

## PROFESSION OF ACCOUNTING WITHIN THE FORMAL EDUCATION

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*In the article hereby we analyse the accounting profession and its future in terms of how it is perceived and whether the implementation of systematic and organized educational activities developed and carried out within the framework of specialized educational institutions will have a positive impact on the entire profession. We have underlined that the top skill accounting professionals lack today is the ability to communicate with other groups in the firm. The goal of this article is to mention the key factors that will improve accounting students' communication skills.*

**Key words:** *accounting professionals, accountant, communication skills, leadership skills, management, formal education, universities.*

**JEL Classification:** *A23, I25, M41*

### **Introduction**

Have you ever thought *What does a good accountant mean?* and *What should an accountant do to become the best one?*

We decided to make a presentation to you on these questions, let us discuss about the profession of accounting and its future in terms of how it is perceived and whether the implementation of systematic and organized educational activities developed and carried out within the specialized educational institutions will have a positive impact on the entire profession.

In the last thirty years, the globalization of businesses coupled with technological advancement has brought about many changes in the way that accounting professionals carry out their work. The International Federation of Accountants, IFAC (2002) believes that the

role of the Finance Manager is shifting dramatically from one of transaction manager to that of communicator and strategist, and that finance managers will increasingly become guardians of the corporate conscience.

The same is the conclusion of the ACCA (The Association of Chartered Certified Accountants) survey from September 2012. Their opinion is that „*Currently, the profession of the accountant is going to lose its credibility, if it does not manage to educate its public and groups of interest regarding its value and the steps to follow in order to get the trust back into the industry.*”

The results of this survey show that this is partially due to lack of understanding of the accountants’ role in the success of business of different sizes , which are important for the economic growth and recovery; also, due to the fact that the profession needs work over its own image against other professions.

So, we consider that, as accountants, it is important to come out of this *cone of shade as a profession*. Even there will be certain challenging discussions, it is important to become **better in explaining what we do, how we do it and how we generate value.**

”*The way the people are seen determine the others’ attitude towards them*”. Consequently, the perceptions about accountants derive from the tasks, which are thought they perform.

#### **Analysis based on some global studies**

We think it should be done more to increase the awareness for the value this profession is bringing in. The public value should be in the centre of what this profession is offering.

Students, interns and accounting professionals usually ask the question, “***What skills do I need to be a successful accountant?***”

In order to answer this question, let’s make one step in front!

#### ***So, what are the most important skills, abilities and qualifications of an accountant?***

There is not a straight or perfect answer. However, in table 1, we tried to systematize some of these features, which have been identified because of some global studies. Therefore, what makes an accountant to be good are the qualities and characteristics that notice him among his peers.

**Table1**

#### **What are the most important skills, abilities and qualifications of an accountant?**

<b>ACCA Global professional organism</b>	<b>Russell Bedford International (RBI) a global network of independent firms of accountants, auditors, tax advisers and business consultants</b>	<b>Robert Half and The Institute of Internal Auditors</b>	<b>Accountants survey by specialized staffing firm</b>
The technical path	Integrity	Integrity	General business knowledge
Industry awareness	Well-found knowledge of Financial Principals	A talent for relationship-building	IT expertise
The all-round package	Systematized and methodical	Ability to partner	<b>Communication skills</b>
Audit and compliance skills	IT skills	<b>Communication skills</b>	Leadership abilities
Product and valuation control	<b>Communication skills</b>	Teamwork	Customer service orientation
International work experience	Manageability	Openness to diverse perspectives	
Commerciality	Decided, Sturdy	Commitment to continuous learning	

Finance business partners			
<b>Communication skills</b>			
Stability			

*Source: authors' survey.*

Usually, the accountants already possess the required functional skills and maybe one or more industry-recognized certifications. The ability to advance and achieve lasting career success will be hampered, though, if they lack these other vitally important attributes.

The results show that today's accounting staffs have more than enough data skills. But they often lack the ability to wade through the numbers successfully to communicate with senior management.

That is why; we decided to examine this aspect more detailed.

**What skill is most lacking in today's accounting professionals?** "Communicating with other groups" tied for first place among the respondents with "thinking about the company's goals and focus as a whole". Each answer drew a 29 percent response rate, followed by 25 percent who said "displaying abilities to take charge of situations," 9 percent who chose applying IT skills, and 8 percent who said "traditional finance understanding."

**Table 2**

**What is the skill most lacking today in accounting professionals?**

Skills	Weight
Traditional finance understanding	8 %
Applying IT skills	9%
<b>Communicating with other groups</b>	<b>29%</b>
<b>Thinking about the company's goals and focus as a whole</b>	<b>29%</b>
Displaying abilities to take charge of situations	25%

*Source: CFO.com survey*

The accounting formal education is focusing on basic bookkeeping, as well as tax and rule-based accounting, while the demand in industry is actually quite different.

