Accounting Education at a Crossroad in 2010

edited by Elaine Evans, Roger Burritt and James Guthrie
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The higher education sector sets the foundation for a quality-driven accounting profession and is the cornerstone of future economic prosperity in Australia. However, with the present government setting ambitious degree qualification targets to be achieved by 2025, there are a number of important challenges for the higher education sector; and more specifically for accounting education. These include first, the low level of Commonwealth funding, per student place, for accounting and business students. This has placed pressure on universities to maximise international full-fee-paying business students. Second, the large classes in university business faculties with the highest student to staff ratios can result in undesirable, sub-optimal teaching and learning outcomes. Third, a key challenge is the ageing academic population. It is currently difficult for universities to fill vacancies in accounting and finance. There are many reasons including: low salary levels; large classes; heavy teaching and preparation loads; increased level of administration; limited time and support for research; and a career structure. These factors are all disincentives for individuals, who may otherwise have become accounting academics.

The Institute of Chartered Accountants in Australia (the Institute) recognises the important role of accounting education and the potential cost to the accounting profession and the wider community – if accounting academics remain unheard.

With this acknowledgement, I was proud to support the successful accounting education forum that was organised by The Centre for Accounting, Governance and Sustainability (CAGS), a research centre at the School of Commerce, University of South Australia and the Institute forum held on 4 February 2010. The purpose of this forum was to investigate contemporary challenges relating to accounting education, academia and the accounting profession in Australia.

This current book will contribute to an ongoing dialogue between academics, the profession and public policy makers concerning the key challenges facing Australian accounting education in 2010 and the future. As part of the Institute’s strategic objective, we will be investing in an accounting education strategy that will include support for academics in terms of research funding, participation in wider community debates and representation at the highest levels of government. The Institute has always held strong links with the academic community, embodied in our presence and ongoing sponsorship of the Accounting and Finance Association of Australia and New Zealand and we look forward to continued dialogue and debate in the near future.

I commend the book’s contributors for the detailed discussions on various aspects of Australian accounting education and wish the various stakeholders success in their continued debates on this important issue.

Graham Meyer
Chief Executive Officer
The Institute of Chartered Accountants in Australia
Preface

Australia has, over the years, developed a reputation as a leader in accounting education and so it is rewarding to lend support to industrious accountants from academia and practice to help them consider possible futures in a strategic manner. The forum on *The Future of Academic Accounting in Australia* organised in the Division of Business, the University of South Australia through its Centre for Accounting, Governance and Sustainability and the Institute of Chartered Accountants in Australia is both timely and relevant given the global, regional and local issues confronting the profession.

Accountants are often portrayed as people who look in the rear view mirror to tell businesses, governments and non-government organisations where they have been. They are also associated with some of the difficulties facing the global economy caused by the recent financial crisis. Yet accountants come in different shapes and sizes and work in many contexts. New strands of professional expertise are always emerging. By way of example, management accountants look to the future as they provide information about decisions and problems that may affect the future of businesses; sustainability accountants focus on policies and information that impact on the sustainable development of business, regions and the world; financial accounting continuously looks to improve transparency, which forms the core of democratic political and legal systems. Internationalisation of the supply of accounting students and demand for accounting services further stimulates the need for a forward looking and adaptive profession in the face of change.

The future of accounting education is surely in good hands when dedicated professionals such as those whose thoughts are represented in this book take the time to step back and view the bigger picture as well as recommend actions in an attempt to ensure that necessary changes take place. I am pleased to lend my support to the development of the debate and to the dissemination of ideas that will provide the foundation of the profession in years to come.

Professor Gerry Griffin
Pro-Vice Chancellor, Division of Business, University of South Australia

Accounting education at a crossroad in 2010
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Chapter 1

Challenges for Accounting Education at a Crossroad in 2010

Roger Burritt, Elaine Evans and James Guthrie

It is timely in 2010 to revisit debates about the future of accounting education in Australia. It is two decades since the Mathews report (Mathews et al., 1990) made a series of recommendations covering a broad range of issues for the accounting discipline including resourcing, quality of programs, and the need to integrate communication into accounting programs.

The main purpose of this book is to report on a forum that investigated contemporary challenges in accounting education in Australia. In particular, the various contributions discuss the interface between the academy and the profession in determining future directions. The book’s objective is to provide a foundation for an open national discussion on possible strategies, issues and changing skill sets for accounting graduates, accounting academics and higher education providers, by identifying major challenges and strategies for addressing them. The major challenges for Australian accounting education in the near future are addressed in nine chapters and are presented by the following contributors.

First, Parker examines whether accounting education can survive a high-volume, low-cost, lean, casualised higher education delivery model. Ryan tackles the second major challenge, that is, what organisations will teach accounting students in 10 years’ time? Will it be professional associations, private providers (all with low cost delivery systems) or public universities with social and research responsibilities? Lightbody then looks at the impact and future of professional accreditation on accounting education. Tilt examines the impact of academic accounting research on professional practice. Freeman deals with the likely impact of changes announced in the Australian Higher Education Sector (AHES) since May 2009. His focus is specifically on the academic standards project. Hancock, et al. take on a sixth major challenge for accounting educators, that is, what are the strategies for including non-technical skills in the curriculum while at the same time maintaining the quality and level of technical competency? Poullaos considers the shifts in the profession/academy relationship entry as a result of alternate pathways into professional programs and the future role of professionally accredited degree programs. Wright and Chalmers ponder the future for accounting academics in Australia. Finally, Evans carves out a jurisdiction for accounting education in universities where there is an academic approach that expands, develops, critiques and even defends professional accounting’s knowledge base and field of practice.

1. The Centre for Accounting, Governance and Sustainability (CAGS), a research centre at the School of Commerce, University of South Australia and the Institute of Chartered Accountants in Australia (the Institute) South Australia branch hosted the forum on 4 February 2010 with the purpose of investigating contemporary challenges relating to accounting education, academia and the accounting profession in Australia. Over 50 people registered for the forum which was co-chaired by Professor Roger Burritt, Director of CAGS, and Professor James Guthrie, Head of Academic Relations for the Institute.

2. The forum was attended by participants from 19 Australian universities, and representatives from two major professional accounting bodies, the Institute and CPA Australia, as well as representatives from the Accounting and Finance Association of Australia and New Zealand and the Australian Learning and Teaching Council.
This book is targeted at a variety of policy, professional and academic stakeholders and therefore tread the middle ground between a professional and research-type publication.

**Context**

While our personal observations are based on our own experiences as professors in large business schools in Australia, these observations also apply to business schools elsewhere. Higher education is one of Australia’s largest export industries and the AHES is the biggest provider of international tertiary education in the world (DEEWR, 2008a). One Australian university alone has over 17,000 effective full-time students (EFTS) enrolled in a business school, many of whom are undertaking accounting education (DEEWR, 2008b).

The last decade has seen significant changes in the AHES and there is no doubt that this has impacted on the quantity, quality and course offerings for accounting students in Australia. But where will business schools be in the future? Parker and Ryan, in Chapters 2 and 3 respectively, ask us to imagine the university 10 years from now – a university without a business school. A few academics may have reinvented themselves into experts in climate change, health or transport, and one or two management academics may have returned to their original disciplines in sociology, psychology or statistics. However, the majority, especially accounting and finance academics, will have retired or be employed with private higher education providers. Chapters 3, 5, 9 and 10 explore good reasons why the business school should remain within the university, not least of which is the important role of business within society and the values held by business academics.

And what is the role of the market and globalisation in creating the business school? Chapters 2 and 3 note that the rise of business degrees in universities was the direct result of the massification and later marketisation (deregulation) of the AHES (see also Ryan and Guthrie, 2009; Parker and Guthrie, 2010). ‘Business’ degrees appeared in universities following amalgamations with Colleges of Advanced Education (CAEs) in the 1980s, the beginning of the massification of higher education in Australia (Evans and Juchau, 2009). By responding to this demand and creating further demand through new international and offshore markets, business schools have flourished in the corporatised AHES environment and now provide a number of key challenges for accounting educators, professional accounting bodies, the profession and, of course, policy makers.

**The forum**

This book specifically focuses on the future of accounting education in Australia and has been developed from presentations made at a collaborative forum between the Centre for Accounting, Governance and Sustainability (CAGS) and the South Australia State Office of the Institute of Chartered Accountants in Australia (the Institute) in February 2010.

The main objective of the forum and hence this book was to bring together and express views of a variety of key stakeholders who have an interest in the future of accounting education, the challenges faced and possible solutions. Thus, the book draws attention to the views expressed at the forum by academics, practitioners and educators and suggests a way forward in relation to the issues raised. The forum and book provide support for the ongoing national open discussion on possible strategies, issues and changing skill sets for professional accounting graduates and accounting academia.
A second objective was to build dialogue relating to the relationship between professional accounting bodies and academia. Such dialogue is needed at a time when there is concern about globalisation of higher education of accountants, and tension between the growth of direct entry to the profession through the processes established by accounting bodies and indirect entry to the profession through universities accredited by the same bodies. Maintenance and improvement of the quality of graduate entrants to the profession, and mobility between different institutions from different countries, provide a substantial challenge for the future. Thought leadership is critical for the profession and for academia in these circumstances, and CAGS and the Institute are pleased to be able to encourage thinking about future strategies to address such issues through the ideas presented in this jointly sponsored book.

Finally, it is the intention of the book to encourage an exchange of views about current and future accounting curriculum design. Universities have moved over the years from a position of tightly prescribed degree structures with little latitude for the development of broader educational interests, towards a loosening of requirements for economics and mathematics and a broadening of areas of concern to include professional communication, sustainability and problem solving in an international environment. In an era where power relations are shifting between developed and developing countries, career opportunities are being enhanced through the removal of barriers between nations. In a world where people have lost trust in many of the institutions and systems, present and future entrants into the accounting profession need to receive a rounded education, laced with a sense of empathy, understanding and humility in the face of matters involving the public interest as well as the private interests of their firms, or their clients.

Short summary of the contributions from the chapters

The chapters can be briefly summarised as follows. Chapters 2 and 3 explore the globalisation of AHES and possible effects on business schools and, in particular, accounting education. Parker concludes in Chapter 2 that it is bemusing that the tools we teach our university students in accounting are the tools that are now being used to drive us, the teachers. However, most accounting academics do not seem to have realised this. Parker states: ‘Can accounting survive such a high-volume, low-cost, lean, casualised higher education delivery model?’

In Chapter 3 Ryan tackles Parker’s question and argues that if the aim of accounting education is simply to produce technical accounting graduates, then the private sector might be better placed to do this than the university. She indicates that if the worth of business schools and accounting departments is measured by their ability to attract fee-paying students, then it is questionable whether this is a legitimate reason for accounting education remaining in the university. Ryan states that private providers are more suited to managing high volume, lost cost delivery systems without the overheads of research and the pressure to make a social contribution. However, if business and accounting education is about more than filling labour market shortages, promoting immigration and generating institutional revenues, then the future may well be different, as recent empirical evidence in South Australia indicates (Tingey-Holyoak and Burritt, 2009).
Chapter 4 looks at the impact and future of professional accreditation on accounting education. Accreditation has traditionally been important for accounting schools. Lightbody states that while it is difficult to isolate the effect on accounting schools that are solely related to accreditation in general or to a particular accreditation scheme, accreditation has undoubtedly had a significant influence on accounting education in the past and continues to do so in the present.

Chapter 5 engages with the impact of academic accounting research on professional practice. Tilt argues that in the field of accounting there have been claims from the profession that research has become too far removed from the interests of practitioners. However, she shows that such claims have been refuted by researchers who in turn point out the shortcomings of current practices, and may even consider that practical issues of concern to accountants are not important enough to warrant the attention of researchers. Tilt concludes by stating that from a practitioner perspective there needs to be a little more understanding of what is the role of the academic: that a major part of the academic’s role is to critique, to challenge, to engage in debate, and these are as important as producing practically useful research.

Chapter 6 deals with the likely impact of changes announced in AHES since May 2009. Freeman’s focus is specifically on the academic standard setting process which aims to establish threshold or minimum standards for graduating students. He argues that this process, which in the Business discipline is focusing on accounting education in 2010, will have significant impact on its learning and teaching. Freeman concludes the chapter by stating that the process of developing appropriate standards is still not complete: ‘active engagement’ is the key to action for accounting educators.

In Chapter 7 Hancock et al. investigate accounting for the future. This chapter reports on their timely project on this matter, Accounting for the Future, and reviews the changing skill requirements for professional accounting graduates graduating from university accounting programs over the next 10 years. They found that accounting education should include some non-technical skills in addition to a minimum level of technical competency. Communication, problem solving, critical analysis, self-management and teamwork are all rated as important non-technical skills by Accounting for the Future and many other studies. Finally, they offer up several challenges for accounting academics and university administrators in terms of achieving the changes proposed.

Chapter 8 examines the profession/academy relationship entry into professional pathways programs. Poullaos’s historically informed chapter provides insights into the implication that the profession/academy relationship will shift as the role of dedicated university ‘accounting’ programs as providers of entry-level accounting labour diminishes, at least in terms of numbers. In brief, the role of university accounting degrees in the production of professional accountants is up for (re)negotiation in 2010.

Chapter 9 looks at the future for accounting academics in Australia. Wright and Chalmers’s thoughtful chapter argues that the accounting education landscape is impacted by two labour markets: the market for accountants, and the market for accounting academics. In many countries in the past decade, the market for accountants has been characterised by changes in both the demand for, and the supply of, accounting graduates. Similarly, there have been unprecedented changes in the demand for, and the supply of, accounting academics. These changes have had a major impact on accounting departments and accounting academics.
Finally, in Chapter 10, Evans reflects on many of the challenges presented by the other authors. She contends that accounting academics are the trustees of the accounting profession and as a consequence argues for an academic approach to education that emphasises the importance of a grasp of theory and general accounting principles underpinned by research. This approach serves to expand, develop and critique the profession’s knowledge base. Rather than engage in jurisdictional disputes with employers (about the nature of vocational knowledge) and with the profession (about who determines professional knowledge), the academy can co-operate with both these jurisdictions in widening and deepening the profession’s knowledge base.

**Conclusion and recommendations**

The opportunity for academics to engage in dialogue with the profession concerning the challenges facing accounting education is welcome. At the forum, the presentation of eight main challenges was subject to comment and rebuff by other participants. The outcome of robust debate in an open forum at the end suggested the need for a set of actions to help lead the debate forward. The following provides a list of seven proposed actions that emerged from the final question and discussion session at the forum.

**Action 1**
The Institute and CPA Australia should jointly commission a taskforce of employers, early career accountants and management educators to identify management skills, education opportunities and requirements for accounting students and professionals to discuss the issues and challenges facing accounting education. However, accounting academics are not to be included in this taskforce.

**Action 2**
Before academia ‘puts their house in order’ the professional bodies should clarify their strategic objectives. Are they the safe keepers of professional standards or are they businesses where market share growth and cash flow are the principal objectives?

**Action 3**
There is a need to explore what makes a well-rounded, employable graduate. What skills are required and where do they come from? Is this the responsibility of the universities? It is acknowledged that graduates need to have had part-time jobs or volunteer experience.

**Action 4**
The links between profession, academics and industry (not enough pressure is currently put on industry to contribute) to develop appropriate quality graduate skills need to be built. But universities need to help to develop work experience programs, etc., which have been shown to develop graduates’ skills greatly. The profession can be a conduit between academics and the industry.

**Action 5**
An annual forum of the professoriate in accounting to discuss strategy could be very effective in bringing new ideas relating to the profession and the development of government policy in relation to (accounting) education.
Action 6
The issue of how access to work experience positions can be improved needs to be addressed. Most positions are currently filled by local students and not international students.

Action 7
A forum needs to be established that focuses on key issues: funding of accounting education; new accounting academics; and lost PhD graduates to the United States because of salary relativities.

In conclusion, accounting education in Australia has not progressed much since Mathews et al.’s (1990) report. The challenges laid down for the profession and the academy could be taken up through the adoption of some of the avenues for action outlined above. But the key is collaboration and co-operation. The lack of recognition of accounting as a worthy discipline within universities; the chronic under-funding of accounting departments/schools; the high student/staff ratios; staffing shortages; the over-representation of international students in accounting/business schools; the dependence on full-fee-paying students; and the continued threat to quality are all issues raised in Mathews et al.’s report 20 years ago. Ryan, in Chapter 3 of this book, is hopeful that in 10 years’ time accounting education (within business schools) will remain within the university, but warns that this depends on academics’ contribution to professional knowledge being recognised – and valued – by employers and the profession. In the current climate, Australian accounting academics believe they have been relegated to mere fundraisers by the university administration.

The crossroad in accounting education in Australia is the intersection between federal government policy in relation to AHES, the professional accounting bodies, employers and academics. The way forward is an alliance between the academy and the profession that seeks to influence government policy and to co-operatively develop accounting education in the academy, in the profession and in the workplace.

The authors are indebted to the many people who made the forum and the book possible, especially the presenters and authors whose work appears in this book. The editors are also grateful for the number of colleagues who participated in contemporary debates about the future of accounting education in Australia. Gratitude is also expressed to participants in the Australian Accounting Education for the Future: Challenges and Possible Strategies forum held at the University of South Australia in February 2010.

All chapters in this book were subjected to refereeing and editing. The authors are most grateful to Graham Meyer, CEO of the Institute of Chartered Accountants in Australia, whose vision and financial commitment made this project possible. Our thanks are also due to Fiona Crawford and Sara Haddad, for their editorial support; to Joanne Tingey-Holyoak, Research Administrator at the Centre for Accounting, Governance and Sustainability, University of South Australia for her organisational and administrative skills; and to Julz Stevens, Knowledge Research, for her research support.
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Chapter 2

Introducing the Commercialised University Environment: Preliminary Reflections on the Trajectory of Change

by Lee D. Parker

This chapter offers a brief introductory overview of the environment within which the subsequent chapters in this volume are set. The subsequent topics covering Australian university business schools and their accreditation, accounting research and practice, teaching and learning standards, academe/profession relations and future academic identity and career profiles, all reflect the influences of a global commercialised higher education environment. This chapter does not intend to detail the extensive characteristics and patterns of this environment, but rather offers a researcher reflection on some of its key dynamics that have set in motion, and will continue to shape issues addressed by authors of the chapters that follow. All too often such discourses are conducted in isolation from the social, institutional, economic and political environments with which they are inextricably intertwined.

The university environment globally is part of a bigger picture of privatisation and commercialisation in the public sector internationally. In their pursuit of ‘efficiency’, governments around the world have become infatuated with becoming small governments. ‘New public management’, as it is commonly known, attracts parties of all political persuasions, seeking commercialisation, privatisation and corporatisation. One of the key traits of new public management is the outsourcing of what used to be primary direct delivery areas, such as education, health and welfare.

Why has new public management swept the western world? Some of the basic reasons that have repeatedly emerged from research findings are the desire for low tax, a user pays philosophy, the belief that small government is good government, a managerialist approach in which a business approach is the best approach and the urge to remove government from direct service provision and move towards indirect service provision. With the adoption of a new public management approach, governments have shifted from a focus on traditional public sector concerns for process, equity, fairness and justice, to one on outcomes and performance measurement.

This chapter now moves on to provide some selective examples of the dimensions of global commercialisation of higher education. From there it offers a brief snapshot of the Australian situation. Three key issues arising from such commercialisation are then introduced by the chapter: the trend towards a pronounced financial focus in universities; the drive towards mass education provision; and universities’, governments’ and the accounting profession’s obsession with growth. A selection of source references are provided at the end of this chapter, both as the basis for this chapter and as recommended first step reading for those interested in beginning to consult the extensive accounting, management and higher education administration research literature on this subject area.
Commercialised higher education

This widespread embracing of new public management has had a significant impact on the university sector, creating an environment of corporatisation and commercialisation. University education is perceived as a marketable product and universities are major economic drivers. This is a distinctly global trend, not one limited to a handful of countries, such as the United Kingdom, the United States and Australia. In 2001 the OECD estimated that there were 1.65 million university students studying outside their country of origin. At the same time there is declining central government funding of higher education. In the United Kingdom funding per student is down 40% since the mid-1970s. At the same time, 40% of revenue for English and Scottish universities is derived from non-government sources. Many European countries now receive less than 70% government funding; some as low as 30%. In fact, recent figures for individual universities in the United Kingdom show that some receive as little as 20% government funding. The move towards self-generated university funding is evident in countries like Taiwan, Singapore, New Zealand and Hong Kong, and private provision is emerging in countries like China and India.

