



## The recertification of the professional accounting qualification in Estonia. The requirements and quality of CPD

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### Abstract

As the purpose of a professional qualification should be to ensure quality to employers/customers, appropriate requirements for professional training should not be too low. On the other hand, too high requirements for the amount of training would lead to the situation where maintaining the level is expensive and if the labour market does not consider having a professional certificate necessary, recertification will be discarded. The purpose of the research was to identify the factors that influence an accountant's decision whether to recertify his/her professional qualification or not. The conditions of recertification were analysed and compared to other countries as were the requirements set up for auditors. The results of the survey revealed that in Estonia the decision not to recertify one's professional qualification was mainly due to not having fulfilled the required number of qualification hours or not having certificates proving one's participation in qualification training sessions. At the same time, compared to other countries, the requirements in Estonia are very low. So that the increase in the amount of training would not hinder recertification, alternative solutions for Estonia are proposed in the article.

**Keywords:** accountant, accounting qualification, continuing professional development, recertification.

### Streszczenie

#### Ponowna certyfikacja zawodowych kwalifikacji w rachunkowości w Estonii.

##### Wymagania i jakość ustawicznego doskonalenia zawodowego

Celem certyfikacji kwalifikacji zawodowych pracowników jest zapewnienie jakości świadczeń dostarczanych przez nich pracodawcom i klientom, toteż określone wymagania dotyczące szkoleń zawodowych nie powinny być zbyt niskie. Z drugiej strony, wymóg uczestnictwa w zbyt wielu szkoleniach prowadziłoby do sytuacji, w której utrzymanie określonych kwalifikacji byłoby zbyt kosztowne, a jeśli rynek pracy nie uznawałby certyfikatu zawodowego za konieczny, ponowna certyfikacja byłaby zbędna. Celem badania, którego wyniki przedstawiono w artykule, była identyfikacja czynników wpływających na decyzję księgowych w Estonii, czy dokonywać ponownej certyfikacji swoich kwalifikacji, czy nie. W artykule przeanalizowano warunki recertyfikacji księgowych w Estonii i porównano z innymi krajami, podobnie jak wymagania stawiane audytorom. Wyniki badań ankietowych wskazują, że decyzja o rezygnacji z ponownej certyfikacji była podejmowana z powodu niewypełnienia obowiązku uczestnictwa w wymaganych godzinach szkoleń lub z braku dokumentu potwierdzającego uczestnictwo w szkoleniach. Jednocześnie wymagania w tym zakresie w Estonii są bardzo niskie w porównaniu do innych krajów. Ze względu na fakt, że wzrost liczby szkoleń nie wpłynąłby na ponowną certyfikację księgowych w Estonii, autorzy zaproponowali w artykule alternatywne rozwiązania.

**Słowa kluczowe:** księgowy, kwalifikacje w zakresie rachunkowości, ustawiczne doskonalenie zawodowe, ponowna certyfikacja.

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## Introduction

The significance of diverse professional knowledge and skills in the field of accounting has grown drastically. More and more complex business transactions, the integration of the global economy, and the activities of multinational companies have increased the demand for educated and competent accountants. In order to meet higher requirements, accountants should develop their professional competencies. Both chief accountants and auditors are required to maintain their professional competencies through continuing professional development (CPD). The question arises: How much should be required from accountants and how would the quality of CPD be ensured? One should follow the needs, the relevant options for learning, and consider that the training should be both educating and professionally beneficial for the accountant. On the other hand, the requirement for CPD should not prevent the development and expansion of the professional system. Since the purpose of the professional qualification system is to ensure quality to the employers/customers, requirements for professional training are relevant if they are not set too low. However, too high requirements will lead to the situation where qualification training to maintain one's professional level is expensive, and if the labour market does not consider it necessary to have a professional certificate, people will opt out of recertification.

The purpose of our research is to identify the factors that affect an accountant's decision to recertify his/her profession or not, to analyse and compare the conditions of recertifying with the requirements set for auditors as well as with the standards, and to come up with suggestions for changing the procedures. To achieve the goal, a survey was performed with those who had applied and those who had not applied for recertification. The methods of data selection were analysis of documents and questionnaires. The authors believe that the results of the survey would be interesting and useful to both academics and business practitioners.

The paper is divided into five sections. Section 1 provides an overview of the requirements for continuous professional development (CPD) and the recertification of the accounting and auditing qualifications. Section 2 includes a literature review and the theoretical framework of the survey. In section 3, the methodology of the research is introduced. Section 4 includes the results and analysis of the research. Finally, the last section provides concluding remarks.

### **1. The recertification of the accounting and auditing qualifications**

#### **1.1. Requirements for CPD arising from the International Standard**

International Educational Standard 7 (IES 7) prescribes the continuing professional development (CPD) required for professional accountants to develop and maintain the professional competence necessary to provide high quality services to clients, employers,

and other stakeholders, and thereby to strengthen public trust in the profession (IFAC, 2012, p. 4). Although IES 7 is addressed to IFAC member bodies, in some countries those associations awarding professional qualification to accountants apply similar requirements.

In addition to education, practical experience, and training, CPD also includes learning and development activities, such as coaching and mentoring, networking, observation, feedback, and reflection, and the self-directed and unstructured gaining of knowledge.

