

## **Chapter 2**

### **LITERATURE REVIEW**

The position of English in Malaysia has been periodically discussed for a long time now. There still exists fear that the National Language may be marginalized if the importance of English is emphasised (The New Straits Times, November, 25<sup>th</sup>. 2000).

"As expressed by our Prime Minister recently, focussing more on English does not mean that we are less patriotic or denigrating our national language. With 36,000 jobless graduates in our midst looking for jobs, the message is clear: our graduates are just too weak in English to meet current job expectations." (The Star, 22/11/2000).

What is evident at the tertiary level is that all students, if they have been educated in the national schools, can use the National Language very comfortably.

Since there are no English primary schools, only students who come from English-speaking homes are able to use the language quite comfortably. But a few of them can be said to have a good command of the language.

The problem which has to be surmounted is not whether English should be given emphasis. If Malaysians are better informed of the wide acceptance of English as a universal language, then perhaps less time will be spent debating the necessity for English and more time spent debating the necessity for English and more time spent on discovering the most effective method of teaching the language.

Juchau (1984) and Galvin (1984) accepted the American conclusion that training students in accounting without giving attention to their communication skills was a waste of resources, and they also sought to discover exactly which skills particularly were sought. Juchau and Galvin's Sample was drawn from three groups: Staff partners of Chartered accounting firms, chief accountants of listed public companies,

and heads of accounting departments in tertiary institutions. Their conclusions are twofold: first, discrepancies exist between the communication skills needed by graduate recruits in the accounting profession and those skills actually possessed by such individuals; Second, accounting programs in tertiary institutions in Australia are not, on the whole, geared to deal effectively with these discrepancies. Juchau and Galvin stopped short of saying how those gaps should be addressed.

In 1990, Margaret McLaren conducted a similar survey of the views of accountants and accounting academics in New Zealand. The conclusion again is that the communication skills of accountants entering the profession are not up to the standards required.

Among those that have recognised the importance of well-written communications: the Accounting Change Commission has identified a variety of skills and competencies necessary for accounting students, including written communication skills; the American Assembly of Collegiate Schools of Business has asked schools to add writing courses to meet accreditation guidelines; and many university accounting departments have changed their graduation requirements to include more writing courses overall. Most of these events were prompted by practitioners' frequent comments to educators about the disappointing quality of new accounting hires' writing skills and the need to improve them (Jeffrey, 1997).

Several areas were identified where the students' classroom learning apparently failed to prepare them for professional life. New accountants were often unaware of the nature of an accounting career, not knowing what to expect in interviews and on the job. Employers were often disappointed with students' communication skills. Employers and academics do not always agree on students' needs. McLaren (1990) discovered that academics believed employers did not provide them adequate information regarding the need for and adequacy of communication skills necessary to accounting graduates.

Although co-ordination between accounting academics and the business community would appear to be crucial if the communication skills of graduates accountants' are to be enhanced, academics tend to give communication low priority-it is only one of many completing subjects. Furthermore, students do not always share the concerns of their instructors or future employers (Steven & Steven, 1994). They mistakenly believe that to be a good auditor they need only master the technical aspects of their jobs, not realising that the ability to interpret and communicate information is crucial. Indeed, many students think of accounting as basically a "number crunching" profession (Rebele, 1985) and perceive that requiring well written papers in an auditing course is unrealistic and unnecessary. They consider it somehow unfair for professors to consider grammar, writing style, or spelling when grading papers or exams in non-language courses. In fact, students view communication skills as a distraction or diversion rather than an essential element in their studies. Such perspectives make students ill equipped to handle the communications aspects of an accounting or auditing job.

Communication skills are valued highly in public accounting firms, where professionals at all levels communicate as part of their jobs. Partners and managers want their entry-level professionals to have these skills at the onset. Further, these skills increase in importance as accounting professionals progress from entry-level to managers and partners. Educational institutions need to develop programs that include communication topics and courses to prepare accountants for the challenges of their profession.