With respect to Eastern Europe: Poland has more than 91 private business schools; the Czech Republic, 29; Armenia, 21; Romania, 18. Private and private/public higher education is government policy in countries like Vietnam, the People’s Republic of China, Japan and South Korea. There is growth of private delivery in higher education in countries like Malaysia, Thailand, India and the Middle East. Key areas of growth include the specialist management areas such as accounting, medicine, teaching and engineering. This trend can be seen in India in the period 1978 to 2002. In 1978 Andhra Pradesh had one private engineering college; by 2002 it had 174. Maharashtra started with one private engineering college; it reached 141 in 2001.

The Australian case

Where does Australia fit in this global education economy? State and federal governments have clearly articulated that education is an export product. In Australia higher education is a leading export deliverer and an economy driver. Here are just some very general Australian government statistics: 1983 to 1993 our international students trebled; 1996 to 1999 they went up by another 440%; not content with that, between 1999 and 2006 they went up by 128%. Business schools are the major deliverer and the accounting units are the major deliverer within the business schools.

This raises a whole raft of issues. These include huge growth, low-cost, high revenue generating programs, and staffing casualisation. This creates pressure for product and pressure for graduation at all costs, leading to a reduction in quality that ranges from communication to technical. Staffing casualisation statistics in the United Kingdom suggest that leading universities have staffing profiles as low as 30% full-time staff to 70% casual employees. Some of the ‘sandstone’ universities are the most heavily casualised. In Australia, our casualisation rates are similar.
The corporate financial focus

In Australia universities have opted for a corporate financial focus, as a result of pressure from government. This has led to goal displacement and financial resourcing increasingly becoming an end in itself. Consider the way in which research is talked about in universities: primarily research is discussed and reported in terms of revenue generated, both dollars raised through grants and commercialisation of research outcomes.

There is a transformation underway in universities in terms of intellectual capital. Twenty years ago there was arguably a stronger focus on the social public good; now there is a much stronger focus on knowledge as a private, revenue generating asset. The business model has been appropriated into the governance of these corporatised universities in order to deliver this. University councils often mimic a business board model and universities have adopted commercialised language. They have top down management, in which deans, who used to represent their constituents, now have been moved up into part of the top management decision-making team in order to transmit their instructions downwards. There is a strong case for arguing that this represents a return to scientific management. The days of Henri Fayol, Frederick Taylor and their followers of the 1880 to 1920 period, have returned. Financial management is at the heart of the university leadership approach, and studies in the United Kingdom, the United States and by the European Commission confirm this. When universities go down this path, what are they looking for? They are seeking operational efficiency. They are aiming for cost, technical, managerial and staffing efficiencies.

Take the case of student/staff ratio figures. The deterioration in this ratio across universities and business schools reflects the term that is now used by commentators and critics – ‘educational massification’. Increased enrolments, increased class sizes, distance delivery, the discontinuation of uneconomic programs are all undertaken in the quest for efficiencies. The game is a pursuit of increasing revenue, decreasing cost, increasing output and increasing quality. Universities are aiming at a low-cost, high-volume, targeted niche, high-quality, mass-product delivery. Is this a recipe for failure?

Educational massification

Educational massification is being implemented through customised education. Many universities boost their revenue line by looking for student-fee-paying customers they can attract and hold, and converting them into homogenised products that are easily packaged and delivered for low cost efficiency. They place a top priority on customer satisfaction – almost at any cost – adapting programs and assessments for student consumerism. For example, anecdotal evidence suggests that many full-time students are also working full-time, compromising their commitment to study and their ability to adequately complete their coursework. Campuses are often deserted because students do no want to come to the campus any more, arguably due to their preferences for working from home via internet and email, and due to their major lifestyle commitments to paid employment. In addition many overseas students are flooding into cheap shopfront private provider operations, as an alternative lower entry path to gaining access to Australian student visas. Thus, arguably, the quality of education suffers as students
no longer avail themselves of the benefits of high quality face-to-face teaching and classroom experiential exchanges. Examination hurdles are massaged, continuous assessments are increasingly popular, examination re-sits and supplementaries are made more flexible and available, all to suit the customer’s working needs and university pass rate and graduation targets. The focus is on high-demand, high-margin programs run at low cost.

Here are some examples from the research literature. The international fee-generating niches over the last 10 years have been particularly located in the business school. In 2007, of the total Australian higher education system enrolments, business students comprised 30%, a 112% increase on 1996 enrolments. In 2007, international students comprised 27% of the total student population. International students in business comprised 51% of the international student cohort.

In 2006 – 2007, private providers captured 10% of the higher education student business, mostly international students, and those figures are increasing in a remarkably fast rate of market capture. The 2007 business schools’ student to staff ratio was 34:1, but there are examples of business schools with a ratio of 60:1.

The growth obsession

The higher education environment contains a crucial trap into which many countries have fallen: namely, the obsession with growth. Governments now treat universities as engines of export dollar earning and major components of their economic management strategies. Professional accounting bodies are increasingly pursuing growth in membership numbers and global networks and status. Universities, as corporatised, commercialised entities seek to generate growth and accompanying financial returns. While quality is articulated as a socially credible and market appealing symbol, the growth of student, graduate and profession entrant numbers are pursued as key to increasing revenue streams for all parties.

Meanwhile, universities continue to operate degree areas that produce strong student demand as vital revenue generators, run with a view to minimising operating costs and maximising revenue streams. In a country such as Australia, this has led to a dramatic deterioration in student/staff ratios particularly in the accounting area. The accounting profession has done nothing about those resourcing ratios, because in accreditation it only collects the statistics. It has not used those statistics to withhold university accounting degree accreditation because the profession has an interest in travelling the same corporate growth route that the universities are on. So they are both captive to the same business attraction.

Thus business schools are, by and large, a low-cost, (heavily) casually staffed, revenue-generating cash cow. Where does that leave accounting? Universities’ missions and strategies have been financialised and they are increasingly expressed in financial terms. The business school, and the accounting schools or departments within them, are key players in revenue generation for universities, financially supporting many other areas of the university. In trying to do this, universities are therefore pursuing mass production and quality. These are inconsistent mantras.
The challenge to accounting

Ironically the tools taught to university students in accounting are the tools now being used to drive the teachers. Increasingly evident are versions and hybrids of activity-based costing, budgets with ‘stretch targets’, strategic management accounting, balanced scorecards, benchmarking, international ‘best practice’, outsourcing, downsizing, business process re-engineering, competitive bidding, proliferating ‘quality control’ systems and the like. These commercial weapons are employed in simultaneous pursuit of product differentiation in the eyes of the market while internally standardising knowledge production and transferral methods for a low-cost mass production educational delivery system. The challenge for both accounting academics and accounting professionals is this. Can accounting survive such a high-volume, low-cost, lean, casualised higher education delivery model?

References


In Chapter 2 of this book, Parker asks the question, ‘Can accounting survive such a high-volume, low-cost, lean, casualised higher education delivery model?’. This chapter argues that, yes it can, but not in the context of a traditional university. Private higher education providers, including professional accounting associations, may better fit the needs of future accounting education. The argument is deliberately provocative so as to encourage debate about the future place of business and accounting in higher education.

If we imagine the university 10 years from now – a university without a business school or an accounting department – and look back to what caused this, we might better understand the importance of current dilemmas in shaping our future. In this future scenario, a few economists will remain, having reinvented themselves into experts in climate change, health or transport, and a few management or business academics may have returned to their original disciplines in sociology, psychology or statistics. However, the majority of business school academics, especially those from accounting and finance, will have retired or be employed with private higher education providers. Paradoxically, the demise of the business school will be caused by the same factors as its emergence – reliance on the market. Ultimately, market dependence creates a lesser role within the university and an inappropriate value proposition, which together serve to place the future of business and accounting education outside the university. The remainder of the chapter is structured around these three issues: market dependence; standing within the university; and the purpose of a business school.

Market dependence

Australian business schools have been driven by market demand. Historically, business studies, apart from a few Graduate Schools of Business, were the domain of the vocational sector, TAFE and Colleges of Advanced Education (CAEs). The rise of business degrees in universities was the direct result of the massification and later deregulation and marketisation of the Australian higher education system (AHES)(Ricceri and Guthrie, forthcoming). Business degrees first appeared in universities following amalgamations with CAEs in the 1980s, the beginning of the massification of higher education. However, their popularity and growth may be attributed to the marketisation of Australian higher education through the introduction of fee-paying international and postgraduate students in the late 1980s. By responding to this demand and creating further demand through new international and offshore markets, business schools have flourished in the corporatised environment of the AHES, as demonstrated in Table 3.1.
Table 3.1: Business Schools and International Students 1996 – 2007

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>2007</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total student enrolments in</td>
<td>634,094</td>
<td>1,029,846</td>
<td>62%</td>
</tr>
<tr>
<td>Australian higher education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International enrolments as a</td>
<td>8%</td>
<td>27%</td>
<td>448%</td>
</tr>
<tr>
<td>percentage of total enrolments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business enrolments as a percentage</td>
<td>23%</td>
<td>30%</td>
<td>112%</td>
</tr>
<tr>
<td>of total enrolments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International enrolments as a</td>
<td>50%</td>
<td>51%</td>
<td>352%</td>
</tr>
<tr>
<td>percentage of all business enrolments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postgraduate coursework students as</td>
<td>31%</td>
<td>40%</td>
<td>173%</td>
</tr>
<tr>
<td>a percentage of all business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>enrolments</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

(Adapted from DEETYA, 1997 and DEEWR, 2008; the percentage of international students is based on 1997 data as equivalent information for 1996 was unavailable)

While accounting may have ridden on the coat tails of other business degrees, especially the MBA, changes in immigration laws in 2004 encouraged the development of master of accounting programs such that they have come to rival the MBA as the program of choice among international students. The addition of accounting to the Migration Occupation in Demand List in 2004 directly resulted in the appearance of these programs, with large numbers of international students keen to gain permanent residency with an accounting qualification (Jackling, 2007; Birrell and Healy, 2008; Watty, 2007). This is clearly demonstrated in Table 3.2 where international enrolments in master level accounting programs increased over the period 2004 – 2008 while domestic enrolments remained relatively stable.

Table 3.2: Changes in Accounting EFTSL Enrolments 2004 – 2008

| Program   | Year | Domestic |  | International |  | Total |  |
|-----------|------|----------|  |               |  |       |  |
|           |      | No.      | % of total | No.          | % of total | No. | % change |
| Master    | 2004 | 1,560    | 28%       | 3,923        | 72%       | 5,483 | 78%     |
|           | 2008 | 1,524    | 16%       | 8,238        | 84%       | 9,762 |         |
| Bachelor  | 2004 | 14,388   | 59%       | 9,861        | 41%       | 24,249 | 19%     |
|           | 2008 | 14,445   | 50%       | 14,426       | 50%       | 28,871 |         |
| All       | 2004 | 17,027   | 54%       | 14,344       | 46%       | 31,371 | 35%     |
|           | 2008 | 17,139   | 40%       | 25,288       | 60%       | 42,427 |         |

(Adapted from DEEWR, 2010a and DEEWR, 2010b)
As business schools have lived by the market, they may also die by it. Uncontained growth and market risk are a dangerous combination. Unsustainable growth is a direct threat to quality and reputation. Reliance on international student markets affects the quality of education, especially in accounting where most students are from non-English speaking backgrounds, are extrinsically motivated to study accounting, and have different learning styles (Jackling, 2007; Nagy, 2008). These factors combine to force changes in content, delivery and assessment of programs (Burch, 2008; Nagy, 2008) and produce graduates unable to fill the shortage of professional accountants (Birrell and Healy, 2008).

Business academics are torn between the need to generate revenue and the need to insure academic standards, the former too often taking precedence (Bretag, 2007; Watty, 2007). The ‘dumbing down’ of programs has not only caused dissatisfaction among academics but also among domestic students and employers (Jackling, 2007; Birrell and Healy, 2008). Universities have not helped in this regard as they pressure academics to research and publish and at the same time to teach greater numbers of students with little increase in teaching resources. Revenue from fee-paying students is frequently regarded by universities as ‘soft’ money not to be relied upon and thus it is more likely to be channelled into capital projects rather than tenured academic positions.

Demand-driven growth also involves risks stemming from poor media coverage, exchange rates, changes in student subsidies and immigration requirements and from increasing competition, especially private sector competition. General competition between Australian universities and their business schools has, among other things, led to Australian education having an international reputation as a low-cost, high-volume provider of education, a destination of second choice (Marginson, 2007). In accepting this proposition, the current government is taking a variety of measures to address Australia’s poor reputation, including the introduction of a National Quality Framework to specify educational outcomes for specific disciplines. Given the media attention surrounding postgraduate accounting students, it is no coincidence that accounting is among the first disciplines to be examined. However, it is the entry of private higher education providers that poses a real threat to the viability of university business schools, especially in accounting and finance, based on price and quality.

Twelve months after their introduction in 2006, private higher education providers, with both online and face-to-face degree programs, had captured 10% of higher education students, with the biggest demand from international business students (DEEWR, 2008). Private providers range from multinational companies such as Navitas, Kaplan and Cengage, to private colleges and professional associations such as CPA Australia and the Institute of Chartered Accountants in Australia (the Institute). Often the boundary between private and public education is blurred when private providers form partnerships with universities to offer ‘pathways’, through articulation agreements into traditional degrees as a means of increasing student numbers, especially international students. At one Victorian university, Jackling (2007) found that 68% of second-year undergraduate accounting students had completed their first year of accounting with a registered private provider. At the same time, many smaller regional universities have emulated private providers in establishing multiple, teaching-only business schools in large cities. These schools are generally cheaper than the larger universities and rely heavily on casual academic labour. Birrell and Healy (2008) estimate that a significant proportion of international accounting students are enrolled in these metropolitan branch campuses where the resources and facilities are little different to those of private higher education providers.
Private higher education providers cover niche markets in high demand areas. With low overheads, including highly casualised teaching staff, they have the ability to provide degree ‘products’ through a teaching only focus and, increasingly, a promise of employment through their links with industry and professional service organisations. Compared to universities, where academics are increasingly encouraged to disengage from students and professions in favour of research (Watty, 2007), private providers appear to have a competitive quality advantage over university business schools (Jackling, 2007).

**Standing within the university**

Business schools have relatively poor standing within the university community. Success in commodifying higher education and generating revenue has led business schools to be regarded as institutional ‘cash cows’. They have not only attracted large revenues from fee-paying international and postgraduate coursework students, but minimised costs with the highest staff to student ratios at 1:34 (DEST, 2007). Financial success has sometimes been at the cost of academic respect within the university (Ryan and Guthrie, 2009). They are rarely held up as public examples of the university’s strength or contribution to society. A quick glance at the university mission-based compacts recently posted by the government reveals the absence of business or accounting as fields in which any Australian university desires to excel (DEEWR, 2010c). Universities have actively encouraged business schools to meet the increasing demand for students and revenue without regard to whether the schools stay within the broader mission of the university.

Will the university still want its business school if it ceases to be a ‘cash cow’? If the business school is unable to enunciate a value proposition that provides a legitimate role within a university, then what is its future? Apart from the revenue the business school provides to its university, the value proposition or purpose of an Australian business school seems to lie in the salaries its graduates attract. A paper for the Australian Business Deans’ Council (ACCESS Economics, 2005) suggests that the ‘value’ of a business degree was in attaining higher salaries than other graduates. It is not uncommon for MBA rankings to equate money with quality, be it the cost of the program or the return in graduate salary. Unfortunately, these promises are most often restricted to domestic students as international students, especially accounting graduates, find difficulty in obtaining professional employment (Birrell and Healy, 2008).

On the other hand, private providers do not pretend to make broad social and intellectual contributions. They focus on producing the ‘best’ product and ‘best’ profit for shareholders. With such a narrow mission and a limited range of stakeholders compared to a university, the private education provider can more effectively and efficiently employ the ‘high-volume, low-cost, lean and casualised higher education delivery model’ than a university business school (see Chapter 2).
The purpose of a business school

If ‘the tools we teach are the tools that drive us’ (Chapter 2), then business schools are no different than the private higher education provider offering a promise of return on investment and/or a permanent residency but with larger classes and less ‘customer’ focus. This type of utilitarian thinking goes beyond promises to students, to the behaviour of business school managers when they appear to give greater importance to sustaining financial growth than the problems created by the growth. Even if business schools were to substitute financial discussions with less utilitarian concerns, business schools may still have difficulty in articulating a clear and scholarly purpose.

The problem has its basis in understanding whether or not business schools are a professional school or a purely academic school. Unlike other professions, business lacks a distinct and common ethos grounded in furthering the quality of life. When this absence of ethos translates to the business school, it stands accused of teaching technique and preaching greed (Khurana, 2007), an accusation heard globally in the wake of the global financial crisis. A professional ethos is missing, both in practice and in the classroom. Unlike other professional schools, business school links to practice and practitioners are weak. For many business schools, the strongest link to practitioners is through casual academics, of which there are many.

In relation to research, business schools are charged with being neither relevant nor rigorous but simply engaging in activities to appease ratings, rankings, accreditation bodies and now the latest government initiative to measure university research output, Excellence in Research in Australia. In turn, these actions serve to reinforce utilitarian values and strengthen the divide between academic and practitioner. The quandary presented by the research imperative is that not only does relevance appear to decline and academics disengage from teaching, but academic individualism and opportunism increase as colleagues compete for points and publications. Undue emphasis on recruiting established researchers drives up salary costs while driving down the number of full-time academics who teach and so drives up the reliance on casual academics. Despite the emphasis on research, the business school’s record in research, especially producing research higher degree students is poor with only 8% of doctoral students enrolled in business compared to 30% of all students in the higher education system in 2007 (DEEWR, 2008; Guthrie and Neumann, 2007). This bodes badly for regenerating future business academics able to both teach and research. Thus, from the research perspective, the future of accounting education cannot be assured within the university.

This chapter has argued that if the aim of accounting education is simply to produce accounting graduates, then the private sector might be better placed to do this than the university. If the worth of business schools and accounting departments is measured by their ability to attract fee-paying students, then it is questionable whether this is a legitimate reason for remaining in the university. Tensions arising from accepting more and more international students without the concomitant resources to effectively teach them have affected the quality and reputation of business and accounting programs throughout Australian universities. Private higher education providers can do exactly what the universities are doing but more efficiently and effectively. Private providers are more suited to managing high-volume, low-cost delivery systems without the overheads of research and the pressure to make a social contribution. However, if business and accounting education is about more than filling labour
market shortages, promoting immigration and generating institutional revenues, then the future may well be different.

This chapter concludes by re-imagining the university 10 years from now. The business school remains within the university. It has done so for three good reasons. First, business is a large and important part of national and international community wellbeing as was underlined by the recent financial crisis. Understanding it, both technically and critically, is an essential contribution, the type of contribution a university should make. Second, the number and percentage of international students studying business provides an important social as well as economic advantage for Australia. However, this advantage must be appreciated and managed for its educational and social value, not simply for its financial return. Third, business academics are essentially academics at heart. Their beliefs and values are no different to those in other faculties, but their environment is. Business academics want to make a worthy contribution, not be relegated to mere fundraisers (Ryan and Guthrie, 2009). How they manage the competing tensions within their schools and universities will ultimately determine the future of accounting education.

The author wishes to thank James Guthrie for his comments and suggestions on an earlier version of this chapter presented at a Business and Professional Ethics Group seminar at the University of Sydney in February 2009.

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Chapter 4

The Impact of Accreditation on Accounting Education in 2010

Margaret Lightbody

Accreditation has traditionally been important for accounting schools. While it is difficult to isolate the effect on accounting schools of accreditation generally against that of a particular accreditation scheme, accreditation has undoubtedly had a significant influence on accounting education in the past and continues to do so.

Historically, the main form of accreditation in accounting schools has been that provided by the professional accounting bodies in Australia: in particular, CPA Australia and its various named predecessors, and the Institute of Chartered Accountants in Australia (the Institute). In the past, the technical practice of accounting was very country specific, so much of what was taught in an Australian accounting degree related to Australian accounting standards and Australian accounting practice. The majority of students in Australian accounting programs were domestic students who were going to practise accounting in Australia for the majority of their career, so a focus on Australian professional accreditation made a lot of sense.