Measuring the attainment of CPD can be achieved through three different approaches: output-based, input-based, and combination approaches. IFAC member bodies implementing an input-based approach shall require each professional accountant to:

- Complete at least 120 hours of relevant professional development activity in each rolling three-year period, of which 60 hours shall be verifiable;
- Complete at least 20 hours of relevant professional development activity in each year; and
- Measure learning activities to meet the above requirements (IFAC, 2012, pp. 5–6).

Input-based systems traditionally have been used to measure the development and maintenance of competence because of the ease of measurement and verification. Input-based approaches have limitations; for example, they do not always measure the learning outcomes or competence developed. However, measuring the outputs in output-based scheme is not straightforward and can be expensive (Friedman, 2012).

This IES is based on the concept that IFAC member bodies expect a proportion of the learning activities that professional accountants undertake to be verifiable. Some learning activities, for example, on-the-job training, may be measurable, but may not be able to be verified. These activities also contribute to the development and maintenance of professional competence, but would not be considered to form part of the 60 hours of verifiable CPD in the three-year rolling period.

CPD does not guarantee by itself that all professional accountants will provide a high-quality professional service at all times. The latter requires ethical behavior, professional judgment, an objective attitude, and an appropriate level of supervision. A well-established program of CPD that is measured, monitored, and evaluated has to be part of a quality assurance process.

## **1.2. CPD requirements for accountants and auditors in Estonia**

In Estonia, the organisation awarding the professional certificates and arranging recertification for accountants is the Association of Estonian Accountants (AEA) and, for auditors, the Estonian Auditors' Association. The latter is also a member of IFAC, but AEA is not. Even though there are 11,171 accountants in Estonia, only 398 have attended the higher level (Level 6) professional exams, 287 have passed the exams and there are 241 valid professional certificates at the moment (Kutseregister, 2017). Auditors have 352 valid professional certificates.

To assist in assuring the public that accountants maintain that competence, IFAC requires member organizations to set requirements for CPD for their members. Although there are national and regional differences between the accounting organizations, in general, there is a requirement for 120 hours of formal professional development activities over a three-year rolling average (working out to an average of 40 hours per year) in order to maintain the professional status (Ross & Anderson, 2013).

In Estonia, certified auditors are required to submit a report on their performance to the Auditors' Association once a year, which also includes qualification training; however, to maintain the certified status of Accountant Level 6, one is required to submit an application for recertification, which includes points about qualification training and professional work, to the Association of Accountants one month prior to the expiry of the professional certificate (i.e. every 5 years). The latter is regulated by the APEL system (Accreditation of Prior and Experiential Learning). Table 1 gives a comparison of the requirements for auditors and accountants to maintain their qualifications.

**Table 1.** Requirements to maintain the accountant's and auditor's qualifications

Specification	Accountant Levels 6 and 7	Auditor
Qualification training (at an entity of one's own choice)	Minimum of 40 academic hours within last 3 years.	120 academic hours within a three-year accounting period.
Work	Minimum of 3 years of work experience within 5 years.	–
Other (substitute activities)	Experience as a professional trainer with the ratio of 1:2, i.e. half the amount of the qualification training (20 ac/hours) may be as a trainer.	For those who participate as a lecturer in qualification training arranged by the Auditors' Association, the number of hours will be doubled for the time of being a lecturer/supervisor.

Source: Varasemate (2014) and Auditors Activities Act (2015)

In Estonia, the requirement for qualification training for certified auditors has been arranged in a better way. A certified auditor is obliged to participate in qualification training acknowledged or organised by the Auditors' Association in the areas stated by the law (Auditors Activities Act, § 22); the qualification training organised by the Auditors' Association has to comprise at least 48 academic hours (from the 120). The latter ensures that auditors will be informed about the most important changes in the profession.

If a certified auditor has participated in qualification training for more than the required number of hours, the excess hours, but not more than 40 academic hours, will be transferred to meet the requirements for the qualification training of the next accounting period (Auditors Activities Act § 42). Since accountants have a very low requirement

for qualification training within 5 years (a longer period of time and lower requirements than auditors), transferring the extra participation hours would be unthinkable.

While the Auditors' Association requires (also allowed by IES 7) qualification training in a smaller amount, there are no options to decrease the amount of CPD. Considering the fact that in Estonia over 92% of accountants are female, it would be reasonable to take maternity leave into account for the recertification of Level 6 and look into the amount of qualification training within a 5-year period at that time.

In Estonia, the time auditors and accountants have spent on self-study is not considered to be part of the minimum requirements for qualification training. However, the Qualifications Committee takes studies and examinations accomplished at vocational schools, universities, and other educational establishments (except for secondary schools) into account while assessing Accountant Level 6, and auditors are partially exempt from mandatory qualification training to the extent of hours studied at master's and doctoral level on topics covered by the professional examination.

While the mandatory qualification requirements for auditors are observed annually, for accountants the time-period is 5 years. Considering the number of accountants and auditors in Estonia, the total number of training hours required for auditors would be 10,000 hours and for accountants approximately 3,200 hours per year. Considering this and also internationalisation and the growth and development of e-learning, it would be reasonable to investigate if accountants and auditors are willing, and if the professional associations are ready, to also accept e-learning as CPD in Estonia.

