malthus, 2015							
McKinney et al, 2017					X	X	X
McPhail, 2004							
Moore & Morton, 2015							
Nagarajan & Edwards, 2014							
Naidoo et al, 2012			X		X		
Naidoo, 2016							
Nwokike & Eya, 2015					X		
O'Connell et al, 2015							
Oliver et al, 2011			X		X		
Osmani et al, 2015		X	X	X	X		X
Paguio & Jackling, 2016							
Pan & Perera, 2012			X				
Parry & Jackling, 2015							
Rajput & Bharti, 2015							
Riebe, Girardi & Whitsed, 2016							
Riebe, Roepen & Santarelli, 2010							
Robles, 2012							
Samkin & Stainbank, 2016							
Schmutte, 1998							
Shamsuddin et al, 2015							
Sledgianowski et al, 2017					X	X	X
Sithole, 2015					X		
Stoner & Milner, 2010			X				
Tempone et al, 2012							
Warwick & Howard, 2015			X	X	X		
Webb & Chaffer, 2016							
Yorke, 2006a			X				
Yu, Churyk & Chang, 2013			X				
Yucel, Sarac & Cabuk, 2012							

JOURNAL	DEVELOPING INITIATIVE AND ENTERPRISE ("I")				
	OVERALL	III	ICREAT	IINIT	ICHANGE
Andrews & Higson, 2008					
APESB, 2012					
Barac et al, 2016			X		X
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998					
Briggeman & Norwood, 2011					
Bui & Porter, 2010					
Bunnney & Therry, 2010			X		
Chia, 2015					
Crawford, 2016b					
Daff et al, 2012					
Dale-Jones, Hancock & Willey, 2013					
De Lange, 2015					
de Villiers, 2010					
Gill & Lashine, 2013					
Gray, 2010					
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009					
Howieson et al, 2014					
Jackling & de Lange, 2009					
Jackson & Chapman, 2012					
Jackson 2013b					
Jackson et al, 2013					
Jackson et al, 2014					
Jackson, 2009					
Jackson, 2014a	X				
Jackson, 2014b					
Jackson, 2016					
Jones & Abraham, 2007					
Jones, 2010					
Jones, 2014					
Keneley & Jackling, 2011					
Lashine & Mohamed, 2003					
Lightweis, 2014					
Low et al, 2013			X		
Low et al, 2015			X		
MA Khan, 2014			X		
Malthus, 2015					
McPhail, 2004					
Moore & Morton, 2015					
Nagarajan & Edwards, 2014					
Naidoo et al, 2012					
Naidoo, 2016					
Nwokike & Eya, 2015		X	X		
O'Connell et al, 2015					
Oliver et al, 2011					
Osmani et al, 2015	X		X		
Paguio & Jackling, 2016					
Pan & Perera, 2012					
Parry & Jackling, 2015					
Rajput & Bharti, 2015					
Riebe, Girardi & Whitsed, 2016					
Riebe, Roepen & Santarelli, 2010					
Robles, 2012					
Samkin & Stainbank, 2016					
Schmutte, 1998			X		
Shamsuddin et al, 2015					
Sithole, 2015		X			
Stoner & Milner, 2010					
Tempone et al, 2012					
Warwick & Howard, 2015		X			X
Webb & Chaffer, 2016					
Yorke, 2006a					
Yu, Churyk & Chang, 2013					
Yucel, Sarac & Cabuk, 2012					

JOURNAL	DEVELOPING INITIATIVE AND ENTERPRISE ("I")				
	OVERALL	III	ICREAT	IINIT	ICHANGE
Andrews & Higson, 2008					
APESB, 2012					
Barac et al, 2016			X		X
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998					
Briggeman & Norwood, 2011					
Bui & Porter, 2010					
Bunnney & Therry, 2010			X		
Chia, 2015					
Crawford, 2016b					
Daff et al, 2012					
Dale-Jones, Hancock & Willey, 2013					
De Lange, 2015					
de Villiers, 2010					
Gill & Lashine, 2013					
Gray, 2010					
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009					
Howieson et al, 2014					
Jackling & de Lange, 2009					
Jackson & Chapman, 2012					
Jackson 2013b					
Jackson et al, 2013					
Jackson et al, 2014					
Jackson, 2009					
Jackson, 2014a	X				
Jackson, 2014b					
Jackson, 2016					
Jones & Abraham, 2007					
Jones, 2010					
Jones, 2014					
Keneley & Jackling, 2011					
Lashine & Mohamed, 2003					
Lightweis, 2014					
Low et al, 2013			X		
Low et al, 2015			X		
MA Khan, 2014			X		
Malthus, 2015					
McPhail, 2004					
Moore & Morton, 2015					
Nagarajan & Edwards, 2014					
Naidoo et al, 2012					
Naidoo, 2016					
Nwokike & Eya, 2015		X	X		
O'Connell et al, 2015					
Oliver et al, 2011					
Osmani et al, 2015	X		X		
Paguio & Jackling, 2016					
Pan & Perera, 2012					
Parry & Jackling, 2015					
Rajput & Bharti, 2015					
Riebe, Girardi & Whitsed, 2016					
Riebe, Roepen & Santarelli, 2010					
Robles, 2012					
Samkin & Stainbank, 2016					
Schmutte, 1998			X		
Shamsuddin et al, 2015					
Sithole, 2015		X			
Stoner & Milner, 2010					
Tempone et al, 2012					
Warwick & Howard, 2015		X			X
Webb & Chaffer, 2016					
Yorke, 2006a					
Yu, Churyk & Chang, 2013					
Yucel, Sarac & Cabuk, 2012					

JOURNAL	SOCIAL RESPONSIBILITY AND ACCOUNTABILITY ("SR")				
	OVERALL	SRSR	SRA	SRETHICS	SRORG
Andrews & Higson, 2008					
APESB, 2012			X		
Barac et al, 2016					
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998					
Briggeman & Norwood, 2011			X	X	
Bui & Porter, 2010					
Bunnney & Therry, 2010					
Chia, 2015					
Crawford, 2016b				X	
Daff et al, 2012					
Dale-Jones, Hancock & Willey, 2013					
De Lange, 2015					X
de Villiers, 2010					
Gill & Lashine, 2013				X	
Gray, 2010					
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009					
Howieson et al, 2014					
Jackling & de Lange, 2009				X	
Jackson & Chapman, 2012					
Jackson 2013b					
Jackson et al, 2013					
Jackson et al, 2014					
Jackson, 2009				X	
Jackson, 2014a	X				
Jackson, 2014b					
Jackson, 2016					
Jones & Abraham, 2007				X	
Jones, 2010					
Jones, 2014					
Keneley & Jackling, 2011					
Lashine & Mohamed, 2003					
Lightweis, 2014					
Low et al, 2013					
Low et al, 2015					X
MA Khan, 2014				X	
Malthus, 2015					
McPhail, 2004					
Moore & Morton, 2015					
Nagarajan & Edwards, 2014					
Naidoo et al, 2012				X	
Naidoo, 2016			X		
Nwokike & Eya, 2015					
O'Connell et al, 2015					
Oliver et al, 2011	X		X	X	
Osmani et al, 2015	X			X	
Paguio & Jackling, 2016					
Pan & Perera, 2012					
Parry & Jackling, 2015					
Rajput & Bharti, 2015					
Riebe, Girardi & Whitsed, 2016					X
Riebe, Roepen & Santarelli, 2010					
Robles, 2012			X	X	
Samkin & Stainbank, 2016					
Schmutte, 1998					
Shamsuddin et al, 2015					
Sithole, 2015				X	
Stoner & Milner, 2010					
Tempone et al, 2012					
Warwick & Howard, 2015			X	X	X
Webb & Chaffer, 2016				X	
Yorke, 2006a					
Yu, Churyk & Chang, 2013					
Yucel, Sarac & Cabuk, 2012					

JOURNAL	DEVELOPING PROFESSIONALISM ("P")						
	OVERALL	PEFF	PMULTI	PAUT	PTIME	PDRIVE	PTASK
Andrews & Higson, 2008							
APESB, 2012							
Barac et al, 2016	X				X		
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998							
Briggeman & Norwood, 2011							
Bui & Porter, 2010							
Bunnney & Therry, 2010							
Chia, 2015							
Crawford, 2016b							
Daff et al, 2012							
Dale-Jones, Hancock & Willey, 2013							
De Lange, 2015					X		
de Villiers, 2010							
Gill & Lashine, 2013							
Gray, 2010							
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009							
Howieson et al, 2014							
Jackling & de Lange, 2009		X					
Jackson & Chapman, 2012							
Jackson 2013b							
Jackson et al, 2013							
Jackson et al, 2014							
Jackson, 2009							
Jackson, 2014a	X						
Jackson, 2014b							
Jackson, 2016							
Jones & Abraham, 2007		X			X		
Jones, 2010							
Jones, 2014							
Keneley & Jackling, 2011							
Lashine & Mohamed, 2003							
Lightweis, 2014							
Low et al, 2013					X		
Low et al, 2015							
MA Khan, 2014							
Malthus, 2015							
McPhail, 2004							
Moore & Morton, 2015							
Nagarajan & Edwards, 2014					X		
Naidoo et al, 2012							
Naidoo, 2016					X		
Nwokike & Eya, 2015							
O'Connell et al, 2015	X						
Oliver et al, 2011							
Osmani et al, 2015	X	X			X		
Paguio & Jackling, 2016							
Pan & Perera, 2012					X		
Parry & Jackling, 2015	X						
Rajput & Bharti, 2015							
Riebe, Girardi & Whitsed, 2016							
Riebe, Roepen & Santarelli, 2010							
Robles, 2012	X						
Samkin & Stainbank, 2016							
Schmutte, 1998		X					
Shamsuddin et al, 2015							
Sithole, 2015	X						
Stoner & Milner, 2010					X		
Tempone et al, 2012							
Warwick & Howard, 2015	X	X			X		
Webb & Chaffer, 2016							
Yorke, 2006a							
Yu, Churyk & Chang, 2013							
Yucel, Sarac & Cabuk, 2012					X		

JOURNAL	SELF-MANAGEMENT ("SM")				
	OVERALL	SMSE	SMSTRESS	SMBALANCE	SMREG
Andrews & Higson, 2008					
APESB, 2012					
Barac et al, 2016	X				
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998					
Briggeman & Norwood, 2011					
Bui & Porter, 2010		X			
Bunnney & Therry, 2010					
Chia, 2015					
Crawford, 2016b					
Daff et al, 2012					
Dale-Jones, Hancock & Willey, 2013					
De Lange, 2015		X			
de Villiers, 2010	x				
Gill & Lashine, 2013	X	X			
Gray, 2010					
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009	X				
Howieson et al, 2014					
Jackling & de Lange, 2009					
Jackson & Chapman, 2012					
Jackson 2013b					
Jackson et al, 2013					
Jackson et al, 2014					
Jackson, 2009					
Jackson, 2014a	X				
Jackson, 2014b					
Jackson, 2016	X				
Jones & Abraham, 2007	X	X			
Jones, 2010					
Jones, 2014	X				
Keneley & Jackling, 2011					
Lashine & Mohamed, 2003					
Lightweis, 2014					
Low et al, 2013					
Low et al, 2015					
MA Khan, 2014					
Malthus, 2015					
McPhail, 2004					
Moore & Morton, 2015					
Nagarajan & Edwards, 2014	X				
Naidoo et al, 2012					
Naidoo, 2016					
Nwokike & Eya, 2015					
O'Connell et al, 2015					
Oliver et al, 2011		X			
Osmani et al, 2015	X	X			
Paguio & Jackling, 2016					
Pan & Perera, 2012					
Parry & Jackling, 2015					
Rajput & Bharti, 2015					
Riebe, Girardi & Whitsed, 2016					
Riebe, Roepen & Santarelli, 2010					
Robles, 2012		X			
Samkin & Stainbank, 2016					
Schmutte, 1998					
Shamsuddin et al, 2015					
Sithole, 2015	X				
Stoner & Milner, 2010					
Tempone et al, 2012	X				
Warwick & Howard, 2015	X	X			
Webb & Chaffer, 2016					
Yorke, 2006a					
Yu, Churyk & Chang, 2013					
Yucel, Sarac & Cabuk, 2012					

JOURNAL	OTHERS						
	LEAD	PROJECT	COMM	HEALTH	SALES	RESEARCH	FUNCTIONAL
Andrews & Higson, 2008			X				
APESB, 2012							
Barac et al, 2016	X	X	X		X	X	
Baril, Cunningham, Fordham, Gardner & Wolcott, 1998							
Briggeman & Norwood, 2011							
Bui & Porter, 2010						X	
Bunney & Therry, 2010						X	
Chia, 2015							
Crawford, 2016b							
Daff et al, 2012							
Dale-Jones, Hancock & Willey, 2013							
De Lange, 2015	X						X
de Villiers, 2010	X						
Gill & Lashine, 2013		X					
Gray, 2010							
Hancock, Howieson, Kavanagh, Kent, Tempone & Segal, 2009							
Howieson et al, 2014	X						
Jackling & de Lange, 2009	X						X
Jackson & Chapman, 2012							
Jackson 2013b							
Jackson et al, 2013							
Jackson et al, 2014							
Jackson, 2009							
Jackson, 2014a							
Jackson, 2014b							
Jackson, 2016							
Jones & Abraham, 2007	X						
Jones, 2010			X				
Jones, 2014			X				
Keneley & Jackling, 2011							X
Lashine & Mohamed, 2003							
Lightweis, 2014							
Low et al, 2013	X						
Low et al, 2015	X						
MA Khan, 2014		X					
Malthus, 2015	X						
McPhail, 2004							
Moore & Morton, 2015							
Nagarajan & Edwards, 2014		X					
Naidoo et al, 2012						X	X
Naidoo, 2016	X						
Nwokike & Eya, 2015	X						
O'Connell et al, 2015	X						
Oliver et al, 2011			X				X
Osmani et al, 2015	X	X			X	X	X
Paguio & Jackling, 2016							
Pan & Perera, 2012							
Parry & Jackling, 2015							
Rajput & Bharti, 2015	X						
Riebe, Girardi & Whitsed, 2016							
Riebe, Roepen & Santarelli, 2010							
Robles, 2012							
Samkin & Stainbank, 2016							
Schmutte, 1998			X				
Shamsuddin et al, 2015	X	X					X
Sithole, 2015	X		X		X	X	X
Stoner & Milner, 2010							
Tempone et al, 2012							
Warwick & Howard, 2015			X	X		X	X
Webb & Chaffer, 2016			X				
Yorke, 2006a							
Yu, Churyk & Chang, 2013							
Yucel, Sarac & Cabuk, 2012							

Appendix 2.5: Generic skills literature review content analysis

APPENDIX 2.6: DELPHI COMPARISON OF GENERIC SKILL RANKING BY VARIOUS STUDIES

EMPLOYABILITY SKILL	BEHAVIOUR	EMPLOYER RANKINGS							
		Study A	Study B	Study C	Study E	Study G	Study H	Study I	Study J
Working Effectively with others ("W")	Overall								
	Task collaboration								
	Team working	5, 8,9,3	5,6	3		1	8	2	1,7,8
	Social Intelligence						7	10	
	Cultural and diversity awareness				18			11	
	Influencing others								
Communication effectively ("C")	Overall	2	1	1			1		3
	Verbal Communication		2, 10		7	1		1	
	Giving & Receiving Feedback								
	Public speaking		10						
	Meeting participation								
	Written communication		9		2	5		4	
Self-awareness ("S")	Overall								4
	Meta-cognition								
	Lifelong learning		14					6	4
	Career management		24, 25, 26,20				6		
Thinking Critically ("TC")	Overall		3	5		4	3	4	2
	Conceptualisation								
	Evaluation								
Analysing data and using technology ("A")	Overall							5	
	Numeracy		17						
	Technology		14		1,3				
	Information Management								
Problem solving ("PS")	Overall		4		10			8	
	Reasoning								
	Analysing and diagnosing								
	Decision making								
Developing Initiative and enterprise ("I")	Overall								
	Entrepreneurship -intrapreneurship		14		10				
	Lateral thinking and creativity								
	Initiative								
	Change Management		20						
Self-management ("SM")	Overall		7						3
	Self-efficacy	6					2		
	Stress tolerance								
	Work-life balance								
	Self-regulation								
Social responsibility and accountability ("SR")	Overall							12	
	Social responsibility								
	Accountability	4, 10		4					
	Personal Ethics	1		2	13	3		4	4
	Organisational awareness		22				5		
Developing professionalism ("P")	Overall	7			5				
	Efficiency		18						4
	Multitasking								
	Autonomy								
	Time management		13				9		2
	Drive								
	Goal and task management								
Others not included in original ESF	Leadership				16		10		6
	Project Management Skills								
	Commercial knowledge		12		15, 19			9	
	Health & Safety		27						
	Marketing & Selling				20				
	Research skills		23		17				
	Functional skills (including variety of specific technical skills)		19		3, 4, 6,8,9,12,1		4	7	

EMPLOYABILITY SKILL	BEHAVIOUR	EDUCATOR RANKINGS			GRADUATE RANKINGS			
		Study B	Study I	Study J	Study D	Study F	Study I	Study J
Working Effectively With Others ("W")	Overall				1			
	Task collaboration							
	Team working	5,6	3	2,10			3	3,5
	Social Intelligence		9				9	
	Cultural and diversity awareness		7				8	
	Influencing others							9
Communication Effectively ("C")	Overall	1		1	2			5
	Verbal Communication	2,10	1				4	
	Giving & Receiving Feedback							
	Public speaking	10						
	Meeting participation							
	Written communication	9	2				4	
Self-Awareness ("S")	Overall			10	8			4
	Meta-cognition							
	Lifelong learning	14	5	6		4	6	6
	Career management							
Thinking Critically ("TC")	Overall	3	3	4	5	2	1	4
	Conceptualisation							
	Evaluation							
Analysing Data and Using Technology ("A")	Overall		4		9		4	
	Numeracy	17						
	Technology	14	4				2	
	Information Management							
Problem Solving ("PS")	Overall	4	6		3	3	3	
	Reasoning							
	Analysing and diagnosing							
	Decision making							
Developing Initiative and Enterprise ("I")	Overall				10			
	Entrepreneurship -intrapreneurship	14						
	Lateral thinking and creativity							
	Initiative							
	Change Management	24, 25,26,20						
Self-Management ("SM")	Overall	7		8	4			4
	Self-efficacy			3				3
	Stress tolerance							
	Work-life balance							
	Self-regulation							
Social Responsibility and Accountability ("SR")	Overall		10		7		10	
	Social responsibility							
	Accountability							
	Personal Ethics		6	4			5	2
Developing Professionalism ("P")	Organisational awareness		22					
	Overall				6			
	Efficiency	18		6				1
	Multitasking							
	Autonomy							
	Time management	13		3				4
	Drive							
Goal and task management								
Others Not Included In Original ESF	Leadership							9
	Project Management Skills							
	Commercial knowledge	12	8				7	
	Health & Safety	27						
	Marketing & Selling							
	Research skills	23						
Functional skills (including variety of specific technical skills)	19	5			1	3		