In recent years, the nature of accounting practice and the Australian student population have both seen a shift to a more international perspective. Common accounting standards and practices are in use across the globe. A large percentage of Australian domestic accounting students will spend at least some of their career working internationally, or will be working in Australian organisations that have an international focus. In many universities, the majority of students are drawn from a variety of countries and intend to practise accounting elsewhere. So the trend has been away from a focus solely on Australian accreditation to a focus on global accreditation. One such accreditation scheme currently occupying the attention of many Australian business schools, and the accounting programs within those schools, is the accreditation provided by the Association to Advance Collegiate Schools of Business (AACSB).

The value of accreditation

The nature and extent of the impact of any form of accreditation depends primarily on the value of accreditation for a particular institution at a particular point in time. While the process of accreditation is often used to improve the quality of the programs delivered by the institution, the value of accreditation is largely dependent on the ability of the accrediting body to give the institution some form of market advantage. Basically, accreditation is a tag, label or symbol used by accounting or business schools to inform the marketplace – students, employers, potential future faculty and so on – that their education programs meet some external ‘quality’ standard. Of course, what constitutes market advantage changes as the market itself changes. So the particular forms of accreditation that have power within an institution will wax and wane over time.
In the past, the professional accreditation process had particular value to universities seeking to attract students. Accreditation by the professional Australian accounting bodies gives graduates from an accredited program particular advantages over graduates from non-accredited programs. For example, graduates from programs accredited by CPA Australia can apply for associate membership without having to undertake further ‘foundation’ level exams. Likewise, graduates from programs accredited by the Institute can enrol in the Chartered Accountants Program (subject to being employed by a Chartered Accountant employer) without having to complete any further graduate studies. When the granting of accreditation was limited to Australian universities and a handful of leading international programs, professional accreditation had a particular market advantage for accredited accounting schools.

Professional accreditation also had value for heads of accounting schools as they negotiated with Vice Chancellors and Deans for increased resources for their programs. The professional accreditors focused considerable attention on ‘quality’ measures, such as the technical content of accounting courses, staff appointment levels and qualifications, and the ratio of permanent staff to casuals. They even considered issues such as library resources that were made available to students and student support systems for managing students performing poorly. If schools were not meeting the standards deemed necessary for the provision of a ‘quality’ accounting education by the accreditors, accreditation could be withheld pending efforts by the university to address these concerns by, for example, employing more senior staff or enhancing the content of its accounting programs.

However, over recent years, the emphasis of the professional bodies has moved away from accreditation as an indicator of ‘quality’ professional tertiary education to accreditation as a marketing tool to encourage graduates to seek professional body membership. For example, the changes made to the standards required by CPA Australia to secure professional accreditation now allows the majority of Australasian tertiary institutions, including private providers with no research qualified staff and foreign institutions teaching ‘local’ accounting programs in languages other than English, to become accredited by CPA Australia. Thus professional accreditation has no significant market advantage for a university because almost every higher education provider has this form of accreditation. Professional accreditation is now a zero-sum game – accounting schools will still seek professional accreditation, but they will devote only the minimum resources required to achieve it because it does not give them a valuable market advantage.

So the impact of professional accreditation is waning. Instead, universities are now focusing on new forms of accreditation – and in recent years the focus has moved to the AACSB. AACSB is quite different to professional accreditation. As AACSB is a global ‘standard of achievement’ (AACSB, 2009) to which very few Australian accounting schools can lay claim, it represents a significant opportunity for accounting schools as both an external marketing tool and a source of leverage within the university. While the universities are in a race to gain AACSB accreditation before everybody else, AACSB will have considerable influence over what is occurring in accounting education.

**The new world of AACSB accreditation**

The level of focus of AACSB is much broader than the professional bodies. It is more systems-focused and more inputs-focused. It also has more depth, with its accreditation process involving a lot more detail in investigations and inquiries than that of the professional bodies. Compared to the accreditation process of the professional bodies, it requires considerably more documentation; it also costs
significantly more. So it is important to the universities paying for AACSB accreditation that they gain sufficient benefits from the process.

One of the significant benefits that can be gained from AACSB accreditation derives from its focus on the ‘mission’ of the school. ‘Mission statements’ are not new to Australian accounting schools. Most schools have a ‘be all things to all people’ type of mission statement that is reviewed during the annual strategic planning workshop and then mostly ignored for the rest of the year. However, the AACSB accreditation process gives schools an opportunity to say to their vice chancellor or dean, ‘Hang on a minute, what are we about here? What are we going to focus on?’ The mission presented to AACSB needs to be relatively specific and must be defensible to the AACSB assessors. The school must be able to clearly demonstrate how this mission feeds into everything else that it does – its programs, its employment policies, its assessment practices, and so on. For example, if a school states its mission is to provide quality education programs to undergraduates, postgraduates and PhD students, AACSB will be sceptical of schools with large numbers of casual staff, particularly if they are delivering entire courses. Thus AACSB gives a school quite a lot of leverage to force the university to engage in a dialogue regarding the value provided by accounting programs and the resources required to support this.

While the rigorous nature of the AACSB processes is a good tool to force business schools to really think about their mission, their inputs, and their processes, schools need to recognise the worldview that underpins the AACSB scheme. While AACSB is supposedly global, flexible and adaptable to the different practices in different countries, in practice it is deeply grounded in the United States academic system. It has a United States-centric view of what constitutes quality in education, which is significantly different to the philosophy underpinning Australian professional accreditation. Professional accreditation was, at least in the past, grounded in Australia, recognised the types of students being taught in Australia, and the way in which professional education was delivered in Australia. It was thus supportive of the blend of European and United States education advancements that had been adopted in Australia.

**AACSB and academic staff**

A major impact of the United States focus of AACSB is on individual academic staff. Academics are absolutely critical to the delivery of a high quality accounting program, so anything that affects academics will impact on accounting education generally. As noted above, by forcing universities to develop realistic missions and resource bases for their business schools, AACSB will provide significant leverage to heads of accounting schools to ensure they have adequate staffing resources for their programs.

In the United States, there is a common assumption that high-quality education programs must be taught by PhD qualified academics. AACSB’s standards regarding ‘quality’ faculty (the United States term for academics) thus require that the majority of those teaching in an accounting program should be PhD qualified and should also be research active. While there is very little research that examines the impact of AACSB accreditation on those teaching accounting, it has been observed that AACSB ‘helps shape the type of faculty [academics] who get hired’ (Henninger, 1998), implying that schools seeking AACSB will move towards a requirement that academics be PhD qualified prior to teaching in accredited programs.
On the surface, this seems a good thing. AACSB’s standards give heads of accounting schools some leverage to increase their establishment positions within their schools. Given that student to staff ratios in accounting schools have been rapidly increasing in recent years, this should benefit both staff and students. Also, because AACSB requires an increasing proportion of academics to be PhD qualified and be research active, there should be an increase in the proportion of academics holding senior positions. This again would represent a trend away from the tendency of many universities to treat accounting schools as ‘cash cows’, with the majority of their staff employed at relatively low-cost Level A and B positions.

While increasing the number and seniority of academic positions in accounting schools would be a positive trend, having the positions does not mean schools can fill them. The shortage of accounting academics in Australia has received much press. This could lead to the conclusion that, ironically, while AACSB may help accounting schools gain additional academic positions, it may at the same time make it more difficult to fill them.

As noted earlier, there has been very little research examining the impact of AACSB on academics themselves. A rare survey of staff in institutions that had been through the accreditation process found that staff felt that AACSB accreditation had not been entirely beneficial for staff (Roberts et al., 2004). In particular, the study found that academics were directing their attention away from teaching and administration and towards research, and that they found their jobs more stressful and less satisfying. While there are no similar studies of academic experiences with AACSB in Australia, there are already signs that a similar trend may occur here. Given that there is a shortage of academics generally, and even fewer with PhD qualifications, it can be expected that the focus of appointments committees will be on the academic qualifications of applicants, rather than their ability or even interest in teaching. Likewise, applicants with a PhD will be prioritised over those with professional accounting qualifications and experience. While this may result in increased research output by accounting schools, universities do need to remember that they need academics who can effectively do all the tasks they are being employed to do. Many accounting schools have classes of 200 and more students. Having a PhD does not necessarily mean that an academic can stand in front of a large class and effectively deliver technical accounting content to students who are paying to learn to be accountants.

At the same time, the shortage of applicants for academic positions means there is increased pressure on existing academic staff to become PhD qualified as soon as possible to enable schools to meet AACSB requirements. Schools are refusing to give even Level A staff tenure or promotion until they have completed a PhD. This significantly increases the workload of staff, as well as creating an ‘up (to the [PhD] degree) or out’ (Henninger, 1998, p. 415) culture in accounting schools. An environment is created in which research is prioritised over teaching. As the United States research by Roberts et al. (2004) indicates, if academics are required to spend more time on research, they will spend less time on teaching innovations and student support activities, such as time spent in one-on-one conversations with students.

A further impact that AACSB accreditation will have on Australian academic staff is to reduce their ability to utilise ‘flexible work practices’ commonly available in Australian universities. AACSB standards do not make allowances for staff who have worked ‘part-time’ in academic positions during the period
being assessed. It seems that the United States-based assessors do not understand what ‘part-time’ or fractional appointment means in Australia. To them, ‘part-time’ suggests adjunct faculty, not tenured academics who might have had a year of maternity leave during the three-year assessment period, or have held a fractional appointment in an administrative role in addition to their usual academic role. The AACSB assessors require the same research output of all staff, regardless of their fraction of appointment, to be considered to have met the AACSB standards.

A significant competitive advantage that accounting schools have had in attracting accountants to academia has been flexibility. If all academics have to produce the same level of research output regardless of whether they are full-time or part-time, have had maternity leave or long service leave, that advantage is gone. Thus, ironically, as accounting professional firms introduce flexibility for their employees, accounting academia is becoming less flexible.

The requirements of AACSB regarding academic qualifications and research output are going to make a career in academia less attractive to the traditional source of new Australian academics, namely accountants who have worked in practice and are now seeking a career change. If universities move to employing directly out of PhD programs, they will draw on foreign-born academics, who are the majority of PhD graduates available for employment. However, many of these PhD students are on scholarships from their own countries and intend to return to employment in their own universities and are therefore not available to swell the numbers of Australian academics.

It appears that the AACSB-driven requirement to employ PhD qualified staff and to push existing academics to complete their PhDs or face being labelled as ‘unqualified’ may exacerbate the existing labour shortage in accounting academia. A further problem – the ‘elephant in the room’ that no one wants to mention – is that the majority of Australian accounting students want an accounting education in order to become practising accountants. They want to be taught by academics who can help them achieve this. Is AACSB accreditation going to help Australian universities to provide a ‘quality education’ to their students?

AACSB accreditation will result in an increasing proportion of academics whose primary focus is research. While research is necessary, most research undertaken by academics is not related to professional practice and this will not enhance the ability of those researchers to provide a contemporary and relevant professional education to accounting students. An increasing proportion of academics will not have professional experience or even any significant interest in accounting practice. Students are already telling their universities via subject evaluations and the national Course Experience Questionnaires that they want to be taught by people who know something about practice (Lightbody, forthcoming). They want tutors and lecturers who can give them examples from practice, who can sit in an office and talk one-on-one with them about life in practice.

**Conclusion**

So while AACSB has much to contribute, its impact on accounting academic staffing profiles is likely to be significant. Will AACSB accreditation result in accounting schools providing a lesser quality education than they currently provide? How will students respond? Will many go to private providers who employ staff with professional experience and prepare students for getting jobs? Maybe AACSB accreditation will become a competitive disadvantage for universities. Only the future can tell.
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Academic research is important in the higher education sector. In Australia and elsewhere, it is a requirement for career progression, and an important contributor to the development of knowledge and scholarship. The impact of research in some disciplines is easy for the lay person to comprehend, such as in medicine where advances in medical procedures, development of new drugs and so on, result in tangible benefits to society. In other areas, the impact is not so easy to see. In the field of accounting there have been claims from the profession that research has become too far removed from the interests of practitioners. Such claims have been refuted by researchers, who in turn point out the shortcomings of current practices, and may even consider that practical issues of concern to accountants are not important enough to warrant the attentions of researchers. This chapter examines some of these past claims, reviews the limited recent research and discussion of the issue and reflects on the situation in Australia.

It is difficult to talk simply about the impact of research on professional practice without including education in the equation. Typically the research-practice-teaching triangle is used as the context (Kaplan, 1989) and most of the research that has been done on these three interconnected areas has considered, first, the impact of research on teaching. Second, teaching obviously informs practice – universities produce graduates and these graduates mostly go into practice. Third, some researchers have looked at how practice informs research, that is, provides ideas and opportunities for research. So most of the research looking at whether research impacts practice has considered it only indirectly, through education, through courses and through students.

There are however, other connections to consider. How does practice impact teaching? Teaching needs to reflect current rules, current doctrines and current trends in accounting (Howieson, 2003). A more unusual connection is to consider whether teaching impacts on research. Kaplan (1989) provides some interesting reflections on whether teaching does actually impact research. And the big question is: Does research impact what goes on in the world? A lot of research has considered this, such as Baxter (1988), Bricker and Previts (1990), Leisenring and Johnson (1994), Woods and Higson (1996), Hopwood (2007), Williams (2009) and Moehrle et al. (2009).
Previous studies

In the early 1980s and 1990s most research seemed to come from the United Kingdom and the United States; not very much from Australia. It is interesting to note however, where this research appeared. Mostly it was published in the journal Accounting Horizons, which is the American Accounting Association’s (AAA) journal. According to their website, the AAA introduced this journal to:

Bridge academic and professional audiences with articles that focus on accounting, broadly defined, and that provide insights pertinent to the accounting profession. It should be of interest to researchers, educators, practitioners, regulators and students of accounting (aaahq.org/pubs/horizons.htm, 2009).

However, although the journal claims to be of interest to practice, of the 47 members of the Accounting Horizons editorial board, as of January 2010, only five are not academics. Of the reviewers (based on the 2009 list of ad hoc reviewers on the journal’s website) only one is from outside academia. More interesting of course would be subscription statistics to see who subscribes to Accounting Horizons, and whether it is read by practitioners.

Historically, many papers have suggested that there are schisms or gaps between the academic community and the research community (Bricker and Previts, 1990). Initially this debate was about how accountants are educated. Most accountants before the 1930s did not have a degree, they had not been to university. But universities were starting to have business schools and to offer accounting degrees. Practitioners were known to have ‘derided any attempted leadership by “professors”…’ (Greer, 1956, cited in Bricker and Previts, 1990, p. 5). Academics on the other hand became quite vocal in their opposition to practitioners daring to express their views on how accountants should be educated (Bricker and Previts, 1990).

In the 1930s the real difference between the academic and practitioner communities was about what accounting is – the so called ‘accounting principles debates’, and it centred around the AAA document called the ‘Statement of Accounting Principles’. The practice community saw this as a call for a uniform code, which they did not support, and so their response was to produce their own document, ‘A Statement of Accounting Principles’ written by Hatfield and Moore. The AAA document was ‘normative’ and five pages long, while the practice study was ‘positive’ and over 130 pages, indicating the difference in attitudes (Bricker and Previts, 1990). Co-operation and agreement on accounting principles was reached by the early 1940s, but by that time a second ‘education’ schism was developing. This new division reflected the changing requirements of becoming a practitioner. The need for a broader education than just technical training was known and acknowledged, but the practice community was slow to adjust to this.

A further schism identified by Bricker and Previts (1990) is one that resonates very strongly with academics today. That is, that the requirements to progress in the profession and the requirements to progress in academia have become quite different. Within the accounting profession, there gradually grew some recognition that very narrow training perhaps was not ideal. They eventually recognised that a broader education with some knowledge of other fields, such as economic theory, politics, philosophy, etc., might be useful.
At the same time, in academia, the social sciences model was adopted. The social sciences model for academics requires, as in other social sciences disciplines, that academics have a PhD to progress. The emphasis on professional qualifications is minimal. This has led to increased emphasis on publication, at the expense of practical knowledge, and a concentration on methodology. It has also led to a bias towards subject matter that journals will publish, rather than what is useful and important for the profession (Bricker and Previts, 1990). In the United States in 1983 there were 20 criteria for tenure and promotion. Service to the profession was 15th out of 20, which says something about how important it was considered to be (number one was journal articles, number two was theoretical and empirical studies and number three was having an academic degree). The result is that what interests an academic is not necessarily the same thing as that which interests a practitioner.

This schism is somewhat intensified by the extreme views that appear on both sides:

- academics are considered elitists as they speak with their own jargon; they use complex mathematical formula; they shut out potential practitioner readers by doing this; the aim of the game is to publish at all ends, not to disseminate knowledge or improve practice (Baxter, 1988).

- practitioners are seen as not being interested in any challenge or debate or challenge to the status quo; they’re reluctant to disclose their data, so they want us to help them but they won’t let us into their firms (Bricker and Previts, 1990).

- practitioners often regard jargon as being pretentious. Academics suggest it is necessary when you have new ideas and exciting things, new terminology appears. Mathematical formulae are really useful because it is shorthand and helps clarity of thought (Baxter, 1988; Bricker and Previts, 1990; Leisenring and Johnson, 1994).

- practitioners consider references to be irritants. Academics see the evidence of where information comes from that support their argument (Baxter, 1988).

Solutions to these disparities abound. Academics have suggested that all university degrees should include a research component where students learn to read and conduct research. A common theme of papers considering this issue is to leave it to the next generation. Most commentators agree however, that this problem needs to be addressed, in order to narrow the gap between academia and practice.

Recent evidence

What has changed? Dire warnings still abound as to the quality of graduates who critics argue are too narrow (Craig et al., 1999). They can prepare a bank reconciliation but they cannot think critically: ‘They vacillate in the cognitive doldrums if they’re asked to do anything very challenging’ (Craig et al., 1999, p. 4). On the other side, there is criticism that after 40 years of research, little has improved (Williams, 2009).

There is some evidence however, that perhaps the two communities are not as far apart as some might think. A cursory analysis of the websites of the two major professional bodies in Australia reveals a number of publications available to download. In January 2010, for both organisations, just under half of all the publications available to download were written by academics.
Analysis of the professional journals produced by these organisations showed that both organisations publish articles written by academics, or that showcase academic studies. The Institute of Chartered Accountants in Australia’s (the Institute) journal *Charter* has two feature articles in each issue, and 10 others. CPA Australia’s *In the Black* has four or five ‘feature’ articles per issue, plus between six and nine others. The academic content equates to between 4% and 7% of the total number of articles published in the year.

The most interesting finding from the analysis is the areas that the academic articles covered. There is a fairly obvious theme in that the ‘newer’ areas for accounting, such as accounting for environmental issues predominate, suggesting that where academics have a real contribution to make is in emerging areas for the profession. The main areas covered were the emissions trading scheme (ETS), carbon, greenhouse gas and water accounting.

Environmental issues, such as accounting for carbon and water, and the impact of an ETS were clearly on the agenda for both Australian academics and practitioners in 2009. While a relatively emerging area for practising accountants, the research field known as social and environmental accounting (SEA), which covers all these issues and more, has been part of academic discourse for some time (see Mathews, 1997; 2003, for a review of this literature). In the area of SEA, there has been a long tradition of trying to engage with practice. The Association of Chartered Certified Accountants, CPA Australia and the Institute have all commissioned academics to write about this issue (see, for example, Bebbington, et al., 2001; Jones, et al., 2005; Simnet, 2008).

There are a few recent research papers that have examined the issue of whether research impacts on practice. The Financial Accounting Standards Board’s (FASB) view is that relevance to practice means relevance to standard setting and that a major way that academics impact on practice is by submissions to new standards (Leisenring and Johnson, 1994). FASB has greater access to academic research than practitioners and sees more of it on a day-to-day basis. They subscribe to academic journals (albeit only the ‘mainstream’ North American journals), they commission research and call for submissions from the academy on standard setting issues (Leisenring and Johnson, 1994). Even earlier, the Griffin report (1987), prepared for the FASB on the usefulness of financial reporting to investors, supported this, stating that ‘research evidence has been valuable to FASB in determining policies on new accounting standards’ (Woods and Higson, 1996, p. 37).