### **1.3. CPD requirements for accountants in other countries**

The requirement for continuous professional development is derived from the objective to improve professional knowledge and skills, and to provide society with the feeling of security that the required professional skills are sufficient to render services. Professional associations or regulatory organisations should observe this and create mechanisms to ensure its fulfilment. The experience of some IFAC member bodies suggests that cycles of more than five years may not meet these expectations, while cycles of less than one year are likely to be overly burdensome on the IFAC member body and professional accountants (IFAC, 2012, p. 11).

The following is an overview of CPD requirements for accountants in some other countries. The countries studied are Finland, Latvia, and the Czech Republic. The requirements for both accountants and auditors in Estonia are given for comparison.

To maintain the accounting qualification, the requirement for continuous professional development (CPD) has been set in the given countries, however, there is a difference in amounts (Table 2). Estonia is the least strict (40 hours within the last 3 years, even though the professional certificate is valid for 5 years); there are no prescribed requirements for learning providers or topics. The Czech and Latvian systems are the strictest. The requirement in the latter is 250 points (estimated 200 hours of learning) within 5 years (Resertifikācijas nolikums, 2017). In most countries, professional work is also required in addition to qualification training (for example, in Estonia and Latvia at least 3 years of professional work within 5 years).

**Table 2.** CPD requirements for accountants by country

CPD activities	For accountants				For auditors
	Czech Republic	Latvia	Finland	Estonia	Estonia
Frequency of certification	once a year	every 5 years	every 3 years	every 5 years	once a year
CPD amount	40 h per year, incl 30 h structured	Estimated 200 h within 5 years	36 hours (i.e. 48 academic hours) within 3 years (6 days training 6h a day)	40 h within 3 years prior to recertification	40 h per year
Calculated CPD per year	40 h	40 h	16 h	8 h	40 h

Source: based on Institut certifikace... (2016); Resertifikācijas nolikums (2016); Stenman (2017); Varasemate (2014); Auditors Activities Act (2015)

Comparing the CPD requirements in the given countries with the requirements set in IES 7, only the Czech Republic and Latvia have been able to meet them. The other countries have set lower minimum requirements for accountants. In Estonia, the requirements set for auditors meet the standard. According to IES 7, the input-based approach would require each accountant to complete at least 40 calculated CPD hours per year, out of which 20 should be verifiable. In Estonia, it is mandatory for auditors to maintain their knowledge at an adequate level through self-study, improving their knowledge by reading amendments to the law and other relevant literature, in addition to the required 40 hours (the so-called verifiable CPD). However, the time spent on self-study is not accounted for as part of the mandatory minimum requirements for qualification training.

While IES 7, enforced in 2014, sets out three approaches for measuring CPD (output-based, input-based, and a combination approach), in different countries structured or unstructured CPD has predominantly remained the basis of consideration.

Generally, for an activity to qualify as structured CPD, it needs to meet the following three criteria:

- **Relevance:** The CPE undertaken has to be relevant to the individual's circumstances and to the exercise of the profession, and increase his or her professional competence;
- **Measurability:** A defined number of hours can be attributed to the activity;
- **Verifiability:** The learning can be objectively verified by a competent source.

If any of these three criteria is missing, the activity will fall under unstructured CPD. As a rule, such self-directed activities are classified as unstructured CPD that are significant and measurable but not verifiable. For example, self-study by watching videos, listening to audio recordings, reading specialist articles, etc. Web-based study will be counted as structured CPD only in the case the activity is:

- 1) measurable. Usually web-based activity is accepted by hours, but if it is not the case, the reasonable time for such an activity will be estimated.
- 2) verifiable. There has been active participation and a certificate has been issued.
- 3) The following is a comparison of activities accepted as professional qualification training by countries (see Table 3).

**Table 3.** Activities accepted as CPD by countries

CPD activities	For accountants				For auditors
	Czech	Latvia	Finland	Estonia	Estonia
<b><i>Structured</i></b>					
Participation in conferences, seminars, courses	✓	✓	✓	✓	✓
Degree studies related to professional qualification	✓	✓	✓	✓	✓
Being awarded a professional qualification by IFAC or any other internationally recognised association		✓			
Specialist teaching activity (lecture, conference presentation)	✓	✓		✓	✓
Specialist publications	✓	✓			
E-learning, webinar, workshop	✓	✓	✓		
Reading publications, regulations, etc. listening to audio recordings if directly related to the learning outcomes (tested)					
<b><i>Unstructured</i></b>					
Reading publications, regulations, etc.	✓				
Active participation in an association's activities, i.e. participation in discussions, panels, working out drafts, etc.	✓	✓			
Supervision/mentoring, etc.					