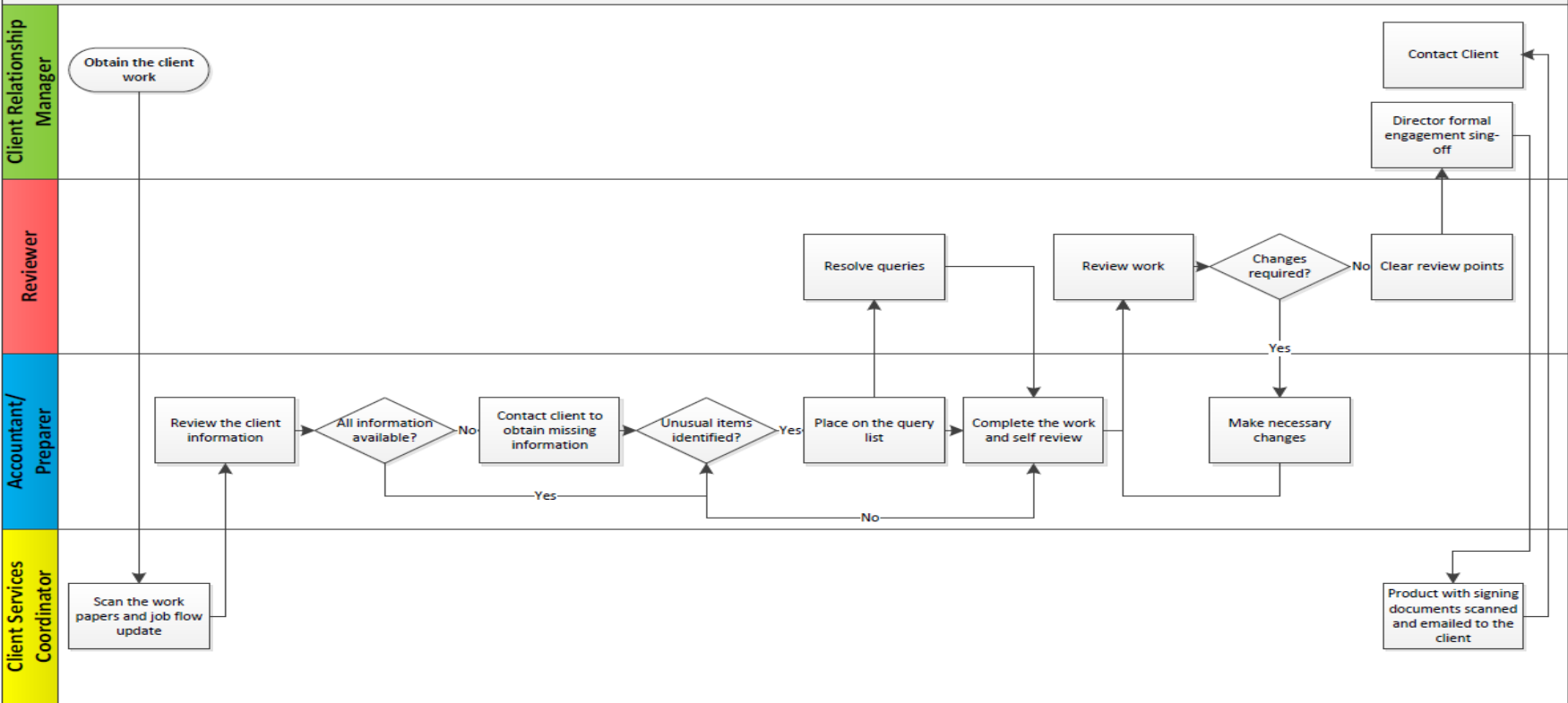
Appendix 2.6 – Delphi comparison of generic skill ranking by various studies

APPENDIX 2.7: RANKING OF PERCEIVED ACTUAL PERFORMANCE

EMPLOYABILITY SKILL	BEHAVIOUR	EMPLOYER	EDUCATOR	GRADUATE	REFERENCES
Working Effectively With Others ("W")	Overall				
	Task collaboration				
	Team working	Low, Medium, High	Medium	Low, Medium, High	Jackson et al, 2014; Naidoo et al, 2012; Oliver et al, 2011; Keneley & Jackling, 2011; Jackson, 2009; Low et al, 2015; Malthus, 2015; Riebe et al, 2016
	Social intelligence	Low, Medium	Low	Low, Medium	Jackson et al, 2014; Oliver et al, 2011
	Cultural and diversity awareness	Low, Medium	Medium	Medium	Jackson et al, 2014; Oliver et al, 2011; Sithole, 2015
	Influencing others	Low		Medium	Jackson & Chapman, 2012; Jackson et al, 2014
Communication Effectively ("C")	Conflict resolution	Low		Medium	Jackson, 2013; Jackson & Chapman, 2012
	Overall	Low, Medium			Low et al, 2015; Oliver et al, 2011
	Verbal Communication	Low, Medium, High	Medium, High	Medium	Jackson, 2009; Jackson & Chapman, 2012; Low et al, 2015; Naidoo et al, 2012; Oliver et al, 2011; Shamsuddin et al, 2015; Sithole, 2015
	Giving & Receiving Feedback	Medium	Medium		Jackson & Chapman, 2012
	Public speaking	Low			Jackson & Chapman, 2012
	Meeting participation				
Self-Awareness ("S")	Written communication	Low, Medium	Low	High	Jackson, 2009; Oliver et al, 2011; Shamsuddin et al, 2015; Sithole, 2015
	Overall				
	Meta-cognition	Low			Jackson, 2013; Jackson & Chapman, 2012
	Lifelong learning	Medium	Medium	High	Oliver et al, 2011
Thinking Critically ("TC")	Career management				
	Overall	Low	Low	Medium, High	Jackson & Chapman, 2012; Keneley & Jacklin, 2011; Jackson, 2013; Malthus, 2015; Naidoo et al, 2012; Oliver et al, 2011
	Conceptualisation				
Analysing Data and Using Technology ("A")	Evaluation				
	Overall	Low	Medium	High	Oliver et al, 2011; Shamsuddin et al, 2015
	Numeracy				
	Technology	Medium, High	High	High	Jackson & Chapman, 2012; Naidoo et al, 2012; Olive et al, 2011; Sithole, 2015
Problem Solving ("PS")	Information Management				
	Overall	Low, Medium, High	Low, High	Low, High	Jackson & Chapman, 2012; Jackson, 2009; Keneley & Jacklin, 2011; Olive et al, 2011; Sithole, 2015
	Reasoning				
	Analysing and diagnosing				
Developing Initiative and Enterprise ("I")	Decision making	Low	Medium		Jackson, 2013; Jackson & Chapman, 2012
	Overall				
	Entrepreneurship -intrapreneurship	Medium			Sithole, 2015
	Lateral thinking and creativity	Low			Jackson & Chapman, 2012; Shamsuddin et al, 2015
	Initiative				
Self-Management ("SM")	Change Management				
	Overall				
	Self-efficacy				
	Stress tolerance				
	Work-life balance				
Social Responsibility and Accountability ("SR")	Self-regulation				
	Overall	Low, Medium	Low	Low	Oliver et al, 2011
	Social responsibility				
	Accountability				
Developing Professionalism ("P")	Personal Ethics	Medium	Medium	Medium	O'Connell et al, 2015; Oliver et al, 2011; Sithole, 2015
	Organisational awareness				
	Overall	High			Sithole, 2015
	Efficiency				
	Multitasking				
	Autonomy				
	Time management				
Drive					
Others Not Included In Original ESF	Goal and task management				
	Leadership	Low, High			Jackson, 2013; Shamsuddin et al, 2015; Sithole, 2015
	Project Management Skills				
	Commercial knowledge	Low	Low	Medium	Jackson & Chapman, 2012; Oliver et al, 2011; Sithole, 2015
	Health & Safety				
	Marketing & Selling	Medium			Sithole, 2015
Research skills	High			Shamsuddin et al, 2015; Sithole, 2015	
Functional skills (including variety of technical s	Medium, High	Low	Low	Low	Oliver et al, 2011; Sithole, 2015

Appendix 2.7: Summary of perceived actual performance of specific employability skills by different stakeholders

APPENDIX 3.1: TYPICAL WORKFLOW PROCESS FOR A TAX AND ACCOUNTING COMPLIANCE JOB



Appendix 3.1: A typical workflow process for a tax and accounting compliance job

APPENDIX 3.2: COMMON OFFSHORING RELATED DEFINITIONS IN THE LITERATURE

DEFINITIONS OF OUTSOURCING
<ul style="list-style-type: none">• <i>“The acquisition of products or services from a third party”</i> (Zhong & Myers, 2016, p. 3).• <i>“Subcontracting the strategic use of company’s resources outside the company to perform tasks that are usually handled internally”</i> (Maelah, Aman, Amirruddin, et al., 2010, p. 60)• <i>“The transfer of the conduct of processes to another service provider other than the member in public practice engaged by the client”</i> (Australian Professional and Ethical Standards Board, 2015, p. 2)• <i>“The use of external agents to perform one or more organisational activities”</i> (Dibbern et al., 2004, p. 9).• <i>“The transfer of activities and processes previously conducted internally to an external party”</i> (Eriksson & Hatonen, 2009, p. 142).• <i>“Contracting with a party over which control is not fully exercised to have that party perform a business activity which if not delivered would materially impact upon the quality, timeliness or scale of service delivered by a member”</i> (Australian Professional and Ethical Standards Board, 2012, p. 4)• <i>“The contractual delegation to an outside supplier (vendor) of a service or an activity that is normally, but not always performed in-house”</i> (Nicholson et al., 2006, p. 239).• <i>“The management and/or daily execution of a business function by a third-party provider”</i> (Terjesen, 2010)• <i>“The contracting of any service or activity to a third party”</i> (Sofiah et al., 2013).• <i>“The contractual delegation to an outside supplier (vendor) of a service or an activity that is normally, but not always, performed in-house”</i> (Nicholson et al., 2006).• <i>“An agreement entered into with another party to perform, on an ongoing basis, a business activity which is currently undertaken by the first party where the party remains responsible for all legal requirements relating to that activity”</i> (Australian Professional and Ethical Standards Board, 2012).• <i>“An activity where one organisation, called Vendor/supplier, delivers services to another organisation (customer/client) at a pre-determined price and according to agreed-upon quality criteria and a certain time schedule”</i> (Siakas & Siakas, 2015, p. 207).

Appendix 3.2a: Different definitions of outsourcing in the literature

DEFINITIONS OF OFFSHORING

- *“A strategic tool used by organisations to reconfigure their activities across geographic locations”* (Chartered Accountants Australia & New Zealand, 2015, p. 3)
- *“Where functions are typically performed by a foreign division or subsidiary of the parent company”* (Pai & Basu, 2007, p. 22).
- *“The internal and external sourcing of tasks and services from a location outside the home country in support of domestic and global operations”* (Larsen et al., 2013, p. 535).
- *“The process of locating activities and tasks (originally co-located in case they existed) across national borders and thus outside of the geographic jurisdiction of the company’s headquarters”* (Villa Sanchez, 2016, p. 1)
- *“The international relocation of service activities that companies previously performed in their home country”* (Pisani & Ricart, 2015, p. 1).
- *“The practice of outsourcing business activities to a service provider outside Australia and accordingly, a subset of the definition of “outsourcing”* (Australian Professional and Ethical Standards Board, 2012, p. 4)
- *“Where activities are performed in a foreign jurisdiction”* (Carter & Axelson, 2016, p. 4)
- *“The assignment of business activities to locations outside a firm’s national borders in order to support existing business operations”* (Mihalache & Mihalache, 2015, p. 7).
- *“The procurement of services by accounting firms outside of Australia through electronic media”* (Bandyopadhyaya & Hall, 2008, p. 411)
- *“The relocation abroad of intermediate stages of the value chain but whose ultimate aim remains servicing domestic customers”* (Ottaviano, 2015, p. 2).
- *“Outsourcing to areas that are geographically remote to the business”* (Terjesen, 2010)

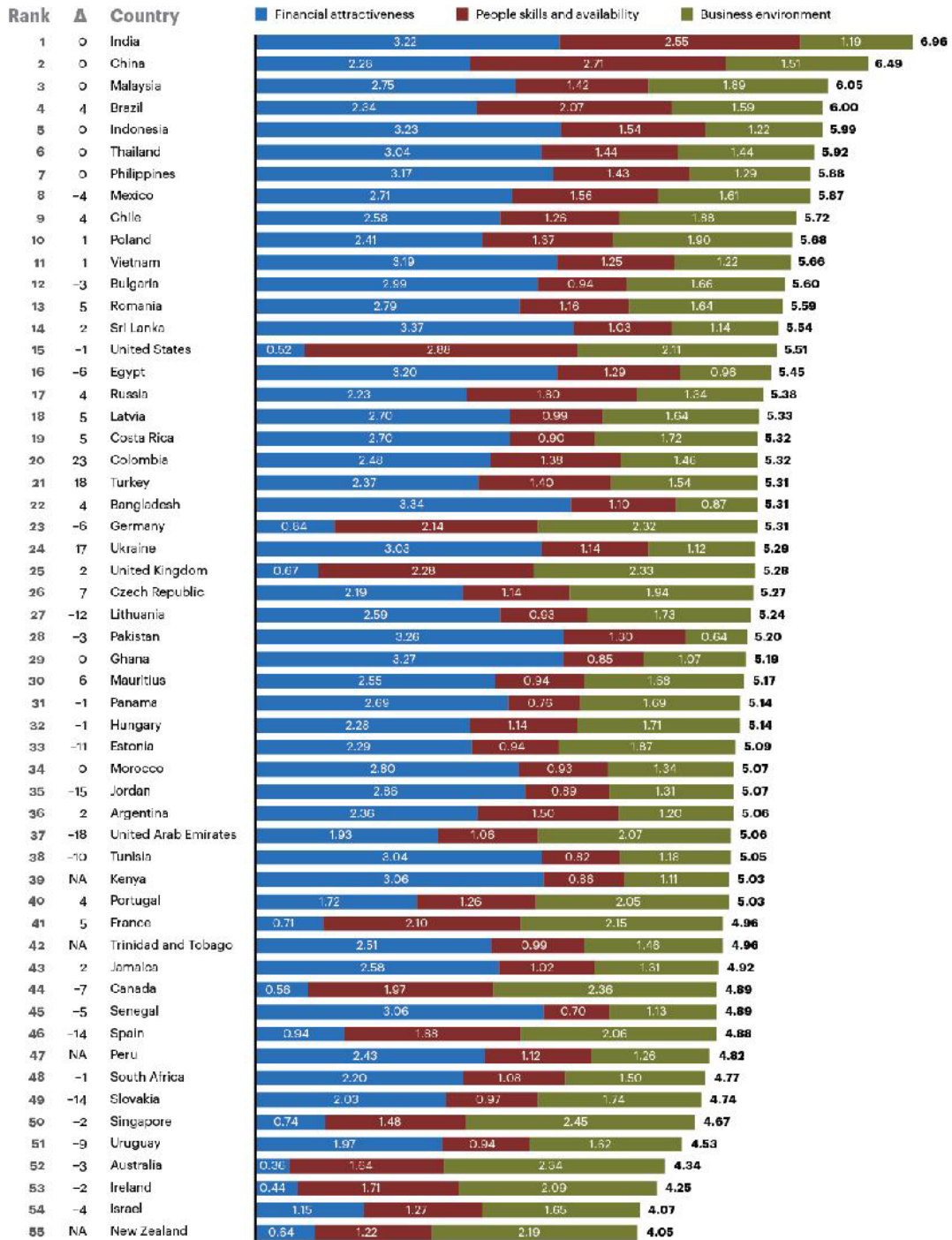
Appendix 3.2b: Different definitions of offshoring in the literature

DEFINITIONS OF BUSINESS PROCESS OUTSOURCING (“BPO”)
<ul style="list-style-type: none"> • <i>“A strategic decision process which occurs when an organisation turns over the management and optimisation of a business process to a third party that conducts the activity based on a set of predetermined performance metrics” (Pai & Basu, 2007, p. 22).</i> • <i>“Contracting with one or more BPO service-providers (vendors) for the provision of execution of business process operations as per the client organisations’ requirements” (Bharadwaj & Saxena, 2009, p. 994).</i> • <i>“The delegation of a business process to an external service provider who owns, administers and ,manages it according to a defined set of metrics” (Maelah, Aman, Hamzah, et al., 2010, p. 228)</i> • <i>“Involves outsourcing processes that are not core to a company, however, are essential for the smooth operation of the company” (IOFM, 2014, p. 1).</i> • <i>“The outsourcing of any knowledge-intensive business process” (Penter et al., 2009b, p. 204).</i> • <i>“The process of handing over a part or all of a client’s business processes to a specialist third party who may be located either within or outside of the client’s border” (Lahiri & Kedia, 2009).</i>

Appendix 3.2c: Different definitions of BPO in the literature

APPENDIX 3.3: COMMON OFFSHORING LOCATIONS

2016 A.T. Kearney Global Services Location Index™



Appendix 3.3: Global services location index 2016 (Kearney, 2016)

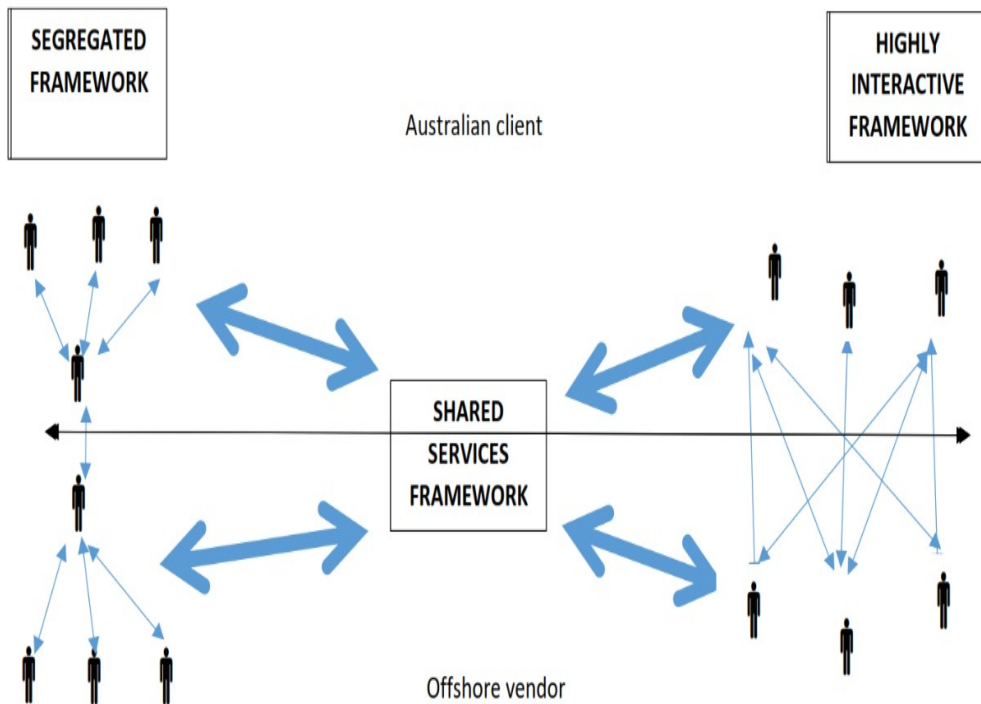
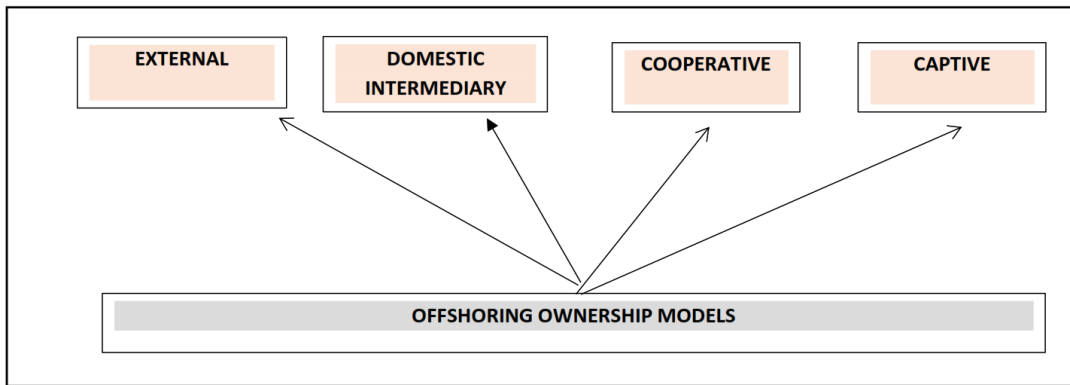
APPENDIX 3.4: WHAT ACCOUNTING FIRMS OFFSHORE?