The industry does not need someone who can just read more accounting rules and regulations and interpret them. It certainly does not need more people who can enter transactions into the general ledger or calculate ratios, as many business intelligence systems are managing these automatically. We need professionals that can identify a potential problem, understand why it exists and provide a solution. That is what makes someone a valuable asset to his or her company, and that is exactly what is missing in the average accountant.

**So, how does someone acquire these skills?** There are several ways:

**First**, to be able to identify problems in a company, one must understand the company, the product, the marketplace and the overall business. That means the accountant must branch out of his accounting cubicle and really dig deep into the company business. Students and young professionals are struggling to see the overall big picture of the company. Without this ability, it will be very hard to ever lead a company properly.

The accountant must be able to identify risks and take advantage of opportunities in all areas of the company, not just the accounting function. *You can't provide solutions to problems that you don't know exist, and you can't know they exist unless you understand the entire business, your company's strategy and other economic factors that turn the wheels of your company.*

**Second**, another top skill accounting professionals lack today is the ability to communicate with other groups in the firm. The need for accountants to possess communication skills and the current deficiency in this area has been identified from within the profession and by external stakeholders. Lately, students come out of universities with sufficient accounting knowledge, but they lack the ability to communicate this knowledge to others. This is one of the major skill gaps.

A serious underlying criticism is that accounting students' knowledge was in the form of "knowing that" and insufficiently in the form of "knowing how". Students had knowledge of accounting and its processes, but were unprepared to put that knowledge into practical use.

Being able to receive and provide feedback is critical.

The ultimate question is, "**How do we, the universities, correct this?**" We can begin to close the skills gap by providing more education in these areas to students in universities. We tend to focus on rules-based accounting principles, which are needed, but we forget about critical strategic leadership and development skills such as business strategy, cross-functional communication and business analytics.

The truth is, a majority of accounting students will end up working in industry for most of their career, yet most of their accounting education will have a public accounting focus. We need a stronger focus on organizational structures and the entire operation for accountants to see the big picture. The universities have to realize this and offer management accounting degree tracks that provide more focus on these internal decision-support and problem-solving skills.

We, the universities from Republic of Moldova, also need to provide more internal training within our organizations. This can be done through more soft-skills training and a structured mentoring program, in which young mentees can be matched with industry professionals to learn valuable problem-solving skills, both analytical and soft-skill based. As for training, we should require our interns to participate in webinars to build abilities like dealing with conflict and working in cross-functional teams.

Graduate professional education is not just training, skill development, or preparation to pass a licensing exam. It is far more than all of these combined. While focusing on the integration of technical expertise and ethical judgment, a graduate education in accounting must develop the student's analytical skills, which will be tested by difficult and often unanticipated economic arrangements. This education must also develop the written and oral skills proficient communication demands.

Effective communication is important in business dealing with employees and outsiders, such as vendors and clients. Because accounting is an intrinsic part of any business, good communication skills are vital in this area. Important financial tasks such as budget preparation and reporting, bill paying, payroll and recording income need to be presented properly to management and others to be useful and meaningful.

In response to this perceived educational need and the increased focus on communication skills an increasing number of accounting programmes in our university have included communication skills as educational objectives or learning outcomes, and have integrated activities into the curriculum in order to support the development of these skills.

In a parallel process to employers, professional and academic accounting associations have, through published reports and statements, made public their views of the desired profile of a professional accountant. Views such as these have created pressure for change in accounting education. There is a common framework throughout these reports – both specific vocational skills and knowledge were considered necessary in accountancy education and training and, among the skills identified in the reports, communication skills were specifically highlighted. The published research on this topic supports the views and opinions expressed in reports and statements issued by the Accounting Education Change Commission (AECC), American Accounting Association (AAA) and International Federation Accountants (IFAC). In fact, from the first calls of the American Institute of Certified Public Accountants (1969), to the issue of the IES 3 (IFAC 2003) almost every professional accounting body and academic organisation has pointed out the importance of communication skills.

### **Conclusions**

There is clear evidence that both employers and accounting bodies are concerned that the communication skills of accounting students are insufficiently developed. There have

been responses from educational institutions but there is still continuing concern. The key factors that will improve accounting students' communication skills are:

- Integration into accounting units to establish relevance
- A structured approach
- Competent academic support
- Feedback.

*You can't expect people to follow your strategy and vision if you can't communicate it effectively.* These soft skills are what develop accountants into leaders, which our profession desperately needs.

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