Source: authors' own elaboration based on data from Institut certifikace... (2016); Resertifikācijas nolikums (2016); Stenman (2017); Varasemate (2014); The Estonian Auditors' Association (2012)

In the Czech Republic, a certified accountant has to attend 40 hours of qualification training every year, including at least 30 hours of structured and documented active learning (qualification training with predetermined topics, etc.) and up to 10 hours' work with specialist literature and self-study. While in the Czech Republic the topics of priority are reviewed and approved every year, in Latvia an applicant for recertification is required to have attended compulsory qualification training organised by the Latvian

Association of Accountants for a certain number of hours, the topics of which have been determined by the certification committee. The latter is similar to the requirement for auditors in Estonia to attend courses organised by the Auditors' Association as a determined amount of the CPD volume. The latter ensures that everyone will be informed about the most important changes in the legislation, etc.

It is worth mentioning that there are restrictions on trainers for local seminars/courses in Latvia. Courses have to be delivered by university lecturers, certified accountants, tax accountants, or certified auditors, or they have to be organised by the Ministry of Finance or the Tax Board.

There are also restrictions on qualification training in Finland. At least 2/3 of the amount of training has to be related to accounting procedures, taxation or legislation. The rest of the training may be related to finance management, Information Technology, development of social skills, etc.

Although there are more activities that are accepted as proof of CPD in the Czech Republic and Latvia, their amounts are remarkably higher (40 hours a year in the Czech Republic, 8 hours in Estonia). If other activities were also accepted in Estonia, an increase in amount could be considered. However, it is questionable if the present low number of training hours are professionally important and necessary.

## 2. Review of literature and the theoretical framework of the survey

In Estonia, one can work as an accountant or provide accounting services without a professional certificate. If a person has passed a higher-level professional exam once, what might be the decisive factor for not applying for recertification? Table 4 gives an overview of the numbers who have taken the exam and those recertified over years.

**Table 4.** The number of those taking the professional exam of Accountant Level 6 and applying for recertification in 2005–2016

Year of exam	Passed the exam	Applied for recertification	Recertified	Year for recertification
2005	15	53%	8	2010
2006	8	50%	4	2011
2007	26	77%	20	2012
2008	1	100%	1	2013
2009	4	75%	3	2014
2010	10	60%	4 (2 No)	2015
2011	12	67%	8	2016
Total	76	63%	48	

Source: authors' own analysis



One part of the survey concerning the options by a holder of a professional certificate (to recertify or not) and the reasons for the choice is based on behavioural theory. Behavioural theory is based on decision-making. The research focus is on how a decision maker behaves and which decisions (s)he makes being influenced by different factors (both personal and others' opinions). The existing restrictions are considered while making decisions. The theory is based on the principle of limited rationalism.

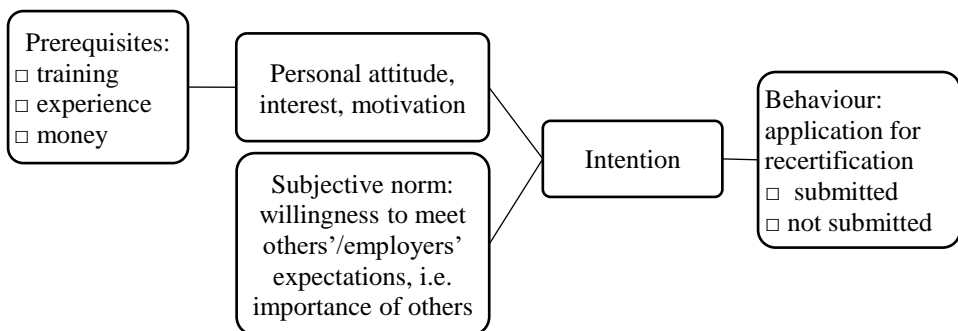
There are diverse behavioural theories and their further developments. Our survey is based on the theory of reasoned action (Ajzen & Fishbein, 1980).

According to the theory of reasoned action, one's intention to behave in a certain way can be predicted based on the person's attitudes to the behaviour under discussion and the subjective norms related to behaviour.

According to the theory of reasoned action „important others” play a significant role in the development of attitudes, either directly or indirectly – in the form of outstanding norms in a certain group or society as a whole. The theory of reasoned action distinguishes attitudes to one's own behaviour, i.e. behavioural intention. How „serious” or desirable the consequences of a certain decision or behaviour might be are assessed (also, to what extent the decision or certain behaviour could prevent unpleasant consequences) as well as how realistic it is that the planned behaviour will lead to the desired outcome/result. Behavioural intention is influenced by subjective norms. A subjective norm shows how convinced an individual is that behaving in a certain way will give him/her recognition, approval, etc. by „important others” (Ajzen, 1991).

Those who have taken the professional exam for Accountant Level 6 can apply the given theory while investigating decisions about recertification (i.e. decisions made before). Figure 1 depicts the application of the theory of reasoned action in the process of recertifying Accountant Level 6.

**Figure 1.** The research model applied based on theory of planned behaviour



Source: Figure developed by the authors

In the given model, the subjective norm describes expectations by „others” known to the person, which can be either negative or positive (i.e. the employer considers or does not consider a professional certificate necessary).

Investigating both types of decision with positive and negative consequences, attempts are made to identify reasons which influence a decision most, and to explain if any regularity arises.

Applying the given model, it is possible to find out which were the significant restrictions (see prerequisites in Figure 1) when making a decision and whether any need or opportunity to change the situation is considered. With the help of a questionnaire, it is possible to find out if there are any external or other factors influencing the decision.

