

# Ameliorating chartered accountants' training at a South African university: Interventions for reform

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“Humanity may endure the loss of everything: all its possessions may be torn away without infringing its true dignity; – all but the possibility of improvement ...”

*Johann Gottlieb Fichte*

# ***THESIS SUMMARY***

## **Title:**

Ameliorating chartered accountants' training at a South African university: Interventions for reform

## **Key terms:**

Academic achievement; academic performance; accounting education; amelioration; assessment; attrition; barriers; business simulation; case study; chartered accountancy; comparison; constraints; curriculum; dropout; ethnicity; failure; higher education; higher education framework; integration; interventions; limitations; professional accountancy bodies; questionnaire; race; reform; success; teaching and learning; teaching methods; training; transformation; skills; South Africa; students; university.

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The profession of chartered accountancy (CA) is critical to the economic, social and cultural development of South Africa. It has the potential to play a broader leadership role in the development of the financial skills the country needs so desperately. Extensive research has shown that South Africa has far too few CAs to satisfy the needs of the economy. The profession itself is, however, facing numerous challenges especially given the high expectations of employers of newly qualified CAs and the image of the profession in South Africa in regard to transforming professional demographics, a vestige of the apartheid regime.

Many commentators agree that the fundamental flaw in accounting education is that it has remained static while the profession has changed. There is growing consensus among accounting professionals that recent accounting graduates do not adequately meet the standards set by potential employers in the modern, globalised business environment. One university that offers an accredited CA programme is the North-West University (NWU) which is perfectly placed to draw students from rural and urban areas alike; it has the potential to make a significant contribution to the accountancy skills shortage of the country and, hence, contribute to the economy and broader society. However, being newly formed as a result of government's merger of various historic institutions, the NWU faces some tough challenges in its endeavours to contribute to the delivery of CAs.

The NWU must identify and break down the barriers, limitations and weaknesses that prohibit its students from achieving optimal results, especially the barriers that can, at least partly, be controlled or influenced by the university. The various studies reported on in this thesis are all built around this pivotal theme, i.e. they all endeavour to reveal the hurdles the institution needs to overcome or the areas that require improvement to ensure that the NWU successfully delivers as

many as possible CA graduates of the highest quality and to the optimal benefit of employers and broader society. Ultimately, this study wishes to provide the NWU with the information it needs to reform its CA programme in line with this goal. In broad terms, this study, therefore, aims to establish the extent of the barriers to success of the CA programme at the NWU and to make recommendations on appropriate interventions to address such issues.

To address the broad aim of this thesis, it is divided into five subordinate research projects, each designed to identify areas in the NWU's CA programme that necessitate amelioration. The first project has the primary objective of comparing and critically analysing differences in curriculum, teaching and learning methods, and assessment between the NWU CA programme and the professional accountancy department of a comparable university in the United Kingdom (UK) (so as to identify possible interventions for the NWU programme). It would be imprudent for any organisation not to look first towards international best practice in search of interventions, and a comparable UK institution is an obvious choice given the similarities in degree structures, the South African higher education framework having originally developed from the UK framework. The method employed is a case study involving the comparison of the qualification frameworks of the two countries involved and of two specific accounting degrees in regard to curriculum, teaching and learning, and assessment, including the inspection of institutional documentation and an analysis of focus group transcripts involving academic staff from either institution.

The remainder of the projects delve into more specific internal concerns regarding the NWU's CA programme. The second project has the objective of identifying and gauging the strength of possible barriers to student achievement (as identified in the literature) in the NWU's CA programme and, with a view to gaining insight into transformation constraints, the third project aims to assess whether there are differences in the perceptions of the NWU's CA students from different campuses and different ethnic backgrounds regarding the efficacy of various students achievement drivers. Both these projects involve a written survey on student perceptions on achievement barriers affecting the NWU. The participants to these projects were 790 CA students and the results are analysed statistically.

The strength of achievement barriers and transformation constraints indicated in the accounting education literature might not reveal the complete picture of the reasons why students fail, especially at the first-year level where failure and dropout are often of great concern. To, therefore, determine the full range of barriers, the fourth research project has the objective of diagnosing any possible reasons for student failure (that are not necessarily addressed in the literature) and, more specifically, failure to complete the first year of CA studies at the NWU successfully. This project is approached in a wholly qualitative manner through a discursive analysis of four separate focus group interview transcripts involving a total of 29 randomly selected failed CA students.

The first four research objectives reveal a number of weaknesses in the NWU's CA programme in need of amelioration, and various recommendations are made in this regard. A major theme arising is the lack of skills development and assessment opportunities afforded to students in the NWU CA programme. The thesis then explores the use of integrated case studies and business simulation assignments as educational tools to address this problem. Faithful to the fifth research objective of developing and evaluating a prototype of the most needed tool recommended as an educational intervention, an actual inter-disciplinary integrated case study and business simulation assignment is developed to enhance students' professional skills. The success of the assignment is evaluated by having 56 third-year CA students actually complete the assignment and then testing their experiences thereof utilising an adapted questionnaire designed for this purpose, followed by statistical analysis of the data.