DIVISION	OFFSHORED ACTIVITIES/TASKS
Audit	<ul style="list-style-type: none"> • Audit work generally (King, 2016a; Maelah, Aman, Amirruddin, et al., 2010; Sofiah et al., 2013) • Audit procedures requiring little judgement eg tracing invoices • Performance of analytical procedures (Smith, 2012; Daugherty & Dickins, 2009; Daugherty et al., 2012) • Audit administrative functions (King, 2016a) • Sending confirmations (Daugherty et al., 2012) • Documenting internal controls • Performing analytical review procedures • Cross adding general purpose financial reports
Tax	<ul style="list-style-type: none"> • Tax work generally (Australian Professional and Ethical Standards Board, 2012; King, 2016a; Maelah, Aman, Amirruddin, et al., 2010; Nicholson & Aman, 2008; Nixon, 2017; Sofiah et al., 2013; Tate & Ellram, 2009) • Tax returns (Bahrami, 2009; Bandyopadhyaya & Hall, 2008; Chaplin, 2013; Daugherty et al., 2012; Nixon, 2017; Terjesen, 2010) • Division 7A calculations • Tax strategy (Maelah, Aman, Hamzah, et al., 2010) • Some specialist tax work including transfer pricing and thin capitalisation calculations and benchmarking research • Fringe Benefits Tax returns • Initial part of tax research
Bookkeeping	<ul style="list-style-type: none"> • Bookkeeping (Australian Professional and Ethical Standards Board, 2012; Carter & Axelson, 2016; Maelah, Aman, Amirruddin, et al., 2010; Maelah, Aman, Hamzah, et al., 2010; Nicholson & Aman, 2008; Nixon, 2017; Sofiah et al., 2013; Terjesen, 2010) • Accounts payable (Maelah, Aman, Amirruddin, et al., 2010; Smith, 2012; Terjesen, 2010) • General ledger accounting (Australian Professional and Ethical Standards Board, 2012; Maelah, Aman, Amirruddin, et al., 2010) • Payroll (Carter & Axelson, 2016; Terjesen, 2010) • Bank reconciliations • Travel and Expense compliance/processing • Electronic bill payment • Processing claim forms (Maelah, Aman, Hamzah, et al., 2010)
Accounts Preparation	<ul style="list-style-type: none"> • Accounts preparation (Carter & Axelson, 2016; Maelah, Aman, Amirruddin, et al., 2010; Nixon, 2017; Sofiah et al., 2013) • Fixed assets accounting (Maelah, Aman, Amirruddin, et al., 2010) • Preparation of management accounts and external CFO reporting (Maelah, Aman, Amirruddin, et al., 2010) • Business Activity Statements • Inter-company allocations (Nicholson & Aman, 2008) • Consolidation reporting (Nicholson & Aman, 2008) • Preparing electronic client packages

DIVISION	OFFSHORED ACTIVITIES/TASKS
Superannuation	<ul style="list-style-type: none"> • Preparation of Self-managed superannuation fund (“SMSF”) accounts (Australian Professional and Ethical Standards Board, 2012; Carter & Axelson, 2016) • Audit of SMSF’s (Australian Professional and Ethical Standards Board, 2012) • Actuarial services (Liu & Arnold, 2010) • Asset allocation (Liu & Arnold, 2010) • Superannuation administration (Liu & Arnold, 2010) • Legal services (Liu & Arnold, 2010)
Financial planning	<ul style="list-style-type: none"> • Preparation of compliance documentation • Spread-sheeting calculations for Statements of Advice • Insurance (Nixon, 2017)
Accounting firm back office operations	<ul style="list-style-type: none"> • Marketing (King, 2016a) • Market research • Website design • Human resources (King, 2016a) • Information Technology (King, 2016a) • Conflict of interest checks (King, 2016a) • Firm bookkeeping • Client invoicing
Management consulting	<ul style="list-style-type: none"> • Consulting support (King, 2016a) • Research on mergers and acquisitions (King, 2016a)
Other	<ul style="list-style-type: none"> • Breakeven analysis (Terjesen, 2010) • NPV calculations (Terjesen, 2010) • Cash flow models • Personal assistant tasks (Carter & Axelson, 2016) • Financial modelling (Terjesen, 2010) • ATO administration tasks (Carter & Axelson, 2016) • Components of business plans (Terjesen, 2010) • Corporate Annual return and secretarial services • Data entry into industry benchmarking software • Budgeting and variance analysis (Terjesen, 2010) • Activity based costings and calculations (Nicholson & Aman, 2008)

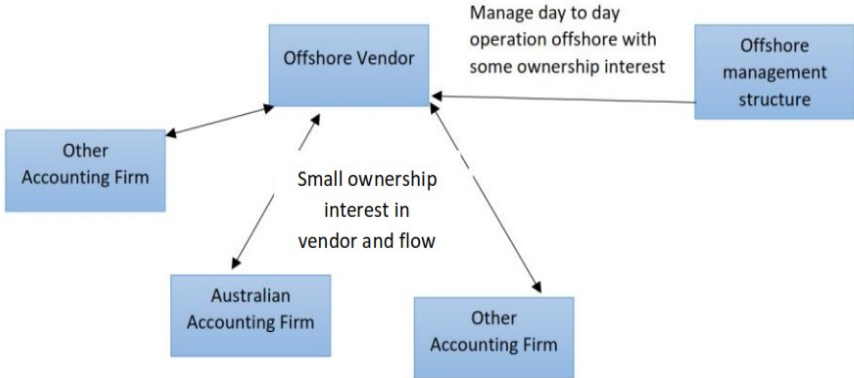
Appendix 3.4: Examples of commonly offshored tasks in accounting firms

**APPENDIX 3.5: OFFSHORING STRUCTURING MODELS AND
INTERACTION FRAMEWORKS**

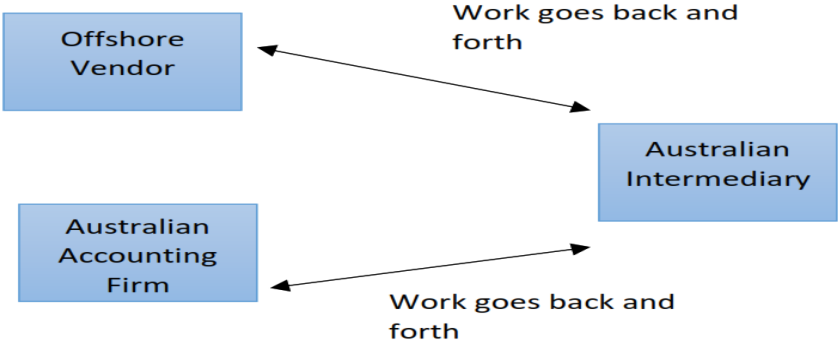


Appendix 2.3.5: Summary of models and ownership structures adopted in this thesis

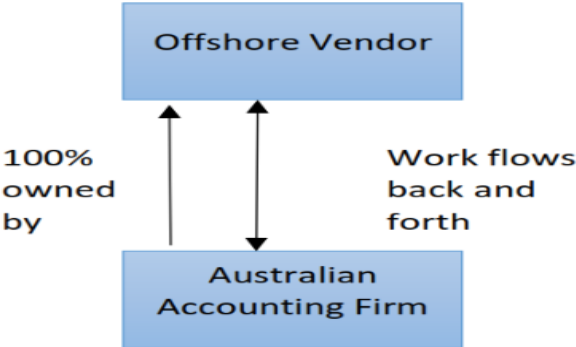
**APPENDIX 3.6: DIAGRAMATIC REPRESENTATIONS OF
DIFFERENT OWNERSHIP MODELS**



Appendix 3.6a – Cooperative

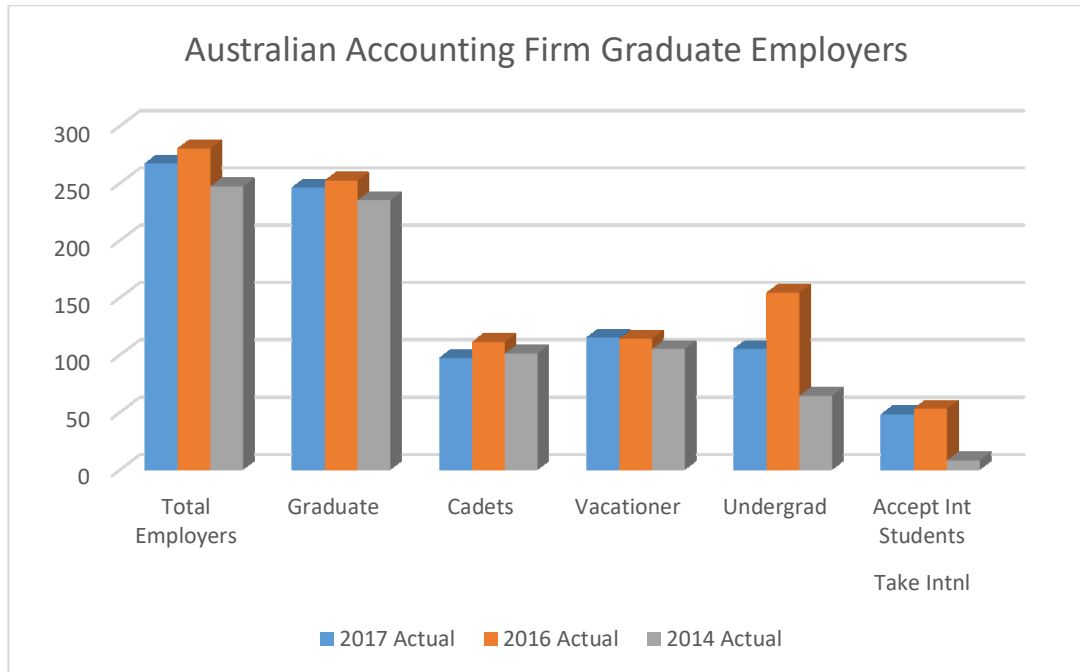


Appendix 3.6b – Domestic Intermediary



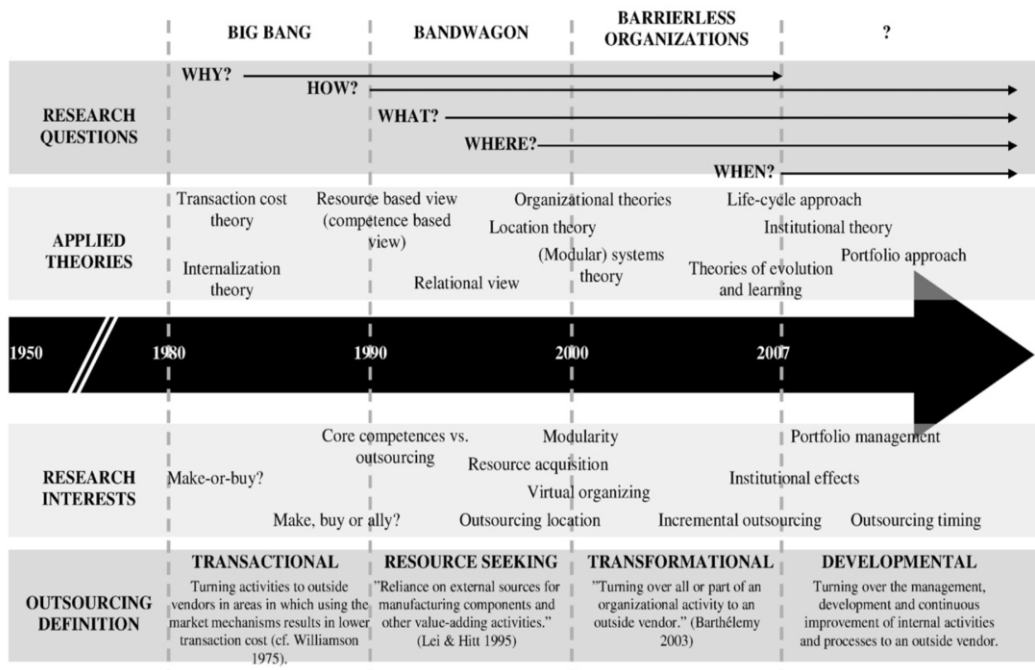
Appendix 3.6c – Captive

APPENDIX 3.7: CAANZ EMPLOYER PARTICIPATION IN GRADUATE PROGRAMS

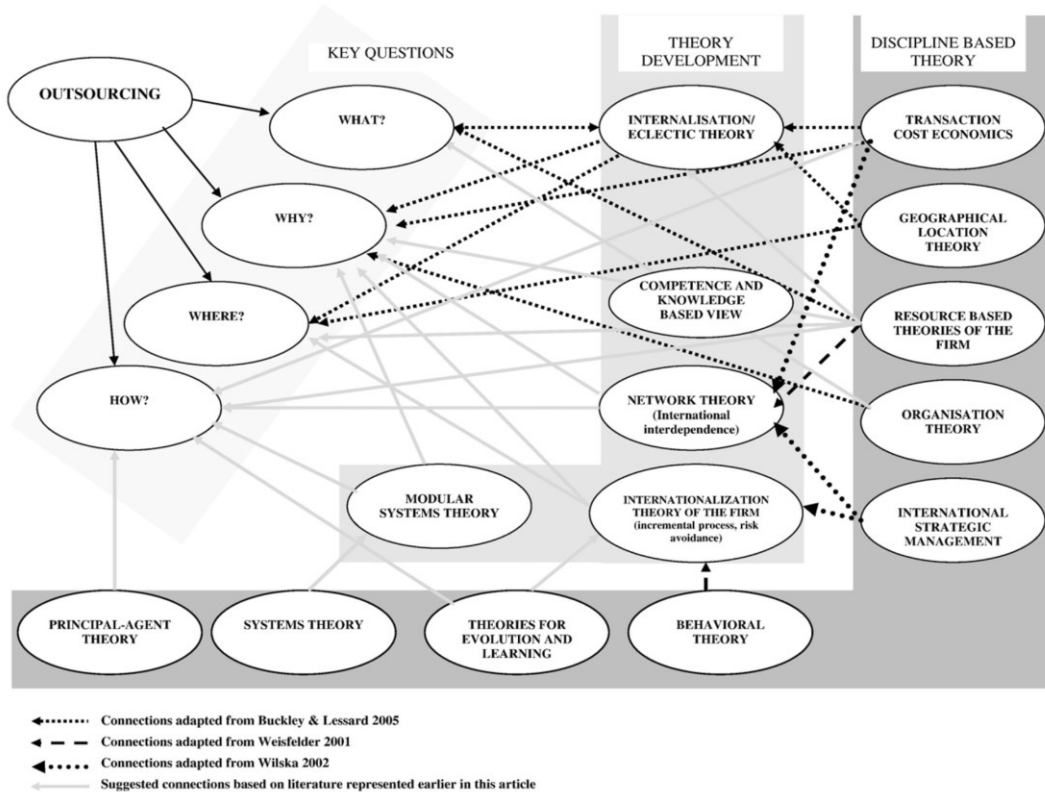


Appendix 3.7: (Chartered Accountants Australia New Zealand, 2016; Institute of Chartered Accountants, 2014)

APPENDIX 4: THEORIES ADOPTED IN THE BPO/OFFSHORING LITERATURE



Appendix 4a: Summary of applied theories over stages of the ITO literature (Eriksson & Hatonen, 2009)



Appendix 4b: Summary of outsourcing questions and theories of the ITO literature (Eriksson & Hatonen, 2009)

APPENDIX 5.1: SUMMARY OF THE OVERALL RESEARCH APPROACH

RESEARCH DESIGN ISSUE	PERSPECTIVE / ACTIVITY	EXPLANATION	EXPLAINED FURTHER IN CHAPTER
Philosophical Worldview/ Assumptions/Paradigm	Constructivist	There are multiple realities. The research problem and all approaches available to understand it is paramount.	Chapter 5.2.1
Ontology (nature of reality)	Constructivism	What is happening is created by the actions of its members and there are multiple meanings. The researcher is an instrument for inductive interpretation of reality which is considered subjective. Some use of formal instruments and deductive reasoning,	Chapter 5.2.1
Epistemology	Interpretive	Interested in the way the respondents interpret the world and I interact with what is being researched. It is not for me to decide what is important.	Chapter 5.2.1
Axiological	Value laden and biases exist	The values that shape the research are openly discussed.	Chapter 5.2.1
Research Methodology/Theoretical Framework	Qualitative Methodology with a Heuristic Phenomenology tradition of inquiry.	Theory adopted in different stages of the research.	Chapter 5.2.1
Rhetorical (language of the research)	Flexible/informal	Predominantly narrative style.	Chapter 5.2.1
Research Method	Phenomenology research design	Qualitative methods incorporating phenomenology modes of text analysis.	Chapter 5.2.1
Data Collection Methods	Using primarily semi-structured interviews but also include <ul style="list-style-type: none"> - Familiarisation visits - Short Survey questions as part of the interview - Other external document exploration 	Absorbing tacit knowledge and to provide multiple sources to assist with triangulation.	Chapter 5.2.2

RESEARCH DESIGN ISSUE	PERSPECTIVE / ACTIVITY	EXPLANATION	EXPLAINED FURTHER IN CHAPTER
Data Management	Tape Recording Transcribing and Nvivo 11 coding Qualtrics for descriptive statistics	Tape recording, transcribing and Qualtrics allow data to be stored and saved. Nvivo 11 coding and Qualtrics allows framework for data analysis.	Chapter 5.2.2, 5.3, 5.4 & 5.5
Data Analysis	Coding Descriptive statistics Importance-Expertise Model Constant comparison and triangulation Member and inter-coder checking	Analysis tentative in nature to develop patterns and allow concepts to emerge.	Chapter 5.6 ad 5.7
Interpretation and Writing	Researcher subservient to respondent's voice	Incorporation of rich data into writing.	Chapter 5.8 and Chapters 6 & 7

Appendix 5.1: Summary of the overall research approach in this thesis adapted from Patton's Qualitative Framework (2001) and (Creswell, 1998).