A recent paper in *Australian Accounting Review* (Taylor, 2009) reviews the potential for academic research to impact on the regulation of securities markets and discusses academics’ potential to contribute to debate. He is recognising that this is a role for accounting academics, but also that academics provide useful analysis of past regulatory regimes. He provides evidence in that paper of regulator research partnerships.

In the United States, the AAA Research Impact Taskforce report indicates that there has been significant impact, across the five areas of accounting research they examine (Moehrle, et al., 2009). For financial reporting they identify a ‘profound impact’; for audit they note that research plays an ‘important role’. The report notes that while research has had a clear influence on practice, and the academy is recognised for its role as provider of education, it is less recognised for its impact.
The report suggests that academic authors should refer to research in their textbooks, and encourage colleagues to cite and discuss this research in the hope that the next generation of practitioners will more fully understand academics’ contribution (Moehrle, et al., 2009).

**Conclusion**

From a practitioner perspective there needs to be a little more understanding of the role of the academic: that a major part of the academic’s role is to critique, to challenge, to engage in debate, and that is as important as producing practically useful research.

One way to initiate that dialogue is through collaboration. Evidence suggests that this is already underway, with the three professional bodies all sponsoring research. The Institute and CPA Australia have sponsored Australian Research Council Linkage grants, Australian Learning and Teaching Council grants and so on. The Chartered Institute of Management Accountants organises a conference every year, showcasing practitioner and academic collaborative work. The AAA presents an award called the Greatest Potential Impact on Practice Award. So there is some recognition that collaboration between academia and practice is important.

There appears to be some desire for a dialogue between the practice community and the academic community in Australia. Dissemination of academic knowledge is occurring through ‘Town and Gown’ functions and public lectures. Academics need to recognise the importance of practical application and should seek projects which have practical application, but in turn, the practice community needs to recognise that a key role of academics is to critique and debate and challenge the status quo, as this is the only path to progress and improvement of the profession.

**References**


This chapter aims to shed light on the implications for Australian accounting education, learning and teaching arising from the changes to higher education announced since May 2009. It is motivated by one specific reform, namely the academic standards agenda, whereby any Australian higher education provider will need to be able to demonstrate that graduating students meet threshold or minimum standards.

**Accounting education reform drivers**

The Australian government agenda, *Transforming Australia’s Higher Education System*, was announced in May 2009 (DEEWR, 2009). The stated purpose for these reforms was to achieve productivity growth: ‘Australia will need a highly educated workforce, with the skills and capacity to advance the growth of a dynamic knowledge economy’ (DEEWR, 2009, p. 12). Among others, major changes affecting the accounting higher education community included announcements relating to expanded participation priorities, a new student centred funding model, tighter and increased centralisation of regulation of providers, stronger quality assurance measures for all providers and new quality incentives for publicly funded universities.

A goal of increasing student participation to 40% of 25 – 34 year old Australians with a bachelors or higher degree by 2025 is well above the existing rate of 32%. The accompanying equity priority, to broaden participation by students with a low SES (socio-economic status) background to 20% of undergraduate enrolments by 2020, is admirable particularly considering that there is currently far less, with only 15% of low SES currently participating somewhere in the higher education landscape. Some would argue that a goal of 20% is inadequate given 25% of the Australian population have a low SES background.

Academics in accounting schools and departments, experiencing significantly larger and more diverse classes than almost all other disciplines in higher education for the last decade in particular, have already had to adjust their pedagogies. They have already had to adapt their work practices to assist students to learn in more crowded classes. Since studying accounting in an Australian institution has been an attractive higher education destination for overseas students, this potentially rich cultural and learning opportunity has been experienced as an exaggerated challenge for accounting academics seeking to facilitate student learning. Many students struggling to make ends meet arising from the increased real burden of funding their own education take on paid work commitments that impact their class attendance. Squeezing study into less time also exaggerates the challenge of meeting with peer students. This is a useful learning strategy to develop team skills, valued highly by employers, and certainly a pre-requisite activity to successfully complete group assessment tasks often set in
accounting units of study to assist development of such team skills. The priority for increased and broader participation is likely to place further challenges on students learning accounting, accounting academics’ teaching and their role as delegated custodians within their higher education institution for maintaining academic standards.

The announcement of a new student-centred funding model from 2012 has potential implications for accounting higher education as well. The partial deregulation relating to student funding will intensify competition and likely make planning enrolments more challenging. The competition for appropriate staff to teach accounting, already a challenge because of the world-wide shortage in doctorally-qualified accounting academics, is likely to be exacerbated as more providers move into this space. In 2010 the Australian higher education landscape includes 44 self-accrediting institutions made up of 37 publicly funded universities, two private universities, three as Australian branches of overseas universities (i.e. Carnegie Mellon University, University College London and Cranfield University) and two other self-accrediting higher education institutions.

Faced with reduced public funding, many public universities have looked to accounting departments to attract full-fee-paying students to supplement revenues. With the majority of the expansion arising from overseas students keen to acquire a reputable Australian qualification, teaching and learning in accounting classes has become harder and placed pressure on standards. Some of the evidence has been impelling. Birrell (2006) showed that one third of former overseas students who had graduated from local institutions, and were subsequently awarded permanent residency as skilled migrants, in fact had English language scores that should have precluded them entering university, let alone graduating.

The other part of the higher education landscape, more than 150 higher education providers accredited by state and territory authorities, is also flexing its muscles. Several of these private providers, including overseas universities, are actively expanding into the Australian accounting education market (eg. Kaplan University). Some are pursuing university provider status. It is not only the private providers eyeing off the accounting education market. Some publicly funded vocational education providers are keen to find ways to retain their market niche, likely to be under threat with the new student-centred funding model. Again, given the lower entry costs than say medicine, this is likely to include offering degrees in accounting.

Another driver for reform is the lack of evidence that accounting educators can show in order to rebut concerns about quality and standards. Recent stories attest to real concerns from the professional accounting community. In one story CPA Australia’s spokesperson noted the argument with universities was ‘an argument over what was important, an individual’s demonstrable competence or their record of course completions’ (Matchett, 2009). The needs of employers and the profession have been documented in various reports and articles (eg. Hancock et al., 2009; Kavanagh and Drennan, 2008), as well as implications for moves by the profession to initiate new pathways to deal with perceived concerns (Poullaos and Evans, 2008). Faced with these respective concerns and needs higher education providers can typically refer only to indirect evidence of quality (eg. student progression rates or student perceptions of their course experience) or inputs to the quality (eg. staff student ratios). Such quality measures are largely unconvincing as they contain no direct evidence of demonstrable competence and that minimum standards have been met.
In a similar vein, challenges in recent years to the overall reputation of the Australian higher education sector in the international market have added to the reform momentum. As Australia’s third highest export revenue earner it was no surprise that changes to provider regulation were announced and accompanied by a commitment to develop, monitor and demonstrate that threshold academic standards are being met. These place Australia on a similar trajectory to provide evidence of academic standards with developments elsewhere, such as the European Tuning process and OECD’s Assessment of Higher Education Learning Outcomes. Outcomes of accounting education have been addressed specifically by higher education regulators or quality agencies at a national level, such as the United Kingdom Quality Assurance Agency’s Accounting Benchmark Statement, and by prestigious international accreditation agencies, such as the Association to Advance Collegiate Schools of Business’ (AACSB) standards on assurance of learning for accounting.

Faced with this context, the changes announced in May 2009 included the establishment of a new regulatory agency to monitor academic standards amongst other roles. The Tertiary Education Quality and Standards Agency (TEQSA) will replace the Australian Universities Quality Agency (AUQA) as the national body for regulation and quality assurance of tertiary education. TEQSA will be a statutory authority of the federal government established in late 2010. Figure 6.1 depicts the scope of the new agency as currently envisaged.

From 2012 TEQSA will regulate providers to ensure they meet minimum standards under the national protocols, not only when first established (eg. staffing profile) but as they continue to operate. Providers covered under TEQSA’s remit will include all those currently under states and territories as registered higher education providers and include universities, university colleges and Australian campuses of overseas providers. In addition to registering (and deregistering) university and non-university higher education providers, they will accredit and re-accredit programs of study for those higher education providers that do not have authority to accredit their own programs. From 2013 it is intended that TEQSA’s remit will include the providers of vocational education.
Minimum information standards will be monitored and met for institutions to continue their accreditation as a provider. In March 2010 the Minister announced a further twist to assist prospective students to make choices about what and where to study (DEEWR, 2010). By 2012 a MyUniversity website, mirroring the MySchool for the primary and secondary school sector launched in February 2010, will provide easily accessible and comparable information, using a range of data, about all higher education providers. As well as information about fees and student services, it is likely to include information about student to staff ratios, results of student satisfaction surveys, measures of graduate skills, graduate outcomes and quality of teaching and learning outcomes. While it is currently unclear what measures will be used for some of these indicators, it is clear that some accounting education providers are already experiencing challenging times, for example, with large student/staff ratios.

Similarly, the Australian Qualifications Framework (AQF), currently under revision, is expected to be applied not only to non-self-accrediting institutions but also to self-accrediting institutions in the new era. It is also envisaged that research standards and learning and teaching academic standards will be monitored as part of the quality assurance function of TEQSA. It is perceived that quality enhancement is the primary agenda in regard to the research and standards and learning and teaching academic standards.

TEQSA will have a broader scope than AUQA, which has primarily been auditing on a fitness-for-purpose basis. Of relevance for the accounting education community, TEQSA will ensure that all Australian higher education providers of accounting education are able to demonstrate the degree programs (and majors) they offer meet minimum or threshold academic standards. In addition to regular institutional evaluations, TEQSA will target individual or groups of providers perceived to have an unacceptably high level of risk to quality or viability, such as those offering a particular program of study or operating in a geographic region. A proportional approach to deficiencies identified will determine the range of sanctions used to address any provider that does not measure up.

While it is currently unclear how the evaluation of any program of study might take place from 2012 (e.g. a pool of examiners coming from the ranks of respected disciplinary experts), it does require the development of threshold learning outcomes for various disciplines, including those business disciplines such as accounting. Importantly, the May 2009 announcement included a clear expectation that disciplines would actively engage in the development of these outcomes.

Discipline communities will ‘own’ and take responsibility for implementing teaching and learning standards (working with professional bodies and other stakeholders where appropriate) within the academic traditions of collegiality, peer review, pre-eminence of disciplines and, importantly, academic autonomy. (DEEWR, 2009, p. 32)

**Relevant literature**

While it is beyond the scope of this chapter to undertake a thorough review of the change literature, particularly as it relates to higher education, it is useful to provide a brief overview.

Elton (2003, p. 199) observes that universities have been ‘major agents of social change, while remaining remarkably traditional themselves’. In regard to standards and assessment, Rust et al. (2003)
prove that changing understandings, first thought to be achieved by stronger efforts to explicitly articulate standards, requires active engagement and uses the social constructivist model to promote such active engagement. More recently O’Donovan (2008) extended this to a cultivated community practice model that can equally apply to academics and others, as well as students who were the primary target of their original work. This is shown in Figure 6.2 below.

Figure 6.2: Perspectives on Sharing Standards

O’Donovan et al. (2008)

In a similar vein Freeman et al. (2009) report that deliberately and actively engaging a range of leaders distributed across an organisation is more likely to result in success than a uni-directional introduction of new policies or technologies into the teaching and learning function of a higher education provider. Sykes et al. (2010) report greater success in higher education change contexts where multi-institutional collaboration is combined with planned follow-on actions.

This literature supports the imperative for active engagement by a range of people, starting with leaders, if a change initiative is to be successful.
The 2010 National Learning and Teaching Academic Standards Project

In November 2009 the Australian Learning and Teaching Council (ALTC) was commissioned by the Australian Government to undertake a one-year demonstration project, called the Learning and Teaching Academic Standards (LTAS), to facilitate and co-ordinate discipline communities’ definition of academic standards (ALTC, 2009). Given its standing in the national higher education community as an objective, active supporter of collaborative approaches to quality enhancement, it was no surprise that the ALTC was chosen. Building on a well-established record of promoting the standing of high quality learning and teaching by recognising individuals and teams with ALTC awards and citations, the ALTC has developed a number of funding schemes, namely grants, fellowships and learning networks, to support a national focus for enhancing higher education, prioritising systemic reform through active dissemination and collaboration. Collaboration is encouraged across individuals, discipline groups and institutions. Of the nine broad learning networks, accounting is included in the broad group Business Management and Economics. The latter is critical for meeting the Government’s expectation for engaging the discipline communities to develop academic standards.

The framework around which ALTC conceived the entire process is in three stages:

1. **Defining academic standards.** This first stage includes those activities undertaken by discipline communities nationally to inform higher education providers and TEQSA and implemented as part of the LTAS project. This includes defining the threshold learning outcomes, developing a repository of peer-reviewed resources and an evaluation report to inform higher education providers and TEQSA for implementation and assurance. The evaluation report will also be used to inform future disciplines defining their threshold learning outcomes.

2. **Implementing standards.** This second stage includes those activities that all higher education providers will need to include to adequately prepare for assurance of academic standards.

3. **Assuring standards.** This third stage includes those activities and methods that TEQSA might consider in developing its strategy for assuring academic standards. This could include a range of approaches from the use of an external examiner as in the United Kingdom or a pool of reviewers as used by various accreditation agencies. Numerous business schools are familiar with the latter through their interactions with Association for Advancement of Collegiate Schools of Business or European Foundation for Management Development.

The LTAS project is concerned with the first stage of this framework only. LTAS aims to define and describe threshold or minimum outcomes, defined in terms of minimum discipline knowledge, discipline-specific skills and professional capabilities including attitudes and professional values that are expected of a graduate from a specified level of program in a specified discipline area. These will be developed on a discipline-by-discipline basis. ALTC discipline scholars are leading and facilitating the process of disciplines setting the appropriate standards for each broadly-based discipline group. Discipline scholars are working across six such groupings and scholars for two further groupings will be appointed in July 2010 and the final one in 2011. ALTC discipline scholars are senior academics in their field, seconded from a range of universities to undertake this work, some on 100% appointments and some on shared 50% appointments. The governance of the LTAS project includes a Steering Group to oversee the direction of the project and its evaluation.
A number of principles were developed to guide and enhance the success of the LTAS project. Academic standards should:
• Be expressed as threshold learning outcomes
• Be defined by each discipline community for each level of qualification
• Be comparable with appropriate international standards
• Be reviewed regularly to maintain currency with advances in knowledge and practice
• Be measurable – inputs, while clearly have a supporting role, are not substitutes for evidence of achievement
• Promote efficient, transparent and sustainable institutional or disciplinary assessment processes and include external peer review
• Not give rise to perverse consequences (eg. standardisation of curricula or standardised tests).

As reflected in the May 2009 federal government announcement and in the research literature on change in higher education, an important part of the governance process is wide engagement and ownership of those standards. In February 2010 the ALTC organised a forum for leaders from higher education, peak bodies, industry and government to meet to initiate the project, with representatives from a range of interested parties, including peak bodies from universities and other higher education providers, academics, students, government and industry.

This advisory group recommended accounting as the first discipline to develop threshold learning outcomes from the disciplines broadly grouped under business, management and economics in Table 6.1.

Table 6.1: Disciplines in Business, Management and Economics

<table>
<thead>
<tr>
<th>Accounting</th>
<th>Banking, Finance and Related Fields</th>
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<tbody>
<tr>
<td>Business Information Studies</td>
<td>Business Management</td>
</tr>
<tr>
<td>Economics and Econometrics</td>
<td>Hospitality Management</td>
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<tr>
<td>Human Resource Management</td>
<td>Industrial Relations</td>
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<tr>
<td>International Business</td>
<td>Organisation Management</td>
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<td>Sales and Marketing</td>
<td>Sport and Recreation</td>
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<td>Tourism Management</td>
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Accounting appears an appropriate choice for four reasons: first, because accounting has reasonably well-defined employment outcomes; second, professional bodies are engaged with the academic community already, for example through accreditation; third, large enrolments are attracted into business bachelors degrees with a major in accounting; fourth, accounting is a part of the typical portfolio of both public and private business higher education providers.
This advisory group also recommended threshold learning outcomes for bachelors and coursework masters degrees be articulated simultaneously. This is an appropriate choice for two reasons: first, because there has been a dramatic increase in popularity in postgraduate accounting conversion programs over the last decade; second, it is easier to articulate the nuances and differences if they are done at the same time.

The advisory group advised an appropriate national consultation and engagement process to collaboratively develop the threshold learning outcomes for accounting, discussed in more detail in the next section, and a broad timeline for the threshold learning outcomes to be achieved over 2010. Figure 6.3 indicates the timeline for the definition of accounting standards in 2010, relative to the definition of standards for other disciplines as well as the overall implementation and assurance stages scheduled for 2011 and beyond.

**Figure 6.3: Timeline for Definition, Implementation and Assurance**

Finally the advisory group agreed that the Australian Business Deans Council (ABDC) should play a key leadership role. This was considered appropriate since it is a key leadership body for the discipline grouping for business, management and economics within which accounting was one discipline. Furthermore it was likely that what is learned from the accounting standards setting experience could be more easily shared through its Teaching and Learning Network, an existing collaborative community of practice for associate deans responsible for teaching and learning in university business schools. The Discipline Scholar was charged with seeking buy-in from the private and vocational education providers expanding in this space.
Accounting academic standards

Following the February leaders’ forum, engagement with the academic community began in earnest, first with a two-day session with business associate deans. Professor Lyn Simpson, Chair of the ABDC Teaching and Learning Network, said:

“business schools are well placed for this because quite a few have already embarked upon international accreditation with agencies like AACSB which have a strong commitment to continuous improvement around planning, alignment and assurance of program-level learning outcomes. We are also keen that other business disciplines learn from the accounting experience.” (L. Simpson, personal communication, 26 February 2010)

Over March and April 2010 briefings and meetings were conducted in each Australian state and territory. These were facilitated by the ALTC Discipline Scholar to engage accounting and other business academics, administrators and support staff in the discipline standard setting process. This included 227 people (209 from universities, 18 from private and vocational providers and the profession). In addition to raising awareness, it aimed to seek active engagement to ensure agreed standards reflect the diversity of programs and needs of employers and the profession.

Participants at the March–April briefings were asked to provide written comments about how they would judge the success of the standards setting exercise and identify any concerns that they might have. Some 147 chose to do so and some provided multiple responses. The indicators of success in the short term relate to obtaining agreement on standards identified (24%) and commitment to implement the standards (21%). Participants identified longer term indicators of success as being improved learning, teaching and assessment practices (44%), greater confidence in accounting qualification across the board (22%) and more funding staying with accounting departments (6%). Most participants’ concerns were focused on the longer term. More immediate concerns were that reaching agreement on standards would be difficult (16%), that it would be a fruitless exercise with immediate project bureaucracy (12%) and that standards might be captured by a special interest group (10%). Longer-term concerns primarily related to aspects that will need to be addressed during implementation. These were: compliance costs/implementation bureaucracy (31%), ‘teaching to the test’ (24%), lack of diversity/standardisation of the curriculum (14%) and lowering of standards overall (12%).

In March the ABDC co-ordinated the calls for expressions of interest and formation of the Accounting Learning Outcomes Working Party, a small group to develop the first draft for accounting bachelors and coursework masters degrees. They will also refine subsequent draft(s) following feedback from a group of experts first (1 June 2010) and then in August 2010 after wider consultation over June – July. Testament to the interest in the agenda, a large pool of 19 quality applications were received and reviewed by a small sub-set of the February leaders’ forum.

The working party met 27 – 28 April for the first time. Members of the working party bring a balance of experience of provider types, experience in accreditation and quality assurance exercises and in leading accounting/business education developments, and have standing in the discipline as educators and a track record of engagement and representation with industry and the profession.
By mid-May the working party had its first draft complete for distribution to the Accounting Expert Advisory Group (AEAG) who meet for the first time in June. The AEAG reflect the interests of a range of key stakeholders in accounting higher education, including all provider types, professional bodies and employers, in relation to the development of threshold academic standards for graduates of bachelors and coursework masters degrees.

In addition to providing feedback to the first and second drafts at face-to-face meetings following consultation with constituencies, the AEAG will provide advice to the Discipline Scholar on the direction and development of threshold learning outcomes and facilitate the national consultation process. Where there is more than one national peak organisation to represent a stakeholder group, they have been invited to caucus and nominate one representative. Members as such are expected to reflect the views of their stakeholder group rather than any individual organisation. There is an expectation that such caucusing will continue as drafts of the standards become available.