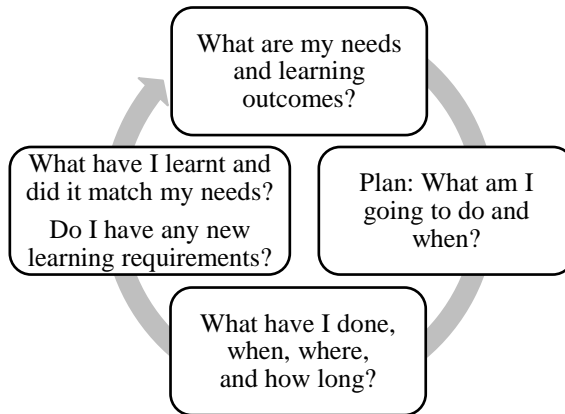
The second part of the research focuses on the requirements set for recertification and their analysis. The comparative analysis is based on the IES 7 standard and other countries' experience. Qualification training courses and their relevance are being analysed. Since the objective of the professional qualification system should be to ensure high quality to employers/customers, the requirement for professional qualification training should be sufficiently high to guarantee the competence of an accountant in the changing environment. Quality assurance is also dependent on how continuous professional studies should be certified. Thus, it should be assessed at regular intervals if practitioners are still competent. Practitioners can usually meet the requirements for qualification training by participating in professional conferences and courses.

Even though CPD requirements might seem to be an important step in raising the quality of the service, the promise has been greater than the reality. Benjamin Shimberg (1982) identified in one of his research projects about CPD programmes that the requirements for practitioners are high but, in reality, little is required. The weaknesses are the profession provider's inadequate resources (including human resources) to review mandatory CPD programmes and obscure level standards. Without taking any action, the assumption was that practitioners learnt what they were expected to based on the CPD programmes. Such a system is based on practitioners' freedom of choice to choose from the list of approved courses what they believe to be the most suitable. There is no guarantee that practitioners would try to improve their weaknesses (Young, 1985), which means they might not choose courses that they would need.

Ideally, making a decision should be based on the following model (Figure 2):

Accordingly, accountants should form their choice of qualification training, considering primarily their weaknesses that would need professional improvement, but also their time and availability. On the other hand, there are limitations for accountants in Estonia, because only courses that have been attended and for which there is documentary evidence are taken into account. Webinars, e-learning, etc. are not accepted for recertification.

However, good quality CPD can be found in both face-to-face and distance modalities. Studies have been carried out since the 1950s and have invariably found „no significant difference” between the various modalities of instruction (Saba, 2000). A meta-analysis of education research literature between 1985 and 2002 reviewed more than 200 empirical studies, containing more than 650 independent achievements, attitudes, and retention outcomes, and found that the effectiveness of both distance education and face-to-face courses depends on the pedagogical design and excellence – not on the modality of delivery (Bernard et al., 2004). It is clear that there is no one best technology, nor a single pedagogy that is accepted best practice much less one with compelling research based evidence to dictate the modality of CPD of delivery.

**Figure 2.** Proposed model for decision making

Source: Figure developed by the authors

Both face-to-face and distance modalities can be used to provide accountants with high quality CPD.

It seems intuitive that accountants, who lead very busy lives, would be ideal candidates to select distance CPD modalities because of these modalities' accessibility and possible flexibility in time, location, and duration. (Ross & Anderson, 2013, pp. 140–141)

The 2013 survey by Ross and Anderson revealed that most accountants have taken face-to-face live seminars (93%) and live webinars (72%). Although accountants are not required to take CPD courses only from their organizations, it is likely that many will do so. Regardless of the modality, content (what was the CPD about) was the number one selection factor for participants. Another important factor was costs. (Ross & Anderson, 2013, pp. 143–144)

Empirical research by Lindsay (2016) identified cost and time as the two factors that most limited involvement in learning activities. Since accessing the Internet for information is seen today as being the most relevant learning activity for accountants, it is recommended that methods are explored to ensure this learning activity is identified as CPD (Lindsay, 2016).

In research in a UK output-based CPD context, Lindsay (2012) found that although informal learning activities were seen by professional accountants to be just as relevant as formal activities, it was the formal learning activities, such as attending courses and undertaking technical reading that were much more likely to be described as 'CPD'. (Lindsay, 2012).

In conclusion, we can say that different countries have different requirements for accountants to maintain their qualification level. The standards do not require the acceptance of e-learning or the prescription of compulsory topics. However, what would be the best ways considering all stakeholders (customer/employer vs accountant vs qualification provider)?

### 3. Methodology

The objective of our research was to identify the reasons why recertification has not been applied for, to analyse and compare the conditions of recertification with the standards, and make suggestions for changing the APEL procedure. Decisions with both positive and negative consequences were researched to identify reasons that affect the decision the most. In addition, the relevance and amount of qualification training were analysed, and we also investigated if and how it would be possible to increase the amount of CPD because the current minimum requirement is very low (it does not meet the standard). The price of recertification and the examination fees were compared to those in other countries.