APPENDIX 5.2: PHILOSOPHICAL ASSUMPTIONS OF A CONSTRUCTIVIST PARADIGM

ASSUMPTION	QUESTION	CHARACTERISTICS OF A CONSTRUCTIVIST PARADIGM	IMPLICATIONS FOR PRACTICE (CONSTRUCTIVIST EXAMPLE)
Ontological	What is the nature of reality? Is the reality a product of one's mind or simply out there (Creswell, 1998; Fraser, 2014; Gerring, 2004).	Reality is subjective and multiple, as seen by participants in the study.	Researcher uses quotes and themes in words of participants and provides evidence of different perspectives.
Epistemological	What is the relationship between the researcher and that being researched? What is the most appropriate way to produce knowledge and what forms it takes, as well as how it can be acquired and passed onto others (Fraser, 2014; Rudestam)?	Researcher attempts to lessen distance between himself or herself and that being researched.	Researcher collaborates, spends time in field with participants, and becomes an "insider".
Axiological	What is the role of values?	Researcher acknowledges that research is value laden and that biases are present.	Researcher openly discusses values that shape the narrative and includes own interpretation in conjunction with interpretation of participants.
Rhetorical	What is the language of research?	Researcher writes in a literary, informed style using the personal voice and uses qualitative terms and limited definitions.	Researcher uses an engaging style of narrative, may use first person pronoun and employs the language of qualitative research. The data produced from this approach is rich and subjective (Fraser, 2014)
Methodological	What is the process of research?	Researcher uses inductive logic, studies the topic within its context and uses an emerging design.	Researcher works with particulars before generalisations, describes in detail the context of the study, and continuously revises questions from experiences in the field.

Appendix 5.2: Philosophical assumptions of a Constructivist Paradigm (Creswell, 1998)

APPENDIX 5.3: SUMMARY OF DIFFERENT RESEARCH METHODS

TEND TO OR TYPICALLY	QUALITATIVE APPROACHES	QUANTITATIVE APPROACHES	MIXED METHOD APPROACHES
Use this philosophical assumption	Constructivist	Positivist	Pragmatic
Employs these methods	Open ended questions, emerging approaches, text or image data	Deductive process Cause and effect Closed-ended questions, predetermined approaches, numeric data	Inductive process Both open and closed ended questions, both emerging and predetermined approaches and both quantitative and qualitative data analysis
Uses these practices of research as the researcher	Positions him or herself Collects participant meanings Focuses on a single concept or phenomenon Brings personal values into the study Studies the context or setting of participants Validates the accuracy of findings Makes interpretations of the data Creates an agenda for change or reform Collaborates with the participants	Tests or verifies theories or explanations Identifies variables to study Relates variables in questions or hypotheses Uses standards of validity and reliability Observes and measures information numerically Uses unbiased approaches Employs statistical procedures	Collects both quantitative and qualitative data Develops a rationale for mixing Integrates the data at different stages of inquiry Presents visual pictures of the procedures in the study Employs the practices of both qualitative and quantitative research

Appendix 5.3: Summary different research methods. (Adapted from (Creswell, 2014) and (Fraser, 2014))

APPENDIX 5.4: APPLICATION OF THE INTERVIEW

PROTOCOL REFINEMENT FRAMEWORK

STEPS IN THE INTERVIEW PROTOCOL REFINEMENT FRAMEWORK (“IPR”)	PURPOSE OF STEP	WHERE ADDRESSED IN THIS THESIS?
1) Ensuring interview questions align with the research questions	To create an interview protocol matrix to map the interview questions against the research questions.	Refer to research question mapping in Appendix 5.6
2) Constructing an inquiry based conversation	To construct an interview protocol that balances inquiry with conversation.	Refer to interview protocol in Appendix 5.5
3) Receiving feedback on the interview protocols	To obtain feedback on interview protocol	Refer to Chapter 4.9 and Appendix 5.7 – Close reading of interview questions, Ethical considerations
4) Piloting the interview protocol	To pilot the interview protocol with a small sample	Refer to Chapter 4.3.2

Appendix 5.4: Application of the Interview Protocol Refinement Framework to this thesis (adapted from (Castillo-Montoya, 2016))

APPENDIX 5.5: INTERVIEW PROTOCOL
PART A – OVERVIEW OF THE INTERVIEW

Primary Research Question	How does the adoption of offshoring affect the employability of domestic accounting graduates?
Non-thesis Research Question	In accounting firm offshoring arrangements, what critical factors influence the successful management of business ownership models and interaction frameworks?
Secondary Research Question a	What impact has offshoring had on the number and type of domestic graduates that accounting firms recruit?
Secondary Research Question b	How does the work that domestic graduates perform differ between accounting firms that adopt offshoring and those that do not?
Secondary Research Question c	Are there differences in the skills required in domestic graduates between accounting firms that adopt offshoring and those that do not?
Secondary Research Question d	Are there differences in the graduate skills required amongst accounting firms using different ownership models and interaction frameworks of offshoring?
Secondary Research Question e	Is the current university accounting curriculum developing the skills required in an offshoring environment?
Secondary Research Question f	How do offshoring accounting firms train their domestic graduates when much of the traditional training work that graduates completed is now being offshored?

Research Objectives

The objectives of the study are:

- a) To develop a model to assist accounting firms to decide which offshoring business ownership model and interaction framework is appropriate to them. (not part of the thesis)

As a function of using offshoring, accounting firms may require different skills and attributes in their local domestic staff compared to accounting firms that do not offshore.

Therefore, a further objective of the study is to;

- b) To identify key skills and attributes required in domestic graduates of accounting firms to assist in their recruitment and training practices to support their offshoring model and framework.

Part B) Data Collection Procedures and Interview Guidelines

The interview plan represents an “interview instruction sheet” for the researcher. It is important that this is followed in order to maintain credibility and increase rigor in the interview process and resultant data.

This is an in-depth semi-structured interview.

Prior to the Interview

- Ensure that all the information sheets and ethics consent letters were distributed to all potential respondents in advance and that all consent forms have been collected before the interview.
- Book the interview with the first respondent from the case firm for a mutually convenient time and location. Ideally, this should be a partner or a senior member of the firm so as to also discuss potential other respondents from that firm.
- Try to book the interview in for the first appointment in the morning to minimise the impact of distractions for the respondent and ensure the location is quiet eg not a coffee shop.
- Provide some background on yourself to help build your credibility as this will help to ensure that they pay attention to what they are saying.
- Tell the respondent why they were chosen for the interview.
- Study the firm to be interviewed including their stated mission if available on their website (Bullen & Rockart, 1981).
- Obtain verbal authorisation to record the interview and test the recording equipment before commencing the interview with them if they agree.
- I will need to spend some time to build rapport with them as this helps to reduce conscious bias on their part.
- In between the first and second phase interviews, keep in contact with the respondents to help build rapport and continue the relationship for the second interview phase.

During the Interview

- Provide and explain the consent form to the respondent and remind them that their answers are confidential and that they or their firm will not be identified in any research publication.
- Ask them to provide honest feedback to each of the questions as their answers are essential. Note that they are at liberty to not answer any of the questions if they do not feel comfortable doing so.
- Clarify what is expected of the respondent.
- Provide the respondent with a background to the research and details what will happen to their data.
- Ask permission to obtain a member check of their transcription.
- Place the recording equipment close to the respondent.
- Ensure that I speak clearly to encourage them to do the same.
- Prompt the respondent for examples if they do not provide any.
- Watch the respondent for both verbal and non-verbal language.
- Thank the respondent at the end of the interview and asks if they have any questions or would like to add anything.
- Describe what will happen to the data collected and explain how I will provide some initial information on the findings to them at the commencement of the second phase of the interviews. You want to provide the respondent with some value and community value back to them.

- Leave sufficient space between me and the respondent to signify a rapport of confidentiality.
- Try to ensure that I “bracket” your opinions and views during the interview process to avoid bias in the data collection process.
- Try to provide cues as to how to most effectively answer the questions e.g.: “could you provide an example” etc.
- Try to motivate the respondent to organise their information and respond and to answer fully and honestly.
- Ask probing questions following certain responses.
- Try to frame my questions clearly and use language that the respondent will understand.
- Clearly conclude the interview by stating “this is the end of the interview” to make the transcription process easier.
- Each interview is expected to take approximately between one to two hours for firms that are involved in offshoring. For those firms not involved in offshoring, it will be only approx. half an hour.
- The questions will need to be tailored slightly for different levels in the organisation e.g.: graduate versus manager.
- Ensure I obtain information about the respondent’s goals as this will provide some background as to how they view the world (Bullen & Rockart, 1981).

Immediately Following the Interview

- Ensure I take appropriate field notes on how the interview went, areas for improvement and any other comments about the interview process. Were there areas that the respondent felt uncomfortable?
- Listen to the recording straight away, listening for any words that may cause an issue for transcribing.

Following the Transcribing Process

- Once the transcribing process has been completed, replay the recording whilst reading the transcription and correcting any errors as I go.
- If the respondent was open to it, provide a copy of the transcript to them for a “member” check. This would assist in providing rigor to the quality of the interviews. At this time, I could also provide a useful article or something of interest to the respondent as a thank you for their participation.

Part C – Interview Instrument and List of Questions

INTERVIEW NUMBER/CODE	
DATE/TIME/LOCATION:	
FIRM CODE:	
RESPONDENT CODE:	
POSITION IN FIRM:	
PHASE 1 OR 2 INTERVIEW	

Introduction

The researcher provides some background information about the interview including

- Details of purpose of the interview
- Provide basic details of research objectives
- Level of confidentiality that will be provided and fact that they will be recorded
- Ensure that the consent form is signed with a copy provided to the respondent
- Request honest feedback

INTRODUCTORY QUESTIONS	
1)	<p>Demographic questions</p> <p>Sex: M / F (please circle)</p> <p>Age: 20-30 31-40 41-50 51-60 Over 60 (please circle)</p> <p>Title:</p> <p>Level in organisation: Partner/Mgr/Consultant/Graduate/HR/Admin (please circle)</p> <p>Highest qualification:</p> <p>Years in the profession:</p> <p>Years at organisation:</p>
2)	Can you describe your firm and your role and goals in the organisation?
INVOLVEMENT IN OFFSHORING	
3)	What is your understanding of the term “offshoring”?
4)	Have you personally ever been involved in offshoring in other firms?
5)	Has your firm ever been involved in offshoring? If so, can you describe the level of involvement that you personally have with it?

INVOLVEMENT IN OFFSHORING
6) Can you please explain your personal opinion as to whether or not it works in your firm?
7) What sort of work do you currently offshore and how many offshore staff do you currently have? If you don't know the number of staff, approximately how much of the work of the firm is being offshored?
8) The use of offshoring in the accounting profession is growing. Do you think this is a good thing?
CRITICAL SUCCESS FACTORS – FOR FIRMS INVOLVED IN OFFSHORING
9) What does a successful offshoring model look like for an accounting firm? Do you think what you are doing in your firm is successful?
10) If you were to grade your offshoring, what grade would you give it e.g.: A, B, C, D or F? Do you consider offshoring in your firm successful? Why/why not?
11) Do you have any KPI's that you use to measure the success of your offshoring? If you don't have any, how do you measure success or failure in your offshoring?
12) How do you measure and maintain the quality of the offshored work?
13) What specific factors do you think have made offshoring in your firm work?
14) Can you describe how your firm got into offshoring and some of the things that you have tried and have failed with offshoring?
15) How would you describe your relationship with your offshore provider?

INVOLVEMENT IN OFFSHORING
16) During the times when your offshoring has not worked, what do you think caused the problems?
17) Now that you are experienced with offshoring, if you had the time over again, what would you do differently?
INTERACTION FRAMEWORKS AND MODELS – FOR FIRMS INVOLVED IN OFFSHORING
18) Can you describe the offshoring structure/model that you use? Eg is it separately owned?
19) Does the firm have any ownership interest in the offshoring operation? If so, how does that ownership operation work?
20) Has the ownership structure changed since you were first involved in offshoring?
21) Have there been any problems with this form of ownership? Has it worked well?
22) Who in the firm is responsible for running the offshoring part of the business? What is their role and level of involvement?
23) Is there a specific offshoring project team within your firm? Who is involved in that team and what is their role?
24) How involved are the other members of the firm including accountants etc with offshoring?
25) Who in the firm communicates with the offshoring operation and how is that communication done?
26) Over in India, how is the team structured and who communicates with your office?
27) Can you describe how work is allocated to the team in India? Do you use any special tools to keep a track of this work?

INVOLVEMENT IN OFFSHORING
28) How does the review of the work in India happen? For example, is it done in India etc?
29) Can you describe the process of say completing say an individual tax return from when it comes in to the return being delivered to the client? Who does what components? Do you have any documented processes for this?
30) Has the structure of your firm domestically changed since becoming involved in offshoring? If so, how?
31) Is there any administration/para professional involvement in the offshoring operation? If so, can you please describe what they do?
32) Who is involved in the training of the India staff?
33) Can you describe the relationship that your team have with the India team?
34) How do you manage things like turnaround time, quality, cost etc of the India work?
35) Can you please describe the organisational structure of your firm? (Note: have paper here if it is easier for them to draw this up)
36) Did this structure change once you became involved in offshoring? If so, how?
ACCOUNTING GRADUATE SKILLS AND RECRUITMENT (ALL FIRMS)
37) Can you describe your current graduate recruitment policy? Do you hire graduates? Where do you get them from etc? If you don't, then why not and what is your recruitment policy?
38) How many graduates did you hire in the last intake?
39) Has the number of graduates that you hired decreased or increased from the past few years? If increased or decreased, can you explain why?

ACCOUNTING GRADUATE SKILLS AND RECRUITMENT (ALL FIRMS)

40) Has the number of graduates that you are hiring been affected by your use of offshoring?

41) What do you specifically look for in your graduates and how do you determine if the graduates have this?

42) What does a graduate look like now compared to in the past? If there are differences, what do you think has caused this?

43) Is there any change in the demographics of the graduates that you are now hiring? e.g.: background, age etc?

44) Has what you looked for in graduates changed since you started using offshoring? Can you describe how?

45) What specific skills and attributes do you think graduates require in an offshoring environment?

46) What type of work do you expect your graduates to do in their first year? Can you please provide specific examples?

47) Where do you expect your graduates to be in terms of development in one and two years' time? For example, what skills should they have developed, what sort of work would they be doing etc?

48) Do your graduates get involved in scanning for India and doing packages up for clients?

49) Can you describe the anticipated graduate training that will occur for your most recent graduates? What are they specifically trained in and how is it structured?

50) Is it expected that your graduates will do any of the type of work that your offshoring operation do?

ACCOUNTING GRADUATE SKILLS AND RECRUITMENT (ALL FIRMS)

51) If you offshore, how do you ensure that your graduates gain the basic skills in the type of work that the offshoring operation now completes?

52) If you compare your graduates today to those of your pre-offshoring time, then how do you think the graduate experience is different?

53) I would now like to ask you a series of specific questions around the general number of staff that you hire.

- a) How many staff (both professional and admin) do you currently have locally?
- b) How many professional staff do you currently have locally?
- c) Do you hire any para professionals locally and if so, how many?
- d) How many staff do you currently have in India?

54) I now have a few specific questions about the number of graduates/interns that you hire.

- a) How many graduates did you hire last financial year?
- b) How many graduates did you hire this current financial year?
- c) How many graduates do you expect to hire this coming financial year?
- d) How many India staff did you hire last financial year?
- e) How many India staff did you hire this financial year?
- f) How many India staff do you expect to hire this coming financial year?

55) If you were not using your offshoring resource,

- a) How many graduates do you think you would have hired last financial year?
- b) How many graduates would you have hired this financial year?
- c) How many graduates would you expect to hire next financial year?

56) How would you compare the quality of work between a graduate and your India staff?

57) Do you think that your practice has grown as a result of using offshoring?

58) Have your domestic staff numbers increased or decreased as a result of offshoring? If so, in what roles?

