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TRAINING ACCOUNTANTS FOR THE DYNAMISMS OF MODERN BUSINESS

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Abstract: *The recent increase in corporate fraud, business failures and more importantly the global financial crisis of 2008, raise more thought about the preparedness of accountants in meeting the challenges posed by the information technology age. This may be an indication that the traditional approaches to educating and training future accountants are insufficient or the necessary professional ethics and standards to be observed by practicing accountants are not strictly adhered to. This conceptual review examines the accountancy profession and identifies the requisite skills and training needed to be attained by today's accountant. The dynamism of the business landscape, which is caused by the ever changing forces and trends that confront today's businesses, has necessitated a review of the traditional approaches to educating and grooming future accountants. It has been identified in this paper that a modification of the relevant skills and training needed to be attained by the professional accountant is imperative in meeting the demands of the modern business.*

Key words: *Competence, Profitability, Economy, Funds, Assurance.*

1. INTRODUCTION

1.1. Background of the study

The accountancy profession has gone through several processes and transformation over the past century, positioning itself appropriately to meet the ever growing demand of the business world.

According to (Abdul-Wahab, 2008), the accountancy profession has provided vital services to all sectors of the economy, enabling those entrusted with resources to account for their stewardship and providers of resources satisfy themselves as to the appropriate utilization of their resources. It enables commercial entities to ascertain the return on the capital provided by owners, financial health and liquidity position. The accountancy profession has serviced the public sector by assisting in the preparation of budgets and ensuring that public expenditure patterns fall in line with approved votes. It also affords stakeholders the opportunity

to make informed economic decisions concerning the business organization and provides them with appropriate yardstick for measuring the performance of different organizations.

Accountants contribute to financial market performance, through the reporting of, and providing assurance on, financial information on which potential investors and other interest group rely. In this manner, accountants contribute immensely to the sustainability of the business, enhancement of shareholder value and to a large extent growth of the economy. They are also concerned with investment decisions and provide vital information for purchasing and stocking with the view to ensure value for money and not locking up too much capital in stocks (Cohen, 2004).

The accountant plays an active role in the preparation of budgets and strategic plans of the business and also assists in budgetary control and

implementing corrective actions in case of deviations from plans. He also concerned with the cash flow and treasury management of the business organization, ensuring that the organization maximizes returns on its capital employed and pays the minimum possible on its liabilities.

However, corporate accounting scandals have been on the rise over the last decade, leading to business failures, loss of investments, loss of jobs, loss of retirement account and bankruptcies. Again, the global financial crisis of 2008 occurred partly due to overvaluation of financial assets and investment properties. These events raise more thought about the preparedness of accountants in meeting the challenges posed by the information technology age. This may be an indication that the traditional approaches to educating and training future accountants are insufficient or the necessary professional ethics and standards to be observed by practicing accountants are not strictly adhered to.

This conceptual presentation therefore takes a look at the accountancy profession, type of skill and training needed to be attained by today's accountant, information technology systems, factors influencing the accountant's approach to problem solving, professional ethics and standards to be attained and competencies required by employers.

1.2. Problem Statement

The accountant has been indispensable to the corporate institution, in terms of accounting for the issuance of shares, ascertaining profitability or social use of funds, establishing internal controls and monitoring its effectiveness, business intelligence, information systems, taxation and corporate finance (Nyan, 2010). It is evidently clear that accountants contribute immensely towards the growth, support and sustainability of business units including sole proprietorships, partnerships, companies, co-operative societies, not for profit organizations and government organizations, enhancing the achievement of the socio-economic objectives of government.

However, there has been an increase in corporate fraud and accounting scandals, including the

Enron scandal in 2001, where the company kept huge debts off balance sheets, leading to shareholders losing \$74 billion, thousands of employees and investors losing their retirement accounts, and many employees losing their jobs; AIG scandal in 2005, where the company booked loans as revenue, steered clients to insurers with whom AIG had payoff agreements, and told traders to inflate AIG stock price; Lehman Brothers in 2008, where the company sold toxic assets to Cayman Island banks with the understanding that they would be bought back eventually. Lehman Brothers created the impression it had \$50 billion more cash and \$50 billion less toxic assets than it really did; the Bernie Madoff scandal in 2008, where investors were paid returns out of their own money or that of other investors rather than from profits and the Satyam scandal in 2009, where investors were paid returns out of their own money or that of other investors rather than from profits (Quaye, 2010).

The recent increase in corporate accounting scandals, business failures and more importantly the global financial crisis of 2008 is a clear indication that the traditional approaches to educating and training future accountants are insufficient or the necessary professional ethics and standards to be observed by practicing accountants are not strictly adhered to and that there is the need for continuous improvement in the relevant skills and training needed to be attained by accountants in order to meet the demands of current trends.

2. METHODOLOGY

This paper is a documentary review of relevant articles and reports, making content analysis of related literature on training accountants for the dynamisms of modern business and competencies required of professional accountants by employers.

3. DISCUSSION

The dynamism of the business landscape, which is caused by the ever changing forces and trends that confront today's businesses, has necessitated a review of the traditional approaches to educating and grooming future accountants. It

also requires a modification of the relevant skills and training needed to be attained, in order to meet the demands of current trends. According to (Brennan and Solomon, 2008), the factors which cause organizations to constantly change their fundamentals of doing business include:

- The demands of stakeholders – customers and suppliers.
- The amendments of statutory, regulatory and legal frameworks.
- Obsolescence of technology and technological developments.
- Actions of competitors and threats of new entrants.
- Modernity, globalization and changes in information technology.
- Changing trends of micro and macro-economic variables.
- Changes in national policies, programmes, political direction and ideology.