Research questions:

1. Which factors have the biggest influence on the decision to recertify or not to recertify one's professional qualification?
2. Is there any correlation between a professional certificate and working career?
3. Do the so-called weaker ones, who hardly passed the exam, recertify?
4. Are Russian-speaking people (who also needed translation at the exam) more likely to recertify because they consider a professional certificate to be an advantage to compete in the labour market?
5. What are the prices and examination fees in other countries?
6. What determines the choice of qualification training courses?
7. Are the qualification training courses attended relevant, and what is the actual amount of training? Would it be possible to increase the amount of CPD and how?

The selection comprised the general sample; both qualitative and quantitative methods were used to carry out the research. The methods of data selection used in the survey were observation of documents and questionnaires. Regarding the documents, all (in total 48) applications for recertification together with the enclosed documents were analysed and, additionally, in October 2016, a survey was performed with those who had applied and those who had not applied for recertification. A questionnaire was sent to all who had been awarded the qualification of Senior Accountant (Level 6). 22 people out of 67 responded to the questionnaire, i.e. 33%. This research is designed to provide information to the Association of Estonian Accountants (AEA).

### 4. The results and analysis of the research

Accountants who wish to maintain their level have to submit an application together with the required appendices about qualification training and work experience to the AEA one month prior to the expiry of his/her professional certificate. In most cases, the certificates of those who have submitted an application are renewed, which means the qualifications committee has made a positive decision and extended the

professional certificate for another five years. However, why did many not submit an application?

Table 5 sets out possible barriers in recertification.

**Table 5.** Possible barriers in recertification

„Tangible”		„Intangible”					
The amount of the recertification fee	The cost of training, not meeting the required number of training hours	Lack of personal interest/motivation	No need because of having a professional accounting certificate (IAB, ACCA or other)	A professional certificate is not important for finding a job or for salary	Not meeting the requirements for work experience	Lack of certificates proving participation in training	Not meeting the required amount of training (due to maternity leave or other reasons)

Source: own analysis

As the AEA had sent a reminder about the option of recertifying one’s professional certificate a couple of times (including 1 month) before the expiry date, forgetting to do it cannot be a valid reason. According to the authors, it is a sufficient period to submit documents on time. Also, age could not be given as a reason for not recertifying – claiming that one would not have to compete in the labour market any more – as the average age of those who did not not apply was 44 and those who did recertify was 47.5 years.

The qualifications committee calculates and presents the fee for awarding the qualification and recertifying the qualification to the qualification provider for approval. Recertification (€80) is half as expensive as the exam (€160), but why is this option not used? In 2010–2015, neither the fee for recertification nor the requirements changed.<sup>1</sup>

Analysing the responses by those participating in the survey, we can conclude that the decision not to recertify one’s qualification was mostly due to not having completed the required number of qualification training hours, or the lack of certificates giving proof of attending courses, while one person mentioned the fee payable for recertification and the irrelevance of a professional certificate for finding a job. No one gave not meeting the requirements for work experience or lack of personal interest as a reason.

<sup>1</sup> Until 2010, the requirement was 40 hours per year. Later 40 hours per three years. As the first recertification took place in 2010, the former clause was not implemented.

The respondents agreed that the requirement for work experience (3 years within the last 5 years) was reasonable (86.4% agreed fully and 13.6% partially).

Opinions about the fee for recertification were radically different between those who had submitted an application and those who had not. 70% of those who had not applied were of the opinion that the fee was too high. On the other hand, the fee (€80) was not given as the reason for not applying by anybody. For 80% of those who had applied for recertification, the fee was acceptable.

Considering the average salary of accountants and comparing the fees of recertification in Estonia and Finland, it is cheaper for a Finnish accountant to maintain his/her certificate (KLT), accounting only for 2.7% of the salary (in Estonia 8.8%). At the moment, the fee for the accountant's professional examination (Level 6) accounts for 17.7% of the salary in Estonia and 11.4% in Finland (see Table 6).

**Table 6.** An accountant's average salary, examination fee, cost of recertification in Estonia and Finland in 2016

Country	An accountant's average salary	Examination fee	% of salary	Recertification fee	% examination fee
Estonia	Approx. €904	€160	17.7%	€80	50
Finland	Approx. €2,627	€230 and processing application €70, total €300	11.4%	€70	23

Source: own calculations based on Kirjanpitäjä palkka (2017); Hämäläinen (2017); Association of Estonian Accountants (2017)

While there are over 2,700 certified accountants in Finland, there are 241 valid certificates for Accountant Level 6 in Estonia (KLT-Kirjanpitäjien nimilista, 2017; Kutseregister, 2017). The latter is also a reason for the amount of the fee to justify the administration of the system.

To analyse the results of the questionnaire, 41% of the respondents claimed that a professional certificate had not given them an advantage when competing in the labour market, 32% agreed partially. No one who had not applied for recertification agreed with the statement that employers considered a professional certificate important and it also meant a higher salary. Nearly half of those who applied did not agree and the other half answered „partially agree”. However, 64% of the respondents agreed that in the future employers might consider a professional certificate important and it may be reflected in a higher salary.