ACCOUNTING GRADUATE SKILLS AND RECRUITMENT (ALL FIRMS)
59) Please refer to separate page
60) Please refer to separate page
CLOSING QUESTIONS
61) Are there any other issues associated that you would like to raise?
62) Is there anyone else in the firm that you think would be appropriate to talk to?
CONCLUDING REMARKS
<ul style="list-style-type: none"> • Thank the respondent for their time and confirm that this is the end of the interview • Explain what will happen to their data
FIELD NOTES/OBSERVATIONS
(to be completed as soon as practical after the interview)

APPENDIX 5.6: CROSS REFERENCING OF DATA COLLECTION WITH RESEARCH QUESTIONS

	Background Information	Related Research Question	Type of Question
<u>Documentation</u>			
- News clippings	x		
- Firm internal procedure documents		Secondary RQb	
- Transparency reports	x		
- Firm graduate job descriptions		Secondary RQb	
- Firm websites	x		
<u>Archival Evidence</u>			
- CAANZ annual employment guides		Secondary RQa	
- University unit plans		Secondary RQe	
- External Survey data	x		
<u>Survey Instrument</u>			
		Secondary RQc and d	
<u>Interview</u>			
- Q1 – Introductory	x		Introductory
- Q2 – Introductory	x		Introductory
- Q3 – Offshoring	x		Introductory
- Q4 – Offshoring	x		Transition
- Q5 - Offshoring	x		Transition
- Q6 – Offshoring		Not part of this thesis	Not part of this thesis
- Q7 – Offshoring		Secondary RQb	Key

	Background Information	Related Research Question	Type of Question
Interview			
- Q8 – Offshoring	x		Transition
- Q9 – Critical Success factors (“CSF”)		Not part of this thesis	Not part of this thesis
- Q10 - CSF		Not part of this thesis	Not part of this thesis
- Q11 – CSF		Not part of this thesis	Not part of this thesis
- Q12 – CSF		Not part of this thesis	Not part of this thesis
- Q13 – CSF		Not part of this thesis	Not part of this thesis
- Q14 – CSF		Not part of this thesis	Not part of this thesis
- Q15 – CSF		Not part of this thesis	Not part of this thesis
- Q16 – CSF		Not part of this thesis	Not part of this thesis
- Q17 – CSF		Not part of this thesis	Not part of this thesis
- Q18 – Models		Not part of this thesis Secondary RQd	Not part of this thesis Key
- Q19 - Models		Not part of this thesis	Not part of this thesis
- Q20 – Models		Not part of this thesis	Not part of this thesis
- Q21 – Models		Not part of this thesis	Not part of this thesis
- Q22 – Models		Not part of this thesis	Not part of this thesis
- Q23 – Models		Not part of this thesis	Not part of this thesis

	Background Information	Related Research Question	Type of Question
<u>Interview</u>			
- Q24 – Models		Not part of this thesis Secondary RQd	Not part of this thesis Key
- Q25 – Models		Not part of this thesis Secondary RQd	Not part of this thesis
- Q26 – Models		Not part of this thesis	Not part of this thesis
- Q27 – Models		Not part of this thesis	Not part of this thesis
- Q28 – Models		Not part of this thesis Secondary RQd	Not part of this thesis Key
- Q29 – Models		Not part of this thesis	Not part of this thesis
- Q30 – Models		Not part of this thesis Secondary RQb	Not part of this thesis Key
- Q31 – Models		Not part of this thesis Secondary RQd	Not part of this thesis Key
- Q32 – Models		Not part of this thesis Secondary RQf	Not part of this thesis Key
- Q33 – Models		Not part of this thesis	Not part of this thesis
- Q34 – Models		Not part of this thesis	Not part of this thesis
- Q35 – Models		Not part of this thesis	Not part of this thesis
- Q36 – Models		Not part of this thesis Secondary RQd	Not part of this thesis Transition

	Background Information	Related Research Question	Type of Question
<u>Interview</u>			
- Q37 - Graduates		Primary RQ Secondary RQa	Key
- Q38 - Graduates		Primary RQ Secondary RQa	Key
- Q39 – Graduates		Primary RQ Secondary RQa	Key
- Q40 – Graduates		Primary RQ Secondary RQa	Key
- Q41 – Graduates		Primary RQ Secondary RQc, d	Key
- Q42 – Graduates		Primary RQ Secondary RQc	Key
- Q43 – Graduates		Primary RQ	Key
- Q44 – Graduates		Primary RQ	Key
- Q45 – Graduates		Primary RQ Secondary RQc, d	Key
- Q46 – Graduates		Primary RQ Secondary RQb	Key
- Q47 – Graduates		Primary RQ Secondary RQb, f	Key
- Q48 – Graduates		Primary RQ Secondary RQb	Key
- Q49 – Graduates		Primary RQ Secondary RQf	Key
- Q50 – Graduates		Primary RQ Secondary RQb	Key
- Q51 – Graduates		Primary RQ Secondary RQf	Key

	Background Information	Related Research Question	Type of Question
<u>Interview</u>			
- Q52 – Graduates		Primary RQ	Key
- Q53 – Graduates		Primary RQ Secondary RQa	Key
- Q54 – Graduates		Primary RQ Secondary RQa	Key
- Q55 – Graduates		Primary RQ	Key
- Q56 – Graduates		Primary RQ Secondary RQe	Key
- Q57 – Graduates		Not part of this thesis	Not part of this thesis
- Q58 – Graduates		Primary RQ Secondary RQa	Key
Survey Instrument (Q59-Q60)		Secondary RQc and d	Key
- Q61 – Closing	x		Closing
- Q62 - Closing	x		Closing

Components of the interview protocol following the literature review and pilot interviews include:

- 1) Introductory/Demographical Questions – these questions related specifically to the respondent being interviewed and their accounting firm.
- 2) Involvement in Offshoring Questions – these questions focused on getting an understanding of what the respondent knew about offshoring and how they defined the practice.
- 3) Critical Success Factors Questions – these questions related to critical success factors of offshoring within accounting firms. These questions do not relate to the thesis directly but were collected for other research purposes concurrently.

- 4) Interaction Frameworks and Models Questions – these questions are aimed at getting an understanding of how the offshoring within the firm is structured. Many of these questions do not relate to the thesis directly but were collected for other research purposes concurrently.
- 5) Accounting Graduate Skills and Recruitment Questions – these questions related to all of the respondent accounting firms, irrespective of whether or not they participated in offshoring.
- 6) Closing Questions – these questions were designed for respondents to provide any additional thoughts/comments not previously addressed.

APPENDIX 5.7: CLOSE READING OF INTERVIEW PROTOCOL

ASPECTS OF AN INTERVIEW PROTOCOL	YES	NO
<i>Interview Protocol Structure</i>	X	
Beginning questions are factual in nature	X	
Key questions are majority of the questions and are placed between beginning and ending questions	X	
Questions at the end of interview protocol are reflective and provide participant an opportunity to share closing comments	X	
A brief script throughout the interview protocol provides smooth transitions between topic areas	X	
Interviewer closes with expressed gratitude and any intents to stay connected or follow up	X	
Overall, interview is organised to promote conversational flow	X	
<i>Writing of interview questions and statements</i>	X	
Questions/statements are free from spelling mistakes	X	
Only one question is asked at a time	X	
Most questions ask participants to describe experiences and feelings	X	
Questions are mostly open ended	X	
Questions are written in a non-judgmental manner	X	
<i>Length of Interview Protocol</i>	X	
All questions are needed	X	
Questions/statements are concise	X	
<i>Comprehension</i>	X	
Questions/statements are devoid of academic language	X	
Questions/statements are easy to understand	X	

APPENDIX 5.8: PARTICIPATION LETTER AND CONSENT FORM

Date

Dear Sir/Madam,

As we have discussed previously on numerous occasions, I am currently undertaking research for my Doctor of Philosophy at Curtin University, Western Australia. The research will focus on the impact of offshoring on accounting firms and in particular, on the “human side” of offshoring.

My research will look at the critical success factors of different models that domestic accounting firms can adopt in implementing offshoring, especially on the interaction frameworks and internal business structures adopted. It will also look at the impact of accounting firm offshoring on the domestic skills that are required and developed in domestic graduates. Offshoring can have a significant impact on educating, recruiting and training domestic graduates and this research will explore this.

In prior conversations about offshoring in the accounting profession, you have indicated that you would be prepared to voluntarily participate in interviews for this study. There will be two phases of interviews. The initial phase will involve an interview focusing on your graduate recruitment and on the interaction frameworks and internal business structures adopted. The second interview will be conducted in a year or two's time and will focus on the graduate training that you have adopted with the graduates recruited. I have identified your name as a suitable participant to these interviews and would appreciate being able to visit your organization at a mutually convenient time. Where it is not possible to physically meet with you, I will contact you via skype.

As a result of participating in these interviews, you will be provided with generalized results of this study which you can implement within your practice.

The interview session will relate to the experiences and perceptions and is NOT an assessment of the officer's skills or knowledge. A formal letter will be sent later to confirm about the date and the details of the interview.

All information will be treated with strict confidentiality and will be stored in a secure location. Only the researcher and supervisors will have access to the information for the purposes of the research project. No participant will be personally identifiable in any published material.

Your assistance in providing this information is greatly appreciated. If you have any queries or comments regarding this request please contact Silvia Caratti on email silvia.caratti@curtin.edu.au, phone +61 8 0430518065 or fax +61 8 9266 3131.

Yours faithfully

Ms Silvia Caratti	Dr. Brian Perrin	Prof Glenda Scully
Doctoral Student	Supervisor	Supervisor
School of Accounting	School of Accounting	School of Accounting

PARTICIPANT INFORMATION STATEMENT

HREC Project Number:	RDBS-96-15
Project Title:	<i>Offshoring Business Processes: An Accounting Firm Perspective</i>
Principal Investigator:	<i>Dr Brian Perrin Supervisor</i> <i>Prof Glenda Scully Supervisor</i>
Student researcher:	<i>Silvia Caratti</i>
Version Number:	<i>Version 1</i>
Version Date:	<i>12/10/15</i>

What is the Study About?

The aim of this study is to research the impact of offshoring on domestic accounting firms. In particular, this study will look at the “human side” of offshoring within the domestic accounting firm. The study will focus on the offshoring structures of the domestic accounting firm, including ownership models and interaction frameworks and how these interact with the critical success factors of offshoring. In addition, it will look at the impact of offshoring on domestic graduates, their recruitment, training and development.

Who is doing the Study?

The study is conducted by Silvia Caratti, a PhD Student within the School of Accounting, Curtin University, Perth Australia. She is under the supervision of Dr. Brian Perrin and Professor Glenda Scully from the School of Accounting, Curtin University, Perth Australia.

There will be no costs to you and you will not be paid for participating in this project.

Why am I being asked to take part and what will I have to do?

You have been asked to take part because of your involvement in an accounting firm that either does or does not get involved in offshoring. Your participation will involve taking part in an initial interview that will take approximately hour which will either be conducted face to face, via skype or via phone and depending on your role within your organisation, complete a short electronic survey which should not take longer than 5 minutes. If you are not involved in offshoring currently, then the

interview will only take approximately half an hour. Approximately 1-2 years after this first interview, some participants will be asked to participate in a further follow up interview which will also take approximately an hour. The interviews will take place at a mutually convenient time and location.

There will be no cost to you for taking part in this research and you will not be paid for taking part.

We will make a digital audio/video recording so we can concentrate on what you have to say and not distract ourselves with taking notes. After the interview we will make a full written copy of the recording. All participants will receive the same information and we will send you a copy of the interview script following the interview for review and confirmation.

Are there any benefits to being in the study?

We hope that the results of this study will allow us to

- Develop a model of what business and integration models accounting firms should adopt in offshoring and
- Identify the key skills and attributes required in domestic graduates of accounting firms that offshore.

A summary of the results of this study will be sent to all study participants.

How much time will your involvement in the study take?

There are no foreseeable risks from this study for you. Apart from giving up your time, we do not expect that there will be any risks or inconveniences associated with taking part in this study. We have been careful to make sure that the questions in the interview do not cause you any distress. But, if you feel anxious about any of the questions they do not need to answer them.

During the study, we may find out new information about the risks and benefits of this study. If this happens we will tell you the new information and what it means to you. It may be that this new information means that you can no longer be in the study or you may choose to keep going or to leave the study. You might be asked to sign a new consent form to let us know you understand any new information we have told you.

It is envisaged that between one to two hours will be required of the interviewee for each interview.

Confidentiality

The information collected in this research will be re-identifiable (coded). This means that the stored information will be re-identifiable which means we will remove identifying information on any data or sample and replace it with a code. Only the research team have access to the code to match your name and your accounting firm name if it is necessary to do so. Any information we collect will be treated as confidential and used only in this project unless otherwise specified. The research team will have access to the information we collect in this research. The Curtin Ethics Office may access the data for audit purposes.

Electronic data will be password-protected and hard copy data (including video or audio tapes) will be in locked storage.

The information we collect in this study will be kept under secure conditions at Curtin University for 7 years after the research has ended and then it will be destroyed/kept indefinitely.

You have the right to access, and request correction of, your information in accordance with relevant privacy laws.

The results of this research may be presented at conferences or published in professional journals. You will not be identified in any results that are published or presented.

Will you tell me the results of the study?

We will provide the initial summarised results at the time of completing the second phase interview. We will also write to you at the end of the second phase of the study and let you know the results of the research. Results will not be individual but based on all the information we collect and review as part of the study in order to ensure confidentiality.

Do I have to take part in the study?

Taking part in this study and interviews is voluntary. It is your choice to take part or not. You do not have to agree if you do not want to. If you decide to take part and then change your mind, that is okay, you can withdraw from the project. You do not have to give us a reason; just tell us that you want to stop. Please let us know you want to stop so we can make sure you are aware of any thing that needs to be done so you can withdraw safely. If you chose not to take part or start and then stop your involvement in the study, it will not affect your relationship with the University, staff or colleagues.

If you chose to leave the study, or only participate in the first round of interviews, we will use any information collected in the first interview unless you tell us not to. If you provide your consent, you may be contacted about future research projects that are related to this project.

What happens next and who can I contact about the study?

If you decide to take part in this research we will ask you to sign the consent form. By signing it is telling us that you understand what you have read and what has been discussed. Signing the consent indicates that you agree to participate in the research project. Please take your time and ask any questions you have before you decide what to do. You will be given a copy of this information and the consent form to keep.

Contact Details of Investigator

Silvia Caratti

Email : silvia.caratti@curtin.edu.au

Phone : +61 4 30518065:

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Contact Detail of Supervisors

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Phone: +61 8 9266 7435

Fax : +61 8 9266 7196

Fax: +61 8 9266 7196

If participants wish to make a complaint on ethical grounds the details of the Human Research Ethics Committee is provided in the box below.

Curtin University Human Research Ethics Committee (HREC) has approved this study (HREC number RDBS-96-15). Should you wish to discuss the study with someone not directly involved, in particular, any matters concerning the conduct of the study or your rights as a participant, or you wish to make a confidential complaint, you may contact the Ethics Officer on (08) 9266 9223 or the Manager, Research Integrity on (08) 9266 7093 or email hrec@curtin.edu.au.

CONSENT FORM

HREC Project Number:	RDBS-96-15
Project Title:	<i>Offshoring Business Processes: An Accounting Firm Perspective</i>
Principal Investigator:	<i>Dr Brian Perrin Prof Glenda Scully</i> <i>Supervisor Supervisor</i>
Student researcher:	<i>Silvia Caratti</i>
Version Number:	<i>Version 1</i>
Version Date:	<i>12/10/15</i>

- I have read, the information statement version listed above and I understand its contents.
- I believe I understand the purpose, extent and possible risks of my involvement in this project.
- I voluntarily consent to take part in this research project.
- I have had an opportunity to ask questions and I am satisfied with the answers I have received.
- I understand that this project has been approved by Curtin University Human Research Ethics Committee and will be carried out in line with the National Statement on Ethical Conduct in Human Research (2007) – updated March 2014.
- I understand I will receive a copy of this Information Statement and Consent Form.

<input type="checkbox"/> I do	<input type="checkbox"/> I do not	consent to being audio-recorded
<input type="checkbox"/> I do	<input type="checkbox"/> I do not	consent to be contacted about future research projects that are related to this project
<input type="checkbox"/> I do	<input type="checkbox"/> I do not	consent to the storage and use of my information in future ethically-approved research projects related to this (project/disease)

Participant Name	
Participant Signature	
Date	

Declaration by researcher: I have supplied an Information Letter and Consent Form to the participant who has signed above, and believe that they understand the purpose, extent and possible risks of their involvement in this project.

Researcher Name	Silvia Caratti
Researcher Signature	
Date	

Note: All parties signing the Consent Form must date their own signature.

APPENDIX 5.9: INTERVIEW SUMMARY SHEET

INTERVIEW NUMBER/CODE: _____	CONTACT NAME: _____
TELEPHONE CONTACT: _____	EMAIL CONTACT: _____
PHASE 1 OR 2 INTERVIEW? 1 2 (Please circle)	
DATE: _____	START TIME: _____ FINISH: _____
DURATION: _____	

Q1 What were the key points raised in the interview?

Q2 Were there any new areas that were raised that are not in the Protocol?

Q3 What were the main problems identified in the Protocol?

Q4 Reminders or items that should be followed up.

Q5 Comments on the interview process and individual performances:

a. Process:

b. Reflection on Interviewer performance:

c. Reflection on Interviewed performance:

APPENDIX 5.10: SURVEY COMPONENT OF INTERVIEW

Q1) Please rate the level of your graduates expected ability to demonstrate the following behaviours at initial employment and classify the importance that you place on each behaviour. A description of each behaviour is available.

DEMONSTRATED BEHAVIOUR EXPECTED	1 (Very poor)	2	3	4	5 (Excellent)
Pattern recognition and conceptualisation					
Evaluation					
Analytical/convergent reasoning					
Diagnosing					
Lateral thinking/creativity					
Information management					
Decision making					
Influencing others					
Conflict resolution					
Task collaboration					
Team working					
Social intelligence					
Cultural and diversity management					
Verbal communication					
Giving and receiving feedback					
Project management					
Performance management					
Meeting management					
Developing others					
Personal ethics					
Self-efficacy					
Meta-cognition (self-reflection)					
Lifelong learning					
Self-regulation					
Stress tolerance					
Work/life balance					
Efficiency					
Multi-tasking					
Autonomy					
Goal & task management					
Time management					
Social responsibility					
Accountability					
Drive					
Initiative					
Organisation awareness					
Commercial awareness					
Written communication					
Public speaking					
Technology skills – Spreadsheets					

DEMONSTRATED BEHAVIOUR EXPECTED	1 (Very poor)	2	3	4	5 (Excellent)
Technology skills -Word processing & PowerPoint					
Technology skills – Digital communications					
Technology skills – Internet search					
Technology skills – Data bases					
International communication					

Q2) How important is it that graduates demonstrate the following behaviours at initial employment. A description of each behaviour is available.

DEMONSTRATED BEHAVIOUR EXPECTED	HIGH	MEDIUM	LOW
Pattern recognition and conceptualisation			
Evaluation			
Analytical/convergent reasoning			
Diagnosing			
Lateral thinking/creativity			
Information management			
Decision making			
Influencing others			
Conflict resolution			
Task collaboration			
Team working			
Social intelligence			
Cultural and diversity management			
Verbal communication			
Giving and receiving feedback			
Project management			
Performance management			
Meeting management			
Developing others			
Personal ethics			
Self-efficacy			
Meta-cognition (self-reflection)			
Lifelong learning			
Self-regulation			
Stress tolerance			
Work/life balance			
Efficiency			
Multi-tasking			
Autonomy			
Goal & task management			
Time management			
Social responsibility			
Accountability			

DEMONSTRATED BEHAVIOUR EXPECTED	HIGH	MEDIUM	LOW
Drive			
Initiative			
Organisation awareness			
Commercial awareness			
Written communication			
Public speaking			
Technology skills – Spreadsheets			
Technology skills -Word processing & PowerPoint			
Technology skills – Digital communications			
Technology skills – Internet search			
Technology skills – Data bases			
International communication			

Q3) Please rate your current recently hired graduates in the following behaviours.