The changes resulting from these forces require a sound educational and training curricular, capable of equipping accountants with the necessary competencies to meet today's business dynamics. The required educational system should be capable of moulding the future accountant to be well versed in the four core areas of accountancy, namely financial, auditing, regulations and business.

The increased availability of information resulting from information technology has created more opportunities for professional accountants due to increased demand for the analysis and interpretation of such information (Abdullah, 2007). However, there is the need for the accountant to be sophisticated in information technology, especially in meeting sophisticated data related crimes.

Accountancy students or trainees should obtain appropriate corporate reporting strategies and develop skills and knowledge of generally accepted accounting practices and standards of best practices. Particular attention should be given to the following specific areas:

- Concepts, bases and standards for financial statements
- Extra-ordinary items and specific types of transactions and events

- Typical items in financial statements.
- Appropriate methods to be adopted in accounting and reporting for public organizations and public and trust funds.
- Accounting and reporting for non-governmental and nonprofit making organizations.

Students must also develop in depth knowledge of audit and assurance procedures, generally accepted auditing standards and other standards related to audit engagements as well as the necessary skills needed to apply such knowledge.

The required training should focus on:

- Effective planning of audit engagements
- Ascertaining the effectiveness of internal controls.
- Obtaining and documenting necessary audit evidence.
- Reviewing audit engagements and evaluating material audit evidence.
- Reviewing relevant financial statements and preparing communications.

It is also relevant for accounting students to attain a broad knowledge of taxation, ethics, professional and legal responsibilities and business law. Importance should be attached to:

- Procedures for the different kinds of taxes and related accounting issues.
- Taxation of gains on property transactions.
- Taxation of individuals, partnerships, companies and body of persons whether resident or not.
- Commercial law.
- Ethics and professional standards and responsibility.

Again, it is imperative for future accountants to develop good knowledge of the general business environment and be equipped with relevant tools for environmental scanning and identifying business concepts necessary for accounting purposes (Beasley, 2006). Areas requiring special attention include business structure, planning, measurement and control, financial management, information technology, and economic concepts.

The core subjects of tertiary accountancy programme include financial accounting, management, cost and management accounting,

auditing, management information systems, quantitative techniques, business law, business and professional ethics, marketing, public sector accounting, taxation and business finance. Even though these subjects prepare the future accountant for future challenges, it may not be enough for meeting the demands today's information age unless modifications are made to the delivery materials and methods. The effective delivering the contents of these subjects will require:

- The use of instructional materials appropriately tailored to meet the dynamic environment of the accounting profession.
- Introducing students to real work scenarios through the use of case studies.
- Ensuring that the importance of upholding professional values and ethics is an integral part of all the courses taught.
- Simulating the office environment to teach students how to work in groups.
- The discussion of relevant research articles to teach students how to keep abreast with the latest findings and trends in the profession.
- Problem identification and solving to develop the students skills in the practical application of knowledge in accounting.
- The use of the latest technology to enhance electronic learning.
- Teaching students how to develop the sense of professional judgment.

The code of ethics and conduct of the International Federation of Accountants (2007) has become more imperative in this technological age and must be strictly adhered to by professional accountants. The fundamental principles of professional ethics are integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Integrity – professional accountants should be straight forward and honest in all business and professional relationships.

Objectivity – members should not allow bias, conflict of interest or undue influence of others to override professional or business judgments. Professional competence and due care – members must have a continuing duty to maintain professional knowledge and skill at a

level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. Members should act diligently and in accordance with applicable technical and professional standards when providing professional services.

Confidentiality – members should respect the confidentiality of information obtained as a result of professional and business relationships and should not disclose any such information to third parties without proper or specific authority or unless there is a legal or professional right or duty to disclose. Confidential information obtained as a result of professional and business relationships should not be used for the personal advantage of the accountant or third parties.

Professional behaviour – members should comply with relevant laws and regulations and should avoid any action that discredits the accountancy profession.

The competencies required of professional accountants vary from one organization to the other, but the key ones cut across most organizations. Generally, the key competencies required by employers in this modern age is the ability to apply the knowledge of theories, principles and practices of accountancy, in providing optimum solutions to problems posed by the ever changing and competitive business environment, and utilizing computer based information technology in enhancing the preparation and accuracy of such solutions (Wit and Meyer, 2008). He must demonstrate a proficient level of professional skill and knowledge in accounting and keep current with developments and trends and capable of utilizing applicable information technology and systems to meet work needs and challenges.

4. CONCLUSION

There is the need for a sound educational and training curricular, capable of equipping accountants with the necessary competencies vital for moulding the future accountant to be well versed in the four core areas of accountancy, namely financial, auditing, regulations and business to meet today's business dynamics. The curricular must adequately equip accountants

with necessary skills and tools which will enable them monitor and collect data to assess accuracy and integrity; analyze data; ensure compliance with applicable standards, rules, regulations and systems of internal control; interpret and evaluate results, prepare documentation; create financial reports and presentations.

There must be adaption of instructional materials to the ever-changing environment in which the professional accountant works, and integration of knowledge, skills, professional values and ethics across topics and disciplines to address complex situations typical of professional demands.

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