When answering the question about who or what influences the choice of qualification training courses, accountants predominantly said that they participated in qualification training sessions because they felt they needed it. 14% of the respondents do it primarily because they want to recertify and need a certificate. Considering that the requirement for qualification training is 40 hours (i.e. five 8-hour days of training with

an average daily cost of €200) and the fee for recertification €80, the costs of recertification amount to about €1,080. It may become the determining factor for some. On the other hand, the amount of qualification training could not be decreased any more, because the changes regarding an accountant's daily work are important and being up-to-date has to be ensured.

One-third of the respondents covered the costs of qualification training themselves, while for two-thirds it was covered by their employer. While analysing the answers, no link between the amount of qualification training and the payer was identified.

Two-thirds of the respondents disagreed that the amount of qualification training could be increased from the current 40 hours to 80 hours (for the last 3 years), while one-third agreed partially. In most cases, the number of qualification training hours is 8–16 hours per year (41% of the respondents) or 17–24 hours per year (36% of the respondents). If the number of training hours increases from 40 to 80, in reality it might bring about some problems. Analysing the documents presented for recertification and the qualification training represented, in 55% of the cases the number of qualification training hours was less than 80.

If the number of qualification training hours were increased to 80 hours, three scenarios would be possible:

- a possibility of depriving some people of the opportunity to recertify, but other people would participate in more qualification training;
- changing the system so that other activities (similar to auditors and other countries' experience, i.e. structured and unstructured CPD) would also be taken into account as qualification training;
- creating an environment where one can watch video training/webinars and take a relevant online test.

Considering that in Estonia 92% of the accountants are women, there is a high probability of being on maternity leave for three years and the employer would not be interested in paying towards qualification training costs at that time. Thus, setting up an e-learning environment would be highly justified and necessary.

Most respondents (all of those who had not applied for recertification) would have watched specialist video training courses/webinars if these had been taken into account as part of the number of qualification training hours. Almost half would have agreed to watch and pay for video training courses/webinars in English, and 1 would have preferred them in Russian. Most respondents would agree to pay up to 20 euros for a specialist video training course.

Another alternative to increase the number of CPD hours would be to distinguish between structured and unstructured qualification training. Active participation in specialist development activities: participation in workshops, drawing up draft laws or, for instance, supervising internships, would come in addition. The survey revealed that 36% of the respondents fully agreed, and 50% partially agreed to the statement that they would be more willing to supervise internships if it was taken into account for

recertification. In several countries, other activities also count as CPD. Although in the Czech Republic and Latvia there are more activities that count as proof of CPD, the amounts are remarkably higher (40 hours in the Czech Republic, 8 hours in Estonia). If other activities were also taken into account in Estonia, it would be possible to increase the number of mandatory hours. However, it is questionable if those few hours of qualification training attended are important and necessary for the profession. The survey performed by the authors has revealed that qualification training courses are predominantly on taxation, accounting, or law. Analysing the qualification training courses and their relevance, the question has arisen if a qualification training course called „Mental welfare at work” or a course on environmental fees should be accepted. It would be relevant to ask the applicant to provide an explanatory text regarding how such courses are conducive to maintaining professional competence and self-development, what was acquired during the course, and how the acquired knowledge is applied at work.

While recertifying the professional qualification of Accountant Level 6, experience as a professional trainer is taken into account with a ratio of 1:2, i.e. half of the required qualification training amount (20 academic hours) can be accomplished by being a trainer, while for certified auditors who supervise qualification training the time spent is counted as double for meeting the requirement. As accountants do not have restrictions on the purpose, location, or target group of qualification training, requirements for the documentation should be specified if the activity of being a trainer was taken into account (i.e. how meeting the requirements should be proven). For example, the learning provider should submit a copy of the employment contract and the syllabus of the course. The latter would allow the courses to be assessed for relevance.

In addition, an applicant's activity as a supervisor of internship in accounting in his/her entity should be considered as being a trainer. The documents required giving proof of the activity could be a copy of the contract of internship between the school/university and the company, and a copy of an internship report signed by the supervisor, or a similar document. If internship supervision were taken into account in recertification, and as the survey has revealed, accountants are interested in the given option, an increased interest by accountants would be conducive to finding internship places for students.

Investigating the background and motives by those who applied for recertification and those who did not, we reckon that most respondents have a higher education background in accounting. No correlation was identified that those who recertified would be the so-called weaker ones who hardly passed the exam. However, there was a strong correlation between those who had applied for recertification and Russian-speaking people, who needed translation at the exam. None of the Russians has opted out of recertification, which suggests that for them having a professional certificate is of great importance. They may consider a professional certificate to be an advantage in competing in the labour market.



## 5. Concluding remarks

The survey has revealed that the decision not to recertify one's qualification was mostly due to not having completed the required number of qualification training hours or the lack of certificates giving proof of attending courses. However, compared to other countries, the requirements in Estonia are very low. Also, according to international standards, in the case of the input-based approach, a professional accountant should be required to carry out at least 40 hours of CPD per year, 20 of which should be verifiable. Even though the latter is meant for auditors, several countries have applied the same requirement to maintain the qualification level for accountants. Regarding the objective of CPD, to enhance one's professional knowledge and skills to give a guarantee to society that the required professional skills are sufficient to provide services, the authors are of the opinion that in Estonia CPD required from accountants could be twice the current amount, i.e. 16 hours a year (like in Finland where unstructured CPD does not count). In order for an increased number of hours not to become a restriction, an e-learning environment should be created. It would help to ensure that the required amount of qualification and being up-to-date with important changes are met. The mentioned e-learning would count as CPD in the case of relevant questions being answered in a written form after a video lecture. The survey has also revealed that the majority of respondents (all who did not apply for recertification) would have watched video training sessions/webinars if they had been taken into account as qualification training hours. Additionally, former research has proven that there is no remarkable difference in the format of a course: face-to-face courses or e-learning. The efficiency of learning depends more on the pedagogical design and the quality of the course.