DEMONSTRATED BEHAVIOUR EXPECTED	1 (Very poor)	2	3	4	5 (Excellent)
Pattern recognition and conceptualisation					
Evaluation					
Analytical/convergent reasoning					
Diagnosing					
Lateral thinking/creativity					
Information management					
Decision making					
Influencing others					
Conflict resolution					
Task collaboration					
Team working					
Social intelligence					
Cultural and diversity management					
Verbal communication					
Giving and receiving feedback					
Project management					
Performance management					
Meeting management					
Developing others					
Personal ethics					
Self-efficacy					
Meta-cognition (self-reflection)					
Lifelong learning					
Self-regulation					
Stress tolerance					
Work/life balance					
Efficiency					
Multi-tasking					

DEMONSTRATED BEHAVIOUR EXPECTED	1 (Very poor)	2	3	4	5 (Excellent)
Autonomy					
Goal & task management					
Time management					
Social responsibility					
Accountability					
Drive					
Initiative					
Organisation awareness					
Commercial awareness					
Written communication					
Public speaking					
Technology skills – Spreadsheets					
Technology skills -Word processing & PowerPoint					
Technology skills – Digital communications					
Technology skills – Internet search					
Technology skills – Data bases					
International communication					

Appendix 5.10: Survey Component of Interview

APPENDIX 5.11: SUMMARY OF RESPONDENTS

FIRM	OFFSHORE?	FIRM SIZE	NO OF INTERVIEW RESPONDENTS	SURVEY PARTICIPANTS	OWNERSHIP MODEL ADOPTED	INTERACTION FRAMEWORK ADOPTED	SERVICE LINE	s	EXCLUDED
Firmsmall1	Yes	Small	1	n/a	Cooperative	Segregated to moderate interaction	Business services	WA	Yes
Firmsmall2	Yes	Small	3	1 employer 1 graduate	Domestic intermediary using a captive model	Segregated	SMSF	WA	No
Firmsmall3	Yes	Small	3	1 graduate	External and Domestic intermediary	Highly interactive	Bookkeeping	WA	No
Nonfirmsmall4	No	Small	2	1 employer 1 graduate	n/a	n/a	Business Services	WA	No
FirmMidtier1	Yes	Mid-tier	3	2 employers 1 graduate	External	Highly interactive	Business Services	ACT	No
FirmmidTier2	Yes	Mid-tier	1	n/a	Domestic intermediary with a captive	Segregated		NSW	Yes

FIRM	OFFSHORE?	FIRM SIZE	NO OF INTERVIEW RESPONDENTS	SURVEY PARTICIPANTS	OWNERSHIP MODEL ADOPTED	INTERACTION FRAMEWORK ADOPTED	SERVICE LINE	STATE	EXCLUDED
Firmmidtier3	Yes	Mid-tier	3	1 employer 2 graduates	Captive	Moderately interactive	Business services	WA	No
Firmmidtier4	Yes	Mid-tier	2	1 employer 1 graduate	External	Highly interactive	SMSF	VIC	No
NonMidtier1	No	Mid-tier	2	1 graduate	n/a	n/a	Business Services	WA	No
Nonmidtier2	No	Mid-tier	1	1 employer	n/a	n/a	Business services	WA	No
Firmlarge1	Yes	Large	11	2 employers 1 graduate	Domestic intermediary with a captive	Segregated	Business services SMSF	WA	No
Firmlarge2	Yes	Large	2		Captive	Highly interactive	Tax Business services	WA	No
Total			32 respondents	18 survey respondents					

Appendix 5.11a: Summary of firms where respondents work

APPENDIX 5.11b: SUMMARY OF RESPONDENTS

SUMMARY OF RESPONDENTS																		
RESPONDENT CODE	FIRM SIZE	LOCATION	OFFSHORE?	TYPE	ROLE	GENDER	AGE	SERVICE LINE	TEARS IN	TEARS AT	SURVEY?	OWNERSHIP MODEL	INTERACTION FRAMEWORK	STAFF NO	PTNRS / MGRS	GRADS	ADMIN	STAFF
FirmLarge1Accountant1	Large	WA	Yes	Employer	Accountant	F	21-30	Bur	4	1	No	Captive	Segregated	50	24	2	4	24
FirmLarge1Champion1	Large	WA	Yes	Employer	Champion	F	21-30	Bur	7	3	No	Captive	Segregated	50	24	2	4	24
FirmLarge1Champion2	Large	NSW	Yes	Employer	Champion	F	31-40	Bur	10	2	No	Captive	Segregated	120	unknau	7	8	24
FirmLarge1Champion3	Large	WA	Yes	Employer	Champion	F	21-30	Bur	3	3	No	Captive	Segregated	50	24	2	4	24
FirmLarge1Champion4	Large	TAS	Yes	Employer	Champion	M	31-40	Bur	14	14	No	Captive	Segregated	30	unknau	2	unknau	24
FirmLarge1Graduate1	Large	WA	Yes	Graduate	Graduate	M	21-30	Bur	2	2	Yes	Captive	Segregated	50	24	2	4	24
FirmLarge1HR1	Large	WA	Yes	Employer	HR	F	21-30	N/A	9	1	No	Captive	Segregated	unknau	unknau	unknau	unknau	unknau
FirmLarge1Manager1	Large	WA	Yes	Employer	Manager	F	41-50	Bur	24	1	Yes	Captive	Segregated	50	24	2	4	24
FirmLarge1Manager2	Large	WA	Yes	Employer	Manager	F	31-40	Super	15	9	No	Domestic Intermediary	Segregated	1.5	1.5	0	0	unknau
FirmLarge1Partner1	Large	WA	Yes	Employer	Partner	M	51-60	Bur	32	32	Yes	Captive	Segregated	50	24	2	4	24
FirmLarge1Partner2	Large	WA	Yes	Employer	Partner	M	41-50	Bur	24	17	No	Captive	Segregated	50	24	2	4	24
FirmLarge2Accountant1	Large	WA	Yes	Employer	Accountant	F	21-30	Tax	5	1	No	Captive	Highly Interactive	8	3	1	1	unknau
FirmLarge2Accountant2	Large	WA	Yes	Employer	Accountant	M	21-30	Bur	3	2	No	Captive	Highly Interactive	40	10	4	2	unknau
FirmMidTier1Graduate1	MidTier	ACT	Yes	Graduate	Graduate	F	21-30	Bur	1	1	Yes	External	Highly Interactive	17	14	1	3	6
FirmMidTier1Manager1	MidTier	ACT	Yes	Employer	Manager	F	21-30	Bur	8	3	Yes	External	Highly Interactive	17	14	1	3	6
FirmMidTier1Partner1	MidTier	ACT	Yes	Employer	Partner	M	41-50	Bur	20	2	Yes	External	Highly Interactive	17	14	1	3	6
FirmMidTier3Graduate1	MidTier	WA	Yes	Graduate	Graduate	F	31-40	Bur	1	1	Yes	Captive	Moderately Interactive	50	10	9	6	unknau
FirmMidTier3Graduate2	MidTier	WA	Yes	Graduate	Graduate	F	21-30	Bur	1	1	Yes	Captive	Moderately Interactive	50	10	9	6	unknau
FirmMidTier3Partner1	MidTier	WA	Yes	Employer	Partner	M	31-40	Bur	19	14	Yes	Captive	Moderately Interactive	50	10	9	6	unknau
FirmMidTier4Manager1	MidTier	VIC	Yes	Employer	Manager	M	21-30	Super	8	5	Yes	External	Highly Interactive	11	3	2	3	32
FirmMidTier4Partner1	MidTier	VIC	Yes	Employer	Partner	M	41-50	Super	20	5	Yes	External	Highly Interactive	11	3	2	3	32
FirmSmall2Champion1	Small	WA	Yes	Employer	Champion	M	31-40	Super	8	1	No	Domestic Intermediary	Segregated	20	5	2	3	unknau
FirmSmall2Graduate2	Small	WA	Yes	Graduate	Graduate	F	21-30	Super	3	3	Yes	Domestic Intermediary	Segregated	20	5	2	3	unknau
FirmSmall2Partner1	Small	WA	Yes	Employer	Partner	M	41-50	Super	20	16	Yes	Domestic Intermediary	Segregated	20	5	2	3	unknau
FirmSmall3Graduate1	Small	WA	Yes	Graduate	Graduate	F	21-30	Bur	6	2	Yes	Domestic Intermediary	Highly Interactive	5	5	0	1	1
FirmSmall3Manager1	Small	WA	Yes	Employer	Manager	M	31-40	Bur	17	2	No	Domestic Intermediary	Highly Interactive	5	5	0	1	1
FirmSmall3Partner1	Small	WA	Yes	Employer	Partner	F	21-30	Bur	8	3	No	Domestic Intermediary	Highly Interactive	5	5	0	1	1
NanFirmSmall4Graduate	Small	WA	No	Graduate	Graduate	F	21-30	Bur	2	1	Yes	N/A	N/A	35	6	3	18	N/A
NanFirmSmall4Manager	Small	WA	No	Employer	Manager	M	31-40	Bur	9	9	Yes	N/A	N/A	35	6	3	18	N/A
NanMidTier1Graduate1	MidTier	WA	No	Graduate	Graduate	M	21-30	Bur	1	1	Yes	N/A	N/A	44	16	3	3	N/A
NanMidTier1HR1	MidTier	WA	No	Employer	HR	F	41-50	N/A	9	2	No	N/A	N/A	44	16	3	3	N/A
NanMidTier2Partner1	MidTier	WA	No	Employer	Partner	F	31-40	Bur	20	10	Yes	N/A	N/A	25	14	2	2	N/A

Appendix 5.11b: Detailed Summary of Respondents

**APPENDIX 5.12: GROUPINGS OF SURVEY GRADUATE SKILLS
USED IN THE ANALYSIS**

SUMMARISED INTO	SKILL PER THE SURVEY
Working with others	Task collaboration
	Team working
	Social Intelligence
	Cultural and diversity awareness
	Influencing others
Communication	Conflict Resolution
	Verbal Communication
	Giving & Receiving Feedback
	Public speaking
	Meeting management
Self-awareness	Written communication
	Self-Reflection
Critical thinking	Lifelong learning
	Pattern recognition & Conceptualisation
Technology	Evaluation
	Spreadsheets
	Word
	Powerpoint
	Digital Communication
	Databases
	Internet
Problem solving	Information Management
	Reasoning
	Diagnosing
Lateral thinking	Decision making
	Lateral thinking and creativity
Self-Mgt	Initiative
	Self-efficacy
	Stress tolerance
	Work-life balance
Accountability	Self-regulation
	Social responsibility
	Accountability
Organisation Awareness	Personal Ethics
	Organisation Awareness
Professionalism	Efficiency
	Multitasking
	Autonomy
	Time management
	Drive
Managing Others	Goal and task management
	Performance Management
Project Mgt	Developing Others
	Project Mgt
International Communication	International Communication
Commercial Awareness	Commercial Awareness

Appendix 5.12: Groupings of survey graduate skills used in analysis

APPENDIX 5.13: DESCRIPTIVE STATISTICS

State			
	Frequency	Percent	Cumulative Percent
VIC	2	11.1	11.1
ACT	3	16.7	27.8
WA	13	72.2	100.0
Total	18	100.0	

Size			
	Frequency	Percent	Cumulative Percent
Large	3	16.7	16.7
Small	5	27.8	44.4
Midtier	10	55.6	100.0
Total	18	100.0	

<u>Years in the Profession</u>			
	Frequency	Percent	Cumulative Percent
3	1	5.6	5.6
6	1	5.6	11.1
9	1	5.6	16.7
19	1	5.6	22.2
24	1	5.6	27.8
32	1	5.6	33.3
2	2	11.1	44.4
8	2	11.1	55.6
1	4	22.2	77.8
20	4	22.2	100.0
Total	18	100.0	
<u>Years at the Firm</u>			
	Frequency	Percent	Cumulative Percent
9	1	5.6	5.6
10	1	5.6	11.1
14	1	5.6	16.7
16	1	5.6	22.2
32	1	5.6	27.8
3	2	11.1	38.9
5	2	11.1	50.0
2	3	16.7	66.7
1	6	33.3	100.0
Total	18	100.0	
<u>Level in the Firm</u>			
	Frequency	Percent	Cumulative Percent
Manager	4	22.2	22.2
Partner	6	33.3	55.6
Graduate	8	44.4	100.0
Total	18	100.0	
<u>Do the Case Firms Offshore?</u>			
	Frequency	Percent	Cumulative Percent
No	4	22.2	22.2
Yes	14	77.8	100.0
Total	18	100.0	

Respondent Type			
	Frequency	Percent	Cumulative Percent
Graduate	8	44.4	44.4
Employer	10	55.6	100.0
Total	18	100.0	
Gender			
	Frequency	Percent	Cumulative Percent
F	9	50.0	50.0
M	9	50.0	100.0
Total	18	100.0	
Age			
	Frequency	Percent	Cumulative Percent
51-60	1	5.6	5.6
31-40	4	22.2	27.8
41-50	4	22.2	50.0
21-30	9	50.0	100.0
Total	18	100.0	
Service Line			
	Frequency	Percent	Cumulative Percent
Super	4	22.2	22.2
Bus	14	77.8	100.0
Total	18	100.0	

Appendix 5.13: Descriptive Statistics

APPENDIX 6.1: EXTRACT FROM CODING OF A TRANSCRIPT

Coding Summary By Source
 PHD
 13/02/2018 1:35 PM

Classification	Aggregate	Coverage	Number Of Coding References	Reference Number	Coded By Initials	Modified On
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PDF

Internals\\Transcript - Firmsmall2Partner1

Node

Nodes\\Des - Accounting firm operational issues\\Des - Offshore operational issues\\Des - lack of oversight

No	Coverage	Number Of Coding References	Reference Number	Coded By Initials	Modified On
	0.0120	2	1	C	25/08/2017 4:55 PM

Q15a) So not only in the initial phases when you were negotiating it? Um, we I got involved in looking at who the different alternatives available to us were and fine-tuned it down to this one provider that we then trialed. And argh, I was involved in the early piece but not in the physical negotiation.

2			2	C	25/08/2017 4:55 PM
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Q16a) And what made you go with this one? Um, large scale operation. Good character references. And, um the model that they were providing us in terms of fixed fee. Um suited us.

Nodes\\Des - Accounting firm operational issues\\Des - Resourcing preferences\\Des - Grad's are cheap labour

No	Coverage	Number Of Coding References	Reference Number	Coded By Initials	Modified On
	0.0369	6	1	C	25/08/2017 4:55 PM

Less than that. It's probably only been 6 months. Um But in terms of improved turnaround times, not having the staffing issues and um, the feedback that I'm getting from our fellow that's managing it has been very positive.

2			2	C	25/08/2017 4:55 PM
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Q11a) So you're looking at the super division. We've making a mark-up where as previously we weren't. We're now getting write-ups. That the main kpi. Um, official kpi. But I do sense that we are also turning the work around a bit quicker.

3			3	C	25/08/2017 4:55 PM
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Um, we don't have perhaps the junior staff member or members that would have been doing some of the low level superannuation work. They're no longer doing superannuation work. That's probably the only structural change.

4			4	C	25/08/2017 4:55 PM
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Yeah, and so more recently we have had a policy of employing more client facing, more senior, more client facing people and less, less lower level people. What we found is that we spent a lot of time training cadets and graduates and were finding it very difficult to keep them and to really leverage off

5 | Page
 that training. And yeah, so we've decided to look to recruit people that have got the experience that don't need intensive training.

Appendix 6.1: Extract from a transcript coding

APPENDIX 6.2: SUMMARY OF AXIAL AND SELECTIVE CODES

OVERALL CODING SUMMARY					
SELECTIVE CODE	AXIAL CODE	OPEN CODING	NOTE	RQ LINI	TOTAL COU
Des - Acct firm operational issues	Des - Offshore operational issues	Des - High expectations		RQd, RQc	4
Des - Acct firm operational issues	Des - Offshore operational issues	Des - Knows preferences		n/a	4
Des - Acct firm operational issues	Des - Offshore operational issues	Des - Lack of hard no's		n/a	1
Des - Acct firm operational issues	Des - Offshore operational issues	Des - Lack of oversight		n/a	6
Des - Acct firm operational issues	Des - Offshore operational issues	Des - Oz is client	Important	n/a	1
Des - Acct firm operational issues	Des - Resourcing preferences	Des - Cares for india team	Important	RQe	14
Des - Acct firm operational issues	Des - Resourcing preferences	Des - Control	Important	RQb	15
Des - Acct firm operational issues	Des - Resourcing preferences	Des - Grad's are cheap labour	Important	RQ1	15
Des - Acct firm operational issues	Des - Resourcing preferences	Des - HR disconnect	Important	RQ1	16
Des - Characteristics of respondents	Des - Depth of answer	Des - Brief answers		n/a	1
Des - Characteristics of respondents	Des - Depth of answer	Des - Detail orientated		n/a	30
Des - Characteristics of respondents	Des - Depth of answer	Des - Emphatic		n/a	12
Des - Characteristics of respondents	Des - Depth of answer	Des - Unsure of detail	Important	n/a	27
Des - Characteristics of respondents	Des - Respondent bias	Des - enjoyment		n/a	10
Des - Characteristics of respondents	Des - Respondent bias	Des - Frustration	Important	n/a	33
Des - Characteristics of respondents	Des - Respondent bias	Des - Justify bad stuff		n/a	4
Des - Characteristics of respondents	Des - Respondent bias	Des - negative	Important	n/a	16
Des - Characteristics of respondents	Des - Respondent bias	Des - Personal ethical struggle	Important	RQb	21
Des - Characteristics of respondents	Des - Respondent bias	Des - pet topic		n/a	13
Des - Characteristics of respondents	Des - Respondent bias	Des - Pragmatic	Important	RQ1	22
Des - Characteristics of respondents	Des - Respondent bias	Des - Racist		RQb	5
Des - Characteristics of respondents	Des - Respondent bias	Des - Sexist		n/a	3
Des - Characteristics of respondents	Des - Respondent bias	Des - Balanced view	Important	n/a	35
Des - Characteristics of respondents	Des - Respondent characteristics	Des - almost large		n/a	10
Des - Characteristics of respondents	Des - Respondent characteristics	Des - busy and big workload		RQ1	6
Des - Characteristics of respondents	Des - Respondent characteristics	Des - Collegiality		RQe	3
Des - Characteristics of respondents	Des - Respondent characteristics	Des - Experience level	Important	n/a	31
Des - Characteristics of respondents	Des - Respondent characteristics	Des - process vs strategic thinking		RQc, RQd	8
Des - Characteristics of respondents	Des - Respondent characteristics	Des - Traditional perspective		RQc, RQd	15
Des - Characteristics of respondents	Des - Respondent characteristics	Des - view themselves as different	Important	RQ1	3
Des - Characteristics of respondents	Des - Respondent characteristics	Des - Wrong person for the role		n/a	2
Des - Characteristics of respondents	Des - Respondent characteristics	Des - Branding		n/a	1
Des - Characteristics of respondents	Des - Respondent demenour	Des - Curious		n/a	4
Des - Characteristics of respondents	Des - Respondent demenour	Des - Defensive		n/a	10
Des - Characteristics of respondents	Des - Respondent demenour	Des - Down to earth		n/a	4
Des - Characteristics of respondents	Des - Respondent demenour	Des - Friendly		n/a	9
Des - Characteristics of respondents	Des - Respondent demenour	Des - Nervous		n/a	3
Des - Characteristics of respondents	Des - Respondent demenour	Des - Proud	Important	n/a	27
Des - Characteristics of respondents	Des - Respondent demenour	Des - Relaxed		n/a	16
Des - Characteristics of respondents	Des - Respondent demenour	Des - Resistant		n/a	8
Des - Interviewer Technique	Des - Interviewer technique	Des - Doesn't get question		n/a	6
Des - Interviewer Technique	Des - Interviewer technique	Des - I should have known this		n/a	1
Des - Interviewer Technique	Des - Interviewer technique	Des - Leading question		n/a	7
Des - Interviewer Technique	Des - Interviewer technique	Des - My opinion		n/a	1
Des - Interviewer Technique	Des - Interviewer technique	Des - poor transcript		n/a	3
Des - Learning	Des - Critical of University	Des - Critises uni	Important	RQf	20
Des - Learning	Des - Critical of University	Des - Real world Differences		RQf	8
Des - Learning	Des - Learning by firm and team	Des - ambitious		RQd	10
Des - Learning	Des - Learning by firm and team	Des - confidence level		n/a	15
Des - Learning	Des - Learning by firm and team	Des - Fast progression	Important	RQd, RQg	4
Des - Learning	Des - Learning by firm and team	Des - Learning curve for firm	Important	RDd	23
Des - Learning	Des - Learning by firm and team	Des - Learning desire	Important	RQd	17
Des - level of Agreement	Des - level of Agreement	Des - Agreement		n/a	29
Des - level of Agreement	Des - level of Agreement	Des - Changes question		n/a	5
Des - level of Agreement	Des - level of Agreement	Des - Contradicting themselves or so	Important	n/a	15
Des - level of Agreement	Des - level of Agreement	Des - Incorrect	Important	n/a	6
Des - level of Agreement	Des - level of Agreement	Des - Indecisive		n/a	1
Des - level of Agreement	Des - level of Agreement	Des - Interested		n/a	1
Des - level of Agreement	Des - level of Agreement	Des - Paraphrase		n/a	1
Des - level of Agreement	Des - level of Agreement	Des - Surprising	Important	n/a	15
Des - level of Agreement	Des - level of Agreement	Des - Uncertainty		n/a	4
Des - level of Agreement	Des - level of Agreement	Des - Unrealistic		n/a	1
Des - level of Agreement	Des - level of Agreement	Des - What they think I want to hear		n/a	3
Des - Sensitive nature of offshoring	Des - Sensitive nature of offshoring	Des - Fear	Important	RQ1	14
Des - Sensitive nature of offshoring	Des - Sensitive nature of offshoring	Des - Taboo	Important	RQb	4
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - Buyin	important	RQ1	66
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - control		RQ1	7
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - India expectations		n/a	2
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - Loss of control		RQ1	4
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - Managers wear pain		RQc	3
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - Resistance to offshoring		RQ1	6
Th - Domestic mgt of offshoring	Th - Domestic buy in	Th - transparency		n/a	1