Over June–July the second draft of the threshold standards will be disseminated widely. There are opportunities for feedback from any individual or group or individual organisation.

In August a second AEAG meeting to review the feedback is scheduled. Depending on the feedback it is hoped that the final version will be endorsed by the ABDC in October or November before being finally submitted to the Department of Education, Employment and Workplace Relations in December.

**Implications**

There are a number of implications of the academic standards agenda for accounting education, learning and teaching. First, the threshold learning outcomes only specify the minimum. Providers have the autonomy, indeed are encouraged, to pursue additional learning outcomes beyond those identified as threshold, or have passing levels well above the thresholds in order to continue to meet their market niche. In the words of one business school dean following the launch of the LTAS project, ‘most likely universities will seek to differentiate themselves’ (Lebihan, 2010).

Second, accounting education providers have complete autonomy to decide how they teach and how they support students to engage and learn. If they want to use chalk and talk, distance education, problem-based learning, take a more quantitative, more behavioural, more theoretical or a more practical approach, then they can choose to do so. All that matters is that they can provide evidence, once TEQSA clarifies exactly the form, that their graduating students demonstrate that they meet specified threshold learning outcomes.

A third implication relates to the potential availability of information about academic standards. This can be used to assure accounting educators that they are on the right track. It could also be used to protect the reputations of accounting education providers, including rebutting mischievous allegations. Hopefully it will be used also to discipline any potentially unscrupulous providers. Most importantly it will also provide valuable data that can be used for continuous improvement.

Fourth, with the advent of the *MyUniversity* website, accounting education departments, particularly in larger universities, might experience greater scrutiny of their operations and outcomes. Accounting education is already an attractive study destination for both Australian and overseas students.
As participation and diversity expands further, any pressures evident in current university accounting contexts might surface. Preliminary evidence gathered during briefing sessions identified that some participants expect it to be easier to substantiate and argue against any cross-subsidisation. Another alternative outcome might be that private providers and vocational education providers, without the need to cross-subsidise research outcomes as in universities, may well expand into niche markets where universities are not as well equipped to compete.

Fifth, given that numerous university business schools are already involved in benchmarking activities and accredited with international accrediting agencies where assurance of program learning outcomes must be demonstrated (eg. AACSB, 2007), the forthcoming implementation supports such efforts. It should not be a dramatic step to accommodate processes to demonstrate threshold academic standards have been met. For those providers, schools (and disciplines) where current accreditation processes rely primarily on inputs (eg. staff student ratios, topics to be covered) or indirect evidence of quality (eg. student satisfaction), new processes will need to be developed. Some, such as accounting departments in self-accrediting universities who have not been part of the assurance of learning movements, will need to learn a new language around learning outcomes (eg. AQF).

Sixth, there are clear signals that the accounting academic and professional community are willing to work towards a positive future. This was evident at a well attended symposium Australian Accounting Education for the Future: Possible Challenges and Strategies conducted by the Centre for Accounting, Governance and Sustainability, University of South Australia and the Institute of Chartered Accountants in Australia on 4 February 2010 – even before the LTAS project was launched and accounting chosen as the first discipline in business, management and economics. Sentiments of commitment and co-operation continue to be evident as expressed by the representatives of the three professional accounting bodies at the forum and reported in their public comments to both The Australian and The Australian Financial Review.

The plan received the support of CPA Australia, the Institute of Chartered Accountants in Australia, and the National Institute of Accountants. The head of academic relations at the Institute of Chartered Accountants in Australia, James Guthrie, said the Institute was very supportive of some sort of rational framework for accounting standards and learning outcomes ‘…‘Clearly for us we’d be very interested in minimum standards for communication skills and the ability to work with other professionals in the community’. (Lebihan, 2010)

Finally, given that details of TEQSA’s modus operandi are still to be clarified, there remain gaps in understanding how the accounting academic standards will be implemented and assured. Hence the final implication is that accounting educators need to continue their active engagement to ensure that the academic standards developed appropriately reflect the levels necessary and can be implemented without perverse consequences. Since the process to developing appropriate academic standards is still not completed, ‘active engagement’ is the key call to action for accounting educators.
References


Chapter 7

Accounting for the Future

Phil Hancock, Bryan Howieson, Marie Kavanagh, Jenny Kent, Irene Tempone and Naomi Segal

Concern over communication and other generic skills of accounting graduates is not new. In 1990 the Mathews Report (Mathews et al., 1990) made a series of recommendations covering a broad range of issues for the accounting discipline including the need to integrate communication and computing skills into accounting programs. Since then there have been many other publications which continue to report employer concerns over the level of generic skills of business graduates (Jackson, et al., 2006; Birrell 2006a; BIHECC 2007; Jackson, 2009). Jackson et al. (2006) note the concerns of employers regarding the perceived inadequate development in university accounting graduates of the other-than-technical skills that are required for employment in the accounting profession: ‘In particular and overwhelmingly, English language and professional communication skills are the areas of deficiency most often cited by graduate employers in Melbourne, Hong Kong and Singapore in this study’ (Jackson et al., 2006, p. 18).

In October 2007, the Australian Learning and Teaching Council (ALTC), formerly the Carrick Institute for Learning and Teaching in Higher Education Ltd, approved a grant of $100,000 to a team of accounting academics to conduct a study on Accounting for the Future (Hancock et al., 2009). The need for the project was identified by an Australian Business Deans Council (ABDC) scoping study (Freeman et al., 2008). The study identified issues within professional accounting programs that warranted a separate investigation to ‘build on prior work’ (Freeman, et al., 2008, p. 6).

The concerns included very large classes with a diverse student body drawn from many different countries particularly in the various accounting conversion degrees; staff shortages and the ageing demography of accounting academics; lack of communication skills; and the problems associated with alternative pathways into the accounting profession.

So what has changed since 1990? The difference is that those expectations regarding graduate ‘generic skills’ have evolved into higher order skills, such as analytical and critical analysis, and the ability to engage clients, negotiate and act strategically. A similar situation has been noted in a United States report prepared by Robert Half International Inc.: To succeed in tomorrow’s accounting, finance and audit environments, council members said professionals need a wider range of skills than at any time in recent memory. Well-developed financial and technology abilities remain essential, but strong interpersonal and analytical skills are increasingly crucial for success …

3. Accounting for the Future: More Than Numbers. The report is now available online at http://www.altc.edu.au/resource-accounting-future-more-uwa-2009. It is in two volumes with Volume 1 reporting the results of the interviews with stakeholders and Volume 2 describing the 18 different strategies used by a number of universities to develop and improve non-technical skills of accounting students.

4. The study was entitled Business as Usual? A Collaborative and Inclusive Investigation of the Existing Resources, Strengths, Gaps and Challenges to be Addressed for Sustainability in Teaching and Learning in Australian University Business Faculties.

Furthermore, there is a considerable push by accrediting bodies such as The Association to Advance Collegiate Schools of Business (AACSB) for ‘assurance of learning’. For accreditation to occur, each degree program needs to have its learning outcomes listed and mechanisms in place to demonstrate that students have actually acquired them. A recent paper identifies a number of significant reforms for the sector including the establishment of a Tertiary Education Quality and Standards Agency (TEQSA). That paper also foreshadows the development of competency-based standards for universities for all degree awards in Australia. TEQSA will then be responsible for checking compliance with such standards in a similar fashion to an AACSB accreditation panel.

It was therefore timely to review the changing skill requirements for professional accounting graduates and to investigate the growing breadth of non-technical skills, including communication, interpersonal and critical thinking skills that, in the opinion of stakeholders, will be required of students graduating from university professional accounting programs over the next 10 years. This chapter provides a broad overview of the Accounting for the Future project and its findings.

The next section of the chapter reviews the main findings of the project. This is followed by a section discussing some early outcomes of, and following on from, the project. The final section discusses the implications of the project for the ALTC’s development of academic standards for accounting graduates.

**Project findings**

Data for the Accounting for the Future study were collected through interviews with employers from a number of accounting environments. Interviews were conducted with 47 individuals drawn from employers including the Big 4, mid-tier and small accounting firms in both metropolitan and regional areas, in small and large companies, the public sector, professional accounting bodies, current students and graduates. The duration of each interview varied between 60 and 90 minutes, with each session conducted by a member of the research team. All discussions during interviews were taped and then transcribed (Denzin and Lincoln, 1994). Nvivo was used to analyse the data and comments were quantified in order to allow analysis of the data. The definitions of non-technical skills used in this study are from BIHECC (2007) and are included in Table 7.1 (see page 56).

Stakeholders discussed the role of non-technical skills in a range of contexts, in recruitment, training, and in daily work as an accountant. The skills most frequently referred to, in order of frequency, were: communication and presentation; teamwork and good interpersonal skills; self-management; initiative and enterprise; problem solving; technological competence; and planning and organising skills. Beneath these general areas were specific skills in broad skill domains such as: speaking, listening, negotiation and feedback under ‘communication skills’; being a well-rounded, mature, confident person under ‘self-management’; applying theory to practice under ‘problem solving and client relationship’; rapport and trust under ‘teamwork and good interpersonal skills’; and time and project management skills under ‘planning and organising’. The number of times these non-technical skills were mentioned by stakeholders is listed in Table 7.2 (see page 57).
<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>Listening and understanding, speaking clearly and directly, writing to the needs of the audience, negotiating responsively, reading independently, empathising, speaking and writing in languages other than English, using numeracy, understanding the needs of internal and external customers, persuading effectively, establishing and using networks, being assertive, and sharing information.</td>
</tr>
<tr>
<td>Teamwork</td>
<td>Working across different ages, irrespective of gender, race, religion or political persuasion, working as an individual and as a member of a team, knowing how to define a role as part of the team, applying teamwork to a range of situations eg. future planning, crisis problem solving, identifying the strengths of the team members, coaching and mentoring skills including giving feedback.</td>
</tr>
<tr>
<td>Problem solving</td>
<td>Developing creative, innovative solutions, developing practical solutions, showing independence and initiative in identifying problems and solving them, solving problems in teams, applying a range of strategies to problem solving, using mathematics including budgeting and financial management to solve problems, applying problem solving strategies across a range of areas, testing assumptions taking the context of data and circumstances into account, resolving customer concerns in relation to complex project issues.</td>
</tr>
<tr>
<td>Self-management</td>
<td>Having a personal vision and goals, evaluating and monitoring own performance, having knowledge and confidence in own ideas and visions, articulating own ideas and visions, taking responsibility.</td>
</tr>
<tr>
<td>Planning and organising</td>
<td>Managing time and priorities, setting timelines, co-ordinating tasks for self and with others, being resourceful, taking initiative and making decisions, adapting resource allocations to cope with contingencies, establishing clear project goals and deliverables, allocating people and other resources to tasks, planning the use of resources including time management, participate in continuous improvement and planning processes, developing a vision and a proactive plan to accompany it, predicting, weighing up risk, evaluating alternatives and applying evaluation criteria, collecting, analysing and organising information, understanding basic business systems and their relationships.</td>
</tr>
<tr>
<td>Technology</td>
<td>Having a range of basic IT skills, applying IT to organise data, being willing to learn new IT skills, having the OHS knowledge to apply technology, having the physical capacity to apply technology eg. manual dexterity.</td>
</tr>
<tr>
<td>Life-long learning</td>
<td>Managing own learning, contributing to the learning community at the workplace, using a range of media to learn, mentoring, peer support and networking, IT, courses, applying learning to ‘technical’ issues (eg. learning about products) and ‘people’ issues (eg. interpersonal and cultural aspects of work), having enthusiasm for ongoing learning, being willing to learn in any setting, on and off the job, being open to new ideas and techniques, being prepared to invest time and effort in learning new skills, acknowledging the need to learn in order to accommodate change.</td>
</tr>
<tr>
<td>Initiative and enterprise</td>
<td>Adapting to new situations, developing a strategic, creative, long-term vision, being creative, identifying opportunities not obvious to others, translating ideas into action, generating a range of options, initiating innovative solutions.</td>
</tr>
</tbody>
</table>
Table 7.2: Non-technical Skills as Listed by Stakeholders

<table>
<thead>
<tr>
<th>Non-technical skills</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication, presentation (total)</strong></td>
<td>45</td>
</tr>
<tr>
<td>• Verbal skills, speaking, listening, negotiation and feedback</td>
<td>27</td>
</tr>
<tr>
<td>• Written communication, reports</td>
<td>18</td>
</tr>
<tr>
<td><strong>Teamwork, good interpersonal skills, fit organisation ethos (total)</strong></td>
<td>45</td>
</tr>
<tr>
<td>• Client relationship, focus, rapport, trust</td>
<td>20</td>
</tr>
<tr>
<td>• Leadership</td>
<td>18</td>
</tr>
<tr>
<td>• Managerial skills</td>
<td>21</td>
</tr>
<tr>
<td><strong>Self-management (total)</strong></td>
<td>41</td>
</tr>
<tr>
<td>• Ambition</td>
<td>6</td>
</tr>
<tr>
<td>• Community involvement, social responsibility</td>
<td>7</td>
</tr>
<tr>
<td>• Hard working, dedicated</td>
<td>12</td>
</tr>
<tr>
<td>• Holistic, flexible, able to deal with complexity, uncertainty, pressure</td>
<td>11</td>
</tr>
<tr>
<td>• Intellectual capacity</td>
<td>2</td>
</tr>
<tr>
<td>• Self-presentation, professional presence, behaviour</td>
<td>8</td>
</tr>
<tr>
<td>• Well-rounded, mature, confident</td>
<td>20</td>
</tr>
<tr>
<td>• Work independently, manage time</td>
<td>13</td>
</tr>
<tr>
<td><strong>Initiative and enterprise (total)</strong></td>
<td>35</td>
</tr>
<tr>
<td>• Business acumen, knowledge, planning, building</td>
<td>21</td>
</tr>
<tr>
<td>• Vision, imagination, seeing the big picture, adding value</td>
<td>4</td>
</tr>
<tr>
<td>• Ethics, discretionary behaviour</td>
<td>6</td>
</tr>
<tr>
<td><strong>Problem solving (total)</strong></td>
<td>27</td>
</tr>
<tr>
<td>• Converting theory into practice</td>
<td>16</td>
</tr>
<tr>
<td>• Critical analysis, thinking skills</td>
<td>16</td>
</tr>
<tr>
<td><strong>Technological competence (total)</strong></td>
<td>19</td>
</tr>
<tr>
<td><strong>Planning and organising (total)</strong></td>
<td>16</td>
</tr>
<tr>
<td>• Time, project management skills</td>
<td>5</td>
</tr>
</tbody>
</table>
Overall the analysis of interview transcripts gave strong messages about the importance of non-technical skills that were consistent with other studies. Communication, in all its forms, coupled with team work, problem solving and self-management and interpersonal skills were highly sought after in graduates and also made a difference in advancement within the workplace. The following quote from an employer typifies comments from many stakeholders:

The way we do business now means that we have to be able to communicate with clients at all levels.

The non-technical skills were often used as discriminators in recruitment. When employers were faced with a choice between applicants of similar academic ability, they chose the applicant who displayed strength in the non-technical areas. For example, an employer in a second-tier regional company argued:

But after [establishing that university graduates had technical skills] … we look for communication, we look for have they done anything in the communities, I don’t mean socialising, I mean are they involved in any clubs, functions, anything like that, because this job is about liaising with the community as an accountant. And if they have done that and they are good speakers and they are very personable, it would probably put them ahead of others.

Technical skills, in order of frequency, included: basic practical accounting skills; IT and accounting software skills; and industry-specific skills and awareness. Beneath these general areas were specific skills such as, in order of frequency: tax; debits and credits; auditing and understanding financial reports; and preparing financial statements. The frequencies for all technical skills are given in Table 7.3.

<table>
<thead>
<tr>
<th>Table 7.3: Defining Technical Skills</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic, practical accounting skills</td>
<td>42</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>3</td>
</tr>
<tr>
<td>Audit</td>
<td>12</td>
</tr>
<tr>
<td>Consolidations</td>
<td>2</td>
</tr>
<tr>
<td>Variance analysis</td>
<td>1</td>
</tr>
<tr>
<td>Entries, debits and credits</td>
<td>11</td>
</tr>
<tr>
<td>R&amp;D incentives</td>
<td>1</td>
</tr>
<tr>
<td>Reconciliations</td>
<td>4</td>
</tr>
<tr>
<td>Retrieving information from the system</td>
<td>2</td>
</tr>
<tr>
<td>Superannuation</td>
<td>5</td>
</tr>
<tr>
<td>Tax</td>
<td>13</td>
</tr>
<tr>
<td>Transactional activity</td>
<td>3</td>
</tr>
<tr>
<td>Trusts and companies</td>
<td>2</td>
</tr>
<tr>
<td>Understanding financial reports, preparing financial statements</td>
<td>9</td>
</tr>
</tbody>
</table>
Employers seemed generally to have low expectations in the area of technical skills, although this varied according to the size and location of the employer’s business. For example, an employer in a mid-tier metropolitan firm commented:

We don’t have very high expectations of their actual knowledge levels, what we are looking for is their ability to deal with knowledge rather than the actual knowledge. If they are going to work for me I like to see that they have got some exposure to accounting and understand the notion of financial reporting and have had some introduction to the big ticket issues, but I don’t, for example, expect them to know much about financial instruments or lease accounting or anything like that … We basically see them as having ability and potential rather than bringing huge [technical] skills with them.

Employers looked for general understanding and competence, as well as willingness and the capacity to learn, but were content to undertake much of the technical training themselves.

Preparing students for a career in accounting in recent years has been complicated by increasing numbers of international students coming to Australia to study accounting, often in the form of a conversion degree. A conversion degree allows graduates from other disciplines to qualify to study at either the Institute of Chartered Accountants in Australia (the Institute) or CPA Australia in about half the time that it takes to complete an undergraduate degree in accounting. This trend creates some challenges. According to Birrell (2006b), universities ‘cope by lowering the English demands in the courses they teach’, for example, by setting ‘problems which do not require essay writing skills, or by setting group assignments in which the student with better English helps out’ (Birrell, 2006b, p. 62).

The inclusion of communication skills on any proposed list of minimum academic standards will add pressure to accounting departments to either raise the level of English required to be accepted into an accounting program and/or improve the communications skills of students as they progress through the accounting program.

The second stage of the Accounting for the Future study reports on 18 strategies used by a number of universities to develop non-technical skills in accounting students as they acquire the technical knowledge. Most of these occur within individual units/courses with the exception of the Language for Professional Communication in Accounting in the Master of Accounting (MAcc) program at Macquarie University.

This is a strategic collaboration between Macquarie University accounting subjects specialists and language teachers from the Centre for Macquarie English (Evans et al., 2009). The strategy uses team teaching and team marking to embed teaching of non-technical skills in the majority of the disciplines (altogether 13 units) of the MAcc program. This strategy involves more resources and if other universities are not using a similar approach, then it is probable that these universities can offer a conversion degree that provides entry to the accounting bodies at a lower cost but also potentially of a lower quality if there has been insufficient development of communication skills.
The approach adopted at Macquarie University to embed the development of communication skills throughout the MAcc has allowed both domestic and international students to obtain employment as an accountant upon graduation. Graduates from the program have also excelled in the CPA exams, achieving top marks in some subjects. If all universities adopted a similar strategy, then the Australian government’s concern regarding communication skills, which was advanced for the cancellation of the Migration Occupations in Demand list in relation to accounting, would be less relevant.

The embedding approach has resource implications as it requires the use of English language/learning skills specialists working with a content lecturer. However, the benefits for the students who graduate from these programs include greater opportunities to gain employment in the accounting profession, a very tangible return on investment by the universities.

In addition to this successful strategy involving communication skills, there are also a number of other strategies being used across the country which deal with other non-technical skills, some of which are very innovative. For example, at the University of Ballarat, third-year auditing students are taken to the local prison to interview and meet accountants convicted of corporate crimes. The learning is about ethical behaviour and the consequences of unethical behaviour. The Accounting for the Future project leader was invited to present the findings of the project at Winchester University in the United Kingdom as a prison near Winchester provides a similar learning opportunity and the head of department was keen for his staff to consider more innovative approaches to teaching accounting.