We think that it would not be feasible to require data about unstructured CPDs (reading publications and similar self-development, which cannot be controlled) from accountants for recertification. However, in addition to structured CPD requirements that have been prescribed as the minimum requirement, accountants should be obliged to maintain their knowledge at a sufficient knowledge through self-study, improving their knowledge by reading amendments in the law, and other relevant literature, in other words, lifelong learning.

An investigation of the background by those who applied for recertification and those who did not shows that most respondents have a higher (university level) education background in accounting. It is interesting that there was a strong correlation between those who applied for recertification and Russian-speaking people, who needed translation at the exam. None of the Russians had opted out of recertification, which suggests that for them having a professional certificate is of great importance. They may consider the benefits of a professional certificate in competing in the labour market.

To analyse the results of the questionnaire, 41% of the respondents stated that a professional certificate had not given them an advantage while competing in the labour market, and 32% agreed partially. No one who had not applied for recertification agreed

with the statement that employers considered a professional certificate important or that it also meant a higher salary. Nearly half of those who applied did not agree and the other half answered „partially agree”. However, about 2/3 of the respondents agreed that in the future employers might consider a professional certificate important and it may be reflected in a higher salary. Considering this, we think that the further studies should focus on how to increase the importance of a professional certificate as an indicator of an accountant’s qualifications for employees.

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## Appendix Questionnaire

Dear respondent,

You have passed a professional qualification exam as an accountant.

The purpose of the given questionnaire is to find out about the reasons for applying/not applying for the recertification of the professional qualification Accountant.

Level 6.

Your answers are anonymous. The data will be used to analyse the APEL procedure approved by the Qualification Committee at the Association of Estonian Accountants on 10 February 2011, and to amend it if needed.

Please, choose the appropriate version(s).

1. Did you apply for recertification?

- Yes. The intention to recertify arose from:
  - personal interest
  - interest/pressure by the employer
  - an opportunity to be paid for recertification by the employer
  - the opinion/recommendation of family and friends
  - other
- No. The intention not to recertify arose from:
  - the amount of the fee for recertification
  - not meeting the requirements for work experience
  - lack of certificates giving proof of participation in qualification training sessions
  - not having completed the required number of qualification training hours
  - the irrelevance of a professional certificate for finding a job or for remuneration
  - lack of personal interest/motivation
  - no need because I hold a professional accounting certificate (assistant, IAB, ACCA or other)
  - no need because I am not working as an accountant any more
  - other
- I forgot to submit the application on time

## 2. Please, assess the following statements

Statements	Fully agree	Partially-agree	Disagree
The fee for recertification is acceptable.			
The requirement for work experience is reasonable (3 years within the last 5 years).			
The required number of qualification training hours could be increased from the current 40 hours to 80 hours (for the last 3 years).			
You would listen to specialist video training sessions/webinars if these were considered part of the qualification training hours.			
You would be willing to supervise more trainee accountants if the activity was taken into account in recertification.			
Holding a professional certificate <b>has given</b> the applicant an advantage in competing in the labour market.			
Holding a professional certificate <b>may give</b> the applicant an advantage in competing in the labour market <b>in the future</b> .			
A professional certificate has been conducive to the professional/working career.			
Employers consider a professional certificate important and it <b>has also been reflected</b> by a higher salary.			
Employers might consider a professional certificate important in the future and it <b>will also be reflected</b> by a higher salary.			

## 3. On average, the number of your qualification training hours is

- up to 8 hours a year
- 8–16 hours a year
- 17–24 hours a year
- over 25 hours a year

## 4. The costs of professional qualification training is usually paid by

- the employer
- yourself
- other

## 5. You attend qualification training because:

- you feel you need it
- the employer sends you/considers it important
- other

6. You would choose to listen to video training sessions/webinars in a foreign language
- yes, I would prefer them in English/German/Russian
  - no
7. You would agree to pay for a specialist video training
- 0 euros
  - 1–10 euros
  - 11–20 euros
  - 21–30 euros
  - other

Your suggestions and recommendations for the recertification of an accountant's professional qualification are the following:

.....

<b>Your education:</b>	<b>Your age:</b>	<b>At present you are working as:</b>
▪ higher education in accountancy	▪ under 20	▪ an accountant
▪ higher education	▪ 21–30	▪ an auditor
▪ other	▪ 31–50	▪ other
	▪ 51–65	
	▪ over 65	

You passed the professional qualification examination at Level 6 (formerly Accountant II) in the year ..... and your score was in the range of

- 61–69% correct answers
- 70–89%
- 90–100%
- do not remember