ASEAN ECONOMIC COMMUNITY AND THE MANAGEMENT ACCOUNTANT PROFESSION IN INDONESIA
In an era of globalisation where economies are becoming more inter-connected, new realities have set in as new growth centres have emerged and this has impacted the way business is conducted around the world. Across the Association of South East Asian Nations (ASEAN), the establishment of the ASEAN Economic Community (AEC) on 31 December 2015 marked a new beginning for regional economic cooperation amongst 10 countries, namely Indonesia, the Philippines, Malaysia, Singapore, Thailand, Vietnam, Brunei, Laos, Myanmar and Cambodia. The AEC will transform the region into a single market and production base, with a free flow of goods, services, investments and skilled labour, as well as a free movement of capital. With the formation of this new economic community, it has created the seventh largest economy in the world, with a population of over 622 million people and a combined gross domestic product (GDP) of US$ 2.4 trillion, according to data by the Asian Development Bank.

The establishment of the AEC has also seen a shift towards jobs that require highly skilled talents. To help facilitate this growth, the Mutual Recognition Arrangement (MRA) was put in place to cover several professions including accounting, engineering, nursing and medical personnel. It was introduced with the aim of achieving professional certification and standardisation by acknowledging the differences inherent across these countries in terms of education, training, experience and licensing requirements for professionals.

With the region transforming itself into a global economic powerhouse, the need for skilled talent that serves the business growth of this integration continues to increase. In light of this, the “ASEAN Economic Community and the Management Accountant Profession in Indonesia” study was conducted by Dr Desi Adhariani and Dr Sylvia Veronica from Universitas Indonesia. The objective of the study was to assess the capabilities of Indonesian Management Accountants in the face of challenges and opportunities as well as the skills and training required in order to achieve the qualification standards in place. It involved 24 in-depth interviews with experts while the survey (both online and paper) received feedback from 176 respondents.
While the AEC may prove to be a boon in boosting economic trade and a free flow of talent amongst the countries, the reality is that talent mobility across borders can still be a challenge, even with the MRA established. In Indonesia, this is due to several factors including regional differences that has led to constraints in legislation, highly-restrictive domestic regulations as well as lack of unified regulations. This has not only caused lengthy working visa application processes but also hindered non-nationals from gaining employment. For instance, foreign workers in Indonesia are only allowed to hold positions that cannot be filled by the locals.

Nevertheless, given the underlying in-country regulatory mechanism that protects talents on the home turf, many of those surveyed did not view the establishment of AEC and the influx of foreign employees as a threat. In fact, the survey showed that a majority recognised that foreign Management Accountants were better than the locals in terms of soft skills, the English language and accounting techniques. However, they were not so sure if these foreign Management Accountants would be interested to work in Indonesia.

To further accelerate Indonesia’s human capital push in the Management Accounting sector, there is a need to establish a proper framework that drives professional competencies. There should also be a “grace period” put in place to enable these professionals to heighten their awareness and understanding on the AEC. This would not only allow foreigners to work in Indonesia, but also give Indonesian Management Accountants the opening to work within the region as the study showed that 73% already had the intention of working in the countries within this community and 52% were quite ready to work.

As mentioned before, the AEC presents a wide range of prospects to increase and drive professional competencies. Hence, there is a need to unlock the Management Accountant talent pool in Indonesia as businesses refocus growth efforts and leverage on opportunities in this new competitive environment. To achieve this, new skill sets will be required to deal with new technologies, new tools and even new best practices.

The survey found that soft skills, technical accounting capabilities and language skills were the top three skills needed. In fact, language capabilities and soft skills were found to be most lacking amongst Management Accountants in Indonesia. Other skills found lacking include knowledge on information technology, AEC and the cultures of ASEAN countries. Nevertheless, 52% felt that these reasons should not be the cause for foreign accountants to be recruited as these weaknesses can be improved. Interestingly, the survey highlighted that 57% of the respondents did not have any certification and only 5% held Certified Professional Management Accountants qualifications.

Given the growing need for highly skilled talent across borders within the AEC context, it is important that Indonesian Management Accountants acquire the right quality and quantity of skill sets that will help them achieve career and personal growth. The study recommended that Indonesian Management Accountants attain and strengthen their foundations with soft skills, technical accounting capabilities and language, especially English. It was also critical that they enhance their knowledge on cultural and employment practices of other countries within this region as this will help them manage in a multi-market, multi-cultural work environment.
CLOSING THE TALENT GAP

For any country to move towards a high-income economy, value-added initiatives will not only attract highly skilled professionals, but also push the country’s competitive position, especially in the AEC era.

Recognising that there were certain weaknesses amongst Indonesian Management Accountants, 64% identified communication and presentation skills as the most important step towards improving their skill sets. Other improvement areas requested include cost management, environment management accounting, business planning and risk management. In terms of modes of delivery, 63% of the respondents requested for in-class training as compared to online or e-training options unless it was done interactively. While most respondents highlighted that their companies and organisations provided adequate training to support their developmental progress, they have highlighted that additional training should be designed to fit into their busy schedules.

As skilled talent is a key component in driving forward the Management Accounting profession in Indonesia, a framework that harmonises the regional differences in language, culture, training, licenses as well as professional accreditation should be created. These are important skills to help them to compete effectively with their counterparts in either the domestic or ASEAN market. Here, organisations such as the Chartered Institute of Management Accountants (CIMA), Ikatan Akuntan Indonesia (IAI – Institute of Indonesia Chartered Accountants) and the Ikatan Akuntan Manajemen Indonesia (IAMI – Indonesia Management Accountants Association) could also work towards designing appropriate training and development programmes to enhance the capabilities and professional competencies of Indonesian Management Accountants.

BRIDGING THE GAP

Harnessing the full potential of Indonesian Management Accountants will require greater openness towards driving highly skilled talent. While the Indonesian Management Accountants do not seem to perceive the AEC era as a threat to their current position, it is still essential that strategic initiatives are taken to reshape and build on their current skills set. Growing collaboration and more coordinated efforts between the government, media as well as the various professional organisations will be key as this will change the current mind-sets, and ramp up abilities as well as experiences. These actions will not only prepare them for pressures that might arise due to the increase in foreign talent, but also give them the ability to compete effectively and operate seamlessly across marketplaces and countries.
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