Some initial project outcomes

Since the publication of the Accounting for the Future report, the University of Western Australia has commenced a Master of Professional Accounting program and is adopting a similar approach to Macquarie University to embed communication skills so graduates are more employable.

The project leader, together with Elaine Evans of Macquarie University, Michaela Rankin of Monash University, and Diane Sloan and Elizabeth Porter of the University of Northumbria are submitting an application for an ALTC competitive project grant to assess the success of various approaches to embedding communication skills in postgraduate programs. At Monash University the development of communication skills is encouraged in both a compulsory communication and critical thinking unit, in addition to an academic skills program which continues throughout the program.

Sloan and Porter (2008) developed the contextualisation, embedding and mapping (CEM) program to provide English language support to international business students, concurrent with their subject modules at the Newcastle Business School at the University of Northumbria in the United Kingdom. The CEM model ‘identified contextualisation, embedding and mapping as the foundation for improving’ such support programs (Sloan and Porter, 2008, p. 51). ‘Contextualisation’ relates to the context in which the academic skills are presented and communicated to students; ‘embedding’ the positioning within the overall academic program; and ‘mapping’ understanding students’ needs in relation to language learning and timeliness of the English for Academic Purpose delivery (Sloan and Porter, 2009).
**Implications of the *Accounting for the Future* project**

The new requirement to develop minimum academic standards for all accounting programs across Australia should be based on the evidence of the *Accounting for the Future* project and other studies to include some non-technical skills in addition to a minimum level of technical competency. Communication, problem solving, critical analysis, self-management and teamwork are all rated as important non-technical skills by *Accounting for the Future* and many other studies.

To achieve this will pose challenges for accounting educators, particularly if there is no increase in funding to allow strategies such as the embedding of communication skills into programs. In recent years a shortage of accounting graduates coupled with a reduction in funding from the federal government and the funding models adopted by most universities has seen universities recruiting large numbers of international students to enrol in accounting conversion degrees.

The desired outcomes from this strategy are for an increase in the supply of suitably qualified accountants for a profession struggling to recruit sufficient staff and extra funding within universities to cope with the reduction of federal funds. Regrettably, the increase in funds to universities from the large numbers of international students enrolling in accounting conversion degrees does not often mean significant increases in funds to accounting departments to cope with the increase in numbers and certainly not enough to provide the type of support they should receive, for example, for the embedding of communication skills (Peng, 2007). The strategy has also failed to provide the extra accountants required by employers based on comments from Birrell (2006b) and the findings of the *Accounting for the Future* study where employers, particularly from large accounting firms, reported that many international students did not have the necessary communication skills to secure employment.

The authors would like to acknowledge the funding support from the Australian Learning and Teaching Council.

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**References**


Hancock, P., Howieson, B., Kavanagh, M., Kent, J., Tempone, I. and Segal, N. (2009), Accounting for the Future: More than Numbers. A Collaborative Investigation into the Changing Skill Set for Professional Accounting Graduates over the Next Ten Years and Strategies for Embedding Such Skills into Professional Accounting Programs, Australian Learning and Teaching Council, Sydney.


Chapter 8

The Profession/Academy Relationship and Entry to Professional Programs

Chris Poullaos

An important aspect of the profession/academy relationship is the latter’s heavy involvement in preparing entrants to professional programs. However, graduate entry to the professional programs (leading to professional qualifications) of the Institute of Chartered Accountants in Australia (the Institute) and CPA Australia is only around half a century old, and the debate around the pathways recently introduced by those bodies into their professional programs suggests that professional accreditation of ‘accounting’ degree programs at Australian universities is at (yet another) turning point, with government action/inaction yet again playing an important role.7 The implication is that the profession/academy relationship will shift as the role of dedicated university ‘accounting’ programs as providers of entry-level accounting labour diminishes, at least in terms of numbers. In brief, the role of university accounting degrees in the production of professional accountants is up for (re)negotiation. This chapter attempts to sketch some of the key features of the alleged turning point and some likely areas of (re)negotiation. However, it is important to note that the variables are too numerous and complex for a predictive or prescriptive ‘model’ of the Australian profession/academy relationship in the twenty-first century to be easily produced at the present time.

The turning point

The English tradition of training for the profession privileges entry-level training within the profession over ‘relevant’ university accounting programs. It was followed in Australia by the Institute and its predecessors from the late nineteenth to the mid-twentieth century. In Australia the tradition was modified after the Second World War as the Australian federal government became more heavily involved in tertiary education through funding and other regulative mechanisms. As a higher proportion of the Institute’s potential talent pool went to university the Institute somewhat reluctantly joined CPA Australia’s predecessors in moving towards formal graduate entry to its professional program by holders of accounting degrees.8 Graduate entry (in that sense) and active state involvement in the production of entry-level accountants are both departures from the English tradition.9

7. For further discussion see Evans (2003; 2009), Poullaos and Evans (2008), King and Davidson (2009), and the other chapters in this volume. Note that in the discussion below ‘accredited accounting programs or degrees’ is a reference to the degree programs accredited by the Institute/CPA Australia, referred to below as members of group (i) of Phase 1 in Figure 8.1.

8. In support of the claims made in this paragraph see the sources cited in note 1, especially Evans (2009); see also Geddes (1995) and Annisette and Kirkham (2007).

9. Another departure is that unlike the Institute of Chartered Accountants in England and Wales (ICAEW), which has managed to combine high status with a large membership, the Institute’s membership numbers have lagged well behind those of CPA Australia. Their predecessors developed contrasting strategies for balancing exclusivist entry standards, which tend to limit the pool of potential entrants, with the benefits of high membership, such as more financial resources (Poullaos, 1994).
Nevertheless, Annisette and Kirkham’s argument (2007, p. 9) about the importance of professional examinations to accounting associations is applicable to Australia as well as England:

practitioner-based professional associations have powerful incentives to maintain control of the examination process since it not only facilitates the ability to control the size and composition of the membership, but it also enables control over the content, (re)presentation and development of the profession’s knowledge base. Control over the examination process therefore helps to facilitate a profession’s control over some of the most important parameters of the market for practitioners’ services …

In Australia, anxiety over the loss of control over examinations consequent upon the massification of tertiary education combined with the shift to graduate entry, the Institute’s in particular, has been dealt with by a combination of (i) establishing criteria for assessing university accounting programs and monitoring them against those criteria – professional accreditation in a generic sense – and (ii) finessing professional programs/examinations to compensate for endemically failing accreditation processes, with both (i) and (ii) shifting over time, in association with shifts in government education policy (Evans, 2003; 2009). Commenting upon the tail end of the period from 1944 – 1988 Evans observes (2009, p. 416) that the:

joint administration [by the Institute and CPA Australia] of higher education courses failed to stem the criticism of [university-based] accounting education, as had its previous incarnations as approval and recognition. Yet it continued to be ‘locked in’ as the monitoring mechanism for the accounting bodies.

Even into the early twenty-first century, accredited accounting programs remained the prima facie source of entry-level professional accounting labour, as depicted schematically in Part A of Figure 8.1 (see page 65), in contrast to the situation in England.10

Over the past few years there have been significant changes to the criteria for entry to professional programs, represented (again schematically) by Part B of Figure 8.1. While the accreditation arrangements remain ‘locked in’ (and controversial) – that is, Part A (Phase 1 arrangements in particular) are still in place – the Institute and CPA Australia have removed the exclusivity of the accredited accounting degree as an instrument of entry to their training programs, irrespective of the concerns of accounting academics. The Institute’s Graduate Certificate of Chartered Accounting Foundations was introduced in the context of a perceived shortage of ‘quality graduates’ from accredited programs during a tight market for accounting labour as the Big 4 grew their professional services practices (Poullaos and Evans, 2008). Arguably, its establishment represents not just a perceived failure of accreditation (that can be remedied by minor adjustments to either university programs or the Institute’s Chartered Accountants Program) but also a move beyond accreditation per se, notwithstanding the subsequent accreditation of the Deakin Graduate Certificate program. The same may be said about CPA Australia’s recently announced ‘foundation level’ component of its CPA program.11 Arguably, CPA Australia leadership seems intent on growing membership numbers offshore, in the mode of the Association of Chartered Certified Accountants (ACCA). Both Australian bodies have, in different

Figure 8.1: Schematic Presentation of Major Pathways to an Accountancy Career as an Institute of Chartered Accountants in Australia or CPA Australia Member

Education Providers

Phase 1

- Part A (Traditional pathways)
  - i) Accredited University Accounting Programs
    - Undergraduate and postgraduate, not truncated
  - ii) Non-Accounting University Programs
- Part B (Alternative pathways)
  - iii) Truncated University Accounting Programs
    - Acceptable to the Institute and CPA Australia
  - iv) Non-University Providers of Accounting Education
    - Commercial
    - Other

Phase 2

Full Qualification

Requirements for ‘full’ Chartered Accountant / CPA qualification:

- Professional Units of Study
- Examinations
- Experience Requirements

Phase 3

Post Qualification Continuing Professional Development (CPD)

Notes:

- In the pre-Part B era, graduates of (ii) in Phase 1 were effectively required to enter (i) before moving to Phase 2.
- In the Part B era, the Institute allows graduates of (ii) in Phase 1 into Phase 2 via either (i) or (iii). Those completing group (iv) might conceivably enter Phase 2 via successful completion of a ‘challenge’ exam if they can gain the support of an employer who is a Chartered Accountant. The numbers here are likely to be very small.
- In the Part B era, those completing CPA Australia’s foundational level requirement through group (iv) providers in Phase 1 can enter CPA Australia’s Phase 2 but cannot achieve full qualification until they have completed a degree (not necessarily through either [i] or [iii]). For present purposes offerings by CPA Australia itself allowing candidates to meet the ‘foundation level’ component of CPA Program are included in group (iv) of Phase 1; with Phase 2 being restricted to the ‘professional level’.
- In the near future all Phase 1 providers will be subject to TEQSA monitoring against standards developed by the ALTC.
- Phase 1 focuses on entry-level accounting labour; it does not attempt to deal with the vexed question of experienced off-shore accountants seeking CPA Australia or Institute membership.
ways, institutionalised ‘alternative’ entry pathways and have expressed a willingness to ‘risk manage’ by putting more emphasis on their own processes (in Phase 2) and less emphasis on university-based accredited accounting programs (Phase 1); both to facilitate entrants from the new pathways and to manage the perceived deficiencies in the ‘old’. One controversial outcome of the Institute’s new pathway is the ‘stark contrast between, on the one hand, domestic students with jobs, paying ‘low’ fees for eight units and on the other expensive 12-unit (conversion) courses populated by overseas students who cannot get professional level jobs after they graduate’ (Poullaos and Evans, 2008, p. 44). In this context the federal government, having probably contributed to the problem by following negatively synergistic migration and higher education policies, is becoming active again; in part by contributing to the momentum for the ALTC to set minimum standards for accounting courses (across all providers, non-university entities included).

All in all, the professional initiatives in Part B may be read as a unilateral (if partial) ‘taking back’ by CPA Australia and the Institute of control over entry from the universities (and perhaps the state). In doing so it moves Australia ‘back’ closer to the situation in England and Wales12 except that there are more layers of ‘regulation’ of entry in place in Australia, namely, professional accreditation and monitoring by TEQSA. One wonders whether a form of accreditation based on the understanding that successful completion of a group (i) program is a necessary condition for moving to Phase 2, can or should be maintained in its present form.13 In short, the relationship between the profession, the academy (and the state) seems to be going through another phase of transition. So what are the historical legacies that will shape or constrain the transition and what are some of the likely areas of (re)negotiation in the profession/academy relationship?

**Legacies and (re)negotiations**

Some historical constraints and associated (re)negotiations follow:

(a) As Elaine Evans (2003; 2009) has pointed out the academy and profession have perennially ‘failed’ to settle upon an agreed core of accounting knowledge and skills that might inform the (re)construction of Phase 1 in Figure 8.1. What exactly is a ‘work-ready’ accounting graduate? At least some academics are concerned about their contribution to Phase 3 – and not necessarily just through their preparation of students for Phase 214 – and identify more with their academic colleagues in economics, sociology, history, etc. than with those in practice. They may feel, that is, that they are the arm of academia that studies accounting and accountancy rather than the academic arm of the accounting profession. On the other hand, the Big 4, who pushed hard for the Institute’s alternate pathway, are arguably ‘professional services’ rather than ‘accounting’ firms and seek the flexibility to mix various forms of expert labour to suit the circumstances of particular engagements. (Some mid-tier firms and ‘boutique’ practices may be in a similar situation.) Distinguishing between ‘accounting’ and ‘non-accounting’ expertise seems crucial to (re)negotiating the future of accounting education but at the leading edge of the professional coalface the distinction may be becoming increasingly, well, academic. Under the circumstances, the negotiation

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14. My further casual observation is that at least some universities offering accredited accounting programs focus more on preparing students for professional units of study than for the work tasks they perform while undertaking those units.
of a cognitive and functional ‘centre’ that can ‘hold’ robustly enough to ground a discussion of the future organisation of ‘accounting’ education is critical. This problem may become more difficult to solve in future if the professional bodies (whether prompted by members or by their own managers) seek to expand membership by letting in additional (types of) experts into their respective inns.\(^{15}\)

(b) The profession has historically played a ‘public interest’ role in some of its activities, for example, external financial reporting and audit. While the mix of such roles with more ‘commercial’ activities, for example, business consulting, has long been controversial, the relevant point for present purposes is that the profession remains, in that sense, socially accountable, especially in the aftermath (or midst) of the global financial crisis. Of course, those roles are a decided advantage to an occupational group and abandoning them is hardly an option.\(^{16}\)

(c) In the more recent past the potentiality/actuality of conflicting interests arising from the professional bodies accrediting university accounting programs while simultaneously being involved, directly or indirectly, in competing programs is arguably an obstacle to good faith (re)negotiations about the future of accounting education.\(^{17}\) The following remarks by CPA Australia (2009) are perhaps more inflammatory than placatory:

> CPA Australia’s foundation exams provide an alternative way to demonstrate achievement of the core knowledge required to commence the professional level of the CPA Program. These exams are an extension of the bridging units offered by CPA Australia since 2008 and do not constitute a ‘course’ or lead to an award.

If one wishes to become a CPA and can do so without completing an accredited accounting degree, then why enrol in one, even if CPA Australia advises you to do so?

(d) Arguably, however, both the academy and the profession are ‘locked in’ to some form of accreditation process in the short term. Obtaining the imprimatur of the profession has in the past provided the nascent accounting academy much-needed legitimacy in higher education circles (Evans, 2009); while the entrée that accredited degrees have provided into professional programs has no doubt been attractive to students seeking accountancy careers, and is thus helpful to the growth of accounting departments, faculties and universities. The extent to which the improvement in Australian academic accounting research performance over the last 50 years has given the academy a profession-independent source of legitimacy remains untested, as does the extent to which the affiliation with the universities has benefited the social standing and market appeal of accountancy practitioners, as both suppliers and demanders of accounting-badged labour.\(^{18}\) Also untested is the extent to which alternative accreditation processes (eg. the Association to Advance Collegiate Schools of Business [AACSB], the European Quality Improvement System [EQIS], and even TEQSA) can substitute for the Institute/CPA Australia accreditation. Nor do we yet know the outcome of the ALTC’s accounting learning and teaching standards project (applicable to Phase 1) or the medium- to long-term impact on Phase 2 (and consequentially on Phase 1) of the emergent International Federation of Accountants (IFAC) project to establish ‘global’ professional educational/
accreditation, ethical, etc. standards to complement the financial reporting standards produced by the International Accounting Standards Board. The layers of prescription and monitoring are piling up. Perhaps some overall review and rationalisation is in order, not only to avoid duplication but also to assess the risk of dysfunctional homogenisation.

From a practitioner perspective the quality differential between graduates of accredited accounting degree programs and graduates of other programs, whether truncated accounting programs or non-accounting programs, is a relevant consideration, as is the associated cost of compensating for it (in terms of training and organising work to risk-manage the performance of non-accounting graduates). The extent to which there is practitioner consensus about these matters in the range from sole practitioners to the Big 4 is not clear.

Presumably the professional bodies face the challenge of managing variation in members’ opinions and labour requirements. And, if there is to be more emphasis on professional examinations as a Phase 2 hurdle for all (applicable) Phase 1 comers, then their robustness will come under increased external scrutiny. In the meantime, neither those bodies seeking (university graduate) membership growth, nor the accountants seeking entry-level accounting labour, would want the supply of accounting graduates to dry up any time soon. It seems unlikely, then, that the professional bodies would opt out of accreditation altogether overnight. What is unclear is exactly how they will respond to the jarring incoherence of maintaining a mode of accreditation posited (until recently) upon the principle that all entrants to professional programmes are to be graduates of an accredited accounting degree program whilst simultaneously constructing other pathways to those very same programs such that there ‘is inconsistency at the point of presentation for [Phase 2]’.

It is also unlikely that the accredited degree programs will simply roll along as before, with minor tinkering around the edges, with the alternative pathways used as a simple add-on to top up numbers or to be gradually grown and institutionalised, as though nothing of any significance had happened.

(e) It is likely that sizeable cohorts of young people will continue to be interested in becoming accountants into the foreseeable future. If the argument in Gammie and Kirkham (2008) applies also to Australia, then some portion of those budding accountants will also want to undertake university study ‘for its own sake’ and/or prefer their accounting study to be in ‘education’ rather than ‘vocation’ mode. Others may want to get into the professional ranks as soon as possible. The latter group will presumably take up the alternative entry pathways, as might non-accounting graduates wishing to move into accountancy. The looming possibility is that these various groups will emerge and become more distinct, varying in size and composition over time depending upon such variables as the demand for entry-level accounting labour by employers, both within the accounting profession and outside it; the perceived cost and quality of accredited accounting degree programs on the part of both budding accountants and employers; and the premium that the latter are prepared to pay for graduates from those programs.

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20. For some observations on England see King and Davidson (2009). Three mid-tier firms contacted for the Poullaos and Evans (2008) study indicated that they were not using the new Institute pathway in a significant way at that time (p. 36).
21. Interviewee A6, cited in Poullaos and Evans (2008, p. 31); originally a comment about the Chartered Accountants Program but also applicable to the new CPA Program.
A key area of (re)negotiation between profession and academy is the future role of professionally accredited degree programs (group [i] in Phase 1). If there are now cheaper and less demanding ways to get into Phase 2, if accreditation requirements unduly influence, as some academics see it, the design of individual accounting units and whole degree programs, if accreditation is costly to all parties and not especially effective from the profession’s point of view, then the expected benefits to all participating parties could usefully be rethought. If the academy wishes to retain accredited programs (some constituents may be less keen than others) then it is under pressure to demonstrate more clearly to employment-focused students and employers that such programs have advantages over alternative pathways. A preliminary or related judgment for individual accounting departments/universities is the extent to which their pedagogic emphasis is to be ‘vocational’ rather than ‘educational’.22 In my view it is unlikely that there will be unanimity within the academy on this point while, simultaneously, there may be related but additional forms of fracturing as both students and universities start to make choices about investing in group (i) versus group (iii) versus group (iv) programs. That is, the accredited centre (group [i]) may not hold.

If the professional bodies and their members want it to hold then what inducements can they offer to the academy and to students to stay within it, whilst withdrawing the virtual monopoly over the preparation of entrants to Phase 2 from the academy? An obvious one is a salary premium to the students, so that student numbers in accredited programs do not plummet, while pushing the universities to increase the quality (as the profession interprets it) of accounting graduates so that the payment of such premiums makes business sense. At some point, however, it may be more cost-efficient to buy in entry-level labour from the potentially large talent pools in groups (iii) and (iv) and spend more on training them. Indeed, the universities may cannibalise their own ‘accounting degrees’ by providing in-house group (iii) programs.23

The role of the state in the new profession/academy negotiating space will also be of interest. The federal government has already indicated its concerns about overseas students graduating from accredited programs and not being employable. In the longer term, however, it is concerns about the profession’s public interest role that are likely to be more disruptive. Serious questions may well be raised about the education and training of accountants the next time we have a spate of serious company crashes that raise the visibility of financial statements and auditors’ reports. Arguably, the pressure is on the promoters of the new pathways to demonstrate that any problems with the latter cannot be attributed to declining education and training standards.24

22. See the challenge posed by interviewee F3 in Poullaos and Evans (2008, p. 25). Note that F3 hints at the prospect of negotiating with individual universities rather than with the university sector or the Accounting and Finance Association of Australia and New Zealand (AFAANZ) as a whole.
23. And possibly even group (iv) non-award offerings.
24. ‘Commercial’ clients might have similar concerns about the quality of other professional services. See the comments of A5, A4, O and A16 in Poullaos and Evans (2008, pp. 32 – 33); see also Verrender (2008).
Conclusion

This chapter has argued that introduction of new pathways by the Institute and CPA Australia into its professional programs has marked and sparked a transition in the Australian profession/academy relationship. Professional bodies have demonstrated unequivocally that they wish to bring to an end an era in which the academy has been institutionalised as the near-monopoly provider of entry-level labour. It will take time for the tensions and dynamics noted here to play out but it is likely that the coupling of profession and academy will become looser and that internal segmentation of both will be intensified. It does not necessarily follow, however, that the educational experiences of budding accountants will consequentially become more diverse. Factors favouring educational/training homogeneity are also at play.

