

A BRIEF NOTE ON ACCOUNTING EDUCATION

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We have audited this balance sheet and say in our report.
That cash is overstated, the cashier being short.
That the customers' receivables are very much past due.
That if there are some good ones they are very, very few.
That the inventories are out of date and principally junk.
That the method of their pricing is very largely bunk.
That, according to our figures, the undertaking's wrecked.
But, subject to these comments, the balance sheet's correct!

INTRODUCTION

The definition of a profession includes the provision that it has a social obligation and that its work is endowed with the public interest. This places upon the profession two important responsibilities. First, the profession must ensure that its members are professionally competent to meet the needs of those who will rely on their services. Second, it should ensure that its members maintain, throughout their professional life, the quality of the service and knowledge that society expects of them. Accountancy, as all other professions therefore, concerns itself not only with the prequalification education of its members, but also with their continuing education.

The environment in which the accounting profession functions is constantly changing. The ability of the accounting profession to effectively and continuously meet new challenges confronting it, and to adapt its services to changing conditions and circumstances is directly associated with the soundness of its educational foundation. Such ability becomes even more important in a country with a developing economy, where the need for accounting services is most acute.

THE ROLE OF THE ACADEMIC ACCOUNTING

One of the profession's responsibilities is to ensure the quality of the academic education or prequalification training of its future members to enable them to perform competently as accountants.

Like other learned professions, such as medicine and law, the accounting profession depends on the academe as a source of its manpower. The profession expects the academe to produce adequately trained new accountants who will be able to cope with the requirements of professional work. It is in this light we submit that the role the academic accountant and his institution play is equally important and essentially complementary to that of the professional practitioner.

The academic accountant is an integral member of the accountancy profession. He probes various thoughts and ideas which are

disseminated and developed in learned papers and books and in the teaching process. The academic accountant is responsible for the research and development of principles, for examining and commenting on current practices, for delineating the boundaries to subject areas. The academic is in a privileged position. Somewhat detached from the detailed problems of day-to-day practice, but centrally involved in the concerns of his profession, the academic can truly act as the conscience of his profession. He contributes to setting his profession in its social context. The academic accountant, therefore, makes a distinctive contribution to defining and developing the role of the accountancy profession, and to ensuring that its practitioners respond to changing social needs.

THE ROLE OF THE ACADEMIC INSTITUTION

In discussing academic institutions involved in the production of new qualified accountants, the universities and the polytechnics merit special attention.

It is, we believe, central to the characteristics of a profession that its practitioners possess some special skills. The inherent badge of a professional's skill is the difficulty which the individual employer, customer, or client has in judging whether these skills have been expertly applied or not. The professional therefore, has to be trusted to exercise his judgement and his skills for the benefit of his client or employer with nothing but his conscience to check him. The central notion here is that it is unlikely that the required combination of intellectual and personal attributes be fostered other than through tertiary education. A university degree — or equivalent — furnishes the practising accountant with the necessary intellectual discipline. It not only augments powers of expression and emotional maturity, but also develops a rational and logical approach to the comprehension of the situation which one faces.

Academic institutions therefore, are among the agents of change that aid the professional institutions to identify what its members should be taught to equip them to practice. The academic institutions have a duty to extend the boundaries of the accountancy discipline and to confront theoretical issues raised by changing practical needs.

The role of the universities within the profession is to ensure that professional goals are properly specified and are satisfying a social need consistent with underlying professional principles and philosophies. The universities have an obligation to stimulate the profession in its exploration of the extent to which theoretically desirable measurement, control and reporting systems

can be met in practice. The universities can support the profession in its efforts to ensure that existing standards are maintained and developed as needed. The more developed countries of the West have an educational emphasis on the university sector which has a long tradition of providing vocationally relevant education. Professional education can therefore be used to develop, apply and maintain practical skills.

Polytechnics can provide the education to meet technical level needs in developing countries which will create competence in specific techniques of accountancy. They provide the framework for the education of accounting technicians in line with the demands placed on them by society. We strongly believe that the polytechnics must not lose sight of that objective.

The continuous and quickly changing attitudes and beliefs held by a developing society necessarily require the planning of the systems and methods of education for the long term. The contribution of the university sector should be to ensure that there is a small number of practitioners/academics within the accountancy profession who will understand and follow the changes of society, and be able to translate the social needs into definite accounting principles and concepts. The contribution of the polytechnics should be to ensure that practical skills are widely available and that specific techniques are developed and understood sufficiently to meet locally-defined social priorities within the framework of professionally-defined principles and concepts.

THE EXISTING GAP

Tertiary education is primarily concerned with concepts and principles. It is traditionally a self-learning process involving investigation and speculation by the student. The main distinction between education and training is that the educational period provides an intellectually rigorous basis on which the training period can build practical experience in the exercise of skills and judgement. Training and education together enable the accountant to apply his knowledge to the analysis of different problems and come up with appropriate solutions. Thus university/polytechnic education should be able to provide the profession with accountants who possess adequate basic technical training, communication skills, judgemental ability, and a reasonable amount of practical experience — at least enough for them to function competently at an entry level position.

A cursory glance of practising accountants in the various sectors of the profession has shown, however, that many new accountants are not adequately prepared for the responsibilities they face after graduation.

The most common noted deficiency among new graduates is their lack of training on practical applications. For example, while academic education emphasizes the theory of auditing, it does not expand on the design of audit procedures and work paper techniques.

Recent crops of accounting graduates have also been perceived to be lacking in communication skills. For example, public accounting firms expect their recruits to be able to converse proficiently with clients, other audit personnel, and other groups of people. In addition, staff level personnel are expected to document their findings, sometimes with memoranda, in an organized and clear manner. Government audit institutions and private industry employing accountants similarly consider communication skills important in the execution of the accounting function and in the reporting of the results of such activities.

A number of public accounting firms, therefore, have found it necessary to invest substantial financial and manpower resources in training programs to teach new recruits the "how to" side of auditing. In some cases, supplemental training courses to develop the communication and judgemental skills of the staff are also provided. Government audit institutions provide courses to instruct new government auditors on the practical application of auditing concepts to the audit of government entities and enterprises.

The existence of professional training programs, however, does not negate the fact that a large portion of the education burden that has been shifted to practicing accountants could be performed more economically by educational institutions. There is a need for the educators and the practising accountants to join efforts to bridge the gap which somehow has occurred between academic education and practical application.

The schism which has developed between academic education and professional practice may be transcended through the cooperative efforts of accountants from all sectors of the profession. Practising accountants can help by recognizing the time constraints placed on educators and the inherent limitations of academic environment. Educators can narrow the gap by striving to interweave the theoretical and practical aspects of accounting and auditing subjects.

A FINAL THOUGHT

The accounting profession needs its philosophers who will explore the principles on which the discipline is built, who will investigate, compare and criticize different methods of financial measurement, who will lead it through an understanding of new information technology to an ability to exploit its potential to benefit social progress. Account-

ting also needs the technicians who maintain accurate and promptly prepared records and complies with specific reporting procedures — whether specified externally to satisfy broadly defined concepts of accountability or specified internally for purposes of effective managerial control and decision making.

The design of our educational programs, therefore, has to ensure that we bring forward into the ranks of the profession in any individual country the correct balance of professional skills and abilities — the right balance of technicians and philosophers. This concern seems directly relevant to the educational and professional concerns of developing countries. In nations such as ours, the lack of resources is critical. There is an obvious need for such countries to match the benefits provided to the costs incurred. The same need exists everywhere, of course, but the stakes are even higher for developing countries.