The contributions of this thesis are manifold including, but not limited to, the identification of a variety of areas for amelioration in accounting education practices, being one of very few comprehensive studies that investigates many achievement barriers holistically. This thesis sheds new light on some themes that have not yet been sufficiently researched in prior literature, including the value of career-oriented communication, transformation in accounting education, student failure in South African accounting education and the usage of inter-disciplinary integrated case studies or simulations in accounting. It further contributes a new empirical questionnaire, the reliability of which has been confirmed, making further research possible in various other settings. It benchmarks South African accounting education to that of at least one developed country; such international comparisons are scarce in the accounting education field, especially involving Africa. Moreover, it offers explanations for the drivers of pedagogical approaches in accounting education with reference to various forces rooted in institutional theory and education theory. The author, however, believes that the most practical contribution of this thesis is the actual inter-disciplinary case study and business simulation assignment which can be used or adapted by accounting educators to develop and assess professional skills and which provide some evidence of students' experiences of such an assignment that can inform the development of future assignments. Inter-disciplinary integrated tools are scarce in this field.

The thesis is of managerial value for the NWU, but its findings are not confined to the domain of this institution, as they should provide useful insight for other institutions and accounting educators, as well as government(s) and professional bodies as the guardians of the profession. Delivering a higher quantity of better qualified CAs, especially from the designated population groups, are to the benefit of the whole country. Most of all, this thesis provides evidence of efforts to make a difference in the continuous quest to ameliorate accounting education one step at a time.

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## ***LIST OF ABBREVIATIONS, ACRONYMS AND SYMBOLS***

ANOVA	Analysis of variance
APC	Assessment of Professional Competence
CA	Chartered accountant/accountancy
CA(SA)	Chartered Accountant of South Africa
CEO	Chief Executive Officer
CF	Competency Framework (of the South African Institute of Chartered Accountants)
CHE	Council of Higher Education
CIMA	Chartered Institute of Management Accountants
CTA	Certificate in the Theory of Accounting
<i>d</i>	Effect size (practical significance in statistics)
<i>df</i>	Degrees of freedom (in statistics)
EFT	Electronic funds transfer
<i>F</i>	<i>F</i> -statistic (the test statistic used for ANOVA)
FQHE	Framework for Qualifications for Higher Education (of Scotland)
GDP	Gross domestic product
HE	Higher education
HEQC	Higher Education Quality Committee
HEQF	Higher Education Qualifications Framework (of South Africa)
HSD	Honestly Significant Difference (Tukey's post-hoc test used for ANOVA)
ICAS	Institute of Chartered Accountants of Scotland
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ITC	Initial Test of Competence
<i>M</i>	Mean (in statistics)
MBTI	Myers-Briggs Type Indicator
MSA	Measure of Sampling Adequacy
N	Number of observations (in statistics)
NQF	National Qualifications Framework (of South Africa)
NWU	North-West University
<i>p</i>	See "Sig"
PPE	Property, plant and equipment
QAA	Quality Assurance Agency (of Scotland)
QE	Qualifying Examination (of the South African Institute of Chartered Accountants)
SA	South Africa

SAICA	South African Institute of Chartered Accountants
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SI	Supplemental instruction
Sig (or $p$ )	Statistical significance
SPSS	Statistical Package for the Social Sciences
Std. Dev. (SD)	Standard deviation (in statistics)
$t$ -test (T)	Levene's statistical test of comparing two means
UK	United Kingdom
US; USA	United States; United States of America
VARC	Visual, Aural, Read/write and Kinaesthetic

## **REMARKS**

The reader is reminded of the following:

- This thesis is presented in the article format in accordance with the policies of the WorkWell Research Unit in the Faculty of Economic and Management Sciences of the North-West University and consists of **five** research articles. According to Faculty Rule E.9.3 relating to the degree Philosophiae Doctor (PhD), a minimum of three published articles **or three unpublished manuscripts in article format** should be presented, and to obtain the degree there must be proof that at least **one** article has been **submitted** for publication.
- The five articles are presented in a logical sequence in this thesis based on the order in which data were gathered and analysed, although the finalisation and submission of each written manuscript did not necessarily occur in the same order.
- Each of the individual articles comply with the writing style requirements (i.e. the abstract, spelling, grammar, referencing requirements and some of the formatting) of the specific journal in which the applicable article was published, or to which the specific article was submitted.
- The author requirements and related documentation specific to each journal are included as part of the annexures at the end of the thesis.
- Ethical clearance has been obtained from the Ethics Committee of the university for all projects reported on in this thesis (ethics approval number NWU-00112-11-S4). Various measures were taken to ensure that ethical research is conducted, including but not limited to voluntary participation, anonymous participation and analysis of results only at a group level.