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Chapter 9

The Future for Accounting Academics in Australia

Sue Wright and Keryn Chalmers

The accounting education landscape is impacted upon by two labour markets: the market for accountants, and the market for accounting academics. In many countries in the past decade, the market for accountants has been characterised by changes in both the demand for, and the supply of, accounting graduates. Similarly, there have been unprecedented changes in the demand for, and in the supply of, accounting academics. These changes have had a major impact on accounting departments and accounting academics. But what lies ahead? What are the ramifications of these changes in the foreseeable future?

In Australia and elsewhere, the demand for high quality accountants intensified in the early 2000s with the introduction of globalised accounting standards, and significant regulatory and governance reforms. The profession in Australia also experienced a leakage of qualified and experienced accountants as a result of retirements and increased mobility in a global market. Recognising this skills shortage, ‘accountants’ were included on the federal government’s Migration Occupations in Demand List (MODL). This created a strong demand for accounting degrees by international students, because graduation from an accounting degree was favourably treated for permanent residency. As a result, international student enrolments in undergraduate courses and postgraduate conversion accounting courses surged. To meet the greater demand for accounting education, Australia experienced an increased supply of non-self-accrediting higher education providers (HEPs) offering higher education awards in accounting. Some HEPs are recognised by state or territory legislation, and other private HEPs are recognised by a government accreditation authority.

As a consequence of these events and trends, the current working environments of university accounting educators are quite different to those of previous decades. Accounting departments have become integral to the financial well being of universities, due to the effect on university revenue of the exponential growth in the number of international fee-paying students studying accounting courses. The repercussions of such growth include higher staff/student ratios, changes in students’ expectations and higher academic workloads. This coincides with a renewed push for greater research productivity by accounting academics and, more generally, greater accountability across a range of research and teaching and learning indicators.

What constitutes an ‘in demand’ accounting academic today? He/she would be PhD qualified, producing, or having the potential to produce, quality research that is both academically rigorous and industry relevant, providing a stimulating, challenging and innovative educational experience for students, and providing service to the university and external stakeholders. The changing nature of

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academia has proved challenging for some and it is not clear that everybody has or can excel in this new environment. This begs the question of what the future holds for accounting academics in Australia and New Zealand. This chapter discusses the changes in the accounting education landscape and, more generally, the changes in higher education during the past decade. It speculates on the likely position of accounting academics over the next decade, depending on the continuation or reversal of the changes to accounting education in the years ahead. The chapter proceeds as follows. First, it examines factors affecting the supply of, and the demand for, accountants, in the past decade, and in the decade ahead. It then articulates the concerns of accounting academics, and focuses on the factors that affect the appeal of accounting academia as a profession.

The future of accounting education: More of the same?

The number of accounting professionals employed in Australia increased dramatically from approximately 100,000 in 1996–1997 to 140,000 in 2005–2006. Australian employers’ demands for accountants intensified in the early 2000s due to a combination of factors, including globalisation of financial reporting, increased regulation, leakages that were occurring through retirements and reforms such as taxation and corporate governance. Additionally, accountants have been more mobile given the globalisation of markets. Attracting high quality accountants was a key objective for many employers (Coughlin, 2005; Donaldson, 2005).

Representing their constituency, the Australian professional accounting bodies lobbied the federal government to recognise the skills shortage. Consequently, accountants were included on the MODL in 2004. This decision was based on the Department of Employment and Workplace Relations’ assessment of the Australian job market. Inclusion on the MODL made studying accounting attractive to international students because, upon graduating, they would receive additional points for a general skilled migration visa. As a result, universities and other accredited HEPs experienced a surge in international student enrolments in accounting undergraduate and postgraduate conversion courses. While not solely attributable to accounting, international student numbers increased from 174,713 in 2008 to 196,007 in 2009 representing a 12.2% growth. This growth was outstripped by the 25.9% growth experienced in the vocational education and training sector (VET). In this sector, international student numbers increased to 189,021 in 2009 from 150,123 in 2008.

Despite high international student intakes, the demand for high quality accounting professionals has remained unsatisfied. Universities have increased their intake of accounting students, but these graduates are not necessarily meeting the demand for quality accountants in any area of employment: the Big 4, the mid-tiers, smaller practices, industry or the public sector. Accounting education has been scrutinised in its delivery of graduate attributes sought by industry (Kavanagh and Drennan, 2007).

26. This chapter focuses more on the situation in Australia than New Zealand.
28. The Australian Education International (AEI) provides leadership across all levels of government and industry to support the sustainable development of a world-class and globally connected international education and training system in Australia. The data provided by AEI includes data on international student enrolments since 2002. The statistics reported for 2008 and 2009 have been sourced at: http://aei.gov.au/AEI/PublicationsAndResearch/Snapshots/2010022610_pdf.pdf.
There have been several responses to the supply and demand gap. One is the introduction of alternative entry pathways. These have been largely initiated by the profession, including both university- and non-university-based programs. Another has been to increase the skills of those that come from overseas and those that undertake accounting programs, and such programs have been initiated both by the profession and the firms themselves. Some accounting departments have also responded by introducing co-curricula and extra-curricula activities to assist international students. The confronting question is whether the various solutions truly offer an education in accounting.

At the time of writing, the MODL has been replaced with an indicative revised Skilled Occupation List published in 2010 in Australian Workforce Futures by Skills Australia. The list includes ‘2211 Accountants (a)’ (p. 83). The endnote (a) states ‘CPA or equivalent’ (p. 84). If ‘CPA or equivalent’ means someone who has achieved CPA status, or is a member of the Institute of Chartered Accountants in Australia (the Institute), then this would be a significant change. Previously, to be classified as an accountant required the completion of an undergraduate degree with a major in accounting or the completion of a conversion course such as a Master of Professional Accounting (MPA). CPA status requires the completion of the CPA Program (or equivalent) and a three-year practical experience requirement.

Will the demand for accountants and for accounting education continue if accounting no longer provides an expedient pathway to permanent residency? Accounting firms are still reporting difficulties attracting and retaining suitably qualified staff. Between 2003 – 2004 and 2008 – 2009, the average annual increase in employment in accounting in Australia was 2.9%. Anecdotally, the recruitment of new graduates has slowed in recent years, and there have been lay-offs in the industry, perhaps in response to the global financial crisis. Will this lower rate of recruitment continue, or will it revert to its previous level? What effects are all of these possible changes going to have on university funding and the positioning of accounting departments in universities?

In 2009, the federal government announced significant reforms in the higher education sector including: students entering a demand-driven funding system with no quotas on total or discipline places from 2012; 40% higher education participation of 25- to 34-year-olds by 2025; 20% participation of low socio-economic status students by 2020; and higher participation and completion rates by other disadvantaged students (DEEWR, 2009). To achieve these targets, universities are currently negotiating compacts with the government. But how is this going to affect the supply of university places for business and accounting graduates? Will the additional places be located in accounting departments, or will consideration be given to the capacity constraints, both of human resources and physical space, that already exist in this area? Any change in the proportion of students in a business faculty, whether an increase or decrease, will attract the attention of university senior management.

Consider the possible changes to the accounting education model that could develop in the next decade, in response to these economic, political and social changes. Universities have become

accustomed to the cash flow of revenue from the fees of international students, the majority of whom study accounting. Owing to the shortage of suitable faculty to teach accounting, universities have also become accustomed to offering accounting programs with high student/staff ratios and/or extensive use of casual staff. If, due to resource constraints, accounting departments are unable to grow as fast as departments in other areas, some universities might offer accounting courses through ‘teaching only’ departments, or through affiliated entities that only engage in the teaching side of academia, in an attempt to maximise their revenue stream.

Will the accounting education landscape, therefore, witness a division between HEPs that conduct accounting research and those that do not? Disturbingly for the accounting academic community, *The Sydney Morning Herald* (2010)32 recently published an article commenting on one Australian Vice-Chancellor’s negotiations to have targeted courses (including accounting) taught at TAFE to increase that university’s number of poor and disadvantaged students.

**Accounting academics’ concerns**

Changes in the demand for accountants in the marketplace have direct effects on the market for accounting educational qualifications and on the world of academia in general. Those changes include themes discussed elsewhere in this book, such as the growth in international student numbers, and the employer focus on graduate attributes and employment readiness, which increases the expectations placed on academics to deliver vocational training. Other changes to the accounting education landscape are being imposed by governments, including increased government accountability; a changed funding model for universities; increased competition between universities in terms of accreditation and fees; and uncertainty over matters of curriculum.

Matters of curriculum have been debated for many years, and in some ways there is nothing novel about the current situation. Accounting professionals and academics continue to debate questions such as: What is the desired length of an accounting course? What is core accounting knowledge versus what is non-core? How can generic skills be included versus technical skills? Should students specialise in accounting later in their degree versus earlier in their degree, or at undergraduate level versus postgraduate level? While the Australian Qualification Framework (AQF) describes all nationally recognised qualifications, there are no nationally agreed standards as to what units should be completed for an undergraduate degree accounting major (unlike in the VET sector). Furthermore, the content and design of accounting courses has shifted in the past decade, for a number of reasons33. One notable impact has been the introduction of the MPA courses at many universities, the content of which can be difficult to distinguish from undergraduate accounting programs.

The architecture for Australia’s qualifications underwent a review in 2009, culminating in revised levels criteria and qualifications descriptors being proposed. Testing of these proposed criteria and descriptors

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33. Those reasons include expansion to the curriculum, to include topics as diverse as generic skills, accounting for GST, new international accounting standards and social responsibility accounting. They also include the need to accommodate higher numbers of students, and students from a non-English speaking background.
in the AQF commenced in March 2010\textsuperscript{34}. The proposed architecture introduces levels, learning outcomes and course duration for various disciplines with HEPs required to demonstrate the attainment of these learning outcomes through a quality assurance process. Within the disciplines grouped under the generic title ‘Business, Management and Economics’, accounting has been selected as the ‘pilot’ business discipline for which threshold learning outcomes will be articulated and HEPs held accountable for their attainment. It will be interesting to observe the outcomes of this process\textsuperscript{35}.

As well as changes to the market for accountants, and government-initiated changes, accounting academics also face many pressures at individual level. These include expectations about research, and changes to staffing, workloads and remuneration. In the past, some academics engaged with industry and the profession, but now all academics are challenged to establish such links, as indicators of the impact and relevance of their work. Building the bridge between academia and industry is a perpetual challenge and requires skilful attention. Ultimately, linking into industry and the profession, both in terms of curriculum and research topics, provides academics with a sense of the value that they have added to practice, the discipline of accounting, and to their students, and for this reason its importance is not in question. However, this represents yet another source of pressure for academics.

Globalisation is a product of advances in technology, among other factors. It has affected accounting academics because it affects student population, both in terms of their origin and their intended destination. In addition, business has been globalised, which means challenges to academics to internationalise the curriculum so that the focus is not only on Australia, but also on equipping students to travel the world.

There is concern about the shortage of accounting academics because the discipline fails to attract high quality graduates and the existing workforce is ageing. Accounting academics are concerned about staff vacancies at their own institutions because they could be called on to do additional teaching at any time. They are also concerned about the casualisation of the accounting academic workforce. While many institutions have excellent practitioners assisting with teaching, casual employment places additional pressures on tenured staff to ensure consistent and quality education, to undertake additional teaching workloads, to serve on committees and to perform other administrative tasks.

Academics are also concerned about changes to the classroom dynamics. While the benefits of reinvigorating the curriculum using technology are evident, all such changes and improvements take time, which is a scarce resource. There are concerns about the level of reporting expected by universities, and the expectations of students. Even the lack of due recognition given by universities to the discipline of accounting is a concern at many levels.

Research causes concern, particularly to junior staff. There are expectations regarding research outputs and grants. For staff without a PhD or a track record of research, there is a requirement that they will complete that PhD in addition to their other duties. With the rollout of the Excellence in Research for Australia whereby disciplines will be assessed on their research quality, the ‘publish or perish’ ethic is intensified (Ross, 2010).

Remuneration is always a concern. Because the monetary rewards are not high, it is difficult to attract quality accounting graduates to pursue a higher research-based degree and consider academia as a

\textsuperscript{34} The revised architecture is available at \url{www.aqf.edu.au/Portals/0/Revised\%20tables\%20V6\%209\%20February\%202010\%20FINAL.pdf}.

\textsuperscript{35} An interesting question is: How will non-HEPs that offer accounting training be held accountable for the quality of their graduates?
career path, and persuade people from industry to make the transition to academic life. There is a slow but steady trickle of the best and brightest scholars to more highly remunerated and funded United States universities. Yet at the same time, accounting academics in Australia are better paid than many academics at the same universities in other discipline areas.

Finally, academics as individuals want to know: ‘Have we made a difference? Have we helped students? Has what we have taught students been useful and adequate preparation for the “real world”? Does our research matter?’

Is the appeal of a career as an accounting academic diminishing?

With the concerns expressed above, what will the accounting academic workforce in Australia look like in the next decade? Perhaps this is best represented by considering the 2008 American Accounting Association report36 which is based on survey data collated in the United States in 1993, 1999 and 2004. It includes the following information:

- There were fewer accounting faculty in 2004 than in 1993. Over the period 1993 to 2004, the number of accounting faculty in United States institutions decreased by 13%, with the biggest decrease occurring between 1993 and 1999.
- Academics are working harder. Between 1999 and 2004, student numbers increased by 12.3%. When considered alongside the above mentioned reduction in faculty numbers, it is clear that accounting academics are teaching longer hours or larger classes or both. This is confirmed by observing the increase in average total hours worked by full-time accounting academics: between 1993 and 2004, hours increased from under 49 hours per week to over 52 hours per week.
- The workforce is ageing. In 1993, the proportion of males over 55 was slightly higher than the proportion of males under 40, but by 2004, the proportion over 55 was more than three times higher than the proportion under 40. The number of male academics was also declining. The number of females had stayed steady, but the proportions show the same trends as for the males. In 1993, the proportion under 40 was more than twice the proportion over 55, but by 2004, the proportion over 55 was slightly higher.
- Accounting faculty are likely to retire at a faster rate than they can be replaced. Those aged 55 and over in 2004 must now be close to retirement. The reduction in the number of United States accounting academics in the workforce has and will continue to put pressure on both salaries and workloads, as fewer faculty members are available to teach an increasing number of students. The problems will be exacerbated in future years, because there are relatively few accounting faculty under 40 who can replace those over 55.
- Academics are experiencing salary inversion. Younger recruits are paid more than the longer serving faculty. The longer serving faculty may be considered less mobile, and in order to recruit the best and brightest new PhD graduates, United States universities are paying them more than their more senior colleagues.

At this stage the Australian evidence on the accounting academic workforce is anecdotal. There are many staff vacancies at both junior and senior levels, in all institutions. Advertised positions attract many applicants without sufficient experience, qualifications or communication skills to be appointed,

and non-appointments to advertised positions are common. Hence, permanent positions remain unfilled, with the teaching load being undertaken by adjunct and casual staff. Is the ‘in demand’ accounting academic becoming extinct? Perhaps the ‘in demand’ accounting academic rarely existed in the past. Consistent with the move to a more standardised approach to setting expectations, have universities defined the ‘in demand’ accounting academic devoid of reality?

The Accounting and Finance Association of Australia and New Zealand (AFAANZ), with the support of the three Australian accounting professional bodies, is currently replicating and extending the American Accounting Association report in Australia. This report will provide a more up-to-date picture than is now available in the United States, because the data source for their study is no longer available. Arguably a similar picture to that described in the United States will emerge in Australia. However, the growth in international student numbers has not been as prevalent in the United States in the past five years. In particular, it is expected that accounting academics are working harder, and facing even greater growth in student enrolments than in the United States. The workforce is ageing, and retirements are occurring at a faster rate than recruitment. These trends are self-evident to those at the coalface, but the survey will provide the detail that will help universities, the profession, governments and AFAANZ formulate strategic plans for the future.

Conclusion

So what is the future for accounting as a recognised university discipline, and what is the future for accounting academics? In spite of the rapid growth in student numbers, will recent changes to immigration policy reverse this trend? Or will this source of university revenue be protected for political expediency? It is fairly clear that the number of accounting academics will decline as a result of the increasing age profile of the workforce. Should the growth in student numbers continue, the current model for providing accounting education is not sustainable, and a crisis point is inevitable.

What are the options for accounting education? Will it continue to be taught in universities at undergraduate level? Or will it be delivered by ‘teaching only’ institutions? Will students first undertake more general degrees in other disciplines at an undergraduate level, to be followed by an MPA? Will MPAs survive if the proposed AQF is adopted and a national accounting Learning and Teaching Academic Standards (LTAS) project implemented? Will private providers thrive in this environment because their training programs are as good as universities at delivering trained accountants? Do employers want trained or educated accountants? Such speculation would not have been entertained a decade ago. Implicit in such speculation is the threat that accounting departments may cease to exist at universities, with accounting vocational training returning to private HEPs, TAFE courses and in-house training programs.

There is an opportunity in the current situation, as well as a threat. Arguably the number of students in accounting programs in the future should be reduced. This is possible, through a contraction in the number of international students studying accounting, as a consequence of changes to visa requirements. As the number of accounting academics decreases, this is the only way to maintain accounting as an academic discipline which is delivered and researched in universities. An increase
in the number of domestic undergraduate students studying accounting and entering the profession will enable the profession to recruit more accounting graduates from universities, and to rely less on alternative pathways into the profession. To achieve this, the professional bodies and industry need to collaborate and market the virtues of accounting as a career.\footnote{37} Consistent with this vision, future accounting departments will be smaller and more academically focused than they have been in recent years. This is an opportunity for accounting academics to earn the right to stand alongside colleagues in philosophy, chemistry and English literature and be part of university departments in which both research and teaching are valued.

What can be done to make sure that this happens? One way that academics can be future-proof is to be more politically astute by acting in partnership with the profession. The accounting profession can offer political advocacy that academics may not have. However, academic collaboration with the profession is a challenge to some on both sides, and it is important to recognise differences as well as common interests. What is welcome is the opportunity for academics to engage in dialogue with the profession concerning the challenges facing accounting education.

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\footnote{37. The popularity of engineering has increased largely as a result of the profession selling the virtues of being an engineer.}
Chapter 10

Jurisdictional Disputes in Accounting: Education or Training?

Elaine Evans

In April 2010, the Vice-Chancellor of Macquarie University announced that he wanted to ‘franchise … degrees courses to TAFE colleges’ and he ‘would be looking at courses which would be best fit for TAFE such as accounting …’ (Gilmore, 2010, p. 7). This position is far removed from the previously long held view of universities and the professional accounting bodies in Australia that ‘the teaching of accountancy in the higher education institutions of learning [should be] where adequate facilities exist for advanced studies and research’ (CIA General Council Annual Report, 1948, pp. 11–13). The former view supports the notion of accounting education as the inculcation of actual skills that are ready for immediate use in the workplace. The latter view is an academic approach to accounting education that emphasises the importance of a grasp of theory and general principles underpinned by research. This sets up a jurisdictional dispute about preparation for the accounting profession: is it about [academic] education or specialist [vocational] training? Or is it an appropriate mixture of both?

Questions about what budding accountants, and indeed the broader descriptor of business/knowledge professionals, need to, or can learn about accounting in the disciplinary content of a university degree, and how and why they should learn it are issues that remain unsolved by the profession and the academy.