Recent literature suggests an important connection. Survey evidence consistently has linked the importance of effective communication skills to success in the accounting profession (Roy & MacNeill, 1967; Ingram & Frazier, 1980; Addams, 1981; Gingras, 1987; Henry & Razzouk, 1988). However, little guidance has emerged as to the specific educational outcomes related to communication skills needed by accounting students that both the accounting and communication fields should be addressing. In 1989, managing partners of the eight largest international

accounting firms articulated a widely held view that traditional accounting education had focused on students' technical knowledge almost to the exclusion of their interpersonal and communication skills (Big-8, 1989). Likewise, in its Position Statement Number 1, Objectives of Education for Accountants, the Accounting Education Change Commission stated that to become successful professionals, accounting graduates must possess communication skills, intellectual skills, and interpersonal skills (AECC, 1990). The need for good communication skills is not new to accounting; however, the changing demands of the profession point to their increased importance for career success (Hirsch, Anderson & Gabriel, 1994; Stout, Wygal, and Hoff, 1990). Many others in the accounting profession also have recognised that effective writing and oral communication skills are necessary (AICPA, 1988; Pustorino, 1989). Moreover, the American Accounting Association Committee on the Future Structure, Content, and Scope of Accounting Education identified four essential components of general professional accounting education. This committee stated that to become successful professionals, accounting graduates must possess, along with traditional accounting subject matter, effective communication skills, intellectual skills, and interpersonal skills (AAA, 1986).

Accountants spend a significant amount of time in written communication, and a number of writers have documented the need for effective writing skills in the profession (AICPA, 1988; Arthur Andersen & Co. et. Al., 1989; Heimstra, Schmidt & Madison, 1990; National Association of Accountants, 1987; Northey, 1990). The Accounting Education Change Commission (1990), the AICPA (1988), and the senior partners of the world's largest public accounting firms (Arthur Andersen & Co. 1989) stress the need for accountants to have both effective written composition and oral communication skills. They emphasise that schools should ensure that students demonstrate these skills in each course. In fact, beginning in May 1994, the CPA exam began including writing skills.

Because of changes in the business environment, accountants will need to receive and provide more written information (Mueller & Simmons, 1989). Many

academicians and practitioners in the accounting field have expressed dissatisfaction with the communication skills of entry-level accountants (Andrews & Koester, 1979; Andrews & Sigband, 1984; Seeing a need to improve accounting students' writing skills, they have recommended strategies for addressing the problem. Academic institutions have put recommended strategies for addressing the problem. Academic institutions have put increased emphasis on writing in the accounting curriculum (Gingras, 1987) and writing assignments in accounting courses can enhance students' writing skills (Mohrweis, 1991; Stout, Sumutko & Wygal, 1991). Interestingly, although writing skills are exceedingly important in the accounting profession, and practitioners are calling for increased writing skills, accounting students perceive these skills to be relatively unimportant in the profession (Rebele, 1985).

Warnock (1997) suggests that the traditional stereotype of the accountants may have adverse consequences for the next generation of accountants. His study of the perceptions of skill importance among accounting undergraduates and recruiters highlights alarming differences, and suggests that educators are not doing enough to correct the traditional stereotype. First-year undergraduates viewed bookkeeping and accounting knowledge as the most important attribute for them to acquire; third-year undergraduates were more attuned to those of recruitment consultants, in that they ranked communication, interpersonal skills and verbal ability highly.

Many other studies have assessed the communication skills needed by accounting graduates (Hills, Gardiner, & Vey, 1979; Hiemstra, Schmidt, & Madison (1990) showed that more than 59 percent of Certified Public Accountants (CPAs) indicated that the course they completed in communication skills at the undergraduate level did not adequately prepare them to communicate as business professionals. The above research indicates that accountancy graduates entering the profession are perceived to be lacking some important communication abilities. The communication skills of accountants entering the profession are not up to the standards required.

## **Research Objectives**

1. To determine whether there is a lack of communication skills among the accounting undergraduates
2. To determine the reasons for the weaknesses of the communication skills
3. To suggest how to remedy the situation.

## **Research Question**

The question that the study attempts to answer is the following:

What are the issues relating to English communication skills of accounting undergraduates and what are the related problems and possible solutions?

## **Scope of the Study**

The purpose of this study was threefold: to gather information regarding the perceptions of academics, employers and accounting undergraduates regarding the issues of weaknesses of English communication skills of accounting undergraduates; to identify the related problems and to suggest possible solutions.