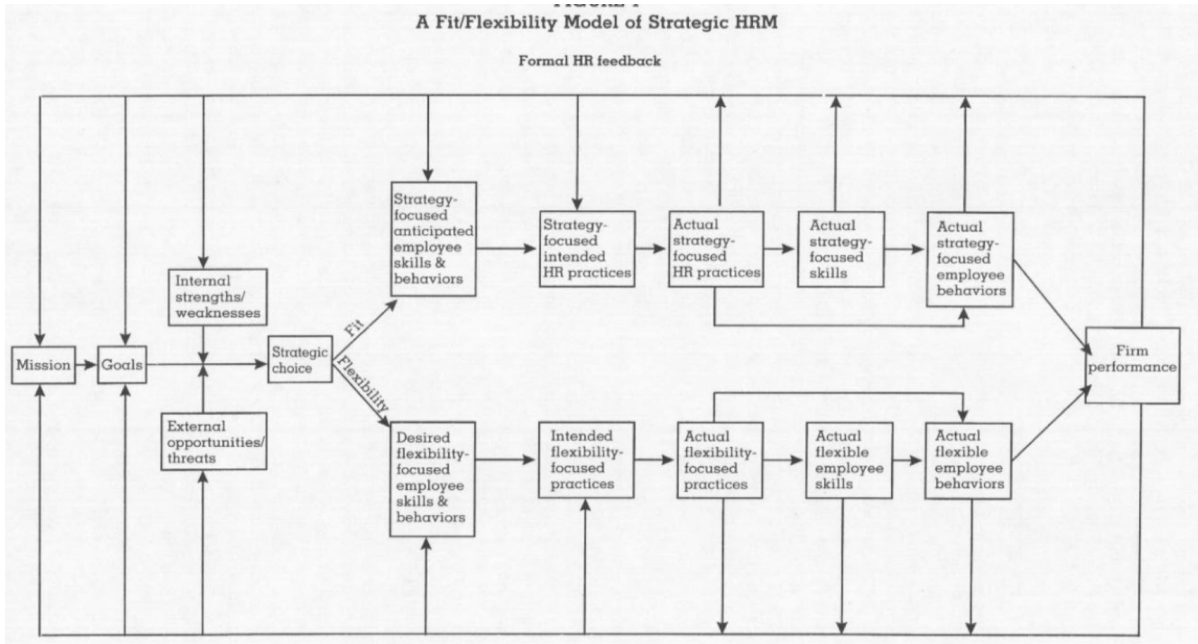
OVERALL CODING SUMMARY					
SELECTIVE CODE	AXIAL CODE	OPEN CODING	NOTES	RQ LINK	TOTAL COUNT
Th - Domestic mgt of offshoring	Th - Future impacts of offshoring on acctg firm	Th - Knowledge mgt	important	RQg	17
Th - Domestic mgt of offshoring	Th - Future impacts of offshoring on acctg firm	Th - Knowledge mgt		RQd	0
Th - Domestic mgt of offshoring	Th - Future impacts of offshoring on acctg firm	Th - Succession planning		RQb	4
Th - Domestic mgt of offshoring	Th - India management team	Th - Champion	important	n/a	46
Th - Domestic mgt of offshoring	Th - India management team	Th - Project team	important	n/a	20
Th - Domestic mgt of offshoring	Th - India management team	Th - Risk of champion reliance		n/a	6
Th - Domestic mgt of offshoring	Th - Risks and regulation of offshoring	Th - Client disclosure		n/a	1
Th - Domestic mgt of offshoring	Th - Risks and regulation of offshoring	Th - Data security	important	n/a	16
Th - Domestic mgt of offshoring	Th - Risks and regulation of offshoring	Th - Regulation compliance		n/a	1
Th - Domestic mgt of offshoring	Th - Risks and regulation of offshoring	Th - Risk mgt		n/a	9
Th - Domestic mgt of offshoring	Th - Risks and regulation of offshoring	Th - Risks of offshoring		n/a	5
Th - Evolving offshoring mgt	Th - Growth of Different India models	Th - Backshoring		RQg	2
Th - Evolving offshoring mgt	Th - Growth of Different India models	Th - Freelancing		RQe	1
Th - Evolving offshoring mgt	Th - Growth of Different India models	Th - Multisourcing		RQd	4
Th - Evolving offshoring mgt	Th - India experience levels	Th - Firm differences	important	n/a	11
Th - Evolving offshoring mgt	Th - India experience levels	Th - India growth		n/a	5
Th - Evolving offshoring mgt	Th - India experience levels	Th - Institutional theory		RQ1	2
Th - Evolving offshoring mgt	Th - India experience levels	Th - Late adopter		n/a	9
Th - Evolving offshoring mgt	Th - India experience levels	Th - Learning from prior offshoring experiences	important	RQe	23
Th - Evolving offshoring mgt	Th - India experience levels	Th - Trial and error		RQe	4
Th - Grad skills	Th - Grad skills	Th - Grad skills adaptability	important	RQd	7
Th - Grad skills	Th - Grad skills	Th - Grad skills advisory	important	RQd	18
Th - Grad skills	Th - Grad skills	Th - Grad skills attention to detail		RQd	1
Th - Grad skills	Th - Grad skills	Th - Grad skills communication	important	RQd	19
Th - Grad skills	Th - Grad skills	Th - Grad skills conflict resolution		RQd	3
Th - Grad skills	Th - Grad skills	Th - Grad skills creativity		RQd	2
Th - Grad skills	Th - Grad skills	Th - Grad skills critical thinking	important	RQd	6
Th - Grad skills	Th - Grad skills	Th - Grad skills drive	important	RQd	7
Th - Grad skills	Th - Grad skills	Th - Grad skills IT		RQd	3
Th - Grad skills	Th - Grad skills	Th - Grad skills learning ability	important	RQd	6
Th - Grad skills	Th - Grad skills	Th - Grad skills professional		RQd	1
Th - Grad skills	Th - Grad skills	Th - Grad skills project mgt	important	RQd	10
Th - Grad skills	Th - Grad skills	Th - Grad skills teamwork		RQd	3
Th - Grad skills	Th - Grad skills	Th - Grad skills time mgt		RQd	4
Th - Graduate employability	Th - Does offshoring benefit grads?	Th - Benefits of offshoring		n/a	18
Th - Graduate employability	Th - Does offshoring benefit grads?	Th - Offshoring bad for grads	important	RQ1	27
Th - Graduate employability	Th - Does offshoring benefit grads?	Th - Offshoring good for grads	important	RQ1	7
Th - Graduate employability	Th - Grad to work transition	Th - Profession skill gap		RQg	7
Th - Graduate employability	Th - Grad to work transition	Th - transferring employability skills		RQf	2
Th - Graduate employability	Th - other employability factors	Th - Grad changes	important	RQ1	33
Th - Graduate employability	Th - other employability factors	Th - Grad culture fit	important	RQ1	9
Th - Graduate employability	Th - other employability factors	Th - Grad experienced	important	RQ1	10
Th - Graduate employability	Th - other employability factors	Th - Grad life skills		RQ1	1
Th - Graduate employability	Th - other employability factors	Th - Grad other employability factors	important	RQ1	19
Th - Graduate employability	Th - other employability factors	Th - Quality of grads		RQ1	12
Th - Graduate Recruitment	Th - Grad recruitment methods	Th - Recruitment method	important	RQb	44
Th - Graduate Recruitment	Th - Grad recruitment methods	Th - Try out grads first		RQb	4
Th - Graduate Recruitment	Th - Grad recruitment numbers	Th - Agile business structure		RQ1	0
Th - Graduate Recruitment	Th - Grad recruitment numbers	Th - Domestic staff mix	important	RQb	63
Th - Graduate Recruitment	Th - Grad recruitment numbers	Th - Human capital theory	important	RQb	10
Th - Graduate Recruitment	Th - Grad recruitment numbers	Th - Job losses	important	RQb	43
Th - Graduate Recruitment	Th - Grad recruitment numbers	Th - Number of grads recruited		RQb	47
Th - Graduate Recruitment	Th - Grad recruitment numbers	Th - Skills shortage		RQb	4
Th - Graduate development	Th - Graduate Careers	Th - Career path		RQc	10
Th - Graduate development	Th - Graduate Careers	Th - Client contact	important	RQc	50
Th - Graduate development	Th - Graduate Careers	Th - Grad career path		RQc	6
Th - Graduate development	Th - Graduate Careers	Th - Grad development	important	RQg	64
Th - Graduate development	Th - Graduate Careers	Th - Grads have it hard		RQc	3
Th - Graduate development	Th - Graduate Careers	Th - Graduate retention		RQc	10
Th - Graduate development	Th - Training graduates	Th - Good training program	important	RQg	15
Th - Graduate development	Th - Training graduates	Th - Grad expectations		RQg	3
Th - Graduate development	Th - Training graduates	Th - Grad training	important	RQg	133
Th - Graduate development	Th - Training graduates	Th - training investment	important	RQg	21
Th - Graduate development	Th - Training graduates	Th - Uni curriculum	important	RQf	17
Th - India mgt of offshoring	Th - India staffing	Th - India resourcing		n/a	3
Th - India mgt of offshoring	Th - India staffing	Th - India staff		n/a	33
Th - India mgt of offshoring	Th - India staffing	Th - India team structure		n/a	3
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - Communication technology		RQd	12
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - Cultural differences		RQd	4
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - India relationships	important	RQd	30
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - Interaction framework	important	RQe	101
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - offshore is part of the team	important	RQe	31
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - ownership model	important	RQe	44
Th - India mgt of offshoring	Th - Relationship with Indian vendor	Th - Vendor characteristics		n/a	5

OVERALL CODING SUMMARY					
SELECTIVE CODE	AXIAL CODE	OPEN CODING	NOTES	RQ LINK	TOTAL COUNT
Th - Making india work	Th - Cost of offshoring	Th - Cost savings		n/a	45
Th - Making india work	Th - Cost of offshoring	Th - Offshoring initial cost		n/a	7
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Efficiency issues		RQc	7
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Fixing india errors		RQc	1
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - India training	important	RQg	35
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - India work hard		n/a	3
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - KPI's	important	n/a	46
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Offshore pricing		n/a	9
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Offshore process	important	RQc	37
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Offshoring efficiencies		RQc	13
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Process changes		RQc	14
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Quality control	important	n/a	36
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Reviewing india work	important	RQc	31
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - SLA		n/a	5
Th - Making india work	Th - India processes - quality, efficiency & measures	Th - Turnaround time		RQc	9
Th - Making india work	Th - Making offshoring work	Th - Critical success factors	important	n/a	53
Th - Making india work	Th - Making offshoring work	Th - Offshoring success	important	n/a	80
Th - Making india work	Th - Making offshoring work	Th - Offshoring takes work		n/a	17
Th - University degrees	Th - Grad academic impact	Th - Grad academic performance	important	RQf	30
Th - University degrees	Th - Grad academic impact	Th - Grad degree type	important	RQf	12
Th - University degrees	Th - Grad academic impact	Th - Uni impact on employability		RQf	5
Th - What accounting work is done by	Th - Types of accounting work	Th - Accounting commoditised		RQc	3
Th - What accounting work is done by	Th - Types of accounting work	Th - Cloud based business		RQc	3
Th - What accounting work is done by	Th - Types of accounting work	Th - Compliance work vs advisory	important	RQc	44
Th - What accounting work is done by	Th - Types of accounting work	Th - Technology taking over	important	RQc	18
Th - What accounting work is done by	Th - Types of accounting work	Th - Technology taking over		RQ1	0
Th - What accounting work is done by	Th - What work is offshored?	Th - offshoring specialist skills	important	RQg	9
Th - What accounting work is done by	Th - What work is offshored?	Th - What can be offshored?	important	RQ1	46
Th - What accounting work is done by	Th - What work is offshored?	Th - Work allocation	important	RQ1	71
Th - What accounting work is done by	Th - Work done by grads	Th - Admin roles	important	RQc	49
Th - What accounting work is done by	Th - Work done by grads	Th - Grad india involvement		RQe	4
Th - What accounting work is done by	Th - Work done by grads	Th - Grads doing difficult work	important	RQg	24
Th - What accounting work is done by	Th - Work done by grads	Th - Work work grads do	important	RQc	57
supply/demand	Grad demand	Lack of grad jobs	important	RQ1	12
Type of grads	types of grads	different types of grads	important	RQ1	23
supply/demand	Grad demand	domestic staff mix	important	RQ1	7
supply/demand	Grad demand	Offshoring bad for grads		RQ1	4
Future profession	Succession	Grads as succession plan		RQ1	2
Type of grads	types of grads	client skills important		RQ1	3
hr disconnect	hr disconnect	HR vs resourcing r/ship	important	RQ1	13
Type of grads	types of grads	Which uni matters		RQ1	5
supply/demand	Grad supply	Grad pool bigger		RQ1	2
Type of grads	types of grads	Grads are better quality		RQ1	1
Type of grads	types of grads	Different grads for different service lines	important	RQ1	4
Future profession	Grad role	Accountant role changing		RQ1	3
supply/demand	Grad demand	Offshoring causes reduction of grads	important	RQ1	9
Type of grads	types of grads	Biz services still looking for same types of grads		RQ1	4
Type of grads	types of grads	Location influences grad quality choice		RQ1	2
Type of grads	types of grads	Confidence key grad employability attribute		RQ1	6
Type of grads	types of grads	prior job important	important	RQ1	6
supply/demand	grad supply	uni's producing too many grads		RQ1	1
Future profession	grad expectations	grad expectations different		RQ1	3
Future profession	Grad role	grads not doing advisory yet		RQ1	1
supply/demand	Grad demand	Not hiring grads strategy for buyin		RQ1	3
Future profession	Succession	Lack of grads causes long term skills gap		RQ1	3
supply/demand	Grad demand	not hiring grads due to economy		RQ1	2
Type of grads	types of grads	International students not employable		RQ1	3
Type of grads	types of grads	creativity		RQ1	2
supply/demand	Grad supply	grad role less attractive		RQ1	1
Type of grads	types of grads	grads need to be open to offshoring		RQ1	2
Type of grads	types of grads	defn of grad		RQ1	2
Type of grads	types of grads	culture fit		RQ1	1
why hire grads	why hire grads	Hire grads after india buyin		RQb	3
why hire grads	why hire grads	domestic staff mix		RQb	2
why hire grads	why hire grads	grads more convenient		RQb	2
india = grad	india = grad	india substitute for grad	important	RQb	14
hr disconnect	hr disconnect	resourcing separate from HR-disconnect	important	RQb	8
recruiting style	recruiting style	Each division is different		RQb	1
why hire grads	why hire grads	grad quality better		RQb	2
recruiting style	recruiting style	recruiting focused on diverse grads	important	RQb	9
india = grad	india = grad	hiring less grads	important	RQb	13
recruiting style	recruiting style	different recruitment methods	important	RQb	12
why hire grads	why hire grads	Growing staff more effective than experienced		RQb	2
why hire grads	why hire grads	Hiring grads is expensive investment		RQb	2
india = grad	india = grad	redundancy		RQb	1
grad attraction/retention	grad attraction/retention	India makes attracting grads harder/easier		RQb	3
why hire grads	why hire grads	India has meant hiring grads		RQb	1
grad attraction/retention	grad attraction/retention	Grad turnover		RQb	3