In the Australian context, it has been argued that what is taught in accounting curricula in universities (and now by other higher education providers [HEPs]) is broadly determined by two professional accounting bodies, the Institute of Chartered Accountants in Australia (the Institute) and CPA Australia, and monitored through an accreditation process. As outlined in Chapter 4, if a course of study in accounting is accredited, that signals that graduates meet the educational requirements for entry to the professional examinations of those bodies, and in the case of CPA Australia the educational requirements for entry into associate membership. According to the Professional Accreditation Guidelines for Higher Education Programs (the Institute and CPA Australia, 2009, p. iii) ‘professional accreditation seeks to ensure the suitability of graduates to take an entry role in a field of accounting practice’.

At present joint accreditation guidelines require HEPs to demonstrate coverage of accounting and business-related curriculum areas, including financial accounting, management accounting, finance, auditing and assurance, Australian commercial and corporations law, and Australian taxation. In addition HEPs need to demonstrate integration of generic skills development within their whole course or program of accounting. Essentially these skills, also called graduate attributes or capabilities, along with relevant content are seen to be preparation for the workplace, or making graduates work ready. The accreditation of these skills/attributes/capabilities has been problematic for some academics who argue that: a) there is too much content and they do not have time to develop students’ graduate
skills; and/or b) they have no expertise in developing such skills. However, there are many accounting academics who have acknowledged the need for graduates to have a wider skill set and have embedded various graduate capabilities in the accounting curriculum. Chapter 7 provides an overview of ‘non-technical’ accounting skills in various programs.

Because the professional accounting bodies have adjudged that this form of vocationalisation of the curriculum is still inadequate in producing work-ready graduates they have turned to different forms of vocationalisation, which privileges non-accounting undergraduate degrees over accounting degrees thus engaging academics in jurisdictional disputes. These alternate pathways were seen by the professional bodies as a way of widening the funnel to the profession to give candidates more entry options.

This chapter seeks to carve out a jurisdiction for accounting education in a university where there is an academic approach that is valued by students, the professional accounting bodies and employers.

The role and purpose of university education

The goals of a university education can be seen as liberal, utilitarian, or some combination of the two (Symes et al., 2000). Fundamental to the differences between these views of education are beliefs about the nature of knowledge and the reasons for its acquisition. A strictly liberal view of education, founded on the ideals of nineteenth-century scholarship, holds that university learning is about acquiring and appreciating ‘theoretical, disciplinary, formal, foundational and generalisable’ knowledge (McIntyre et al., 1999, p. 2), in a learning environment that is independent of the demands of the economy or the workplace. Hager et al. (2002) argue that ‘universities have always had a commitment to ensure graduates develop broad based, generic skills such as “critical thinking”, “problem solving”, “analytic capacity” and so forth’ (p. 12). The utilitarian view of education holds that learning is about acquiring and applying ‘practical, interdisciplinary, informal, applied and contextual’ knowledge (McIntyre et al., 1999, p. 2), in preparation for, and in response to, the demands of the workplace, and as a cornerstone of economic growth.

While universities have always tended to juggle liberal and utilitarian ideals (McIntyre et al., 1999), the balance has shifted in recent decades towards ‘vocationalism’ (Symes et al., 2000; McIntyre et al., 1999). Since the early 1990s, enrolments in business, administration and economics subjects have overtaken enrolments in arts, humanities and social science subjects, while enrolments in the latter have been increasing at a slower rate than enrolments in the former (DEST, 2007). In addition to this, increasing market pressure on universities to demonstrate relevance and efficiency through student enrolments (Symes et al., 2000) has meant that in many institutions, smaller and apparently non-viable departments within ‘liberal’ faculties have been forced to close (Symes, 1999).

New relationships have developed between universities and workplaces, including the introduction of work-based degrees (Symes, 1999; McIntyre et al., 1999; McIntyre and Solomon, 2000), and the growth of ‘work integrated learning’ strategies (Atchison et al., 2002). McIntyre et al. (1999, p. 3) suggest that ‘work is becoming the epistemological organiser of the contemporary university, and usurping the position formerly held by disciplines and fields of study’. Accompanying these changes at program level are changing views on the status of different kinds of knowledge. Professional knowledge (as distinct from disciplinary knowledge) is increasingly valued (Hager, 1996).
What should students learn?

Universities are situated within the broader educational policy environment, which in turn is shaped by larger forces of economic, political and cultural globalisation (McIntyre and Solomon, 2000). Policy, at the level of institution and beyond, can be seen as acting ‘as a mediating device between the new meanings of globalisation and the imperatives of institutional adaptation and change’ (McIntyre and Solomon, 2000, p. 88). McIntyre and Solomon (2000) suggest that a number of policy discourses – corporatisation, commercialisation, knowledge commodification and internationalisation – co-operate in this mediation.

The discussion of commercialisation lends legitimacy to the tailoring of curriculum to the demands of the workplace, while that of knowledge commodification ‘arises out of the marketisation of courses’ (McIntyre and Solomon, 2000, p. 90). Most universities present themselves through policy documents and promotional materials as relevant both to students seeking future employment and to employers seeking suitably qualified graduates (McIntyre et al., 1999; Symes, 1999). Internationalisation has implications not only in terms of drawing universities into a global educational marketplace, but also in terms of the growing role that universities now have in preparing students to participate in an increasingly globalised environment. Finally, corporatisation with its focus on performance measurement and learning outcomes plays a leading role in determining institutional perspectives on what students should learn (Chapter 2).

The Higher Education at the Crossroads Report (Nelson, 2002) is specific about the instrumental role of education: the provision of ‘skills formation and educational qualifications to prepare individuals for the workforce’ is prominent (Nelson, 2002, p. 1). The report goes on to state that ‘universities have also recognised that there is a need to ensure that graduates have the generic skills desired by employers such as analysis, communication, team-work and leadership skills’ (p. 9). The Commonwealth higher education reform package, centred around the policy document Our Universities: Backing Australia’s Future (Nelson, 2003), indicates a continuing focus on skills. Further, the Collaboration and Structural Reform Fund announced in late 2004 will ‘provide competitive funds to foster collaboration between higher education providers and other education providers, business, industry, professional associations, community groups or other relevant organisations’ for the period 2005–2007 (DEST, 2004).

Recently the Review of Australian Higher Education (DEEWR, 2008) recognised the nexus between liberal and utilitarian views of education by recommending that universities should be required ‘to carry out research in the field in which they teach so that they can contribute fully to the knowledge economy and produce graduates who embody the distinctive value of teaching that is informed by research’ (Recommendation 19, p. xx). In Chapter 5 Tilt discusses the research-practice-teaching triangle.

As a source of guidance in specifying what students need to learn, these policies and their skills agendas and competing views are both powerful and problematic. As McIntyre and Symes (2000, p. 89) put it, ‘enacting institutional policies, setting strategic directions and monitoring outcomes [have] become central to’ university activities. Chapter 3 describes a key role for business and accounting as institutional ‘cash cows’. Despite this apparent point of consistency between and within institutions, the ways in which these policies are enacted at unit and program level, and indeed contribute to
student learning, vary considerably. The degrees of success of the implementation of these polices also varies. This is particularly true for accounting departments/schools, which are under pressure from the Commonwealth government, university administrators, professional bodies and employers to produce a steady stream of graduates (Chapter 9).

As with universities, students themselves are similarly subject to and, at some level, contributing to shifting priorities in the higher education environment and beyond. Symes (1999, p. 253) argues that ‘the ongoing marketisation of higher education … [has] transformed students into consumers, who invest in their own education as a process of self-enterprise’. In turn, as consumers, students are increasingly demanding opportunities that are relevant to the workplace (McIntyre and Symes, 2000). Furthering their consumer experience, students have access to league table comparisons of universities on features such as graduate employability, and must negotiate the rhetoric of institutional advertising campaigns, often designed to promote ‘real world’ relevance, and graduate career prospects (Symes, 1999).

For students, the somewhat more tangible goal of gaining employment is likely to be of immediate consequence. Here, recruitment processes are designed to differentiate between the ‘haves’ and the ‘have-nots’ with regard to communication and other ‘generic’ skills, and it is clearly in students’ interests to demonstrate their capabilities in these areas in order to gain employment. Beyond this immediate motivation, however, developing an understanding of the nature of professional work has the potential to provide an incentive for further development of generic capabilities. Beyond preparation for entry into the professional workplace, ‘professional knowledge’, as it is termed by Hager et al. (2002) can be seen as enabling individuals to participate fully in a professional community, and as making a contribution to an individual’s development of ‘professional expertise’ (Bhatia, 2004, p. 146). The relationship between professional knowledge and expertise, the nature of professional expertise and the role of higher education in its development, will be discussed further below.

University teachers are being placed in a position where they are required to balance these various perspectives – institutional, student and workplace – on student needs, within a curriculum framework that also balances ‘theoretical’ and ‘practical’ disciplinary knowledge. This balancing act is being performed while under the pressure of increasing class sizes and decreasing resources (Kirkpatrick and Mulligan, 2002). What counts as knowledge, and on whose terms, become central dilemmas here. Bennett et al. (1999, p. 73) argue that academics

no longer … retain the power of defining what counts as knowledge, and that many faculty … have been told to justify their practices by a set of criteria and a language that seems to them foreign, and even hostile to the values and professional purposes they profess.
Profession/academy relationship

‘Higher’ education builds the capability and proficiency demonstrated in the workplace by members of a profession; it serves also as a means of control by a professional body, underpinning the exercise of professional power in the market for services; and it underpins the ‘regulatory bargain’ struck between professions and the state, as a basis for recognition or tolerance.

In the literature on professionalisation, higher education signals the extent of preparation involved in mastering every aspect of professional work. This is especially the case when tasks are complex, technologies embody significant indeterminacy, and the knowledge base is extensive, abstract and esoteric. It also symbolises status. Higher education and extensive practical experience are associated with professions as worthy and worthwhile social formations. Higher education constitutes a ‘barrier to entry’; not all may be fitted or able to enter the domain of work.

Freidson (1994) argues that education and training (the creation and maintenance of knowledge and skill variously described as expert, esoteric or specialised) are the key to the creation of a ‘labour market shelter’. Abbott (1988) extends this argument, by asserting that the ability of a professional body to sustain its jurisdictions lies partly in the ‘prestige’ of its academic knowledge and partly in its ability to control its dissemination. He alleges that the public believes that prestigious abstract knowledge implies effective professional work and academic knowledge legitimises professional work.

The shifting of knowledge and skills acquisition to higher education institutions is recognised by Burrage et al. (1990) as a significant step in the process of professionalisation. For Larson (1977), the core of professionalisation is the production of suppliers (producers) in the market for services. She centres this process of production in universities, as the empirical arena where the production and dissemination of knowledge occurs for subsequent application in the market for services. Further, Larson (1990, p. 47) states that ‘if the structural connection between higher education and desirable occupational positions is severed, I would argue that the concept of profession is no longer operative, though the word may be used’.

Weber (1978) also claims that having an educational qualification from a university is co-incident with the idea of professionalism: it is how people ‘talk about’ professionals (Torstendahl, 1990). Ben-Davis (1963 as quoted in Abbott, 1988, p. 195) goes so far as to claim that ‘higher education … [is] the most important element of professionalism’ and Bledstein (1976 as quoted in Abbott, 1988, p. 196) declares that ‘the university is the seminal institution within the culture of professionalism’. Interestingly, Wilkerson (2010) described the accounting academy as acting as trustees for the integrity of the profession and playing a role in enhancing the profession’s status as a profession.

Clearly the education and professionalisation literature in the last century describes a strong link between higher education and notions of profession. However, two contemporary studies (also discussed in Chapter 8) describe a disconnection in the link between the accounting discipline in universities and the accounting profession. The first study by Annisette and Kirkham (2007) discusses the case of the Institute of Chartered Accountants in England and Wales (ICAEW) where training, education and certification of accountants have not been developed in the university. The ICAEW does not require trainee entrants to hold a degree with an accounting major: it does require that an entrant find a chartered accountant employer before commencing intense training in accounting through
a private training college. Annisette and Kirkham (2007, p. 7) note that there is no specific role for ‘Departments of Accountancy in the professional education and training of Chartered Accountants’. The second study by Gammie and Kirkham (2008) evaluates the ‘Fast Forward to 2010’ strategy of the Institute of Chartered Accountants of Scotland (ICAS) whereby it will be possible to enter chartered accountant training directly from school without obtaining a university degree. They conclude that ‘the proposal appears to contradict the literature about the pedagogic value of a university education and assumes that universities do not provide any added value to ICAS trainees that cannot be provided equally well by the ICAS and the training firms’ (p. 373). This reverts to a model of professionalism whereby the passing of examinations devised by a watchful professional body, supplemented by on-the-job training and private college tuition would confer status and professional legitimacy to successful candidates.

**What is the role of a university in accounting education?**

How can accounting education in Australian universities be adapted to ensure an appropriate mix of the academic approach that emphasises the importance of the grasp of theory and general principles and the vocational approach that meets employers’ demands for work-ready graduates? Certainly, accounting departments do not want to sacrifice their key role of critiquing, debating and challenging the status quo (Chapter 5). The pressure on accounting departments/schools for work-ready graduates comes from government (as the provider of funding for public education); the accounting profession (which accredits courses and devises professional examinations for graduates); and employers (who want graduates with technical competence, communication skills, social skills and workplace competence on entry into employment). The acquisition of knowledge and skills in relation to accounting work are ‘good things’, but should they be integrated or are they best kept apart in time and space?

Before attempting to answer the above question, there is value in picking it apart to identify various specific questions. The first specific question is ‘What is accounting work?’ Elliott and Jacobson (2002, p. 74) state that financial statements, financial reporting systems, and audit reports are not the only products of accountants:

> Accountants apply their information, control and reporting skills to all types of information, not just financial information and not just pertinent to financial statements. The information might pertain to quality assessments … [and] in recent times managerial accounting has created a variety of performance measurements …

Also Elliott and Jacobson (2002) talk about the information professional when discussing the role of accountant in the information services value chain. Accounting work – what is it? What do graduates who do it need to know? It depends on where they will work. It is a diversified profession that has extended its occupational jurisdiction. How can a university department build up a jurisdictional knowledge base to compete with other jurisdictions in preparing competent graduates?

The second specific question relates to the role of a university department in the generation of new knowledge in accounting as distinct from ‘work place knowledge’. The physical location of a university
is separate from the workplace. The connections come through the involvement of the profession and employers in the teaching that takes place. But how much input do we want these other institutions to have in our curriculum development. Is a university the best place to acquire knowledge about a technical practice? But is accounting merely a technical practice or is it a moral practice requiring professional judgement? There is a ‘public interest’ role for accounting and accountants (Chapter 8) and the code of conduct talks about the public interest. Accounting is client/employer focused, but there is a wider group of stakeholders. Do accounting departments/schools want to operate in commercial space (that is to produce ‘work-ready graduates’) or not?

Is accounting educators’ only role to prepare graduates for the work place? What is the value adding of a university that justifies accounting education’s place in an academic institution? What is wrong with on-the-job training, private colleges, and TAFE colleges? In exploring two manifestations of vocationalisation of the accounting curriculum (conversion courses and alternate pathways) the role of accounting education may be clarified (at least for academics in Australian universities) and our jurisdiction more delineated.

In the Australian context, the first manifestation of vocationalisation of the curriculum is the recruitment of graduates with non-relevant degrees and the requirement for these graduates to complete further studies in an accounting conversion course, usually a Masters degree with eight or more subjects that are in accordance with the accreditation requirements of both professional accounting bodies. These conversion courses were first established in the late 1980s and have developed in public universities in Australia as well as private universities and other HEPs.

As a rule these degrees are Masters, involving the study of 12 subjects. These subjects focus on technical skills because the employability imperative has been met through the requirements of graduates’ non-relevant undergraduate degree. Of course this is a contestable claim! The skills acquisition is in the area of technical competence and the courses are set up specifically to meet the accreditation requirements of the two Australian professional accounting bodies. In Australia, these degrees are often populated by full-fee-paying students, whose first language is not English, which has meant that employability skills such as communication skills have to be integrated into subjects and programs.

Recent research by Poullaos and Evans (2008) reveals that employers (in particular), the Big 4 accounting firms, are not even interviewing graduates with professional Masters because of perceived weakness in their communication and other social skills; and a lack of relevant business experience. Interviewees in the research project reported that the programs were too long (up to four years part-time) and too expensive and ‘we don’t believe in that degree of conversion’ (p. 20). Also it was claimed that ‘people who do those courses are not looking to become accounting professionals in Australia. They are looking for a qualification which will give them the benefit of permanent residence’ (p. 20).

In recent years, both CPA Australia and the Institute have introduced alternate pathways to their professional examinations (the second manifestation of vocalisation). In the case of the Institute’s Graduate Certificate of Chartered Accounting Foundations, it was introduced in 2007 as a pathway for non-accounting degree holders. It is technically focused and requires students to complete the equivalent of four subjects online, with workshops and other materials provided. The examinations take the form of multiple choice questions. Although students are not required to be
employed the experience thus far has been that graduates with non-relevant degrees are working for the Big 4 accounting firms. Does truncation of accounting education into a postgraduate certificate threaten professional standing? Certainly the holders of the certificate have a degree but the complexity of business means that more accounting knowledge is required rather than less. The conjecture is that most of the ‘learning’ takes place on the job with very little capacity for critical reflection on accounting practice – that is without intellectualisation of accounting.

In the case of CPA Australia, they have introduced a Foundation Program from 2010. Candidates with significant work experience and graduates of accounting degrees internationally will be able to undertake one or more Foundation level exam(s) in order to enrol in the CPA Program (the Professional level).

Academic accountants and the Accounting and Finance Association of Australia and New Zealand (Chapter 9) have voiced concern to both CPA Australia and the Institute on the grounds that there has been little consultation about this jurisdicational encroachment on conversion courses, which have been established in all universities.

In 2010, there are several unresolved tensions between the professional bodies and academics and these revolve around three issues:

- **Accreditation** – what is its value to universities? Does it constrain the design of accounting programs?
- **Work-ready candidates** – are universities vocational or academic institutions or is there a middle way (education in accounting)? Should universities be negotiating individually or in concert with groups of employers?
- **Core knowledge in accounting** – what do accountants need to know? Who determines/produces/updates it? Where is it acquired?

**Concluding comments and questions**

In facing these issues, the professional bodies and academics are asking how can accounting education in Australian universities be adapted to ensure that graduates are more work ready. But is this the right question – certainly it was the question that evoked the response of ‘vocationalise’ the curriculum. Perhaps there are more important questions. How can accountants be better educated? How can research in accounting better inform the content of teaching? Whose job is it to prepare graduates for the workplace? Is there a place for accounting studies in a university?

The visibility of accounting studies in universities is related to income generation – the ‘cash cow’ to retain the real intellectual pursuits in the arts and physical sciences (Chapters 2 and 3). Can a university course ‘train’ students for practice? Arguably the answer is ‘no’. Then where is the value adding? The value is in research that will serve to expand, develop and even defend the accounting profession’s knowledge base and therefore the field of practice. Rather than engage in jurisdictional battles with the professional accounting bodies, academia can co-operate in widening and deepening the profession’s knowledge base (Chapters 8 and 9).

Does the academy need to convince the market that on-the-job training is not pre-eminent in accounting education and that independent study for professional qualifying examinations does not
develop a body of rigorous knowledge? The ground for tough testing has been taken away from universities where the impression is that courses have been ‘dumbed down’ to cater to the mass recruitment of full-fee-paying students from non-English speaking backgrounds. In Australia this has meant a perception that accounting courses stress numeric/calculative skills rather than discursive skills (reading and writing) – even though they are accredited as integrating graduate capabilities and many accounting departments acknowledge that accounting is more than numbers (Chapter 7).

There are three types of accounting education in Australia. Within the university accounting education makes a person capable of being an accountant – the intellectualisation of accounting. Within the workplace accounting education makes a person ready to be an accountant – the vocationalisation of accounting. Within the profession accounting education enables a person to be professional in being an accountant – the professionalisation of accounting. What co-operative arrangements can be settled on to resolve jurisdictional disputes over the content of accounting education; its different locations for different purposes and its continuous renewal? These discussions and negotiations signal an interesting future for the path of accounting education in Australia.

References


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