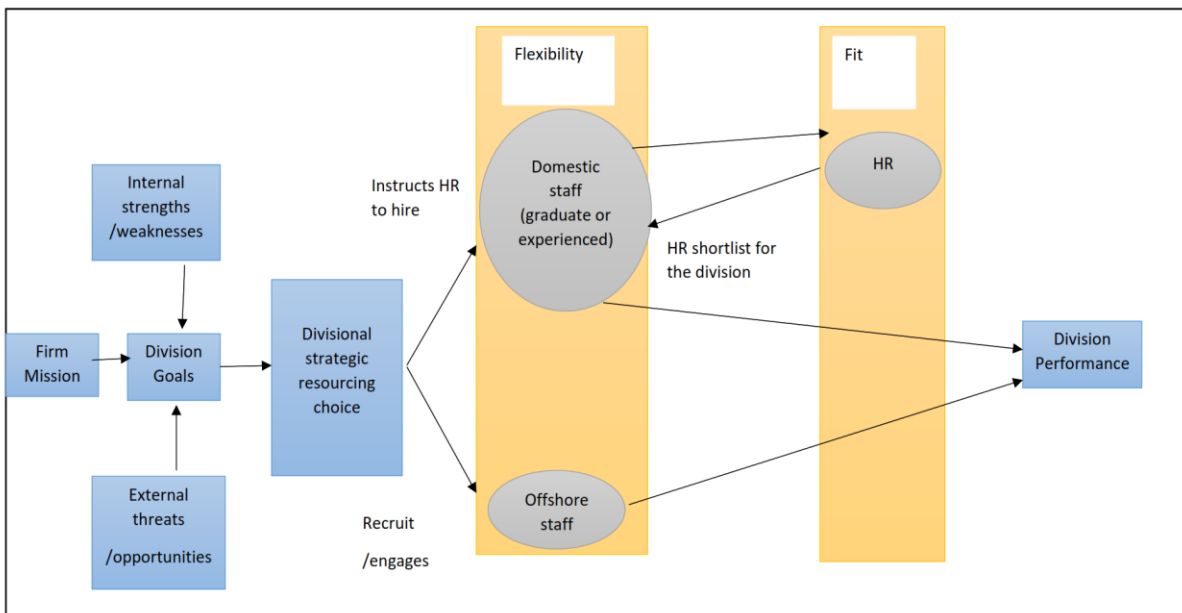
OVERALL CODING SUMMARY					
SELECTIVE CODE	AXIAL CODE	OPEN CODING	NOTES	RQ LINK	TOTAL COUNT
compliance vs advisory	compliance vs advisory	Grad's doing some admin	important	RQe	23
compliance vs advisory	client contact	Grad's don't have client contact	important	RQe	23
compliance vs advisory	compliance vs advisory	Grad's still doing easy compliance work	important	RQe	26
grad development	grad development	Grads don't develop as fast with india	important	RQe	6
compliance vs advisory	compliance vs advisory	Role of accountant will be more advisory	important	RQe	10
grad development	grad development	Grads should be doing harder stuff	important	RQe	6
grad development	grad development	India pushes grads harder		RQe	6
grad development	project mgt vs doing	India takes work away from grads	important	RQe	8
compliance vs advisory	client contact	Smaller compliance jobs gives grads client contact	important	RQe	7
grad development	grad development	Keepig some compliance locally for grad training	important	RQe	12
compliance vs advisory	compliance vs advisory	Grads fear advisory work		RQe	2
compliance vs advisory	compliance vs advisory	Grads don't like boring compliance		RQe	4
grad development	project mgt vs doing	India requires project mgt work		RQe	3
skills	specific soft skills	Communication skills	important	RQd	15
skills	specific soft skills	Drive		RQd	1
skills	specific soft skills	Ambition and long term progression desire		RQd	1
skills	attitude	Open minded re offshoring		RQd	2
skills	technical skills	client and advisory skills	important	RQd	14
other employability	other employability	non-accounting skills		RQd	1
other employability	other employability	business interest		RQd	1
skills	technical skills	Expect acctg technical skills	important	RQd	9
skills	specific soft skills	Looking for generic skills		RQd	2
skills	specific soft skills	Not considering specific skills		RQd	1
other employability	other employability	Extracurricular activities/work experience		RQd	1
skills	specific soft skills	Analytical skills		RQd	5
skills	specific soft skills	Project mgt skills		RQd	1
skills	specific soft skills	Confidence key grad employability attribute		RQd	2
skills	specific soft skills	creative		RQd	3
skills	specific soft skills	Ability to learn		RQd	1
recruiting for skills	recruiting for skills	Not changing grad skills recruitment focus	important	RQd	4
skills	specific soft skills	passion		RQd	3
skills	technical skills	IT skills		RQd	4
skills	attitude	culture fit		RQd	2
recruiting for skills	recruiting for skills	hollowing of skills	important	RQd	4
skills	specific soft skills	supervisory/mentoring skills		RQd	2
grads in interactive	grads in interactive	Open minded re offshoring		Rqe	1
grads in interactive	grads in interactive	Ability to train in interactive		Rqe	2
grads in interactive	grads in interactive	Relationship building in interactive	important	Rqe	6
grad vs india	grad vs india	Grad's compared to India staff		Rqe	1
india processes	india processes	Grad doing admin work with shared service		Rqe	1
grads in interactive	grads in interactive	Ability to see india as part of their team	important	Rqe	5
india processes	india processes	Ability to use India technology		Rqe	1
india processes	india processes	Grads using same workflow as india		Rqe	2
grad vs india	grad vs india	Grads seen as having more control than india		Rqe	1
grads in interactive	grads in interactive	Grad project manages in interactive		Rqe	1
india processes	india processes	India forces process changes on grads and others		Rqe	2
grads in interactive	grads in interactive	Reducing grad numbers to help bujin on interactive		Rqe	2
grads in interactive	grads in interactive	Buddy relationship with india		Rqe	1
uni offshore unaware	uni offshore unaware	Uni courses have to change with offshoring		RQf	1
uni offshore unaware	uni offshore unaware	Lack of awareness of offshoring at uni		RQf	1
practical	practical	Uni gives you technical grounding only		RQf	2
curriculum gap	curriculum gap	Can uni give you experience/advisory?		RQf	1
practical	practical	Desire for software and more practical training	important	RQf	6
practical	practical	More interships etc at uni		RQf	3
curriculum gap	curriculum gap	Big gap in skills needed from uni		RQf	1
curriculum gap	curriculum gap	Uni doesn't give you writing skills		RQf	1
curriculum gap	curriculum gap	Don't use everything you learn at uni		RQf	1
curriculum gap	curriculum gap	Uni's need to increase entrance standards to reduce no of grads		RQf	2
type of training	type of training	On the job training	important	RQg	27
training expectations	training expectations	Grad's unaware of training they should get		RQg	4
training expectations	training expectations	Not getting any formal training-dissatisfied	important	RQg	6
training expectations	training expectations	Expect grads to get training before starting		RQg	2
type of training	type of training	Training set by divisions	important	RQg	8
offshoring & training	offshoring & training	Offshoring not a training consideration		RQg	1
type of training	type of training	Outsource the training to CA/TIA/others	important	RQg	14
why train	why train	Training is important	important	RQg	9
offshoring & training	offshoring & training	Offshoring work means grads get less training	important	RQg	16
offshoring & training	offshoring & training	Offshoring means grads are learning harder things	important	RQg	11
training expectations	training expectations	Grads have huge learning curve		RQg	3
type of training	type of training	Small firms given better client skills & practical training		RQg	4
type of training	type of training	Training is generally firm wide, not grad specific	important	RQg	12
type of training	type of training	Holding work back for grads is deliberate training	important	RQg	18
type of training	type of training	buddy assignment		RQg	3
why train	why train	Training is expensive	important	RQg	5
why train	why train	Training is risk mgt re knowledge mgt		RQg	2

Appendix 6.2: Summary of Axial and Selective Codes

APPENDIX 6.3: ORIGINAL AND ADAPTED FIT/FLEXIBILITY HRM MODEL

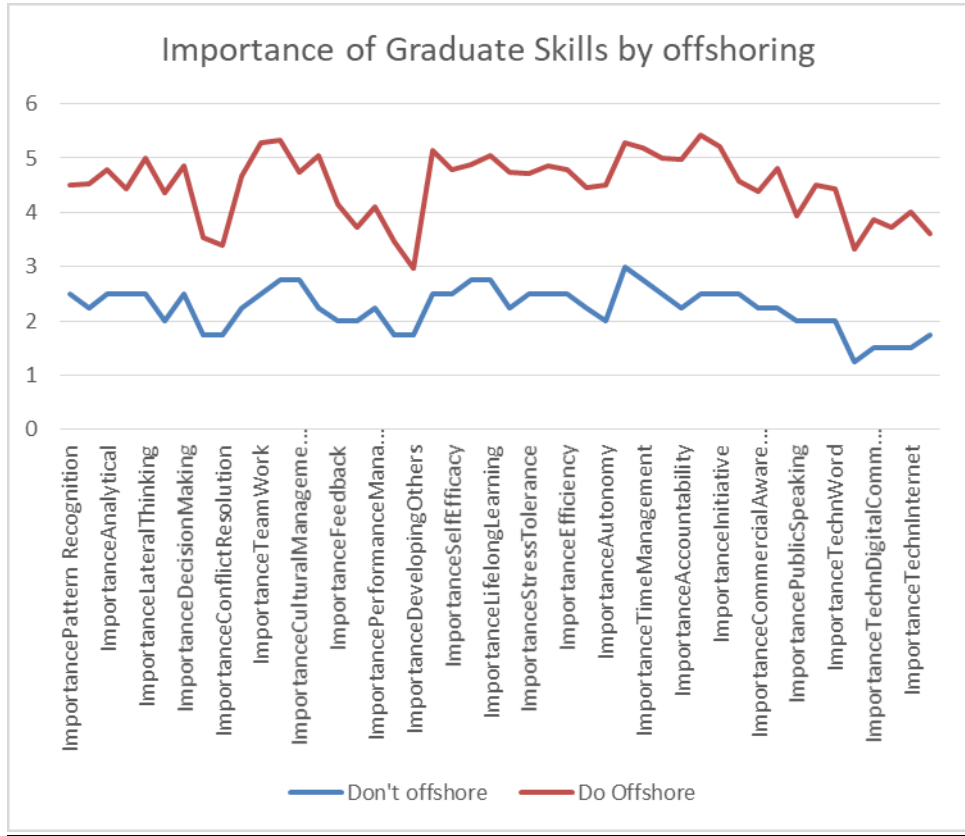


Appendix 6.3a: Original Fit/Flexibility model of SHRM (Wright & Snell, 1998)

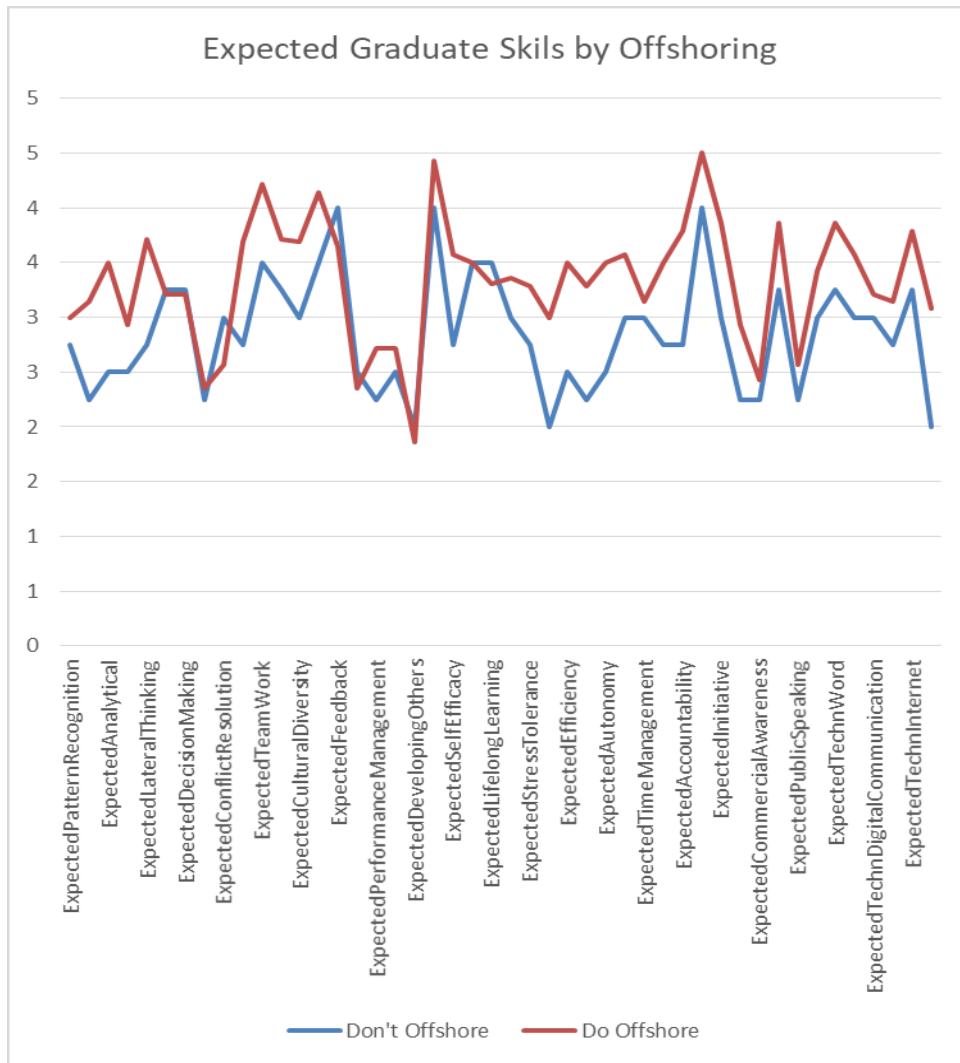


Appendix 6.3b: Modified Fit/flexibility model of Strategic HRM in offshoring accounting firms (Wright & Snell, 1998)

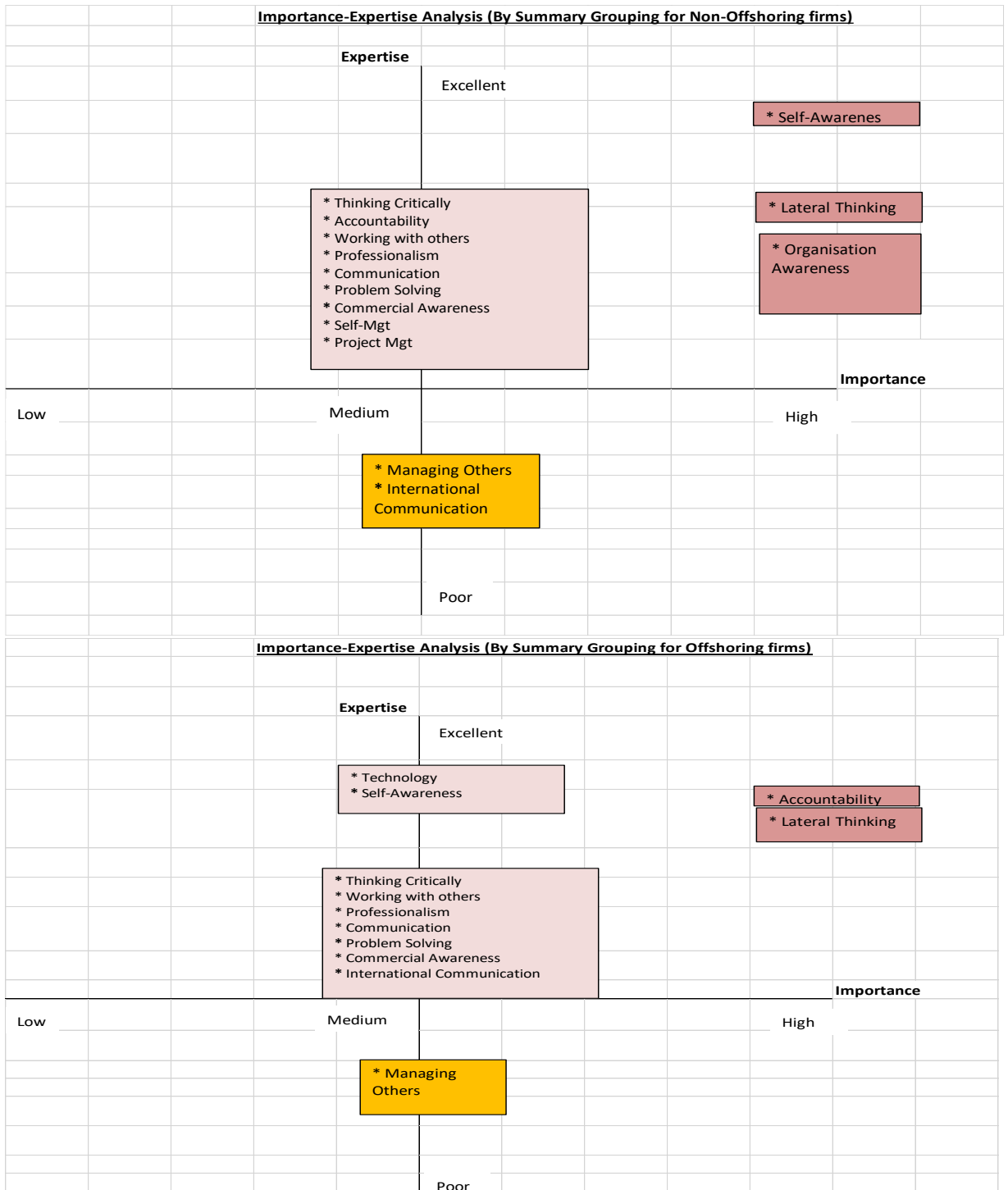
APPENDIX 6.4: RESULTS OF GRADUATE SKILL SURVEY DATA



Appendix 6.4a: Comparison of skills viewed as important of offshoring versus non-offshoring respondents



Appendix 6.4b: Expected level of graduate skills by offshoring and non-offshoring respondents



Appendix 6.4c: Importance-Expertise Analysis by offshoring and non-offshoring respondents

APPENDIX 6.5: SUMMARY OF FORMAL TRAINING PROVIDED BY

RESPONDENT FIRMS

RESPONDENT FIRM	TYPE OF FORMAL TRAINING PROVIDED	RANKING
NonMidtier1	<ul style="list-style-type: none"> • Weeklong Gold Coast training camp on recruitment for induction. • Regular weekly tax training where graduates also participate in presenting which is aimed at all levels. 	Extensive
NonMidtier2	<ul style="list-style-type: none"> • Weekly training sessions running approx. for 3 hours based around case studies aimed at all levels. • Completion of Tax Institute units 	Medium
NonSmallFirm4	<ul style="list-style-type: none"> • Training every second week with staff members presenting topics which is aimed at all levels • Every second week watching NTAA's "Tax on the Couch" 	Medium
FirmLarge1	<ul style="list-style-type: none"> • Provision of a buddy • Soft skills generic training through third party provider • Risk training • Fortnightly hourly technical training that is division specific and aimed at all levels including Partner to grad. • Completion of Tax Institute units 	Extensive
FirmLarge2	<ul style="list-style-type: none"> • Completion of Tax Institute units • Provision of a buddy 	Medium
FirmMidtier1	<ul style="list-style-type: none"> • Quarterly tax training presented by external provider for all staff 	Basic
FirmMidtier3	<ul style="list-style-type: none"> • National intensive graduate conference on commencement focusing on software, case study and soft skills • 12 Week induction which includes training each week in key modules such as trusts, companies etc. • Presentations from Tax Institute • Regular internal technical tax training sessions for two hours/week • Completion of Tax Institute Units • Assignment of a buddy 	Extensive
FirmMidtier4	<ul style="list-style-type: none"> • Unknown 	n/a

RESPONDENT FIRM	TYPE OF FORMAL TRAINING PROVIDED	RANKING
FirmSmall2	<ul style="list-style-type: none"> • NTAA Tax on a Couch sessions 	Basic
FirmSmall3	<ul style="list-style-type: none"> • Monthly external training • Adhoc seminars 	Basic

Appendix 6.5: Summary of formal training provided by respondents